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A common sense introduction to the messy world of indicators, monitoring and evaluation

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Fiscal Implications of Structural Reforms

*What can indicators
really tell you?*



Consider this statement from the Prime Minister:

During the pandemic, the government took decisive measures to help the businesses, protect the jobs and support the incomes of self-employed and the most vulnerable groups.

This is why today we are among the EU countries with the highest economic growth and the lowest unemployment and poverty.

What are the indicators used in this statement?

Does the use of indicators make the statement convincing?

Now consider a statement from an economist:

We estimated a simple cross-sectional economic model, explaining the changes in key economic variables by the level of public spending during the pandemic and a number of usual control factor.

The model showed that the stimulus measures in our country were more effective than in most other countries in terms of protecting jobs, but not when it comes to stimulating economic growth and prevention of poverty.

What are the indicators used in this statement?

How is this statement different from the Prime Minister's one?

Conclusion: indicators alone cannot tell you much about success of government policies.

But how about simpler, targeted measures?

Measure	Result
Providing training and job search support to young unemployed	6 months after completing the training, 45% of participants had a job

Measure	Result
Providing training and job search support to unemployed women	6 months after completing the training, 35% of participants had a job

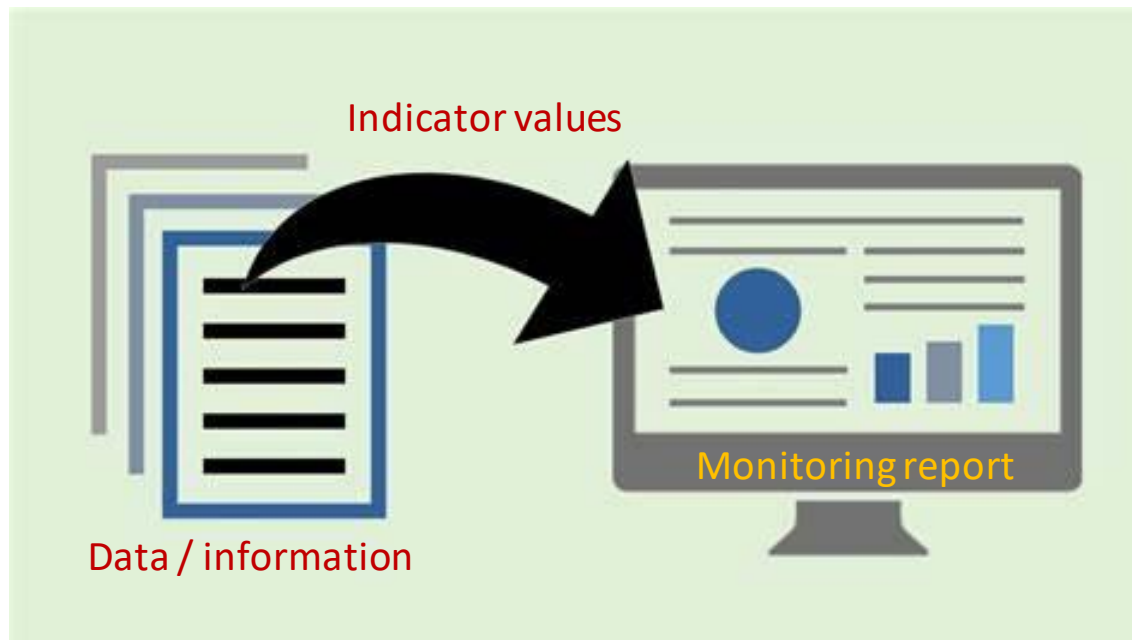
Are these good indicators of results – what the measure has achieved?

Which of the two measures was more successful?

Are indicators data?

Well, yes....

a very limited set of data for very specific purposes.

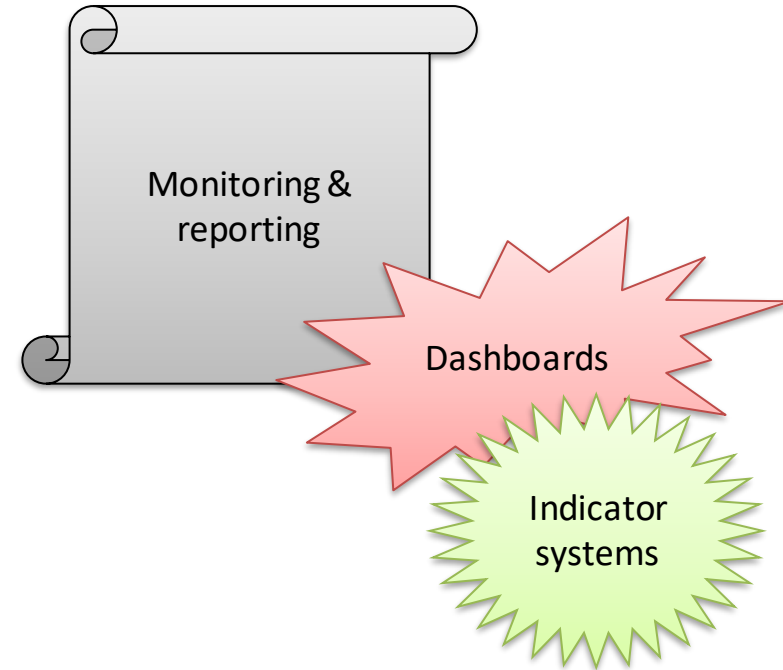


So what do indicators really measure?

Nothing.

They just **indicate** – as the name says.





Okaaay... but then, what use is there for the indicators?

Monitoring, reporting, evaluation

Monitoring of implementation

Output /
process
indicators

What was done?

*Were planned activities
implemented? On
time? Within budget?*

Quarterly or semi-
annual reports, based
on the Action Plan.

Monitoring of results

Results /
outcome
indicators

What has changed?

*Has the situation
improved compared to
the starting point?*

Annual reports, based
on the Strategy and
indicators

Evaluation of policy

Imp
indicators

What was achieved?

*What was the quality
and the impact of the
strategy?*

Comprehensive and
independent external
assessment

Presentation – heat map example for implementation

		Implementation timeline					Output indicator		Progress with implementation	
		2018	2019	2020	2021	2022	Planned	Actual	Time	Activity
Activity (Measure 3)										
3.1	Development of criteria for innovation subsidies to SME	X					Decision by the ministry	Decision taken in Feb 2019		
3.2	Public call for applications, disbursement of subsidies		X	X	X	X	At least 50 subsidies per year	19: 20 20: 50 21: 80		
3.3	Support to cooperation between research institutions and SMEs		X	X	X	X	At least 5 joint projects per year	19: 1 20: 1 21: 4		

Codes for timeliness: DEL=Delayed; OT=On time

Codes for implementation: NS=Not started; LIM=limited; ADV=advanced; FIN=finished.



Presentation – heat map example for results

		Indicator value						Progress to target
		Baseline (2017)	2018	2019	2020	2021	Target (2020)	
	Result indicator							
5.1	Share of innovative companies in the economy	10%	n.a.	17%	n.a.		25%	
5.2	Patent applications per year	2	0	1	4		10	

Codes for progress towards target results:

NP = no progress

LIM = limited progress

ADV = advanced progress

OA = objective achieved

Presentation – dashboards

Georgia's Reform-meter

Produced by the ISET Policy Institute

<https://reformeter.iset-pi.ge/en>

Covid maps in support of EU Council Recommendation on travel measures

Produced by the European Centre for Disease Prevention and Control

<https://www.ecdc.europa.eu/en/covid-19/situation-updates/weekly-maps-coordinated-restriction-free-movement>



Indicators used in analytical monitoring reports

Monitoring the decentralization process in North Macedonia

Report published by the Open Society Foundation

https://fosc.mk/wp-content/uploads/publications/20120711-Sledenje_na_procesot_na_decentralizacija_LER_eng.pdf

Monitoring of Slovenia's Development Strategy

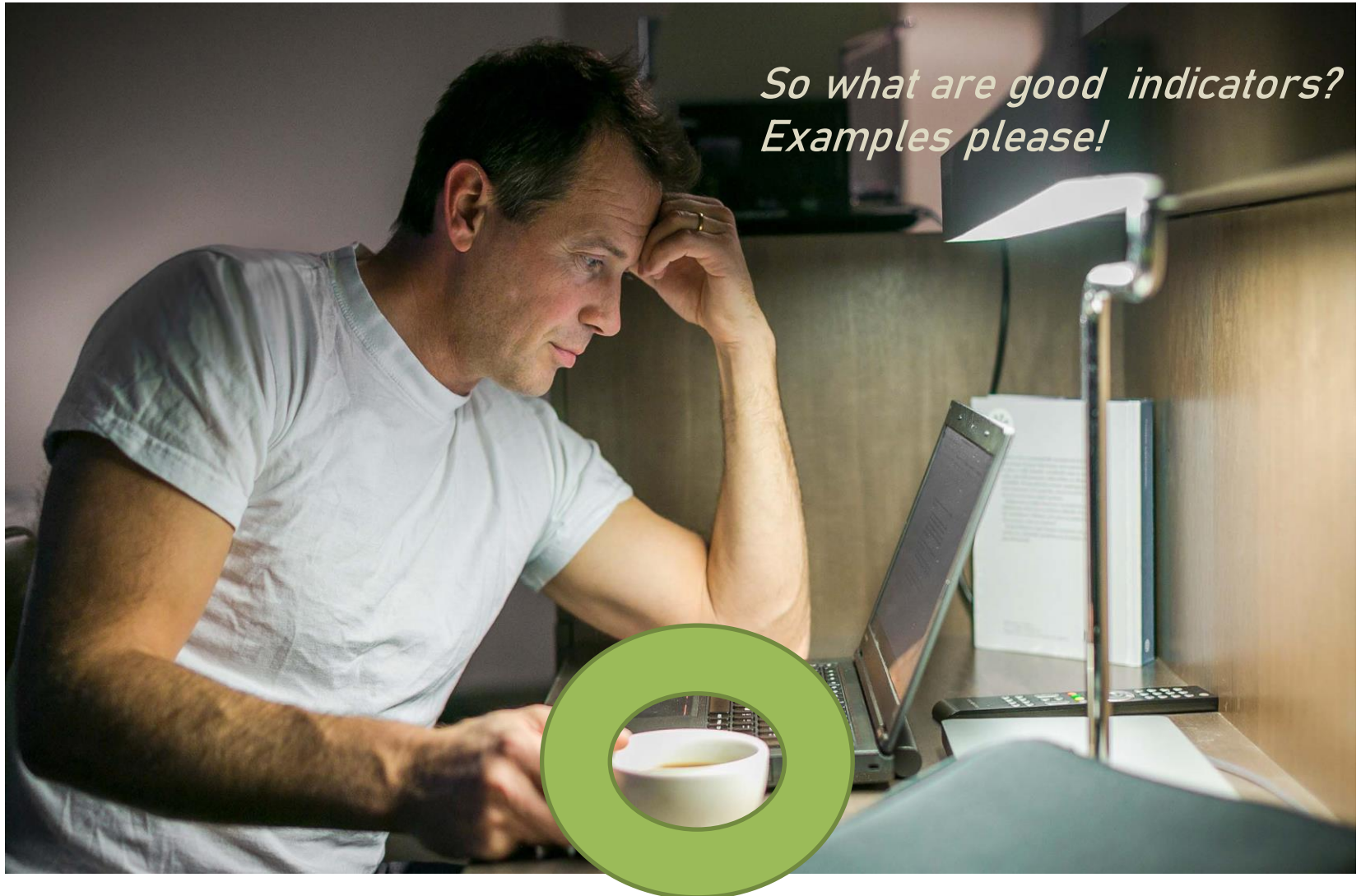
Annual Development Report by IMAD

https://www.umar.gov.si/en/publications/development-report/publication/news/porocilo-o-razvoju-2021/?tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Baction%5D=detail&cHash=63819becd4dd1eb31fdd9b60cb1a8c8b



Can (or should) indicators be used for rewards and budget allocations?

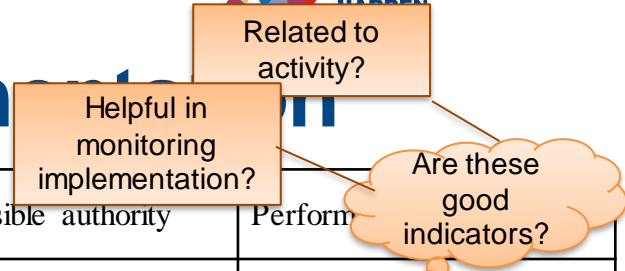




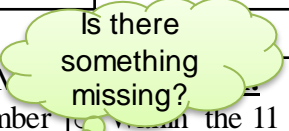
Implementation monitoring – key issues

- To allow monitoring, activities in Action Plans must
 - be specified in terms of outputs to be delivered,
 - include targets for performance indicators,
 - include implementation timelines.
- To allow financial monitoring:
 - planned activities must be costed and budgeted,
 - financial reporting must be activity/output based.

Example: Monitoring implementation



	Action	Budget	Development partners	Uncovered	Time period	Responsible authority	Performance indicators
4.2.5	Organize training for business incubator managers		300 thousand lei		2015-2017	ODIMM / Chamber of Commerce & Industry	Number of organized training courses; Number of trained people



4.2.5	Organize training for business incubator managers	2015-2017	ODIMM / Chamber of Comm. and Industry	<p>During the year 2017, the 11 Business Incubators, over 2877 consultations were held with entrepreneurs in the Business Incubators operating area.</p> <ul style="list-style-type: none"> Business Incubators have organized 185 events dedicated to entrepreneurship training, organized by the Business Incubators Management Team. There were two sessions on the role of IA, in which over 100 people participated. During the year 2017, the Cahul district councilors, who were responsible for the establishment of the IA entity, were advised and guided in the procedure for registering the status of the institution [...] On April 11, 2017, ODIMM organized an informative session on the opportunities offered by the Business Incubator. [...] More than 30 potential entrepreneurs wishing to start their own business at the Business Incubator participated in the information session. On 13.06.2017 ODIMM organized a training course on "Business Planning". [...] The training course was attended by 25 people who are already entrepreneurs or want to open their own businesses and want to become residents of the Cahul Business Incubator. On 24.10.2017 and 02.11.2017 at the Business Incubator in Calarasi and Cahul, ODIMM organized an Information Session entitled "Opportunities for the Development and Internationalization of SMEs". Over 60 residents of the Business Incubator and economic agents from the region participated [...] On 08.12.2017 representatives of ODIMM and Business Incubators Soroca, Sangerei, Nisporeni and Stefan Voda participated in a training session on how to effectively apply the methodology and conduct a focus group with the exporting entrepreneurs or potential exporters in the Republic Moldova. [...]
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Results monitoring – key issues

- Indicators range from those directly related to the measure to broader ones that are influenced by many other factors.



- Targets must be motivational, but achievable.
- Guiding principles for the choice of indicators:
 - relevant, credible, comparable, timely
 - in reality, data availability issues often limit the choice
- Outcome indicators never tell the whole story:
 - they must be complemented with analysis, additional information, expertise,
 - comprehensive assessment must include consultations with and feedback from stakeholders.

*Be smart
about being
SMART!*

Example of a possible approach: Criteria for selection of KPI for ERP measures

Based on OECD's ERP Monitoring Tool

SCREENING (CUT-OFF) QUESTIONS:

Timely? *(for year X in year X+1, at least annually)*

Transparent methodology?

Additional efforts to produce the data?

SELECTION QUESTIONS:

Relevant? *(for the measure's objective / expected results)*

Specific? *(depends on the measure or on many other influences)*

Credible? *(official, international sources)*

Comparable? *(internationally, with past years)*

Breakdowns? *(sectors, size, regions, gender)*

ERP measure: Improvement to spatial development management through e-space digital platform

Indicator	Baseline (year)	Intermediate target (year)	Target (year)
Digital database of spatial and urban plans established	0 (2020)	Spatial and urban plan data for pilot areas in the digital database (2022)	Data of most spatial and urban plans in the digital database (2023)
Number of days needed to issue location conditions	33 days (2020)	25 (2022)	/
Number of days needed to issue construction permit	11 days (2020)	/	6 (2023)

Timely?
Transparent?
Efforts to produce the data?

Relevant?
Specific?
Credible?
Comparable?
Breakdowns?

ERP measure: Increasing competitiveness in the tourism and hospitality sector

Indicator	Baseline 2019	Intermediate target 2021	Target 2023
Number of arrivals of foreign visitors ²³	4,962,335	5,210,452 <i>excluding the negative effect of the pandemic</i>	5,731,497
GDP (Gross Domestic Product by economic activity: Hotels and Restaurants)	1.4 %	1.5 %	2 %
Number of jobs by accommodation activities and food services	6,4 %	6.8%	7.5%

The achievement of these indicators is in line with the goal 8 of the SDG's 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all' target 8.9 'By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products', indicator 8.9.2. Number of jobs in tourism industries as a proportion of total jobs and growth rate of jobs, by sex

ERP measure: Promotion of renewable energy sources and energy efficiency improvements

Indicator	Baseline (2021)	Intermediate target (2022)	Target (2023)
% of electricity generated from PV solar plants and wind turbines	4%	40%	81%
Energy saved from measures (pilot projects) in energy efficiency sector	30%	60%	100%
Energy efficiency audit reports / Building Performance certificate	2%	20%	50%

ERP measure: Strengthening the system for social inclusion of the vulnerable categories of people

Indicators	Baseline (2018)	Intermediate target (2022)	Target (2023)
At-risk-of-poverty rate	21.9%	16.9%	16.5%
% of persons (0-59) living in households with very low work intensity	16.4% ⁷⁹	15.3%	15.1%
% of the social welfare/GMA recipients in employment upon leaving support of services and measures for labour market activation	0	25%	25%
% of severely materially deprived persons	30.5%	-	28%
Number of licensed service provided (by type of service; home based, community based, extra-familial care)	0	40	50

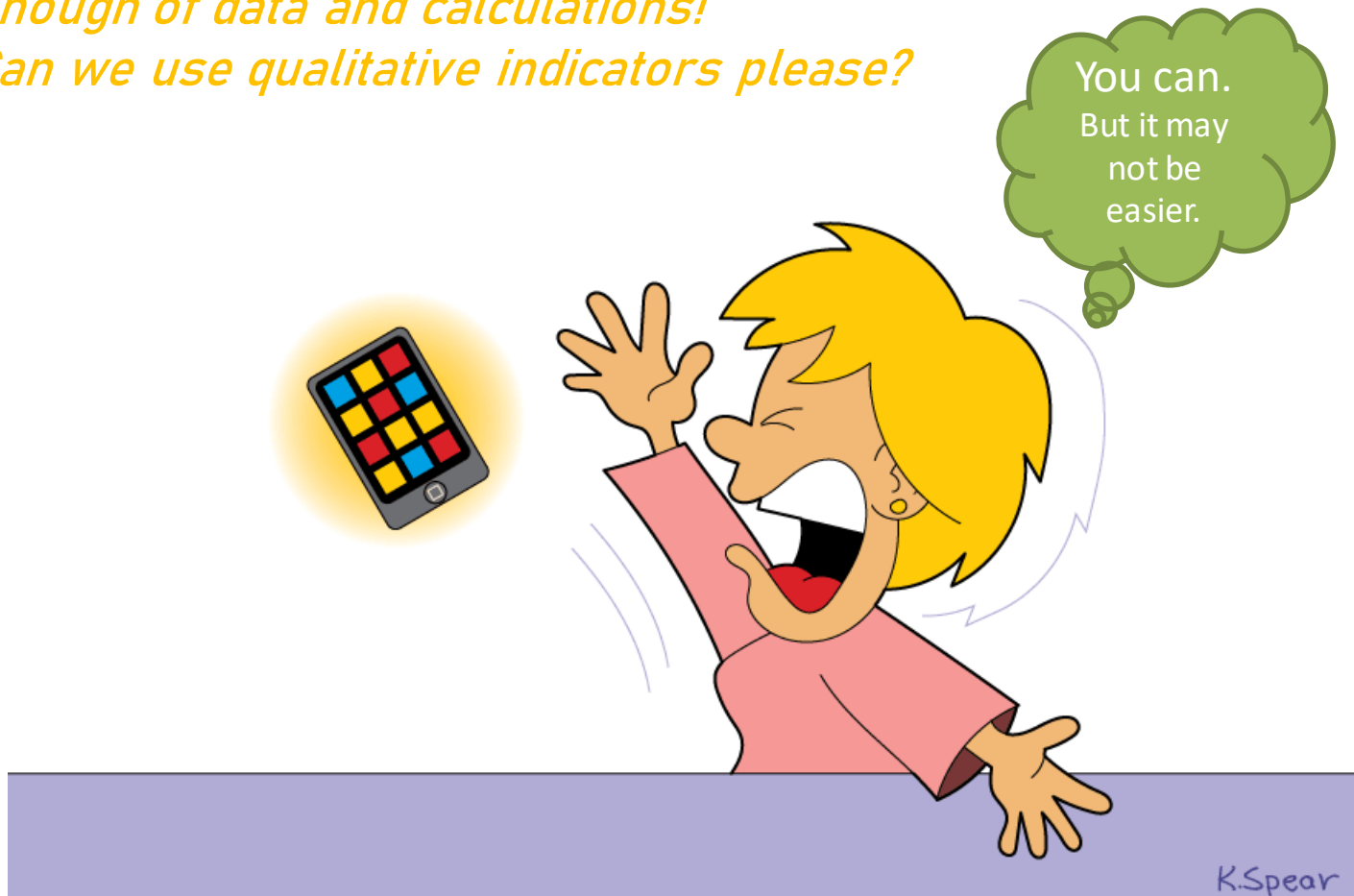
ERP measure: Implementation of the new curricular framework in vocational education and training system

<i>Indicator</i>	Baseline 2021	Intermediate target 2022	Target 2023
% of vocational education and training institutions (VETI) that implement the new core curriculum.	25%	50%	75%
% of VETI teachers trained on implementation of the core curriculum.	25%	50%	75%
% of students in vocational education participating in workplace-based learning.	10%	10% (20%)	30%

Achievement of these indicators is in general in line with SDG 4 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all'.



*Enough of data and calculations!
Can we use qualitative indicators please?*



Examples of qualitative indicators

Indicator	Means of verification
Increased awareness / knowledge	<p>Surveys of workshop participants</p> <p>Activities at workshops: quizzes, peer learning, evaluation</p> <p>Interviews, focus groups with stakeholders</p> <p>Analysis of documents produced by administration</p> <p>Analysis of media reports and social media</p> <p>Analysis of stakeholder statements and engagement</p>
Improved coordination	<p>Analysis of meeting agendas and minutes</p> <p>Focus groups with beneficiaries</p> <p>Analysis of consistency of documents</p>
Increased capacity of institutions	<p>Staff numbers</p> <p>Share of staff with relevant experience and qualifications</p> <p>Share of staff participating in capacity building activities</p> <p>Expenditures for staff capacity building</p> <p>Staff fluctuation rate</p> <p>Budget</p>



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Evaluation - Key questions to be addressed

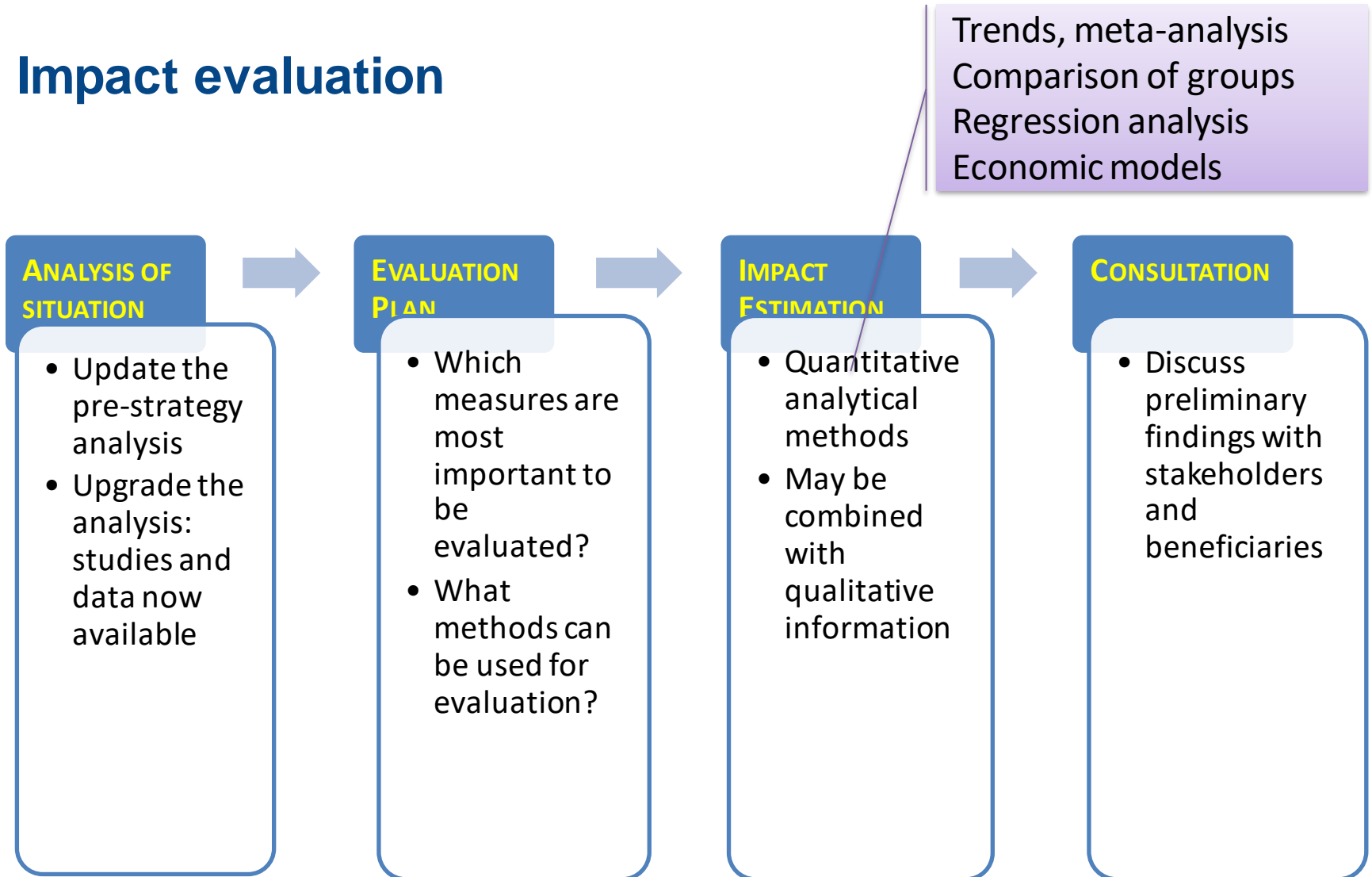
Appropriateness of the strategy	<i>Was the strategy designed and implemented in such a way that it could have had a meaningful impact on growth / competitiveness / employment?</i>	PROCESS EVALUATION
Effectiveness (impact) of the strategy	<i>How much of the improvement may be attributed to measures / actions of the strategy?</i>	IMPACT EVALUATION
Efficiency of the strategy	<i>Could similar results be achieved with less resources / Could better results be achieved by allocating resources to other policies?</i>	ECONOMIC (FINANCIAL) EVALUATION

Dead-weight losses?
Displacement effects?

Process evaluation

Technical quality	<p><i>Was the strategy based on sound analysis of the situation?</i></p> <p><i>Did measures address key obstacles and challenges?</i></p>	<p>Desk analysis of:</p> <ul style="list-style-type: none"> ○ background studies ○ official reports <p>Qualitative information from:</p> <ul style="list-style-type: none"> ○ surveys ○ focus groups ○ Interviews <p>Expert judgement</p>
Inclusiveness	<p><i>How were stakeholders involved in the design of the strategy?</i></p> <p><i>How was their feedback reflected in the strategy/ implementation?</i></p>	
Quality of implementation	<p><i>To what extent were planned measures implemented?</i></p> <p><i>What difficulties were encountered during implementation?</i></p> <p><i>How effective were monitoring and reporting arrangements?</i></p>	

Impact evaluation





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