

FISR2

STRUCTURAL REFORMS BETTER INTEGRATED
WITHIN FISCAL FRAMEWORKS

**MONITORING IMPLEMENTATION
OF STRUCTURAL REFORMS
PRESENTED IN THE ERP
DOCUMENTS**

**- KEY PERFORMANCE
INDICATORS -**

Monitoring the implementation of SRs

- Qualitative and quantitative overview of the results achieved for each year of implementing a SR measure
- It has two aspects - identification and realization of the KPIs, and financing issues (sources of financing, the difference between planned and realized costs, availability of funds and their timeline, etc).
- Designing the KPI is not itself a goal – KPIs can be very helpful in assessing the realization of SR activities and the level and degree of achieving the expected results – *if properly designed, used and interpreted*

Existing theoretical framework on KPIs

[OECD ERP Monitoring Tool](#) for tracking progress of the reform implementation through KPIs provides:

- Guidelines and examples on how to track progress with the implementation of SRs over time
- Guidelines on how to measure the immediate outputs and outcomes of realized reforms
- Distinction between two types of KPIs:
 1. Quantitative indicators
 2. Qualitative indicators

Existing theoretical framework on KPIs

Depending on the purpose indicators can be:

- ***Process indicators*** - monitoring the process of implementation of a measure, i.e. the status of the reform each year
- ***Result indicators*** - monitoring the immediate outputs and outcomes of a measure
- ***Impact indicators*** – as input for evaluating the impact of the reform

ERP requirements for indicators

- **Process indicators** – not required; reporting on implementation of activities is done in annex table 11, with a numerical score for progress with the measure
- **Result indicators** – required as part of SR measure descriptions – this is what we will be looking at in the workshop
- **Impact indicators** – not required; however, some of the macroeconomic, fiscal and social indicators in annex tables could be considered as impact indicators

Recommendations for the result indicators of a measure

- Developing and defining result indicators should be **based on the goal of the measure**, its description, implementation timeline, assessment of impact; there is no unique recipe or list to choose from
- The result indicators should be defined **for the measure, not for planned activities**
- Result indicators can relate to **direct or indirect (broader) effects** of the measure. Indirect results need more time to materialize
- The optimal **number** of indicators is 2-3 per reform measure

Recommendations for the result indicators of the measure

- Define the **baseline year** for indicator as the year before the measure was first included in the ERP, while the target year can be above the three-year planning period (education reform measures, for example)
- Selection of the result indicators should rely on meaningful reasoning to make sure that **the most important information** is included
- Indicators may also usefully be discussed with **stakeholders** during the ERP consultations
- If there are measures closely related - the same result indicator can be used for monitoring their implementation

Practical example of not so clearly identified KPIs from ERPs

ERP measure: Improvement to spatial development management through e-space digital platform (output and outcome indicators)

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 a construction permit	11 days (2020)	/	6 (2023)

ERP measure: Improvement to spatial development management through e-space digital platform (output and outcome indicators)

The first one is an **output indicator**, as it monitors a direct result of the government's activity, i.e. the establishment of a digital database (but not its usage or benefits). Regarding the target, it would **be better to set it in numerical terms**, for example „at least 90%“ instead of „most“.

The other **two indicators refer to the outcomes** of the measure for the beneficiaries, but it is not clear why **some values are missing in the table**. More important is the **lack of clarity about the source of data** for indicator values (external source or the LM).

Practical example of not so clearly identified KPIs from ERPs

ERP measure: Introduction of circular economy concept (ouput and outcome indicators)

Indicator	Baseline (year)	Intermediate target (year)	Target (year)
Circular Economy Programme with an Action Plan developed and adopted	0 (2021)	/	100% (2021)
Number of companies that will apply the circular economy concepts through circular vouchers	0 (2021)	/	10 (2022)
Number of LGUs that will develop local Roadmaps for the circular economy and become part of the circular community	0 (2021)	/	5 (2023)

ERP measure: Introduction of circular economy concept (output and outcome indicators)

The **first one is not a result indicator**, it is an indicator of the planned activity.

The other **two indicators refer to the outcome and output** of the measure, but it is not clear why the second one is targeting the 2022 instead of 2023, while for the third one there is no intermediate value for 2022.

Practical example of not so clearly identified KPIs from ERPs

ERP measure: Promotion of renewable energy sources and energy efficiency improvements (outcome indic

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

ERP measure: Promotion of renewable energy sources and energy efficiency improvements (outcome indicator)

The first indicator reflects a relevant outcome of policies promoting the use of renewable energy sources, but **there is no realism of targets** (as it is almost impossible to imagine such a sharp increase from 4% to 81% in only two years).

The second and third indicator underline **the importance of clear formulation of indicators**. For the second indicator, it is not clear what is meant by saving 100% of energy with pilot projects, i.e. 100% compared to what?

Similarly, with the third indicator, it is difficult to understand what the percentages refer to – all buildings, public buildings, residential buildings, etc.? Neither is it clear whether the slash (/) stands for 'and' or 'or' – is the goal for buildings to have both the energy audit report and the performance certificate, or at least one of them?

Practical example of clearly identified KPIs from ERPs

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

<u>Indicator</u>	<u>Baseline (2018)</u>	<u>Intermediate target (2022)</u>	<u>Target (2023)</u>
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%	15.3%	15.1%
% of the social welfare / GMA (Guaranteed Minimum Assistance) 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 providers (by type of service; home-based, community-based, extra-familial care)	0	40	50

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

This example is **combination of clearly defined and well selected outcome indicators**. The indicators specific to the measure capture the outcome for the beneficiaries (% of welfare recipients successfully supported for activation) and the effectiveness of the measure in supporting the development of non-government service providers.

Other indicators are less specific for the measure, as they use **data on the general socio-economic situation in the country** (poverty rate, material deprivation rate, low work intensity rate). Still, social policy is arguably a major driver of the situation of vulnerable groups, so the usage of these broad level outcome indicators is justified in this case.

Practical example of clearly identified KPIs from ERPs

ERP measure: Improvement of the quality of public services through optimization and digitalization of administrative procedures – epaper (ouput and outcome indicators)

Indicator	Baseline (2018)	Intermediate target (2020)	Target (2024)
The share of administrative burden for citizens and the economy in % of GDP	3.11	3	2.8
Number of optimised administrative procedures	0	180	500
Number of digitised administrative procedures	0	27	220

ERP measure: Improvement of the quality of public services through optimization and digitalization of administrative procedures – epaper (output and outcome indicators)

This example is **combination of clearly defined and well selected output and outcome indicators**. The first indicator is an outcome indicator, while the second and third are the output indicators.

Baseline and target year as well as the values are relevant and realistic.

Practical example of clearly identified KPIs from ERPs

ERP measure: Improvement of the efficiency of the healthcare system through the process of digitalization (output indicators)

Indicator	Baseline (year)	Intermediate target (year)	Target (year)
Number of institutions that use electronic health records (cumulative)	0 (2019)	225 (2021)	250 (2022)
Number of laboratories included in the e-Laboratory system (cumulative)	0 (2021)	50 (2022)	200 (2023)

ERP measure: Improvement of the efficiency of the healthcare system through the process of digitalization (ouput indicators)

Both indicators are **clearly defined and related to the output** results of the measure.

The values are realistic, although **it is not clear why the baseline year is not the same** for both indicators..

More detailed information on the existing theoretical framework, practical experience of the civil servants in developing and using KPIs as well on the learning needs of beneficiary countries you can find on:

https://www.cef-see.org/assets/files/Case%20Study_Monitoring%20the%20Implementation%20of%20SR_web_spread%20.pdf

https://www.cef-see.org/mnt/webdata/static/fisr/2022_Survey%20on%20KPIs%20and%20Monitoring%20SRs-Analyis_Sustarsic_Rancic.pdf