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Selecting Key Performance Indicators for Monitoring the Results of Structural Reform Measures in Economic Reform Programmes

MANUAL FOR ERP TEAMS

TABLE OF CONTENTS

1.

INTRODUCTION

This Manual provides the steps and recommendations for developing key performance indicators (KPIs) for monitoring the results of structural reform (SR) measures, presented in the Economic Reform Programmes (ERPs), which the candidate and potential candidates of the European Union (EU) enlargement are preparing annually.

The Manual addresses the challenges related to KPIs, identified by the ERP working groups. In the previous ERP period, the CEF worked intensively with the ERP teams on the improvements of Chapter V of the ERP document. One of the main issues raised by the civil servants, who were engaged in the preparation of SR measures, was how to conduct the process for monitoring the results of the measures presented in the ERPs through KPIs. Apparently, ERP working groups faced (1) insufficient knowledge of how to develop KPIs and link them with the objective(s) of the measure, (2) unclarity about the difference between the activities and output results on one side and measure results/outcomes on the other side, and (3) various other issues, such as how to settle the baseline and target values, and what kind of data (and data sources) to use.

The Manual refers to the theoretical framework that covers this important topic in the context of preparing SR measures for the ERP, developed by the Organization for Economic Co-operation and Development (OECD) in 2018. That document provides practical guidelines (steps and recommendations) to enable ERP teams to systematically track the progress of SR measures of the ERPs, including useful examples. However, these examples are not based on the ERPs of the economies in question. Besides the theoretical framework, **this Manual includes the steps and recommendations for developing KPIs; examples and comparisons of good KPIs and not so clearly defined KPIs taken from the latest ERPs; and the summary results of the assessment of KPIs presented in all 7 ERPs for 2023–2025 along with the lessons learned.**

The main objective of the Manual is to serve as a guidance for the ERP teams in the process of monitoring the achievements of the implementation of SR measures, through the development of result-based indicators that are required by the European Commission's ERP Guidance Note (Box 1). **The *results indicators* required by the Guidance Note are related to the expected outcomes of the SR measures**; that is, the results that the implemented measure will have on the beneficiaries – targeted groups of businesses and/or citizens, or wider segments/sectors of the economy.

It is important to emphasize that in the Manual, the terms *key performance indicators* and *results indicators* are considered as synonyms, both referring to the achievements of the SR; that is, the impact of SR measures on targeted or wider groups or sectors in the economy.

BOX 1: REQUIREMENTS FOR RESULTS INDICATORS IN THE ERP GUIDANCE NOTE

RESULTS INDICATORS

In a simple table, include 2–3 economy-wide or sectoral results indicators for monitoring and evaluating the results of each reform measure on specific segments or sectors in the economy.

These indicators should be specific for each reform measure. Further information on the selection of indicators can be taken from the OECD ERP Monitoring Tool.

Example:

Indicator	Baseline (year)	Intermediate target (year)	Target (year)

To further align the ERP process with the European Semester, the contribution of a reform measure to the achievement of Sustainable Development Goals (SDGs) will also be underlined by using the indicators in line with Eurostat's EU SDG indicator set (the latest information on Eurostat SDG set of indicators is available at https://ec.europa.eu/eurostat/web/sdi/overview) where corresponding data are available.

6 SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

BACKGROUND INFORMATION 7

2.

BACKGROUND INFORMATION

KPIs have become even more significant and relevant, as the private sector and international organizations are using them systematically for measuring the degree of achievement of specific objectives and goals. In the context of preparing SR measures, KPIs represent a very powerful tool for monitoring results over time.

Monitoring the achievements of SRs can be understood as a quantitative and qualitative overview of the results achieved for each year of implementing a SR measure. Basically, monitoring the results of SRs includes three aspects:

- **Identification and realization of the KPIs** set for a measure;
- **Identification of potential risks and planned mitigation actions;**
- **Financing issues**, such as secured sources of financing, the difference between planned and realized costs, and the availability of funds and their timeline.

Introducing KPIs for each structural measure is not itself the goal. **The process of proper and adequate definition of KPIs for each SR measure is very important for line ministries**, as it facilitates future work on monitoring the achievements of SR measures. Even more, it provides a direct link with the objective(s) of SR measures. It has to be underlined that **KPIs should be developed starting from the objective of a measure, and they have to be linked to the outcome(s)** – the benefits that the targeted groups of beneficiaries (businesses and/or citizens) or wider sectors of the economy will have after the implementation of the planned activities of SR measures.

It is very important to make a clear distinction between monitoring the results/outcomes (KPIs) of a SR measure, and monitoring and reporting on the implementation and results of all planned activities. **Monitoring the implementation of planned activities means that each activity must have a clearly defined output.** The Guidance Note states:

> *Activities are the individual steps that directly contribute to the implementation of a reform measure. They need to be clearly specified in terms of the expected output (immediate result) and support the precise costing of the measure.*[1]

In other words, the expected output of each activity is the backbone for reporting on the implementation of SR measures.

The status of each activity should be reported in Table 11 in the Annex to the ERP, where, besides the textual description of the implementation (fully implemented, or explanations if partial or no implementation), the result must be scored from 0 to 5[2]. One of the novelties in the Guidance Note 2023 is that the European Commission (EC) puts a stronger focus on the implementation of activities:

> *The SRs should be sequenced over a period of up to 3 years timeframe with specific targets and milestones to be achieved each year. The reforms should be described in their entirety, but also duly sequenced into specific reform measures that would be achieved in the following years (i.e., if the SR is expected to last 3 years, the ERP should clearly indicate what reform measure will be completed in year 1, year 2 and year 3). The EC will pay particular attention to assessing their level of implementation every year. Reform measures should be specific, measurable, achievable, relevant and time-bound.*

So, the conclusion is that **KPIs should not be linked to the planned activities**. Activities serve **as a base for reporting on their realization** (Table 11 in the Annex to the ERP) and **determining the costs** (by the structure and sources of financing) **and human resources** of the responsible institution, which will be needed for each year of measure implementation.

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1 As for results indicators, there were no changes in the Guidance Note for 2024–2026, comparing with previous Guidance Notes.

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2 0 – no implementation, 5 – full implementation. Also explained in the OECD ERP Monitoring Tool.

8   SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

THEORETICAL FRAMEWORK FOR MONITORING PROGRESS AND RESULTS OF THE IMPLEMENTATION OF SR MEASURES   9

3.

THEORETICAL FRAMEWORK FOR MONITORING PROGRESS AND RESULTS OF THE IMPLEMENTATION OF STRUCTURAL REFORM MEASURES

The existing theoretical framework for monitoring the implementation of SR measures is the ERP Monitoring Tool[3], which gives guidelines and examples on how to track progress with the realization of measures over time, as well as how to measure the immediate outputs and outcomes of the realized reforms. The ERP Monitoring Tool was developed with the aim of helping civil servants in line ministries (LMs) and Ministries of Finance (MoFs) to better understand the importance of all the necessary steps and tasks that precede the monitoring process.

The preparation of each SR measure is complex and consists of various important steps to integrate the reform into the ERP reform agenda. Equally or even more significant are the coordination and monitoring of the reform measure implementation over years, and measuring and assessing progress. **The Monitoring Tool provides the basis and practical steps for LMs and MoFs, who have the "ownership" over the reforms, to measure the outcome results of a SR measure, and if needed, to adjust the process in order to assure full and successful implementation**. The **process of monitoring** via observed data and information on the performance of reforms, programs and projects **can help and enable policy decisions, and improve government performance, accountability and transparency**. Furthermore, LMs and MoFs can use it for **policy advocacy** by providing strong arguments for continuation, adjustment or termination of a particular policy. The Monitoring Tool[4] explains in detail the necessary steps that have to be taken in order to develop KPIs, that is to track the achievements of SR measures. Key findings and recommendations are presented in continuation.

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3   https://www.oecd.org/south-east-europe/programme/ERP_Monitoring_Tool.pdf
4   Based on this document, a new policy document on Monitoring the Implementation of SRs was developed and published in 2022. It is available on the CEF website – Case Study_Monitoring the Implementation of SR_web_spread.pdf (cef-see.org).

As the first step, the Monitoring Tool prescribes to define the aim and scope for monitoring a particular SR measure. The process of monitoring is related to the current state of implementation, estimated costs, and the expected outcome. So, it is crucial for LMs responsible for the preparation of measures to ensure a very high quality of the following inputs:
- List of activities and their timeline;
- Estimated costs for each activity and sources of financing;
- Expected outcome(s) of the measure, based on its objective(s).

The first two inputs are significant and relevant, but the **third one is related exactly to the concept of monitoring reforms, through the so-called** *result-based monitoring* **that helps evaluate the effects of a reform measure and its contribution to the achievement of the objectives**. This concept means measuring the performance of SR measures, expressed as the immediate outputs and/or outcomes.

The Monitoring Tool explains the differences between the outcome and the output indicators. Basically, the results indicators can be classified as:
- **Output indicators** – related to the direct and short-run results of implementing measure activities, such as adoption or amendment of a law and/or bylaw(s), establishment of a new institution/agency, improvement of the capacities of a LM or a relevant agency or any other government institution;
- **Outcome indicators** – related to indirect and medium-run results that have an impact on the targeted beneficiaries (businesses and/or citizens).

EXAMPLE: MEASURE *IMPROVING SPECIAL EDUCATION SERVICES, GUIDANCE AND PSYCHOLOGICAL COUNSELING SERVICE*

Year 1

- Activity 1: Providing in-service training to teachers and administrators in order to increase their knowledge and skills in the fields of special education and guidance
- Output indicator for the activity 1: Number of teachers and administrators given in-service training

Year 2

- Activity 2: Preparation of materials related to special education and guidance services
- Output indicator for the activity 2: Number of materials prepared for special education and guidance services

Year 3

- Activity 3: Preparation of digital content related to special education and guidance services
- Output indicator for the activity 3: Number of digital contents prepared for special education and guidance services

Outcome indicator in the 3rd year: Number of students with special education needs that have access to education according to their needs

The results of SR measures can be *direct or indirect, visible in the short, medium or long term*. Direct results usually materialize in the short run after the measure has been fully implemented, and the improvements and benefits in a specific segment or sector can be *directly linked to the measure*. Indirect results typically materialize in the medium term (or in the long run for the reforms in education sector, for example) through improvements of the economic and social situation in a specific area, *caused partly by the measure* and partly by other factors (economic, demographic, political factors etc).

An example of a direct effect of the implemented measure, such as introduction of tax reliefs and exemptions for young people in the first year of starting their own business, would be lower costs. The indirect results of this measure would be a lower unemployment rate of the youth or a lower NEET[5] rate. As for the measure for improving agricultural competitiveness, the example of direct effect would be the number of incentive measures or subsidies or an establishment of the information system, while the indirect mid-term effects could be increased production, value added, or exports of the agricultural sector (those results would be caused (partly) by the measure for improving agricultural competitiveness). Similar, for the measure related to the introduction of Youth Guarantee Programme, direct effect would be the number of completed activities envisaged by the Programme, while the indirect result would be the lower unemployment of the youth. For the structural measure related to the increase of the export capacity of small and medium-sized enterprises (SMEs), the direct effect would be establishment of a credit guarantee scheme for SMEs, while the indirect result (outcome indicator) would be better access to finance for SMEs. Also, for the measure such as decrease in administrative burden of businesses, the example of direct effect would be number of abolished/decreased/digitalized administrative procedures, while the indirect result would be an increase in competitiveness of businesses.

5   NEET stands for *Not in education, employment or training*.

There are two types of KPIs:

Quantitative indicators show direct *outputs in numbers* (percentage of staff trained; number of institutions, schools, etc. established; number of laws, bylaws or other regulations adopted/amended, number of km of highway reconstructed/built) or illustrate the *change (outcome) related directly to the undertaken activities* (increase in the number/percentage of registered businesses, lower costs of transport, shorter time of travel, lower number of days for obtaining construction permits, etc.). When quantitative indicators reflect a medium- or long-term outcome at a higher level (GDP growth, employment, competitiveness), they are specifically marked as ***impact indicators***[6].

Qualitative indicators provide information on the *perception or experience related to the reform measure*[7] (for example, SMEs have easier access to financing from banks after introducing the credit guarantee scheme, the degree of the citizen involvement in local governance and decision-making process, due to the implementation of measure to increase the efficiency and transparency of local governments, etc.).

In developing KPIs, especially for each measure, it is important to emphasize that **there is no unique recipe or list to choose from.** Every institution or government body has to define KPIs based on the goal of the measure, its description, planned activities, implementation timeline, overall assessment of the economic impact, and any other relevant aspect.

Furthermore, **the results indicators should be defined for each reform measure, based on its objective, not for the planned activities. The optimal number of indicators should be 2–3 per reform measure.** If there are measures closely related (within the same or different area), the same results indicator can be used for monitoring achievements (e.g., the youth unemployment rate can be used as a results indicator for labor market reforms as well as for education; the share of high value-added exports can be a joint KPI for the measures related to export competitiveness in industry or agriculture). On some occasions, broader indicators may reduce the need for more specific indicators (e.g., the indicator "average number of contestants in public procurement" may make the indicator "share of tenders published electronically" redundant).

The selection of the KPIs should rely on meaningful reasoning to make sure that all important information is included, and all relevant stakeholders are involved, while avoiding repetitions and weak indicators.

The selection process should include four steps:

Step 1: Identification of possible results indicators

Step 2: Initial screening of identified possible results indicators

Step 3: Final selection of results indicators

Step 4: Filling in the description and reporting tables of results indicators

6   It is important to stress that changes in impact indicators over time are not only caused by policy interventions. They are even more dependent on other economic, social, political, etc. factors than the outcomes. An estimate of how much the implementation of a structural measure has contributed to a change of macroeconomic indicators (the (un)employment rate, general government deficit and debt, etc.) can be made, but this requires using different quantitative methods.

7   Usually obtained by conducting a survey (or some other type of qualitative research) with the sample of targeted beneficiaries.

3.1. STEP 1: IDENTIFICATION OF POSSIBLE RESULTS INDICATORS

In order to identify KPIs, the responsible institutions could use various sources, such as:

- ✔ Description of the measure (**objective or expected result**);
- ✔ **Diagnostics of the sector/area** (data/indicators used to establish key obstacles to inclusive growth or competitiveness and data/indicators used in evaluations of previous similar policy initiatives, if such exist);
- ✔ **Related policy programs** (indicators used for similar strategic documents, like strategies or other programs);
- ✔ **Official statistics** (data already produced by the statistics authority that are useful for measuring the results);
- ✔ **Data collected by the institutions** that are implementing the measure (data for their own needs or data that are also publicly available);
- ✔ **List of SDG indicators**[8];
- ✔ **Standardized international reports** (containing comparable data for economies that prepare ERPs);
- ✔ **Consultations** (between ERP coordinators, implementing agencies, external experts, other stakeholders, etc.).

3.2. STEP 2: INITIAL SCREENING OF IDENTIFIED POSSIBLE RESULTS INDICATORS

An initial screening of identified possible KPIs should be done to remove those that do not meet the essential criteria to serve as ERP results indicators. Screening is performed by checking the possible indicators against the list of selection questions, and it should be applied as soon as a possible indicator is identified. Those indicators that do not pass the test (meaning the answer is "no") should not be used. Possible **selection questions**:

- ✔ Is the indicator measurable?
- ✔ Are its values numerical and based on data?
- ✔ Will the data for the indicator be available for all three years?
- ✔ Are the data for the indicator updated at least annually?
- ✔ Is the indicator based on the data collected by the implementing agency?[9]
- ✔ Is the methodology transparent and verifiable?
- ✔ Will producing the indicator require substantial additional efforts and costs?[10]

3.3. STEP 3: FINAL SELECTION OF RESULTS INDICATORS

Up to three KPIs should be selected for each reform measure, among those that passed the previous two steps. The choice of indicators, as in the previous step, is performed by checking the possible indicators against the **list of selection questions**, such as:

- ✔ **How relevant is the indicator for the measure?**
- ✔ **How specific is the indicator?**
- ✔ **What data is the indicator based on?**
- ✔ **Will the indicator allow comparison in time and provide breakdown by sectors, region, age, groups, gender or other relevant aspects?**

3.4. STEP 4: FILLING THE DESCRIPTION AND REPORTING TABLES OF RESULTS INDICATORS

When the KPIs have been selected, **basic information about them should be presented in two tables**:

1. The **description table** (Box 2) presents a summary of the key features of an indicator essential for its understanding and interpretation. **This table should be prepared only once**, except in case the methodology for producing the KPIs changes.

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8   https://unstats.un.org/sdgs/indicators/indicators-list/
9   Unlike the previous questions, where the answer should be "yes", the answer to this question could be both "yes" or "no", depending on whether the data for indicators are credible. Indicators that are based on the institution's self-assessments, which are not transparent and verifiable, should be excluded. On the other hand, if the data collected by the responsible institution are based on registries or similar sources (can be considered credible if submitted for public or professional scrutiny, for example), results indicators can be very useful for measuring the results of a SR measure.
10 Similarly, the production of results indicators should be easy and without any additional costs. The optimal solution would be to identify possible indicators from the list of already available and published indicators (e.g., from national statistics and Eurostat). However, in some cases, when the development of results indicators is very significant for the measure's objectives, it could be justified for the implementing agency to invest additional efforts and have additional costs.

14 SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

THEORETICAL FRAMEWORK FOR MONITORING PROGRESS AND RESULTS OF THE IMPLEMENTATION OF SR MEASURES 15

BOX 2: DESCRIPTION TABLE

INDICATOR:	
MEASURE: #	
Definition	Write a short and clear summary of the indicator's definition as provided by the source.
Unit	Name the indicator's unit of measurement (e.g., growth rate, share, absolute values, index).
Source for indicator values	Name the source where the indicator is published. For indicators calculated by implementing agencies, put "Own calculation by …".
Data sources	List sources of data from which the indicator is calculated (e.g., for indicator "unemployment rate" the data source is either a labor market survey or an unemployment registry). For indicators calculated by implementing agencies, provide details of calculation to assure verifiability.
Frequency and availability lag	Frequency refers to the length of period for which the indicator is published (e.g., monthly, quarterly, annually, or other). Availability lag is the delay between the period to which the indicator relates and the usual time of publication. It is measured in months, quarters or years, depending on the indicator's frequency. It is expressed by X + n, where n is the delay expressed as the number of time units that pass from the reference period to publication.
Breakdowns	List available breakdowns of the indicator (e.g., by economic sectors, company size, geographical area or administrative units, age groups, gender).
Rationale	Explain why this indicator was chosen and what aspects of the measure (which objective or result) it is intended to measure.
Responsible institution	Name the institution responsible for providing the values of the indicator to the ERP coordinator (e.g., implementing agency, another institution that produces the indicators, or the coordinator itself for indicators that are directly and easily available from public sources).

2. The **reporting table** (Box 3) should contain the baseline, current and target values of the indicator in annual dynamics or shorter periods (quarterly, monthly, etc.) if the data of the indicator are available. In addition, the values of the indicators can be divided by key economic sectors, groups, gender, etc. if relevant. **This table should be updated every time** when monitoring the implementation of ERP measures.

BOX 3: REPORTING TABLE

INDICATOR:							
MEASURE: #							
Name the unit of measurement for the indicator							
Values							Target
2018	2019	2020	2021	2023	2024	2025	2026

Note: The shading indicates the year in which the measure was first introduced in the ERP. N/A should be used for years for which data are not available.

ALTERNATIVE REPORTING TABLE WHEN THE VALUES OF INDICATOR ARE AVAILABLE BY QUARTERS

INDICATOR:							
MEASURE: #							
				Values			Target
QUARTER/ YEAR	2018	2019	2020	2021	2023	2024	2025	2026
Q1							
Q2							
Q3							
Q4							

Please note that the presented two tables are recommendations for LMs in order to enhance development and further monitoring of KPIs. The fulfilment of these tables is not required in the ERP Guidance Note.

16   SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

DEVELOPMENT OF KPIS – STEPS AND RECOMMENDATIONS   17

3.5. DIFFERENCE BETWEEN THE BASELINE AND TARGET YEAR

A very important issue related to KPIs is how to choose the baseline and target year. Basically, the **baseline year for indicators should be the year before the measure was introduced in the ERP**. The logic is that ERP indicators monitor the ERP measure, not the policy that is implemented outside the ERP or was implemented before that. Looking at the values of indicators through time can provide information about how circumstances have changed compared to the initial situation before the implementation of a reform measure.

Practically, it means that **the baseline year cannot be the year when the ERP document is submitted** (for example 2023 in the ERP for 2023–2025), as the values of indicators for 2023 would not be data but rather estimates by the LM. On the other hand, **the target year can be**, and usually is, **the third year covered by the ERP horizon**, but in some cases, **it is justified to set the target in a later year**, as the results of the reform measure might not be fully reflected in the indicators within the period of three years. For example, in the case of a vocational education reform, the employment rate of new graduates would be a relevant outcome indicator, but significant improvements will naturally take longer than three years to materialize.

4.

DEVELOPMENT OF KEY PERFORAMNCE INDICATORS – STEPS AND RECOMMENDATIONS

Although the KPIs are one of the seven parts that constitute the text for each SR measure,[11] it should be emphasized that all these segments are very closely linked, and all together should be presented in a systematic and consistent manner.

Designing KPIs is predominantly linked to the description and objective(s) of a SR measure and its estimated economic impact. Detailed explanations and steps for assessing the economic impact of SR measures are presented in a separate manual[12]. *In practice, the task of choosing KPIs and setting their targets is often understood as a separate task from the economic impact assessment. However, these two exercises are strongly connected and should be understood as one integrated activity.* In essence, both include thinking about data that can capture the difference between the current situation in some area and improvements in the future due to the implementation of a SR measure. Some kind of estimation and calculation of the expected achievement is necessary both for quantifying the expected impact and setting targets for indicators. *KPIs and their targets should reflect the expected economic impact.*

The development of KPIs is a process that is based on the goal(s) of a SR measure. The objective has to be defined starting from the structural problem of the economy, identified as a key challenge or obstacle to inclusive growth. **The basic question is "what the current situation is and where we want to be after the implementation of SR measure?"**

The implications of measures and reforms are the main tool for negotiations for their introduction into the ERP. The implications can be fiscal (estimates of costs and sources of funding), or measured through results indicators and assessment of economic impact (impact on competitiveness and employment), impact on social outcomes and environment. It is important to underline the link between the KPIs and identification of potential risks and planned mitigation actions, as the realization of some risks could be the reason for target values of KPIs not materializing.

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11 The EC Guidance Note clearly states that each reform measure consists of: 1) description of reform measure including planned activities; 2) results indicators; 3) expected impact on competitiveness; 4) estimated cost of the activities and the source of financing; 5) expected impact on social outcomes, such as employment, poverty reduction, gender equality and access to healthcare; 6) expected impact on the environment and climate change, and 7) potential risks.
12 Economic Impact Assessment of SR Measures in ERPs (https://www.cef-see.org/publications).

Proper definition of the objective of the measure is very important. If it is well defined, the goal is a benchmark for assessing the impact of a structural measure – results indicators, impact on competitiveness, costs.

For example, the government aims to attract foreign direct investment (FDI) by reducing the corporate tax rate. The impact assessment and analysis of the business environment shows that the corporate income tax is not an obstacle for FDI, but parafiscal charges are. So, the goal is set correctly, but it is necessary to change the measure and its activities (instead of, for example, reducing the corporate income tax rate, it is necessary to reduce/abolish a certain number of parafiscal levies). **For each of the proposed measures, it is important that in a description section objective is clearly stated, as well as key obstacles or challenges that this measure addresses.**

| Setting the measure that will address identified challenge/ obstacle | Current situation (where we are now) and defining the objective (where we want to be after implementation) | Identification of planned activities and estimation of the cost of measure and sources of financing | Development of KPIs and impact assessment (competitiveness, social outcomes, environment) | Identification of potential risks |

After the objective of the measure has been defined and potential indicators have been chosen, the development of KPIs includes four steps. Those steps are further elaboration of the steps presented in the Chapter 3.

4.1. STEP 1: RELEVANCE OF KEY PERFORMANCE INDICATORS

In this step, **the main question is whether the KPI is relevant for the measure.** Relevance in this context means that the **indicator is related to outcomes, not to the outputs**. In other words, the adoption of a new/amended law or bylaw, establishment of a new agency, or increasing the capacities of LM is a step forward, but it does not reflect the improvements that the implementation of the measure will have on the targeted beneficiaries (businesses and/or citizens).

4.2. STEP 2: SPECIFICITY OF KEY PERFORMANCE INDICATORS

In this step, **the basic question is whether the KPI is specific for the measure.** Here, specific means that there is a clear relationship between the measure and the indicator, and it can be expected that **the implementation of the measure will improve the value of the indicator.** Basically, if the value of the indicator will be affected by other economic factors more than the implementation of the measure,[13] it is considered too broad and should not be chosen.

4.3. STEP 3: MEASUREMENT OF KEY PERFORMANCE INDICATORS

In this step, **the main question is whether the KPI is measurable. The values of the results indicator have to be numerical** (absolute figures or percentages) and **based on the data** (official statistics, internal databases of LMs, data published by international organizations, etc.), **updated at least annually** and **available for the whole period** of implementation of a SR measure. In this regard, baseline as well as intermediate and targeted values[14] must be settled.

4.4. STEP 4: CLARITY OF KEY PERFORMANCE INDICATORS

In this step, **the basic question is whether it is clear how the values of the KPI are calculated.** For many results indicators, **the official sources for data are national statistics or international organizations**. However, for other indicators, **the data/values for the indicators are collected by the LM/agency/organization that is responsible for the implementation of a SR measure.**[15] In such cases, it is very important that the methodology for collecting data is transparent and verifiable, and that the data for KPI values are credible.

CLEAR   RELEVANT

MEASURABLE   SPECIFIC

13 Typical examples of very broad indicators that have been used in ERP documents are the unemployment rate or the increase (%) in collected public revenues, as those are much more affected by economic activity than by the implementation of a specific measure.

14 Although the target year does not necessarily have to be the last (third) year of the ERP time horizon.

15 Cadastre Institution, Tax Administration, etc.

20 SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

DEVELOPMENT OF KPIS – STEPS AND RECOMMENDATIONS 21

The examples[16] below show indicators that are not well designed in terms of relevance, specificity, clarity and measurement. Obviously, the results indicator for measure 1 – *number of ICT teachers trained* – is not related to the outcome, but rather to the implementation of one planned activity. Gross value added (*GVA) of agriculture* for measure 2 is not specific, as this indicator is affected by contextual factors more than by the measure and considered too broad. The baseline, intermediate and target values have to be set, so it is not clear why the target value of indicator for 2025, measure 3 is not defined. Similarly, the indicator related to measure 4 has 2023 as the target year, although the measure will be implemented in the period of 2023–2025. Moreover, the target value seems to be overestimated.

TABLE 1. Examples of indicators that do not meet the four criteria

Relevant	Measure 1	Development and empowerment of digital competency of teachers
	Planned activity	Training of ICT teachers
	Results indicator	*Number of ICT teachers trained*
Specific	Measure 2	Improvements of the agriculture competitiveness
	Results indicator	*GVA of agriculture, in billion euros*
Measurable	Measure 3	Improving the environment for doing business by reducing the administrative burden and reforming inspections
	Results indicator	*Number of simplified administrative services (permits)*
	2022 (baseline)	44
	2023 (intermediate)	> 150
	2025 (target)	n/a
Clarity	Measure 4	Support the development of entrepreneurship in the tourism sector and hospitality
	Results indicator	*Arrivals in country*
	2021 (baseline)	348,733
	2022 (intermediate)	398,552
	2023 (target)	1,400,000

In the process of designing KPIs, **the name of the indicator is also very important, as it should be consistent with the values** presented for the baseline, intermediate and target years. For example, for measure 4 in Table 1 an appropriate name would be "*Number of arrivals in country*" as the values are presented in absolute figures. In some other cases, the indicator values are presented as percentages, so the name should also include the word "percentage" or "share". If the indicators have cumulative values, it should be emphasized in the name or in the footnote.

The current practice in most ERPs is that the baseline year is updated by one year when the measure is rolled over to the next ERP, while the **baseline year should be the last year before the beginning of the implementation** (if the data exist). So, when drafting the ERP for 2024–2026, the baseline year should be 2023 only for new measures that will be introduced, while for the old measures the baseline year – the year before the measure was introduced (included in the ERP document) – should remain unchanged

16 All examples in this document have been taken from the latest ERPs 2023–2025.

It is said that the implications of measures and reforms, measured by the results indicators, are the main tool for negotiations for their introduction into the ERP. This is the beginning of the process, as the implementation of measures must be monitored over time. In this regard, **the use of results indicators is strongly recommended for the assessment of progress made during the realization of SR measures**.[17] Setting good indicators and targets has little value without using them for reporting and assessing the progress made over time. For example, the output indicator is the number of filters installed on industrial production lines, and the outcome indicator is the percentage of the area covered with category I air quality. Increasing the number of filters on industrial production lines does not necessarily lead to a higher percentage of the area with category I air quality, because filters are not the only thing that influences the quality of air. So, the final goal is to find out through outcome monitoring whether and to what extent the chosen methods of realization contribute to the achievement of the goal.

The best way for monitoring would be to create internal documents (e.g., Excel spreadsheets), containing the list of indicators with the values for each year, starting from the baseline year or even earlier.[18] As data for almost all indicators are available on an annual basis, this document should be updated every year. In case data are available in more frequent dynamics, it is useful to include them too. This will provide information on the progress made and whether there is a need to adjust or redesign the measure in order to reach intermediate and target values. Furthermore, establishing a monitoring system will help justification in cases where the results indicators for the same measure are changed; that is, replaced by new ones from one ERP to another.

4.5. RECOMMENDATIONS FOR THE DEVELOPMENT OF KEY PERFORMANCE INDICATORS

Main recommendations for designing good KPIs and using them for monitoring the achievements of SR measures:

- The KPIs should be based on the objective of the measure.
- The KPIs should be related to the expected outcomes, not to the activities or outputs.
- Choosing indicators that are too broad should be avoided.
- The values of the indicators should be numerical and available for the whole period of implementation of a measure, and it should be clear and understandable how they were obtained.
- The name of the indicator has to be consistent with its value.
- The baseline year must be the year before the measure was introduced in the ERP and it should not be changed when the measure is rolled over to the new ERP document.
- The target year may be a year beyond the ERP time horizon.
- The same indicators can be used for measures that are closely related.
- Designing KPIs should be understood as an activity integrated with the economic impact assessment.
- The number of indicators should be 2 to 3 for each measure.
- For each measure, separate document on the values of KPIs should be developed, updated and used for monitoring the implementation of the measure.

17 The ERP Guidance Note (see Box 1) does not require to report the current value of the indicator and analyze them with reference to the baseline.
18 Some examples of the structure of the table are presented in Box 3.

For the identification of KPIs, LMs and other responsible institutions can use various sources of data[19], such as:

- Description of the measure – its objective or expected results;
- Text on diagnostics for the sector/area, particularly if it is related to the key obstacles for inclusive growth or competitiveness;
- Related policy programs, national strategies and other strategic documents;
- National statistics;
- Data collected by the responsible institution;
- OECD, EUROSTAT, PISA, WHO, etc.;
- Indicators related to the SDGs & SGIs;
- Sustainable governance indicators[20]
- Table with the list of main indicators per area/sector of the economy, presented in the EC Assessment of ERP documents.

5.

LESSONS LEARNED FROM THE ASSESSMENT OF KEY PERFROMANCE INDICATORS AND EXAMPLES OF WELL-DESIGNED AND WEAK INDICATORS

The analysis of all KPIs presented in the seven ERPs for 2023–2025 (Table 2), conducted in April 2023 and based on the four criteria (relevance, specificity, measurement and clarity), showed some typical weaknesses in ERPs.

TABLE 2. Number of measures and KPIs in the ERP 2023–2025

ERP	Number of measures	Number of KPIs
ALBANIA	19	68
BOSNIA AND HERZEGOVINA	25	127
KOSOVO*	20	68
MONTENEGRO	19	52
NORTH MACEDONIA	19	69
SERBIA	22	61
TÜRKIYE	17	53
TOTAL	141	498

19 Albania, for example, has already integrated the list of KPIs into the centralized system for budget execution. Serbia has developed a special software – ERP portal for preparing Chapter 5 on SR measures – and plans to upgrade it with the list of KPIs.
20 SGI 2022 | Sustainable Governance Indicators (sgi-network.org)

* This designation is without prejudice to positions on status and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

24   SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

LESSONS LEARNED FROM THE ASSESSMENT OF KPIS AND EXAMPLES OF WELL-DESIGNED AND WEAK INDICATORS   25

The main findings and conclusions are as follows:

Many indicators are related to the implementation of the measure's activities and not to the results (outcomes) that the implementation will create for the beneficiaries or target groups.

Some typical examples include:
- Adoption of a piece of legislation.
- Increase in administrative capacity, for example hiring new labor inspectors or new social workers. Instead, the results in terms of reduced undeclared work or an increased number of people attended by social centers could be used as outcome indicators.
- Digitalization of government services or the number of simplified administrative procedures. Instead, the number of users of digitalized services, or a reduction in the time and cost needed to comply with the procedures could be used as outcome indicators.
- Setting-up of a new or integrated IT system. Instead, measurement of the improved services enabled by the new system could be used.
- Indicating the number of audits or evaluations performed. Instead, an indicator related to the improvements generated by such audits or evaluations could be used.
- Indicating the number of training events delivered or the number of participants. Instead, measurement of the learning-related benefits for participants could be used.
- Development of new educational programs. Instead, enrolment in these programs could be used as outcome indicator.

This does not mean that such output indicators are not useful for monitoring the implementation and that they should not be used at all. However, to comply with the requirements of the ERP Guidance Note,[21] the list of results indicators should include 2–3 indicators related to the outcomes of the SR measure.

**In a small number of cases, the indicators used were too broad (*not specific)* and the values would primarily depend on contextual factors rather than on the implementation of the measure itself. Examples include:

- Overall employment or unemployment rate;
- Total increase in tax revenues;
- GVA (gross value added) of agriculture;
- Volume of foreign trade with the world;
- Increase in the market capitalization of the Stock Exchange;
- Increase in the percentage of savings invested in the capital market.

Targets were set for most indicators, but included weaknesses in some cases:

- The years for the targets were not clearly stated or the final target was set for the year before concluding the implementation (for example, the target was set for 2024 but the measure's activities were planned for also 2025).
- It was not clear whether the targets were annual or cumulative, or whether the same targets were set for all years, although on the basis of the measure's objectives or activities one would expect increasing (or decreasing) indicator values.
- The value for the baseline year was not provided, and the targets were set in terms of an increment to the baseline (for example, "+1 percentage point").
- The value for the target year was marked as "n/a", although the baseline and intermediate values were presented.

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21 See Box 1.

- Descriptive targets that would not allow a clear assessment of achievement were used, for example "being able to at least have a semi-automatic passport generating system" or "establishing a link between budget and strategic planning".

In some cases, target values were set for years beyond the planned implementation, for example for the year 2030. This may have been based on a medium-term sectoral strategy or on the assumption that the full impact of the measure needs a longer time to materialize. This assumption is justified and in line with the logic of setting the target year.

Regarding clarity, the name of the indicator should clearly explain the numbers used in the table; i.e., the values of the indicators. This was often not the case. Common examples include:

- Expressing the indicator as an objective (for example, "increasing the exports") or an activity (for example, "developing new education programs").
- The name of the indicator did not match with the numerical values (for example, using "share of" or "increase" in the name and putting absolute numbers as values).
- Some indicator names included technical terms or expressions that were difficult to understand and did not clearly explain how the values were to be calculated (for example, "share of public investment projects that are proposed based on the strategic priorities of the government" or "net reduction of greenhouse gases in the waste sector on a level of 2% by 2050 compared to 1990").

Overall, **almost half (45%) of the KPIs were assessed to be good and well-designed results indicators**, meaning that they met all four criteria. At the same time, **there were very few weak indicators** that did not meet any of the four criteria.

As mentioned above, **KPIs mostly lack relevance** (around one third of the total number of indicators), as they are not linked to the outcome of the measure, and it is strongly recommended to revise those in the next ERP for 2024–2026.

Tables 3 to 5 show examples of well-designed indicators, closely related to the objective or outcome of the measure (Table 3), recommendations for finetuning some good indicators (Table 4), and examples of weak indicators (Table 5), with the share of the latter being relatively small (less than 5% of the total number of indicators).

TABLE 3. Examples of well-designed indicators from the seven ERPs 2023–2025

SR measure	Objective of the measure	Results indicator
Inclusiveness and equality in education	Increase participation in early childhood education, as well as the participation in education of children from vulnerable groups	% of children 5-6 years old attending preschool education
Increasing access to health care	Provide equal, accessible, and sustainable health provision regardless of the social and economic status, age, starting from birth to elderly	% of citizens benefiting from public health care services
Energy security through the promotion of renewable energy sources and energy efficiency improvement	Development of the energy sector, increasing production capacity and the increase of energy transmission capacity	% of electricity generated from photovoltaic (PV) solar plants and wind turbines

26   SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

LESSONS LEARNED FROM THE ASSESSMENT OF KPIS AND EXAMPLES OF WELL-DESIGNED AND WEAK INDICATORS   27

SR measure	Objective of the measure	Results indicator
Climate change mitigation and energy efficiency	Improving the production from renewable energy sources and increasing energy efficiency	Share of renewable energy sources in total final consumption
Strengthening the scientific research and innovation potential	Strengthening the research, development and innovation (addressing as one of the challenges in this area)	Research and development allocations (% GDP)
Improve the connection between education and the labor market	Increasing employment and reducing structural unemployment	% of people (aged 25–64) who, after regular education, attended formal and/or informal education in the previous 12 months from the day of the survey
Reducing environmental pollution and preserving biodiversity	Improving the quality of life and sustainable economic and cultural development	% of the population with access to wastewater treatment
Improving business environment through trade facilitation and quality infrastructure development	Improving the environment for doing business, increasing the safety and quality of products and increasing surveillance	Customs clearance time per hour, unit/hour import/export
Increasing competitiveness in the production industry	Developing processing industry to support SMEs to grow and to attract more FDIs	Share of exporting companies of processing industry in sector C (%)
Introducing the Youth Guarantee Program	Systemic supporting of young people aimed at their inclusion in the labor market and responding to the challenge of exceptionally high unemployment rate of this group of population	Employment rate of youth aged 15–29
Establishing a full electronic registration of enterprises	Strengthening the regulatory environment and speeding up economic recovery	Ranking in international reports targeting business environment (WEF and Fraser Institute)
Sustainable green tourism	Creating a more equitable tourism offer from a regional perspective, increasing the number of newly created jobs (particularly women and youth and family businesses), and reducing migration	Number of hospitality facilities/services which apply green practice
Enhancing the system for social inclusion of vulnerable groups	Reducing poverty, especially for the vulnerable categories and their successful reintegration into society	% of people living in households with very low work intensity(0–59)
Establishing an integrated and financially self-sustainable waste management system	Increasing the level of protection of human health and the protection of the environment	Percentage of recycled waste from municipal waste

SR measure	Objective of the measure	Results indicator
Streamline the use of parafiscal charges	Simplifying the system of non-tax duties and parafiscal fees, improving their transparency and predictability, and contributing to a more favorable business environment	Number of parafiscal taxes lowered for SMEs
Improvement of the quality of public services through optimization and digitalization of administrative procedures – e-paper	Creating a safer, more transparent and more predictable business environment with lower financial costs for businesses and citizens	The share of administrative burden for citizens and the economy in GDP, in %
Improvement of conditions for enhancing energy efficiency through creating conditions for application of energy labelling and eco-design, as well as through the incentives for enhancing energy efficiency	Increasing energy efficiency	The number of new households that received subsidies for the improvement of energy efficiency on an annual basis
Implementation of the circular economy in creating favorable environment for the green transition	Reducing the impact of climate change on the economy and increasing the environmental protection	The number of business entities that switched to business models based on circular economy principles
Future professions	Reaching a competitive and well-functioning labor market, including the aspect of social inclusion, particularly for the segments of society that are weak in the labor market	Number of young people aged 18–29 benefiting from on-the-job training in jobs of the future
Enhancing the Research & Development (R&D) and innovation activities of SMEs, and the development and implementation of mechanisms to encourage and facilitate technology based and innovative SMEs access to finance, participation in mentoring and cooperation networks	Supporting innovative SMEs to increase their innovation capacity and productivity and contribute to the competitiveness of the whole economy	Number of projects supporting SMEs
Virtual fairs	Increasing the employment of young people and disabled persons	Numbers of visits in virtual fairs

28   SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

LESSONS LEARNED FROM THE ASSESSMENT OF KPIS AND EXAMPLES OF WELL-DESIGNED AND WEAK INDICATORS   29

The examples in Table 4 underline the importance of a clear name of KPI – consistency between the name and how the values of the results indicator are presented. Equally important is to include the estimated values/figures for the baseline, intermediate and target years. Possible improvements are recommended.

TABLE 4. Examples of results indicators that could be improved

SR measure	Results indicator	Recommendations
Strengthening managerial accountability in general government units	Quality review of internal control system in public units with the new methodology	Rename as "*Number* of quality review…" as the values are presented in absolute numbers
Development of the broadband infrastructure for digital economy	Increase percentage of areas covered by fixed broadband, including rural areas	Rename as "*Percentage* of areas covered…" as the presented values show the increasing trend
Improve the connection between education and the labor market	An improved system of education at the employer with the aim of introducing pupils to the world of work as early as possible, with the aim of easier employment	Rename as *"Percentage of signed contracts on practical teaching between secondary schools and employer"* as the values are presented in %
Improving social services and empowering excluded groups	Increasing the coverage level of families living in poverty by social assistance schemes	Rename as "*Percentage of families* living in poverty covered by social assistance schemes…" as the values are presented in % and show the upward path
Digitalization of the healthcare system	Reduced number of patients referred outside their place of residence for radiology	Rename as *"Number of patients* referred outside…" and present the *values for the intermediate year (2024)*
Implementation of an Intelligent Transport System (ITS) along Corridor X	Reduced number of traffic accidents expressed in % along Corridor 10	Rename as "*Number* of traffic accidents…" and include the *intermediate years and targets*

Table 5 presents examples of weak indicators, most of which are purely related to the implementation of activities or their outputs, or lack clarity or intermediate or target values. It is strongly recommended to replace these indicators with new ones. For example, a much better indicator for the first two measures would be "Share of renewable sources in gross final energy consumption" and "Number of consultancy services provided to the SMEs", respectively.

The indicators presented for the other measures are basically the planned activities, with values missing, presented as passed/adopted law/bylaw; neither is it clear how and based on what they were calculated (overestimated either in terms of increase or decrease). Furthermore, in some cases there is inconsistency between the planned time horizon for the implementation of the measure and the set target year and its value. For example, activities are planned to be realized in the period of 2023–2025, while the target year (and value) is set for 2024 or the target year is 2025 but the value is marked as "n/a". Some of the measures lack the objective(s), which could be the reason why the results indicators are the same as the planned activities.

TABLE 5. Examples of weak indicators

SR measure	Results indicator
Improvement of conditions for enhancing energy efficiency through creating conditions for application of energy labelling and eco-design, as well as through the incentives for enhancing energy efficiency	Maximum permitted consumption of final energy in households in Mega Tonnes of Oil Equivalent (MTOE)
Support measures to MSMEs	Number of training needs assessments
Establish the organized electricity market	Number of EU directives transposed into and implemented in domestic legislation Number of prepared proposals for laws and bylaws transposed from EU directives Intensify own efforts to implement connectivity reform measures to support the functional operation of the regional market Improve electricity interconnections Ensure adequate infrastructure for the energy transport Integrate the market Ensure adequate treatment of energy poverty
Improve the system of social and child protection	The number of drafted Terms of Reference (ToR) for projects within the IPA 2024
Improve the system of social and child protection	Laws adopted within the planned deadlines
Improve the system of social and child protection	Established register of PWDs and OCVW and stable funding
Reforming the health system and strengthening governance and financial sustainability	The indicators will be defined later in the IPA III 2024 programming process, after the activities have been defined. Number of health professionals trained in preparedness and response to emergency situations in the field of health. Continuous work of the Commission for the Implementation of International Health Regulations (IHR 2005)
Reforming the health system and strengthening governance and financial sustainability	The Law on Activities in Health Care was passed
Energy market reform	Market integration in the regional and pan-European market
Improving the environment for doing business by reducing the administrative burden and reforming inspections	Number of simplified administrative services (permits)
Strengthening the market rules	New legislation drafted
Improving border crossings – opening of the joint railway border station	Type of train operation improved
Access to preschool education will be provided based on equal opportunity principle	Number of families distributed My Play Box set

30   SELECTING KEY PERFORMANCE INDICATORS FOR MONITORING THE RESULTS OF STRUCTURAL REFORM MEASURES IN ECONOMIC REFORM PROGRAMMES

LESSONS LEARNED FROM THE ASSESSMENT OF KPIS AND EXAMPLES OF WELL-DESIGNED AND WEAK INDICATORS   31

SR measure	Results indicator
Performance-based support of the research infrastructures supported under law 6550 within the new legal framework	Number of new research infrastructures to be covered by Law No. 6550
Digital skills in VET curricula	Updated/added academic programs at MTAL
Digital skills in VET curricula	The number of updated/added teaching programs in MEM
Digital skills in VET curricula	Number of printed educational resources
Digital skills in VET curricula	Application video number
Digital skills in VET curricula	Number of animations and simulations

Table 6 lists good results indicators used in the seven ERPs for reforms in the health sector. They are mostly related either to digitalization or easier access to and higher quality of health services. Those are clearly outcome indicators, although some improvements should be made regarding the consistency between the name of the results indicator and the set values, as well as the realism of the estimated values (how they were calculated).

TABLE 6. Examples of results indicators used in the ERPs for similar measures in the health sector

SR measure	Results indicator
Improving the efficiency of the health system through digitization of the process	Percentage of institutions from the Network Plan that use electronic medical records (cumulative)
	Number of scans performed using artificial intelligence in diagnostic procedures (breast cancer screening)
	The number of electronic prescriptions that are applied to aids and ampoule drugs at the primary level of health care
Increasing access to health care	Percentage of citizens benefiting from public health care services
	Number of citizens that benefit from the 12 health care packages and the 3 national screening programs financed 100% by the state budget
Reforming the health system and strengthening governance and financial sustainability	Accumulated debts of public health institutions (reduction in %)
	Computerized primary, secondary and tertiary health care
	Introduction of health centers into the treasury system
	Realized electronic health referral within the health system
Ensuring sustainable financing in the health system	Contributions collected from all employees in public institutions
	Contributions collected for compulsory health insurance in the private sector
	Citizens who do not have access to basic health services for economic reasons

SR measure	Results indicator
Strengthening the quality of the primary health care	Reduction in referral to a higher level of health care for services that can be performed by the family doctors
	Percentage of patients with chronic non-communicable diseases (diabetes, hypertension and hypothyroidism) who are monitored at the primary level
	Percentage of patients who underwent preventive examination for timely detection of the diseases
Digitalization of the healthcare system	Reduced number of patients referred outside their place of residence for radiology
	Number of interactive mHealth service in use through development and implementation of the mHealth platform
	Number of track and trace systems for tracking pharmaceuticals from production to the patient introduced
Increasing the access of Syrian nationals under temporary protection to health services	Number of migrant health centers (MHC) built
	Number of renovated MHCs
	Number of FTR units renovated
	Number of hospital units renovated
	Number of medical devices purchased from FRIT for hospitals and MHCs

Table 7 outlines good results indicators presented in the ERPs for reforms in the energy sector. Again, those are clearly outcome indicators, and further adjustments are needed in terms of the names of indicators, their clarity and targets.

TABLE 7. Examples of results indicators used in the ERPs for similar measures in the energy sector

SR measure	Results indicator
Improvement of conditions for enhancing energy efficiency through creating conditions for application of energy labelling and eco-design, as well as through the incentives for enhancing energy efficiency	The number of new households that received subsidies for the improvement of energy efficiency on an annual basis
Integration of renewable sources of electrical energy through the project	Increasing the output power of renewable sources (RES) power plants in the particular region, which can be integrated without restrictions
	Reduction of energy losses in the transmission system on an annual basis

SR measure	Results indicator
Energy market development coupled with energy infrastructure construction	Increase in the value of net transmission capacity (NTC) on the border with other country
	Increase in the value of net transmission capacity (NTC) on the border with other country
	Enabling the connection of new production capacities for the needs of balancing the system
	Reduction of energy losses in the transmission system on an annual basis
Energy security through the promotion of renewable energy sources and energy efficiency improvement	Percentage of electricity generated from PV solar plants and wind turbines
	Energy efficiency audit reports / Building performance certificate
	Percentage of reduction of distribution losses
Climate change mitigation and energy efficiency	Share of electricity from RES in total consumption
	Reduction in the consumption of total primary energy supply (TPES) in ktoe
	Share of renewable energy sources in total final consumption
Promotion of EE and RES with a view to the green transition	Renewable capacities in the electricity sector (other than the self-consuming producers)
	Total cumulative energy savings in public buildings
	Total cumulative energy savings in residential and commercial public buildings
Promotion of RES	Share of RES in the final consumption
	Share of RES in electricity
	Share of RES in transport
	Share of RES in heating and cooling
	Total installed capacity of RES
Improvement of energy efficiency	Number of issued authorizations for energy audit in buildings
	Number of issued licenses for energy audit in buildings
	Number of issued authorizations for energy audit in large enterprises
	Number of issued licenses for energy audit in large enterprises
	MVP (monitoring and verification platform) software
	Energy efficiency investments in municipal public buildings – number of successfully finalized energy renovation contracts
Financial assistance to the households with the aim of implementing energy efficiency measures	Total generated energy savings under the program Energy Efficient Home
	Number of households supported under the program Energy Efficient Home

6.
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CONCLUDING REMARKS

The Manual gives a comprehensive review of the process of developing result-based indicators along with recommendations and practical advice than can be used by the ERP teams. The theoretical framework presented in the Manual is based on the ERP Monitoring Tool and Case Study on Monitoring the Implementation of SRs. In the previous years, the ERP teams particularly emphasized the need for capacity development of civil servants who draft SR measures, especially as regards the development of the results/outcome indicators.

This Manual provides steps and instructions for designing good indicators that are related to the objectives/outcomes of the measure and are in line with the requirements of the EC Guidance Note. The difference between output and outcome indicators are explained, as well as how to set the baseline, intermediate and target years and their values. The Manual contains a list of different sources that can be used in the process of developing and monitoring the results indicators, as the issue of data availability (mostly in annual dynamics) is a very important aspect in this process. General recommendations on designing good outcome indicators are presented too.

Particular attention was paid to examples from the seven ERPs for 2023–2025 to highlight well-designed indicators, good indicators that need smaller adjustments in terms of their name, clarity or target values, and **weak indicators**, along with some **proposals how to change and improve them.** In addition, **the Manual includes examples of good results indicators in the energy and health sectors from all ERPs**.

Well-designed KPIs and their further utilization for monitoring the achievements of SR measures are very important for all areas covered in Chapter 5 of the ERP. In light of the identification of key challenges and obstacles (in the areas of competitiveness, sustainability and resilience, human capital and social policies) and SR measures that are chosen to address them, the significance of using good results indicators, as well as a monitoring system of achievements in those particular areas, is even higher.

The Manual encourages the ERP teams not only to design good indicators but also to develop a monitoring system for tracking the progress on implementing SR measures over time. One way would be for a LM or any other responsible agency to develop an internal database for monitoring the results indicators. Drafting an integral list of indicators with their values regularly updated would be an even more effective solution. Examples of tables for monitoring the values of KPIs are presented in the text. This will enhance cooperation, knowledge-sharing, and exchange of experiences between LM and other institutions responsible for the preparation of SR measures.

MY NOTES

**Project: STRUCTURAL REFORMS BETTER INTEGRATED WITHIN
FISCAL FRAMEWORKS (FISR2)**

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