MONITORING AND EVALUATION OF PILLAR 2

A non-paper from the United Kingdom

September 2011

Introduction

Monitoring and evaluation underpins the future design of Pillar 2 of the Common Agricultural Policy. Often considered after preliminary conclusions have already been reached on the design of future programmes, monitoring and evaluation should instead directly inform programming proposals from the beginning. For the post 2013 CAP, this is all the more important as monitoring may need to apply consistently across the two Pillars, following the proposed greening of Pillar 1. It may also need to apply, or at the very least integrate effectively, across the different EU funds covered by the Common Strategic Framework.

This paper is an informal contribution from the UK to the debate on the monitoring and evaluation element of post-2013 design of rural development arrangements under the CAP. The reasons for preparing this paper now are:

- Mid-Term Evaluations of the 2007-2013 Rural Development Programmes have just been undertaken and therefore Member States have relevant and recent experience of the evaluation process

- the European Commission has shared some initial thinking in various fora (e.g. Evaluation Expert Committee for Rural Development) on how monitoring and evaluation arrangements could be developed for the post-2013 CAP, and this is an early response to these ideas.

This paper does not seek to provide a detailed critique of the current Common Monitoring and Evaluation Framework, as there has already been useful work at the

EU level in this area[1][2] over the last 12 months. Instead, we have sought to produce some principles on which future monitoring and evaluation should be based and suggest specific areas where future arrangements could be made more efficient and effective.

Principles

The UK is supportive of the requirement for robust monitoring and evaluation arrangements for CAP-funded rural development activity, including the use of mandatory common indicators across Member States where appropriate. We consider that an effective and efficient monitoring and evaluation framework should encompass:

1. Capture of outcomes
   The framework should be able to capture the full range of outcomes of the funded interventions (negative as well as positive) at the appropriate levels, and their effects on objectives. This should include multiple outcomes from a single intervention, and should differentiate where other interventions have contributed to the same outcome.

2. Value for money
   The framework should allow observers to deduce the value for money received as a result of funding provided (i.e. public benefits achieved for funds provided) and highlight areas where improvements to value for money can be made (through improved monitoring of administrative costs and environmental impact).

3. Simplicity

[1] Updated SWOT Analysis Rural Development Evaluation System 2007-2013, November 2010

[2] http://enrd.ec.europa.eu/thematic-initiatives/twg4/en/twg4_home_en.cfm

Whilst recognising that the proper monitoring and evaluation of multi-objective programmes is inherently complex, the framework must be as simple to operate and understand as possible and involve a proportionate level of burden on managing authorities and beneficiaries alike.

4. Subsidiarity

   The framework must differentiate clearly between a minimum of essential data that needs to be provided to the Commission within a clear timeframe and a larger and more flexible body of data that managing authorities record for their own use in programme management during the programming period.

5. Timing

   The timing of evaluation should allow useful and timely interventions to be made to the programme and provide evidence to inform policy developments at EU and Member State level.

Structure of CMEF

Scope

In theory, the scope of the current CMEF covers the full spectrum from establishing baseline indicators to quantify the current situation, recording demonstrable outputs at the farm level (e.g. area of land under agri-environment agreement) through to capturing the less-readily-obvious outcomes at the landscape level (improved biodiversity from agri-environment schemes). In practice, the system is heavily biased towards recording easily-available statistics as a proxy to determining the underlying success of the EU funding interventions. We welcome the Commission's suggestion that future arrangements should 'slim the business' and would be prepared to make further, technical suggestions as to how this could be achieved.

Oversimplification of the monitoring framework assumes that an activity will only deliver outcomes in line with the axis within which the measure sits. Activities that are funded under competitiveness measures, for example, are evaluated for the competitiveness outcomes that they may achieve, irrespective of any complementary environmental benefits or damages that they deliver. Moreover, the current framework does not equip Managing Authorities or evaluators with the tools to provide a clear 'line of sight' from the current situation (which should be described by the baseline indicators) to the intervention undertaken (output indicators), showing the direct and immediate effects of the intervention (result indicators) and ending with the impact that the intervention is designed to achieve. As part of this line of sight, indicators at the result and impact level need to cover complementary benefits of the intervention.

Whilst improved indicators are vital to a functioning monitoring and evaluation framework, their importance should never preclude flexible national evaluation that uses existing sources of information (e.g. in-depth surveys).

<u>Indicators</u>
The key indicators in the CMEF are: baseline, output, result and outcome.

<u>Baseline</u> indicators are either formed from a snapshot of the general socio-economic context of the programme area (to capture broader, landscape-scale impacts) or from specific measurements of the relevant economic, social or environmental intervention area. Indicators should be relevant to interventions and consistent with data already collected, including by Eurostat, so that keeping these indicators updated does not incur a major resource requirement. In practice, it may be more useful to consider a baseline trend than a limited number of most recent values for the baseline indicator. The trio of indicators (output, result and outcome) needs to be maintained, but significantly clarified.

At <u>output level</u>, the actual product or action resulting from the funding of a measure is monitored. Examples of this include recording areas of land under environmental management, confirming the receipt of new equipment or checking attendance on a training course. Output indicators should be set to provide a straightforward and simple method to measure and check the progress of individual measures. These indicators should not simply show money out of the door, but the detail of how that money was spent. This level of monitoring can be burdensome on all, and effective monitoring would need to be targeted, proportionate and sample-based. This is an area where simplification, be it through reduction in indicators, greater use of sampling or targeted monitoring, is required.

At results level, this monitoring should capture the direct and immediate effects of the intervention and provide information on eventual changes that have taken place[3]. Examples of this include confirming that the new equipment has increased productivity/fuel-efficiency for that farm business, checking that actions from the training course have been implemented or monitoring how land under agri-environment agreements has improved local biodiversity or, local water quality. Even more so than for output indicators, results indicators should be sample-based and proportionate. Result indicators should be the key measure of how successfully the RDPs are delivering public goods. They should provide the link between the output indicators and impact indicators. Many of the result indicators are in practice little more than output indicators, with the results inferred rather than measured. Given that most impact indicators are subject to significant time lag, the development of improved result indicators is needed to measure the immediate effects of RDP measures, provide timely feedback and reflect a link to specific objectives.

At outcome/impact level, the effect of the funding over a large area (be it geographic, social or economic) should be considered, along with how these effects tie in to national themes. Outcome indicators will, by their nature, require careful evaluation rather than simple monitoring. These indicators need to be very carefully defined against counterfactuals and accurately described against baselines in order to be meaningful. They should always be focussed on landscape or regional level effects. The targeting and definition of these indicators will be all the more difficult because of the extra flexibility in the system from the loss of axes. An intervention, as part of a broad measure, could cause multiple effects that support different priorities. To provide clarity to this analysis, an effect use of counterfactuals is vital to show the additional benefit that interventions deliver.

[3] DG Agriculture and Rural Development (2006). Handbook on Common Monitoring and Evaluation Framework – Guidance Note A.

Commission proposals for quantified targets across the EU, founded on impact indicators, expose the tension within the definition of this type of indicator. These impact indicators will be aggregated by the Commission to produce EU-wide data on the effects of EU funding. Quantified EU targets will require impact indicators that can be measured successfully and reliably across all EU countries. Yet impact indicators in the true sense of the word are the most difficult and context-specific indicators to reliably measure, as they must capture the effect of an intervention over a wide (often regional) area while ensuring that they take account of the impact of external factors and trends. These external factors can vary significantly between regions, so the counterfactuals will also need to be context-specific. It could be considered that ‘impact indicators’ is an oxymoron, as an indicator is a monitoring technique while the impact of the Programme can only be found through careful evaluation.

By setting quantified targets using impact indicators, there is a risk that these indicators will end up being narrow and easily measurable. This would devalue the worth of such indicators, and miss a valuable opportunity to be able to quantify the considerable public benefits that Pillar 2 funding can provide the citizens of the European Union. There are examples of this in the current CMEF: impact indicator 7 (contribution to combating climate change) is measured by calculating the increase in production of renewable energy (one easily-measurable facet of a much-wider range of effects).

On the other hand, basing quantified targets on nuanced and specific impact indicators across Member States is a risk from the other direction. Aside from the potential increase in administrative burden that developing EU coherence in such targets could bring, Member States would be much more exposed to missing targets through external factors affecting the indicators. This is all the more important if these indicators were linked to a performance reserve.

Given this, the Commission may wish to consider using a subset of the result indicators to provide simpler, faster feedback on the performance of programmes and aggregation at EU level.

<u>Timing</u>

The current requirements for RDP evaluation consist of ex ante, mid term and ex post evaluations, together with the annual implementation reports and strategic environmental assessments. These requirements impose a significant financial and administrative burden on Managing Authorities, delivery bodies and other stakeholders.

The Commission needs to consider bold reform of the timetable for evaluating rural development programmes. There is a feeling amongst many Managing Authorities that the current monitoring and evaluation cycle could be amended to aid programme management, provide evidence for future programmes and policy and reduce the associated burden on all parties.

This could be achieved through:

- improved annual progress reporting arrangements that make use of fewer but better-developed output indicators and the results of ongoing evaluation work
- an early-stage review of the new programme in year three of the programme. This would involve scrutiny of progress and projections against the output indicators and would allow suggestions for any adjustments to implementation or targets to be made. It would also involve a review of the cumulative impact of past programmes (fulfilling the existing ex-post analysis) and the progress made towards achieving current strategic policy objectives.
- a late-term review of the programme. This would be carried out in the penultimate year of each rural development programme, when the results of the programme intervention should have had time to become apparent and measurable. It would focus particularly on the result indicators with the aim of assessing the effectiveness of the current programme and learning lessons in time to feed into the design of the next programme. This, then, would also take

the place of the ex ante evaluation for the following programme, by utilising the full set of indicators gathered to inform formulation of the next programme.

The Strategic Environmental Assessment could be retained as part of an independent process to ensure that sustainable development was embedded in programme design and the environmental effects of RDPs were fully assessed.

External impacts

Greening

The proposed greening of Pillar 1 will have a considerable impact on the monitoring and evaluation of Pillar 2 funding. Currently proposed Pillar 1 greening measures have a limited potential to deliver environmental public goods within the same area within which Pillar 2 delivers environmental public goods. It seems logical to adapt the CMEF to operate across both Pillars, or at the very least to ensure that the CMEF integrates cleanly with any monitoring framework for potential Pillar 1 greening measures.

The main challenge, whatever the system, will be the separation of those environmental public benefits delivered through effective, targeted Pillar 2 measures and those delivered through the proposed Pillar 1 greening measures. There must also be a consistent drive to identify and discontinue practices which fail to deliver any actual benefit to Member States. Indicators will be required to monitor the effectiveness of greening Pillar 1 and these will need to co-exist alongside Pillar 2 indicators. The effective separation of funding sources will be vital in establishing the value for money of these interventions for the EU citizen.

Evidence suggests that the current greening proposals will produce minimal additional environmental public benefits, so separating out the marginal improvements from those more-clearly produced by Pillar 2 will be a challenge.

Common Strategic Framework

A Common Strategic Framework will require Member States to formulate national plans, in the form of Partnership Contracts. These will set out how different EU funds will work together to complement each other and what objectives they will achieve within Member States. While this is a high-level change, it has the potential to significantly alter the way monitoring and evaluation occurs at the programme and even measure level. Monitoring and evaluation frameworks will need to differentiate the effects of different funding streams, particularly where funding is combined from two different EU sources (i.e. CAP and SCF).

Setting a common strategy for how the different EU funds work within a national territory is clearly a positive step in maximising value for money and minimising repetition. The difficulty will be to keep separate the outcomes resulting from just the CAP funding element of these integrated funds. The risk is that a blending of the funds to produce clearer coherence in how a country delivers Europe2020 objectives could actually seriously hamper the evaluation of how effective this funding is in delivery those objectives.

This exposes one of the central tensions within a reformed monitoring and evaluation framework - the need to maintain both:

- a clear line-of-sight from **intervention back to high-level objectives** and
- a clear line-of-sight from **outcome back to funding stream**.

Conclusion

The Commission proposals for reform of the CMEF post 2013 have been brief, but positive. The UK supports the progress that the Commission has made in engaging with Member States to improve the current framework and looks forward to receiving further details of these proposals in due course.

As this non-paper has highlighted, there are considerable challenges around monitoring and evaluating the effectiveness of such a broad range of interventions. This will likely be made more difficult by greening proposals and plans for a Common Strategic Framework, and we call on the Commission to ensure that the drive for simplification has a real impact in this area.

We look forward to continuing discussions and engaging with the Commission at the Monitoring and Evaluation Stakeholder Conference in late September.