

**Rural Development 2007-2013**

**HANDBOOK ON**

**COMMON MONITORING AND EVALUATION FRAMEWORK**

**Guidance document**

**September 2006**

**Directorate General for Agriculture and Rural Development**

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# Monitoring and Evaluation 2007-2013

## A MORE STRATEGIC APPROACH TO RURAL DEVELOPMENT.

*Council Regulation (EC) N° 1698/2005 of 20 September 2005*

*Recitals 11, 8, 9*

To ensure the sustainable development of rural areas it is necessary to focus on a limited number of core objectives at Community level relating to agricultural and forestry competitiveness, land management and environment, quality of life and diversification of activities in those areas, taking into account the diversity of situations, ranging from remote rural areas suffering from depopulation and decline to peri-urban rural areas under increasing pressure from urban centres. (11)

To focus the strategic content of rural development policy in line with the Community's priorities and hereby favour its transparency, the Council should adopt strategic guidelines on a proposal from the Commission. (8)

On the basis of the strategic guidelines, each Member State should prepare its rural development national strategy plan constituting the reference framework for the preparation of the rural development programmes. Member States and the Commission should report on the monitoring of the national and Community strategy. (9)

The new rural development regulation puts in place a significantly simpler and more strategic (i.e. objective rather than measure led) approach to rural development through the definition of three core objectives and a reorganisation of sub-objectives and measure objectives. The main changes can be summarised as follows:

A thorough simplification of policy implementation through the introduction of a single funding system, and the modification of programming, financial management and control framework for rural development programmes;

The definition of three core objectives for rural development measures (Article 4):

Improving the competitiveness of agriculture and forestry by support for restructuring, development and innovation;

Improving the environment and the countryside by supporting land management;

Improving the quality of life in rural areas and encouraging diversification of economic activity;

A thematic axis corresponds to each core objective, around which rural development programmes have to be built, whilst a fourth horizontal and methodological axis is dedicated to the mainstreaming of the LEADER approach.

The agreement of Strategic Guidelines for Rural Development, which identify European Priorities for Rural Development to:

contribute to a strong and dynamic European agrifood sector by focusing on the priorities of knowledge transfer, modernisation, innovation and quality in the food chain and priority sectors for investments in physical and human capital;

contribute to the priority areas of biodiversity, and preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes, water, and climate change;

contribute to the overarching priority of the creation of employment opportunities and conditions for growth;

contribute to the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas.

Member States should develop their rural development strategies in the light of these objectives and European priorities and, based on the analysis of their own situation, choose which measures are the most appropriate ones to implement each specific strategy. Rural development programmes will then translate the strategy into action through the implementation of these measures, which are foreseen in the four operational axes (Articles 20, 36, 52, and 63 of Council Regulation 1698/2005).

#### **A COMMON APPROACH TO MONITORING AND EVALUATION**

*Article 80*

**Common monitoring and evaluation framework**

The common monitoring and evaluation framework shall be drawn up in cooperation between the Commission and the Member States and adopted in accordance with the procedure referred to in Article 90(2). The framework shall specify a limited number of common indicators applicable to each programme.

The approach to monitoring and evaluation for the period 2007-2013 is based on the arrangements in the last periods, but will be implemented in a more systematic manner and adapted to a number of new requirements in the RD regulation.

- The explicit definition of objectives in the regulation, strategic guidelines and their necessary reflection in the programmes increases the necessity for a correspondingly clear and robust monitoring and evaluation system.
- The new rural development regulation foresees strategic monitoring of the Community and national strategies, linked to EU priorities, therefore requiring the definition of common indicators and their quantification.

There is a need to better define baseline indicators at the start of the programming period to assess the starting situation and form the basis for the development of the programme strategy.

The aggregation of outputs, results and impacts at the EU level will help to assess progress in achieving Community priorities.

The organisation of evaluation activities on an ongoing basis will ensure better preparation for formal mid-term and ex-post evaluation notably through improved data collection.

The emphasis in the Common Monitoring and Evaluation Framework (CMEF) outlined in this document is one of **continuity** and **adaptation** of existing guidance for the 2000-2006 period<sup>1</sup>, on the basis of experience and the requirements of the new regulation.

The new arrangements provide a single framework for monitoring and evaluation of all rural development interventions. It provides broad continuity as regards monitoring requirements and constitutes a significant simplification as regards assessment of results and impacts, while at the same time offering greater flexibility to Member States.

In general, the CMEF introduces few additional **data collection requirements** compared to the existing period except where the scope of a measure or an objective has been changed in the regulation or the European Strategic Guidelines for Rural Development.

## THE HIERARCHY OF OBJECTIVES AND INDICATORS

### *Article 81*

#### **Indicators**

1. The progress, efficiency and effectiveness of rural development programmes in relation to their objectives shall be measured by means of indicators relating to the baseline situation as well as to the financial execution, outputs, results and impact of the programmes.
2. Each rural development programme shall specify a limited number of additional indicators specific to that programme.
3. Where the nature of the assistance so permits, the data relating to the indicators shall be broken down by sex and age of the beneficiaries.

### **1.1. The Hierarchy of Objectives**

The Common Monitoring and Evaluation Framework (CMEF) establishes five types of indicators in line with the general approach to programming. These indicators correspond to the **hierarchy of objectives** which is defined implicitly in the regulation. (See **Annex 2 Guidance note D – Hierarchy of Objectives**).

A **hierarchy of objectives** is a tool that helps to analyse and communicate programme objectives and shows how local interventions should contribute to global objectives. It organizes these objectives into different levels (objectives, sub-objectives) in the form of a hierarchy or tree, thus showing the logical links between the objectives and their sub-

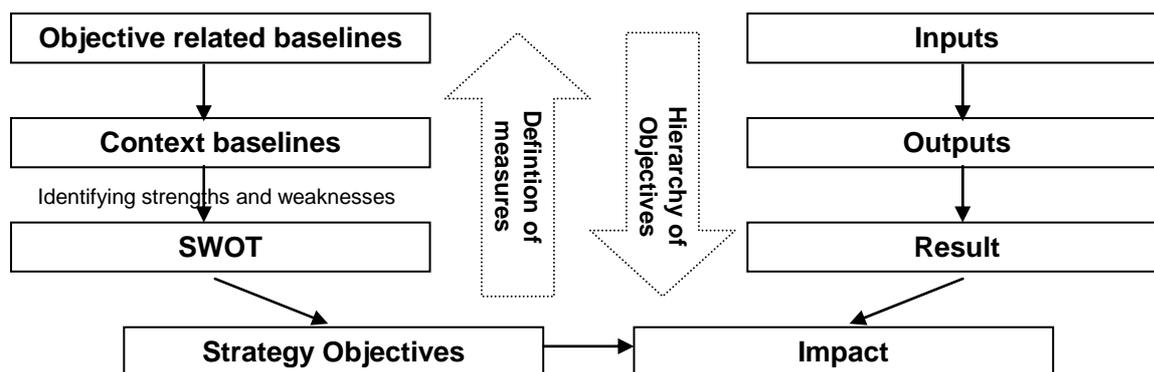
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<sup>1</sup> See Guidance note O – Useful Reading for a summary of guidance for the 2000-2006 period.

objectives. It presents in a synthetic manner the various **intervention logics** derived from the regulation, that link individual actions and measures to the overall goals of the intervention.

The rural development regulation contains also **horizontal objectives** that cut across all programme measures.

The programming approach follows a series of steps. Baseline indicators are used to develop a SWOT analysis as the basis to define strategy objectives. Impact indicators are defined that correspond to these strategy objectives and the intervention logics set in the rural development regulation. Measures are then defined in the light of this strategy and the regulation. For each measure financial input, output and result indicators are established. These should correspond to the hierarchy of objectives of the programme.



Indicators are used as tools to assess how far the expected objectives have been achieved by measures or whole programmes. The assessment of impact, the extent to which a programme has achieved its strategy objectives, is built up from the outputs and results of individual measures through the hierarchy of objectives.

Indicators should be specific, measurable, available/achievable in a cost effective way, relevant for the programme, and available in a timely manner (SMART). Indicators can not always be filled with quantitative statistical data; in some cases, indicators might also include qualitative assessments or logical assumptions.

## 1.2. Common indicators

The Common Monitoring and Evaluation Framework establishes a limited set of common indicators for each level of the hierarchy of objectives.

Following the causal chain of the “intervention logic”, the “hierarchy of common indicators” starts from the inputs - the financial and/or administrative resources which will generate the outputs of programme activities pursuing operational or measures-related objectives. The subsequent results are the immediate effects of interventions, which should contribute to the achievement of the specific objectives. Impacts should contribute to reaching the overall objectives of the programme which, in a well designed programme, must correspond to the previously identified needs. The intervention logic for each measure, and the corresponding common indicators are presented in measure fiches. (See **Annex 2 Guidance note E – Measure Fiches**).

**Input indicators.** These refer to the budget or other resources allocated at each level of the assistance. Financial input indicators are used to monitor progress in terms of the (annual) commitment and payment of the funds available for any operation, measure or programme in relation to its eligible costs.

*Example:* expenditure per measure declared to the Commission

**Output indicators.** These measure activities directly realised within programmes. These activities are the first step towards realising the operational objectives of the intervention and are measured in physical or monetary units.

*Example:* number of training sessions organised, number of farms receiving investment support, total volume of investment.

**Result indicators.** These measure the direct and immediate effects of the intervention. They provide information on changes in, for example, the behaviour, capacity or performance of direct beneficiaries and are measured in physical or monetary terms.

*Example:* gross number of jobs created, successful training outcomes

**Impact indicators.** These refer to the benefits of the programme beyond the immediate effects on its direct beneficiaries both at the level of the intervention but also more generally in the programme area. They are linked to the wider objectives of the programme. They are normally expressed in “net” terms, which means subtracting effects that cannot be attributed to the intervention (e.g. double counting, deadweight), and taking into account indirect effects (displacement and multipliers).

*Example:* increase in employment in rural areas, increased productivity of agricultural sector, increased production of renewable energy.

#### **Baseline indicators.**

Baseline indicators are used in the SWOT analysis and the definition of the programme strategy. They fall into two categories:

- *Objective related baseline indicators.* These are directly linked to the wider objectives of the programme. They are used to develop the SWOT analysis in relation to objectives identified in the regulation. They are also used as a baseline (or reference) against which the programmes’ impact will be assessed. Baseline indicators reflect the situation at the beginning of the programming period and a trend over time. The estimation of impact should reflect that part of the change over time that can be attributed to the programme once the baseline trend and other intervening factors have been taken into account.
- *Context related baseline indicators.* These provide information on relevant aspects of the general contextual trends that are likely to have an influence on the performance of the programme. The context baseline indicators therefore serve two purposes: (i) contributing to identification of strengths and weaknesses within the region and (ii) helping to interpret impacts achieved within the programme in light of the general economic, social, structural or environmental trends.<sup>2</sup>

The complete **common indicator lists, guidance on the choice and use of indicators** and descriptive fiches for **baseline, output, result and impact** indicators as well as a list of **examples of additional indicators** are provided in accompanying guidance notes ((See **Annex 3. Guidance notes F-K**). **Guidance note A** on the choice and use of indicators sets out which indicators have to be included in the National Strategy Plans and which have to be included in the rural development programme,

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<sup>2</sup> For examples, the contribution of rural development programmes to environmental objectives will also depend on overall trends in agricultural land use.

### 1.3. Additional Indicators

Since common indicators may not fully capture all effects of programme activity, in particular for national priorities and site-specific measures, it is necessary to define additional indicators within the programmes. Such additional indicators should be developed by Member States and programme partnerships in a flexible manner, but in accordance with the general principles governing the use of indicators in the CMEF.

Guidance on the **use of additional indicators** and **examples of additional indicators** are provided in accompanying guidance notes ((See **Guidance notes A & K**)).

## MONITORING REQUIREMENTS IN THE NEW PERIOD

### *Article 79*

#### **Monitoring procedures**

1. The Managing Authority and the Monitoring Committee shall monitor the quality of programme implementation.
2. The Managing Authority and the Monitoring Committee shall carry out monitoring of each rural development programme by means of financial, output and result indicators.

Monitoring provides information on progress in programme implementation with respect to indicators of **financial inputs, outputs and results**.

This information forms the basis for annual reports and strategic reporting at the national level and will be used by the monitoring committees.

The monitoring system in the new period will be built on the existing system of monitoring and guidance but will be improved and streamlined in a number of ways. The resources available for monitoring of programmes will be focused on a limited number of **common output and result indicators** that meaningfully capture the progress of interventions towards agreed programme objectives and which can be aggregated at an EU level.

As part of **strategic monitoring**, in 2010 and each second year after 2010 Member states shall submit a summary report setting out progress in implementing the national strategy plan and objectives and its contribution to the achievement of Community strategic guidelines. The report will summarise the previous years' annual progress reports and shall describe in particular the indicators set out in the national strategy plan.

## EVALUATION REQUIREMENTS IN THE NEW PERIOD

### *Article 85*

#### **Ex ante evaluation**

1. Ex ante evaluation shall form part of drawing up each rural development programme and aim to optimise the allocation of budgetary resources and improve programming quality. It shall identify and appraise medium and long-term needs, the goals to be achieved, the results expected, the quantified targets particularly in terms of impact in relation to the baseline situation....

*Article 86*

**Mid-term and ex post evaluation**

1. Member States shall establish a system of ongoing evaluation for each rural development programme.
2. The Managing Authority for the programme and the Monitoring Committee shall use ongoing evaluation to:
  - (a) examine the progress of the programme in relation to its goals by means of result and, where appropriate, impact indicators;
  - (b) improve the quality of programmes and their implementation;
  - (c) examine proposals for substantive changes to programmes;
  - (d) prepare for mid-term and ex post evaluation.

Evaluation activities will be organised on an ongoing basis. This includes all the evaluation activities to be carried out during the whole programming period, comprising at programme level ex-ante, mid-term, and ex-post evaluation as well as any other evaluation activity the programme authority may find useful for improving their programme management. (See **Annex 1 Guidance note B – Evaluation Guidelines**).

Ex-ante evaluation sets the basis for setting up a system of evaluation by identifying objectives, target levels, and baselines for the programme. On this basis a system of ongoing evaluation has to be developed which ensures continuous activities for programme evaluation during the whole programming period. The setting up of a system of ongoing evaluation has to be planned from the very beginning of the programming period. (See **Annex 1 Guidance note C – Ex-ante Evaluation Guidelines including SEA**).

**REPORTING REQUIREMENTS**

**1.4. Monitoring**

*Article 82*

**Annual progress report**

1. For the first time in 2008 and by 30 June each year, the Managing Authority shall send the Commission an annual progress report on the implementation of the programme. The Managing Authority shall send a last progress report on the implementation of the programme to the Commission by 30 June 2016.

The Managing Authority and the Monitoring Committee shall carry out monitoring of each rural development programme by means of financial, output and result indicators (article 79 of Regulation 1698/2005).

Monitoring shall be made mainly through the annual progress reports to be submitted to the Commission annually by the 30 of June.

The annual progress report will include all the quantitative and qualitative information indicated in article 82 of Regulation 1698/2005. In particular, these reports will include:

- a table including the financial implementation of the programme giving, for each measure, a statement of the expenditure paid to beneficiaries during the calendar year (table format included in Annex VII of draft Commission implementing rules on the structure and content of annual progress reports),

- the monitoring tables which will include quantitative information based on the common output and result indicators. These monitoring tables will be filled in through a database application to be included in RDIS (Rural Development Information System) which will replace the current CAP-IDIM system, and

- a summary of the on-going evaluation activities

## 1.5. Evaluation

### *Article 86*

#### **Mid-term and ex post evaluation**

3. From 2008, the Managing Authority shall report each year on the ongoing evaluation activities to the Monitoring Committee. A summary of the activities shall be included in the annual progress report provided for in Article 82.

4. In 2010, ongoing evaluation shall take the form of a separate mid-term evaluation report. That mid-term evaluation shall propose measures to improve the quality of programmes and their implementation.

A summary of the mid-term evaluation reports shall be undertaken on the initiative of the Commission.

5. In 2015, ongoing evaluation shall take the form of a separate ex post evaluation report.

Evaluation will examine the progress of the programmes in relation to its goals by means of result and, where appropriate, impact indicators (article 86.3 of Regulation 1698/2005). A summary of the on-going evaluation activities will be included in the annual progress report.

In 2010, ongoing evaluation shall take the form of a separate mid-term evaluation report (article 86.4). In 2015, ongoing evaluation shall take the form of a separate ex-post evaluation report (article 86.5).

## 1.6. Strategic monitoring

### *Article 13*

#### **Summary reports by Member States**

For the first time in 2010 and no later than 1 October every two years, each Member State shall submit to the Commission a summary report setting out the progress made in implementing its national strategy plan and objectives and strategic guidelines. The last summary report shall be submitted no later than 1 October 2014

Strategic reports will summarize previous years' annual progress reports and shall describe in particular: (a) the achievements and results of the rural development programmes relative to the indicators set out in the national strategy plan (b) the results of the ongoing evaluation activities for each programme (article 13.2).

These reports will include progress on output, result and impact indicators and update of the baseline indicators, if this is necessary.

Fiche number 9 of the Guidance Template establishing the National Strategy plan includes the proposed structure of the two-yearly strategic reports to be presented by the Member State.

## 1.7. Requirements on reporting according to the different types of indicators

### *Financial indicators*

The reporting on financial information will be done annually via the progress report through a table including the financial implementation of the programme giving, for each measure, a statement of the expenditure paid to beneficiaries (Convergence objective shall be identified separately) during the calendar year. In 2010, 2012 and 2014, strategic reports will include financial progress of the NSP. Managing authorities are responsible for the reporting on this type of indicators.

#### *Output indicators*

The reporting on the common and additional output indicators will done in the progress report annually from 2008. Data concerning the common output indicators will be introduced in a new application within RDIS. In 2010, 2012 and 2014, strategic reports will include progress on output indicators. Managing authorities are responsible for the reporting on this type of indicators.

#### *Result indicators*

The reporting on the common and additional result indicators will be annual from 2008 (however, in 2008, there will probably no values in the absence of results at the early stage of programme implementation). Data concerning the common result indicators will be introduced in a new application within RDIS. In 2010, 2012 and 2014, strategic reports will include progress on result indicators. Managing authorities are responsible for reporting on this type of indicators but the data can be obtained through ongoing evaluation.

#### *Impact indicators*

The estimation of impact and corresponding indicators are central to the evaluation reports. The frequency of the reporting coincides with the ex-ante evaluation (2005-6), mid-term evaluation (2010) and ex-post (2015). Independent evaluators are responsible for the evaluation of impact.

#### *Baseline indicators*

For these types of indicators the obligation of “reporting” does not apply but an update will be included in the biannual strategic reports (2010, 2013, 2014) for the common and additional baseline indicators related to objectives on the basis of available data. Member States are responsible for this update.

In annual reports, there is no specific update of baseline indicators foreseen except in case of major changes in the National Strategy Plan which have an impact on the implementation of the programme.

### **QUANTIFICATION AND TARGET SETTING**

#### *Article 78*

#### **Responsibilities of the Monitoring Committee**

The Monitoring Committee shall satisfy itself as to the effectiveness of the implementation of the rural development programme. To that end, the Monitoring Committee:

(b) shall periodically review progress made towards achieving the specific targets of the programme, on the basis of the documents submitted by the Managing Authority;

(c) shall examine the results of implementation, particularly achievement of the targets set for each axis and ongoing evaluations;

#### *Article 85*

#### **Ex ante evaluation**

1. Ex ante evaluation shall form part of drawing up each rural development programme and aim to optimise the allocation of budgetary resources and improve programming quality. It shall identify and appraise medium and long-term needs, the goals to be achieved, the results expected, the quantified targets particularly in terms of impact in relation to the baseline situation....

Quantification is an essential element in effective monitoring and evaluation. All indicators should therefore be quantified and appropriate targets set, **where the indicator concerned lends itself to quantification**. Where quantified data are not available, qualitative data should be used. In principle, **all indicators presented as part of the common monitoring and evaluation framework are quantifiable**.

Quantified targets are indicative **estimates**, based on past experience and expert judgement. A standard approach is to use benchmarks established in past programme reporting, evaluation and studies. Evaluators will play an important role in the context of the ex-ante evaluation by verifying quantified targets for outputs and results and in the setting of quantified (and where appropriate qualitative) targets for impact.

There is a specific focus on quantification of impact in the rural development regulation, particularly in relation to the baseline situation. However, in many cases, although it is possible to assess the impact at the level of the direct and indirect beneficiaries of the support, it is often more difficult to place this in the context of the more general baseline trends at the level of the programme area. This may be linked to the relatively small scale of the intervention or lack of appropriate baseline data. For this reason, the focus should be on the bottom-up estimation of impact:

In a first step, impact should be estimated at the level of direct and indirect beneficiaries by programme evaluator on the basis of output and result indicators, survey data, experience and evaluations from previous programming periods (for calculation of double counting, deadweight, displacement and multiplier effects). This should be cross-checked against the counterfactual situation and contextual trends in programme area.

In a second stage, the evaluator should make an estimation of the contribution to general trend at programme area level (baseline trend), where programme impact is feasible/statistically significant compared to other factors. Where this is not possible the evaluator should make a qualitative assessment in general terms.

More guidance on quantification is provided in **Annex 1 – Guidance note A**.

## **RESPONSIBILITIES FOR DATA PROVISION**

The managing authority will be responsible for the collection and transmission of data regarding financial monitoring and output indicators.

As regards result indicators, Member States may wish to make use of the ongoing evaluation arrangements to facilitate data collection.

The managing authority will also be responsible for providing the data on baseline indicators. Additional work can be undertaken within the framework of the ex-ante evaluation and ongoing evaluation activities.

The estimation of impact, including interpretation/adaptation of baseline indicators, ad-hoc surveys, calculation of deadweight, displacement etc. will be the responsibility of programme evaluators.

## **SUPPORT FOR DEVELOPMENT OF MONITORING AND EVALUATION ACTIVITIES AND METHODOLOGY**

The European network for Rural development will contribute to the efficient implementation of Rural Development programmes and fulfil the role of facilitator, organiser and source of expertise and best practice for the rural development policy community at European level. The network will provide support to the Managing Authorities, National Rural Networks and other relevant bodies involved in the management and implementation of rural development programmes.

As a part of the European Network for Rural Development, a European Evaluation Network will be set-up to establish good practice and capacity building in evaluation, thereby increasing the utility of monitoring and evaluation as tools for program management. Cooperation and exchange of best practice, as well as ongoing development of methods and tools will be supported. This will include thematic working groups in sectors such as environmental priorities and LEADER. Evaluation activities at programme level will be supplemented by accompanying thematic studies and synthesis evaluations at Community level. (See Annex 4. Guidance note M)

A core set of frequently asked questions, glossary and useful reading are provided in the accompanying guidance. (Annex 4. Guidance notes L, N and O)