1 Executive summary

1.1 Introduction

On September 20, 2005, the Council of the European Union adopted the EU's rural development policy for the next programming period 2007-2013[1]. The new council regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) reinforces the current rural development policy while simplifying its implementation. The Commission redeveloped its rural development policy with the following main features:

- *One funding and programming instrument*, the European Agriculture Rural Development Fund (EARDF);
- *A genuine EU strategy for rural development* with better focus on EU priorities;
- *A strengthened bottom-up approach*. Each programme includes the Leader approach with possibilities for innovative governance based on local bottom up initiatives;
- *Reinforced control, monitoring, evaluation and reporting*. A common monitoring and evaluation framework will be implemented in collaboration with the Member States in order to support the programme management and maximize the impact of the rural development programmes. The programmes are continuously evaluated by means of an ongoing evaluation system.

The study 'Indicators for the evaluation of the EU's rural development programmes' contributes to the preparations by DG Agriculture of the common monitoring and evaluation framework. More specifically, this study on 'indicators for evaluation' provides draft guidelines on the use of output and result indicators. The indicators form the basis to assess the progress and the effects of rural development policies following their implementation in the new programming period (2007 – 2013).

Output and result indicators are directly related to the hierarchy of objectives at the different levels of the rural development policy (i.e. measure/programme level, regional/national/EU level). The most important key concepts of the rural development programme, the monitoring and evaluation of the programme, together with the common indicators to follow up the rural development are explained in the following. Guidelines are provided on how to monitor the implementation of measures and operations within each rural development programme effectively, and practical steps are established to define additional indicators where appropriate. In order to assure consistent procedures to gather and analyse the monitoring information throughout the Union, a common framework for programme reporting is proposed. Each of these parts is elaborated in separate 'tasks', for which the structure and the main findings are discussed here.

[1] Council Regulation (EC) N° 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), O.J., 21.10.2005, L277/1

1.2 Task 1: Explanation of key concepts

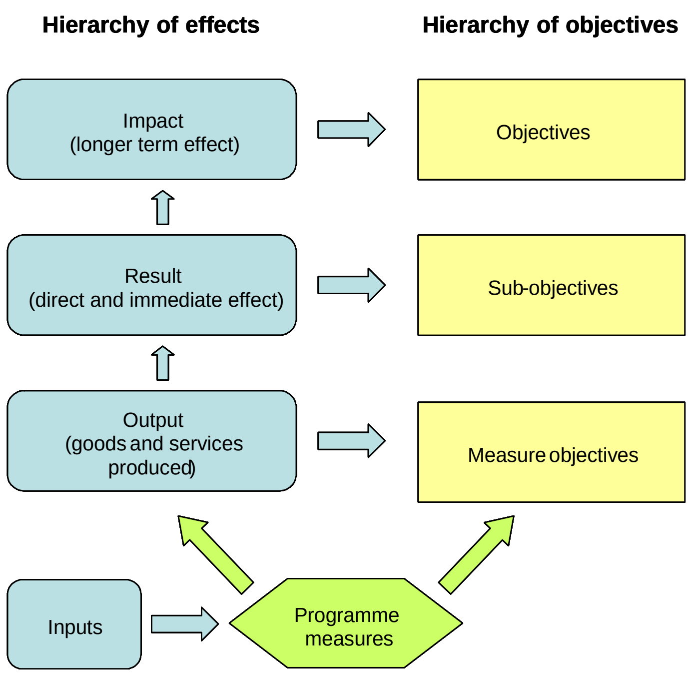
The key concepts relevant for the new approach within the context of the new regulation on rural development are explained in a clear and didactic manner, illustrated with concrete rural development examples. First, a short introduction on the new rural development policy is given. This policy focuses on three main objectives, which are the three pillars of this new programming period, namely “improving the competitiveness of the agricultural and forestry sector”, “enhancing the environment and countryside” and “enhancing the quality of life in rural areas and encouraging diversification of the rural economy”. The Leader initiative, focusing on enhanced cooperation between the different stakeholders, will be implemented within the mainstream rural development programming.

Hierarchy of Objectives

Intervention logic

Around these four axes (three objectives and the Leader approach), a whole range of sub-objectives and measures are set up, structured in a hierarchical way. This hierarchy of objectives visualises the link between the objectives, the sub-objectives, the measure objectives and the measures. The chain of causality between the programme measures on the one hand and the expected effects, on the other hand, can be presented in a schematic way by the intervention logic. This intervention logic shows the logical relationship between the allocation decisions and the hierarchy of measures coupled with the hierarchy of objectives, and is presented for each measure (see annex II to task 1). The generic example of the intervention logic is presented in the following figure.

Figure 1: A general example of an intervention logic



Source: Commission methodological working paper 3 (Indicators for Monitoring and Evaluation: an indicative methodology).

As this figure shows, the overall achievement of outputs, results and impacts is then clearly linked to the programme objectives as follows:

- Objectives are expressed in terms of impacts

- Sub-objectives are expressed in terms of results
- Measure objectives are expressed in terms of outputs

The programme life cycle

The ‘programme life cycle’ begins with the assessment of the current and future needs of the rural areas and the agricultural sector. Next, the programme is developed by defining the goals to be achieved and the measures under which specific projects can be approved. The definition of these objectives and their measures is a crucial step in the procedure of the lifecycle of a programme. The Member States’ programmes need to take into account the Community Strategic Guidelines to establish their national strategy plan for rural development. The strategic guidelines for rural development have been adopted by the Commission on the 5th of July, reflecting agreed priorities at EU-level (the Göteborg sustainability goals and the renewed Lisbon Strategy for growth and jobs) yet leaving sufficient flexibility to take into account the specific needs and objectives of the Member States.

In order to follow up (and, if necessary, to redirect) the implementation of the programme, a well-established monitoring system is needed to collect and report the necessary data timely in a standardised and transparent way. The monitoring system needs to be designed before the programme is implemented. Monitoring and evaluation take place throughout the programme implementation. They allow for programme revision and adaptation. The information, gathered through the monitoring system, is analysed and assessed to evaluate the different aspects of the programme, namely the design, management, implementation, results and impact.

Monitoring and indicators

We defined several success criteria for a good monitoring system. To elaborate a well functioning monitoring system one has to take into account instrument specific as well as context specific criteria. Appropriate indicators need to be defined and used as an integral part of this monitoring system. We enumerated the quality criteria that an indicator has to satisfy in order to be useful and provided examples for each type of indicator (input, output, result, and impact)

The different concepts, related to the monitoring and evaluation of the programme (like input, output, result, impact, deadweight, multiplier effects, gross versus net benefits etc), are explained. The box below illustrates the concepts input, output, result and impact and provides examples for each.

Box 1: Difference between inputs, outputs, results and impacts

	Definition	Example
Inputs	Financial and administrative means mobilised	EAFRD-funding per RDP measure, number of administrative staff involved in the implementation of a measure
Outputs	What is directly accomplished with the means mobilised	Farm investments financed by EAFRD-funds; organisation of training sessions on sustainable agriculture
Results	The initial benefits arising from the programme, normally measurable by aggregation from the projects	Better land management around farms, better skilled farmers
Impacts	The indirect effects at the level of the programme	Improvement of the environment in rural areas, higher revenue of farmers

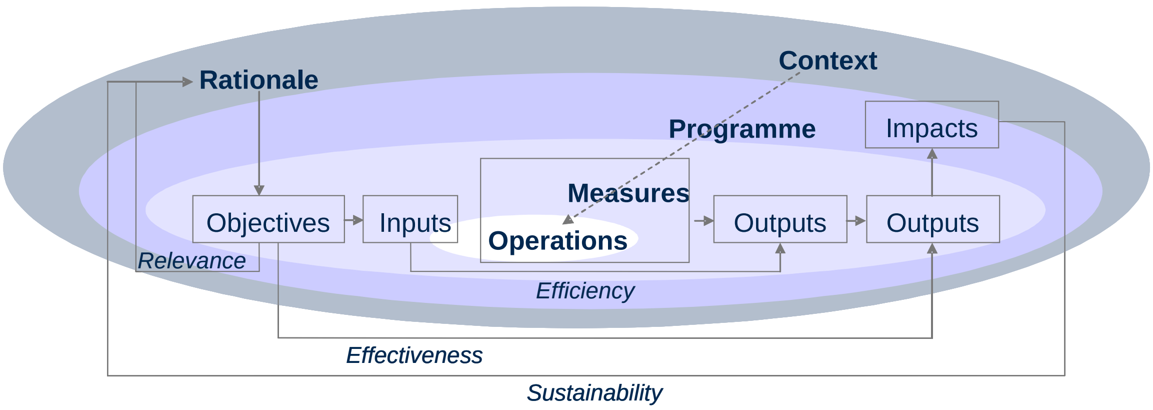
Source: IDEA Consult on the basis of the information at www.evalsed.info and the site of DG agri. (http://europa.eu.int/comm/agriculture/rur/eval/index_en.htm)

Monitoring and evaluation concepts

Monitoring and evaluation serve as an important tool for the management and follow-up of rural development programmes. Monitoring and evaluation allow for follow up, justification and control, steering, problem detection and last but not least communication.

The most important monitoring and evaluation concepts are illustrated in the figure below.

Figure 2 : Key issues for monitoring and evaluation



Source: ECORYS & IDEA Consult based on ECORYS-NEI and DG Regio

In short, relevance is about to what extent the programme's objectives are relevant in relation to the evolving needs and priorities at national and EU level. Efficiency examines whether the outputs are in proportion to the resources (inputs) allocated, whereas effectiveness asks to what extent the programme has achieved its measure objectives, sub-objectives and objectives. The question of ‘to what extent can the changes (or benefits) be expected to last after the programme has been completed’, is a sustainability-question.

Evaluation activities are performed at several moments in the programming process: before (ex ante), during (ongoing) and after (ex post) the implementation of the programme. The principle of the on going evaluation stems from the fact that, almost continuously, correct and clear information on the projects and activities within a particular programme is required for reporting, control, information.

In order to highlight the needs of the different actors in the programming and monitoring/evaluation process, the role of each of them is described: beneficiaries, project managers, programme managers, members of the Monitoring Committees, Member States and the European Commission.

1.3 Task 2: Definition of common indicators

In Task 2, a set of common indicators that correspond to the hierarchy of objectives, is defined, based on different sources:

- EC documents: draft regulation, monitoring and evaluation guidelines
- Current EC monitoring tables for RDP and Leader
- Member States' documents about monitoring and evaluation of their national and regional RDP's (eg. Northern Ireland, UK, Belgium (Flanders), the Netherlands)
- The updated MEANS collection
- Topic-related studies and statistics

Table of common indicators

In line with the quality criteria, listed up in Task 1, the appropriateness and relevance of the indicator to the objective and interventions concerned is ensured. The indicators are also easily quantifiable and measurable, can be aggregated at the level of the axis, programme and EU level, and are applicable to all 25 Member States. All the indicators are structured in an indicator table, where the link with the objectives is made. The table below illustrates an indicator table for the first axis and its first sub-objective.

Axis	Measure[2]	Indicator	Subdivision[3]
1. Improving the competitiveness of the agricultural and forestry sector			
a) Promoting knowledge and improving human potential			
1.A.1	Vocational training and information actions	▪ number of participants to training ▪ number of training days received	Division according to ▪ gender ▪ age category ▪ type of activity ▪ type of participants
1.A.2	Setting up of young farmers	▪ number of assisted young farmers ▪ total volume of investment	Division according to ▪ gender ▪ sector ▪ age category
1.A.3	Early retirement	▪ number of farmers early retired ▪ number of farm workers early retired ▪ number of hectares released	Division according to: ▪ gender ▪ age category
1.A.4	Use of advisory services	▪ number of farmers supported ▪ number of forest holders supported	Division according to the type of advice
1.A.5	Setting up of management, relief and advisory services	▪ number of newly set up management, relief or advisory services	Division according to type of service

Moreover, the link between the hierarchy of objectives, the measures and all types of indicators (output, result, impact) is visualized in the general indicator table (see Annex 2 of the report).

Indicator fiches

A system of indicator fiches provides operational definitions and guidance on using and measuring the output indicators at the level of individual projects. Moreover, operational definitions and guidance for the result indicators listed up by the Commission[4] are given (for gross benefits at the level of the project). In addition, we proposed a selected number of additional common result indicators per key objective (axis/priority). These common result indicators do not cover all programme activity, but they seek to ensure the broadest coverage without imposing an undue burden on project managers and beneficiaries.

These indicator fiches are elaborated for all output and result indicators, clarifying and providing explanatory information on the definition, the type of the indicator, possible subdivisions of the indicator, the unit of measurement, the level of collection, the responsible actor for collection, the collection method, the source of the relevant data, the registration frequency and the target, related to the indicator. The indicator fiches are elaborated in Annex 3A and 3B of the report. Annex 3A contains the fiches of the output indicators. Annex 3B contains the fiches of the result indicators.

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[2] Source: Regulation on Rural Development, adopted on June 25th, 2005.

[3] The categories are defined (and explained where necessary) in the indicator fiches

4 These predefined result indicators are: agricultural value added; non-agricultural value added, successful training results (agricultural and non-agricultural); and successful land management results (area successfully managed in LFA areas, in areas subject to NATURA 2000, restrictions and areas under agri-environmental contracts).

1.4 Task 3: Treatment of additional programme indicators

Why additional indicators?

Since common output and result indicators may not fully capture all effects of programme activity, it may be desirable to define additional output and result indicators within the programmes to ensure sufficient flexibility to take into account differences in strategies as well as the diversity of regions across the EU.

Among other things, differences can occur because of:

- demographical differences: age structure, gender structure, birth rate, …
- geographical differences: size of the country, population density, presence of mountain areas and other areas with natural handicaps, presence of forest, …
- differences in biodiversity: existence of different plants and animals, …
- climate differences
- social and cultural differences: educational level of the population, …
- differences in level of economical development and activities: importance of agricultural sector in the economy of the Member State, level of technological development and ICT, …

Such additional indicators should be developed by Member States and programme managers in a flexible manner, but in accordance with the general principles outlined in the previous tasks. In the third task, we provide guidance on the development of additional indicators to ensure good fit with the programme strategy, the hierarchy of objectives and the intervention logic.

Development of additional indicators

Using a four-steps approach, the reader is guided through the different phases of defining an additional indicator. Figure 3 shows us the main steps of this approach.

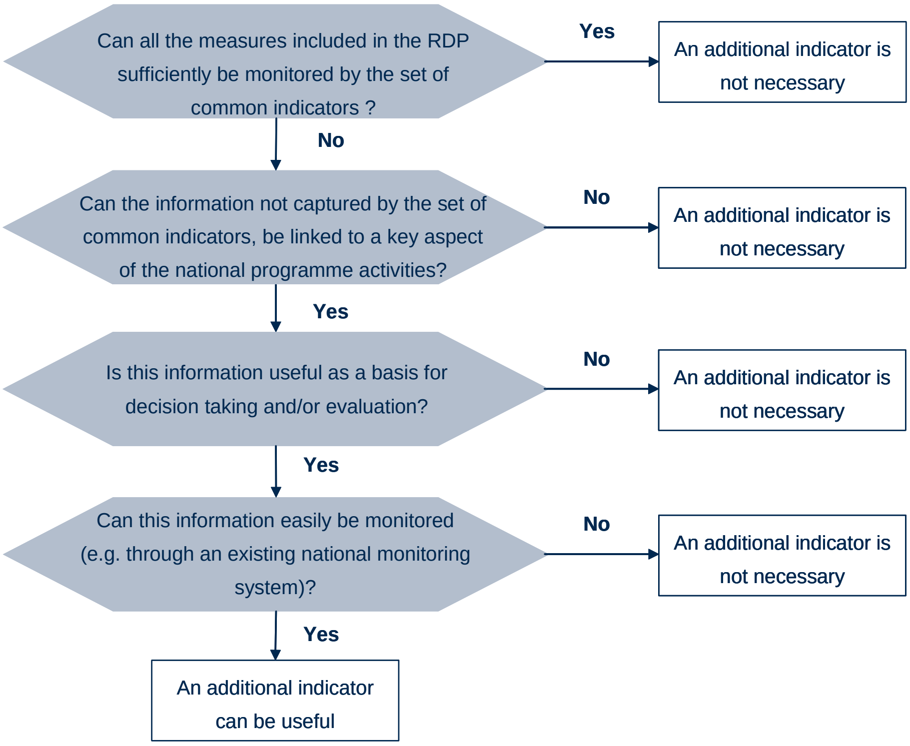
Figure 3: Four-steps-approach for defining additional indicators

Four-steps approach

1. Analyzing the relevance and utility of an additional indicator
2. Defining the type of indicator: input, output, result or impact
3. Checking the defined indicator with the quality criteria for indicators
4. Creating a detailed indicator fiche for each of the defined additional indicators

The appropriateness and relevance of an additional indicator is analysed through a decision tree (see figure below) in the first step.

Figure 4: Decision tree for relevance of additional indicators



Source: ECORYS/IDEA Consult

If an additional indicator can be useful, one needs to decide what kind of indicator to define in order to achieve the desired monitoring result. To tackle the second step the reader is again guided with a decision tree and practical hints are provided on which kind of indicator to define (output, result, impact). Checking that the indicator is easily quantifiable and measurable, and that it can be aggregated at the level of the axis and the programme, among other relevant quality criteria, makes up the third phase. Developing an indicator fiche, including the same kind of information as in the indicator fiches for the common indicators, is the final step. Practical guidance is provided for each of these steps, illustrated with concrete examples.

Finally, the chapter zooms in on the processes that take place when defining a set of indicators and the different actors that play a role in defining this set.

1.5 Task 4: Definition and measurement of output and result indicators for programme managers

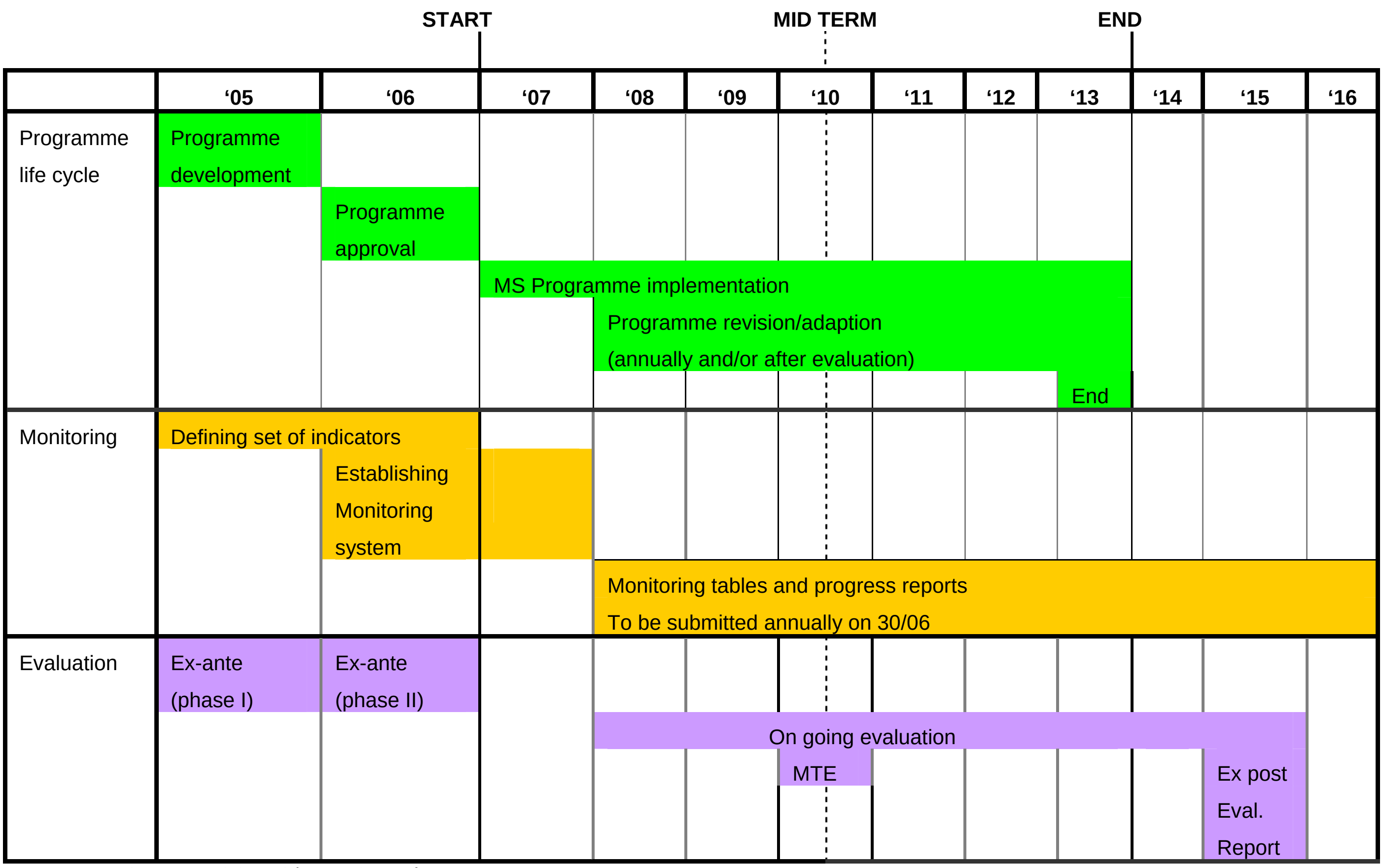
Aim of monitoring and evaluation activities

The purpose of Task 4 is to provide guidance on the implementation of monitoring and evaluation procedures. Monitoring is a broad concept, covering all activities under the rural development programmes related to data collection, registration and reporting. Monitoring and evaluation activities need to provide (1) information in order to follow up of the progress of the programme, (2) data to the EC in accordance with EC-guidelines on monitoring of rural development programmes, and (3) data useful for external evaluators to analyse the effects and results of the programme. This task provides guidance on how to implement such a multipurpose monitoring system.

Timing of information provision

In this multipurpose monitoring system the timing of the information provision is essential since monitoring and evaluation are time-related procedures. The figure below presents the timetable for monitoring and evaluation during the programme period 2007-2013 in relation with the programme life cycle.

Figure 5 Timetable for monitoring and evaluation in relation with the RDP's 2007-2013[5]



Source: ECORYS/IDEA Consult

It is clear from the timetable that the rural development programme has important milestones during its life cycle. These milestones have implications for the work of the programme managers. We identify 4 milestones influencing the monitoring and evaluation activities: programme approval (2006), programme implementation (per calendar year between 2007 and 2013), programme revisions and adaptations (e.g. after mid term review of the programme in 2010), and the end of the programme (2013 for programme implementation, 2015 for evaluation).

Cooperation within the monitoring system

It is clear that programme managers are responsible for the results of the monitoring system, but they need to cooperate with project managers and measure managers to make the monitoring system work. The exchange of monitoring data is to be situated at four levels:

[5] This timetable for monitoring and evaluation is a draft version since the EC is still working on the guidelines for monitoring and evaluation.

- at the level of the projects: application for support, approval - leading to the start of the project, implementation of the project and payment of support, end of the project
- at the level of the measure: control of project information, aggregation of project information, submission to programme manager
- at the level of the programme: control and aggregation, submission to EC
- at the level of the EC: control, and also aggregation of Member State information

In order to ensure that the necessary information is exchanged, a timetable for provision of monitoring and evaluation information to the programme managers is provided.

Checklist for capacity building

Moreover, a 'capacity-checklist' is established, making it possible to screen the existing capacity available for monitoring and evaluation of the rural development programmes. This checklist is based on the following questions:

- Are the monitoring and evaluation guidelines clear?
- Are (monitoring) instruments in place?
- Are the responsibilities in the monitoring and evaluation process clear? Is there a clear division of tasks?
- Is there enough staff to perform the monitoring activities?
- Are the necessary skills available? Is training needed?
- Is there a time schedule for monitoring and evaluation activities?
- Is awareness raising needed?

Common problems

Problems that can arise specifically during the monitoring process are treated, and some straightforward solutions are proposed.

Measure fiche

Finally we proposed a template for a measure fiche. The measure fiche has been developed as a practical instrument for the national/ regional programme makers and programme managers. The measure fiche should reflect the link between a particular measure and the overall intervention logic. It explains the rationale of a particular measure, or why a particular measure is needed. The important elements of a measure fiche are described in the template below.

Name of the measure	
Rationale of the measure	The rationale of the measure describes how and where the measure is linked with, or located in the intervention logic. It is a textual description of the intervention logic. It describes what is needed to implement the measure, to what it will lead and how the measure contributes to the overall objectives of the programme. The rationale of the measure needs to provide guidance to the Member State in order to decide whether or not this measure is important for the rural development in their regions.
Content of the measure	The content of the measure gives an indication of possible concrete activities that can be supported under this measure. This description is not exhaustive.
Target group	
Target area	
Common indicators	- Input, output and result indicators corresponding to the measure - Baseline and impact indicators: the measure contributes to changes in the baseline situation of the fields covered by these indicators
Example of additional indicator	
Link rationale of the measure and indicators	Presentation of the intervention logic of the measure by means of a figure, based on the common indicators corresponding to the measure

1.6 Task 5: Proposed programme reporting arrangements

Current reporting system

During the programming period of an RDP, several reporting tools are used to get a grasp on the progress of the programmes. For each programme several reports are produced: reports of project promoters, annual reports, financial reports, reporting of the monitoring tables, evaluation reports, reporting of the evaluation indicators. These reports are submitted to many different actors: EC, national and regional authorities. One of the experiences from the mid-term evaluations 2000-2006 of the RDPs was that, in this reporting framework, a multitude of indicators were contained, which were generally not easy to aggregate. In addition, the coherence between data of payment authority, monitoring tables and evaluations were not always optimal.

Strengths and weaknesses

An inventory of problems identified at EC level and in the Member States[6] is made, indicating the strengths and weaknesses of the main elements of the current reporting system. We distinguished four categories: the procedure for reporting, the technical aspects of the monitoring tables, the content of the tables and the use of CAP-IDIM.

Many of the weaknesses are being remedied by the preparatory work of the EC for the programming period 2007-2013. From now on, information will be provided about the purpose of the monitoring exercise, indicators will be known to the Member States at the beginning of the programming period, the financial reporting will be aligned with the calendar years, context indicators will be aligned with existing data sources, indicators for monitoring

[6] Source: STAR Committee, technical working group on monitoring (21/01/05), interview with EC staff and with programme managers.

and evaluation will be aligned and there will be guidance about the definitions of the indicators.

Challenges for future monitoring

However, the most important challenges with respect to the remaining weaknesses are:

- improving the procedural aspects of the monitoring system with special attention for data delivery (quantity and quality)
- providing a solution to the technical aspects of the monitoring tables (e.g. protected cells, unit of measurement)
- aligning the monitoring systems of the Member States and EC monitoring tables
- improved use of CAP-IDIM

Proposal for a new reporting arrangement

We elaborated a first draft of reporting format for monitoring data, keeping in mind that the format needs to be user friendly, integrated, comparable over time and that it needs to be relevant input for evaluation. Therefore, it is suggested to use Excel tables as presentation format. The tables contain both the input and output indicators and give yearly realized values for the indicators. Moreover, the reporting results of all programming years are put next to each other in one table. This makes it easy to evaluate the progress and the effectiveness of the programme.

Furthermore the new Regulation adopted by the Council on September 20th, 2005 provides for several reporting moments. From June 30th, 2008 until June 30th, 2016 the Management Authority must send to the Commission an annual progress report on the implementation of the programme.