

HOPES & FEARS AT MONITORING TRAINING

- FEARS: RIGIDITATEA GERMANA -

1. Teoretizarea excesivă și pierderea contactului cu activitățile practice de monitorizare
zu viel Theorie, Verlust der Kontakte zum praktischen
2. Lipsa exemplelor (din activitățile de monitorizare) ar face posibilă înțelegerea imediată a unei situații deficiente
Mangel an konkreten Beispielen (aus denen man ein Verständnis über schwierige Situationen)
3. Rigiditatea germană *deutsche Starrheit*

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1 ABOUT THIS DOCUMENT

There are some preconditions for the Monitoring Concept mentioned in the covenant that are even relevant for the Monitoring Manual, but are not yet fully given! At the current moment

- a) the programme itself is not yet written, thus there is still a lot of uncertainty, which types of instruments will be funded. In consequence indicators can only be discussed but not finally defined. At the same time it is
- b) not yet fully clear in which extent the SMIS really will be established as not only a single system, but as an even unique technical system for all managing- and implementing bodies, including Final Recipients.

The term 'single' is ambiguous in its use. Sometimes it is used to describe the top-down approach of defining information needs centrally, the information flow organised partly via technical import-export-interfaces. Sometimes it seems to indicate a much more compact technical solution for the day-to-day work, especially when it is envisaged to involve Final Beneficiaries or even Final Recipients.

But as FB's nominated so far do have their own systems for day-to-day work, so it doesn't seem reasonable to enforce them on working with parallel structures. This would correspond to the delusion or perception that there is something like a special ESF-monitoring. Instead we prefer giving the perspective to monitoring ESF-co-financed operations as part of an all-operations' monitoring. A perspective that would lead by itself to an improvement of the monitoring in general instead and rather than a setting-up of parallel structures.

This is of relevance with regard to the very basic question of '*Is there a need for a technical system of its own at MA SOP HRD*' or not.¹ The intentions at CSF level seems to oscillate between very ambitious (from the technical and organisational perspective) and more realistic. The time-perspective of the SMIS-development goes far beyond our Twinning and so many things might be changed in future.²

However – actually this is not of such a great disadvantage at all from our point of view, as programmes and details of institutional arrangements may change over time anyway, and so the general principles of the monitoring should be flexible enough to cope with these changes. Thus all conceptual work for SOP HRD monitoring necessarily has to be of a sufficient level of abstraction or generalisation.

Calling this document a manual might talk into thinking '*this is a handbook for day-to-day management of any co-financed activity on any level of implementation*'. This would be a misunderstanding! It is more a manual on how to conceptualise the concrete monitoring for concrete activities in a way that helps to ensure the reporting needs regarding to the COM are accomplishable. Thus it is a manual for those, responsible to establish and maintain the

¹ This affects not so much the conceptual aspects but of course the Terms of Reference for an MIS to be elaborated under the Twinning too, based on the concept/manual.

² But at the end of the Twinning project it seems to be going to become clear, that the MIS will primarily function as an operating system for the PA, supporting immediately its day-by-day work, but will not be an operational system on the MA-/IB-level respectively on the FB-level. On these levels it is more scheduled as a data-entry interface for the purpose of the overall functions of the PA and with options for interactively retrieving corresponding information by those bodies linked to the system and having entered their data before.

monitoring on different levels of administrative implementation. Its purpose is to give them a comprehensive overview on all aspects relevant for monitoring from the Structural Funds' point of view and to 'unveil' the ideas behind as well as their traps and intricacies.

Of course there are also many concrete details and supporting tools, up to the description of a sample structure of data in the form of table- and field-descriptions (the IT-section), but this doesn't suspend from the task of organising the monitoring concretely and thus to specify responsibilities, tasks, indicators and data on the basic level of HRD-instruments, a level much more concrete than the Measures or Operations of the OP-level.

The herewith presented monitoring concept and manual takes into regard that monitoring is a combination of several aspects and elements:

- a) In-depth comprehension of the general logic of intervention,
- b) Proper organisational division of labour & cooperation,
- c) Adequately qualified & specialised personnel,
- d) Sufficient flexible technical support structure.

As the concept shall not be restricted to a mere analysis of needs and descriptions of approaches to solution it also comprises:

1. A time schedule for the set-up of this complex logic and structure with respect to the
2. Current situation in Romania

ad 1) Starting with the logic of intervention we have to face

- the complexity of programmes themselves, i.e. their hierarchical logic, their specified purposes and restrictions (e.g. regional, n+2-rule), their indicators of implementation /output, achievement and result (effect / impact),
- the interaction of domestic and European programmes,
- the implementing instruments and steps of implementation and
- the consequences for information needs.

ad 2) The organisational division of labour between bodies / institutions along their functions and tasks with regard to the implementation steps and the fulfillment of internal and external reporting obligations. These functions are defined as:

- Paying Authority (PA)
- Managing Authority (MA - CSF level and OP-level),
- Intermediate Bodies (IB),
- Final Beneficiaries (FB).

Functions of audit and control as related to Independent Body and Independent Winding-Up Body will have to be mentioned in that context too although they are not in the centre of monitoring & controlling.

Last but not least the tasks and duties of Final Recipients (FR) are of relevance here as well with respect to the type of contracts. The FR represent the level of concrete implementation and by thus they are a major source for all related data.

ad 3) Personnel is a crucial matter in the context of capacity building and maintenance. So an analysis of:

- Responsibilities and competences (laid down in job descriptions),
- Necessary resources of workforce and
- Related qualifications

has to be given.

- ad 4) The IT-structures /databases are essential for the alleviation of daily work routines by storing and delivery necessary information. Depending from organisational concepts and procedural arrangements IT-systems support the
- Documentation of the implementation and its results (monitoring in the more narrow sense) or even as an
 - Operational /executive system, i.e. as a means for technical based steering of the daily work by more or less strict rules.
- ad 5) Considering the complexity of tasks for the preparation of a workable and reliable Monitoring & Controlling and the time left until the expected begin of SF-interventions in Romania in January 2007, it is quite clear, that a good timing and follow up of all necessary steps is of paramount relevance for the success of this effort to establish the elements (1) – (4).
- ad 6) The chapter on the current situation in Romania refers to the situation at NAE mainly. It's update status is about March 2005, when we got the last information input. Then it was stated that our recommendations concerning improvements of SINTEC and SIVICO and their use have been picked up in kind of an internal quality circle to improve the monitoring at NAE in general.

2 MONITORING & CONTROLLING THE PROGRAMMATICS – A TRANSPARENCY APPROACH

A central element in the Indicative Planning Approach is that programmes have to be monitored and evaluated, thus to be transparent to the public by showing the implementation progress, the costs and sources of finance and whether the strategy and implementation are successful or not (at the end).

For these purposes a variety of tasks is set-up with regard to Information & Publicity, Annual- and Final Reporting on the Implementation, Audit & Control etc.. The set-up of a (technical supported) Monitoring System is obligatory to allow for all these functions and tasks to be supported, executed and fulfilled.

It should be clear that a Monitoring System is not a mere technical issue but 1st of all an organisational and conceptual one! In this sense we join the evaluation team of DG EMPL, writing: „*One will continue to speak about monitoring system, even if the metaphor of the network appears more appropriate than that of the system*“.³

But before going into the details let's give some definitions first, i.e. setting up some conventions on how several terms will be used in what follows.

2.1 Monitoring, Controlling, Evaluation, Audit and Control

2.1.1 Monitoring is a “blind” servant

Monitoring is generally spoken the systematic on-going observation and documentation of processes and their results,⁴ and the systematic provision of these observations' results for information purposes.

The term “on-going” has to be interpreted as

- within defined intervals respectively periodical (e.g. monthly /annually) and/or
- linked to specific events, like payment requests, the closure of a programme, the finalisation of a project etc.

The monitoring as such has no purpose in itself but it is a serving activity (that doesn't mean that it is of no influence!). The monitoring process has 'simply' to ensure that necessary information is available when and where it is needed and that it is consistent and reliable, i.e. that the information is of good quality. What kind of information (content, datatype etc.) and in which periodicity the information /data have to be gathered and stored is not up to the monitoring itself, but depending on other “instances”.

2.1.2 Planned versus implemented figures: Controlling needs are defining the monitoring strategy

The main requests for monitoring in the field of Structural Funds Policies are raised by reporting obligations and related information needs of the management-function holder:

³ Evaluation of the quality of the monitoring systems of the ESF, DG EMPL/G5/SA D (1) 140202-009-EN, February 2002, p.3

⁴ This can be any systematic process – even the progression of a disease!

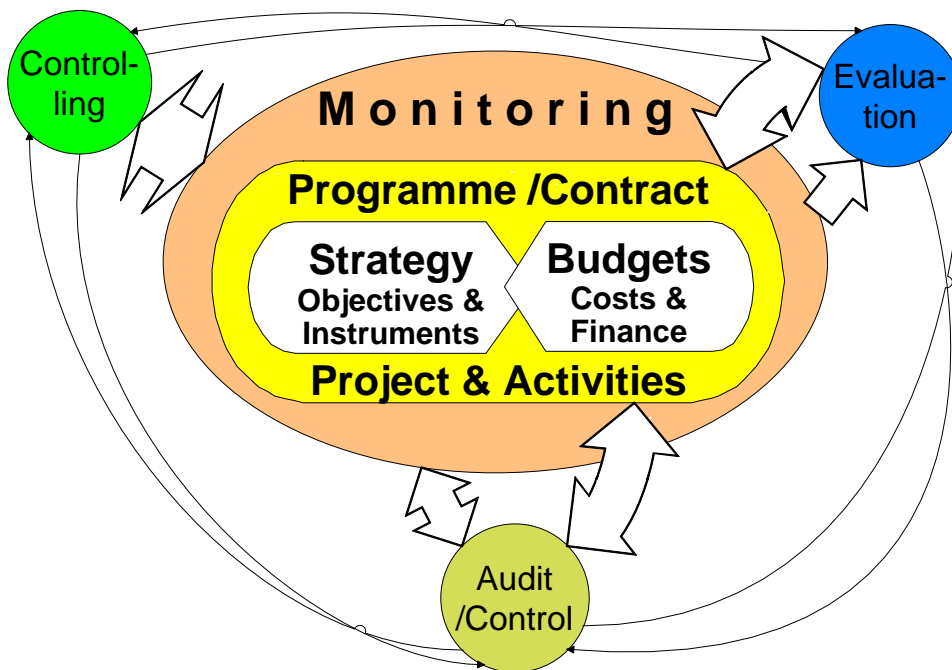
- The implementation of structural funds programmes has to be monitored for the purpose of standardised reporting to the Commission and the public.
- The Management Authority in charge has to show its capacity to manage the implementation properly, i.e. to ensure that the purpose of the budgets provided by the COM (and the national state) is reached as good as possible.⁵

This capacity is related to the function of Controlling, i.e. the steering of the programme implementation in the frame of given strategies. One of the major tasks of controlling is to analyse the implementation figures and to compare them with planned figures and relevant background information (especially baseline-indicators – c.f. Table 4 to draw conclusions for the further strategy and eventually regarding to the need of adaptations and changes. Thus the content of information to be included by the monitoring is defined by:

- Either the specific programmatics of the programme – as laid down in the programme documents and complements – or raised by
- General aspects raised by formal requirements and regulations, especially the rules for financial control.

Controlling is depending on monitoring and thus has to define its content first of all. Financial Control (and internal Audit) as a task of the MA will use the Monitoring and eventually will store its results in the same system. External Evaluation and external Audit –both equally characterised by its independence from the MA, but with different focus on the programme and its implementation – will use monitoring data too, but need own independent access to information as well and usually don't store data in the monitoring.

Graphic 1 The Context of Monitoring: Controlling, Evaluation, Audit & Control



⁵ This quality criterion is related as well to the success of the implementation as to its formally correct implementation!

2.1.3 Audit & Financial Control

To guarantee structural funds implementation, rules of different types and several layers of checks are prescribed, that we pool under the title: Audit & Financial Control. (c.f. EC-regulations 1260/1999, 438/2001 and 448/2001)

Control – In the meaning of standardised routine check & control (c.f. so called Art. 4-checks) – it is part of the management and implementation function. The information raised by these functions are elements of the monitoring by principle: E.g. the check of services delivered, respectively the check and control of expenditure declarations as a necessary element in the payment routines etc. For these purposes data from monitoring are a necessary source of information (what has been agreed in the contract?, how much money has been paid towards the contractor? etc. pp.). On the other side the results of check & control are part of the core monitoring information and thus to be stored in the context: The audit trail has to be guaranteed by the monitoring – it has to be ensured that each EURO sent by the Commission may be tracked down to the Final Recipient that got it – wading through the whole structure of implementation. With respect to this requirement the Commission has set out directives and recommendations on criteria how to evaluate monitoring systems.⁶

The Audit has to check for the formal correctness of management decisions, respectively the well functioning of the system as such and the provisions taken against mistakes and fraud. That is why the Audit-function is regarded as a necessary independent function from the management itself. Information from the monitoring data is taken to support and prepare more specific information gathering in the audit activities. But for the purpose of convenience Audit activities respectively their results should be documented in the monitoring system nevertheless too.

2.1.4 Evaluation

Monitoring is only able to deliver information

- On gross effects,
- Within a short term perspective and
- In the frame of given strategies.

The criteria for success are immanent to the given strategy, based on a plan-implementation comparison. In this sense the monitoring is basically affirmative. The systematical critique of the programme and its implementation is beyond the reach of monitoring & controlling; thus there remains a need for justification & legitimation – that is where (and why) evaluation is entering the stage.

From a formal point of view evaluation is a sibling of Audit – but focussed not on the formal correctness of implementation but on the content of programmes and the implementation strategies and provisions. The independence of Evaluation as requested by the COM thus is corresponding to the independence of auditors.

Evaluation – like Audit too – has a need of monitoring data. But it usually doesn't deliver information to the monitoring. Evaluation has its own (additional) sources of information and it

⁶ Evaluation of the Quality of the monitoring systems of the ESF, DG EMPL/G5/SA D (1) 140202-009-EN, February 2002

even has to take the monitoring itself (organisation & concept) as an object of its own interest for critical examination.

2.2 Practical Issues of the Monitoring Process

The monitoring process can be divided into five steps, from data definition to reporting:

Table 1 *From definition to reporting: Five steps in monitoring*

| | | |
|----|------------------------------|---|
| 1. | data definition / concept | programming indicators & management information needs related to financial control |
| 2. | data gathering | organisation of process |
| 3. | data check | concept / organisation of process |
| 4. | data analysis | requirements analysis /reporting |
| 5. | reporting | |

These steps correspond to different tasks and function holders what again shows the need for an integrated, cooperative approach.

ad 1) Starting with the programming process:

For each indicator defined it has to be described in detail – starting from the level of national operations (i.e. the level on which the implementation instruments, like tender and call, are established) – how this indicator shall be calculated, based on which type of data, which regular source of information, who is responsible to gather and verify the information, and so on. The best is to set-up a table of indicators, comprising these characteristics.

Without such a clear and complete concept a proposed indicator is worthless and should be dropped from the list. Moreover it has to be shown, in which way an indicator on operation level contributes to an indicator on the more general levels of measure, priority and even CSF.⁷

ad 2) Data gathering

The process of data gathering has to be described, organised and controled in an overlapping chain of guidance, check & control, interweaved with the implementation steps of the programme and the proceeding of contracts and projects. The data gathering process is the most complex 'step' (actually it is an on-going task, not a simple step), as it has to integrate different parties, from Final Recipients to Managing Authority, with own interests, own systems of internal information gathering & flow and different interorganisational relationships.

ad 3) Process of data check:

Even when the system is consequently based on micro-data, not each single detail information will be transmitted from e.g. the Final Beneficiary to the Managing Authority. Certain information may only be necessary to be forwarded as part of an aggregate. Thus checking data delivered is not identical with the necessary checks in the gathering process, but an additional task of verifying data-delivery on the base of plausibility checks (c.f. 6.6 below). These have to be established as routines on each level of the information flow chain.

ad 4) Data analysis

The data analysis is the decisive step with regard to the controlling needs. A part of the analysis is more or less given by EC regulations and prescribed reporting, but controlling can go beyond these formal obligations and define its own questions. Apart from this controlling

⁷

To avoid misunderstandings: Not every single indicator relevant on the level of an operation will and has to contribute to an indicator of a higher aggregated level! But it has to be ensured, that the logic of indicator-building and -aggregation will be sufficiently operationalised (c.f. section 3.5, Indicators of Physical & Financial Implementation and Success).

driven monitoring there will be additional needs emerging from political and general public information needs, only partially standardised and much of it ad hoc defined. To keep the controlling flexible it is necessary to have relevant data non-aggregated but in the form of single, micro-data that allow in-depth analysis

2.3 Formal Requirements – Basic Documents

The EC-regulations 1260/1999 and especially 438/2001 are the main sources of formal requirements from the European Structural Funds (SF) side.

These requests will be supplemented by requests based on e.g.

- national Budgetary law
- domestic programmes co-financed by SF
- domestic Law on individual data processing /-protection.

2.3.1 The Reg. (EC) 1260/1999 – Regarding Monitoring

In this so called “General Regulation” monitoring is mentioned especially in some Articles of the identically named 1st Chapter of its TITLE IV, EFFECTIVENESS OF ASSISTANCE FROM THE FUNDS⁸:

| | |
|---------------------|---|
| Art.34 (1) A | states that the managing authority shall be responsible for setting up a system to gather reliable financial and statistical information on implementation, for the monitoring indicators and for the evaluation. |
| Art.36 | stresses that the monitoring has to be carried out according to the indicators specified in the programme documents which should take into account the indicative methodology and the list of examples of indicators published by the Commission (esp. working paper 3: Indicators for Monitoring and Evaluation) |
| Art 37 | especially stresses that reporting on monitoring is a crucial part of annual reporting and hence that monitoring is an on ongoing job in a changing world – changes that have to be described and reflected in the report with regard to corresponding adaptations of the policy-strategy etc. |

2.3.2 The Reg. (EC) 438/2001, Annex 4

Besides these more general aspects of the reg. 1260 there are more detailed descriptions of data-requests in the regulation 438/2001, the so-called “Control-Regulation”, Annex IV.

They include:

- “Technical data”, identifying the programme and the implementing bodies
- Assignment of the operation to the programme and its categories
- Technical data on the operation, the contractor, costs and co-financing of the operation, payments of the Final Beneficiary
- Relevance of the operation regarding EU horizontal issues (probably skipped by the regulations for the funding period 2007-2013⁹)

⁸ The other three Chapters cope with Financial Control, Evaluation and the so called Performance Reserve

- One (!) indicator referring to the implementation of the operation and the degree of target achievement
- Date of on-the-spot verification

This data list is insufficient for a content driven observation of the operations and is deducted from the requirements of **audit & control**. Therefore the Reg.438/2001 or its successor deliver little support regarding to the development of a monitoring system.

⁹

S. draft on the Commission regulation setting out detailed rules in application of Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and Regulation of the European Parliament and of the Council on the European Regional Development Fund, from April, 11, 2005, ANNEX III: LIST OF DATA ON OPERATIONS TO BE COMMUNICATED TO THE COMMISSION ON REQUEST (Article 13).

3 LOGICS OF INTERVENTION – THE INDICATIVE PLANNING APPROACH

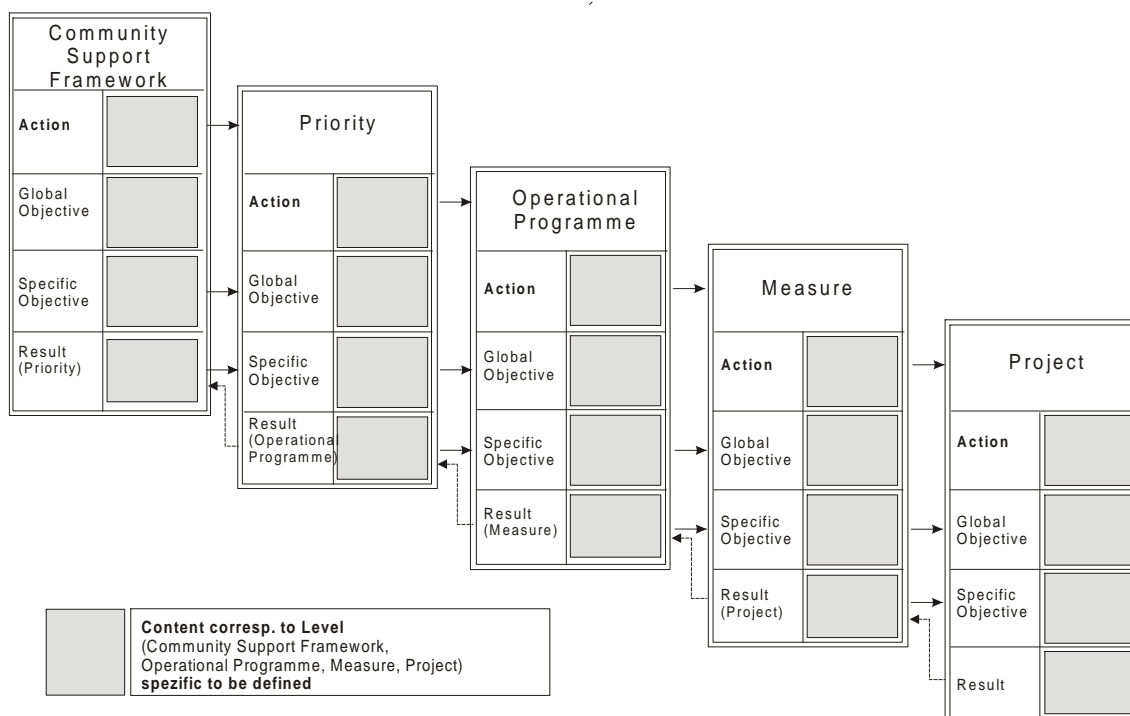
3.1 Hierarchy and homology as basic principles

Programming and indicative planning are very basic principles of Structural Funds Policies.¹⁰ European structural funds programmes¹¹ are organised in a formally simple hierarchical manner, following the path e.g. from Community Support Framework (CSF) to (micro-) Projects and being called the **indicative method of planning** with budgets and objectives and their corresponding indicators.

This cascading model is an illustration of the philosophy of top-down implementation and its counterpart: The bottom-up systematics of reporting.

It could be enhanced by additional levels of operationalisation without any change in the logic of operationalisation! E.g. substructures like “activities, sub-activities, operations” etc. could be inserted between the “measure” and the “project” or “projects” could be enhanced with “sub-projects” and so on.

Graphic 2 The European Feedback-Cascade



At first hand it is evident that these programming levels have a homologue structure, i.e. they are formally identical and can be described by the same types of data (name, short name,

¹⁰ Publicity, Partnership, Concentration and Addionality are the other major principles. In future Transnationality will be added at least for ESF.

¹¹ This is valid not only for Structural Funds Programmes but can be applied to Cohesion Fund and PHARE-programmes as well. Actually this is quite a general characteristic of all types of strategical planning, following a logic of operationalisation steps.

begin and end-dates etc.). The elements of each lower level are nested in the parent element of the level above – a bit like a Russian ‘Babuschka’ puppet. This raises the need for rules of consistency to be kept between the levels. E.g. the begin of a measure can’t be later than the begin of related projects and it must not start earlier than its superior OP; budgets allocated have to be consistent between the levels, etc..

But considering the logics and rules of consistency we have to be aware of a fundamental issue:

- From the financial point of view the matter is quite simple: Allocating budgets top down following the cascade respectively aggregating expenditures etc. bottom up.
- From the point of view of content this is not as simple yet! Content can’t be divided in the same way as budgets or other metric planning figures (e.g. number of target recipients planned by type etc.). Content has to be broken down into more and more concrete concepts and terms, what means the more general goals on the upper levels have to be interpreted and operationalised down to the levels of operations or projects (c.f. 3.5.1 below).

3.2 Funds, Objective regions and intervention rates

All European Funds programmes follow a regionalised concept (Principle of Concentration), i.e. they are restricted to defined objective regions (objective 1, 2 and 3) . The region borders are specified according to the NUTS-systematic (reporting based on NUTS III level) and oriented to different characteristics, like gross per capita income compared to European Union average, regions with decline in industrial activities, urbanised regions with specific problems, and so on. They could cover even all over EUROPE but in fact they are smaller, e.g. Objective 3 regions are all regions that are not under Objective 1 and vice versa. But Objective 2 regions are well defined and listed in the corresponding EC regulation for the implementation of ERDF.

Not all European Funds are active in each objective region – e.g. the Cohesion Fund is only active in Objective 1 areas, ERDF only in Objective 1 and Objective 2 regions, ESF in Objective 1 and Objective 3 regions, i.e. all over Europe. In the funding period 2007-2013 the ESF-part of the old Objective 2 programme will be skipped and the old Objective 3 programme will become the new ESF-Objective 2 programme.

The intervention rates are closely linked to the objective regions, thus offering higher assistance to those regions laying more in behind the others with respect to their economic development or being confronted with less favourable conditions.

Intervention rates are one topic that has to be monitored on the level of SF-programme measures, i.e. single projects could – by principle - benefit from higher EU-means support than the average, as long as this doesn’t lead to an exceed on the measure as a whole – but this is a point of continuous debate with COM.

3.3 Multi-annual programmes – n+2-Rule

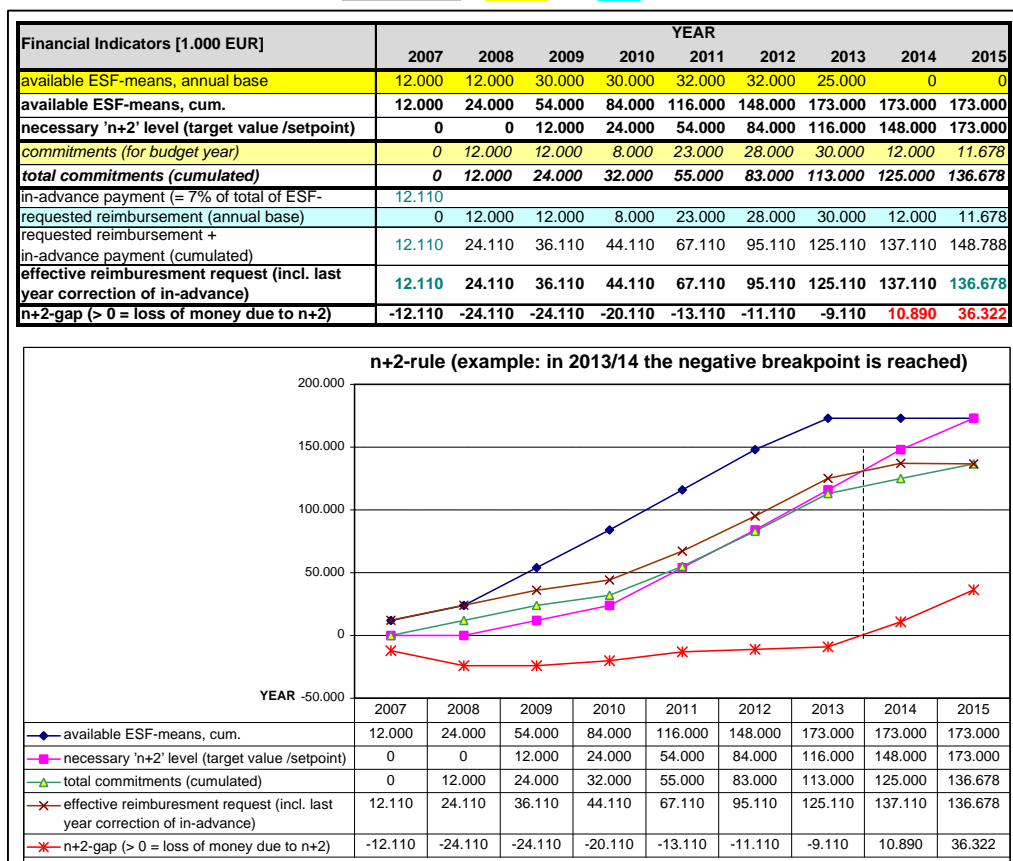
It is a special feature of European Funds-Programmes to cover periods of several years (currently up to seven years). This is a major difference compared to many national programmes that often are based on annual budgets according to the fiscal year.

A crucial issue for financial management is therefore a reliable financial forecasting of the budgets. To improve the financial management of EU-funds a new instrument was implemented in the period 2000-2006: The so-called n+2-rule. Now each annual budget has to be spent within 3 years (=n+2) instead, counted from the budgetary year (n) on – by proof of real expenditure done. If not spent respectively claimed for reimbursement in due time, the money will be decommitted automatically by the COM, as a general rule.¹²

The graphic below and the calculation sheet in its background shall illustrate the mechanism behind.

In the table and graphic below the commitments for budgetary years are only mentioned as an additional information as these are the more concrete implementation planning data. But for the n+2 the reimbursement claims sent to the COM are the decisive factor. The n+2-trap is a bit tempered by the in-advance of 7%, as this in-advance payment is treated like a reimbursement claim in this context. So there is introduced a row for the effective reimbursement request, adding the advance at the beginning and subtracting it at the end of the programming period. There will not occur the n+2-problem, as long as effective reimbursement line doesn't go below the target line (that is actually the line of cumulated ESF-means available, but shifted two years to the right).

Graphic 3 n+2 calculator (double click – yellow and blue highlighted fields are editable)



¹²

This rule replaced the former procedures of formal carry over of unused budgets to subsequent years by applications for change that the member states had to present to the COM to getting an approval.

To avoid such n+2 losses and to improve financial management of funds in general, a reliable financial forecast in due time is part of the obligatory annual reporting.

3.4 Structural Funds (SF) Content

3.4.1 The European Frame of Reference

Considering content, the European Policy sets a Frame of Reference in which domestic policies are embedded – what rather means ‘where they are assigned to’. This assignment comprises a degree of independence that grew higher and higher from programming period to programming period – at least from the perspective of so-called ‘Indicative Planning’.

The process of setting and interpreting the European Frame of Policy is subject to the negotiations between Commission and member states and is based on the fundamental principle of Subsidiarity. This bargaining and negotiating has got an own label: **Open Method of Co-ordination** (OMC). The European Treaty and its amendments /revisions at the different European Summits build the base for this Frame of Reference. It is further operationalised e.g. currently in the so-called Lisbon-Strategy and –Process.

With regard to the ESF the European Frame of Reference is set by the European Employment Strategy (EES) and the corresponding **National Action Plans** (NAPs) for Employment (NAP-E), respectively for Social Inclusion (NAP-SI). Actually the ESF is called the European Instrument of (Co-)Financing domestic NAPs. Consequently the ESF-Measures shall be linked to the NAP (information to be given in the Programme Complement) and to the indicators agreed for the European Labour Market Policy (LMP) as well. Additionally the statistics for the **European System of Social Security Statistics** (ESSOSS)¹³ shall be fed by ESF co-financed programmes too.

In sum we can say there are two aspects determining which type of information is relevant for the Monitoring:

1. On the one hand we have the **strategic concepts**, laid down in the programming documents (as it should be at least as an idealtyp) and condensed in the indicator lists of e.g. the Structural Funds Programming Complements. For the purpose of setting up the necessary financial- and especially physical indicators
 - ⇒ these need to be broken down further to the level of operations /eligible activities and
 - ⇒ reliable data are requested and must be delivered by the monitoring systems respectively by financial accounting systems.¹⁴

¹³ The ESSOSS systematic classifies interventions according to activity types and expenditure types. The assignment should be given on a level of detail that allows for as much unambiguousness as possible – we propose to assign on the level of domestic operations resp. on the implementing instrument, i.e. call, tender or scheme. (c.f. Directorate E - Unit E-4: Population - Social Protection 3/2001/E/N°2, LABOUR MARKET POLICY DATABASE METHODOLOGY, APRIL 2000)

¹⁴ Physical monitoring and financial monitoring /accounting can be organised in different systems or in unique systems. The only prescription is that they have to be linkable on a level of disaggregation that allows for a sufficient audit trail. For the purpose of this document we use the term **Monitoring System** in the broader sense, where no different use explicitly stated.

2. On the other hand the needs are raised by formal requirements, i.e. the legal based obligations, emerging from national and European laws, rules and regulations.

Although both aspects have links to each other, they are not identical and it is useful to keep them analytically distinct from one another.

3.4.2 Cross-cutting issues – Horizontal Priorities

Besides this hierarchical logic all Structural Funds shall contribute to so-called cross-cutting or general policy issues, the so-called horizontal Priorities:

- Gender Equality – underpinned with a specific overall strategy: Gender Mainstreaming
- Knowledge based-society, especially regarding to the use of information and communication technologies
- Local and Regional Development (especially mentioned by ESF-regulation)
- Sustainable development (not explicitly mentioned by ESF-regulation).

Horizontal issues are by definition those issues that can't be regarded by its own nature as specific to a single fund – this is a quite simple, logical interpretation of the term. In Structural Funds these are the issues that each fund and each priority has to tackle with. These 'Horizontal Priorities' have to be regarded in all implementation aspects of all programmes, what makes the situation still a bit more complex and puzzling.

Although some of the so-called horizontal issues are not explicitly defined to each fund and although it has to be conceded that there are some flaws in the strictness of definitions and terms on the Commissions side (horizontal issues, - priorities, general principles and so on), it should be clear, that an interpretation of e.g. Gender Equality as being the task for ESF and not for the other funds would be a bit grotesque. The same is valid for the other horizontal priorities as well – they are horizontal as they are not specific to a single funds responsibilities but to the responsibility of all of them, i.e. of the politics in general. That is why there has been developed something like a described and prescribed general strategy like the Gender Mainstreaming approach.¹⁵

3.5 Indicators of Physical & Financial Implementation and Success

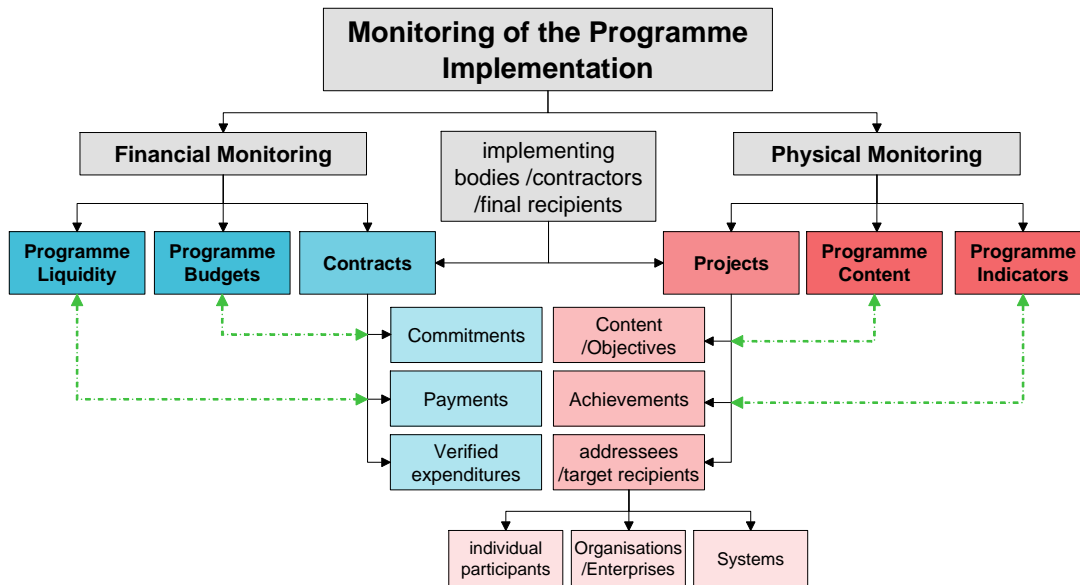
3.5.1 General remarks

Indicators in SF-programmes are used to measure implementation and effects of the interventions assisted by EU. Their final purpose is a better steering of running programmes and a better conceptualising and planning of future programmes. For this purpose the primary task of monitoring is providing data with regard to both sides of the Programme: Strategy & Budgets (c.f. Graphic 1) respectively to Physical- & Financial Monitoring.

¹⁵

By this Horizontal Principle the Commission is imposing cross-cutting cooperation on administration that is used to work in line-organisation: This is regarded as an aspect of modern governance and administration.

Graphic 4 Two sides of monitoring: Physical- & Financial data



It should be clear that data as such don't "talk" – they just are figures of metric or non-metric type (e.g. money spent respectively projects according to type of instrument /addressee type).

To get meaningful information from data they have to be set in relation to other data, thus to show e.g.:

- development of unemployment in absolute or relative terms,
- level and development of unemployment rates,
- participation rates of target groups related to all participants or to all members of the target group,
- money spent on a purpose as a whole in absolute or relative terms,
- money spent per capita of target recipient,
- cost per training unit related to operation and/or per capita,
- drop out rates according to criteria,
- benefits received by type and/or by unit cost,
- examinations positively passed – breakdown by target group, by gender, by cost per capita etc. pp.).

This 'setting in relation' is **Building Indicators**.

There is a general challenge with the indicator based approach:

For the proper implementation of a programme a differentiation of its strategy has been stated to be necessary (c.f. 3.1 above). This breakdown in sub-strategies and so on in the course of an operationalisation process is done by interpretation and concretisation that leads to indicators more and more specific from level to level. Analogical to the interpretative exercise in the drive of operationalising the content from CSF to Project, the results on the more detailed levels usually can't be aggregated simply by addition to get the higher level indicators up to the European level (European value added?). As on the higher level things are considered more general and broad not all aspects relevant on the lower levels can be

taken into regard here. The interpretation of the contribution of the activities on a specific level to the solution of the more general problem goes hand-in-hand with a systematic loss of detail information on content from bottom to top (summing up unconsciously “apples and pears” results in “windfall”). That systematic effect has to be understood very well for the proper definition of indicators on the different levels.

COMMON MINIMUM

The Commission Services dealt a little bit and only on a provisional base with that problem too.¹⁶ They defined a request for indicators with certain characteristics, called "common minimum" and underpinned them with some examples (c.f. Table 2). These indicators should comply with the following conditions: They should be

1. Available for all the interventions (all measures);
2. Possible to be aggregated at the various levels of programming;
3. Available on an annual basis;
4. Presented in annual reports;
5. Forwarded to the Commission.

Obviously only the topics (1) – (3) can be taken seriously as characteristics of the indicators themselves; topics (4) & (5) refer to the use of the indicators alone. The examples given there with regard to activities supporting individuals are relatively detailed but not sufficient – e.g. age group and regional aspects are missing completely! They are pretty poor with regard to the rest, especially with regard to companies (nothing about SME-definition, economic branch, region, and even money spent, etc. pp.).

Table 2 Common Minimum Indicators

| Types of activities: | Resource and realisation indicators (common minimum) |
|---|---|
| Measures of assistance to persons | |
| training, guidance and orientation, aid for employment, integrated measure of the pathway kind, creation of companies | Amounts spent a year Number of recipients a year (entry, exit, transfer from one year to another) Distribution Men/Women Distribution according to the statute on the labour market (employees, self-employed persons, long term unemployed and other unemployed, inactive including educated) |
| Assistance to companies | |
| work organisation, further training, guidance | Number of projects and companies beneficiaries a year |
| Measures of assistance to structures and systems: | |
| Teacher training, advisory services, creation of formation /education, certification channels, etc. | Amounts spent a year Number of projects (new, current, completed) a year |
| Support measures | |
| Guidance services, tutoring/mentor, social services, local development initiatives, creche | Amounts spent a year Number of projects (new, current, completed) a year |

¹⁶

c.f. Evaluation of the quality of the monitoring systems of the ESF, DG EMPL/G5/SA D (1) 140202-009-EN, February 2002, referring to the "Guidelines for the mechanisms of monitoring and evaluation of the interventions of the ESF - period 2000-2006"

Nevertheless it can be only punctuated what is mentioned in that document (ibid. p. 5) with regard to conceptualisation and organisation:

- give clear definitions and precise instructions
- even the simplest concepts have to be defined carefully
- it is necessary to have a clear and precise identification of the mechanisms and measures which benefit from ESF cofinancing
- classify the measures according to an action typology:¹⁷
 - assistance to persons,
 - assistance to structures and systems,
 - accompaniment
- For measures intended for persons, refer to these mechanisms and measures, avoiding all confusion with recipients in general and projects taken under national policy measures.

3.5.2 Types of indicators

Problems usually are complex by nature, and several activities are implemented in the framework of a more complex strategy, regarded suitable to overcome the problems. Therefore a complex situation can't be described by a single indicator. A set of different, specific, and relevant indicators is required instead for the description of the implementation and the assessment of its efficacy and – a very ambitious topic – of its efficiency.¹⁸

Considering indicators, two perspectives have to be regarded:

1. The dimension of cause & effect in the course of time
2. The hierarchical perspective, i.e. the fact that the more general indicators on higher levels have to be linked to the indicators on the lower levels

Cause & Effect: Measurement of Success

The Commissions services propose a differentiation as follows:

- output indicators,
- indicators of (immediate) result and
- indicators of effect (impact).

Which information can be assigned to which type of indicator is not always unambiguous, so some further exemplification and explication will be useful:

To alleviate the understanding and to give a more comprehensive picture we propose to differentiate a bit more explicit between the terms 'Input' and 'Output' as two types or aspects of

¹⁷ ‚Assistance to companies’ is not listed in the original document explicitly but should have been added according to the text of the table.

¹⁸ To stay realistic: Even an excellent monitoring doesn't reach beyond the measurement of gross-effects. The identification of net effects requires a systematical comparison with a counterfactual situation, i.e. a situation without intervention, thus to answer “what would have happened anyway?” Efficiency is even much more demanding as it requires to assess and compare valuated impacts and their respective costs! Nevertheless the Commission Services stress this point occasionally very much – but without offering a reliable and valid approach for the solution of this problem, what is no wonder as this problem is a genuine political one by nature!

implementation indicators and to use the terms more consequently according to their original meaning in the frame of economic (production) theory!

INPUT: All resources used as far as necessary for the implementation strategy – this comprises:

- financial means (i.e. the money needed to pay these resources – be they specified where necessary or just left represented by the financial means where specification is not necessary) and the
- “raw materials”, manufactured in the “production process”. This process is considered as a transformation by use of given techniques. In the context of Human Resource Development Policies (HRD) respectively of Labour Market Policy (LMP) – as one major field of HRD – the “raw material” is the qualification of the participants in combination with some specific characteristics of participants, to assign them to one or several target groups.¹⁹

Table 3 Two options: Input, output, and where to assign participants

| CASE | IMPLEMENTATION | | RESULT /OUTCOME | IMPACT/ EFFECT |
|------|--|--|--|-----------------------------|
| | INPUT | OUTPUT | | |
| 1 | Financial means + specific activities | Participants /Participations (incl. dropouts /early leavers) | proven qualification progress (certificate) for further use on the labour market | integration after 6 months |
| 2 | Financial Means + Participants /Participations + specific activities | proven qualification progress (certificate) for further use on the labour market / dropout-rates | integration after 6 months | individual long-term-effect |

It shall not be concealed that the inclusion of participants as part of the INPUT-indicator may cause a ‘problem’ – or better say: The systematic effect, that there isn’t always a specific OUTPUT-indicator. That might happen e.g. with general information courses for a wider spread auditory that show no specific result but their participation in the event as such (i.e. no certificates etc.). But on the other hand side we gain the advantage of keeping the result within 6 months after the end of participation in the realm of monitoring instead of confusing it with impact, thus leaving – with regard to individual participants too - the impact (i.e. the medium and long-term effect) more clearly to the evaluation.

While figures of implementation and result are calculable in direct comparison to the planned, respectively to the implemented activities concerned, the effect has to be related to the situation at the beginning, i.e. to the problem(s) that the programmes should have been tackling with. The related problems shall be measurable to have a chance to see if they are really successfully diminished by the impact of the programme or at least covered actively by the implementation: The corresponding indicators are called **baseline-indicators**. A fourth category, the **context-indicators** shall help to estimate ‘external’ effects, influencing the implementation and success of the programme but being outside of its genuine realm.

¹⁹

This may sound a bit technocratic and inhuman but the whole policy formulation is done in such terms of an instrumental approach: Improving Human Capital.

Last but not least the management of the funds itself shall be monitored and evaluated to identify (and raise) good practise and allocate additional financial means as an incentive: The so called Performance Reserve (also called Contingency Reserve) and the related **contingency indicators**.

These indicator-types reflect the whole strategy of the political interventions. They should be set up in a way to demonstrate the chain of cause & effects: Input – Output – Result – Effect.

Table 4 *Type of indicators and responsibility*

| Type of Indicators | Responsible | Sources of Data |
|--|------------------------|---|
| 1. context indicators (incl. specific) | monitoring | public statistics / ex-ante-evaluation / programming documents (SPD /OP /PC) |
| 2. base-line indicators | monitoring | public statistics / ex-ante-evaluation / programming documents (SPD /OP /PC)/project data sheet |
| 3. implementation indicators (financial /physical data/contingency reserve indicators) | monitoring | financial reports / project data sheet / public statistics |
| 4. indicators of immediate results (drop out / success / quality / passages / placement) | monitoring /evaluation | data sheet / random samples / questionnaires |
| 5. Indicators of medium term results / -effects /effectivity on micro- /meso- and macro-level | evaluation | random samples / questionnaires / statistical analysis |
| 6. Efficiency – net effects | evaluation | questionnaires/ statistical analysis |

Not all of these aspects fall into the field of monitoring yet – especially of two reasons:

- a) **Time** – real impacts usually take more time than can be covered by a monitoring. Especially the last two items in the table above are in general beyond the monitoring phase and have to be covered by evaluation. Partially - but not in the same extent - this is valid too for the indicators of immediate results, because of the time restrictions and even more because of the gathering process as such and its intricacies.
- b) **Independence** of the assessment – evaluation is not only by method different to monitoring but also by the principal goal of its work: Evaluation is a systematic critique of the implementation of the strategy and the strategic approach as such!

The Hierarchical Perspective:

It has already been mentioned, that indicators not only shall describe the level on which they are collected, but shall contribute to higher aggregated programmatic levels as well (c.f. 3.1 above). Not every single indicator but at least some of them have to be general enough to allow for such a summing up of detailed implementation- and result-figures, to allow for a broader image of the programme as a whole. With financial data this aggregation is quite simple but not with content-related indicators. Of course, when aggregating proper data of input-output and result, the labels ('input' etc.) may be kept also on the aggregated levels, but the inner bond of cause & effect will become thinner and thinner, the higher the aggregation levels will be, as aggregation is opposite to operationalisation. This is an additional rationale for concentrating on micro-data for controlling purposes.

3.5.3 Eligibility of expenditure

With regard to the eligible expenditure some remarks shall be given here. Eligibility of cost is a most crucial issue²⁰ in Structural Funds as it is of highest relevance for re-imbursement of payments from the commission to the member state (c.f. Graphic 8, below).

Basis for the definition are national rules as stated in the Reg. 1260/1999. ELIGIBILITY in the meaning of reimbursable cost is only given if activity and expenditure in general correspond to all rules and obligations – no matter what type of cost. The Regulation 1685/2000 (now replaced by 438/2004) sets up additional rules or better said: Exemplifies the principal aspects in more detail. Only few types of costs are in general not acceptable as eligible for reimbursement by EU-money: These are costs arisen from bad management or fraud (e.g. fines and penalties, over market price payments etc.).

Considering the following cost-categories /cost-types the proposition of no-bad-management is regarded as given, i.e. they denote eligible costs in the sense of re-imbursable costs, provided the activities and the expenditure²¹ as such correspond to general eligibility criteria. The eligible share of the other costs may be restricted in addition by national rules and regulations – depending e.g. from the specific domestic programme. This approach – to treat the eligibility from the perspective of restrictions instead of binary “yes-no”-qualifications – formally even covers the case of generally non eligible cost-types (e.g. fines) – their eligible share would be simply restricted to 0% of this type of cost.

The advantage of this approach is given by its higher flexibility, as even amongst the Structural Funds the eligibility of costs may differ. The restrictions can be of different kinds that are described as a type of rules:

- a) A share of total of the costs of this type (e.g. 50% of total staff salaries)
- b) A share of total of the costs of this type depending from another item fixed in the contract (e.g. VAT is 0% eligible if the Final Recipient is allowed to re-imburse from payed taxes)
- c) A maximum amount in absolute terms per contract (e.g. 50.000 €)
- d) A maximum amount in absolute terms per unit of another item fixed in the contract (e.g. 5.000 € per newly employed former unemployed /per new workplace etc.)
- e) A maximum share of the total of eligible costs (e.g. purchase of land, overhead) – this is the most complex case as the absolute eligible amount of this will depend on the rest of the eligible costs and itself.

Table 5 Rule (e) – Maximum share of total eligible cost (double click – fields are editable)

²⁰ This is one of the reasons why here so many detailing, amending and withdrawing of the corresponding regulation has to be stated: c.f. ch. 0: (EC) No 1145/2003, (EC) No 448/2004 (replacing (EC) No 1685/2000).

²¹ Thus it is supposed as given fact that the expenditure claimed for reimbursement has only been done for usage in the approved assisted activity.

Calculation of eligible cost as a share of total eligible cost (e.g. land purchase)**General Formula:**

$$C = \frac{A}{1+C} \text{ thus } (1-C) \cdot A = C \cdot A \text{ thus } C = \frac{A}{(1-C) \cdot A} \text{ (e.g. } C = 10\% \text{ thus } C \text{ about } 0,11 \cdot A)$$

Parameter: type of cost max share = please enter in blue highlighted fields

| | Example 1 | Example 2 | |
|---|-------------------|-------------------|-------------|
| A: net eligible (without land purchase) | 150.000,00 | 300.000,00 | 0,00 |
| B: max. gross eligible (land purchase included) | 166.666,67 | 333.333,33 | 0,00 |
| C: max. eligible land purchase | 16.666,67 | 33.333,33 | 0,00 |
| D: total land purchase planned | 30.000,00 | 150.000,00 | 0,00 |
| E: eligible part of land purchase [= IF(D>C;C;D)] | 16.666,67 | 33.333,33 | 0,00 |
| F: non-eligible part of land purchase [= D-E] | 13.333,33 | 116.666,67 | 0,00 |
| G: total eligible cost [= A+E] | 166.666,67 | 333.333,33 | 0,00 |

- f) A special case is non-incurred cost (in-kind contributions), as it reduces eventually the community's contribution according to the rule, that the actual EC assistance must not exceed the expenditure actually incurred = total eligible expenditures net of the in-kind contribution. This effect is for Objective 1 regions more likely to happen as the intervention rate is higher.

Table 6 Rule (f) –Non-incurred cost (double click – fields are editable)

Calculation of effects of non-incurred cost on EU assistance

| | |
|---|------------------|
| A: gross eligible cost | 30.000,00 |
| B: intervention rate | 75,00% |
| C: maximum of absolute community support [= A * B] | 22.500,00 |
| D: minimum national public and private co-financing | 7.500,00 |
| E: planned non-incurred cost as part of 'A' | 8.000,00 |
| F: eligible cost net of non-incurred cost [= A-E] | 22.000,00 |
| G: effective community support [= Min(C;F)] | 22.000,00 |
| H: effect on community contribution | -500,00 |
| I: effective national public and private cofinancing [= A-G] | 8.000,00 |
| J: additional need for national & private monetary funding | 500,00 |

Table 7 ²²
Cost types and eligibility rules

| Row | Category | rule (usual) | parameter (usual) | Comment |
|-----|---|--------------|-------------------|---|
| 1 | Staff salaries | a | 100% | salaries & related costs for staff assigned to the project – calculation for full-time and part-time personnel separated in Annex — with statements on qualification and work experience |
| 2 | Staff travel & subsistence | a | 100% | travel & subsistence costs for staff taking part in the project |
| 3 | Sub-contracting | a | 100% | expenditure on subcontracting or expenditure incurred by the Beneficiary's partners |
| 4 | Training allowances for beneficiaries | a | 100% | grants for trainees (as incentives for the unemployed participants in the vocational training). Applicants have to design a Payment scheme connected with trainees' attendance and activity. |
| 5 | Travel and subsistence costs for trainees | a | 100% | Travel and subsistence costs for trainees who live outside of the training venue; they have to correspond to market rates and do not exceed the scales generally accepted by the Contracting Authority |
| 6 | Consumables & supplies | a | 100% | costs of consumables and supplies including training materials |
| 7 | Equipment & services | a | 100% | purchase costs for equipment and services – eventually only calculated linear depreciation rate according to national laws and only if purchase was not financed by public means |
| 8 | Compensations for employers | a | 100% | Compensation for the employers, which will organise retraining courses for their employees, for the period of retraining |
| 9 | Taxes | a | 100% | taxes - without prejudice to specific regulations (c.f. VAT) |
| 10 | Other direct costs | a | 100% | costs deriving directly from the requirements of the Contract (dissemination, evaluation of the project, audit, translation, reproduction, insurance, targeted training for those involved, etc.) including financial service costs |
| 11 | Overhead | e | e.g. 7% | max. 7% of total eligible costs |
| 12 | Contribution in kind /non incurred cost | f | 100% | inputs which are the subject of a contribution in kind (e.g. land, immovable property whether in its entirety or in part, durable capital goods, raw materials, unpaid charity work by a private individual or corporate body) |
| 13 | Costs of preparation | a | 100% | costs of preparatory studies or other preparatory activities - only when defined as a part of the project and spent in the runtime of it (e.g. Action 1 in CIP EQUAL) |
| 14 | Currency exchange losses | a | 0% | currency exchange losses without prejudice to specific regulations |
| 15 | Interest | a | 0% | interest owed |
| 16 | Land or buildings | e | 10% | purchases of land or buildings |
| 17 | Provisions | a | 0% | provisions for future losses or debts |
| 18 | VAT ²³ | b | 100 or 0% | depends on the beneficiaries ability to reclaim VAT paid |

²²

Rules (c) and (d) are not present in the table but can be found empirically nevertheless.

²³

VAT is a bit a tricky issue: Fundings of the commission in general should be kept free from national VAT-burden as otherwise this would lead to an indirect reduction of national contributions to the community budgets that are primarily paid from VAT. So in some countries there are arrangements to set co-financed activities free of VAT, but this of course causes side-effects on tax-payment control and makes accountings more complicated. The most simple way would be that VAT actually paid could be claimed as eligible cost by those FR that are not allowed to reclaim paid VAT from the tax-offices, but the VAT would be financed exclusively from additional national budgets. Thus it would be a simple national revolving fund.

3.5.4 Real-Cost-Principle and services delivered

The Real-Cost-Principle is a fundamental issue in Structural Funds Financial Management. Only approved and certified real costs or real expenditures and not simply payments done out of funds is the base for re-imburement by the Commission.

The FB has to show that REAL cost is given when sending expenditure declarations. But the way he has to prove the reality of expenditure is varying according to the implementation instrument, i.e. the way he is commissioning the respective operation:

- When a Procurement Procedure (Public Tender) was chosen, i.e. a competitive procedure that leads to contracts (be that work-, supply-, service- or frame-work-contracts), the proof is given by the Final Beneficiary on the base of invoices received from the contractor (even if the invoices have not yet been paid to the contractor!). That means the real cost is the real cost of the Final Beneficiary and not that of the contractor /Final Recipient. The FR's obligation consists only in the timely delivery of the product and the quality of delivery according to his contract – these are subject to Article 4 checks.
- In the case of subsidies granted on the base of a Public Call or a State Aid Scheme, the proof of evidence has to be given by the Final Beneficiary on the base of bills or invoices that the Final Recipient sends in as evidence of its (i.e. the Final Recipient's) real payment for eligible expenditures.

Those differences are justified by the different treatment of services delivered:

- Within a Procurement Procedure the description of the obligation of a contractor is much more strict and linked to financial consequences. The “product” that is ordered has to be checked by conditions of delivery and quality of content and result. It is of no interest in which way – or better said: at which cost and cost-structure – the contractor produces, as long as it is in compliance with general law. The control of cost was already given by the principle of a competitive market price, according to national public procurement rules. That means of course that profit will emerge but is of no harm for the eligibility.
- When there is no such market /market price or the product-description is not to be made clear and unambiguous enough, the only way of having a sufficient control on the product is by the control of the production conditions themselves. This is done via detailed definition of eligible cost and cost-structure approved. Here no profit, i.e. payment exceeding cost, is allowed.²⁴ The quality of result doesn't count so much (missing market) as a matter of fact, so it is first of all controlled to which purpose the money is spent and not so much the quality of the product /result of that process. That is the major reason why a grant has to be checked more detailed.

3.5.5 Quarterly claims for re-imburement and flow of payments

Anyway, payment flows and reimbursement claims should be treated as two different cycles. The payment flow should be kept formally independent from the reimbursement claim to keep the liquidity management on all levels flexible.

²⁴

The case will be more delicate when e.g. a grant is given to a non-corporate enterprise (self-employed). In such a case the entrepreneurs' income is identical with its profit. In this case a defined income can be financed from fundings as a kind of virtual cost (in kind contribution).

That doesn't mean to pay out with no regard to real expenditure of course but to leave the reimbursement claim in its proper function of claiming money from the Commission, instead of mixing it up with internal flows of money, respectively flows to FR. Both cycles should be monitored in parallel to avoid financial bottlenecks as well as temporary undue high liquidity stocks – a well balanced flow should be the goal.

For the details of content of re-imbursement claims the commission has provided a list of information details requested in the Annex IV to Reg. EC 438/2001 that has been taken as a base for a table in the ANNEX to this monitoring manual (c.f. 9.3 below).

3.5.6 Annual and final implementation reports

The major objective of annual and final implementation reports is to show the progress made in the implementation of priorities and measures by content and finance. The corresponding tables should be delivered by the monitoring system in a highly standardised way.²⁵

The related data are mainly based on the contracts with Final Recipients and thus have to be delivered by them (with concern to content related information and real expenditure) and /or by the Final Beneficiaries (with concern to financial data in general).

3.5.6.1 Table of Content for annual /final report²⁶

1. Any change in general conditions which is of relevance to the implementation of the assistance
2. Progress in the implementation of priorities and measures²⁷
3. Financial implementation of the assistance
4. The indicators on the performance reserve (c.f. Art. 44 of 1260/1999)
5. Steps taken by the managing authority and the Monitoring Committee to ensure the quality and effectiveness of implementation (c.f. Art. 34 of 1260/1999)
 - Monitoring and evaluation
 - Financial control
 - Summary of any significant problems
 - Use made of technical assistance
 - Measures taken to ensure publicity of the assistance
6. Steps taken to ensure compatibility with Community policies and to ensure coordination of all Community structural assistance
7. Progress on the financing of major projects and global grants

In the Annex to the annual report information tables like the following have to be included as a minimum:

²⁵ Examples of corresponding tables are to be found in the ANNEX 9.4 of this paper

²⁶ For more details c.f. Commission Staff Working Paper, THE ANNUAL IMPLEMENTATION REPORT ON STRUCTURAL FUND PROGRAMMES, 3/12/2003

²⁷ The report should include monitoring information, including the quantified indicators, wherever and whenever they lend themselves to quantification. It is possible that for some assistance the managing authority will not have the quantified data when drafting the first annual report. It is clear that the report will evolve as time goes on. Accordingly, it would be acceptable for the first report not to contain all the requisite quantitative information, as long as these gaps are filled in by the second annual report. (ibid. p. 7)

- a) The actual rate of Fund part-financing in the expenditure declared.
- b) The actual rate of Fund part-financing in the payment authorisations already decided by the managing authority.
- c) The rate of Fund part-financing set for the measure in the programme complement in force.
- d) Annual estimates for aligning the amounts of the national contributions for each of the coming years with the part-financing rate laid down for the measure by the end of the period.
- e) Analysis of the compatibility of these rates of national contribution to part-financing with national estimates of budget availabilities and ceilings to be observed under national and EU legislation.
- f) Description of corrective measures to balance financial contributions from the various financing sources as laid down in the financing plan for the decision.

Supplemented information is regarded as usefull considering:

- a) Total certified expenditure.
- b) The amount of the certified expenditure accounted for by Fund contributions.
- c) The amount of certified expenditure accounted for by contributions from the various national sources.
- d) The difference between the actual rate of part-financing for the measure and that set for the measure.
- e) The amount of national contributions which would normally correspond to the rate of part-financing of the measure as defined in the programme complement for the total expenditure declared. $(\text{Total certified expenditure}) \times (\text{rate of part-financing specified for the measure})$.
- f) The amount of Fund contributions provided for in the measure.
- g) The difference between the amount of Fund contributions actually declared and the amount theoretically provided for on the basis of the rate of part-financing set for the measure.

3.5.6.2 Time schedule for an Annual Report (example)

As the annual report has to be delivered to the commission until 30.06. (Article 37(1) of the General Regulation 1260/1999) with the approval of the monitoring committee (MC), a sufficient time-buffer has to be calculated:

Table 8 Time schedule for an annual implementation report

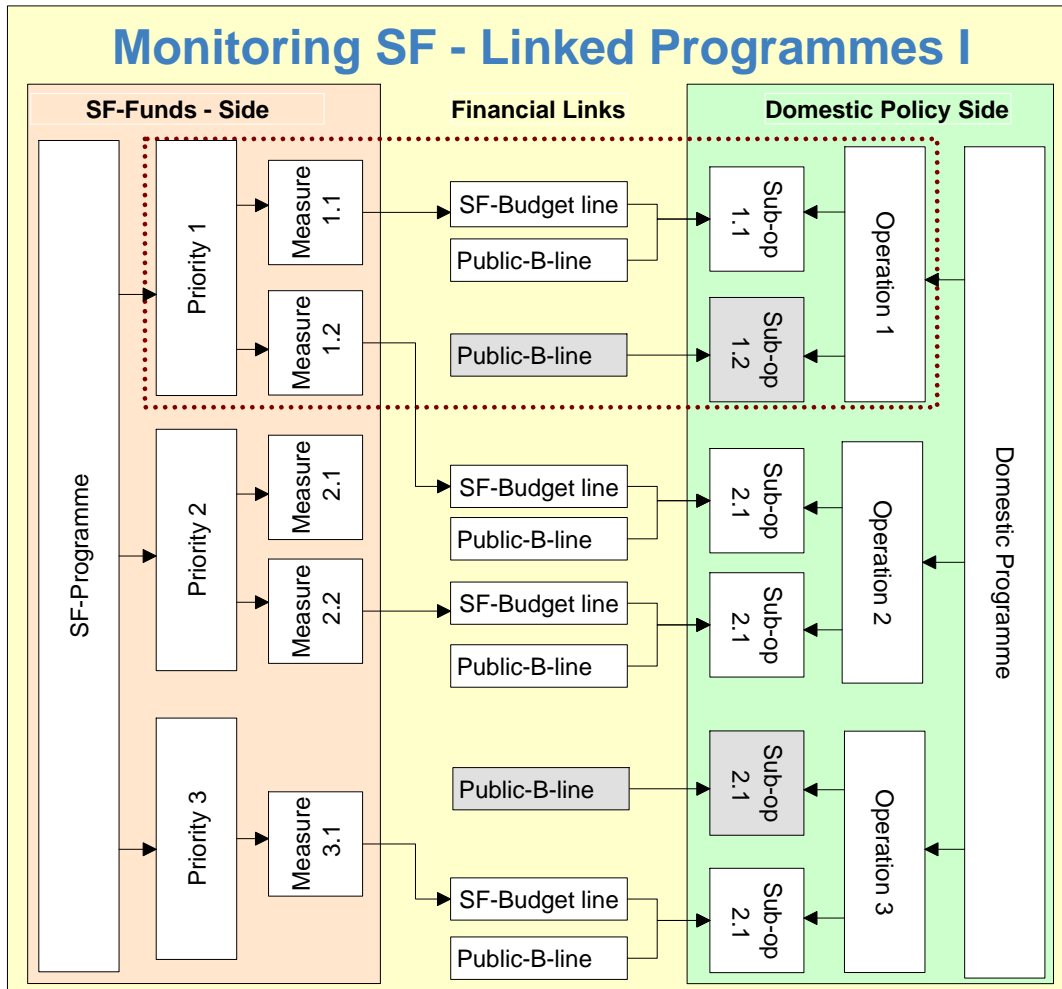
| dead-lines | /deadline /task | follow up activity until next deadline |
|--------------|--|--|
| 31.12. | end of reporting period | FR have to finish the accountance of closed year including updated physical indicators etc. |
| 15.03. | deadline for data delivery by FR to FB (*) | FB have to check and control the information gathered on correctness and completeness /preparation of text-blocks for the annual report |
| 15.04. | deadline for data and text block delivery by FB /IB to MA | MA has to prepare /continue with the standard tables and the accompanying texts according to the table of contents of implementation reports – in parallel Control-report and additionality report have to be prepared |
| 15.05. | drafted version send to MC-members for preparation of meeting on 30.05. | MC members have to read and comment the drafted report |
| 30.05. | general approval by MC | changes and revisions as agreed to be included |
| 21.06. | pre-final version – eventually approved by MC by a simplified procedure | final redactional work / preparation of publicity /publishing |
| 30.06. | deadline to send the report to the COM | |
| 10 work-days | COM: official acknowledgement of receipt addressed to the managing authority within ten working days | state whether or not the report is admissible and if not what elements are missing if admissible the <i>lead DG will send a copy to the other DGs concerned</i> and set a deadline for any comments they may have |
| two months | reply on the full analysis (whether or not the report is deemed satisfactory) to MA within two months of receiving the report. | |

(*) For contracts that finished, the deadline for final reporting usually is related to the end of the contract so the deadline 15.03. is only relevant for on-going contracts.

3.6 Cofinancing & Subsidiarity – Linking SF- and domestic programmes

From a simplistic point of view domestic programmes cofinanced by Structural Funds could be regarded as subordinated programmes: With regard to some formal rules it can't be denied that SF-regulations may be dominant in the proper meaning of the term as they may impose additional restrictions (especially by eligibility criteria). However – because of principal considerations as well as of practical concerns – it is better to regard the domestic programmes as independent hierarchical objects outside the hierarchy of Structural Funds.

Graphic 5 Links between European and domestic programmes



Such a clear distinction allows for:

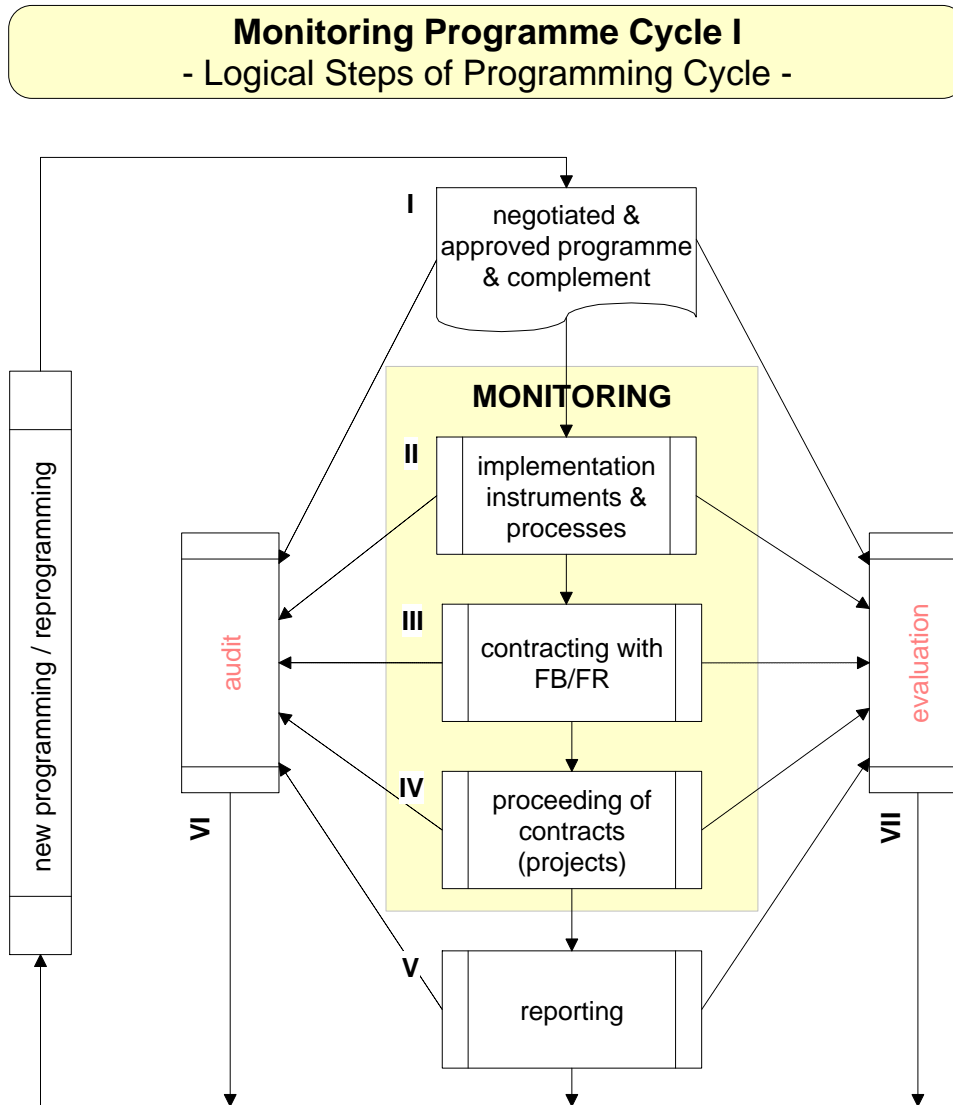
1. A more flexible adaptation of the implementation and the monitoring towards changing strategies.
2. An even more obvious advantage of such a logic distinction is that it allows for a generalised in-parallel monitoring of European Funds-cofinanced programmes and

programmes that are independent of European Funds-assistance, e.g. purely domestic financed, within a unique monitoring system.²⁸

3.7 Implementation instruments and steps of implementation

Derived from a general life cycle concept of interventions and with respect to formal rules of implementation, several “steps” can be discerned that are relevant for gathering information by the monitoring process.

Graphic 6 Programming Cycle Monitoring – Logical steps



These logical steps are not in a complete sequential order by time of course, as contracting can happen all over the life cycle of a programme and the proceeding of contracts is linked to periodical activities of standard reporting.

²⁸

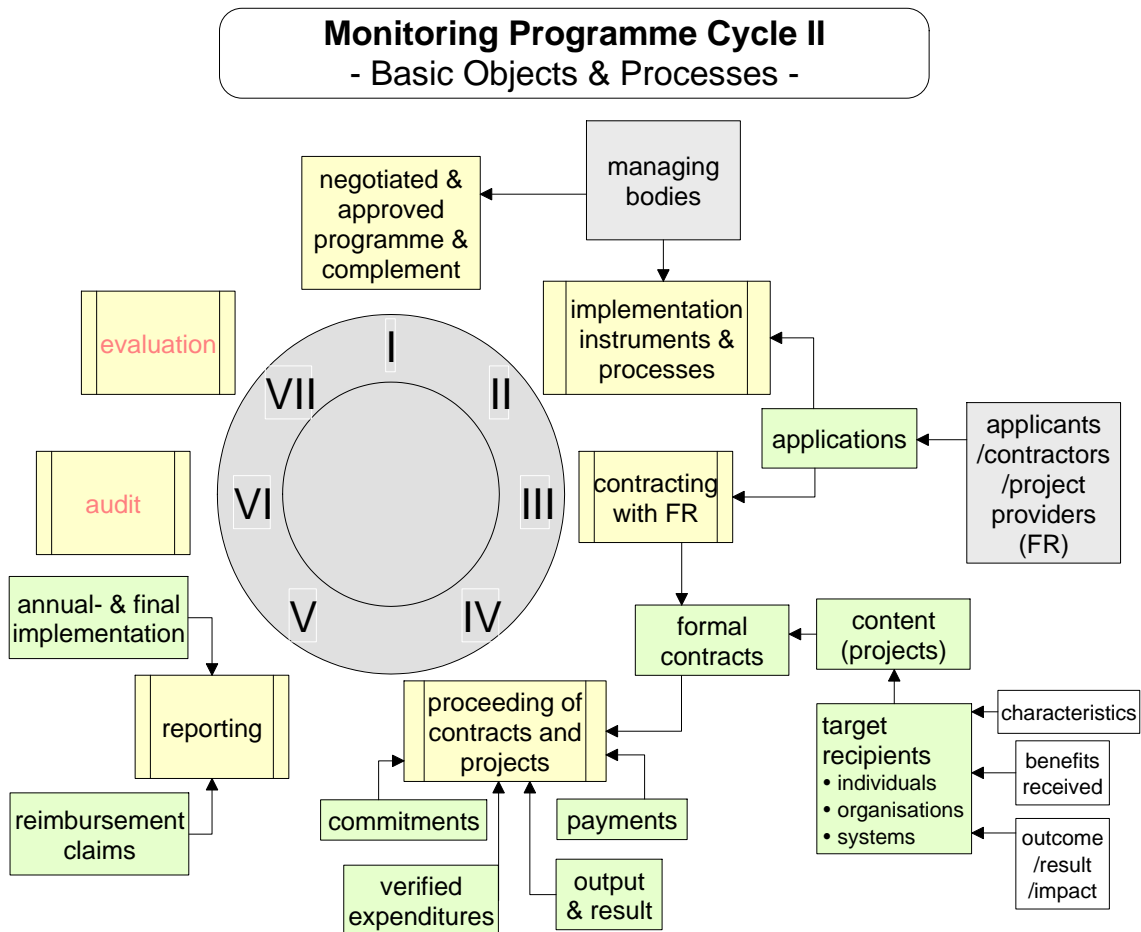
This is not a luxury for the sake of an ambitious controller but reflects also the need for an integrated approach as required by the COM and agreed by member states with regard to the Lisbon Strategy and the EES.

Steps II to IV are the most relevant ones for the core Monitoring. Step I delivers of course the necessary frame information relevant for the Controlling, i.e. strategical steering and step V represents the main purpose: Transmutating data to information.

Audit & Control and Evaluation are both reliant upon monitoring data but they are not its main purpose. The main purpose for monitoring is controlling.

Expanding the above sketched logical steps we get a more thorough view of what informations are produced in the life cycle and should be monitored by proper data:

Graphic 7 Programming Cycle Monitoring – Basic Objects & Processes



This is a more differentiated presentation of the elements that have to be registered and documented by the monitoring. These "steps of implementation" are oriented to the registration and classification of actors and their activities /interaction. It is based on the documentation of the figures planned and implemented and on the related intermediate /final results.

4 PROGRAMME MANAGEMENT AND IMPLEMENTATION: FUNCTIONS AND DIVISION OF LABOUR

The general structure of management and implementation of structural funds with regard to the content of activities and to related financial data is assigned to the following functions:

- Managing Authority (MA on CSF level and on OP-level),
- Intermediate Bodies (IB),
- Monitoring Committee (MC)
- Final Beneficiaries (FB)
- Final Recipients (FR)
- Target Recipients (TR)

Amongst these functions, the **Managing Authority** (MA) holds the overall responsibility to implement the programmes, to monitor and verify²⁹ the implementation and to report on it. Starting from the programme cycle the tasks and functions of the MA can be summed up as taking care for³⁰ :

- Information and publicity
- Receipt and processing of applications
- Selection of projects for funding
- Grant approval letters
- Selection of contractors
- Payments to beneficiaries (i.e. Final Beneficiaries and Final Recipients)
- Verification of implementation (routine documentary and physical checks)

Any of these tasks and functions may be delegated to IB- respectively FB-level but the overall responsibility remains at the MA nevertheless.

An **Intermediate Body** (IB) is a private or public organisation to which a MA or a PA partially or fully delegates its function(s) in the relation to the Final Beneficiaries. IB work correspondingly under the responsibility of the delegating MA resp. PA.

With regard to the controlling (i.e. the steering in a strategical/political meaning) a Steering- or **Monitoring Committee** (MC) is foreseen (c.f. Art. 35 of EC Reg. 1260/1999). The MA has a central role in the preparation and organisation of the work of the MC. Here relevant stakeholders are to be integrated, thus fulfilling one of the basic principles of Structural Funds Policies: The Principle of Partnership (c.f. Art. 8 of 1260/1999), an aspect of the so-called "Open Method of Coordination".

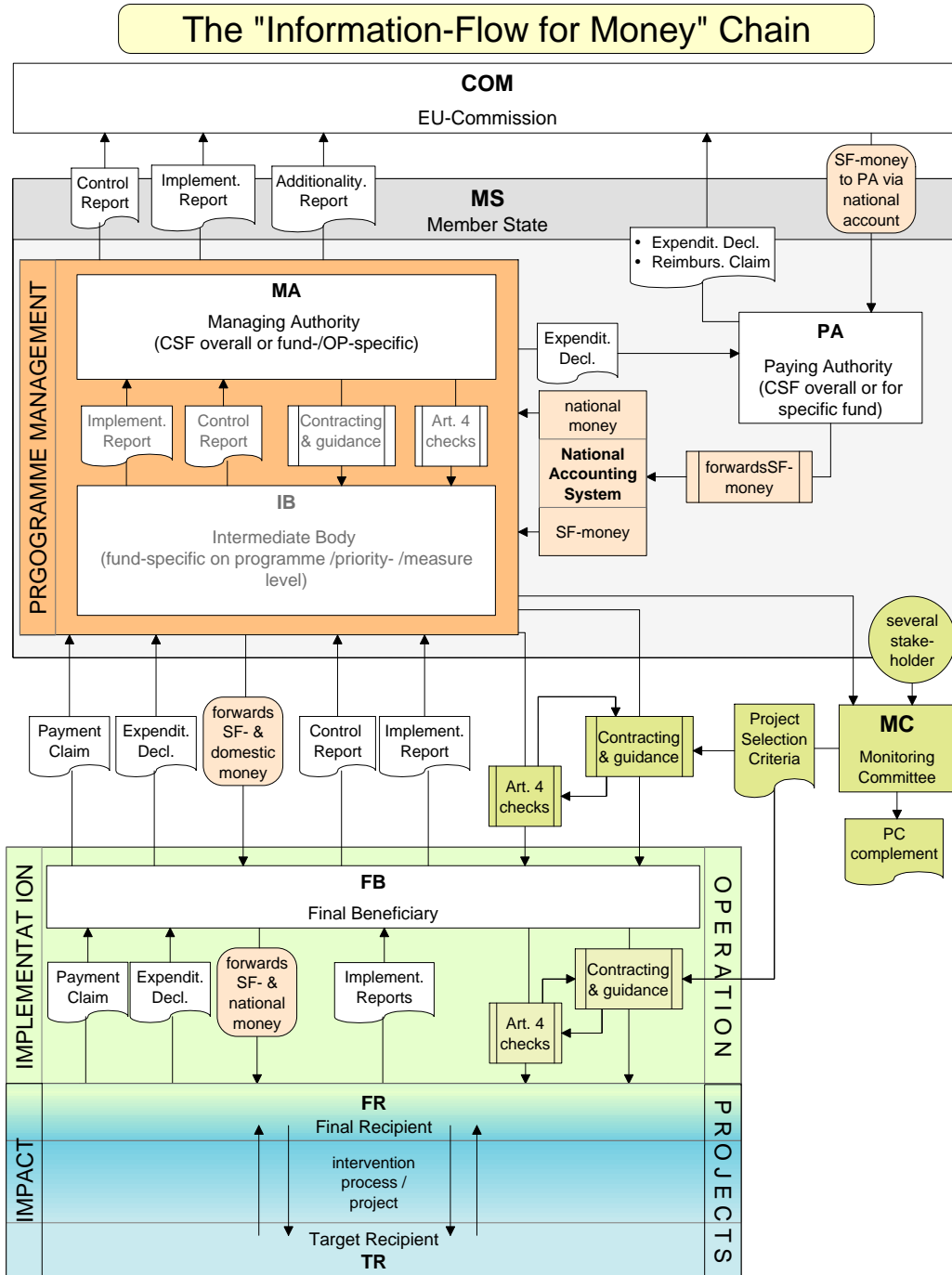
The **Final Beneficiary** is the function of commissioning operations with regard to Final Recipients (c.f. Reg (EC) No. 1260/1999, Art.9 (l)). Final Beneficiaries (private or public) should be nominated in the PC and be assigned at the level of measures. Several FB are possible

²⁹ By routine documentary and physical checks.

³⁰ C.f. EC, SF Directorate Generals, Review of Description of Management and Control systems Required under Article 5 of Regulation 438/2001 in Accession Countries, Brussels, 16.12.03

for each measure with a description of the operations or sub-measures that they are implementing.³¹

Graphic 8 Structural funds implementation: Functional division of labour



31

Sometimes – a bit misleading – it is referred to as ‘final beneficiaries representing the last public institution responsible for means-transfer to private institutions’ – instead of ‘last institution responsible for public-means’ transfer to Final Recipient’.

A **Final Recipient** (FR) is the person or organisation (private or public) that applies for the money from an operation commissioned by the FB on the base of an implementation instrument.

A **Target Recipient** (TR – sometimes called “Ultimate Beneficiary”) is the person or organisation³² that shall have the real benefit, be that as a directly targeted participant or an indirectly targeted addressee (intended to be positively affected).

In this chain of linked functions the monitoring process has to be organised under the overall responsibility of the MA. With regard to Article 4 (verification of expenditure and service delivered by documentary and on-spot-ckecks) the FB is the 1st level, IB the 2nd level and MA the 3rd level of check.

The interceding function with regard to the financial management between Commission and member state has the **Paying Authority** (PA) and partially the **Independent Winding-Up Body** and for audit & control purpose the function of an **Independent Body** (IndB) is assigned to one or several bodies.

It is very important to understand, that these functions not necessarily have to be assigned to different organisations. But they have to be kept separate and independent to avoid conflicts of interest and fraud.

MA / IB, PA represent the level of Programme Management, FB and FR the level of implementation and TR the level of impact. Overlapping /identity is possible and not even exceptional on the implementation and impact-level, respectively on the operation and project level, in such a way that FB can be FR and/or FR can be TR (and by logical conclusion: FB can be TR). Even the MA can be FB – what is given with the use of Technical Assistance means by the MA.

³² Strictly spoken a 3rd type of addressee is to be mentioned here too: “Systems”. But this type is more virtual and not so seizable by character.

5 "HUMAN RESOURCES" AS BASIC FACTOR

5.1 Introductory Remark

Monitoring is a task that demands for continuity and for skilled personnel. It is very urgent to plan for this task not with a too short-term perspective. As it is neither a mere conceptual nor a mere technical task the protagonists need a broad set of qualifications that usually is rarely to be found in one person. It is recommended to entrust on all levels of the information chain two persons in charge of monitoring and reporting issues: One with a more technical background and the other more familiar to the content side of the problems to be monitored. Both with the necessary analytical capacities and preferences, and expected to be open to the specific view of the other side, thus to buildt a working team.

The volume of capacity will not be necessarily the same on all levels of the information-chain. But it should not be dimensioned too small – especially not in the beginning, i.e. in the first two years at least – until routines have been installed properly. The structural funds Technical Assistance provides with means for that.

As monitoring is a task involving different institutions with partially hierarchical relationships, the persons in charge also need some diplomatic skills! This process can't be executed top-down, based on hierarchies and contracts. It is a co-operative process and the outcome and result is a common one! A too rigid approach rather results in rubbish data, even if – maybe – those will be delivered quite punctual.

Nevertheless it is necessary that the persons in charge have a proper ranking of their own in the administrative hierarchy either or are explicitly backed-up by their seniors!

5.2 Proposal: Personnel Needed in the Managing Authority regarding to ESF-monitoring and -controlling

Regarding to the personnel of the ESF-controlling, several decisions have to be taken:

1. What will be the tasks of ESF-monitoring/controlling?
2. What will be the partners in the implementation of ESF-monitoring/controlling?
3. Which unit will be responsible for which tasks?
4. What personnel will be needed at the different stages of the monitoring and controlling process?

5.2.1 Tasks of ESF-monitoring /controlling /evaluation

In the context of the ESF-monitoring/controlling/evaluation the following tasks have to be fulfilled:

1. Analysis of the programme regarding to the requirements for monitoring and controlling
2. Definition of the information needed for monitoring and controlling ESF at the level of each funding instrument
3. Definition of the requirements for the IT-systems needed for data collection, data quality assurance, data storage, and analysis
4. Coordination and supervision of the implementation of the ESF-IT-system
5. Clarification of the requirements regarding data protection laws (proceedings, content, IT-systems)

6. Definition of the proceedings for data collection at the level of each funding instrument
7. Development of survey material, e.g. questionnaires, information on ESF-monitoring for subordinate authorities, contractors etc.
8. Responsibility for data collection
9. Supervision of data collection
10. Organisation of data collection; data appraisal and data entry
11. Definition of the required data analyses (EC)
12. Data analysis
13. Checking the results of data analyses
14. Assurance of data quality: definition of proofs, information regarding to data collection and data quality
15. Working up of stated implausibilities (depending on the level, the implausibility is located)
16. Production of the annual reports for the European Commission
17. Financial planning on the basis of the financial implementation data
18. Preparation and coordination of the obligatory evaluations
19. *Conceptualization of an internal controlling-system*
20. *Production of the internal controlling-reports*
21. *Definition and instruction of specific data-analyses which could support the improvement of funding instruments*
22. *Information and support for the colleagues, who are in charge for the several funding instruments*

Regarding to the points 19-22 it has to be decided, how far the ministry has an own interest in the analysis and preparation of its data on labour market politics. These tasks are not part of the activities for the ESF-controlling required by the EC. Nevertheless, the information, which can be received from standard reporting is very limited regarding to the steering of a programme and the design of funding instruments. Therefore – the efforts for the whole ESF-monitoring already been given – it is strongly recommended to take some personnel into consideration, which really uses the available data to produce additional information.

5.2.2 Partners in the implementation of ESF-monitoring/controlling/evaluation

Besides the Managing Authority, a lot of partners can and have to be involved at least into the monitoring process:

- a) The NAE and its subordinated authorities and the MoE including the subordinate authorities which still have to be specified.
- b) The contractors, who will have to deliver the first-hand information about funded projects.
- c) Potentially other units of the MoLSSF. This may be taken into consideration for very general tasks which need at the same time highly specialised personnel like the IT-service.
- d) Potentially external service providers. These are the best choice for temporarily clearly limited tasks, which cannot be solved by the personnel of the public administration either because of lacking resources of time or lacking qualification of the personnel available. This is often the case for tasks regarding software-

programming and regarding to evaluations (the demanded ESF-evaluations have to be carried out by external enterprises anyway).

In some German Länder, even the monitoring and controlling has been widely outsourced. It seems that this solution has a hindering effect on the development of the controlling: The separation of programme management and monitoring/controlling-tasks reduces the information flow towards both sides. An agent for the controlling missing inside the management structure, the idea of controlling can not be transmitted and inputs from the controlling into the programming and management stay on a low level.

Besides this, regarding Romania this strategy would be problematic, because appropriate external service providers with the necessary qualifications for ESF-monitoring /controlling and -evaluation cannot be identified yet.

Therefore it is strongly recommended that the MoLSSF builds up the necessary capacities itself – either in the ministry or in the subordinate authorities. This will have the positive effect that personnel costs will be lower, the information flow will be part of the internal structure, and the availability of the needed competences will be stabilised.

5.2.3 Responsible units

Table 9 Proposal for the distribution of responsibilities between the involved authorities

| Task | MA | NAE, national | NAE, regional | NAE, county /local |
|--|---|--|-----------------------|--|
| 1. Analysis of the programme regarding to the requirements for monitoring and controlling | head of controlling-monitoring-specialist | | | |
| 2. Definition of the information needed for ESF-monitoring and controlling at the level of each funding instrument | head of controlling scientist monitoring-specialist | | | |
| 3. Definition of the requirements for the IT-systems needed for data collection, data quality assurance, data storage and analysis | IT-specialist scientist | colleagues with special knowledge on data bases / IT-specialists | | |
| 4. Coordination and supervision of the implementation of the ESF-IT-system | IT-specialist | IT-specialists | | |
| 5. Clarification of the requirements regarding data protection laws (proceedings, content, IT-systems) | head of the controlling: content and procedures IT-specialist: IT-system | cooperation: procedures and IT | | |
| 6. Definition of the proceedings for data collection at the level of each funding instrument | scientist IT-specialist monitoring specialist | Cooperation | | |
| 7. Development of survey material | scientist monitoring-specialist | | | |
| 8. Responsibility for data collection (only NAE-data) | cooperation: monitoring-specialist | responsible colleague | | |
| 9. Supervision of data collection (only NAE-data) | | | responsible colleague | |
| 10. Organisation of data collection; data appraisal and data entry (NAE-data) | | | | Responsible colleague / colleagues in charge |

| Task | MA | NAE, national | NAE, regional | NAE, county /local |
|--|--|----------------------|-----------------------|-----------------------|
| 11. Definition of the required data analyses (EC) | head of the controlling scientist monitoring specialist | | | |
| 12. Data analysis (depending on the level and required skill of the analysis) and putting in charge of specialised units for data analyses | Scientist data analysts | data analysts | data analyst | (data analyst) |
| 13. Checking of the received results | whole team | colleagues in charge | responsible colleague | responsible colleague |
| 14. Assurance of data quality: definition of proofs, information about ESF-Monitoring | Scientist IT-specialist monitoring-specialist | colleagues in charge | responsible colleague | |
| 15. working up of stated implausibilities (depending on the level, the implausibility is located) | IT-specialist monitoring-specialist | colleagues in charge | colleague in charge | colleague in charge |
| 16. Production of the annual reports for the European Commission | head of the controlling scientist monitoring-specialist | | | |
| 17. Financial planning on the basis of the financial implementation information | head of the controlling data analysts | | | |
| 18. Preparation and coordination of the obligatory evaluations | scientist | | | |
| 19. Conceptualisation of an internal controlling-system | head of the controlling scientist | cooperation | | |
| 20. Production of the internal controlling-reports | head of the controlling scientist monitoring-specialist | | | |
| 21. Definition and instruction of specific data-analyses which could support the improvement of funding instruments | head of the controlling scientist | | | |
| 22. Information and support for the colleagues, who are in charge for the several funding instruments | head of the controlling scientist monitoring colleague | | | |

5.2.4 Personnel needed and job descriptions

For the fulfilment of the tasks listed in the table above, it is recommended, to install 6 positions in the Managing Authority. In the following the job descriptions and the adequate qualification levels for the different positions are indicated.

5.2.4.1 Head of the controlling unit

a) Tasks

- ⇒ management of the ESF-controlling
- ⇒ coordination of the cooperation with ESF-programming and with the budget unit regarding to ESF financial planning
- ⇒ conceptualisation of the ESF-monitoring and controlling-system and supervision of its implementation
- ⇒ responsibility for the financial controlling and planning of the ESF-programme
- ⇒ coordination of, taking part in the production and final editing of the annual implementation reports to the EC

- ⇒ definition of the required data analyses and checking of the results
 - ⇒ coordination of the production of internal controlling reports and final editing
 - ⇒ clarification of the requirements regarding data protection laws
 - ⇒ guidance for the subordinate authorities regarding to the implementation of the ESF-monitoring
- b) Qualification (Pos. 1)
- ⇒ economist / social scientist (university degree with at least 4 years of study)
 - ⇒ methodical and statistical skills, preferably experiences in the management of empirical studies
 - ⇒ organisational and social skills for the management of the controlling, preferably experiences in administration
 - ⇒ familiarity with structural funds, preferably monitoring and controlling
 - ⇒ reliable writing skills for the editing of the diverse reports
 - ⇒ initiative and professional competence regarding to the further development of ESF-controlling in general

5.2.4.2 Economist / social scientist

- a) Tasks
- ⇒ responsibility for, coordination and instruction of data analyses especially to support the ESF-reporting
 - ⇒ conceptualisation of the ESF-monitoring and –controlling-system
 - ⇒ taking part in the development of the IT-concept for ESF-monitoring
 - ⇒ taking part in the production of diverse reports
 - ⇒ development of survey-instruments for and information on ESF-monitoring
 - ⇒ checking of the results of data analyses
 - ⇒ conceptualisation of a system for the assurance of data quality
 - ⇒ carrying-out of advanced statistical analyses
 - ⇒ preparation of the obligatory ESF-evaluations, coordination of the cooperation with the evaluators in charge
 - ⇒ development and instruction of studies with regard to the improvement of funding instruments
 - ⇒ coordination of the cooperation with the units in charge for the management of the funding instruments
- b) Qualification (Pos. 2)
- ⇒ university degree with at least 4 years of study
 - ⇒ methodical and statistical skills, preferably experiences in research or in controlling
 - ⇒ organisational and social skills for the management of data analysis
 - ⇒ familiarity with structural funds preferred, especially with monitoring and evaluation
 - ⇒ reliable writing skills for the production and editing of the diverse reports
 - ⇒ initiative and professional competence regarding to the further development of the monitoring and controlling and to the evaluation of labour market politics

5.2.4.3 Specialist for IT-Implementation

- a) Tasks

- ⇒ development of the IT-concept for ESF-monitoring on the bases of the defined ESF-monitoring data set
 - ⇒ taking part in the development of procedures for data collection
 - ⇒ assistance in the ESF financial controlling and planning
 - ⇒ assistance in the cooperation with the budget unit
 - ⇒ clarification of the IT-requirements regarding data protection laws
 - ⇒ carrying out of data analyses, delegation of data analyses and check of analyses results
 - ⇒ working on data implausibilities and guidance for the subordinate authorities regarding to the working up of stated implausibilities
 - ⇒ taking part in the conceptualisation of a system for the assurance of data quality
- b) Qualification (Pos. 3)
- ⇒ university degree with at least 2 years of studies / BA
 - ⇒ advanced IT-skills and working experience in the implementation of IT-systems
 - ⇒ social and didactical skills for the arrangement of the communication between administration and IT-programmers
 - ⇒ statistical skills regarding to data analysis and the checking of data plausibility
 - ⇒ organisational understanding regarding to the conceptualisation of data flows, preferably experiences in administration
 - ⇒ initiative and professional competence for the improvement of the ESF-IT-systems

5.2.4.4 Specialist for ESF-monitoring

- a) Tasks
- ⇒ taking part in the conceptualisation of procedures for data collection
 - ⇒ assistance in the cooperation with ESF-programming
 - ⇒ production of survey-instruments for and information on ESF-monitoring
 - ⇒ cooperation with the NAE and the MoE regarding to the implementation of the data collection
 - ⇒ taking part in the production of the annual implementation reports
 - ⇒ taking part in the definition of data analyses
 - ⇒ delegation of data analyses and check of analyses results
 - ⇒ working on data implausibilities and guidance for the subordinate authorities regarding to the working up of stated implausibilities
 - ⇒ taking part in the conceptualisation of a system for the assurance of data quality
- b) Qualification (Pos. 4)
- ⇒ economist / social studies degree (at least 2 years of studies / BA)
 - ⇒ methodical skills regarding to the design of questionnaires (ESF-reporting, cooperation with external experts)
 - ⇒ statistical sensibility, i.e. capability in the checking and interpretation of the results of data analyses (especially with regard to labour market politics and ESF)

- ⇒ organisational understanding regarding to the conceptualisation of data flows, preferably experiences in administration
- ⇒ social skills for the cooperation with the units in charge for the funding instruments and subordinate authorities
- ⇒ reliable writing skills for the cooperation in the production of diverse reports
- ⇒ initiative and professional competence for cooperation in the further development of the ESF-monitoring and the design of data analyses

5.2.4.5 Specialists / Assistants for data analysis

a) Tasks

- ⇒ carrying out of data analyses for
 - ESF implementation reports
 - controlling reports
 - plausibility checks
 - ad hoc inquiries of diverse units and institutions
 - studies regarding the implementation and improvement of funding instruments
- ⇒ preparation of data for further analyses
- ⇒ check of analyses results

b) Qualification Specialists (Pos. 5)

- ⇒ university degree with at least 2 years of studies / BA
- ⇒ statistical skills regarding to data analysis and the checking of data plausibility
- ⇒ familiarity with Spreadsheets (e.g. Excel), analysis tools (e.g. Business Objects, SQL) and statistical software (e.g. SPSS, SAS), preferably working experience
- ⇒ capability to get acquainted with the labour market issues behind the analysed data

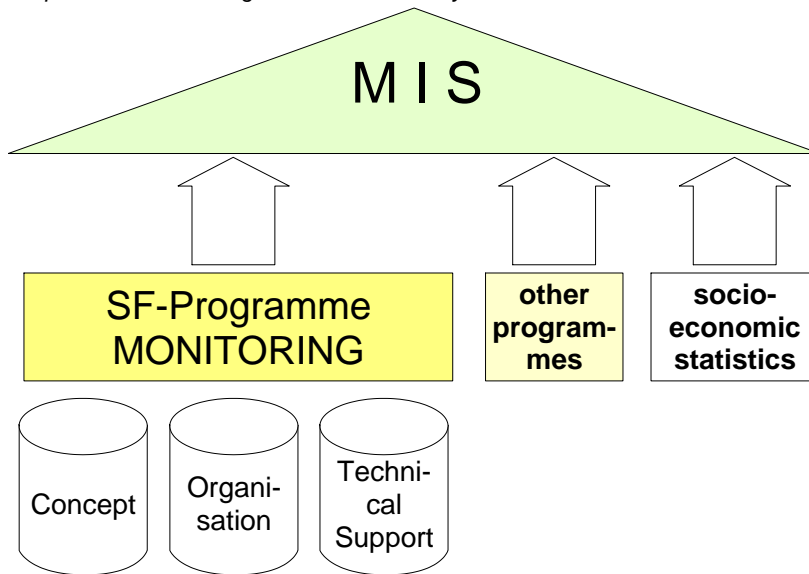
c) Qualification Assistant (Pos. 6)

- ⇒ sub-academic professional education
- ⇒ familiarity with Spreadsheets (e.g. Excel), analysis tools (e.g. Business Objects, SQL), preferably working experience
- ⇒ mathematical skills regarding to data plausibility checks
- ⇒ capability to get acquainted with the labour market issues behind the analysed data

6 TECHNICAL SUPPORT STRUCTURE

A monitoring system is not identical to an IT-based Management Information system (MIS)! You can run your complete monitoring only based on paper-work – by principle. Of course this will be a hard restriction, but there have been times without any computers and nevertheless big enterprises have been flourishing, using controlling based on a detailed accounting system. And a programme monitoring is not so different from a detailed accounting system (that itself is more than a mere financial bookkeeping).

Graphic 9 Management information system and structural funds monitoring



Although monitoring is thus not necessarily based on computerised systems and the core of monitoring is organisational work, this work can be alleviated and strengthened a lot, taking the advantages offered by modern computers and software.

This section doesn't deal too much with the technique-side (hard- & software) of this technical support infrastructure but with the conceptual aspects that should be taken into consideration and be respected when designing the necessary data-base(d) concept.

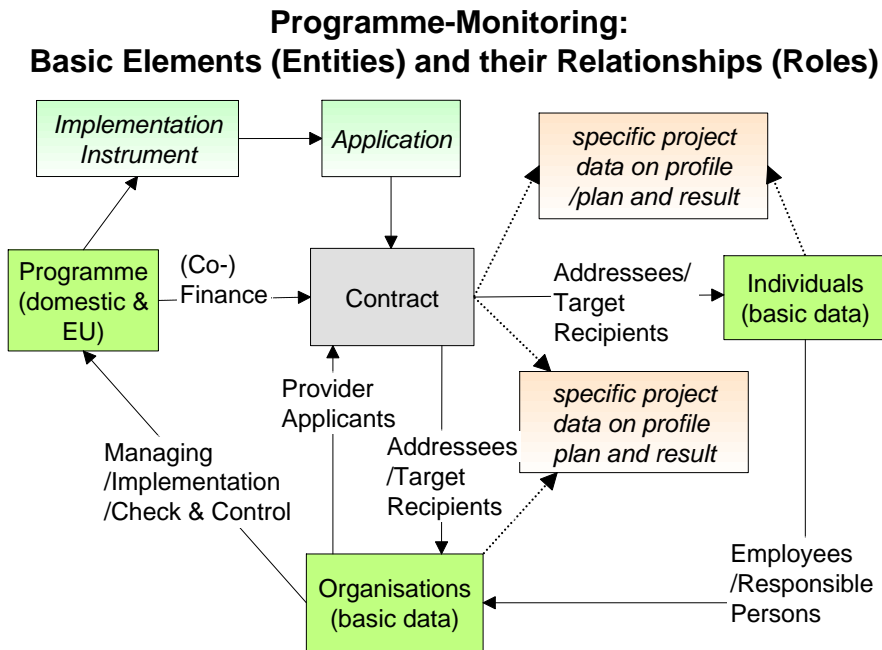
As a general principle, with respect to the completeness of information and the flexibility of analysis, micro-data should be preferred compared to data aggregated along hierarchies or cumulated over time. This preference doesn't imply that all detail data have to be stored in one central application, but that all detail data should be stored in a distinctive and specified place in the whole system or network of information-gathering and -documentation in such a

way that it is unambiguously retraceable to its source.³³ This corresponds to the principle that the monitoring has to support or maintain the audit trail.³⁴

6.1 Contract-centered monitoring

The monitoring is centred around contracts. This is the general proposition for a guaranteed tracking to each EURO spent at the Final Recipient level – thus the audit trail is easy to be maintained.³⁵

Graphic 10 Basic elements and their relationship



The contract is the intersection where programmes, organisations and persons meet; organisations and persons in different roles. The monitoring is conceptualised to document the relevant basic- and specific detail-properties of these entities (e.g. dates of begin and end, amounts of money per time-period, enterprise size, names, file-no., planned values, outcomes etc.) as well as to cope with their tasks and relationships.

³³

“Member states are not required to have a central database containing all the information referred to in the Annex, but they must be able to collect and send to the Commission quickly the data required”. (S.12) C.f. N.N., Note to the members of the Committee for the Development and Conversion of Regions, the Committee pursuant to Article 147 of the Treaty, the Committee on Agricultural Structures and Rural Development, and the Committee on Structures for Fisheries and Aquaculture, RE: Application of Annex IV of Regulation (EC) No 438/2001, Annex, 10.12.2001

³⁴

C.f. Annex I of Regulation (EC) No 438/2001

³⁵

By principle of course – the detail belongs to the reliability of the documentation- and data-gathering-processes themselves, that are subject to check and control of the system as a whole – c.f. EC 438/2001

6.2 Projects and virtual projects

Considering different programmes of active human resource development policies it becomes quite clear that a wide range of different types of activities, with very different restrictions and options, can be implemented, although the formal contract structures might only show small differences - related to the content of the activities - if any at all. That is why **projects** are defined on or better said: Related to the contracts. Projects represent the physical side of the activities and contain all information related to content and output/result. Target recipient /addressees informations are related to the projects as well. What is defined on the programme-level as standardised information about eligible activity related to target recipients should be available at the project-level again for verification /confirmation. Physical indicators of capacity, indicators of achievement and success defined at the programme-side have to be checked against the project results. Thus the project is the base unit for all reporting on physical indicators.

6.2.1 Excursion: Projects are not part of the programme-hierarchy

There is another issue to be aware of: The use of the term 'project' and the relation between 'projects' and 'programmes'! The cascading-model (c.f. Graphic 2) seems to be talking us into thinking '*projects are just an element of the programme hierarchy*'.

Indeed, 'projects' mark the last step or most detailed level of the feedback-cascade and considering the data gathering they are a starting point. Thus it seems to be so obvious to treat the 'project' as part of the programme-hierarchy, and under certain aspects it is a suitable simplification. But despite the seemingly logic conclusion this is a misleading perspective! Especially with regard to the design of the technical systems, which will support the monitoring such a perspective can lead into a trap or dead-end street!

First of all there is a source of confusion with the definition of the term 'project', respectively with its varying use, that has to be taken into consideration:

- Under PHARE a 'project' is an element of the programming structure, with a budget usable to implement applications and contracts for purposes specified in the project. So it is something to be compared with a 'measure' or 'operation' under STRUCTURAL FUNDS.
- Under STRUCTURAL FUNDS the term 'project' is not an element of the programme, defined by the regulations, like e.g. SPD, OP, Measure and Operation.³⁶

Secondly, projects may be subdivided into sub-projects in a way different from the relation between programmes and their sub-structures, that is constituted by parent-child relations only:

- Sub-Projects may be similar or different activities, running - with regard to participants - independent from each other.³⁷ But sub-projects may also be
- Modules to be run through in a subsequent order, e.g. by an individual, as necessary steps to reach the overall goal of her or his participation.

³⁶

Apart from the so-called 'big projects', that have to be treated in a special way, described by 1260/1999, but these are more relevant for ERDF and COHESION FUND.

³⁷

In this case there would be no structural difference to the hierarchical relation of programmes and sub-programmes.

This type of enhancement of projects by modules is actually more than a simple further sub-division in the order of parent-child-dependencies! It implies an enhancement of the hierarchical logic instead, in so far as it means that logical siblings (e.g. sub-projects) are not only linked by their parents (i.e. projects) but have to be linked as forerunners and followers. This additional dimension transforms hierarchy into a procedural sequence.

The third reason why to keep projects apart from the programme structure is that it is under a specific responsibility, based on a corresponding contract.

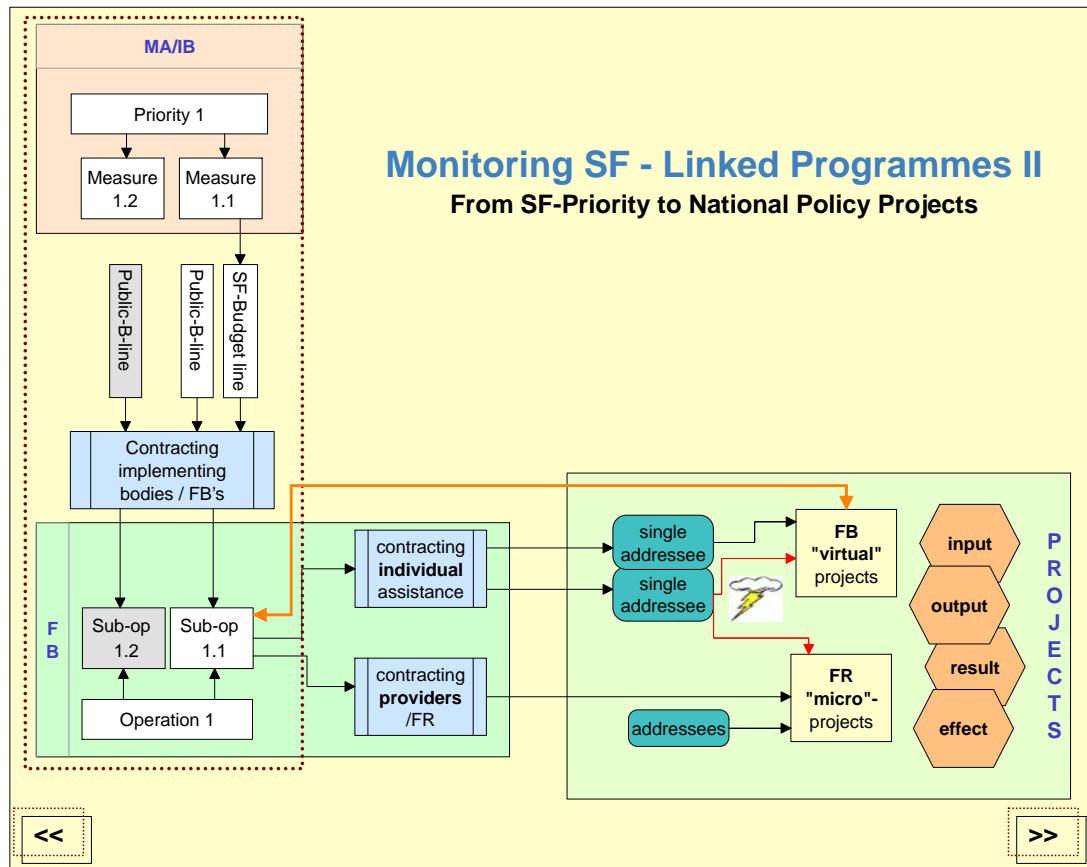
And the fourth reason is to keep the number of programme levels open and flexible. That alleviates a project-related reporting about programme-structures, based on a starting-point, taken from outside of the programme-structure itself. This starting-point is given by contracts with Final Recipients and corresponding (micro-)projects.

These are the main reasons why we recommend not to interpret projects as a simple additional level of programmes. What we define here explicitly as 'Project', i.e. the implementation of contracts with Final Recipients (!!), should be assigned to the most detailed level of programmes but not be regarded as a sub-element of a programme.

6.2.2 Virtual projects

Projects are the basic entity to start the reporting on non-financial indicators. They are usually related to one contract and vice versa, i.e. micro-projects, run by "real" project providers. But considering individual grants, based on a scheme for single addressees and with no complex micro-project-description linked, it obviously makes no sense to assign to each individual-promotion contract a single project.

Graphic 11 SF-Priorities and domestic policy projects (c.f. Graphic 5)



In this case the Final Beneficiary can be regarded as a Project Provider, running a complex project that is identical with the scheme programme – a so called “virtual project”. The contracts with single addressees (Final Recipients) are related to the project via the individual participation of the addressees, and so in this special case a (virtual) project may be linked to many single contracts

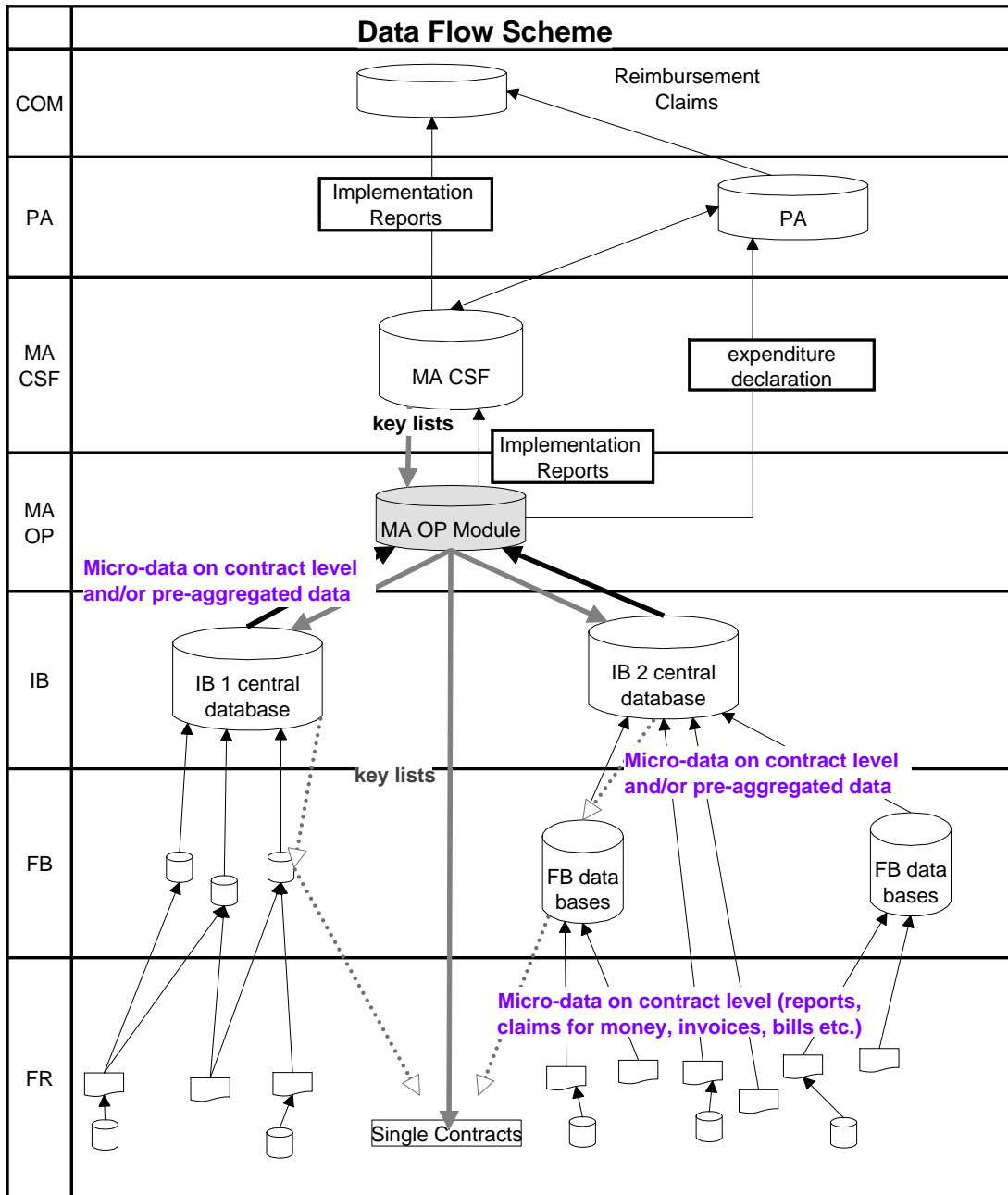
Thus the project – be that a micro-project or a virtual one – stays the base for the upward-reporting to the MA, respectively to the EC. In so far as addressees assigned to a virtual project are in the same time participants of a micro project, you have to be aware of the risk of double-counting participants and to take care for provisions on that mistake. This could be done by e.g. a unique identifier for all individuals participating or by a flag-item in the micro-projects basic data, indicating whether or not all participants respectively a part of them are assigned by the NAE, on the base of an additional individual scheme.

Information about the immediate results and effects will be assigned to the individual's respectively to the organisation's participation information. They can be aggregated for reporting purposes and assigned to projects and contracts as well (higher aggregations grouped by programmes, providers or regions are possible likewise).

6.3 Information Flow

The data-flow is organised bottom up, static key lists, restrictions and consistency rules have to be provided top-down to ensure data compatibility.

Graphic 1 Information flow



For the ESF-monitoring the basic element is the single contract with Final Recipients. Commitments and payments related to that, real costs and finance in a standard form and standardised information on the project side, i.e. data about target recipients (i.e. persons as well

as organisations or as even something abstract like "systems") and their specific benefits and results have to be provided.

6.4 Basic Principle: As Much Data as Needed – as Few Data as Possible

The financial monitoring doesn't lead to conceptual problems – it is more or less bookkeeping and accounting and as such related to long standing routines. With financial monitoring the problems are more related to technical and /or organisational details, but usually it is the best developed part of existing monitoring systems.³⁸

But physical monitoring is something quite of common sense, too! The basic questions are:

- How can you describe the problems to be faced in such a way that you can decide whether they are really tackled by the programmes/operations or projects?
- What are the instruments used and how can you describe /categorise them and quantify their use?
- What are your criteria for success related to the instruments?
- How can you make sure that results are comparable to give a basis for allocation decisions?

Seemingly simple questions that have to be answered – but questions demanding detail knowledge and proper preparation, starting with the programming of the concrete activities. This preparation is the **operationalisation of a programme**. Based on an adequate operationalisation the decision on information needs and on data requests is not so complicated. But if you can't make a proper operationalisation you should re-think your programmatic approach and re-design it.

The European Commission prefers the so called **Project Cycle Management (PCM)** method with its set of "tools" – especially the log-frame methodology – for this process of planning and conceptualisation.³⁹

Doing your operationalisation you should take into regard, that the raise of monitoring data produces costs at least twice⁴⁰, namely:

1. At the collection process and
2. At the interpretation process

The quality of a monitoring system depends more on the quality than on quantity of data and their sophistication! So don't try to collect more than necessary – but not less of course, too!

What "necessary" is, depends essentially on three aspects:

- On the formal requirements first,

³⁸ What doesn't mean that there won't be problems!

³⁹ The current version dates from February 2004 – c.f. **EuropeAID - Guidelines on Aid Delivery Methods - Volume 1: Project Cycle Management**. Although called Project Cycle Management it is not at all restricted to micro-projects of course but targeted to programming as well. From the operationalisation's task point of view there is no difference between project and programme! It is just a matter of aggregation /disaggregation.

⁴⁰ To make the list complete, you should add:

- preparatory costs - data definitions, development of instruments for the collection process itself (e.g. forms, templates, technical tools), training of all bodies/persons involved
- publication costs: reporting etc.

- Secondly on the programmatic objectives & strategies and
- Thirdly on the corresponding (labour market- /human resource development-) policy instruments that you can use for implementation.

So with regard to objectives & instruments you should be aware of **your real steering capacity!** You shouldn't collect data on "repertoire" or "stock". There are many "nice to haves", but can you really use these data for the implementation process, respectively for future planning? Notice that "garbage-in" provokes "garbage-out" in results and that the quality of data can become reciprocal to its volume and/or detailedness.

6.5 Informational Structures – or Why Good Monitoring is R A R E

Besides the obligatory reports with a pre-defined structure – like the annual reports to the European Commission – monitoring/controlling is always confronted with only semi-standardised reporting to the administrative and political stakeholders and – last but not least – to the general public auditory. Thus reporting requests are nothing that is fixed for the whole implementation period. This raises the need of a data-structure and data-items that allow for as much flexibility as possible, so that the reporting could be done flexible as well. Anyway experience has shown that demands on Structural Funds monitoring have been changing – and mostly – increasing since the very beginning of the programme based decentralized approach, i.e. since the end of the eighties of 'last millenium'.

Implementation data should be collected according to following criteria. They should be⁴¹

- **Relevant:** Only data that are necessary and can be used for steering, based on the operationalisation and/or that are necessary for obligatory reporting.
- **Available:** The gathering should be possible within existing systems or at least – if additional – should be simple to be gathered. Availability is also relevant with regard to corresponding baseline data, that are the background for the interpretation of implementation figures.
- **Reliable:** Standardisation of data where ever possible is the basis for reliability. This implies the use of key-lists, where appropriate, and of plausibility checks, based on logical and business rules. A common understanding of classifying categories (like target groups definitions) is absolutely essential. Besides this it means too, that skilled people have to be available on all levels of the information flow. For this purpose on-going trainings as well as regular exchange of experience are a necessary element in monitoring processes.
- **Elementary:** There should be no aggregation at the data-entry (e.g. running sums-/cumulation on payment) or recalculation of data (like birthday and entry date to age-group). A proper historicisation of data alleviates any reporting and helps to detect

⁴¹

The quality of data has several dimensions:

- **Data Definition:** e.g. clear, precise, complete and unique definitions; complete and correct rules; consistent naming conventions;
- **Data Content:** correctness, completeness, uniqueness, exactness, consistency and being up-to-date;
- **Data Presentation:** accessibility, comprehensibility, usability and availability in-time

c.f. Larry P.English, Improving DataWarehouse and Business Information Quality, New York etc. 1999:

inconsistency in the data and to track the underlying mistakes. In general data should be entered at the “source” to avoid double entries.⁴²

6.6 Quality-Assurance of the Data

ESF-Monitoring and controlling require a lot of detailed informations which can't be easily retrieved. These informations have to be gathered (and partially encoded) on different points of the information-flow-chain, a complex collection process that has non-trivial prerequisites to be fulfilled.

6.6.1 Prerequisites for a successful data-collection- and -analysis-process

1. There has to be someone, called “the Informant”, and obliged to collect the data. This one has to be able to do so by principle (competence and capacity given) and has to be aware of that obligation.

Further, this ‘informant’ (and the person he delegates the gathering task eventually) has:

2. to understand, which information is required,
3. to know the adequate answer and
4. to understand, how the information has to be codified for the answer (e.g. by selecting a key-list-item). Last but not least, the informant has,
5. to be willing, to deliver the information (completeness of data).
6. In case, the informant doesn't do the codification himself, the data entering person /institution has to know, how the information has to be codified for the data entry.
7. The data entry has to be performed technically correct (typing errors).
8. For data analyses it has to be assured a high transparency, which data are to be retrieved from which locations in the database.

Each of the forementioned preassumptions may be given not or only insufficiently:

- ad 1) Responsibilities might be unclear or there may be a conflict between different responsibilities, so that the data collection isn't carried out at all. There may be a lack of knowledge about which information has to be collected from which informants, so that the required data are not collected completely or with insufficient codifications
- ad 2) The informant might interpret questions in a false way or might not understand questions at all. Outcome: No answer given at all or the answer given is false.
- ad 3) The inability of informants to answer mostly is a problem which can be solved by the survey /interface design (c.f. 6.6.4.1 below). There stays some risk however that informants try to hide their lack of knowledge by giving just any answer arbitrarily.
- ad 4) The informant understands, which information is required, but he/she doesn't correctly understand the answers offered from a key list or these don't fit to the answer, he/she would like to give. Thus he/she might not answer or the answer probably is false.

⁴²

Double entries produce a type of critical redundancy as different entries of the same data leave the open question which one is correct. But under certain conditions another kind of redundancy can be usefull, e.g. the transmission of micro-data and additional aggregated data that can be used as check-sums for plausibility checks. In this sense redundancy can increase security – like the four eye principal.

- ad 5) The informant might be reluctant to deliver any information or he may betray in the delivery of information.
- ad 6) Sometimes it is too difficult for informants to assign their answer to an offered category. In this case, the codification of the answer should be in the responsibility of a competent agent, e.g. an employee of a final beneficiary. But even this person might have similar problems to assign the proper answers.
- ad 7) As a matter of fact data-typing- and data-capture errors occur.
- ad 8) With increasing complexity of a database, data analysis requests so much the better knowledge of the structure of the data, to be carried out properly. Especially regarding to personnel fluctuation the risk of false data analysis increases.

Even by a permanent double-check the likelihood of data errors could only be diminished, as a double-check itself does not guarantee 'zero' error. It would take too much time anyway to carry out these double-checks for all data at the entry. For this reason plausibility checks are performed to help to assure data quality by systematically retrieving data anomalies.

The general idea of a plausibility check is to have redundant information in the data, i.e. a variety of different data referring to the same fact and therefore being a base to check their coherence vice versa. Giving an example: Supposed operations, designed for specific target groups, the information about the target groups of a project implies an information about the operation(s), this project could have been assigned to.

To ensure the data-quality is part of the tasks of the Managing Authority. This task can be differentiated into two aspects:

- a) Ensurance of formal and logical correctness of monitoring data → a part of controlling work, and
- b) Check of truth and trustworthiness of monitoring data and data-collection systems → a task for the Financial Control (especially Art. 4 checks) and Audit as far as these data are related to contractual aspects of the grant.

This chapter tackles with the first aspect mainly. The audit & financial control aspect is touched insofar, as financial data – due to their metric quality – have a high 'scale level' (interval scaled) and thus are easy to be used for any calculations and thus for consistency and/or plausibility checks as well.

6.6.2 Topics of plausibility check

Plausibility checks are targeted to the consistency and completeness of data. Consistency has several aspects, that can be summed up under the term 'business rules'. These may be of

- More formal-logic character (e.g. begin- vs. end-dates, sums and their parts), or
- more content-related, including legal restrictions (e.g. programme restricted to region /payments vs. commitments /age at entry /instrument restricted to target group). Implausible data could indicate in this case that some of the data are false (an implausibility) or they could be a hint that the legal regulations haven't been observed (true data, but false practise).

But there is no unambiguous criterion to decide definitively and for all cases whether a restriction is more of the one or of the other type. So examples might be more useful.

6.6.2.1 Types of Implausibilities – Content related examples

Taking into consideration the forementioned points there is a variety of potential implausibilities regarding to the data of (ESF-)monitoring:

1. False assignments of instruments or projects to priorities or operations
Example: Operation 1.3 is foreseen as the only operation, business starters, self-employment and entrepreneurship could be funded in. If there exists a project or a funding instrument for business starters which is not assigned to operation 1.3, either the assignment to the operation is false or the information '*project/instrument for business starters*' is false. If there exists a project /instrument assigned to operation 1.3 which doesn't address (potential) business starters, either the assignment to the operation is false or the information regarding to addressees is false.
2. False assignment of projects to instruments
Example: A project focusing on training for employed persons is assigned to an instrument, oriented towards the qualification of unemployed (operation 2.1). Either the project description or classification is false or the funding decision for this project refers to the wrong instrument.
3. Coherence of instruments and financial data
Example: Some funding instruments have standardised per-capita-costs. For a lot of other instruments reliable estimations of per-capita-costs are possible. Therefore larger deviations from these per-capita-costs in relation to the planning and implementation data may indicate an error in the data.
4. Coherence of instruments and participants data
Examples: Instruments have expectable numbers of participants, e.g. state subsidies to wage costs often are granted regarding to single workers; qualification projects have roundabout 15-20 participants. Larger deviations of the planned and implemented numbers of participants from these estimations may indicate an error in the data.

In the context of an instrument designed for the support of employees there shouldn't be projects funded which have unemployed as participants or other persons than employees.
5. Coherence of commitments and payments
Example: Payments require related commitments, therefore the sum of payments may not be higher than the sum of commitments.
6. Coherence of planning and implementation data
Example: Deviations between plan and implementation do always occur. But larger deviations of the planned and implemented numbers of e.g. participants may indicate an error in the data nevertheless.
7. Coherence of the diverse data relating to one participant
Examples: Age data on participants below 15 or above 65 are unlikely to be true. They may indicate an error in the age data. Low school degrees in relation to high professional degrees or high professional positions most likely indicate that the delivered informations are false. The whereabouts of a participant is given but no exit is stated (exit date or exit status is missing respectively set to 'false').

8. Coherence of different aggregated data
Example: If the total number of participants doesn't equal the sums of participants according to subcategories (gender, age, formation), one of these data has to be false
9. Coherence of aggregated and micro-data
Example: In the case that aggregated data are collected separately from e.g. the individual participants data, the number of the participants indicated by the aggregated data has to be equal to the calculated sum of the individual data. Analogue, the sum of money paid out on an instrument by a Final Beneficiary should be equal to the sum received on all contracts paid from that instruments budget.
10. Coherence of ESF-monitoring data with context and base-line indicators
Example: Given a share of the female unemployed in relation to the total number of unemployed of 41%, a share of female participants in an operation below 20% could either indicate that the implementation of ESF-projects is strongly biased in favour to men or that the data to gender are not collected properly.
Relating to information which implies a stigma (e.g. criteria of social exclusion like 'handicapped persons', 'ethnicity', 'addiction' etc.), participants often avoid to deliver the information at all (or could assign wrongly to a non-stigmatised item). In consequence the data will be biased towards an underestimation of the share of participants with stigmatised criteria.

6.6.3 Handling of exceptions

Consider the following example, making things more complicate:

A micro-project or contract with a Final Recipient has as its starting date the begin of eligibility of assistance as defined in the programme document. From the point of view of formal-logic plausibility this would be of no harm. From the point of a more content related plausibility the question arises automatically: How can this have happened, as the tendering or public call procedure and the related selection and award procedures can not have been done within a single day from the start of eligibility period on?

Different solutions are conceivable:

- The most simple explanation is: Tendering /public call and selection/awarding have been taken in advance of the programme-start and so everything could have been done in due time;
- Another – more tricky but nevertheless not unrealistic – option is: The project really started before the programme, but only with a sub-project (e.g. a preparatory activity), financed exclusively by domestic or national means and with no SF-assistance. The parent project should have a marker or flag, indicating the special status of allowance for an accelerated begin. This flag could be taken into regard with plausibility checks forthcoming.⁴³

⁴³

A third option – just stated for completeness - would be a carry over project from the last programming period. This special case has its own - a bit sophisticated - challenges (where to assign the success of the project – to the old or the new programming period??). But this is not relevant for the next few years in new member states.

In that latter case it may prove to be useful to have the proper propositions taken in the monitoring concept, allowing to handle at one hand side with sub-projects and to treat at the other hand side domestic and SF-programmes as hierarchically independent sources for project-/contract-financing as proposed above (c.f. 3.6 above & 6.2 above). Such provisions let you preserve the projects integrity in a coherent data structure⁴⁴, what increases the realism of your monitoring.

6.6.4 Implementation of plausibility checks

There are two steps in the monitoring process, where plausibility checks are relevant to be performed:

1. At the data-entry
2. At the evaluation of data, i.e. in general in the context of reporting.

6.6.4.1 Data entry

The most efficient way of plausibility checks are routines, that are integrated in the database, checking plausibility automatically at data-entry and indicating existing implausibilities immediately.

Taking into consideration that still there are a lot of open questions regarding to the future ESF-programme and its implementation, there can only be given examples, how the routinised plausibility checks could look like.

1. False assignments of instruments or projects to priorities or operations:
There should be for each funding instrument a clear definition, which operations it could be assigned to. If the chosen operation doesn't match the operations defined as possible, there should be a warning, that hints on this problem.
2. False assignment of projects to instruments:
There should be defined criteria (addressees, objectives, planned number of participants, gender, economical branch, the project focuses on), which allow for plausibility checks. If the project criteria don't fit to the chosen instrument, there should be a comprehensive warning-hint on this problem.
3. Coherence of instruments and financial data:
There should be an estimation for each funding instrument either of the project costs or of the costs-per-participant (standard cost). Further there should be defined a variation range regarded as acceptable. If the costs are out of range, a warning should hint on this problem.
4. Coherence of instruments and participants data:
For each funding instrument or assigned projects there should be an estimation of the average number of participants expected (e.g. according to the standard-cost

⁴⁴

In monitoring systems, that don't allow for this complexity, you have to split up the real project in two seemingly independent projects, instead of keeping them together. This is hindering at the end a complete and coherent view of what has been implemented really. A problem similar to problems raised by strategies that only incorporate eligible cost in the description of the contract/project and leave the uneligible elements apart. This leads amongst other things to a systematic underestimation of economic leverage effects caused by SF-projects and programmes

per capita). A variation-range defined for that number of participants allows to set-up a similar automatic warning hint.

5. Coherence of commitments and payments:
There should be a warning, if payments are higher than commitments.
6. Coherence of planning and implementation data:
There should be a range defined for acceptable deviations between the implementation data (costs, participants number) and the corresponding planning data. There should be a warning for deviations, which are out of the defined range.

6.6.4.2 Rules for Static Key Lists

Large parts of the data – especially considering content and output/result – will be classificatory data. These will be taken from static key-lists in the case that potential answers are predictable respectively restricted to the elements of a standardised list.

The management of these key-lists is an important issue with regard to the evaluability of the data (consistency check). On that background it has proven to be useful to have a strict systematic to ensure logical completeness of key lists and a standard denomination for certain special cases.

The topic of logical completeness means: Besides the proper choice and combination of the items for the variable to be filled by key-list entries (e.g. classification of addressees of an intervention) there are some special cases to be taken into proper consideration more generally:

1. The variable is not or not yet relevant. Item: “**not relevant /not applicable**”. Example: transition after finalisation of a training is not yet applicable if the person didn't yet finalise;
2. It is not clear which one of the items of the list is the right or the best one to be chosen, i.e. the person at the data entry is not sure about the proper choice - Item: “**not decidable/ ambiguous**”;
3. The informant knows that none of the proposed items is matching really; there is a need for an additional item. If not everybody shall have the right to change the key lists or to add items arbitrarily⁴⁵ there is at least the need for a complementary standard item “**other /not in the list**” – in that case it would be useful to have a chance to store a proper keyword-proposal in an extra field, thus giving a chance for a centralised overworking of the key-list;
4. The informant has no idea what to answer; to be honest he/she would say “**I don't know**” – a case that should be avoided from the organisation of labour point of view, but sometimes nevertheless is the proper answer. Be aware for which situation you really need such an option to prepare for.

Sometimes you find key-lists, offering the item “**nothing selected**”. This should be avoided, as “nothing selected” is the outcome of an evaluation process of data entry and should not be a choice at data entry. Of course it is relevant for reporting and plausibility checks (are data really missing as a whole – e.g. annually updated lists of participants – or are only some aspects not delivered) To avoid NULL-values (that means: "no data-entry") in a database, it

⁴⁵

What should be the rule, otherwise there will be ,exploding' key-lists!

should be part of the key-list nevertheless, but not be offered at the data entry and only used in the data-storage procedure to avoid the NULL. Especially this item is otherwise misleading and often “abused” for indicating one of the other four special cases mentioned above and by that it loses its distinct meaning.

5. Especially in a transition phase the standard key-list items could include a value “**not yet available**” for data, that will be made available in the near future (thus they are foreseen in the logical concept), but that are not yet collected.

So – if you are not sure that your list really is covering every single case possible and that a decision is always ambiguous – add the above listed items to your list. It has proven to be helpful to give them numbers that are out of reach of the rest of the list. That means if your regular items range e.g. from 1-5 choose 90 – 99 as the range for the special cases, whereby

- 90 := „other /not in the list“,
- 91 := „not decidable / ambiguous“
- 92 := “unknown”
- 97: =”not yet available”
- 98 := „not (yet) relevant /not (yet) applicable“
- 99 := „nothing selected“.

If the regular item list has between ten and 99 items choose 990 –999 as the range for these special cases and so on. This method helps you to identify special cases more easily, when you are only on the data tables view with the stored index-values available.

Static key lists shall not only be sticking to a systematic logical control on completeness but their defined properties have to allow to activate or deactivate their items individually, according to the every time needs, so even outmoded items can be maintained for reporting purposes but be deactivated for future use in data-entry forms; specific items can be used as conditioned defaults etc..⁴⁶

6.6.4.3 Data evaluation

At data evaluation the same rules for plausibility checks will apply basically. But as you will not only get micro-data but aggregated data, the special cross-checks for validity are of higher relevance in this stage of plausibility check.

⁴⁶ This is an aspect referring to the technical support-structure, e.g. user-interfaces supporting consistency and flexibility at data-entry.

7 CURRENT SITUATION IN ROMANIA – NAE

The current situation in Romania with regard to NAE has been subject to a separate assessment⁴⁷ paper whose major findings just shall be recalled here:

All in all the currently existing monitoring system of the implementation of active measures at NAE is usable for provisional reporting on ESF-type activities as implemented today. But the existing system of monitoring needs some improvements as described above to become more effective and flexible.

Apart from implementation figures additional data are necessary especially for the strategic controlling and reporting: The so called context- and baseline-indicators. With respect to these the results of Mr. Maierhofer's assessment have to be taken into account. But from our point of view the focus of the overall assessment should lay on implementation figures as experience has shown that context- and baseline indicators usually are only loosely if at all connected to the implementation figures on real operation levels – at least in the beginning and even if available.

7.1 Specific gaps in data details

Nevertheless some efforts still are necessary as regards reported details and improved structure of data:

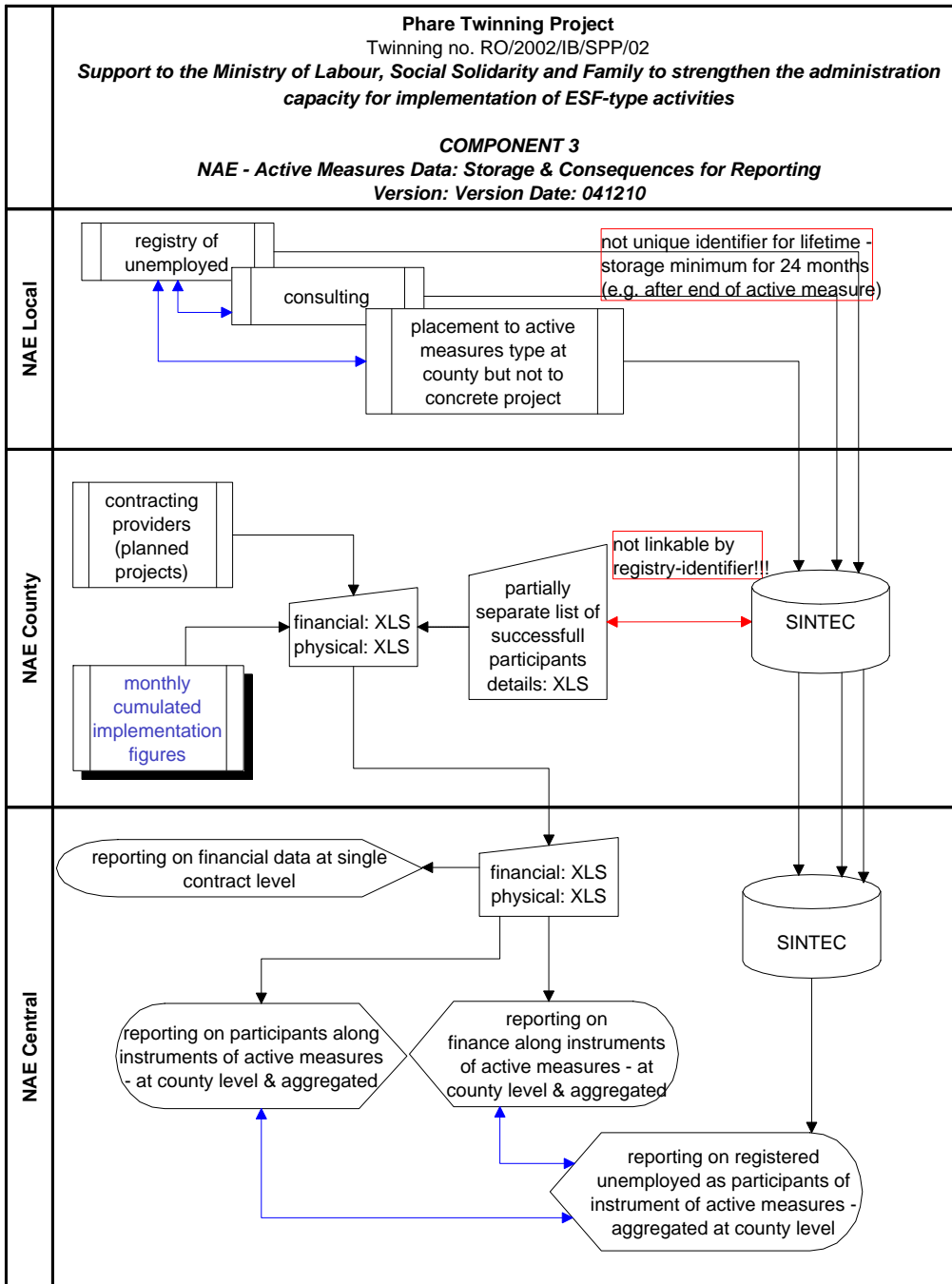
Concerning the content respectively special data needs there are some gaps to be filled:

- Only partially available are:
 - ⇒ Individual based outcome and result (only documented so far for successful participants and for those on the basis of unemployment registers' evidence, i.e. unemployed again – yes/no),
 - ⇒ Documentation of implementation instruments (calls, tenders etc.) – but it has been mentioned to be available in XLS-sheets
 - ⇒ Benefiting enterprises – but these have been mentioned to be part of integrated IT.
- Not available are:
 - ⇒ Data on involved employees (not stored) and
 - ⇒ Planning data on the level of applications for assistance

⁴⁷

Assessment of availability and accessibility of physical, financial and accounting data on national, regional and local level including Managing Authority, Implementing bodies and project promoters.” (drafted version 2)

Graphic 12 NAE – Data storage & consequences for reporting



Apart from these gaps considering data basically available, some structural improvements are urged for the future prospect too. This refers to:

- the assurance that data are elementary ones, i.e. not aggregated at data-entry.
- planning data on the approved applications, i.e. on contracts, are only available aggregated on county level
- financial implementation (commitments and payments) that are currently given as cumulated data by month to month

- SINTEC's unemployed persons register includes assignments to active measures by type on county level but not to specific projects/contracts. The EXCEL-tables on active measures and related participants' tables don't use the unemployed persons ID but an own code. Thereby a direct link of both systems by data of persons is not possible.⁴⁸ That means with regard to persons information: Data from SINTEC can only be added and compared to projects data on the level of aggregation by measures-type at county level.

A systematic differentiation between payment flows and expenditures declared for reimbursement of SF-assistance should be prepared as a provision to be taken for changes in the implementation of labour market activities that are to be expected under ESF assistance.

The needs are related to procedural aspects as well as to technical ones of the current monitoring system.

7.2 Technical situation and organisational issues

- The technical status of the integrated IT-system at NAE (Central & County) is on a high level, the remaining risk here is related mainly to the lack of personnel.
- The operating systems supported by computerised infrastructure are established but their usability is still restricted by technical and organisational problems – including number and /or qualification of staff.
- By governmental rules it is obligatory to manage all acts on paper-work base first and only after that on electronically supported ways (database)
- Both factors lead to redundant structures in information management – paper work and splitted computerised systems (database & spreadsheets). Redundancy is not a problem as such as it gives security! But under given circumstances it is leading to a lack of reliability in the databases as this redundancy is not systematically organised but rather by-passing formally agreed procedures what causes self-amplifying effects in a kind of vicious cycle up to the uncoordinated invention of technical by-passes.
- Especially the dominant use of EXCEL-sheets – although done with lot of routine – is time consuming and can lead to mistakes.
- Role and function of the newly defined regional level are not yet fully clear and established regarding to
 - ⇒ their specific task in the information chain,
 - ⇒ their qualification and availability for the task (in full-time equivalent - FTE)

7.3 NAE summary

- The SINTEC modules on active measures are not used in a reliable way in all counties – so they are still not usable for the regular reporting, though partially for plausibility checks.
- The SIVICO database for financial data was not yet in use but shall be used from 2005 on

⁴⁸ Anyway this would only function with unemployed persons and not with employed persons who are participating from active measures as well.

- All data – physical as well as financial data – on active measures are still stored and handled via EXCEL-tables though in a highly standardised way. (c.f. NAE_Active_Measures_Data_Storage_Flow_041210.pdf)
- These EXCEL-tables are amendment files representing cumulated data on a monthly base

A first outline of a strategy to adopt existing monitoring systems and logics at NAE has been described in a general strategy (with 5 steps) sketched as follows:

1. The reasons for the rejection of use of SINTEC modules on active measures should be analysed carefully in a common seminar/workshop with colleagues in charge of monitoring /reporting at county and central level including MA – this workshop should be analytically oriented and result in concrete proposals to improve the situation.
2. The currently used EXCEL based information system should be exploited for an interim-phase as data-input to SINTEC-modules on active measures, i.e. importing data from EXCEL to SINTEC to bring both systems on a similar state of data and to get the additional advantages of a database for additional analysis and reporting
3. Improving / reorganising SINTEC-modules on active measures to increase their usability and flexibility and by that to increase their acceptance as primary tool for data gathering/-entry – with options added to export from SINTEC to EXCEL for the use of already existing knowledge and literacy.
4. Replacing step by step EXCEL-based routines by database supported routines.
5. One central aspect of overworking SINTEC logic with regard to active measures should be to overcome separated modules for each active measures by a preferable more general approach. This would help to avoid redundant reprogramming if new measures are to be implemented respectively to be integrated in the system.

Details will be depending on:

1. The effectiveness of the SIVECO part of the monitoring system,
2. The transparency of the internal debate in NAE on purpose and needs of monitoring and obstacles with the use of current systems as well.

Considering NAE decisions have to be taken regarding to the further development/improvement of SINTEC or to the re-design and setup of a general monitoring, capable of dealing with SF or other foreign aid cofinanced as well as with purely domestic programmes. In addition the further integration of SIVECO with SINTEC, as was originally planned and tendered, has to be tackled with under these aspects or - eventually - a new application for active measures to be designed.

8 TIME SCHEDULE

Table 10 Steps and time schedule for the establishment of monitoring & controlling structures

| task /steps | 2005 | | | | 2006 | | | | |
|---|------|-------|--------|-------|------|-------|--------|-------|--|
| | I.Q. | II.Q. | III.Q. | IV,Q. | I.Q. | II.Q. | III.Q. | IV,Q. | |
| general concept information structure | | | | | | | | | |
| decision organisation structure on monitoring | | | | | | | | | |
| recruitment & training of personnel at MA | | | | | | | | | |
| concept esf-monitoring MA | | | | | | | | | |
| model of information flow (what, when, how - specification for both FB) | | | | | | | | | |
| concept esf-monitoring MA-IT | | | | | | | | | |
| SMIS | | | | | | | | | |
| Information exchange with PA (SMIS, interfaces etc.) | | | | | | | | | |
| IT-Adaptation (NAE) | | | | | | | | | |
| programme drafted | | | | | | | | | |
| programme analysis --> monitoring needs (indicators, data) | | | | | | | | | |
| data privacy protection | | | | | | | | | |
| procedures on data collection & transfer | | | | | | | | | |
| guidance & publicity (survey materials) | | | | | | | | | |
| guidance & publicity (events) | | | | | | | | | |

9 ANNEX

All documents listed under sections 9.1 and 9.2 are available as electronic files. The file names are [blue-highlighted](#) and should be found on a CD-ROM or on request from the MA.

9.1 Overview about Relevant Regulations

| |
|--|
| <p>COUNCIL REGULATION (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (EC-Euratom_No-1605-2002_fin-reg-gen-budget_EN.pdf)</p> |
| <p>COMMISSION REGULATION (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (EC-Euratom_No-2342-2002_fin-reg-gen-budget_detail_EN.pdf)</p> |
| <p>COUNCIL REGULATION (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (next programming period: com(2004)492 General Regulation.pdf)</p> |
| <p>COUNCIL REGULATION (EC) No 1447/2001 of 28 June 2001 amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds (Regulation EC 1447-2001_EN.pdf)</p> |
| <p>COUNCIL REGULATION (EC) No 1105/2003 of 26 May 2003 amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds (Regulation EC 1105-2003_EN.pdf)</p> |
| <p>COMMISSION REGULATION (EC) No 438/2001 of 2 March 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds (Regulation EC 438-2001_EN.pdf)</p> |
| <p>COMMISSION REGULATION (EC) No 2355/2002 of 27 December 2002 amending Commission Regulation (EC) No 438/2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds (Regulation EC 2355-2002_EN.pdf)</p> |
| <p>COMMISSION REGULATION (EC) No 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds (Regulation EC 1685-2000_EN.pdf)</p> |
| <p>COMMISSION REGULATION (EC) No 1145/2003 of 27 June 2003 amending Regulation (EC) No 1685/2000 as regards the rules of eligibility for co-financing by the Structural Funds (Regulation EC 1145-2003_EN)</p> |

| |
|--|
| COMMISSION REGULATION (EC) No 448/2004 of 10 March 2004 amending Regulation (EC) No 1685/2000 laying down detailed rules for the implementation Council Regulation (EC) No 1260/1999 as regards the eligibility of expenditure of operations co-financed by the Structural Funds and withdrawing Regulation (EC) No 1145/2003 (Regulation EC 448-2004_EN.pdf) |
| COMMISSION REGULATION (EC) No 448/2001 of 2 March 2001 laying down de-tailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the procedure for making financial corrections to assistance granted under the Structural Funds (Regulation EC 448-2001_EN.pdf) |
| REGULATION (EC) No 1784/1999 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 July 1999 on the European Social Fund (Regulation EC 1784-1999_EN.pdf next programming period: com(2004) 493 ESF_EN.pdf) |
| COMMISSION REGULATION (EC) No 1159/2000 of 30 May 2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds (Regulation EC 1159-2000_EN.pdf) |

9.2 Additional Literature

The following lists of literature on monitoring /evaluation-related topics are not completely exhausting the field, but are nevertheless quite complete regarding to the topics covered. Some documents have more recent 'siblings', but it is of interest to read the older ones occasionally as well, as 'newer' ones aren't always clearer on the one hand, and on the other hand the shifts over time can help you to comprehend the background and development better.

9.2.1 Documents (Guidelines, Annual Reports etc.) on the European Employment Strategy (EES) respectively on the National Action Plans for Employment and for Social Inclusion

| | |
|---|--|
| Communication to the Spring European Council: "Working together for Growth and Jobs: A new Start for the Lisbon Strategy", Brussels, 2 February 2005, COM (2005) 24 (French version) | EC_New_Start_Lisbon_Strategy_COM-2005-24_FR.pdf |
| COMMISSION STAFF WORKING PAPER, Working together for growth and jobs - Next steps in implementing the revised Lisbon strategy, SEC (2005) 622/2, Brussels, 29.4.2005 | EC_WorkingPaper_Lisbon-strategy_next-steps_SEC-2005-662_2_EN.pdf |
| INTEGRATED GUIDELINES FOR GROWTH AND JOBS (2005-2008), Communication from the President in agreement with vice-President Verheugen and Commissioners Almunia and Spidla including a COMMISSION RECOMMENDATION on the broad guidelines for the economic policies of the Member States and the Community (under Article 99 of the EC Treaty) and a Proposal for a COUNCIL DECISION on guidelines for the employment policies of the Member States (under Article 128 of the EC Treaty) (presented by the Commission) - COM(2005) 141 final, Brussels, 12.4.2005 | Integr-guidel-growth-jobs-2005-2008_com2005_0141_EN.pdf |

9.2.2 Methodological Working Papers, Technical & Discussion Papers and other guidance documents of the Commissions Services:

| | |
|--|-------|
| Directorate E - Unit E-4: Population - Social Protection | EURO- |
|--|-------|

| | |
|---|---|
| 3/2001/E/N°2, LABOUR MARKET POLICY DATABASE METHODOLOGY, APRIL 2000 | Stat_LabourMarketPolicy_DB_ Method_en.PDF |
| DISCUSSION PAPER FOR THE TRANSVERSAL THEME: INFORMATION SOCIETY, ESF EVALUATION WORKSHOP OF DG EMPLOYMENT, 18 MARCH 2002 IN BRUSSELS (to be in- cluded into Annex 3 of the "Guidelines for systems of monitoring and evaluation of ESF assistance in the period 2000 – 2006") . | EC_Eval_DiscPaper_InfoSociet y_0206_EN.pdf |
| ESF Monitoring and Evaluation Meeting - Technical Group, 21/06/2002 – Discussion Paper: Evaluation of Local Employment and Development initiatives in the ESF 2000-2006, May 2002 | EC_Eval_DiscPaper_LocalDev _0206_EN.pdf |
| ESF Monitoring and Evaluation Meeting – Technical Group, 21/06/2002 – Discussion Paper: Evaluation of mainstreaming equal opportunities for women and men in measures cofinanced by the ESF, June 2002 | EC_Eval_DiscPaper_GM_0206 _EN.pdf |
| EuropeAID - Guidelines on Aid Delivery Methods - Volume 1: Pro- ject Cycle Management. | pcm_manual_2004_EN.pdf |
| EUROPEAN COMMISSION, JOINT RELEX SERVICE FOR THE MANAGEMENT OF COMMUNITY AID TO NON-MEMBER COUNTRIES (SCR), Project Cycle Management Training Hand- book Version 1.0, May 1999 | pcm_training_1999_EN.pdf |
| EVALUATING EU EXPENDITURE PROGRAMMES: A GUIDE, Ex post and Intermediate Evaluation, XIX/02 - Budgetary overview and evaluation – Directorate-General XIX – Budgets, European Commission, First edition, January 1997 | EC_guide_Eval_EU- PRG_9701_EN.pdf |
| Evaluation of the quality of the monitoring systems of the ESF, DG EMPL/G5/SA D (1) 140202-009-EN, February 2002 | EC_Eval_monitoring- systems_0202.pdf |
| GD REGIO, 'Note on the Evaluation of the Contribution of the Structural Funds to the European Employment Strategy' | EC_Eval_SF-contrib- EES_Note_0202_EN.pdf |
| Guidelines for systems of monitoring and evaluation of ESF assis- tance in the period 2000 – 2006 (Annexes included) European Commission, Directorate-General for Employment, Industrial Rela- tions and Social Affairs, Monitoring and Evaluation Unit, July 1999 | EC_guidelines_monitoring- evaluation_2000- 2006_9907_EN.pdf & EC_guidelines_monitoring- evaluation_2000- 2006_annexes_EN.pdf |
| The 2000-2006 Programming period: Methodological working pa- pers - WORKING PAPER 9 – The Update of the Mid Term Evalua- tion of Structural Fund Interventions | EC_methodological-working- paper-9_actualised- midterm_EN.pdf |
| The 2000-2006 Programming Period: Methodological working pa- pers, Working paper n° 8 – The mid-term evaluation of Structural Fund intervention, Brussels 05.12.2000 | EC_methodological-working- paper-8_midterm_EN.pdf |
| THE EVALUATION OF SOCIO-ECONOMIC DEVELOPMENT, The GUIDE, December 2003 Tavistock Institute in association with: GHK & IRS | THE GUIDE.zip |
| The new programming period 2000-2006: methodological working documents WORKING PAPER 4 – Implementation of the perform- ance reserve | EC_methodological-working- paper-4_performance- reserve_EN.pdf |
| The New Programming period 2000-2006: Methodological working papers - WORKING PAPER 1 – Vademecum for Structural Funds Plans and Programming Documents An indicative methodology | EC_methodological-working- paper-1_Vademecum.pdf |
| The New Programming period 2000-2006: Methodological working papers - WORKING PAPER 2 – The Ex-Ante Evaluation of the Structural Funds interventions | EC_methodological-working- paper-2_exante_EN.pdf |
| The New Programming period 2000-2006: Methodological working papers - WORKING PAPER 3 – Indicators for Monitoring and Evaluation | EC_methodological-working- paper-3_indicators_EN.pdf |

| | |
|---|--|
| The New Programming period 2000-2006: methodological working papers WORKING PAPER 5 The verification of additionality for Objective 1 | EC_methodological-working-paper-5_additionality_EN.pdf |
| The New Programming period 2000-2006: Technical papers by theme - TECHNICAL PAPER 3 – Mainstreaming Equal Opportunities For Women And Men In Structural Fund Programmes And Projects, March 2000 | EC_Technical-Paper-3_GM_EN.pdf |
| The New Programming period 2000-2006: technical papers by theme TECHNICAL PAPER 1 Application of the Polluter Pays Principle Differentiating the rates of Community assistance for Structural Funds, Cohesion Fund and ISPA infrastructure operations 6.12.1999 | EC_Technical-Paper-1_PolluterPayPrinciples_EN.pdf |
| The New Programming period 2000-2006: technical papers by theme TECHNICAL PAPER 2 Information society and regional development ERDF Interventions 2000/2006 Criteria for programme assessment | EC_Technical-Paper-2_InformSoc_RegDev_EN.pdf |

9.3 Claim for Re-Imbursement (example)

| Addressed to Paying Authority – National Fund | | |
|--|--------|------------|
| Text | Amount | Data field |
| Code for Claim for Reimbursement (Code given by MA): | | 45 |
| Body issuing current claim for reimbursement | | 10a |

General data:

| | | |
|--|--|-----|
| Programme name: | | 2 |
| Name of the EU-Fund: | | 7 |
| Priority name: | | 4 |
| Measure name: | | 6 |
| National legal basis (Tender or aid-scheme): | | 18a |
| code according to Monitoring System (MA): | | 11 |

Data relating to the contract/agreement on EU-co-financing:

| | | |
|---|-------|-----|
| Body issuing contract/agreement on EU-co-financing: | | 18 |
| Reference number of the contract/agreement on EU-co-financing: | | 19a |
| Date of valid contract/agreement on EU-co-financing: | | 19 |
| Recipient of the EU-contribution: | | |
| - Final Beneficiary: | | 20a |
| - Name: | | 20 |
| - Reference (tax) number: | | |
| - Final Recipient, if not Final Beneficiary: | | 21a |
| - Name: | | 21b |
| - Address: | | 21 |
| - 1 st Reference (BULSTAT) number: | | 21c |
| - 2 nd Reference (tax) number: | | |
| Project title (Name of operation): | | 12 |
| Location of operation (name of region/area where operation is located/carried out): | | 13 |
| Code of the region/area where operation is located/carried out: | | 14 |
| Start of eligibility period: | | 16 |
| End of eligibility period: | | 17 |
| Total costs of operation to be verified: | | 24a |
| Planned revenues: | | 24b |
| Total eligible costs of operation: | | 24 |
| EU-contribution: | | 26 |
| National public funding: | | 28 |
| Private financing: | | 33 |
| EU-contribution in %: | | |
| - in relation to "total public eligible expenditure" | ___ % | 27 |
| - in relation to "total eligible cost (NET amount)" | ___ % | 27a |
| Total public eligible expenditure in %: | | |
| - in relation to "total cost to be verified (GROSS amount)" | ___ % | 27b |

Data relating to project implementation

| a) Information relating to the previous Claims for Reimbursements (CfR) (aggregated amounts) | | |
|--|-------|-----|
| Declared costs which had to be verified (GROSS amount): | | 46b |
| Revenues deducted from declared costs: | | 62 |
| Declared eligible costs: | | 46a |
| EU-contribution: | | 47 |
| National public funding: | | 49 |
| National central government funding: | | 50 |
| National local public funding: | | 52 |
| Other national public funding: | | 53 |
| Private financing: | | 54 |
| EU-contribution in %: | | |
| - in relation to "total public eligible expenditure" | ___ % | 48 |
| - in relation to "declared eligible cost (NET amount)" | ___ % | 48a |
| Total public eligible expenditure in %: | | |
| - in relation to "declared verified cost (GROSS amount)" | ___ % | 48b |
| b) Information relating to the current Claim for Reimbursement (CfR) | | |
| Declared costs which had to be verified (GROSS amount) for current CfR: | | 46b |
| Revenues deducted from declared costs: | | 62 |
| Declared eligible costs for EU-co-financing: | | 46a |
| EU-contribution claimed for reimbursed: | | 47 |
| Pre-financed EU-contribution by national budget (information shall be given for each payment of pre-financed EU-contribution): | | |
| Amount: | | 47a |
| Payment date: | | 47b |
| Reference number of payment order: | | 47c |
| National public funding: | | 49 |
| National central government funding (information shall be given for each central governmental body and for each payment of each body): | | |
| Amount: | | 50 |
| Payment date: | | 50a |
| Reference number of payment order: | | 50b |
| National local public funding (information shall be given for each local public body): | | |
| Amount: | | 52 |
| Payment date: | | 52a |
| Reference number of payment order: | | 52b |
| Other national public funding (information shall be given for each other public body): | | |
| Amount: | | 53 |
| Payment date: | | 53a |
| Reference number of payment order: | | 53b |
| Private financing: | | 54 |
| EU-contribution in %: | | |
| - in relation to "public eligible expenditure" | ___ % | 48 |
| - in relation to "declared eligible cost (NET amount)" | ___ % | 48a |

| | | |
|---|---|------------|
| Total public eligible expenditure in %: - in relation to "declared verified cost (GROSS amount)" | ___ % | 48b |
| <u>c) The project as a whole has been concluded and completely checked:</u> | <input type="checkbox"/> Yes <input type="checkbox"/> No | 61a |

The claiming body → Field 10 certifies that:

1. The operation (operations, if applicable) is progressing in accordance with the objectives laid down in the OP and PC, as well as in accordance with the provisions of Council Regulations (EC) No 1260/1999 and 1784/1999⁴⁹, in particular as regards:
 - Application of valid management and control procedures in line with Commission Regulation (EC) No 438/2001, in particular to verify the delivery of products and services co-financed and the reality of expenditure claimed and to prevent, detect and correct irregularities, pursue fraud, and recover amounts unduly paid.
 - Compliance with the rules on competition (EU and national public contribution shall be provided on the basis and within the limits of State Aid Schemes, approved by the EC, or on the basis of other applicable provisions in line with the Community competition rules).
 - Compliance with the relevant provisions for awarding public contracts.
 - Compliance with the relevant legislative provisions as regards the protection of environment as well as elimination of inequalities between men and women and promotion of equal opportunities for men and women.
 - Compliance with the rules on information and publicity measures under Commission Regulation (EC) 1159/2000.
2. The information submitted with this Claim for reimbursement is checked and correct
3. The information is in line with valid data in the central monitoring system MIS (as well as with authorised modules for monitoring on project level, if applicable)
4. The declared cost of operation has been verified and validated by means of receipted invoices or accounting documents of equivalent probative value, and qualified in compliance with the rules on eligibility of expenditure of operations under Commission Regulation (EC) No 1685/2000 [amended by Reg. 448/2004]
5. The national public funding as well as the pre-financed EC-contribution has been paid down to the Final Beneficiary (and to the Final Recipient, if different from Final Beneficiary)
6. The claimed reimbursement is in line with the terms and conditions of the contract/agreement on co-financing

Date, Signature

Date, Signature

(Unit responsible for Art 4 check)

(Unit representing Holder of budgetary item)

Attachments (copies):

- Contract/agreement on co-financing (with first claim; later only amendments, if there are any)
- Report on the result of Art 4 check, that supports the information for the current claim (e.g. signed checklists for calculating eligible cost of operation; for financing eligible cost of operation; for individual conditions, if applicable)
- Payment orders (national and pre-financing of EU-component from the governmental budget); certification of paid local contribution, if applicable

9.4 Examples for Annual Implementation Report Tables

c.f. attached files (in electronic version): the tables are examples how to organise data in annual- /final implementation reports on physical and financial indicators

- RO_data sets - input contracts_allocations.xls
- RO_data sets - input target recipients by region.xls

⁴⁹ This regulation refers to ESF

9.5 Draft table-field-descriptions for implementation steps and actors

c.f. attached file (in electronic version): Table-field-definitions-draft-050715.pdf

9.6 List of acronyms and abbreviations

| | |
|-------|--|
| CSF | Community Support Framework |
| e.g. | example given |
| EC | European Commission |
| ESF | European Social Funds |
| EU | European Union |
| FB | Final Beneficiary |
| FMIS | Financial Management Information System (national accounting system) |
| FR | Final Recipient |
| i.e. | id est (latin) = that means |
| IB | Intermediate Bodies |
| IndB | Independent Body |
| ISO | International Organisation for Standardisation (register of standards) |
| IT | Information Technology |
| MA | Managing Authority |
| MIS | Management Information System |
| MLSSF | Ministry of Labour, Social Solidarity & Family |
| NACE | Classification of Economic Activities in the European Community |
| NUTS | The nomenclature of statistical territorial units |
| OP | Operational Programme |
| PA | Paying Authority |
| PC | Programme Complement |
| PHARE | Financial assistance programme intended to facilitate the economic and political transition of the countries of central and eastern Europe |
| SF | Structural Funds |
| SPD | Single Programming Document |
| TR | Target Recipients |
| VAT | Value Added Tax |

NOTES AND ANNOTATIONS