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IMPLEMENTATION GUIDELINES ON EVALUATION AND CAPACITY BUILDING FOR THE LOCAL AND MICRO REGIONAL LEVEL IN HUNGARY

A GUIDE

TO EVALUATION OF LOCAL DEVELOPMENT STRATEGIES

A guide prepared by the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development in collaboration with the Ministry for National Development and Economy of Hungary

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This guide has been prepared within the project "*Implementation guidelines on evaluation and capacity building for the local and micro regional level in Hungary*" as part of the activity of the OECD's Local Economic and Employment Development Programme on Strategic Evaluation Frameworks for Regional and Local Development. The principal authors are Neil MacCallum (Neil MacCallum Associates, UK) and Petri Uusikyla (Senior Partner at Net Effect Ltd. Finland). Further written inputs were provided by Stefano Barbieri (OECD) and Jonathan Potter (OECD). The guide was prepared under the supervision of Stefano Barbieri and Jonathan Potter of the OECD Secretariat.

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1. INTRODUCTION

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Regional and local development strategies and programmes are now characteristic of all OECD Member countries. They may be concerned with a wide range of issues: economic competitiveness and growth; employment and local labour market issues; local public services; environmentally sustainable development. Many are multidimensional, covering several of these domains. Some are the result of purely local initiatives but many are initiated and supported by national policies and programmes.

National governments support the development of regional and local strategies and programmes because of the key role local actors play in identifying solutions for local problems and in recognising locally specific opportunities for growth. However, while regional and local development interventions are widely seen to be of value, the measurement of their progress and impacts is often too weak to enable evidence-based policy improvements. Increasing and improving regional and local development monitoring and evaluation is therefore a priority.

Each level of government – national, regional and local – has an important role to play in this effort. Each has an important role in collecting information, analysing it and exchanging it in order to improve management, policy and budget decisions. However, the benefits are likely to be strongest when this occurs within a clear and coherent national framework that is shared by all the main actors.

For regional and local governments, following a clear national framework helps put in place good practice monitoring and evaluation approaches as well as to share information more easily with other areas that will help in policy design and building better strategies. For national government, a coherent national monitoring and evaluation framework provides evidence on the extent to which regional and local development interventions contribute to achieving national objectives for growth and reduction of disparities and how this contribution might be increased.

The setting up of such a framework is considered by the Ministry for National Development and Economy of Hungary an important pre-requisite for sustaining and fostering socio-economic development of Hungary at regional and local level. A well functioning framework for Hungary will help provide a common frame of reference and support the increased use of monitoring and evaluation of regional and local development strategies by national government departments and agencies and by governments and agencies at regional and local levels. It will also help to:

- Provide a platform for establishing links between strategies and programmes with different territorial and sectoral scopes and aligning them with national strategic development objectives.

- Provide information to assess how to increase the impact of national, regional and local policies and programmes.

- Provide a tool through which national government can assist and guide regional and local development actors in improving their strategy building and delivery.

- Build capacities at national, regional and local levels for effective strategy development and implementation.

Purpose and structure of this document

The aim of this *Guide to evaluation of local development strategies* is to help the Ministry for National Development and Economy and its partners to provide orientation on how to develop good evaluation and to facilitate the enhancement of capacities, procedures and structures for the monitoring and evaluation of regional and local development trends and of regional and local development projects and programmes. It is intended for use by national, regional and local governments to organise the collection, reporting and analysis of information on development trends and policy impacts at regional and local levels and its use in policy development.

More specifically: Chapter 2 and 3 outlines the main issues related to the nature and the use of evaluation. Chapter 4 suggests ways to set up evaluation processes, including organizational and procedural aspects. Chapter 5 outlines the various models and methods to do evaluation and possible criteria to be used to choose between typologies. Chapter 6 suggests how to report progress in evaluation. Chapter 7 gives practical recommendations to implement evaluations. Finally, Annex 1 presents some international case studies, Annex 2 outlines the use of indicators and Annex 3 gives references for further reading.

2. WHAT IS EVALUATION AND WHAT DO WE USE IT FOR?

Introducing evaluation

Evaluation, in economic development terms, is the systematic determination of significance and progress of a policy, programme or projects in causing change. It is distinct from monitoring which is the process of collecting evidence for evaluation.

Evaluation is a critical component of policy making, at all levels. Evaluations allow informed design and modifications of policies and programmes, to increase effectiveness and efficiency. OECD LEED has been instrumental in taking forward the evaluation effort in central Europe and a number of seminars, workshops and expert events have been held in recent years. These events have helped to raise the prominence of evaluation and explore developments in practice and methodologies.

Evaluation serves the dual function of providing a basis for improving the quality of policy and programming, and a means to verify achievements against intended results.

Evaluators are often asked the question by senior decision-makers: why should I take evaluation seriously, and devote time and effort to doing it well?

The answer to this question places value of the information and understanding which evaluation can offer in support of ongoing management, decision-making, resource allocation, and in accounting for results achieved.

Box 1. The example of the World Bank

The World Bank provides a volume intended to illustrate the potential benefits from evaluation. It presents eight case studies where evaluations were highly cost-effective and of considerable practical utility to the intended users. The case studies comprise evaluations of development projects, programs and policies from different regions and sectors. The report's central message is that well-designed evaluations, conducted at the right time and developed in close consultation with intended users, can be a highly cost-effective way to improve the performance of development interventions.

Each case study addresses five questions.

- What were the impacts to which the evaluation contributed?
- How were the findings and recommendations used?
- How do we know that the benefits were due to the evaluation and not to some other factors?
- How was the cost effectiveness of the evaluation measured?
- What lessons can be learned for the design of future evaluations?

Source: Operations Evaluation Department 2005.
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/library/influential_evaluation_case_studies_en.pdf

Evaluation in the policy making process

Evaluation is a critical component of policy making at all levels. Evaluation allows for the informed design and modification of policies and programmes to increase their effectiveness and efficiency. For this to happen, the approach must be robust, transparent and defensible.

With accurate and reliable information, evaluation provides governments, development managers and other interested parties with the means to learn from experience, including the experience of others, and to improve service delivery. It serves the dual function of providing a basis for improving the quality of policy and programming, and a means to verify achievements against intended results.

Evaluation can provide the answer to the question: "Are we doing the right things and are we doing things right?" With answers in the affirmative or with action plans to respond to areas of weakness, evaluation nurtures political and financial support for appropriate policies and help governments to build a sound knowledge base. Thus evaluation can have a strong advocacy role as well as enhancing the sophistication and quality of institutional performance.

For policy makers in particular, evaluation provides a basis for the allocation of resources and demonstrating results as part of the accountability process to key stakeholders. This strengthens the capacity of decision makers to invest in activities that achieve a desired effect and to re-consider those areas where they do not.

Monitoring and evaluation framework: a system of information reporting

A regional policy monitoring and evaluation framework should be designed with the purpose of informing policy makers on progress of all relevant dimensions, econometrics (e.g. GDP, productivity) being just one. A framework for monitoring and evaluation is only one part of the overall system although it performs the essential function of determining what data is necessary to answer policy-makers' questions. A framework often requires intermediate (or proxy) measures and broader data sets to be collected where the effects of regional policies take time to emerge and often occur through multiple outputs and outcomes, not all of which will be purely economic.

Multiple dimension policy making can result in complex reporting. For clarity and to avoid over complexity, it can be useful to consider the framework as the means of "telling the story" about the policies effects. This should include the longer story as we move from one policy cycle to the next, identifying how policy has influenced both political and cultural behaviour, with particular emphasis being placed on learning from the policy experience to address weaknesses and to acknowledge strengths. The narrative that accompanies data and interpretation of results is critical in delivering the essential learning momentum that propels the evaluation system forward to develop the learning culture. Therefore the core purpose of evaluation and monitoring can be summarised as follows:

- To demonstrate that the aims of policy are being achieved.
- To demonstrate that this is being done effectively and efficiently.
- To capture lessons that can be learned to improve future delivery and decision making.

A framework is a key component within the overall evaluation system approach and is essentially composed of two elements:

- A distillation of the policy that is to be evaluated, identifying what is relevant to be measured (e.g. company growth).

- A monitoring matrix that records evidence of the investigation and collects a wide set of indicators (e.g. company registrations, taxable revenue).

Distinctions and linkages between monitoring and evaluation

As said, monitoring and evaluation are critical components that help us to understand and learn. Good monitoring and evaluation has a value that goes way beyond mere reporting and audit checks; it gives a deeper insight that can reveal how the fundamentals of economic development processes actually work. As such, monitoring and evaluation systems must be seen as an essential part of the culture of learning and the development of essential skills in policy and decision makers. It is fundamental to have these evidence based capabilities and capacity within the policy making arena.

Although conceptually and technically different to integrate the forms of assessment, in the real world it is often the case that monitoring, reporting and evaluation are performed by totally separate entities. However, given the close relationship between monitoring and evaluation and their fundamental differences, it is important from the outset to clarify the distinctions between evaluation and monitoring.

Monitoring is the process we use to "keep track" of what is happening, through collection and analysis of information whereas the essence of evaluation is to provide a basis for making a judgement, deciding between a YES and a NO. Evaluation requires to take a position. Good monitoring (i.e. accessibility to good, reliable and updated data) is instrumental for sound evaluation, while evaluation can help to better target monitoring efforts.

Evaluation must be based on reliable, accurate and updated data. Data can be produced directly as a consequence and for the purposes of programme implementation. This kind of data is referred to as primary data (e.g.: project expenditure reports). Evaluation can also use secondary data, that is data produced independently from the programme, for example statistical information collected and elaborated by some public institution.

While on one side, evaluation can and should contribute to the design of the "architecture" of the monitoring system, both from a conceptual point of view (i.e.: what questions should be asked and with what frequency?) and from the technical point of view (i.e.: what kind of software is most appropriate and who should control it?), on the other side, the monitoring system should be designed and managed so that the updates coincide as much as possible with the evaluation and decision-making moments in the programme or project cycle.

3. EVALUATION AS A TOOL FOR EVIDENCE BASED POLICY

This Chapter provides an introduction to evidence based policy, explaining why this is the preferred form of policy for the majority of stakeholders including the European Union. It goes on to describe the cycle of policy ('ROAMEF'), which relies on improvement of policy through evaluation. In the subsequent narrative, key terms are described in context and an evaluation and monitoring framework is developed. Finally, evaluation at micro-region level is discussed.

Towards Evidence Based Policy

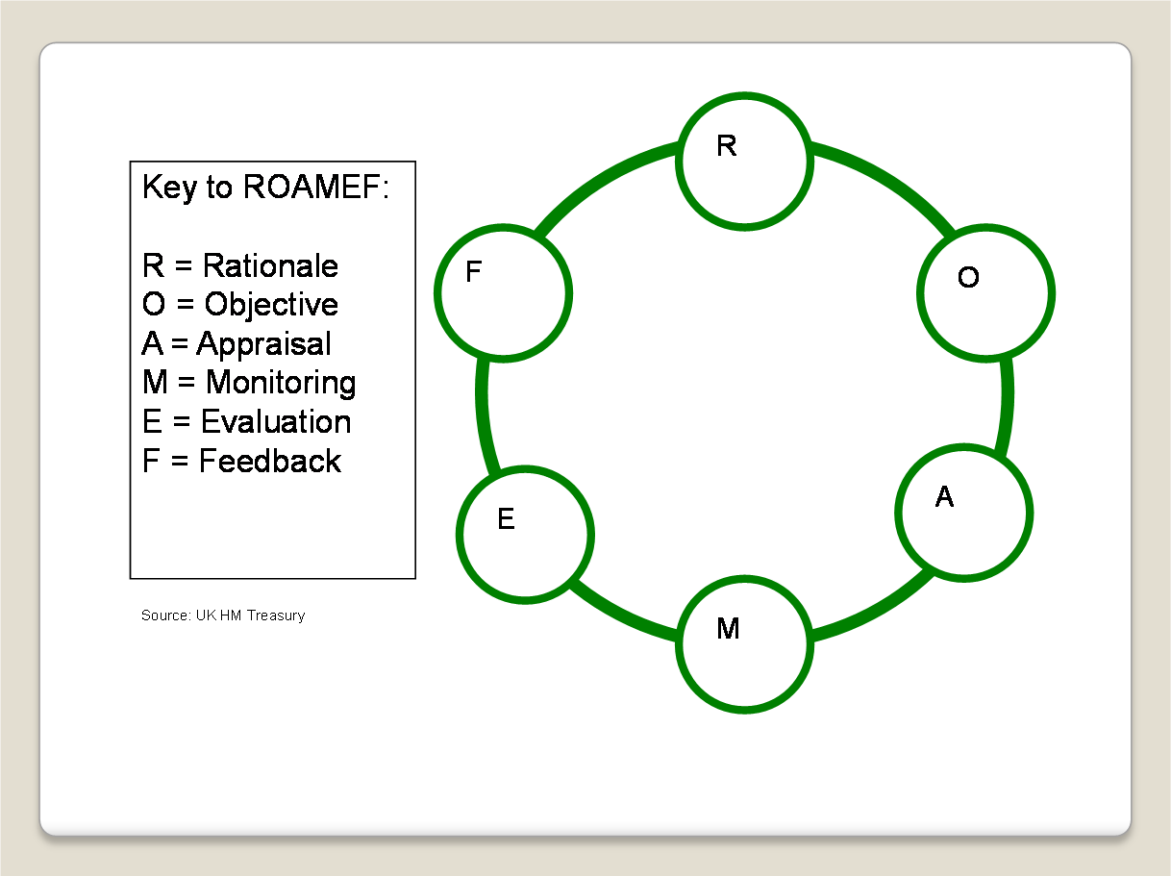
There is an inescapable requirement in public policy to provide evidence. Evaluation has a key role to play in developing 'evidence based policy', as distinguished from opinion based policy. Evidence based policy should not be seen as hard and unequivocal; rather it has been defined as 'the integration of experience, judgement and expertise with the best available external evidence from systematic research' (Davies, British Journal of Education Studies, 1991)

Monitoring, which is the collection of pertinent data to demonstrate progress and hopefully success of the policy, and evaluation, the rigorous and systematic assessment of the policy, are tightly interconnected. Monitoring is the means of answering the evaluation questions and both happen all the time even if not officially recognised, codified or recorded. A framework approach brings rigour and method to register evidence in a formal and credible way that can be tracked and analysed over time.

Knowing the starting point and milestones is also important. For example, if a policy objective is to increase employment, then monitoring must record the employment and unemployment levels before, or at least at the outset of policy, provide the measurement definition (especially around the margins, in this case what constitutes employment), and then follow this parameter (and all adjustments in definition) through delivery of the policy.

For efficient economic development policy, evidence is required about the most cost-effective way of achieving a given objective, such as an increase in GDP, or diversification in the economy, and how to achieve the greatest benefit and utility from the available resources. This can be approached through the use of a "policy cycle". In the UK this cycle is called 'ROAMEF'.

Figure 1. The Policy Cycle in the UK: "ROAMEF"



Source : UK HM Treasury

These terms are recognised as follows

- Rationale – what is the reason for the programme; why is intervention required?
- Objectives – what are the specific achievements the programme is intended to deliver?
- Appraisal – what activities will most effectively deliver these objectives?
- Monitoring – what are the means for measuring the progress of the programme?
- Evaluation – has the programme delivered effectively and efficiently?
- Feedback – what has been learned and who should know this?

This policy cycle is as applicable in Hungary as it is in the UK.

The adoption of an overview policy cycle approach from the outset of a policy will make the policy easier to manage and ultimately to evaluate. This can be very helpful at a sub regional level, such as micro regions, and the linkage of interventions in a co-ordinated and joined-up policy context nationally. This can deliver multiple benefits beyond the achievements at one territorial or policy

level. It is also a useful way of communicating the policies intentions and progress with electoral communities, partners and stakeholders. It provides an international standard from which to gain credibility and develop further (including benchmarking and intra regional learning) over time.

This means that to be effective, evaluation must be coupled with a monitoring framework which allows for the recording of pertinent data before and during the application of policy, effectively to inform the evaluation of the change in parameters and performance metrics during the currency of the policy.

Interventions are typically rooted in the effort to address market failures and the policy cycle can clarify the prompts that elicited government intervention (at all levels) and the specific set of objectives for policy. Evaluation thinking then acts as a means of debating how to achieve these objectives using the process of appraisal, and particularly 'options appraisal' to determine the most effective and acceptable means of achieving the objectives. Without an evaluation thought process, this basis for intervention would remain cloudy if not totally unclear, raising questions of efficacy and appropriateness especially at a local and micro regional level. Transparency and consistency to tell the story from the beginning becomes a major benefit and protection from risk as well as threats to proof of rationale and benefits realisation.

Using the policy cycle thinking process as a guide and as a practical process tool means that evaluation conclusions and recommendations will have a sound basis and can be fed back to the policy makers (at all levels) to inform and adjust the policy going forward, thus closing the loop.

In practice, whilst the policy cycle approach, such as ROAMEF in the UK, has been seen to be effective through most stages (from the "R" to "E", rationale to evaluation) authorities and governments at all levels have struggled with ensuring that evaluation evidence does in fact feedback into future policy. Timing and other resource constraints combine to continue a strong tendency for more opinion and political based considerations to dominate policy making and to block the absorption of evaluation lessons into the development system and thereby inhibit truly sustainable development and a lasting legacy in terms of capacity building and cultural change.

The factors surrounding institutional inertia, local political bias and resistance to higher level authority influences should not be under estimated and need to be tackled in a sustained and systematic way over an extended period of time. How, when and what to monitor and evaluate, becomes a matter of negotiation and mutual understanding of the value in co-operation for greater long term reward. With the right approach and a genuine commitment to work in partnership for the greater long term good, evaluation can be the link to feed information and findings back into the policy making and resource allocation process in a positive way that promotes structural change and sustainable development.

Replacing "Hierarchical Planning" with "Agile Strategies"

The aim of introducing performance management tools has been to replace the traditional line item budgeting and rigid top-down steering with decentralised solutions that give departments and agencies greater autonomy in terms of defining actions needed to achieve performance goals. A traditional line item system stresses ex ante accountability for the detailed use of inputs. An important characteristic of the new performance budgeting and management system is that it switches the accountability to ex post accountability for results.

Although, strategic planning capacity in most of the OECD countries has dramatically improved during the last decade, most of the applications still reflect the hierarchical planning culture of the

1980s. Experience from Finland shows that there are two main categories of explanation for the existing problems: (1) technical explanations that usually refer to problems in collecting valid performance data, and (2) behavioural problems that refer to slow changes in the administrative culture, needed to support the implementation of public management reforms. The most obvious difficulties seem to be:

1. Suboptimal performance orientation. This means that each agency tends to define its performance targets only from its own narrow perspective, which at the aggregate level, leads to suboptimal results.

2. Attribution. Government organisations are unable to demonstrate their contribution to overall results (e.g. effectiveness). This causes problems in terms of accountability.

3. Invalid performance indicators. Use of performance indicators that do not capture the essential substance of the verbally expressed strategic goals.

4. Insufficient steering. Ministries lack the steering capacity and are not systematically reviewing the achievements of performance targets used.

5. Uniqueness delusion. Public agencies claim that their activities are so unique and specific that it is hard to find valid indicators to measure their performance.

6. Reporting. Lack of consistent and informative performance reporting.

7. Responsibility and accountability. Government agencies are not being held responsible for their performance.

8. Lack of incentives and reward mechanisms. Since valid performance measures are lacking or biased, evidence of their use as a basis of rewarding schemes both on an individual and on an organisational level remains scarce.

Box 2. Evaluation of Economic Development of Lithuanian Regions

In keeping with the Hungarian ambition, Lithuania's development plan focuses on lowering differences in economic development levels.

Evaluation of national policy found that innovation-oriented industrial companies may be located in economically less-developed regions, where they represent the so-called "islands of positive deviations". Extending this thinking to the fact that higher market services (the so-called 'quaternary services' including science and research) are more concentrated in urban areas, supporting innovation-oriented industrial companies is a tool for stimulating economic development in rural regions (in these regions with a low supply of investment opportunities, it is first necessary to suitably stimulate competitiveness quality increases in local markets e.g. opening of new markets or utilization of new raw material or input resources).

This recommendation was placed in the wider context of Lithuania's economic development, supporting spatial integration of the economy while taking into account development specifics of the individual regions.

Source: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/library/quant_eval_soci_ec_eval_en.pdf

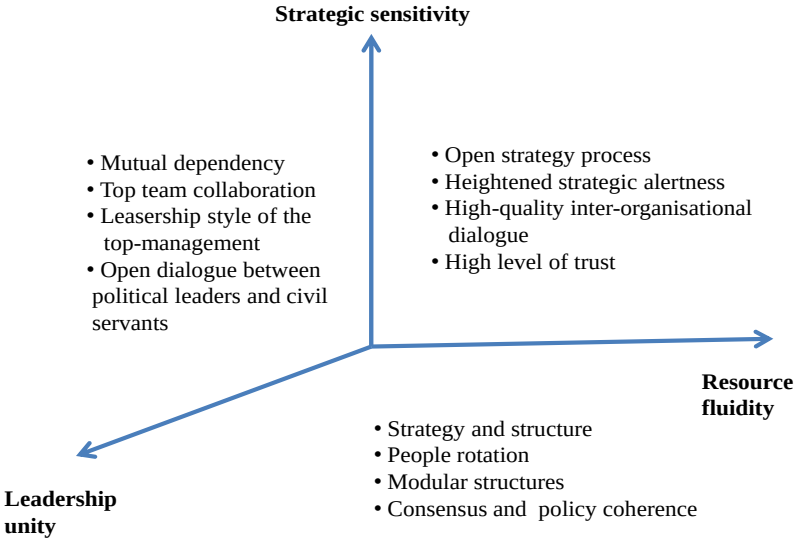
Assessment of the Hungarian strategic planning system shows that many of the problems mentioned above are typical also in this case. Difficulties identified at points 1; 3 and 5-7 above seem to be the especially weak areas of the Hungarian system.

In moving to a more agile system, the elaboration of the existing effectiveness of target setting and performance measurement approaches should include:

- Spanning the target-setting and evaluation boundaries from single-organisation towards multi-organisational settings;
- Putting more emphasis on policy understanding – why certain outcomes have been achieved while others lag behind, i.e. enhancing policy and organisational learning;
- Assessment of social and inter-organisational networks that shape beliefs, policies and outcomes;
- Widening the time horizon from one year up to 3,5 and 10 years, and;
- Replacing rigid strategies with flexible scenarios that better take into account weak signals, tacit information and alternative policy options.

Strategic agility is especially needed when speed of change increases and when the operating environment itself transforms from being simple and linear toward becoming more complex and interconnected. This creates many challenges to leadership skills, strategic sensitivity and resource fluidity. The figure below summarises the positive yet challenging dimensions of development necessary to achieve more sustainable, consensus based, strategy development.

Figure 2. Strategic sensitivity



Modified from: Doz & Kosonen (2008)

Evaluation is SMART

In addition to agility and related strategic characteristics, at an operational level, all policies, programmes and projects are most readily evaluated if they have clearly articulated objectives. UK terminology, relevant for any policy, is the concept of SMART objectives, meaning that the objectives are:

- Specific
- Measurable
- Achievable
- Relevant … and
- Time bound

Without such discipline, evaluation becomes vague and less meaningful, reducing the capacity to understand the effectiveness of policy. Indeed poor evaluation could damage the cause of evidence based decision making and efficient resource allocation. This in turn increases the likelihood that the value of monitoring data and evaluation findings could be misinterpreted and subject to distortion out of proper context. Left unchecked, further distortions will occur and a negative spiral or vicious policy cycle can develop rather than a positive development learning (virtuous) policy cycle.

Table 1. Assessment of Polish Rural Development Programme Strategic Objectives

(*Component B3: Local Government Administration of the Programme*)

Key Outputs	S M A R T?
Providing massive management training to over 4000 Local Government (LG) officials of 600 LG units, using modern education methodology (group-based training, individual mentoring for groups, distance learning tools, project development focus)	M,A, The objective is not sufficiently specific on the nature of the management training, its relevance to the programme or when it will conclude.
Designing and pilot testing (33 LG units) a management tool to diagnose, plan and implement institutional development in LG offices ("IDP methodology")	M,A
Creating a database of best practices in public administration management	M,A,R
Identifying legal deficiencies constraining effective management and suggesting appropriate revisions to the legal framework	A,R
Strengthening capacity and institutional cooperation between the Ministry and LG Associations	R
Creating a basis for performance benchmarking system in Poland	R
Promoting ethical standards in public administration at local and regional levels	A

At the highest level, a SMART approach becomes a requirement for national credibility as well as resource winning at a micro regional level.

Improving the Quality of Strategic Plans

To ensure that the fundamentals are in place, the following Do's and Don'ts have been collated to encourage evaluation stakeholders to take the right first steps. These are based on OECD findings from other recent international reports.

Table 2. Do's and Don'ts

Do's	Don'ts
Initiate **baseline** measurement at the earliest opportunity: this allows full recognition of the progress of policy over time	Don't '**Over analyze'**, or be too scientific about the success or otherwise of Regional Policy; allow scope for recognition of populace and peer perceptions of Policy
Ensure evaluation includes **foresight**; that the Policy cycle uses evidence from evaluation in adjusting objectives for the future	Don't be **over ambitious** about the extent and speed of change that can be achieved in a single cycle of Policy: embedding change is a prolonged process and rates of progress in the recent past are a useful guide for setting the aspirational rate of change
Articulate policy objectives clearly: a reliable monitoring framework relies on clarity	Don't create a framework that relies on **expensive** and elaborate data collection: think carefully about what proxies could fit the purpose
Be **realistic** about the monitoring framework: use readily available sources	Don't underestimate the importance of **communications**, internal and external, throughout
Create a framework that is **meaningful** to partner organisations and encourages the achievement of common goals	Don't assume that **leadership** is automatic; successful implementation requires drive and commitment from the top and the bottom
Expect **incremental** change	Don't forget to update **training and skills**

Successful strategy process is a combination of various considerations and professional practices. There are five key areas that need to be checked during every strategy round. These five areas are:

1. Information basis of the strategy

- Is the strategy based on systematic analysis of the changes taking place in operating environments?
- Have different sources of information been used (statistics, documents, surveys, key-informant interviews etc)?
- Have the results of previous evaluations and studies been utilised?
- Is there a clear understanding of the political will and potential cleavages?

Special remarks for Hungary

Statistical analysis forms the solid ground for regional strategy-building. Also, econometric models such as HERMIN, QUEST and E3ME could be applied in order to estimate the overall effect of policy-intervention vis-á-vis non-policy option. However quantitative data of this kind tends to give a rather single-sighted, backward looking and linear picture of the environment. In the future, it will be important to try to apply non-linear methods to future studies, such as scenario planning, Delphi-panels and other interactive methods to assess equally valid if weak signals and tacit knowledge that might have a major impact on regional strategies.

2. Technical Quality of the Document

- Is the document well-written?
- Is it understandable and easy to read (executive summary, figures and tables, sources and sub notes)?
- Is it transparent (are the preconditions, restrictions and premises of analysis reported)?
- Is the vision stated clearly?
- Is the document externally and internally coherent?
- Is it available through internet or other electronic form?

Special remarks for Hungary

Most Hungarian regional development strategies are clear and well-written, translated to English and available via internet. There should be a clear and co-ordinated communication strategy indicating which information is given to which target group (politicians, civil servants, NGOs and citizens).

3. Strategy as a Process

- Has the process been open and transparent?
- Has the process been efficient?
- Have all the relevant stakeholders been involved?
- Has there been common consensus over strategic priorities?
- Has there been a sufficient and representative number of public meetings and engagement events and promotions?

Special remarks for Hungary

Processes vary between different OPs and regional programs. In general, the main stakeholder seems to have had opportunity to express their opinions. The involvement of NGO´s and citizens has been rather modest is most of the cases. This should be given more attention in the future.

4. Feasibility

- Is the strategy realistic?
- Is it ambitious enough?
- Are the resources (budget and human resources) available and sufficient?
- Does it contain risk analysis?

– Are all relevant areas of risks covered (positive and negative) and mitigating actions clear?

– Are there any alternative plans?

Special remarks for Hungary

The feasibility of Hungarian regional strategies and plans has been tested by external evaluators (in most of the cases). More attention could be given to alternative strategies (plan B & C) and to systematic risk assessment across the public sector.

5. Expected Results and Outcomes

– Are the goals and objectives clearly stated?

– Are the measures in line with objectives?

– Is the intervention logic of the strategy clear and consistent?

– Are there a sufficient number of valid indicators?

– Are the target values stated?

Special remarks for Hungary

The strategies that OECD experts have assessed contain clearly stated goals and objectives. In the future more attention should be paid to performance indicators (in terms of describing more explicitly the model of intervention logic and hierarchy of strategic goals and objectives).

4. HOW TO SET UP AN EFFECTIVE PROCESS OF EVALUATION: ORGANISATIONAL AND PROCEDURAL ASPECTS

Design Principles

All policies and projects whether at regional or local level are put in place to cause change. Evaluation provides policy makers with the necessary information to see:

- if that change is taking place,
- to what extent that is a result of policy, and
- what in particular is causing that change and how.

Constituents will always want to know how successful policy intervention and expenditure has been so evaluation can help show the 'distance travelled' from the inception of the policy. Good evaluation should also pick up on any unintended consequences as well as more clearly verifying the causal relationships between intervention and effect.

In developing the practice of evaluation there is a sequence of steps to be taken. These will be described in this section and the next section on how to develop a specific action plan. Hungary is not alone in facing these challenges, and can draw comparisons with near neighbours. The example in the box below is a summary of the perceived situation by the National Evaluation Unit of Poland.

Box 3. Challenges for the evaluation process in Poland, 2008

The biggest challenges as far as the evaluation process is concerned are the following:

- providing arguments in the discussion on the future form of cohesion policy;
- using the evaluation as a tool in the process of the preparation and implementation of other national policies not related to the cohesion policy;
- stronger bound between the evaluation and the process of the operational programmes managing;
- effective use of the evaluation in allocation of the performance reserve in 2011;
- fast development of the capacity to commission and receive the evaluation research on the regional level;
- further development of the evaluation methodology;
- use of meta-evaluation to evaluate implementing cohesion policy thoroughly;
- conducting ex post evaluation for 2004-2006;
- evaluation of the territorial cohesion issues;
- activation of academic and scientific circles in the growing market of evaluation services;
- conducting evaluations at lower implementation levels (including the project level);
- wider use of evaluation results.

Source: *http://www.funduszestrukturalne.gov.pl/NR/rdonlyres/4E41CBAE-F849-48BE-BAC9-0614753930AA/47488/EvaluationprocessofthecohesionpolicyinPoland.pdf*

Evaluation Frameworks Approach

In developing the practice of evaluation it is first necessary to have the means to explain what conditions were before the policy was introduced and what the policy has caused to happen. This requires a combination of monitoring information on key performance indicators, and the evaluation which makes sense of all this data and connects causes with effects. Monitoring and evaluation can be combined in a framework which needs to be established at an early point in the policy lifecycle.

The first principles are that an evaluation framework approach must incorporate:

- stated objectives of the policy;
- a baseline condition record;
- inputs (financial and human) into policy delivery;
- activities involved in policy delivery;
- outputs resulting;
- outcomes resulting.

Logical Framework

The above description is essentially of a 'logical framework'. The logical framework technique is an exercise in structuring the component elements of a project (or single programme) and analysing the internal and external coherence of the project. The product of this technique, the logical framework, is a formal matrix presentation of the internal functioning of the project, of the means for verifying the achievement of the goal, and of the internal and external factors conditioning its success.

The proposed framework for Hungary must develop the stated objectives of the regional policy into an agile and dynamic logical framework of cause and effect. Detailed discussion will be required to determine the most appropriate parameters that will inform progress towards these goals. The use of SMART objectives in the policy is encouraged.

We encourage adopting this developmental form of a 'logical framework' approach in the assembly of the evaluation and monitoring framework. Logical frameworks are a popular method of analysing project performance by examining the logical linkages that connect a project's means with its ends, this means to work with the chronological flow of cause and effect in demonstrating progress as follows (note the economic development terms used here are interchangeable with terms seen in generic logic frameworks, such as 'purpose' and 'goals'):

1. Setting objectives leads to allocation of …
2. Inputs, which buy…
3. Activities, which produce…
4. Outputs that lead to…

5. Outcomes, matching objectives and that are a cause of

6. Impact in society, economy or environment

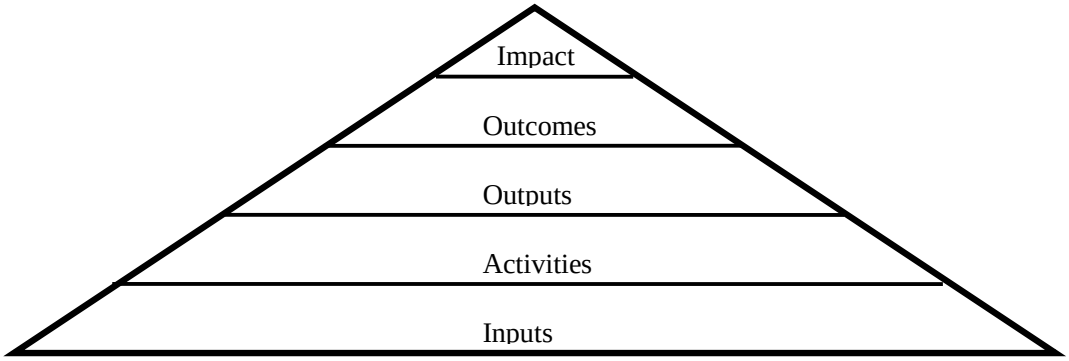
To take an example, for an employment related objective, the inputs maybe the finances and staffing required to create a careers advisory service. The activities that this levers may be the number of interviews that advise unemployed people, sometimes described as 'the intervention' in the market.

The output to this may be the number of these people who achieve employment. The outcome is the correlating adjustment in the regional metric of employment, and this in turn should be having an incremental effect on the economy, which in some models is the ultimate impact of intervention.

The logical framework approach, as recommended in a number of OECD reports, can usefully be depicted as a triangle (see the figure below), as this demonstrates how one event builds upon another. The triangle also demonstrates the degree of control that policy makers have over the components of the logical framework, represented by the horizontal scale of the triangle, as follows:

Control over inputs is complete, as policy makers can determine where to make investment. This correlates highly with the services and products that follow, i.e. the activities layer. The only difference at this stage is the possibility of co-sponsorship with other organisations or the private sector to fund activities.

Figure 3. The logical framework



Thereafter are outputs, but we now see a diminution in the degree of control, as outputs may not happen because other factors, other uncontrolled market forces and events become significant.

Control diminishes further in the realisation of outcomes, which have been dependent on the outputs, and finally the impact on the economy is at the upper apex of the triangle, representing minimal control, minimal cause: effect linkage with the inputs and minimal attribution to policy in comparison to the lower layers.

An example of the approach is given in the box below:

Box 4. Logical framework of a local project

This example concerns a project financed by the European Union as part of its development aid policy. The global objectives (or aims) of the project are as follows:

- raising the standard of living,
- guaranteeing a more stable food supply, increasing export earnings,
- increasing employment, and
- using resources in a sustainable way.

The project outcome is to generate a higher income for the economic actors in the local fishing sector. To evaluate the achievement, a series of objectively verifiable indicators can be used, such as the evolution of income from fishing, distribution of income by economic actor (fishermen, industries, transport firms, wholesalers, fishmongers), gender participation and the presence of fishing zones.

Among the factors conditioning the achievement of these goals are, in particular, the needs for sufficient quantities of consumer goods at affordable prices, as well as sufficient accessibility of other services (health, education, advisory services, etc.).

The expected results are: optimum production, optimum processing of fish, satisfactory commercialisation of fish production, and adequately defined local fishing zones. An evaluation of the achievement of these results may rely on a series of objectively verifiable indicators: number of catches, number of products sold, distance between the fishing zone and the shore, types of fish caught, duration of the fishing, balance in the distribution of catches between fishermen, duration of the sale, time between delivery and sale, depth of resources, and agreement between fishermen on fishing zones.

Among the factors influencing the achievement of the results is, in particular, the fact that demand has to be great enough, as does the level of prices for producers.

The following activities are part of the project: creation of fishing and fish processing co-operatives, particularly by women, availability of fishing equipment, drying sheds and warehouses, organisation of transport, information on demand and the market, training - particularly for women - in new techniques, training in new packaging techniques, adequate information on potential fishing zones, negotiation of agreements between fishermen, organisation of a system of control over fishing activities, etc.

Source: European Commission - DG VIII
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/sourcebooks/method_techniques/planning_structuring/logic_models/description_en.htm

Having set out this sequence, the next step in development of the Monitoring and Evaluation Framework is to translate the logical framework described above into a matrix. Again, flexibility must be in built rather than a cold and rigid logic to a deterministic model. It can be done and it can be powerful. The matrix is developed at the next section below.

Achieving a consensus

The additional elements that are discussed are the resources necessary to maintain a monitoring and evaluation framework, and the necessity of co-operation: it is in the interest of all concerned to have consensus about the need for monitoring and evaluation of policy, and a shared willingness to co-operate in data collection and applying evaluation findings. This is most readily achieved with a shared ownership of the policy and an understanding that evaluation can improve policy application by reducing ineffective aspects and delivering resources to where they have the most impact.

Resource Allocation

Resource allocation brings about perceptions of 'winners and losers', which needs to be managed to satisfy those with reduced resources that the allocation represents evidence of goal fulfilment and recent progress, whilst for those that are granted resources the understanding that this comes with conditions attached, to demonstrate progress towards objectives and to make sustainable change in their region. Resources and incentives should be allocated carefully and transparently to reward achievement and progress rather than perceptions that the system penalises success and continually supports disadvantage. This will not produce sustainable development.

Resources are a key factor in sustainable development areas, especially with the implications for populating evaluation capacities locally and generating practical evaluation frameworks. This again takes time to nurture. The aspirations for complexity and accuracy must be set against the challenges of larger and more elaborate evaluation approaches requiring higher levels of dedicated expertise and training to generate information. This can be expensive and there will be a significant 'lag' time between promotion, agreement and delivery of evaluations. Culture development is long term and is generational. Experience in Scotland has shown the importance of identifying the cost involved in developing evaluation frameworks and reporting progress of policy; it requires an extended period of commitment to achieve these objectives.

Information metrics

Information metrics and definition of development terms are essential. It is almost inevitable in a multi-discipline subject such as regional economic development that there will be multiple 'owners' of data that is useful in tracking policy progress. From the outset therefore, as parameters are identified for monitoring, it is good practice to agree the release - and timing of release – of essential data from the owners and to agree its re-use in the evaluation of regional policy.

It is also worth considering circulating a working document to help define terms that are ambiguous or undefined in the present policy documents e.g. what criteria and values will gain consensus that a micro region territory is 'developing'; are 'urban' and 'rural' defined and agreed; are special development status micro regions effective and practical pro-development delineations; do we have existing measurement protocols that allow this status to be discerned and aggregated?

This will require extensive consultation and discussion at all levels to generate the understanding and trust to move forward at new levels of effectiveness including micro regional associations. A reasonable period of time should be allowed for this consultation, but it will prove to be time well spent in agreeing the scope and gaining commitment. The basic quest of convincing politicians and executives at local level must be tackled sensitively yet robustly as "no change" is not an option – funding and support is not sustainable unless competitive and coherent policy units can be re-defined.

To make the population of evaluation frameworks a practical and sustainable task, preference should be given to the use of regionally reported metrics, and the possibilities for wider measurement with partner regions explored.

Benchmarking

Benchmarking – that is tracking and comparing progress with comparator nations - will also greatly assist in recognising strengths and weaknesses in the application of policy, as for example progress in GDP expansion is matched against regions at a similar stage in development. Promotion of

this approach within an evaluation framework can be successful as shown on other countries where fierce local rivalries once seemed insoluble.

Baselining

Policies require a 'baseline' for interpretation within an evaluation and monitoring framework if they are to show the 'distance travelled' from the inception of the policy. The baseline is an analytical description of the situation prior to intervention; a point in time from which progress will be assessed and comparisons made. At this starting point, multiple baselines should ideally be recorded for all the econometric information at the outset of the policy, and on which the policy has been founded, such as number of foreign companies investing in the region.

This will present a profile of the region and micro regional associations' position against which future effects will be assessed. From the baseline the projections of the policies aspirations are set out, with timescales, again for comparison at a future point.

Clarity

The clearer policies are in terms of setting out their objectives, the more readily they are evaluated. It is established practice in many OECD countries to set policy in the context of an intention to change specified econometric measures over a defined period of time. This is a useful starting point for evaluation and monitoring. From the baseline the projections of the policies aspirations are set out, with timescales, for comparison at a future point.

Training and Development

Training and development can take executives into interesting and important discussions of concepts such as additionality, net effects and attribution. For example, attribution is the association of cause and effect, the correlation between an intervention and the outputs and outcomes that are seen subsequently.

Attribution

Community and socio economic development interventions do not work in isolation and the task of attributing change to an intervention in a multi-causation environment is acknowledged internationally as difficult and ultimately subjective. For instance, at the output level for a careers service promotion intervention, the number of people from the careers service programme that gain employment will be greatly influenced by local opportunities, which may grow or shrink due to factors not attributable to the careers service.

There is no single accepted solution to the attribution issue: policies include attributing benefits in proportion to investment, or attributing effects equally between participating organisations or policies. It is generally accepted that careful design of evaluation can give a clearer understanding of the cause and effect relationships. However, in the instance of a chain or sequence of interventions that bring about an economic effect (such as the many stages in commercialising research) the conclusion that all or at least many steps in the process are required in order to bring about the benefits is valid. Therefore, returning to regional policy, with the benefit of evaluation evidence that links multiple policies and programmes with economic benefit, attribution to individual components is a secondary consideration to the progress of the regional policy as a whole.

Evaluation at different levels: aggregation

Regional policy evaluation needs to operate at more than one level. To be able to take a macro-perspective (e.g. regional growth, or productivity) of the policy, it must be able to register the effectiveness or otherwise of actual interventions in the region, the programmes and projects that the policy has initiated. This requires the policy framework to control the form and structure of programme level evaluation and monitoring frameworks, to ensure that data gathered at the lower levels can be aggregated or is compatible with the metrics of the policy level framework. As an example, for the structural funds, data on progress of project implementation is registered on the settlement level, and is to be aggregated at a micro-regional level.

For this to succeed, programme level data must be mutually compatible in two key respects:

- Common definitions, for example a consistency in assumptions in what counts as 'employment' must be used for all programmes. If there is to be a meaningful aggregation of programme data, metrics must be consistent for aggregation.

- Contiguous geographical coverage, to avoid double counting or gaps in date coverage all data collection must be mapped at an appropriate level, such as NUTS2 or 3 scales, to avoid being misleading.

Box 5. Considerations of regional scale in Poland

An initial programme of work on regional policy analysis and modelling could be structured along the following broad lines:

- An obvious level of spatial disaggregation within this new model is the 16 regions;
- A broad-ranging review of the present state of regional socio-economic and business data in Poland should be carried out, and gaps in regional data should be identified;
- A database of regional data should be constructed and the database used to prepare a brief review of the key characteristics of the regions that will serve to identify the main regional policy challenges;
- A draft regional modelling framework should be designed, in parallel with the above review of data, with emphasis on the level of disaggregation within each region that will be necessary in order to provide the desired policy insights;
- An evaluation needs to be made into whether the construction of a regional modelling framework of the appropriate type is likely to be successful in light of the data constraints identified above.
- Assuming that the data gaps could be overcome in a pragmatic fashion, the research should then focus on a range of central themes of regional policy, such as the following:
- The ways in which national policy actions (in the areas of taxation, expenditure - including redistribution - and monetary policy) feed downwards to the regional economies and influence their performance;
- The nature of the policy autonomy currently available to regional administrations, and how this can be used to boost economic performance;
- Other actions available – or potentially available - to regional policy makers – in the public and the private sectors – that might act to boost economic performance.
- The interactions of regions and the synergies generated by inter-regional co-operation and spill-overs.
- Reverse feedback from the regional economies to the national economy and the identification of possible constraints that this might impose on national policy autonomy.

Source: John Bradley, Janusz Zaleski and Piotr Zuber, The role of ex-ante evaluation in CEE National Development Planning: A case study based on Polish administrative experience with NDP 2004-2006.

Box 6. Considerations of Regional/Micro-Regional scale issues in Lithuania

Treaty of accession to the European Union validates Lithuania as an integral (undivided into parts) region. This creates a problem of preparing development strategies of economic and social growth for some counties and regions of Lithuania following different levels of development of certain geographical areas, differentiation of investments and social help, historically set differences of economic efficiency.

Following EU agreements, directives and regulations characterizing regional management (Boldrin, 2001) it appears that regional policy in Lithuania in regions where GDP per resident is less than 75% should be developed on the basis of region division into micro-regions. Average micro-region in Lithuania excluded on the national level is approximately 6.5 thousand square kilometers i.e. much less than average EU micro6 *VADYBA / MANAGEMENT.* 2007 m. Nr. 2 (15) region.

Due to the fact that micro-regions in Lithuania are so small and their material and technical base is very weak it is irrational to solve any cardinal economic or social problems on the level of micro-region. This is done on the scale of the whole economy. Therefore, regional policy in our country (as it is recommended by the European Commission) should only be connected with solutions of challenges on the level of historic/ethnic and administration/planning micro-regions i.e. identification and development of national peculiarities, improvement of work and its transparency of county governors, perfection of the work of municipality councils, execution and control institutions in view of intensity of processes of internationalization and globalization in certain geographical regions (Dubinas,1998).

The role of county governors, city mayors and adequate regional institutions has especially grown in analyzing social-economic development of areas under their management, in preparing and controlling strategies, programs and projects of further development of certain areas financed from consolidated budget of the state of Lithuania and ES Cohesion Fund.

It is necessary to revise and simplify the structure of administrative units in Lithuania. On the one hand to make the local management in such a small country as ours less bureaucratic and more effective and using less tax-payers money for municipality council, on the other hand to avoid artificial disagreements between county governors and local municipality executive institutions, then questions of development of certain geographic regions in Lithuania would be solved more expeditiously (Vaitiekūnas, 2001).

Source: http://www.leidykla.eu/fileadmin/Vadyba/15/5-8.pdf

It is worthwhile again distinguishing between evaluation and monitoring when considering the micro-region level. When considering Hungary's operational programme for the years 2007-13, the priorities are:

- development of the economy
- development of transport
- renewal of society
- environment and energy
- regional development …and
- state reform

None of these national objectives can be meaningfully evaluated at micro-region level. The information will be gathered at micro-region level, (employment, use of motor vehicles, lengths of

rail-track, electrical supply etc) however evaluation of the success of policy requires a higher mind-set; an amalgamation of this data to take a balanced view on regional disparities and the net effect of policy delivery in one area upon its neighbour. Evaluation therefore requires to translate local data into national conclusions.

Monitoring & Evaluation Framework Matrix

In a previous section the monitoring & evaluation framework tool was introduced, being a key component of the logical framework approach. The matrix has the following advantages:

- It brings together in one place a statement of all the key components of a project
- It presents them in a systematic, concise and coherent way, thus clarifying and exposing the logic of how the policy is expected to work
- It helps to ensure that the sequence of events is plausible and is monitored, and that wider ranging objectives are not overlooked
- It clarifies the relationships which underlie judgments about likely efficiency and effectiveness of projects
- It identifies the main factors related to the success of the project
- It provides the basis for evaluation by identifying indicators of success, and means of quantification or assessment
- It encourages engagement with all data providers from the outset and during supervision.

The following suggests the layout for the Hungarian Regional Policy monitoring and evaluation framework matrix. It requires careful consideration of many factors – suggested in this paper – before it is fully fit for purpose, notably the agility and cohesion from local to national levels.

The matrix requires a guidance note and long term training and development plan to accompany it. The guide will have a narrative summary that defines the structure, purpose, ownership, as well as clarifying the terms used, such as Activities, Inputs, Outputs, Outcome and Impact. Cearly worded and illustrated, the matrix will become the centre-piece of monitoring and evaluation of regional development in Hungary. It must therefore be designed in consultation with all levels, Government, Regional Development Councils, County Development Councils, Micro-Regional Development Councils, development groups of self-governing communities, all contributors to the national database of key statistics.

Additionally, the guidance needs to define the geographies that each indicator is measured at and indeed what these indicators and parameters that are being measured, often referred to in logical frameworks as the ‘verifiable indicators’.

The indicators used must be susceptible to measurement, or qualitative judgment, or both at reasonable cost. An example of a quantitative indicator is the volume of output of a new crop; an example of a qualitative judgment is the assessment that the majority of farmers have understood audio-visual materials. In some cases proxy assessments may be more appropriate. All assumptions on the use and relevance of the indicator should be stated at various stages; in the example of an

employment initiative intervention, covering the value of investment, the number of interviews, the number gaining employment, the percentage employed, and the adjustment in GDP.

Such indicators need to be chosen carefully, to be relevant to the intervention, sensitive to its scope, readily measured and as much as possible, attributable to the intervention.

Sources of information must be identified and made accessible for every verifiable indicator that will be quantified or assessed. The availability and reliability of data, and the practicability and cost of collecting them, must be carefully considered both in identifying suitable indicators and in determining the most cost-effective way of measuring them. Is success simply stated, such as in the formation of a local industry exchange, or is more narrative explanation appropriate, such as has Ogres improved as a place to live? Actors at local and micro regional level should be encouraged to return to the policy objectives and ask what will be needed for the evaluation to make a meaningful statement of the progress toward each policy objective.

Where progress is incremental, a monitoring framework should include:

- the baseline position,
- choice of metric for each,
- means of measuring the metric,
- interval for measurement, and
- means of benchmarking for each.

Indicative Matrix for Hungary

The following matrix exemplifies how the tool could be developed. Hungary is not without such matrices, the Central Hungary OP for instance has developed a logical framework of activities, outcomes and impact. However, as noted above, the matrix must be practical to complete, and measures of verbs such as “re-vitalising” and ‘improving’ can lack practical interpretation.

A key issue for success in use of the matrix is practicality and efficiency. As noted above, the matrix must remain manageable if it is to be practical. Where a single indicator provides meaningful demonstration of progress for more than one policy objective this should be considered: a close proxy to a policy measure that approximates progress with caveats may prove to be a better long-term measure than a new purpose built survey that only runs for a few years.

Table 3. Indicative matrix for Hungary

Policy Objective	Input	Activity	Output	Outcome	Impact
1. educated and creative individuals	Investment in education	Provision of training courses and materials, on-line learning	Rate of adult education, rate of vocational schools enrolment	Provision of a trained workforce	Inc. in GDP
Verifiable Indicator(s)	$, hrs	No. of training courses provided	%age populace with qualifications	Employment %age, increase in FDI	GDP
Source*:	Education dept	Education dept, training providers	Education dept, colleges, universities	MES, CSB	CSB, Eurostat
Frequency:	Annual	Quarterly	Annual	Annual	Annual
Benchmark**:	5 Regions	Baseline	OECD	OECD	OECD
2. favourable environment for business and living	Planning and supporting infrastructure	Motorway construction	Reduction in travel time A to B	Increased flow A to B and vice versa	Economic growth
Verifiable Indicator(s)	$, hrs	Km Motorway	Journey times	Productivity increase: $/hr	GDP
Source:	MRDLG	Map measurement	Periodic actual measure	Specific survey	CSB
Frequency:	Annual	Annual	Annual	Annual	Annual
Benchmark:					
3. improvement to welfare	Investment in health and social facilities	Education of employers on effects of welfare on workers	Provision of welfare facilities for workers	Improvements in productivity, decrease in emigration	Inc. in GDP
Verifiable Indicator(s)	$, hrs	Companies contacted	No. of companies with adequate welfare provision	Productivity increase: $/hr, health surveys, emigration stats	GDP
Source:					CSB
Frequency:	Quarterly	Quarterly	Annual	Annual	Annual
Benchmark**:					
4. development of science and research	Encouragement of R&D	National Innovation programme	Innovative enterprises, increased R&D	Spillover effects, reduction in production costs	Inc. in GDP
Verifiable Indicator(s)	$, hrs	No of participants	New companies, no. of patents, R&D investment	Improvements in productivity; increased market share	GDP
Source:	MRDLG	CSB	CSB	CSB	CSB
Frequency:	Quarterly	Quarterly	Quarterly	Annual	Annual
Benchmark**:					
5. development of country and society	Tourism programme	Concerted activities on improving service provision	Increase in visitor numbers	Improved perceptions of	Inc. in GDP

Verifiable Indicator(s)	$, hrs	Take up of grant provision, no. of new facilities	Airport figures	International survey	GDP
Source:	MRDLG	MRDLG	National airport	International survey	CSB
Frequency:	Quarterly	Quarterly	Quarterly	Annual	Annual
Benchmark**:					

*Examples of sources include the OECD, regional strategic databases and national Ministries.

** Examples of Benchmark include rank amongst comparator OECD member (for outcome / impact measures) or rank in local administrative authority (for other measures).

From the above, extensive consultations and workshops must be conducted before drafting an evaluation strategy and practical measurement framework. Prior to developing an approach or evaluation framework assessment must cover practicalities on the ground including

- Who currently provides what data?
- How is this collected?
- Is this fit for micro region purposes?
- Can this be aggregated to the higher level? (is it consistently measured across peer organisations?)

Each of the national objectives cited above should be considered separately for establishment of a baseline condition, appropriate metrics for measurement, timescales for realization, interim timescales for evaluation and contextual benchmarking with trends in similar economies. Getting to this stage of development where relatively complex and sophisticated reporting is required and support from experienced technical experts is a basic part of the internal capacities in the regions and at national level. Without this analysis and expertise the data and evaluation findings would be applied properly to change future policy. It is helpful to consider the questions that should be asked to prompt useful discussion at micro regional level.

This can be based on refining the matrix above to produce a practical matrix that will be instrumental in the evaluation of the effectiveness of regional policy on making commensurate improvements to the Hungarian economy. When we can secure a commitment to evaluation at micro regional level we need to ask these questions to enable evaluation to play a meaningful role:

- Do we have verifiable indicators appropriate at all levels, State, Regional, micro regional and local?
- What are the quantitative ways of measuring, or the qualitative ways of judging, whether the broad development objectives are being achieved?
- How long will it take before changes will be apparent? And the subsequent rate of change?
- What sources of information exist, or can be provided cost-effectively?
- Can the indicators at complementary levels be benchmarked nationally and internationally?
- Will the data providers co-operate objectively with the national evaluation agenda?

- What external factors are necessary for sustaining objectives in the long run, or that can inhibit the objectives?

- What are the quantitative measures or qualitative evidence by which achievement and distribution of impacts and benefits can be judged?

- What kinds of decisions or actions outside the control of the project are necessary for inception of the project?

5. HOW TO DO EVALUATION – ALTERNATIVE MODELS AND METHODS

There are many different methods and techniques that are available for the evaluation of socio-economic development. The present guidelines are not intended to present the specifics of these individual methods and techniques, but it can be helpful in any case to provide an "open list" of some of the ones that are most frequently utilized in order to give the reader a sense of the amount of specialized literature that exists in the field of evaluation (see Annexe 2 for literature references and sources).

Definitions and criteria

Benchmarking: Qualitative and quantitative standard for comparison of the performance of an intervention. Such a standard will often be the best in the same domain of intervention or in a related domain. Benchmarking is facilitated when, at the national or regional level, there is comparative information of good and not so good practice. The term benchmarking is also used to refer to the comparison of contextual conditions between territories.

Beneficiary (surveys): Person or organisation directly affected by the intervention whether intended or unintended. Beneficiaries receive support, services and information, and use facilities created with the support of the intervention (e.g. a family which uses a telephone network that has been improved with public intervention support, or a firm which has received assistance or advice). Some people may be beneficiaries without necessarily belonging to the group targeted by the intervention. Similarly, the entire eligible group does not necessarily consist of beneficiaries.

Case Study: In-depth study of data on a specific case (e.g. a project, beneficiary, town). The case study is a detailed description of a case in its context. It is an appropriate tool for the inductive analysis of impacts and particularly of innovative interventions for which there is no prior explanatory theory. Case study results are usually presented in a narrative form. A series of case studies can be carried out concurrently, in a comparative and potentially cumulative way. A series of case studies may contribute to causal and explanatory analysis.

Concept mapping of impacts: Tool used for the clarification of underlying concepts which may include explicit and implicit objectives. It relies on the identification, grouping together and rating of expected outcomes and impacts. The concept mapping of impacts is implemented in a participatory way, so that a large number of participants or stakeholders can be involved. It may result in the selection of indicators that are associated with the main expected impacts

Cost-benefit analysis: Tool for judging the advantages of the intervention from the point of view of all the groups concerned, and on the basis of a monetary value attributed to all the positive and negative consequences of the intervention (which must be estimated separately). When it is neither relevant nor possible to use market prices to estimate a gain or a loss, a fictive price can be set in various ways. The first consists of estimating the willingness of beneficiaries to pay to obtain positive impacts or avoid negative impacts. The fictive price of goods or services can also be estimated by the loss of earnings in the absence of those goods or services (e.g. in cases of massive unemployment, the fictive price of a day's unskilled work is very low). Finally, the fictive price can be decided on directly by the administrative officials concerned or the steering group. Cost-benefit analysis is used mainly for the ex ante evaluation of large projects.

Cost-effectiveness analysis: Evaluation tool for making a judgment in terms of effectiveness. This tool consists of relating the net effects of the intervention (which must be determined separately) to the financial inputs needed to produce those effects. The judgment criterion might, for example, be the cost per unit of impact produced (e.g. cost per job created). This unit cost is then compared to that of other interventions chosen as benchmarks.

Delphi Panel: Procedure for iterative and anonymous consultation of several experts, aimed at directing their opinions towards a common conclusion. The Delphi panel technique may be used in ex ante evaluation, for estimating the potential impacts of an intervention and later to consider evaluation findings.

Econometric analysis: The application of econometric models used to simulate the main mechanisms of a regional, national or international economic system. A large number of models exist, based on widely diverse macro-economic theories. This type of tool is often used to simulate future trends, but it may also serve as a tool in the evaluation socio-economic programmes. In this case, it is used to simulate a counterfactual situation, and thus to quantitatively evaluate net effects on most of the macro-economic variables influenced by public actions, i.e.: growth, employment, investment, savings, etc. The models are generally capable of estimating demand-side effects more easily than supply-side effects. Econometric analysis is also used in the evaluation of labour market interventions.

Economic Impact Assessment: Economic impact assessment is about tracking or anticipating the economic impact of an intervention. It depends on analysing the cause and effect of an intervention and is important in project appraisal. It can be undertaken before, during or after projects to assess the amount of value added by a given intervention and whether it is justified.

Environmental Impact Assessment: Study of all the repercussions of an individual project on the natural environment. Environmental Impact Assessment is a compulsory step in certain countries in the selection of major infrastructure projects. By contrast, Strategic Environmental Assessment refers to the evaluation of programmes and policy priorities. Environmental Impact Assessment consists of two steps: screening, which refers to an initial overall analysis to determine the degree of environmental evaluation required before the implementation is approved; and scoping which determines which impacts must be evaluated in depth. The evaluation of environmental impacts examines expected and unexpected effects. The latter are often more numerous.

Evaluability assessment: Technical part of the pre-evaluation, which takes stock of available knowledge and assesses whether technical and institutional conditions are sufficient for reliable and credible answers to be given to the questions asked. Concretely, it consists of checking whether an evaluator using appropriate evaluation methods and techniques will be capable, in the time allowed and at a cost compatible with existing constraints, to answer evaluative questions with a strong probability of reaching useful conclusions. In some formulations it also includes an assessment of the likelihood of evaluation outputs being used. It is closely linked with examinations of programme theory and programme logic insofar as evaluability depends on the coherence of the programme's logic and the plausibility of its interventions and implementation chains.

Expert panel: Work group which is specially formed for the purposes of the evaluation and which may meet several times. The experts are recognised independent specialists in the evaluated field of intervention. They may collectively pronounce a judgement on the value of the public intervention and its effects. An expert panel serves to rapidly and inexpensively formulate a synthetic judgement which integrates the main information available on the programme, as well as information from other experiences.

Focus group: Survey technique based on a small group discussion. Often used to enable participants to form an opinion on a subject with which they are not familiar. The technique makes use of the participants' interaction and creativity to enhance and consolidate the information collected. It is especially useful for analysing themes or domains which give rise to differences of opinion that have to be reconciled, or which concern complex questions that have to be explored in depth.

Formative evaluation: Evaluation which is intended to support programme actors, i.e., managers and direct protagonists, in order to help them improve their decisions and activities. It mainly applies to public interventions during their implementation (on-going, mid-term or intermediate evaluation). It focuses essentially on implementation procedures and their effectiveness and relevance.

Impact: A consequence affecting direct beneficiaries following the end of their participation in an intervention or after the completion of public facilities, or else an indirect consequence affecting other beneficiaries who may be winners or losers. Certain impacts (specific impacts) can be observed among direct beneficiaries after a few months and others only in the longer term (e.g. the monitoring of assisted firms). In the field of development support, these longer term impacts are usually referred to as sustainable results. Some impacts appear indirectly (e.g. turnover generated for the suppliers of assisted firms). Others can be observed at the macro-economic or macro-social level (e.g. improvement of the image of the assisted region); these are global impacts. Evaluation is frequently used to examine one or more intermediate impacts, between specific and global impacts. Impacts may be positive or negative, expected or unexpected.

Individual interview: Technique used to collect qualitative data and the opinions of people who are concerned or potentially concerned by the intervention, its context, its implementation and its effects. Several types of individual interview exist, including informal conversations, semi-structured interviews and structured interviews. The latter is the most rigid approach and resembles a questionnaire survey. A semi-structured interview consists of eliciting a person's reactions to predetermined elements, without hindering his or her freedom to interpret and reformulate these elements.

Input-output analysis: Tool which represents the interaction between sectors of a national or regional economy in the form of intermediate or final consumption. Input-output analysis serves to estimate the repercussions of a direct effect in the form of first round and then secondary effects throughout the economy. The tool can be used when a table of inputs and outputs is available. This is usually the case at the national level but more rarely so at the regional level. The tool is capable of estimating demand-side effects but not supply-side effects.

Logic models: Generic term that describes various representations of programmes linking their contexts, assumptions, inputs, intervention logics, implementation chains and outcomes and results. These models can be relatively simple (such as the logical framework, see below) and more complex (such as realist, context/mechanism/outcome configurations and Theory of Change - ToC - models).

Multicriteria analysis: Tool used to compare several interventions in relation to several criteria. Multicriteria analysis is used above all in the ex ante evaluation of major projects, for comparing between proposals. It can also be used in the ex post evaluation of an intervention, to compare the relative success of the different components of the intervention. Finally, it can be used to compare separate but similar interventions, for classification purposes. Multicriteria analysis may involve weighting, reflecting the relative importance attributed to each of the criteria. It may result in the formulation of a single judgement or synthetic classification, or in different classifications reflecting the stakeholders' different points of view. In the latter case, it is called multicriteria-multijudge analysis.

Participatory evaluation: Evaluative approach that encourages the active participation of beneficiaries and other stakeholders in an evaluation. They may participate in the design and agenda setting of an evaluation, conduct self evaluations, help gather data or help interpret results. In socio-economic development participatory approaches are especially relevant because they support autonomy and self confidence rather than encourage dependency.

Priority Evaluation: The priority-evaluator technique was developed as a way of involving the public in decisions about complicated planning issues. The method is an attempt to combine economic theories with survey techniques in order to value unpriced commodities, such as development or environmental conservation. It is used to identify priorities in situations where there is likely to be a conflict of interest between different people or interest groups, and the choice of any option will require a trade-off. The priority evaluator technique is designed around the identification of a set of options comprising varying levels of a given set of attributes. The basis of the technique is to let the respondent devise an optimum package, given a set of constraints. The method allows the research to identify the cost of moving from one level of each attribute to another, and the respondent is invited to choose the best package, given a fixed budget to spend. The analysis is based on neo-classical microeconomic assumptions about consumer behaviour (e.g. the equation of marginal utility for all goods), thus arriving at respondents ideally balanced preferences, constrained financially, but not limited by the imperfections and limitations of the market place.

Regression analysis: Statistical tool used to make a quantitative estimation of the influence of several explanatory variables (public intervention and confounding factors) on an explained variable (an impact). Regression analysis is a tool for analysing deductive causality. It is based on an explanatory logical model and on a series of preliminary observations. The tool can be used in varying ways, depending on whether the variables of the model are continuous or discrete and on whether their relations are linear or not.

Social survey: Surveys are used to collect a broad range of information (quantitative and qualitative) about a population. The emphasis is usually on quantitative data.

Stakeholder (consultation): Individuals, groups or organisations with an interest in the evaluated intervention or in the evaluation itself, particularly: authorities who decided on and financed the intervention, managers, operators, and spokespersons of the publics' concerned. These immediate or key stakeholders have interests which should be taken into account in an evaluation. They may also have purely private or special interests which are not legitimately part of the evaluation. The notion of stakeholders can be extended much more widely. For example, in the case of an intervention which subsidises the creation of new hotels, the stakeholders can include the funding authorities/managers, the new hoteliers (direct beneficiaries), other professionals in tourism, former hoteliers facing competition from the assisted hotels, tourists, nature conservation associations and building contractors.

Strategic Environmental Assessment: A similar technique to Environmental Impact Assessment but normally applied to policies, plans, programmes and groups of projects. Strategic Environmental Assessment provides the potential opportunity to avoid the preparation and implementation of inappropriate plants, programmes and projects and assists in the identification and evaluation of project alternatives and identification of cumulative effects. Strategic Environmental Assessment comprises two main types: sectoral strategic environmental assessment (applied when many new projects fall within one sector) and regional SEA (applied when broad economic development is planned within one region).

SWOT (Strengths, Weaknesses, Opportunities, Threats): This is an evaluation tool which is used to check whether a public intervention is suited to its context. The tool helps structure debate on strategic orientations.

Use of administrative data: Information relating to the administration of the Programme usually collected through a structured monitoring process. Not necessarily for the purposes of evaluation.

Use of secondary source data: Existing information gathered and interpreted by the evaluator. Secondary data consists of information drawn from the monitoring system, produced by statistics institutes and provided by former research and evaluations.

- The choice of methods and techniques to utilize can depend on:
- the type of the socio-economic intervention;
- the evaluation purpose (accountability, improving management, explaining what works);
- the stage in the programme/policy cycle (ex-ante analysis/ex-post analysis);
- the stage in the evaluation process (designing/structuring, obtaining data, analysing data, making judgements/conclusions).

When selecting a particular method and/or technique the scope of the evaluation should also be considered. There are obvious and significant differences between the overall evaluation of a multi-sector programme and the in-depth study of a specific development intervention.

In reality, however, it is normal, reasonable and acceptable for the evaluator (or the evaluation team) to apply a combination of different methods and techniques in a flexible way and to adapt them to the specific context. Common sense, logical rigour and intellectual honesty (combined with a sufficient degree of technical knowledge and local sensitivity) are probably the most important features for a good evaluator. What is requested is basically to be able to describe coherently the choices made during the process.

Choosing methods and techniques

The individual methods and techniques are listed according to the stage in the evaluation process that they most frequently inform. The crosses in the table below indicate the circumstances in which the methods and techniques described are used according to:

- the four stages of the evaluation process: planning and structuring; obtaining data; analysing information; evaluative judgement.
- prospective (ex ante) and retrospective analysis (ex post); and,
- overall and in-depth analysis.

Table 4. Choosing methods and techniques: Ex ante perspective

PROSPECTIVE (EX ANTE)							
		Overall	In-depth				
	Design	Obtaining data	Analysing data	Judgements	Obtaining data	Analysing data	Judgements
Planning and Structuring Evaluation							
Concept or issue mapping	x						
Stakeholder consultation	x	x			x		
Evaluability assessment	x						
Logic models	x		x				
Formative/ developmental evaluation	x		x	x		x	x
Obtaining Data							
Social surveys		x			x		
Beneficiary surveys							
Individual (stakeholder) interviews		x			x		
Priority evaluation				x			x
Focus groups		x	x		x	x	
Case studies		x	x				
Local evaluation							
Participatory approaches & methods	x			x			x
Use of secondary source data		x					
Use of administrative data		x					
Observational techniques							
Analysing Information							
Input/output analysis			x				
Econometric models			x				
Regression analysis							
Experimental and quasi-experimental approaches							
Delphi survey						x	x

SWOT	x						
Tools to Inform Evaluative Judgements							
Cost-benefit analysis							x
Benchmarking							
Cost effectiveness analysis						x	x
Economic impact assessment							x
Gender impact assessment							x
Environmental impact assessment							x
Strategic environmental assessment			x	x		x	x
Multi-criteria analysis				x			x
Expert panels			x	x		x	x

6. REPORTING PROGRESS

The earlier references to the economic development work of other OECD countries (see profiles in the Report volume to accompany this Guide) shows how strategic regional development and evaluation communications and reporting can be done with the aid of a range of flexible tools and techniques, charts and graphs. In all cases the presentation must be done with consideration to both the lay reader who is looking to see the change trend, and more analytical reviewers who will require data sources, assumptions used and context of measures.

In promoting this approach to recording, evaluating and preparing reports, each stakeholder should be considered systematically against the questions of:

- What measures are of interest to this party?
- What trends will they be looking for?
- Does this require an emphasis on quantitative or qualitative interpretation?
- What are the main issues with this measure that require to be clarified?
- What recent events have been instrumental in changing either the measure or its value since the last report?
- Will their geographical domain be discernable from the data?

It should be recognised that incentives play a major role in changing regional structures and approaches that embrace evaluation positively as a part of development. From then, the moves towards deeper issues of evaluation can be considered, including how to show attribution of policy to the effects observed and recorded in the matrix and how to discern net effects as opposed to gross effects. However this can take a considerable time to reach this level of detail at regional let alone micro regional level.

In developing more sophisticated and revealing learning reports, it is useful therefore to organize the report around the policy instruments in the policy documents, allowing ‘read-across’ from one document to the other. Getting to this point will require basic buy-in to evaluation and a shared commitment to deliver, even if driven initially by short term incentives rather than longer term cultural change (which can be complimentary).

Celebrating success and progress

Recognition is a vital component of positive change behaviour. It will be important to share success stories and examples of good evaluation that illustrates how the principles of this Guide can be implemented to good effect in Hungary. For this reason, a series of networking and knowledge sharing events should form part of the communications strategy for good evaluation. These events can be

linked to important policy initiatives or landmark times in the micro regional development calendar and should form part of the development programme.

7. CONCLUSIONS: IMPLEMENTATION RECOMMENDATIONS

This section summarises the previous discussion and provides practical action points that can be implemented to improve the regional planning and evaluation system in Hungary.

Strategic planning capacity has developed tremendously in Hungary. Especially, central government institutions (Parliament, Ministries and Managing Authorities of the EU-programmes) have enhanced the strategic coordination and policy coherence between different strategies and plans. This has also improved the implementation capacity at the regional level. However, the system is still very much top-down oriented and focuses mainly on strategic planning cycle and technical implementation.

Regions, and especially micro-regions, still need to better understanding on how to link their regional and sub-regional priorities to national and EU-level strategies. Regions should find their own competitive advantages while still supporting national goals. This is possible only by improving strategic planning capacity and performance-orientation at the regional level. Regions should not only analyse the data on past-performance and development but also apply foresight techniques and models to identify the weak signals and hidden demand factors in the future.

Strategic planning capacity is relatively weak at the micro-region level. This could be improved over time by micro-regions taking a more active role in creating platforms for local governments to build common strategies and commitment for joint programmes or projects.

At the moment special support schemes are provided to least developed micro-regions. Central government should reward other micro-regions that have been successful in building consensus and agreeing over common goals.

The vast number of municipalities is a problem not only in terms of efficient service production and delivery but also in terms of enhancing strategic capacity. This needs to be addressed through rewards that would create incentives for municipalities to voluntarily amalgamate their administration and services.

Although, evaluations are carried out also on a regional basis (especially in Regional OPs) the importance of bottom-up involvement should be emphasised more in the future. The classification of monitoring data should be developed so that it can be broken down also by micro-regions. Micro-regions should launch their own evaluations and self-assessment activities to get feedback on sub-regional impacts of national and regional programmes. New participatory evaluation and benchmarking techniques should be introduced to micro-regional level. While providing feedback on feasibility and results of the regional programmes the usage of these techniques also enhances consensus and strategic understanding at the sub-regional level.

This chapter outlines the general principles on carrying out evaluations in different phases of policy cycle (en ante, mid-term and ex post) by applying external evaluation, peer-review and self assessment techniques. Also various evaluation methods and their limits are widely discussed.

This aims at supporting Hungarian regional and local government actors to create their own monitoring and evaluation system in a way that regional development work supports more regional and local level decision-making and policy learning.

Evaluation and related concepts – what to apply?

According to OECD, evaluations are analytical assessments addressing results of public policies, organisations or programs that emphasise reliability and usefulness of findings. Their role is to improve information and reduce uncertainty; however, even evaluations based on rigorous methods rely significantly on judgement. The main objectives of evaluations are to improve decision-making, resource allocation and accountability. This can be achieved through informing the public, informing key decision-making processes and encouraging ongoing organisational learning.

Evaluations always serve a broader purpose, which is to make a particular contribution to an area of public policy and its programs. In order to be useful and usable, it needs to be seen as an integral part of decision making and management – and indeed the entire process of democratic accountability. So a well-functioning evaluation system must be integrated into the policy/program cycle. The EU Guide on Evaluating Socio-Economic Development defines purposes of evaluation as follows:

- Planning/efficiency – ensuring that there is a justification for a policy/program and those resources are efficiently deployed.

- Accountability - demonstrating how far a program has achieved its objectives and how well it has used its resources.

- Implementation - improving the performance of programs and the effectiveness of how they are delivered and managed.

- Knowledge production - increasing our understanding of what works in what circumstances and how different measures and interventions can be made more effective.

- Institutional strengthening - improving and developing capacity among program participants and their networks and institutions.

In addition to evaluation there are also other related approaches to serve the above mentioned purposes. The closest ones are performance auditing (also called as value for money auditing), various quality assessment tools and techniques (e.g. EFQM, CAF) and applied social science research activities.

The distinction between performance audit and evaluation is rather vague. Both evaluation and performance audit can be seen as external forms of assessment and a number of SAIs have showed interest in approaches used in program and policy evaluation while developing their performance audit methodologies. In a sense the rise of performance audit has shifted the focus of audit institutions work towards a more evaluative stance. (Pollit et al. 2002, p. 15-16)

Despite of the similarities in focus and methods there is a crucial difference in the perspectives from which performance auditors and evaluators work.

Evaluation and Audit

Evaluators are usually working in independent organizations and they are commissioned in order to provide help in a specific phase of a program management cycle. The purpose and scope of their work is usually defined from the view of the commissioner. On the other hand they are free to choose their approach as long as finance is provided.

By contrast, performance audits are carried out by public auditors and the basic role of audits is holding public bodies to account for the expenditure of public funds. Auditors work is based on a mandate which defines the limits of their territory while they on the other hand are more or less independent of the organizations they audit.

Thus the most fundamental difference between performance audit and evaluation is institutional by nature. As long as performance audits are carried out by public audit institutions their primary function is guardianship. Evaluation on the other hand is more concerned of the needs of the audited organization.

It is also good to point out that whereas evaluation generally aims to make exhaustive assessments where judgements policy effectiveness or policy alternatives are included, performance auditing does not necessarily have to deal with such issues. Questioning the audited policy could in many cases be a forbidden zone for public auditors.

Performance audit and evaluation share approaches and methodologies and performance audits may include evaluative activities when allowed by a mandate the work is based on. In a sense program evaluation can be considered one of the possible tools for performance auditing to use.

Performance audits and systematic evaluation approaches are both recommended to be utilised to support evidence-based management of Hungarian regional planning system. The state audit office should have active role in performance auditing, whereas micro-regions and local governments should emphasise evaluation – especially self-assessment procedures such as CAF[1] or EFQM-frameworks. These evaluations should include both institutional evaluations (evaluating micro-regions and settlements as organisations) as well as programme and project evaluations.

Impact Assessment

Impact assessment is a widely adopted tool for assessing expected impacts of government interventions, policies and draft laws. According to European Commission's Impact assessment guidelines it is a set of logical steps which structure the preparation of policy proposals. It involves building on and developing the practices that already accompany the process of policy development by deepening the analysis and formalising the results in an autonomous report. Doing an impact assessment involves answering a number of basic analytical questions:

- What are the nature, magnitude and evolution of the problem?
- What should be the objectives pursued by government agencies?

[1] The CAF is a result of co-operation among the EU Ministers responsible for Public Administration. It is jointly developed under the aegis of the Innovative Public Services Group (IPSG), a working group of national experts set up by the Directors-General (DG) in order to promote exchanges and cooperation where it concerned innovative ways of modernizing government and public service delivery in EU Member States.

- What are the main policy options for reaching these objectives?
- What are the likely economic, social and environmental impacts of those options?
- What are the advantages and disadvantages of the main options? And, last but not least:
- How could future monitoring and evaluation be organised?

Impact assessment and performance auditing support one another in many different ways. On one hand impact assessment is likely to create valid criteria and auditing targets. On the other hand performance auditing can be used to evaluate whether the policy expectations set by impact assessment have been valid and whether the ground for evidence-based reasoning is justified. Also, performance auditing can be applied for assessing the process of impact assessment.

When it is the right time to evaluate?

To be usable and to provide clear value-added evaluation should always be linked with policy-making process. This means that evaluation used be used as support mechanism for policy formulation as learning tool for improving programs or policies during the implementation as well as approach to support transparency and accountability once policies have been implemented. There are three basic types of evaluation linked to policy cycle namely:

- Ex ante evaluation when formulating policies
- Ex nunc (or mid-term) evaluation during the implementation
- Ex post evaluation after policies have been implemented
- Meta-evaluations to guarantee the quality of evaluations

Ex ante evaluations should feed into program design and to policy formulation, just as mid-term evaluations should help shape program implementation and policy about delivery of this and similar programs. At the end of the evaluation cycle, ex post evaluations should contribute to policy reviews. Getting these cycles to align is desirable but does not always happen. Ex-ante evaluations may be undertaken too late to inform program design – let alone policy formulation. The results of ex-post evaluations may come in too late to inform policy reviews. Changes in policy and programming can also occur when an evaluation is already underway – not unusual in national and European programs of socio-economic development. This can, for example, lead to changes in objectives or priorities after systems have been set up to measure results and even to the close-down of certain ‘projects’ or interventions that have been the ‘objects’ of evaluation. One of the advantages of involving policy makers and planners in evaluation design is to improve the alignment of all of these linked activities (EU Guide).

Meta-evaluations are needed to aggregate findings and knowledge provided by single-evaluations. Meta-evaluations can also serve as quality assurance tools for single-evaluations. Meta-evaluations should be carried out by external expert groups whose members have theoretical and substantial knowledge over policy-field evaluated.

In Hungary ex-ante evaluations should be carried out as “business as usual” during the preparatory phase of each significant regional development programme. Ministry for National Development and Economy and VATI should both have an active role in commissioning those

evaluations. Ministry should be the commissioner and VATI on the other hand should act as technical adviser and be responsible in quality control issues together with NDA (Department of Evaluation and Methodology). Planning regions and micro-regions should carry out similar responsibilities in the case of programmes at the regional level. When designing evaluations at the micro-region level self-assessment models and peer-review activities should have stronger emphasis.

Who should evaluate? Roles and responsibilities in Hungary

Finding a qualified evaluator or consortium of evaluators can sometimes be difficult. Getting good work from the diverse groups which make up the contemporary evaluations professional community needs bridge building and team building. Bridges need to be built at national, regional and European levels between the different traditions among evaluators – social scientists, economists, policy analysts and management consultants.

Demand for evaluations in the 2004-2006 programming period stimulated the emergence of the evaluation market and competition between companies. According to a study commissioned by the European Commission in 2008 [2] there are some 10 companies that are active in providing evaluation services, while the total number of companies in the evaluation market is over 20. However only a few companies are based in the regions. Foreign companies are involved in providing evaluation services (e.g. the first ex ante evaluation of NDP 2004-206 was carried out by a foreign company) but to a limited extent, and in most cases as partners. With some exceptions universities and research institutions are not active in the Structural Fund evaluation area but a number of academic institutions are engaged in broader research activity related to cohesion policy (e.g. Centre of Regional Studies of the Hungarian Academy of Sciences, which has also experience in ex ante evaluation of Regional Development OP).

Developing evaluation capacity is necessarily a shared concern of the wider evaluation community, including those who manage and commission evaluations, those who have an interest in evaluations at a policy and programme level and those who undertake evaluations. Having this capacity adds value to individual evaluation efforts and should be regarded as an integral part of the management arrangements for socio-economic development programmes. It takes time to develop such capacity and the needed structures cannot be put in place once and for all. They need continuous nurturing to deliver sustainable benefits. Ministry for National Development and Economy should have central role in the process of enhancing evaluation capacity in Hungary. At the micro-region level these activities should include the following:

1. Creating demand for evaluation and by setting up criteria for performance management and evidence-based planning and policy-making.

2. Strengthening the strategic planning capacity at the micro-region level.

3. Developing coherent evaluation framework (including regulations, evaluation plans, schedules, etc.

4. Drafting evaluation standards and ethical norms.

[2] European Commission (2008). Final Report on the Framework to Analyse the Development of Evaluation Capacity in the EU Member States. 2nd edition. Contract No.2006.CE16.0.AT.023

5. Training both commissioners of evaluations and evaluators.

6. Utilising evaluations results.

It is important that evaluators have both understanding over policies and methodological skills required. Still, in most of the cases it is the partnership and good collaboration between the commissioner of the evaluation and the evaluation team that brings the best results. Writing a good term of reference is an important phase of this partnership. It should clearly state the main evaluation questions, evaluation criteria, data available and the schedule for evaluation. It should also indicate the use of evaluation results.

Recent evaluation theories and practices emphasize the importance of partnerships and empowerment while carrying out evaluations. Positivistic evaluation models seldom manage to explore and explain complex socio-political issues. It is important to analyse also contextual factors and process that often help understanding policy success or failure.

Also self-assessment models can be used to support or sometimes even to replace external evaluations. Models such as Common Assessment Framework (CAF) or EFQM provide tested criteria and methodology for self-assessment. However, these models are easier to use in institutional evaluations than in program evaluations.

Peer-review designs can be recommended for the reasons of policy learning and benchmarking. Municipalities and regions can learn from one another and exchange best practices. Trust and transparency are important pre-conditions for both peer-review and self-assessment evaluations. This often requires the existence of mature evaluation culture.

How to organize evaluations?

The Terms of Reference (ToR) is the document that serves as the basis of a contractual relationship between the commissioner of an evaluation and the team responsible for carrying out the work. ToR should include at the minimum the following information:

Regulatory framework and description of the policy or program

- Binding regulations
- Government decisions, plans and strategies
- Linkages to other policies

Scope of the evaluation

- Policy phase
- Regional or territorial scope
- Time-span
- Policy scope

Main users and stakeholders of the evaluation results

- Utilization of the results
- Participation of the decision-makers
- Publication of the results

Evaluative and research questions

- Main evaluation questions
- Criteria to be used
- Available knowledge

Main methods or techniques to be used

- Main methods and techniques
- Data available (time-series, documents etc.)
- Additional recommended data (interviews, surveys etc.)

Schedule

- Start and end
- Critical milestones
- Reporting requirements

Indicative budget

- Fixed budget
- Potential options

Required qualifications of the team

- Education
- References
- Skill combinations needed
- Responsibilities

Submission rules and selection criteria

When organizing evaluations the roles and responsibilities of the commissioner, evaluator(s) and stakeholders should be clearly stated. It is quite common to organize a special steering group that supervises the evaluation process. In ideal case the following groups are represented in steering

groups: commissioner, users of the results, main stakeholders, client or beneficiaries and scientific experts. It also recommended that steering group applies certain quality assurance criteria throughout the process. Some evaluation associations have published their own evaluations standards and quality criteria (see e.g. US Program Evaluation Standards (1994) Joint Committee on Standards for Educational Evaluation, Program Evaluation Standards, American Evaluation Association (AEA), Guiding Principles for Evaluators, UK Guidelines for good practice, Deutsche Gesellschaft für Evaluation (DeGEval): Standards für Evaluation (2001). [3]

The 10 Golden Rules of Evaluation[4]

This section of the Guide has introduced some of the main issues for the evaluation of socio-economic development. Embedded in the various topics discussed, about the benefits of evaluation, about the nature of the evaluation task and the specific requirements of the socio-economic policy, are various hard-won good practice rules that experience has shown can help with the planning, undertaking and use of evaluation. By way of summary, these golden rules have been pulled together below:

1. Remember that we evaluate in order to improve programmes not to undertake evaluations for their own sake. Always ask when planning an evaluation: how will the results improve the lives of citizens, the prosperity and well-being of regions and the competitiveness of economic actors. If you cannot find a positive answer to these questions, maybe you should look again at the need for an evaluation, at the very least, at the way it has been designed.

2. Aligning the time cycles of evaluations with the time cycles of programmes and policies is a worthy goal! This is the way to ensure evaluations make their maximum contribution. It is better to deliver an incomplete or imperfect evaluation on time than to achieve a 10% improvement in evaluation quality and miss the window of opportunity, when policy makers and programme managers can use evaluation results.

3. Different stakeholders e.g., policymakers, professionals, managers and citizens, have different expectations of evaluation. If a major stakeholder interest is ignored, this is likely to weaken an evaluation, either because it will be poorly designed or because its results will lack credibility. Involving policy makers and those responsible for programmes will ensure they take results seriously. Identify your stakeholders, find out what their interests are in an evaluation and involve them!

4. Evaluations must be fully integrated into programme planning and management. Programme managers need to think of evaluation as a resource: a source of feedback, a tool for improving performance, an early warning of problems (and solutions) and a way of systematizing knowledge. Evaluation is not simply an external imposition. Of course, this truism has implications for evaluators, who need to take on board the concerns of programme managers (and their partnerships) and try to take seriously their need for answers to difficult questions.

[3] See for example
http://www.wmich.edu/evalctr/jc/PGMSTNDS-SUM.htm.
http://www.eval.org/EvaluationDocuments/aeaprin6.html,
http://www.evaluation.org.uk/ukes_new/Pub_library/GuidanceGoodPractice.doc
http://www.degeval.de/standards/index.htm
[4] http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/guide/development/rules_en.htm

5. Getting good work from the diverse groups which make up the contemporary evaluation professional community needs bridge building and team building. Bridges need to be built at national, regional and European levels between the different traditions among evaluators, social scientists, economists, policy analysts and management consultants. So hold conferences and support professional exchange to ensure the diffusion of knowledge and know-how. This is one way of building capacity. At a micro-level, the priority is integration and the combination of different skills and competences within evaluation teams.

6. Evaluation is not only about looking back to rate success or failure and allocate blame. It has a contribution to make at every stage in the programme cycle. In particular, evaluation can at the earliest stage, strengthen programmes by helping to unpick intervention logics and reveal weaknesses in programme design allowing remedial action to be taken early.

7. It is no longer acceptable to gather large quantities of data in the belief that these will eventually provide answers to all evaluation questions. Data dredging is nearly always inefficient. This does not mean that data systems are not essential: they must be put in place at an early stage (see the section of the GUIDE on choosing methods and techniques). However, by being clear about assumptions, by drawing on available theory and being clear about the type of evaluation that is needed, evaluations can be more focused and offer a higher yield for the resources expended.

8. The policy context is an important framework within which evaluations need to be located. Of course, policy changes, or is restated in different terms and with subtly changing priorities. However, it is always necessary to keep one eye on the policy debates and decisions in order to ensure that evaluations are sensitized to policy priorities.

9. Although we have argued that all stakeholders are important (see 3 above), the emphasis on socio-economic development gives particular prominence to one important and often neglected group: the intended beneficiaries of the programme interventions. Incorporating the voice of these intended beneficiaries - local communities, marginalised groups and new economic entities - in evaluations implies more than asking their opinions. It also implies incorporating their criteria and judgements into an evaluation and accepting that their experience and benefits are the justification for programme interventions. This is consistent with the logic of bottom-up, participative and decentralised approaches that are common now in socio-economic development. It is also why responsive and participatory methods have become such an important part of the evaluator's toolkit.

10. Be pragmatic! We live in an imperfect world where resources are limited, administrators are not always efficient, co-ordination is imperfect, knowledge is patchy and data are often not available. It is nonetheless worth taking small steps, working with what is available and increasing, even marginally, the efficiency and legitimacy of public programmes. Even modest outputs can make a big difference especially when this is set within a longer-term vision to build capacity and allow for more ambitious evaluations in the future.

ANNEX 1. LEARNING FROM INTERNATIONAL PRACTICES

Evaluation and monitoring frameworks have been evolving over the course of recent years, and in many OECD countries regional policy evaluation and monitoring frameworks are now in their third generation, becoming increasingly efficient in their implementation and confident in their application.

In this section we will look at the present approach to the framework in three OECD countries, noting their principal characteristics and features. These approaches are all based around economic growth and are sourced from Northern Ireland, New Zealand and Scotland. We can apply a typology to these policies, the Irish example being a useful demonstration of policy in a small region that considers itself overly bureaucratic.

The New Zealand example is wider in scope and represents an economy that is fragmented by being in islands and has cultural divisions in its populace.

Scotland has a good example of an integrated national policy which is the responsibility of many parts of the public sector to deliver and illustrates the multiple level requirements of policy described above. In Scotland's case, we look closely at the issue of collecting and aggregating data from different economic tiers in order to come to a national perspective.

Northern Ireland

Northern Ireland has a population of 1.7M, its size is 5,400 square miles and GDP is €37.3bn

Northern Ireland has the smallest economy of any of the twelve NUTS 1 Regions of the United Kingdom, at €37.3bn, or about two-thirds of the size of the next smallest region. It has one major city, Belfast, which is surrounded by counties that are largely rural. Northern Ireland has been for many years the subject of a violent and bitter ethno-political conflict between those claiming to represent Nationalists, who are predominantly Roman Catholic, and those claiming to represent Unionists, who are predominantly Protestant. In general, Nationalists want the unification of Ireland, with Northern Ireland joining the rest of Ireland and Unionists want it to remain part of the United Kingdom.

Whilst Northern Ireland differs from Hungary in many respects, there are noteworthy parallels that make it is a worthwhile reference for this report.

Firstly, consideration is given to Government administration in Northern Ireland. Despite its small size, Northern Ireland has 26 District Councils, equating to one Council for every 65,000 people, or one council for every 208 square miles.

The Secretary of State for Northern Ireland, the most senior politician for the province, announced in 2005 that Northern Ireland was "both over-governed and over-administered" and set out a plan to reduce the 26 to 7. Each of the seven councils would have a maximum of 50 councillors each. The motion was eventually passed this year for a compromised 11 Councils, however as demonstrated by the scale of the reorganisation, there is agreement in government that the present administration is "too cumbersome, too bureaucratic, and inefficient".

The government of Northern Ireland is the Northern Ireland Executive (NIE) and in keeping with the rest of the United Kingdom, the NIE is looking to reduce the cost of government and to make the public sector as efficient as possible. The Review of Public Administration in Northern Ireland is a comprehensive examination of the arrangements for the administration and delivery of public services in Northern Ireland, covering almost 150 bodies, including the 26 district councils, the Health Boards and Trusts, the five Education and Library Boards, and about 100 other organisations.

The Review was launched by the Northern Ireland Executive in June 2002, and the Secretary of State announced the final outcome of the review in March 2006.

The review was carried out in phases with two major public consultation exercises and an extensive programme of research that included briefing papers, surveys, study visits, and focus groups.

A panel of six high-level independent experts was appointed by the Executive to support the project team. They worked closely with the Executive and the project team and played a full role in all elements of the review, including a central role in all public consultation and involvement in the production of the final report.

Delivery of the review is now underway, with £200M (€250M) per annum as a cost saving objective, however there are other benefits to the running of the economy from the review, which, in keeping with the UK government's modernising government agenda, are to ensure that government is both inclusive and integrated,:

- Ensuring that policy making is more joined up and strategic.
- Making sure that public service users, not providers, are the focus, by matching services more closely to people's lives.
- Delivering public services that are high quality and efficient.
  - a review all central and local government department services and activities over five years to identify the best supplier in each case.
  - set new targets for all public bodies, focusing on improvements in quality and effectiveness of public services.
  - monitor performance closely to strike the right balance between intervening where services are failing and giving successful organisations the freedom to manage.

The second subject of consideration in Northern Ireland is the Regional Development Strategy, Shaping Our Future, a strategic and long-term perspective on the future development of Northern Ireland up to the year 2025. It has been prepared in close consultation with the community and seeks to define an agreed vision for the Region and to frame an agenda which will lead to its achievement. In June 2008 a review of the Regional Development Strategy was announced with the following:

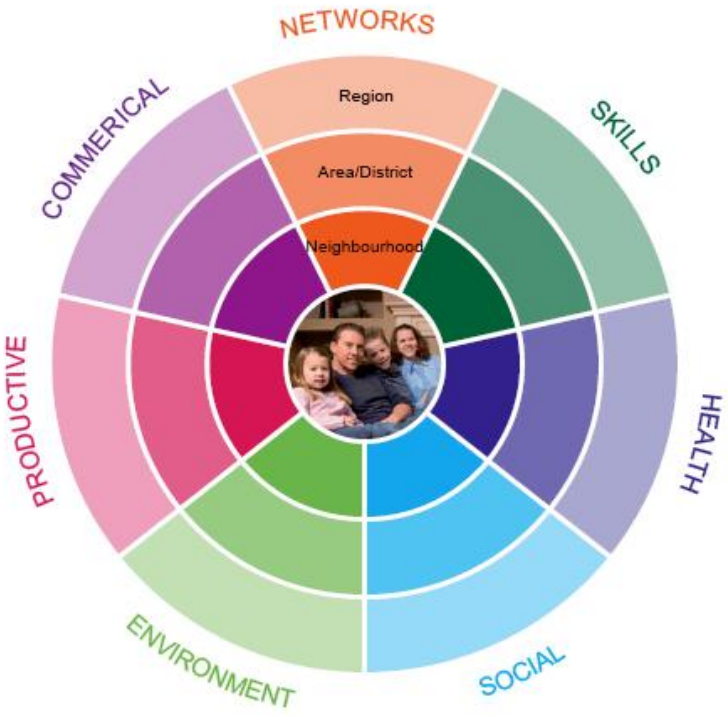
> "there is now an opportunity to learn from past experience and prepare a new Regional Development Strategy which is fit for purpose, up to date, and which takes account of recent emerging trends affecting how we plan for the future".

There is considerable community involvement in the view, with opportunities for individuals and businesses to air their views on the first five years of the Regional Development Strategy.

Spatially, the Strategy reports at three levels: Regional, District and Neighbourhood.[5]

These combine with the seven sectors of the Strategy as shown below in the 'infrastructure wheel'. This provides a methodology with which to identify and prioritise opportunities for future investment. Graphics like this are very useful in gaining 'buy-in' or understanding from stakeholders and contributors alike, a fundamental step in converting evaluation from 'required' to 'desired' as described previously in this Guide.

Figure 4. The infrastructure wheel



New Zealand

New Zealand is essentially two major islands. The northern island, containing Auckland, is 44,000 square miles. Auckland has a population of 1M and NZ as a whole has a GDP of $106Bn

New Zealand's 'Economic Transformation Agenda' seeks to progress New Zealand to being a high-income, knowledge based economy, innovative and creative, providing a unique quality of life to all New Zealanders (www.med,govt,nz/templates/Standard Summary). This reference is notable for the commendable efforts made to communicate and include the wider public sector in the strategy and its monitoring framework.

There are five themes to this Strategy:

- Growing globally competitive firms

[5] http://www.drdni.gov.uk/rds_review.pdf

- world class infrastructure
- innovative and productive workplaces
- Auckland as an internationally competitive city
- environmental sustainability

The strategy (agreed in 2006) has a 10 year time horizon. The Ministry for Economic Development regularly evaluates all government industry and regional development programmes for both efficiency and effectiveness. The Ministry recognises that evaluation of these programmes is an important input into the development and refinement of regional development policy. Evaluation information supports evidence-based policy development which in turn strengthens the overall effectiveness of government intervention.

The Ministry provide an accessible monitoring framework for their regional development programme, which is both informative and instructive, allowing partner organisations to understand and adapt with the programme's objectives.

The components to this monitoring framework are:

- a summary of the government's economic objectives
- an overview of the key drivers of economic well being
- a summary of who, across central government, is working on each of these drivers
- access to resources to inform planning
- monitoring tools

The following advice from the NZ Ministry is illustrative of their approach:

> "When developing your monitoring and reporting strategy, you should ask yourself the following questions:
>
> – Why am I monitoring this indicator?
>
> – What am I going to do with the data gathered?
>
> – What effect will the data gathered have on the policies that relate to the indicator?
>
> The purpose of monitoring and reporting should be to input the data gathered into future decisions and activities around the outcome you have monitored".

That last point referring to closing the loop in the ROAMEF cycle, feedback from evaluation being influential in policy revision.

Scotland

Scotland covers 30,000square miles, has a population just over 5 million and a GDP of $170Bn

Scotland is a country whose economy has passed through many phases, the industrial revolution and into the present knowledge economy. Their 'Government's Economic Strategy' is only one year old and yet, such has been the speed of the global economic downturn, this strategy already seems misaligned with the present emphasis on national economic stability, rather than growth.

When drafted last year, the prospects for sustainable economic growth appeared to be realistic and within reach, hence this was set as its central purpose, with supporting strategic objectives of making Scotland wealthier and fairer; smarter; healthier; safer and stronger; and greener.

Scotland has strength in a vital factor for modern economies - human capital. The strategy aims to build on its human capital and make more of it in broadening Scotland's comparative advantage in the global economy, aligning investment in learning and skills with a supportive business environment; investment in infrastructure and place; effective government; and greater equity.

The Government Economic Strategy relies upon the commonly held belief that economic growth -, creates a virtuous cycle with multiple positive effects: more opportunities for high quality employment; more successful new companies; and retention of these companies and their brightest employees.

The Strategy explicitly states that it it's expected to evolve as economic conditions and the responsibilities of the Scottish Government change. This evolution will be influenced by reviewing progress from outside of government. To secure this external review two forums have been established: a Council of Economic Advisers to advise on how best to achieve increasing sustainable economic growth; and a National Economic Forum, involving key players from across Scotland to building consensus around the collective contributions needed to achieve increasing sustainable growth.

These bodies hold the Government to account through assessing achievement of the measurable economic targets set out in this Strategy. The targets are summarised below.

By 2011:

- To raise the GDP growth rate to the UK level;
- To reduce emissions over the period to 2011.

In the longer term:

- To match the GDP growth rate of the small independent EU countries by 2017;
- To rank in the top quartile for productivity amongst key trading partners in the OECD by 2017;
- To maintain position on labour market participation as the top performing country in the UK and close the gap with the top 5 OECD economies by 2017;
- To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy in Scotland over this period;
- To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017;
- To narrow the gap in participation between Scotland's best and worst performing regions by 2017;
- To reduce emissions by 80 per cent by 2050.

Scotland's Government has stated it will formally and regularly reports on the progress in relation to these targets, however at the time of writing no such report has been released.

The Strategy is delivered by many organizations, principally the two economic development agencies, Scottish Enterprise and highlands and Islands Enterprise. These organizations prepare business plans setting out how they will contribute to the Strategy, example below:

The Government economic strategy	Examples of Scottish Enterprise's contribution
Learning Skills and Well-Being	
Supply of education and skills which is responsive to, and aligned with, actions to boost demand.	Promote skills utilisation and stimulate skills demand from business and industries, support organisational development and leadership development in growth businesses.
Supportive Business Environment	
Responsive and focused enterprise support to increase the number of highly successful, competitive businesses.	Support to growth companies including access to risk capital, leadership skills.
Targeted support to business in the pursuit of opportunities outside of Scotland and the development of internationally competitive firms.	Support high growth companies to internationalise and attract value add to Scotland through Foreign Direct Investment.
Broader approach to business innovation in Scotland that moves beyond viewing innovation as the domain of science and technology alone.	Support innovation in business in products, services and business models. Develop innovation system in key sectors e.g. tourism, financial services.
Clear focus on strengthening the link between Scotland's research base and business innovation and addressing low levels of business research and development.	Ensure innovation developed in Scotland is exploited by business e.g. Intermediary Technology Institutes, Proof of Concept, Enterprise Fellowships.
Particular policy focus on a number of key sectors with high-growth potential and the capacity to boost productivity.	Focus on the real demands of Priority Industries to ensure growth potential is realised.
Infrastructure Development and Place	
Focus investment on making connections across and with Scotland better, improving reliability and journey times, seeking to maximise the opportunities for employment, business, leisure and tourism.	Addressing the demands/ opportunities to growth key sectors pan Scotland. Work with Transport Scotland to Influence transport policy to support growth.
Planning and development regime which is joined up, and combines greater certainty and speed of decision making within a framework geared towards achieving good quality sustainable places and sustainable economic growth.	Support the development of business Infrastructure focused on priority industries and growth companies. Lead on national and regional regeneration to support economic growth.
Effective Government	
More effective government with a clear focus on achieving higher levels of sustainable economic growth through the delivery of the Purpose and five Strategic Objectives.	Continue to deliver year on year efficiencies, shared services with Skills Development Scotland, Highlands and Islands Enterprise and VisitScotland, greater leverage from private sector.
Streamlining the Scottish Government's direct dealings with business, including better regulation and more efficient procurement practices.	Procurement policies.

ANNEX 2: INDICATORS – A WAY TO QUANTIFY AND MEASURE

How to use indicators

Indicators are a very important part of evaluations, to the point that some practitioners often have a tendency to identify evaluation with indicators. There is in fact no doubt that indicators are one of the fundamental pillars of evaluation, but it is important to remember that:

- indicators should not be used in an automatic way
- indicators often need a certain amount of interpretation
- a good evaluation is usually a combination of both quantitative and qualitative analysis.

For the purposes of evaluation of socio-economic programmes we can identify five main definitions for an indicator:

- measurement of an objective to be met
- measurement of a resource mobilised
- measurement of an effect obtained
- measurement of a gauge of quality
- measurement of a context variable

The information produced by an indicator should be quantified, meaning that it can be expressed by a number with its relative unit of measure.

The theory says that the following can be considered as "golden rules" for indicators:

- Establish a close and clear link between the indicator and a policy goal, objective and/or target.
- Measure the indicator regularly.
- Have an independent entity (not directly involved in the program or project) collect the data.
- Use only 100% reliable data.

The practitioner is soon forced to learn that indicators with all of these characteristics rarely exist in the real world of development and it is likely to be necessary to gather evidence from a variety of disparate sources. In addition, much of the information may have been gathered for purposes other

than evaluation, not always data is available from prior to the adoption or implementation of the intervention and interventions often themselves call for new data to be collected.

Type of indicators

In evaluation literature indicators are classified and regrouped in various ways, but the most useful distinction for socio-economic programmes is probably the following:

Resource indicators: they measure the means used to implement programmes (financial, human, material, organisational or regulatory). Typical examples are represented by the total budget, the number of people working on the implementation of the programme and the number of entities involved.

Output indicators: they measure the immediate products of program activities. Typical examples are represented by kilometres of pipeline for drinkable water laid, hectares of new urban parks, capacity of purification plants built and number of trainees who took part in training activities.

Result indicators: they measure the immediate advantages of the programme for the intended beneficiaries. In the case of pipeline for drinkable water one result indicator could be the increase in water availability per capita in a certain area. Another example could be the time saved by users of a newly built road.

Impact indicators: they measure the indirect medium-long term consequences of the programme, both for the intended beneficiaries as well as for other population groups. More kilometres of pipeline for drinkable water (output) can increase the water availability per capita (result) and also reduce the rate of gastro-intestinal diseases (fist level impact) and maybe attract more tourists to a certain village (second-level impact).

Impact indicators are by far the most difficult to identify and measure, also because of the numerous external factors (i.e.: external to the programme) that influence the final measurement. On the other side they are also the most interesting and fascinating because of their policy implications. Using impact indicators is probably one of the most stimulating and challenging tasks of an evaluator, but great caution is required to avoid the risk of seeing mechanical and deterministic links where in fact those links don't exist.

The output-result-impact sequence is not just chronological, but also conditional, meaning that output is a necessary but not sufficient condition for result and result is a necessary but not sufficient condition for impact. If we build a pipeline but then (for example because of management problems) the water doesn't actually flow through it, the concerned population will not see any benefits. Unanticipated impacts are usually defined as "spin-offs".

Standard indicators by intervention type

When working with multi-sector and multi-objective programmes it is recommended not to give in to the temptation of measuring everything. Systems with too many indicators can in fact prove to be difficult to manage and costly to implement. Furthermore not all indicators are relevant for all the different actors who may have access to them. Too much non-selective information can be almost as useless as no information at all. The rule to follow is therefore that of trying to keep the number of indicators limited to those who appear to be most useful. It is not difficult to find lists of standard indicators in specialised literature and on the web, usually organised by sector of intervention. Standard indicators have the advantage of providing measurements comparable with those obtained by

similar programs and projects, but they should be accompanied also with "creative" indicators with reflect the peculiarities of the specific intervention at a given time in a given territory.

Developing standardised indicators usually is the result of a long process of collective discussion with the various stakeholders involved. The following are some of the most utilised for the monitoring and evaluation of programmes co-financed by the European Union:

Table 5. Most utilised standardised indicators for EU co-financed programmes' monitoring and evaluation

Indicator	Unit of measure
Number of training places created	number
New / improved road access	kilometres
Surface area for which the access roads were built or improved	hectares
New buildings built	square metres
Buildings renovated	square metres
Rate of occupation of the new buildings	percentage after one year / percentage after three years
Development of new sites	hectares
Improvement of existing sites	hectares

Source: European Commission

Proposals for key publicly accessible indicators

This part reproduces the proposal for "Key publicly accessible indicators" developed by the European Commission.

Table 6. Resources

Interest	Indicator
	Human Resources
**	Temporary employment in the firms undertaking the work during implementation (jobs x years)
*	Number of operators (public and private organisations responsible for providing assistance to beneficiaries)
*	Number of advisors (FTEs) mobilised to provide advice to beneficiaries
	Financial Resources
***	Rate of budget absorption (% of allocated funds)
**	% projects (in financial terms) especially benefiting women
**	% projects (in financial terms) in rapidly growing markets / sectors
*	% of budget devoted to environmental mitigation measures
*	% projects (in financial terms) concerning the most disadvantaged areas

Source: European Commission

Table 7. Outputs

Interest	Indicator
	Progress of works
***	Rate of completion (% of objective)
**	Compliance with project duration
	Capacity of finished works
**	Number of potential connections (business / households) to networks of basic services (broken down by services)
	Activity of the operators in terms of attracting and selecting participants
**	Selection rate (% of projects accepted as a proportion of eligible projects)
**	Coverage rate (Penetration): % of the target population who have been (should be) participants in the programme
*	% of beneficiaries belonging to priority groups (e.g. long-term unemployed, early school leavers)
*	% of beneficiaries situated in the most disadvantaged areas
**	% of beneficiaries involved in rapidly growing markets / sector
***	% of women in beneficiaries
***	% of SMEs in beneficiaries
	Services funded by the programme
***	Number of individual beneficiaries having received services, advice, training
***	Number of economic units (enterprise, farm, ship owner, fish farm, tourism professional) having received services, advice, training
**	Number of hours of training / advice provided to beneficiaries

Source: European Commission

Table 8. Results

Interest	Indicator
	Satisfaction of beneficiaries
*	Satisfaction rate (% of beneficiaries that are satisfied or highly satisfied)
	Benefits gained by beneficiaries
**	Average speed between principal economic centres
	Investments facilitated for beneficiaries
**	Leverage effect (private sector spending occurring as a counterpart of the financial support received)

Source: European Commission

Table 9. Impacts

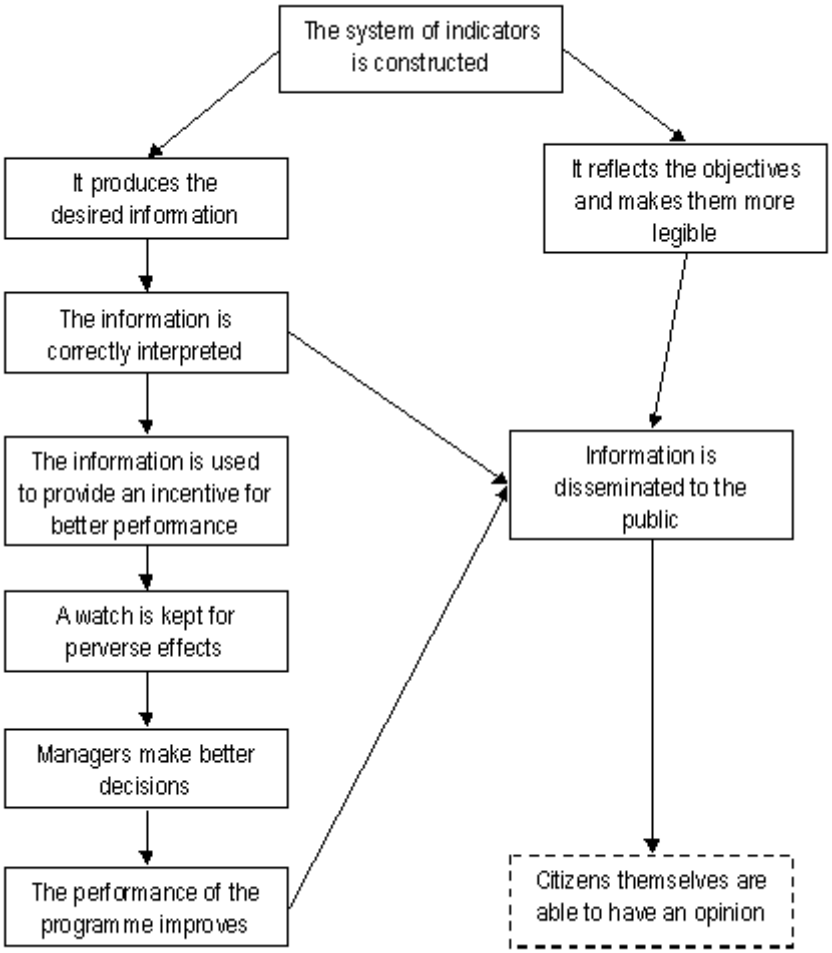
Interest	Indicator
	Sustainable success
**	Rate of placement (e.g.: % of individual beneficiaries who are at work after 12 months, incl. % in a stable long-term job)
*	Rate of survival (e.g.: % of assisted economic units that are still active after 12 / 36 months)
	Impact perceived by beneficiaries
***	Value added generated (e.g.: after 12 months in terms of euros / year / employee,)
***	Employment created or safeguarded (e.g.: after 12 months Full Time Equivalent)
	Impact globally perceived in the area
**	Residential attractiveness (e.g.: % of inhabitants wishing to remain in the area)
	Indirect impact
*	Regional knock-on effects (e.g.: % of regional firms within the suppliers of assisted firms after 12 months)

Source: European Commission

The cycle of a system of indicators

This part shows the theoretical ideal cycle of a system of indicators.

Figure 5. The theoretical ideal cycle of a system of indicators



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