



Organisation for Economic
Co-operation and Development



Local Economic and Employment
Development Programme

**A STRATEGIC EVALUATION FRAMEWORK FOR LOCAL DEVELOPMENT STRATEGIES
IN THE CZECH REPUBLIC**

**A GUIDE ON HOW TO APPROACH EVALUATION
OF LOCAL DEVELOPMENT STRATEGIES IN THE
CZECH REPUBLIC**

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 Regional Development of the Czech Republic.

11 May 2009

TABLE OF CONTENTS

Authors and Project Team	7
1. Introduction	9
Project background and outputs.....	9
The importance of a strategic evaluation framework.....	10
Purpose and structure of this document	10
2. What is Evaluation and What Do We Use It for?	13
The philosophy of evaluation.....	13
Evaluation in the policy making process	13
Monitoring and evaluation framework: a system of information reporting.....	14
Distinctions and linkages between monitoring and evaluation.....	15
Distinctions and linkages between evaluation of projects and programmes.....	15
Methods and techniques of evaluation.....	15
3. Appraisal of the Socio-Economic Analysis and Strategy Leading to the Fulfilment of the Needs	21
Economic appraisal and evaluation.....	21
The role of appraisal	21
Why do appraisal?.....	22
How to identify the need for intervention.....	26
Appraisal: A basis for making choices	26
Appraisal and strategic choices.....	27
Appraisal synergies and linkage	28
How to compare options: costs and benefits.....	29
4. How to Evaluate Strategies and Programmes	33
Prior assessment (ex ante evaluation)	33
Introduction	33
Defining the Objectives of Local Development Strategies	34
Identifying the Options for Intervention	35
Assessing Expected Impacts	37
Making Use of Prior Assessment Results	38
Implementation of the Local Development Strategy.....	40
Information Systems	41
Interim (ongoing) evaluation and monitoring.....	41
Ex post evaluation.....	45
Evaluation: Evidence and learning.....	45
Evaluating achievements against needs	47
Evaluation approach and method	48
Evaluation Report.....	49
5. How to Set Up an Effective Process of Evaluation: Organizational and Procedural Aspects.....	51
Strategic context for evaluation initiatives.....	51

Evaluation and strategy	52
The evaluation approach	53
Evaluation responsibilities within the Project Life Cycle	54
Approval and management processes	55
National co-ordination: A strategic evaluation plan	56
Securing buy-in for monitoring and evaluation	57
Taking responsibility for evaluation: Preparing an evaluation brief.....	57
Commissioning and managing an evaluation	58
Costs and proportionality	60
Interpretation of evaluation results	61
Application of evaluation findings.....	62
6. Conclusions	63
Setting up a framework for evaluation.....	63
Principles for evaluation guidance and culture	64
Summary of suggested actions in the Czech Republic	68
Annex 1: Indicators – A Way to Quantify and Measure	71
How to use indicators.....	71
Type of indicators	72
Standard indicators by intervention type	72
Proposals for key publicly accessible indicators.....	73
The cycle of a system of indicators.....	75
An example of indicators by sector intervention	76
Annex 2: Examples of Evaluation as a Successful Way to Improve Planning and Implementation of Development Policies	81
Case 1: Italy: the Calabria Program Framework Agreement on Water Resources.....	81
Case 2: Scotland Business Development Example.....	83
Case 3: Scotland’s Single Outcome Agreement	85
Case 4: Czech Republic: Management and Evaluation of Vsetín Municipality’s Strategy by Using the Method of “Balanced Scorecard”	89
Case 5: Czech Republic: The role of The National Network of Healthy Municipalities (NSZM ČR) in fostering strategic planning and evaluation in the Czech Republic	93
Annex 3: Definitions and Criteria for the Use of Methods and Techniques of Evaluation	95
Definitions and criteria	95
Choosing methods and techniques.....	99
Annex 4: References for Further Reading	103

Tables

Table 1.	Checklist for Contents of Interim Evaluation - Appropriateness of Programme Strategy	44
Table 2.	Evaluation process questions.....	47
Table 3.	Evaluation approach and method	48
Table 4.	Outline report structure.....	50
Table 5.	Most utilised standardised indicators for EU co-financed programmes' monitoring and evaluation.....	73

Table 6.	Resources.....	73
Table 7.	Outputs	74
Table 8.	Results	74
Table 9.	Impacts	74
Table 10.	Italy NSRF - Priority Observation Tables (updated October 2008).....	76
Table 11.	List of BSC strategic topics and criteria for Vsetín municipality.....	91
Table 12.	Choosing methods and techniques: Ex ante perspective	100
Table 13.	Choosing methods and techniques: Mid term, ex post perspective.....	101

Figures

Figure 1.	The ROAMEF model	23
Figure 2.	The management cycle of interventions.....	45
Figure 3.	The impact of an intervention over time as measured against the counteffactual.....	47
Figure 4.	Project development	49
Figure 5.	Evaluation planning.....	49
Figure 6.	Evaluation strategy as a top down activity	53
Figure 7.	Evaluation strategy: the bottom up approach	53
Figure 8.	The theoretical ideal cycle of a system of indicators.....	75
Figure 9.	National performance framework.....	87
Figure 10.	BSC for public sector organisations	89
Figure 11.	BSC - strategic map of the city of Vsetín.....	90
Figure 12.	Processes of strategic and community planning.....	94

Boxes

Box 1.	Scope for applying different evaluation methods and techniques.....	19
Box 2.	Check list for appraisal requirements.....	31
Box 3.	Defining the objectives: Suggestions	35
Box 4.	Identifying the options: Suggestions	36
Box 5.	Assessing impacts: Suggestions	38
Box 6.	Using prior assessment results: Suggestions.....	39
Box 7.	Implementing the strategy: Suggestions.....	40
Box 8.	Information system: Suggestions	41
Box 9.	Checklist: quality of the evaluation Report.....	50
Box 10.	Italy	60
Box 11.	Scotland UK.....	61

AUTHORS AND PROJECT TEAM

This Guide has been prepared 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 Paolo Caputo (Ministry of Infrastructure, Italy). 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.

The support of the team of the Ministry for Regional Development of the Czech Republic, composed by Jiří Markl, Pavel Novotný, Jan Jeřábek, Marek Jetmar, Martin Černý, Jiri Svitek, Karel Rab, was critical to the production of the guide as was the contribution of the representatives of regional and local authorities and representatives of other institutions and agencies who participated in meetings and provided documentation and comments. The case studies on the Czech Republic outlined in Annex 2 were provided by the Ministry for Regional Development.

1. INTRODUCTION

Project background and outputs

This project aims to assist the Ministry for Regional Development of the Czech Republic and its sub-national partners in putting into place an appropriate framework for the monitoring and evaluation of regional and local development trends and policies in the Czech Republic.

The setting up of such a framework is considered by the Ministry an important pre-requisite for sustaining and fostering socio-economic development of the Czech Republic at regional and local level. A well functioning framework for the Czech Republic 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:

- Provide a platform for establishing links between strategies and programmes with different territorial and sectoral scopes and aligning them with national strategic development objectives.
- Support the assessment of the regional and local impacts of national policies and their effect on growth and spatial disparities.
- Serve as a communication tool to different levels of governments on the impacts of regional and local development strategies.
- 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.

More in detail, the project was implemented from January to December 2008 and it was intended to produce:

- **A report** to set out the issues in establishing a successful strategic monitoring and evaluation framework for regional and local development in the Czech Republic.
- **A guide** on evaluation requirements that set out the principal activities to be undertaken and steps to follow in implementing the evaluation approach recommended in the analytical report at national, regional and local levels.

Information gathering for the finalisation of the project outputs included an examination of policy and evaluation documents provided by the Czech Ministry for Regional Development, an examination of

documents from governments and agencies in other countries and a peer review visit to the Czech Republic on 22-24 April 2008.

Particularly relevant was a preliminary report, produced by Czech experts under the supervision of the Ministry for Regional Development that was used as a major source of “background” information from the OECD team. The report presented the main issues related to regional and local development and to the evaluation of the local and regional development strategies in the Czech Republic, including a perspective from the regional and local authorities through the cases of Vysočina and Premyslid Central Bohemia regions.

The importance of a strategic evaluation framework

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.

Purpose and structure of this document

The aim of this Guide is to help the Ministry for Regional Development and its partners at regional and local level to set out the issues in establishing a successful strategic evaluation framework for local development in the Czech Republic and to propose the basis of such a framework for further development.

As said, such a framework is aimed to facilitate the setting out of 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.

Thus, this guide intends to provide a discussion of issues and to give orientation on how to develop good evaluation, including a description of international best practices in local development evaluation that may be applied in the Czech Republic.

More specifically:

Chapter 2 gives a brief overview of the main issues related to evaluation: its meaning and approaches, including linkages between monitoring and evaluation and methods and techniques of evaluation.

Chapter 3 describes the reason for and the various phases of the “appraisal process” and presents it as a fundamental stage in the strategic planning process, allowing the determination of the most effective use of resources by providing a range of options for achieving strategic goals.

Chapter 4 outlines challenges and requirements and provides a route for conducting Prior assessment (ex-ante evaluation), Interim (ongoing) evaluation and Ex-post evaluation, describing ways to define the objectives of local development strategies, identify options for intervention, assess expected outputs and impacts, make use of results, etc.

Chapter 5 describes how to set up an effective process of evaluation outlining necessary organizational and procedural aspects, such as evaluation responsibilities within the project life cycle; approval and management processes; co-ordination, commissioning and management of evaluations, etc. It also outlines two practical examples from Italy and Scotland.

Chapter 6, the conclusion, outlines some good principles for evaluation and suggested actions to be taken in the Czech Republic.

Finally four parts are annexed to this document:

Annex 1 provides relevant information on type and use of indicators, suggesting also standard indicators that can be used by intervention type and core indicators that are publicly accessible.

Annex 2 gives four examples of evaluation in Italy and Scotland as a successful way to improve planning and implementation of development policies.

Annex 3 provides definitions and criteria for the use of methods and techniques of evaluation that were mentioned in the Guide, and provides tables on how to choose appropriate methods and techniques.

Annex 4, lastly, provides a list of useful reference of manuals and textbooks on evaluation for further reading.

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

The philosophy of evaluation

Before being a technique, evaluation is a way of thinking and of approaching development issues. The purpose is to provide decision makers with the best information to be able to answer, at different stages, crucial questions. These questions include, for example:

- Does my programme address the key issues?
- Does it provide the right solutions for those issues?
- Are those solutions feasible?
- Am I doing a good job and moving ahead (making progress)?
- What is working and what is not working?
- Where should I intervene to improve?
- What are the actual results achieved?
- Was my programme efficient and effective?
- What can I do different and/or better next time?

The above questions may sound obvious and even trivial, because in fact every development practitioner, both at the political and at the technical level, in some way tends to think and act along this line of enquiry. The value added of evaluation is that it provides a more rigorous structure to pose and answer those questions. In short, evaluation helps us to keep in mind what to ask, how and when.

Evaluation is not an exact science nor is it a mechanical process. To be useful it needs to be applied with passion, commitment, intelligence, and in depth knowledge of the actual reality. When used in the right way, it can represent a powerful tool to do things better in the interest of development, and therefore of people and citizens who should always be the final and most important clients of any development programme.

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.

Distinctions and linkages between evaluation of projects and programmes

In the domain of socio economic development, evaluation can take place at the level of a programme as well as at the level of an individual project. Programmes usually refer to wider policy goals and they are made up of a number of interventions and projects. Therefore, evaluating a programme in many ways contributes to policy evaluation, while the evaluation of a project has more defined and limited objectives. The ideas presented in these guidelines can generally be applied to both the evaluation of programmes and projects, unless stated otherwise.

Methods and techniques of evaluation

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 Annex 3 for detailed descriptions and Annex 4 for literature references and sources). The individual methods and techniques are listed according to their relevance in the various stages of the evaluation process (also on this point you may also see Annex 3 for a more schematic and

detailed presentation). Please note that some methods and techniques may be listed twice as they can be applied both in the prospective stage as well as in the retrospective stage.

Ex-ante evaluation

Formative/developmental evaluation

Focus groups

Expert panels

Strategic environmental assessment

Stakeholder consultation

Participatory approaches & methods

Logic models

Social surveys

Individual (stakeholder) interviews

Priority evaluation

Cost effectiveness analysis

Case studies

Multi-criteria analysis

Delphi survey

SWOT

Cost-benefit analysis

Use of secondary source data

Use of administrative data

Input/output analysis

Econometric models

Economic impact assessment

Gender impact assessment

Environmental impact assessment

Concept or issue mapping

Evaluability assessment

In itinere and ex-post evaluation

Focus groups

Case studies

Local evaluation

Expert panels

Balance scorecard

Benchmarking / Bench-learning

Economic impact assessment

Gender impact assessment

Environmental impact assessment

Experimental and quasi-experimental approaches

Stakeholder consultation

Logic models

Social surveys

Beneficiary surveys

Individual (stakeholder) interviews

Observational techniques

Input/output analysis

Econometric models

Regression analysis

SWOT

Cost-benefit analysis

Cost effectiveness analysis

Multi-criteria analysis

Participatory approaches & methods

Use of secondary source data

Use of administrative data

The choice of methods and techniques to utilize can depend on:

- a) the type of the socio-economic intervention;
- b) the evaluation purpose (accountability, improving management, explaining what works);
- c) the stage in the programme/policy cycle (ex-ante analysis/ex-post analysis);
- d) 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.

Box 1. Scope for applying different evaluation methods and techniques

Different methods and techniques of evaluation are normally applied according to the different stages of a programme (from policy formulation and programme design through to implementation and delivery, and conclusion or results), according to different goals / questions to be answered, and according to different stages in the evaluation process. Below are outlined the most relevant:

Main programmes/policy stages

- At the *formulation* stage, emphasis should be put on identifying needs and clarifying objectives;
- At the *design* stage, emphasis should be put on identifying appropriate interventions and the organisation management arrangements able to deliver them;
- At the *implementation* stage, emphasis should be put on feedback processes, intermediate outcomes and providing feedback in a way that supports learning;
- At the *conclusions* or results stage, emphasis should be put on results and impacts for intended beneficiaries or territories in relation to intentions (e.g., following from objectives) as well as unintended consequences.

Main evaluation purposes

- In an evaluation targeted to better *planning/efficiency*, emphasis should be put on ensuring that there is a justification for a policy/programme and that resources are efficiently deployed.
- In an evaluation targeted to better *accountability* emphasis should be put on demonstrating how far a programme has achieved its objectives and how well it has used its resources.
- In an evaluation targeted to better *implementation* emphasis should be put on improving the performance of programmes and the effectiveness of how they are delivered and managed.
- In an evaluation targeted to better *knowledge production* emphasis should be put on increasing our understanding of what works in what circumstances and how different measures and interventions can be made more effective.
- In an evaluation targeted to better *institutional and network strengthening* emphasis should be put on improving and developing capacity among programme participants and their networks and institutions.

Main steps of an evaluation process

Evaluations follow naturally through a number of steps. These usually include:

- Step 1: Scoping and structuring evaluation work
- Step 2: Obtaining and analysing information
- Step 3: Informing evaluative judgments
- Step 4: Communicating evaluation findings

3. APPRAISAL OF THE SOCIO-ECONOMIC ANALYSIS AND STRATEGY LEADING TO THE FULFILMENT OF THE NEEDS

Economic appraisal and evaluation

Good evaluation involves an acceptance of the need for appraisal and monitoring as part of an overall approach to reveal how development is progressing. In other words, identifying what works and how, noting the learning and lessons that can be applied to the next set of decisions. It is also important to be clear that economic development is about making choices and evaluation helps to guide good decision making through a rational assessment of the options and impacts from making certain choices. The appraisal process is a vital front end part of evaluation in its broader sense.

Appraisal and evaluation uses the analytical methods of economics to determine the cost, value and worth of a policy intervention. This includes estimating the value of alternative uses of a given resource (i.e. the opportunity cost of a policy, programme or project). In short:

- Appraisal is part of the prior assessment (ex ante evaluation) process and it is undertaken at the outset of policy making to determine which of various policy options is most likely to produce the desired outcomes, and at what cost.
- Evaluation is undertaken after (i.e. post hoc) a chosen policy, programme and project has been running for some time in order to determine whether or not the anticipated outcomes (or other outcomes) have been achieved.

This approach is exceptionally valuable to decision makers as it forms a virtuous circle linking the decision to intervene and allocate resources with a comparison of whether and to what extent the objectives are then achieved and how far this represents best value.

The role of appraisal

All areas have strengths, weaknesses, opportunities and threats around which development can occur. The market is the most efficient method of allocating resources and generating economic growth but if area development is left to market forces alone, this development is likely to be unpredictable, uncontrolled, unbalanced and often result in sub optimal allocation of resources. Public sector organisations have an important role in adjusting forces and facilitating development in a more balanced and sustainable way. Thus representatives of all organisations and communities from local to regional and national level will look to intervene in markets to promote development. Making the right choices on how and when to intervene is a challenging responsibility. This is where the process of appraisal can assist.

Appraisal can be defined as is a process of assessment for making recommendations on projects and interventions in line with strategic objectives that will deliver desired outcomes in an effective, efficient and economic way. When undertaken correctly it will demonstrate why intervention is justified, how value for money will be delivered and how to satisfy public accountability requirements. In essence it is a systematic process for examining alternative uses of resources. In doing so, the process focuses on assessment of needs, objectives, options, costs, benefits, risks, funding, affordability and other factors deemed relevant to decision making.

In a formal sense, effective appraisal is key to the efficient development and allocation of resources against every activity proposed and/or funded by Government. The public sector must balance limited resources against an array of competing demands that can all appear to fit with the strategic intent. Consistent and robust appraisal allows for clear recommendations to decision makers on rational, justifiable allocation of these resources against competing demands. Properly conducted appraisals inform and improve decision making and are important in aligning proposed or ongoing activities with the overall objectives of the public sector and the expectations of the public.

Appraisal is an essential part of the strategy implementation and project life cycle. It is a way of thinking that is appropriate for all assessments prior to decision making. Considerable resources can be committed to the appraisal process but the level of effort, especially at local level for small discrete projects, should be proportionate with the significance of the intervention. In other words, it needs to reflect the scale and risk of the decision being made (i.e. the greater the proposed expenditure and exposure to other forms of risk, the greater the required appraisal effort). An appraisal should establish the need for any proposed intervention or change of resource allocation through weighing up the costs and benefits of the available alternatives.

Appraisal is part of the prior assessment process and plays a vital role in the strategic thinking process. In many ways it is a form of intelligent research and development to inform strategic and operational choices before decisions are taken to commit resources. Experience shows that it should not be used in a retrospective way as a means of refining the details of a pre-determined option or to provide post hoc justification for decisions already taken.

Why do appraisal?

In a market driven economy, all private sector organisations carry out appraisals as a natural part of strategic planning and investment considerations. The appraisal process provides a mechanism for organisations to determine the most effective use of their resources by providing a range of options for achieving strategic goals. It is crucial to recognise that for private sector organisations the appraisal process involves consideration of factors purely internal to the organisation (i.e. private) and with any deficiency in the decision making process being revealed in the form of lower than expected profits or growth (i.e. the consequences are also private).

However, for public sector organisations, and for partnerships involving public and private sector organisations, appraisal is a more complex matter in that social, as well as private, cost and benefits need to be accounted for. The consequences of choices in this context can be significant and long lasting with “spillover” effects in many parts of the economy and society. The public sector have a responsibility to identify projects that the private sector (market) deems unviable yet should be undertaken as they would provide wider benefits to society as a whole. In this way, appraisal should ensure that public funds only support activity that the private sector will not do on its own i.e. the market, fails. Interventions should result in a better functioning economy with the correct mix of private and public sector expenditure.

This means that government intervenes in the economy in order to achieve an outcome that is better than would otherwise be the case if left solely to the market and the private sector. Government intervention always involves a cost and this cost needs to be justified in terms of the achievement of two key objectives:

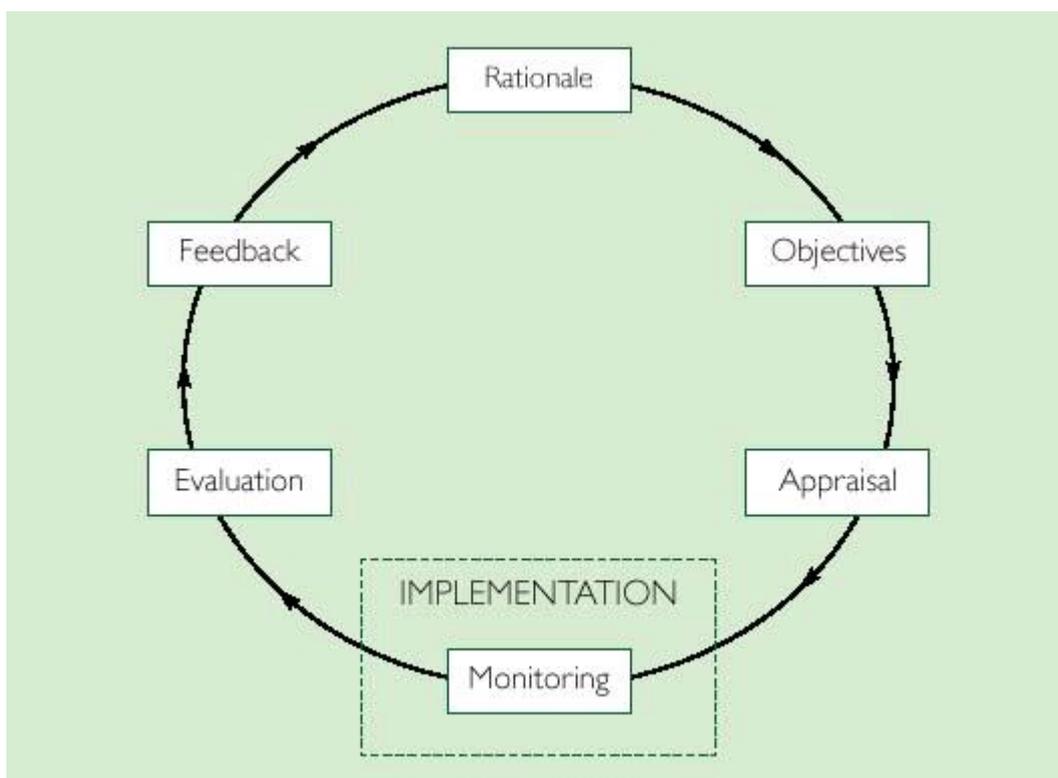
- Economic objectives (addressing inefficiencies in the operation of markets and institutions) and,
- Equity objectives (e.g. local or regional regeneration and distribution).

Appraisal should therefore be a fundamental stage in the planning process and when implementing public policy and must always be undertaken whenever public money is being spent. Appraisal can be applied to:

- A policy: a high level plan of action incorporating general goals and are decided at the highest level (an example is the provision of free primary school education for all children between certain ages).
- A programme: a set practical actions designed to implement policies and achieve their aims (an example would be a primary school building programme designed to help implement the policy of free primary school provision, the details of which are decided at a lower level)
- A project: a separate component within an individual programme (an example would be a proposal to build or extend a certain primary school to serve the needs of a specific local school population and is decided at the lowest level). Projects may be generated by local officials and often represent proposals from the private, voluntary or community sectors.

These concepts have been developed into practical processes for appraisal in many countries. In the UK a process known as the ROAMEF approach was developed by the Treasury and has been used widely in the UK and adapted in many other countries. This approach is shown in the diagram below.

Figure 1. The ROAMEF model



Source: United Kingdom HM Treasury (2002)

In terms of the ROAMEF model, the policy, programme or project would be the rationale (depending on the level being discussed). The appraisal process should indicate whether a proposal (e.g. project) is

worth undertaking. Appraisal should also arrive at a conclusion and a set of recommendations (e.g. go ahead with the project but subject to certain conditions).

Appraisal involves many sub aspects and internal feedback loops as part of the rational thought process. A key element is option appraisal: it validates the rationale for intervention (e.g. government expenditure), sets objectives and provides (appraises) a range of options are identified and examined by analysing their respective costs and benefits.

It is important to note that the focus is on cost-benefit analysis rather than cost-effectiveness analysis. Cost-benefit analysis will indicate whether to undertake an activity while cost-effectiveness looks at the best way of carrying out a pre-determined decision. This is an important distinction. Cost-effectiveness is often used as a proxy for appraisal as the means to refine the details of a pre-determined option or, to provide post hoc justification for decisions already taken.

The setting of objectives normally precedes option appraisal, however often the appraisal process reveals more about the available options and it may be appropriate to revisit initial objectives and revise them. This feedback mechanism shows one of the benefits of the appraisal process as it often challenges initial assumptions.

The objectives of the intervention need to be explicitly stated, clear in their intent and consistent with the policy, programme, project and wider macroeconomic objectives. Objectives are normally set out in a hierarchy that should be clearly set out in an appraisal:

- Impacts and Outcomes: the eventual benefits to society that proposals are intended to achieve. For example: improvements in health.
- Outputs: are the results of the activities of the intervention and relate in some way to the outcomes. Some outcomes cannot be measured directly and it may be necessary to specify some outputs, as intermediate steps. For example: the numbers of patients treated.
- Targets: are used to help progress in terms of producing outputs, delivering outcomes, and meeting objectives. For example: the number of extra treatments.

Initial stated objectives should be broad enough to allow a wide range of plausible options to be identified. They need to be developed subsequently in more detail or dropped with a shortlist going forward with targets that are SMART.

- Specific,
- Measurable,
- Achievable,
- Relevant and
- Time-dependent:

Objectives must be measurable and specific detail, in order to:

- Provide a clear basis for identifying and defining options,

- Enable appraisal of how well the options perform,
- Facilitate ex post evaluation, and
- Provide for accountability.

Some useful questions to help organisations in the Czech Republic to set suitable objectives and targets include:

- What are we trying to achieve?
- What are our objectives?
- What would constitute a successful outcome or set of outcomes?
- Have similar objectives been set in other contexts (e.g. other projects) that could be adapted?
- Are our objectives consistent with intervention's aims and objectives?
- Are our objectives defined to reflect outcomes (e.g., improved health) rather than the outputs (e.g. operations), which will be the focus of particular projects?
- How might our objectives and outcomes be measured?
- Are our objectives defined in such a way that progress toward meeting them can be monitored?
- What factors are critical to success?
- What SMART targets can we then set? What targets do we need to meet?

In short, appraisal of any intervention involves three main steps:

- 1) undertake an overview of the rationale to ensure:
 - A clearly identified need and,
 - That the proposed intervention is likely to be worth the cost (including any negatives of intervention or non-intervention);
- 2) identify the desired outcomes and objectives and the range of options that are available to deliver them (including targets);
- 3) undertake an option appraisal considering a wide range of possibilities to help set the parameters of an appropriate solution, including a 'do nothing and do minimum' option.

In summary, appraisals need to explain the strategic relevance of the proposed policy, programme or project. That is, appraisal should be fully aware of the strategic context of any intervention and be explicit regarding the strategic aims and objectives to which an intervention it will contribute and how this will happen. As a matter of course, appraisals should make reference to and be anchored by the relevant statutes, strategy or policy documents which drive the intervention. This applies for the appraisal of interventions at a local, regional and national level.

How to identify the need for intervention

Appraisals should make clear that the proposed intervention (expenditure) is needed, can be justified and that the chosen level of assistance is appropriate. Needs change over time and interventions should be seen as having a life span and that the case for continuation of the intervention needs to be made. In some cases it may be appropriate to consider scaling down an intervention or ending it altogether.

Stakeholders in the intervention at local, regional and national level (those submitting the proposal for intervention) should provide details of the nature of the deficiencies in the current provision, or lack of provision, including the assets or other resources used to deliver them.

Relevant projections of the future nature and levels of demand over time for the services of the intervention need to be provided and quantified appropriately as far as possible given the principle of proportionality mentioned earlier. This will help in the identification of the range of targets and indicators that will be used in monitoring and subsequent evaluations. For example, projections of demographics regarding school enrolment, hospital admissions, air traffic growth, economic growth. Any future projection needs to be set in a historical context by providing evidence of the development of the need in question (e.g. data for the past 5 years if available) however it must be recognised that evidence is likely to be scarce at local and indeed regional level. This is where co-operation and learning from appraisals conducted in other areas, and other countries, is vital.

Given the difficulties in quantification of need or demand and the lack of reliable historical data, appraisal becomes a constant challenge to all professional policy and evaluation specialists. Cases for interventions can be generated by showing benefits and this is often the route taken at local level. While this is understandable and appealing, it does not provide a proper and robust basis for making an intervention. While the need for a particular intervention (e.g. a project) is necessarily related to any potential benefits, needs and benefits must be treated separately. This distinction is important as identification of a set of potential benefits is not in itself justification or evidence of need (e.g. for a project). Whenever possible the guiding principle should be a needs-based approach rather than a benefits-driven approach.

In a similar way, it is important to reveal how the proposed intervention will produce additional net benefits. These additional benefits can be difficult to show in standard quantitative terms. In the case of financial assistance to the private, voluntary or community sectors, it is essential to establish that the additionality criterion is satisfied (i.e. that the intervention produces results over and above what would have happened without the intervention – testing the “counter-factual”).

Appraisal: A basis for making choices

The key to appraisal is the comparison of alternative courses of action i.e. option appraisal. Comparing alternatives should reveal the true merits of any particular course of action.

Thinking creatively and being innovative in searching for a range of acceptable options is important before narrowing down the list of options to a more manageable number for in-depth appraisal

There should be a ‘benchmark’ option against which the others are judged in terms of effectiveness and value for money and this should normally be the status quo option of doing nothing (i.e. the genuine minimum). The exception to this approach is where the intervention involves a totally new service with no existing provision.

The alternatives to the status quo option are the “do something” options and these should cover a range of provision from the minimum through to expansive levels of provision. This range of options

should reflect a number of variables such as scale, content, time and location of provision as well as alternative modes of delivery of outputs - and innovative ways of doing things. This is important especially when dealing with fluid situations and where the pace of change is relentless.

Creating a range of options can seem daunting, especially at a local level, but in practice it should be made more manageable by doing the following:

- Learn from previous experiences, reports and recognised good practice. This can reveal helpful information and useful data.
- Analyse the available information and data to provide pointers on the way forward. More formally this means being able to identify priorities, dependencies, incentives and other drivers which may impact on the intervention.
- Review information in a structured and logical way. This means assessing the range and type of issues that may affect the achievement of strategic objectives.
- Review how to deliver the options in practice. What range of policy instruments and resources could be procured to help achieve the objectives?
- Think big and be ambitious: consider radical options that could deliver a greater than expected impact. This could be generated through consultation and discussion informally or formally using local forums, meetings and events to “brainstorm” and generate new ideas.

Appraisal and strategic choices

The appraisal process is normally applied to specific interventions at policy, programme and project level. That is, appraisal takes the strategic decision of intervention as given and looks to find the best option from a range of competing options. However, the appraisal process may also be used to help determine a range of strategic choices. This is particularly important where there is a high degree of devolved administrative power and competing jurisdictions for state or central funds. In the case of the Czech Republic, there are many strategic documents produced at levels below the optimal strategic level (e.g. municipalities) and these in turn make reference to other strategy documents at higher levels in the hierarchy.

The motivation for ‘linkage’ is often to justify funding applications but this approach carries dangers in terms of resource allocation. Application for funding is often programme-driven rather than strategy-driven. This in turn leads to funding-driven strategy documents being produced that have to compromise rationale and objectives in order to ‘fit’ the necessary requirements of the funding body.

Taking an appraisal-based approach follows the increasingly influential EU evidence-based approach to policy and strategy and away from programme-driven approach. For this to be successful, evaluation strategy documents at Regional level require to be mapped against Cohesion Policy Thematic and Territorial strands and for programme appraisal to be set against this.

The appraisal process is the first test for the rationale underpinning any strategy. As the ROAMEF model makes clear, the initial rationale for an intervention and the validity of its objectives should be subject to a rigorous challenge at the appraisal stage.

Adoption of a suitable appraisal mechanism at the level of strategic decision-making will help challenge existing bias when identifying a potential programme or selecting between competing

programmes. It will specifically challenge programme-driven strategy documents and their projects, leading to a more efficient allocation of resources.

Appraisal can be the least costly and most easily accessible tool in the evaluation suite and should be the focus of initial capacity building efforts as it asks the important questions before resources are allocated. This is why capacity building and up-skilling is so important across all levels of administration.

Appraisal synergies and linkage

There is a need to build on the development of networking at all levels as a means of support for evaluation capacity building. In this regard, the role of pilot evaluations and their learning have an important role in local capacity building. This would be a productive route for MRD to follow as working with regions will build confidence and better relationships from which the learning and lessons from evaluation can be shared with the wider community, particularly to municipal level.

Accessing funds to achieve appraisal and evaluation capacity building is a vital step in the near future. Funding for capacity building in all its forms remains a key priority. As evaluation practice will produce tangible benefits, cultural barriers and local resistance will diminish. MRD's Regional Strategies Unit could draw down approved funds from the State budget and funding from its own technical assistance budget, from 2009. This would fund capacity building seminars and pilot evaluations as will be discussed later in this report.

A key current concern is that it is difficult to identify a set of inexpensively attainable indicators to measure the outcomes of policy and therefore makes assessing the coherence of all plans difficult. Although a range of indicators are available due to the work of the Czech Statistical Office, the issue is more to do with the appropriate methodological approach to adopt rather than the selection of indicators themselves. Indicators must be fit for purpose in that their adoption must conform to the appraisal needs of the project and this is an issue of methodology and is the reason why capacity building is so important. The view from the regions is that while strategy documents may be similar in many respects, the methods and approach to appraisal and evaluation do differ. This variety of approach is indicative of a lack of capacity within the regions and the need for guidance in terms of methodology and application.

In the absence of legislation regarding appraisal and evaluation, incentives and motivation are required to change the approach of local representatives to appraisal and evaluation. This is an issue of culture and is a common problem facing all development agencies once decision-making is devolved to the local level. Raising local sights beyond the individual project requires local strategies to be fully integrated with national and regional strategy documents in a meaningful way. MRD's working group on a joint urban plan is an example of the type of co-operation that encourages local representatives to look beyond their own area. This removes the need for a local justification for a programme as it maps onto higher-level programmes and plans based on higher level funding and development requirements.

The creation of a clear link between any appraisal and evaluation framework to the Czech National Strategic Reference Framework and the National Development Plan is required as these documents deal with the 3 Objectives of EU Cohesion Policy. Any linkage must extend to the Territorial Development Policy as this drives the Czech Regional Development Strategy. Programmes following either Thematic or Regional themes will have common roots and this allows a degree of commonality in setting up a monitoring and evaluation framework that will appeal to municipality-based programmes. That is, a simple set of indicators for each can be drawn up for use at all levels of programme implementation.

How to compare options: costs and benefits

Where possible, appraisals should try to account for the impact on all residents of a locality, region or country and include costs and benefits to the public and private sectors (including voluntary sectors and individuals). Where proposals involve the use of private sector or other non-government resources, these costs should be included as their use represents an 'opportunity cost' to the economy.

In principle, costs should generally be valued on an opportunity cost (or economic cost) basis. This approach looks at the cost of using a resource as its value in its next best alternative use (i.e. its most valuable use other than as proposed in the project). In other words, the cost to the economy of using a resource in one investment is the benefit foregone by keeping it from use in the next best investment opportunity. The principle of the foregone alternative is at the centre of all costings in appraisal.

However, costs that have already been incurred and cannot be recovered are ignored in the appraisal process. These are seen as 'sunk costs'. That is, they cannot be retrieved even if the project does not eventually go ahead. This is an important type of cost and may make some marginal projects viable if evidence can be gathered to show that resources already committed cannot be recovered.

As a prelude to introducing sensitivity analysis to the appraisal process different types of cost can be distinguished. However, it is important to bear in mind that often the relationship between the various types of costs may vary over time.

- Fixed costs remain constant over wide ranges of activity for a specified time period (such as an office building);
- Variable costs vary according to the volume of activity.
- Semi-variable costs include both a fixed and variable component (e.g. maintenance where there is a mix of planned programme and responsive regime at work) and,
- Semi-fixed, or step costs, are fixed for a given level of activity but increase by a given amount at some critical point.

An estimation of the full costs of an intervention includes the following headings: direct, indirect and attributable overheads of the project. Under these headings are placed the fixed, variable, semi-variable and semi-fixed costs. This is known as the base case of each option. This allows each option to be compared and for sensitivity analysis to be undertaken by altering certain costs to see the impact on each option under different scenarios.

Appraisal does not include depreciation charges for capital equipment. Appraisal follows an economics approach rather than an accounting approach and therefore the capital charge reflects the opportunity cost of the funds tied up in the asset, and not whether to buy the asset or not. However, any residual value from the asset should be included in the appraisal.

Benefits are more difficult to measure but an attempt should be made unless it is impractical to do so. Value has to be assigned to benefits in order that these benefits may be weighed against their costs. This allows the alternative options to be assessed against each other in terms of net cost and net benefits. All benefits (and costs) should be counted, those directly relating to the intervention and those benefiting (or costing) the wider economy.

Where possible the market price of the benefit should be used unless there are market distortions that prevent market prices prevailing e.g. monopoly action or taxation or subsidy.

Many government interventions result in costs and benefits that have no readily available market equivalent and in these cases attempts must be made to arrive at a suitable price. A number of approaches to this are possible. For example, trying to identify price or a “willingness to pay” approach looks at what consumers are prepared to pay for similar types of service or ask them what they would be prepared to pay for the service. For costs, a “willingness to accept” principle can be used where consumers state what they need no compensation.

Private and public sectors are affected by a phenomenon called optimism bias, where those appraising projects tend to be overly optimistic in favour of the intervention. Benefits tend to be over stated while costs tend to be under estimated. It is good practice to introduce some degree of sensitivity analysis to the appraisal process whereby explicit adjustments are made for optimism bias. Thus expected costs will be increased while expected benefits decreased using evidence from past projects or other sources, and should provide early robust estimates of key project parameters. As more reliable estimates for costs and benefits emerge, the adjustments for the bias may be reduced. Where possible, the estimates for costs and benefits should be subject to independent verification and external scrutiny.

Where an intervention leads to a reduction in activity elsewhere this is called displacement and must be included in any appraisal to assess the net impact of the action. If displacement is forecast to be large it may call into question the whole intervention.

For large expenditure projects running years into the future, each option should assess the net present value (NPV) that is the sum of the discounted benefits of an option minus the sum of the discounted costs, all subject to the same base date. If costs exceed benefits the project has a negative NPV.

In large scale interventions, especially capital projects, the NPV is the main indicator of the comparative value of the option. This is because it is discounted using a rate reflecting the social time preference and includes capital and recurring costs and benefits in a single indicator showing the present day value. This single indicator allows options of varying mixes of high/low capital and high/low running costs.

The decision rule is to choose the option with the prospect of maximising NPV (even allowing for those factors whose market value is difficult to assess. The time horizon for the appraisal should be that of the economic life of the service being provided by the intervention.

All appraisals should consider the needs of monitoring and evaluation. It is a given that good evaluation depends on a good appraisal process and therefore the appraisal procedures should consider the needs of evaluation. That is, have clear aims, objectives, key assumptions, calculations and judgements. Appraisals should ideally include a monitoring and evaluation plan to address the following:

- Who will be responsible for monitoring and evaluation
- What factors (e.g. costs, outputs, outcomes) will be monitored and evaluated, and how
- What staff and other resources will be required
- Who needs to be consulted

- When monitoring and evaluation will be undertaken (the intervals at which monitoring will occur, and the completion dates for evaluations)
- How the results will be disseminated, including identification of the target audience

The end of the appraisal process is the decision whether to proceed with the intervention and which of the options to follow. This is a decision with consequences and requires a professional presentation of results to those who will make the ultimate decision. At all times a policy of transparency must be followed and the presentation done in such a way that non-professionals are able to make informed decisions.

The appraisal report should show evidence to support any conclusion and recommendation. An audit trail should be evident allowing those who are interested to check the underlying assumptions and evidence. There should be enough information to support the subsequent evaluation.

Box 2. Check list for appraisal requirements

The following is a brief checklist that could be developed into a more formal “Guide to Appraisal Requirements”:

- Establish the policy need.
- Identify the specific populations that will be targeted, quantify the extent of the problems or demands to be addressed, show how policy intervention will contribute to strategic aims.
- Define the policy objectives.
- Objectives should initially be stated broadly enough to enable a range of policy options to be identified. They should normally be developed into more specific terms, including measurable targets, to provide a basis for detailed appraisal of the policy options and subsequent measurement of the policy’s success.
- Identify and describe the policy options.
- Define a “status quo” or “do minimum” baseline option and a suitably wide range of alternative policy options for consideration.
- Detail the costs, benefits, risks and other relevant impacts.
- Analyse the economic, social and other costs, benefits, and risks associated with each of the policy options. Consider the need for integrated impact assessment or specific forms of impact assessment e.g. equality, environmental, health or regulatory impact assessment.
- Spell out the funding implications including the priorities for funding.
- The relative priority of different elements of the proposals should be stated clearly. This is particularly important when appraising a policy containing numerous separable objectives or costly components.
- Summarise the findings and recommend the preferred policy option.
- Summarise, for each option, the costs, benefits, risks and other impacts. Compare the relative merits of the options and recommend the preferred one.
- Make arrangements for managing, monitoring and evaluating the policy.
- Arrangements for these activities need to be built in from the outset.

4. HOW TO EVALUATE STRATEGIES AND PROGRAMMES

Prior assessment¹ (ex ante evaluation)

Introduction

Prior assessment is crucial, delicate and difficult at the same time. It refers to that process which supports the preparation of proposals for local development interventions. Its purpose is to gather information and carry out analyses that:

- help to define **objectives** ...
- ... to ensure that these objectives are **feasible**
- that instruments used are **cost effective** ...
- ... and that subsequent evaluation will be **robust**

Prior assessment is strongly inter-linked with the delicate political-administrative process which identifies priorities and allocates resources for a certain programming cycle. There is inevitably a certain amount of pressure to adapt choices to requests coming from various parts.

However, prior assessment offers a number of benefits in that it can help:

- Identify **gaps** in a local development strategy, help to fill them, and show how this will help to deliver better outcomes.
- Question **fixed ideas** which local stakeholders may have, by exploring alternative possibilities in an evidence based way.
- Create **linkages** between individual projects and programmes on the one hand, and wider strategic goals on the other.
- Ensure that local priorities are consistent with national policies.
- Ensure that evaluation does not become a formal exercise **imposed** by the central administration or sponsor.
- Avoid commissioning the evaluation process **in haste**, rather enabling it to be built into programme and project design from the beginning.
- Support a **bottom-up** approach to strategy development which may prove more successful in identifying resources and enablers for endogenous growth.

¹ OECD (2008), Making Local Strategies Work: Building the Evidence Base, OECD Paris.

A serious prior assessment approach is likely to contain a number of components:

- Defining strategic objectives.
- Identifying the options for intervention.
- Assessing expected impacts.
- Making use of the results.
- Establishing the framework for intervention.
- Setting up an information system.

Each of these six components is outlined below.

Defining the Objectives of Local Development Strategies

Defining the objectives of a local development strategy is the initial step of a prior assessment process. Defining the right and feasible objectives requires an understanding of how local economies work and how they are connected with processes that operate at different spatial scales. In identifying the objectives for local economic development, it is crucial:

- To understand the complex interplay between a wide range of social and economic factors. This can help to isolate the specific barriers to growth and help to avoid creating unforeseen outcomes of interventions.
- To determine the most appropriate scales of intervention. The vertical links between regional, sub-regional and local processes of change mean that strategies need to fit well together, that different interventions may be appropriate at different spatial scales and that strategy and implementation may best apply at different scales.
- To establish links between the priorities and objectives at different spatial scales to avoid conflicts across the vertical levels of strategy development.
- To identify and include all relevant agents of change. Effective partnership working is essential for the implementation of strategies and this puts emphasis on ensuring that all the appropriate agencies are involved and can contribute to the process of identifying priorities and hence in 'owning' the strategies.
- To identify the intended beneficiaries and ensure that maximum benefit is targeted at them.
- To consider the durability of outcomes in order to avoid the problems that too many interventions have only short-term benefits.

Box 3. Defining the objectives: Suggestions

Do's

- Do consider which statistical indicators ought to be assembled as part of the appraisal process, and which benchmark areas should be selected to help in identifying local development strategy objectives.
- Do consider the scale at which intervention should occur and ensure that objectives complement strategies directed towards different scales.
- Do identify and include agents of change, building capacity for stakeholder involvement where it is lacking.
- Do ensure that development strategy objectives are written with the long-term durability of outcomes in mind, and with the emphasis on a long-term perspective.
- Do develop an understanding of the local economic and social context and its implications for the performance of the local economy.
- Do identify the target groups to benefit from a local development strategy and ensure that objectives are constructed so that outcomes are distributed equitably.
- Do develop at the outset clear objectives for future monitoring and evaluation of policy.

Don'ts

- Don't assemble data at too aggregated a scale, limiting the degree to which it can be used flexibly. Assemble data only for a particular time period, preventing an appreciation of the trajectory of local economic performance over time.
- Don't ignore the relationship between the target area for a local development strategy, and the surrounding area – an appreciation of the effects of intervention in one area upon the other is essential.
- Don't exclude particular stakeholder groups from the process of building a consensus about which objectives to pursue as part of a local development strategy.
- Don't focus purely on objectives which relate to short-term outcomes, but which ignore their longer-term sustainability in the absence of continued intervention.
- Don't adopt a one-size-fits-all development strategy which ignores the specificities of the local area.
- Don't rely purely on market forces to distribute benefits, particularly to those groups most marginalised from local labour markets.
- Don't assume that monitoring and evaluation arrangements can be established after a development strategy has begun to be implemented. Monitoring and evaluation should not be viewed as burdensome, but should feed directly into the refinement of policy, as a development strategy evolves.

Identifying the Options for Intervention

The process of defining alternative options for local development strategies and selecting a preferred choice is a critical element in the overall process of prior assessment. However it has not traditionally received a great deal of attention, because of factors such as partners being reluctant to subject tried and trusted approaches to more objective assessment.

A number of key principles should be adopted to help identify options. The process of identifying options should be as transparent as possible and it should involve reflecting backwards to defined objectives and forwards to anticipated impacts. It is also important to accept that doing nothing may be the best solution - at least in the short run.

In building up options partners need to reflect on a range of criteria including the areas of intervention being addressed; the balance between harder physical investment projects as opposed to softer skills associated with enhanced competitiveness, assumed beneficiaries, geographical scale, time horizons, any financial and legal considerations, actors and agencies needed for the effective implementation of options, appropriate management and strategic steer and sustainability.

In selecting the preferred option, partners will need to consider the degree to which options achieve defined objectives and the full costs and benefits of risks associated with different options.

Box 4. Identifying the options: Suggestions

Do's

- Do make sure options reflect defined objectives
- Do take steps to make the overall process of defining and selecting options is as transparent as possible
- Do ensure that the preferred option will achieve desired outcomes
- Do make sure options address the needs of specific social groups
- Do insist that all key stakeholders have a role in defining and selecting options
- Do involve those often neglected actors and agencies: voluntary and community sectors and business
- Do insist that options consider questions of management and strategic governance
- Do make sure that options set out the full costs and benefits to society as a whole
- Do place sustainability at the centre of option selection
- Do accept that it may take a long time to achieve some outcomes
- Do remember that options need to have effective monitoring and evaluation systems in place
- Do be prepared to set up formal partnership if that seems the best way to implement some options
- Do use the evidence base to assess options.

Don'ts

- Don't ignore 'doing nothing' - at least in the short run
- Don't devise options which might help improve infrastructure but which don't address issues of social capital and innovation
- Don't neglect the emerging issues of competitiveness, innovation and social capital
- Don't be afraid of radical options
- Don't just go with the tried and trusted
- Don't ignore the views of key local, regional or national politicians
- Don't forget to look at the risks involved in options
- Don't forget that some more innovative options may need a plan 'B' if things go wrong.

Assessing Expected Impacts

Prior assessment is a difficult task, not least because it seeks to learn about the expected effects of a development strategy. The message of this chapter is that an assessment is faced with numerous choices. It provides a framework in which to make these choices and offers guidance, drawing attention to the potential approaches and the advantages and difficulties involved.

Essentially, the choices must be made at three levels.

- 1) The nature of a prior assessment depends on:
 - a) the characteristics (purpose, financial and geographical scale) of the development strategy,
 - b) the Resources available for assessment (funds, time, data and human resources); and
 - c) the context in which the assessment is undertaken (economic, political and understanding of the user).
- 2) For measuring the expected effects it is possible to identify two main approaches. A ‘top-down’ approach deals with effects at the aggregate market level, like the industrial sectors, and focuses on the impact in relation to global objectives. A ‘bottom-up’ approach deals with effects at the individual agent level, and focuses on the outcome in relation to specific objectives.
- 3) The prior assessment must make methodological choices concerning assessment criteria, indicators and assessment methodology. The assessment criteria are used for making the judgement, on efficiency, effectiveness, equity and economy. The indicators need to be chosen for the intermediate outcomes and impacts, which must be made in relation to the relevant objectives. The choice of the assessment methodology constitutes the decision on the data, the techniques and the tools that form the basis for the analysis, to generate the results.

Overall, the choices will be made in relation to the *objectives* of the strategy and the *purpose* of the prior assessment. In some cases it may just involve setting benchmarks by which to judge the future performance of a strategy, but in other cases it may involve sophisticated modelling of the expected impact. To some extent this will depend on the questions asked, and the nature and scale of the development strategy and local area.

Other key factors are the availability of data and the capacity of the agency both to carry out and utilise the results of such of an analysis. Ultimately, the prior assessment will collect data and other information on the expected effects, for the purpose of informing decision-makers on the appropriate courses of action, both initially and on-going.

Box 5. Assessing impacts: Suggestions

Do's

- Do commence the prior assessment in good time and allow sufficient time for its completion.
- Do have a clear sense of the purpose of the local development strategy and what it is seeking to achieve.
- Do be certain about the objectives or targets against which the prior assessment is to be made and the criteria being used to make a judgment.
- Do try to identify the alternative policy options, including the possibility of doing nothing.
- Do make sure the resources available for the assessment are adequate, including funding, data and the human resources.
- Do define the key aspects of the situation to be addressed by the programme.
- Do identify the major expected economic, social and other benefits and the likely costs of the programme.
- Do have a clear sense on the relevant indicators on intermediate and final effects for which data need to be collected and effects estimated.
- Do be prepared to offer different estimates for different scales and alternative forms of the proposed intervention.

Don'ts

- Don't make the prior assessment over-sophisticated, but at a level that can inform decision-makers and ensure an optimal decision is taken.
- Don't omit important expected effects, but at the same time don't spend excessive time on trivial effects that over-complicate the assessment.
- Don't carry out the assessment at an inappropriate spatial scale.
- Don't use methods and techniques that are inappropriate for the local development strategy under consideration.
- Don't ignore factors likely to influence the key problem, and the main groups of actors that are likely to be influenced.
- Don't ignore the possibility that matters will turn out different to expected, so be prepared to present a range of estimates as key assumptions are varied.

Making Use of Prior Assessment Results

What difference a prior assessment can really make depends on various issues. At best it can bring about a more coherent local development strategy and increase an actor's collective learning about the means to attain the set goals. On the other hand, it might be a symbolic act with little visible impact on how the local development policy evolves. Nevertheless, it is most likely that a well run prior assessment as the initial part of the evaluation process will in any case generate some instances for learning, at least at individual level.

To make this happen, the factors that help in securing the use evaluation results efficiently can be address through prior assessment. In this way it brings full benefit in the process of strategy design and delivery. More specifically, it addresses how:

- The commitment of various stakeholders to the evaluation study is an important prerequisite for a useful assessment.
- The use of evaluation takes place in social interaction between various actors.
- The process itself will most likely have some impact on the thinking and behaviour of the people (this is especially so if participatory methods are used). Evaluation should aim at becoming a vehicle for collective learning.
- How the results feed into the strategy process and other policy-making processes is of crucial importance.

Box 6. Using prior assessment results: Suggestions

Do's

- Find out what expectations various stakeholder groups have concerning a prior assessment study. Use their constructive potential for carrying out the mission.
- Weigh the potential costs of a professionally conducted evaluation study against its potential uses and make a judgment on whether the assessment will be justified from a cost-benefit perspective.
- Ensure that there is enough support from the policy-makers for carrying out and using the results of the analysis. If not, reconsider the added value from an assessment.
- Mobilise and involve stakeholders by formulating the evaluation mission and keep them informed about how the assessment process proceeds.
- Anticipate various forms of intended uses of the evaluation results at the outset of the process.
- Find an evaluator who carries credibility among the potential users.
- Plan the timing of the assessment to fit the local development strategy process in a way that the results will be available to be used in decision-making.
- Encourage the use of participatory assessment methods, which will make it possible to reap the full benefits of the evaluation process itself.
- Write clear, concise and balanced reports where conclusions are justified with evidence and analysis.
- If possible, try to make the evaluation report public and available for all interested parties to increase the transparency of the process and to promote utilisation of the results; make full use of internet-based communication tools.

Don'ts

- Don't assume that evaluation results will be automatically used for decision-making by the mere provision of information.
- Organise forums for decision-making if these are not yet made available by the strategy process.
- Carry out targeted communication regarding the evaluation results to various stakeholder groups: elected policy-makers, operative actors, social partners and citizens.
- Don't rely only on a single written report; in addition, use face-to-face communication, customised presentations and executive summaries.

Implementation of the Local Development Strategy

The management methods and identification of responsibilities within this process are central to success and need to be assessed and promoted at the beginning of the process in order to embed implementation considerations and avoid some of the obstacles to success.

Leadership is crucial as is a process that is inclusive and engaging across the partnership community. Commitment must be secured from organisations and individuals to perform and deliver within the timescales and resources available.

Certain tools can then be applied to ensure this happens in the right way and the use of such tools will depend on the local context, scale of the challenges being addressed in the strategy and the sophistication of partnership arrangements.

Box 7. Implementing the strategy: Suggestions

Do's

- Do have clear communications and a clear implementation plan that links local actions to the strategic goals
- Do have strong commitment and leadership such that senior management “walk the talk”
- Do have clear measures that demonstrate progress towards achievement of strategic objectives through an operating plan as well as delivering robust projects and programmes
- Do have review milestones and progress measures defined within the implementation and management plan
- Do report progress, encouraging and rewarding good behaviours, and impose sanctions for inappropriate behaviour to ensure accountability at all levels in the organisation or partnership
- Do regular checks to ensure a focus on things that drive economic development and change
- Do re-cycle learning and establish communities of practice to encourage a culture that buys-in to the strategy
- Do ensure that partners actions are aligned as the whole is greater than the sum of the parts – demonstrate how local actions contribute to delivery of wider strategic objectives
- Do show how implementation delivers change through people, process and projects

Don'ts

- Don't think that everyone is a strategist and don't try to make everyone a strategist
- Don't stifle innovation and flexibility
- Don't undervalue experience against theory
- Don't make processes over complicated
- Don't have frequent changes of performance metrics (measurements)
- Don't raise expectations of short term impact yet don't avoid the issues of measuring contribution
- Don't underestimate the importance of skills development and training
- Don't allow a gap to open between strategic and PR messages on the one hand and staff, customer and stakeholder understanding and commitment on the other: There must be a shared vision and co-ordinated actions to gain momentum for achieving the desired changes

Information Systems

Information systems are the backbone of the monitoring and evaluation systems that may crucially support the process of local development. Setting up an information system starts with establishing links with the strategy design and delivery. Key partners to strategy must be involved as well as other relevant stakeholders.

Development of the information system is integrated with prior assessment and as such with the process of strategy building and delivery. Information systems need to be linked to key assessment activities including results, socio-economic assessment and baseline studies.

Professional information systems need specific technical support, but it may be more important to create a feasible and useful information system that facilitates basic data and conclusions on project activities, outputs and results, rather than having a comprehensive, but overly-complex data storage system in place, without the capacity to analyse or use the data correctly.

When building information systems, it is important to take into account the demand for different types of information and identify appropriate sources for respective categories of indicators.

Box 8. Information system: Suggestions

Do's

- Start with simple, common sense approaches.
- Define performance questions for each of your programme objectives and plan future monitoring and evaluation activities.
- Use a limited number of key indicators with realistic possibilities of obtaining up-dated data.
- Define the baseline situation through indicators and qualitative information.
- Define a time horizon for impact evaluation and analysis in line with the time it takes to produce socio-economic impacts and to change habits and mindsets.

Don'ts

- Do not try to cover everything by generating a complex, ultimately unusable system.
- Do not define a system that is based on unavailable, inexistent or useless data.
- Do not forget the real objectives of policy-makers and stakeholders.

Interim (ongoing) evaluation and monitoring

The interim evaluation takes place during the implementation of the interventions and for various reasons this is also the phase where the distinction between monitoring and evaluation tends to be most blurred and the relationship between the two activities most tight.

However, information on certain strategic aspects, such as socio-economic impact or changes in community, national or regional priorities affecting a programme, cannot be provided by or deduced from the monitoring system and would require a regular follow-up by evaluation. In this case, monitoring data could solely serve as a source of initial/additional information to be further processed and used for analysis and reporting on strategic aspects dealt with by evaluation.

At this point, it can be helpful to re-emphasise a few basic concepts about monitoring². Regular monitoring should provide some process/operational information (mainly on outputs and results achieved, financial absorption and on the quality of implementation mechanisms) that allows for evaluation to be undertaken, for example, when actual or potential difficulties arise.

As all practitioners know, the basis for monitoring is data-collection and this activity generally turns out to be expensive, time-consuming and often frustrating. Monitoring can however also be extremely useful if it is remembered that it should never be viewed as an end-product, but rather as the basis for some kind of follow-up action. It is a means to another end rather than and in itself. The follow up action can be of three kinds: **administrative, political, and managerial**.

- A typical example of monitoring as the basis of an administrative procedure is the disbursement of funds. It is essential to know in some detail the expenditures related to every individual project/intervention so that the competent administration can proceed with payments. In such circumstances, the data is usually entered into the system by its original producer at the implementation level and it should be cross-checked and verified on a sample basis.
- A typical example of monitoring as the basis for policy decisions, instead, is the allocation of funds to the regions by the Central Government. In this case all programmes will be monitored but the data will be analyzed mainly at the aggregate level using appropriate statistical and mathematical tools. The data would probably be entered into the system by an intermediate level (e.g.: the regional administration).
- Finally, monitoring can also be the basis for keeping projects on track, solving implementation problems and adjusting to an evolving context. Usually this exercise is limited to a number of priority interventions because of the high investment needed to acquire first-hand in depth knowledge. Repeated and targeted site-visits may be necessary.

European Funding regulations have introduced interim evaluation in substitution of mid-term evaluation only recently, for example in the 2007-2013 funding cycle. This choice is meant to emphasize the “formative” nature of the evaluation that takes place during the implementation stage of the programme. The objective in fact is that of producing direct feed-back for improving management, better focusing targets and adapt to any new external factors, without formulating final judgements or trying to exactly quantify outputs, results and impacts.

In this view, interim evaluation is a process taking the form of a series of evaluation exercises. Its main purpose is to follow on a continuous basis the implementation and delivery of a programme and changes in its external environment, in order to better understand and analyse outputs and results achieved and progress towards longer-term impacts, as well as to recommend, if necessary, remedial actions.

The rationale and focus of interim evaluations varies depending on the specific needs. The demand for evaluation might come both from questions related to general policy (strategic) issues and from questions on more specific (operational) issues. According to these needs, evaluations could either be of a strategic or an operational nature; they may also combine both strategic and operational features³.

2 For further information please refer to the following publication: European Commission, (2006): The New Programming Period 2007-2013, Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators, Working Document No. 2.

3 For more information please refer to the following publication: European Commission, (2006): EVALSED: the online and interactive resource for the evaluation of socio-economic development (published on the Internet at: www.evalsed.com).

Depending on the specific needs of decision-makers and the nature of the evaluation, the European Commission suggests focusing on one or more of the following key evaluation issues⁴:

- The relevance of the intervention/action implemented, which includes analysis of the objectives of a programme and their adequacy in relation to changes in the social, economic and environmental context during the programming period.
- The consistency of the intervention/action, which aims to analyse, for example, the relationships and complementarities between the different priorities and their contribution to the objectives of a programme.
- The effectiveness of the intervention/action, which involves the analysis of outputs, results and impacts and the assessment of their compliance with the expected objectives in order to understand why there are or may be varying degrees of success in this respect. Particular attention should be placed on the variables explaining the effects of interventions and deviations from the objectives, including the analysis of processes and implementation mechanisms.
- The efficiency of the intervention/action, which compares processes and effects to the means and resources mobilised, in particular, the costs of the assistance in relation to its effectiveness. These analyses can be carried out by comparing the costs of programmes observed with the costs of other similar interventions and by focusing on areas of implementation difficulty that indicate scope for efficiency improvements.

The European Commission's key principles for interim evaluations, as laid down in Regulation 1083/2006, are outlined below:

- Proportionality. This principle (Article 13) should be reflected, for example, in the evaluation plan, by the number and scope of evaluations proposed during programme implementation. These should be in proportion to the scale and resources of an operational programme or "potential risk areas" associated with its implementation.
- Independence. In order to ensure the credibility of the results, evaluations shall be carried out by experts or bodies (internal or external) that are functionally independent of the certifying and audit authorities (Article 47[3]). In line with internationally accepted evaluation standards, the Commission strongly recommends that their activities should also be independent from managing authorities. The interactive nature of the evaluation process requires evaluators to work closely with the Member State authorities in charge of planning or managing NSRFs and operational programmes. However, it is important for evaluators to retain their independence throughout the process, giving expert judgements on different elements of the NSRF or the operational programme. The responsible authorities should respect the fact that the evaluator's role is constructive criticism, with a view to improving the quality of the assistance. The independence of evaluation can also be enhanced by the presence of steering groups in which various stakeholders are represented (sections 4.2 and 5.1).
- Partnership. Partnership is essential for planning, designing and carrying out evaluation. It relies on consultation and participation of stakeholders and provides a basis for learning, openness, and transparency during the whole process. Consultation with a wide range of stakeholders representing, for example, civil society and regional and local authorities should form part of the methodology of evaluation reports. These stakeholders often have valuable insights, on which the

⁴ Ibid.

evaluators should draw, especially in assessing the relevance and quality of the strategy or the performance of operational programmes. In this context, regular communication and information exchange should also be maintained between the Commission and the Member State authorities.

- **Transparency.** It is good practice to publish evaluation reports in the interests of transparency, and in order to stimulate public debate on evaluation findings. The easiest way to do this is to place the entire evaluation report on the website of the NSRF, the operational programme, or the managing authority.

Table 1. Checklist for Contents of Interim Evaluation - Appropriateness of Programme Strategy

Component of Evaluation	Conclusions and Recommendations on:
1. Analysis of Previous Evaluation Results	<ul style="list-style-type: none"> • The relevance of the existing strategy or the need for amendment. • The effectiveness of policy delivery instruments. • Critical factors affecting implementation and effectiveness. • Any new insights into policy evaluability and monitoring.
2. Analysis of the Continuing Validity of the Ex Ante Evaluation's analysis of the Strengths, Weaknesses and Potential of the State, Region or Sector Concerned	<ul style="list-style-type: none"> • The continuing validity of the ranking of the main disparities to be addressed and any changes which should be adopted. • The continuing relevance of the objectives in relation to the needs identified. • Any new factors favouring economic and social cohesion, environment and equality of opportunities between women and men.
3. Assessment of the Continuing Relevance and the Consistency of the Strategy	<ul style="list-style-type: none"> • The continuing rationale and overall consistency of the strategy. • Justification for the continuing share and weight of each priority and strategic axis. • The consistency of programming from the objectives of the Programme Complement through the objectives of the CSF or SPD to the global objectives of Economic and Social Cohesion, as well as conformity to National and Community policies and priorities. • An appraisal of the continuing consistency between the strategic, specific and operational objectives.
4. Quantification of Objectives - Outputs, Results and Impacts	<ul style="list-style-type: none"> • The relevance of the indicators which aim to quantify objectives and key disparities. • The relevance of the indicators for global, specific and operational objectives. • The appropriateness of indicators to monitor impact on equal opportunities and environment and other horizontal themes. • The reliability and timeliness of procedures of data collection. • The usefulness of the indicators in giving an accurate and timely picture of implementation and thereby feeding through to effective monitoring and evaluation
5. Evaluation of Effectiveness and Efficiency To Date and Expected Socio-Economic Impacts and, on this basis, Evaluation of the Policy and Financial Resources Allocation	<ul style="list-style-type: none"> • The results achieved to date and progress towards the achievement of objectives. • The financial weight of each priority, based on first results and expected impacts. • Any inappropriate weighting of priorities and changes which should be made to the policy mix.

- Efficiency in terms of cost per output/result to date.
- Effectiveness of implementation of horizontal priorities to date – environment and equality of opportunity between women and men and likely impact to be achieved.

6. Quality of the Implementation and Monitoring Arrangements

- Sound and efficient management and monitoring.
- Competitive procedures for project selection.
- Genuine accountability in line with the demands of national and community regulations.
- Contribution of the partnership.

Source: Commission of the European Communities, The 2000-2006 Programming Period: Methodological working papers n.8

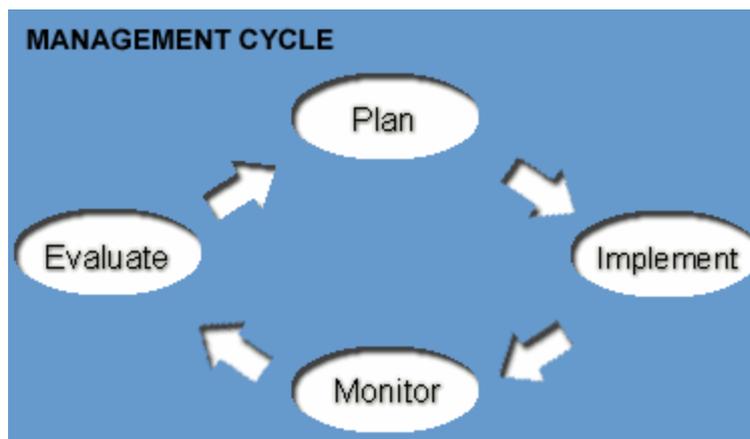
Ex post evaluation

Evaluation: Evidence and learning

Evaluation looks for evidence of how a policy, programme or project actually turned out against what was expected to happen as set out in the appraisal process. The evaluation process is designed to ensure that the lessons learned are then fed back into the decision-making process and thereby help support future evidence-based policy making. This ‘feedback’ mechanism is a key stage in the overall process and helps to ensure that interventions are continually refined to reflect what best achieves objectives and promotes the public interest. However, the feedback mechanism is often neglected when evidence from the evaluation exercise produce results that do not provide the anticipated results. Evaluation is all about learning and to ignore the lessons from an evaluation will reduce the impact of future interventions and render evaluation an ineffective academic exercise.

This feedback mechanism can be seen in the following diagram which looks at the management cycle of interventions. This is essentially the same as the Project Life Cycle discussed earlier and shows how the evaluation process should inform policymakers of any learning and therefore improve the intervention at the next cycle.

Figure 2. The management cycle of interventions



Evaluation allows for the informed design and modification of policies and programmes thereby enabling them 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 actors, development executives and other interested parties with the means to learn from experience, including the experience of others, and to improve service delivery.

Evaluation can provide the answer to the question: “Are we doing the right things and are we doing things right?” by serving a dual function:

1. Providing a basis for improving the quality of policy and programming and,
2. A means to verify achievements against intended results.

The evaluation process is directly linked to the appraisal process from which it derives the aims, objectives, targets and indicators that are to be evaluated. Every appraisal of any substance should indicate how the proposals concerned will be evaluated after completion and how the results of the evaluation will be disseminated.

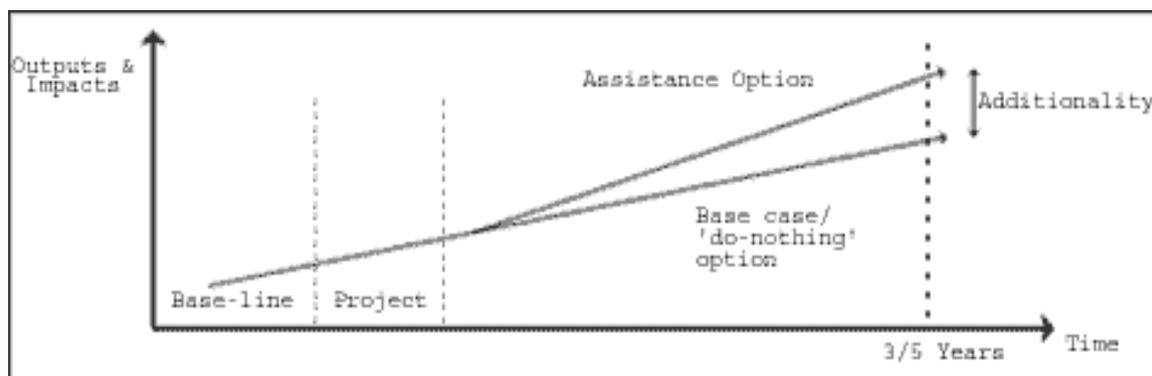
The evaluation process should be a robust analysis in line with the robust appraisal process using the same logic and analytical procedures. In many ways, the ex post evaluation process should be a mirror image of the ex ante appraisal process. The technical methodologies used for significant formal appraisal and evaluation are similar, with each identifying and measuring the direct and indirect benefits of the intervention. Evaluation focuses on a cost benefit analysis dealing with what actually occurred and viewing this against what had been predicted to occur during the appraisal process. In other words, did we achieve what we set out to do?

The evaluation process should include the following key steps:

- Compare the outturn, or end state, and explain if it differed from that foreseen in the appraisal and why that difference occurred,
- Assess how effective the activity was in achieving its objectives, and why,
- The cost-effectiveness of the activity and,
- What the results imply for future management or policy decisions.

Evaluations are more potent and influential when their results can be compared to some ‘benchmark’ and this should ideally be a similar group or area that was not affected by the intervention. For example, introducing a job-creation programme at one locality or region may allow comparison with another region and thereby demonstrate more visibly the impact that the intervention has had. A key problem for evaluation is attributing any visible change to the intervention. The diagram below shows the impact (effect) of an intervention over time as measured against the counterfactual (in this case doing nothing). The final net difference or impact is termed “additionality”.

Figure 3. The impact of an intervention over time as measured against the counterfactual



To achieve an accurate measure of additionality, it is necessary to identify a set of performance measures that can be used to help track change from a base case and to measure performance against the baseline and base case positions. The performance measures should be identified at the appraisal stage and tracked through monitoring before being assessed as part of the evaluation process.

Evaluating achievements against needs

It is important to specify clearly the needs that the intervention is seeking to address and this requires linking the intervention to higher level documents such as a strategy, operating plan, partnership agreement or policy documents. This linkage (between identified needs and the manner in which they will be satisfied) is a key part of the appraisal process and determines the indicators and targets that are being monitored and evaluated. Evaluation should not require new indicators to be identified (unless the experience of the intervention has shown some deficiencies in those chosen originally).

The table below lists the types of question and the order in which they should be raised as a guide to working through the evaluation process. Questions 1 through to 6 are taken from the appraisal process as at that stage the objectives of the intervention and the indicators have been selected, the ex ante state identified and targets set. The types of activities will also have been made clear and what outputs are to be expected.

Evaluation essentially looks at Questions 7 and 8, that is, the impacts that the intervention has generated (locally and across the wider economy).

Table 2. Evaluation process questions

Question	Key Elements
1 What are we trying to achieve	Objectives
2 How do we measure performance?	Performance Measures
3 Where are we now?	Baselines
4 Where are we going?	Targets
5 How do we know we are getting there?	Milestones and benchmarks
6 How do we add value?	Activities and Outputs
7 Have we succeeded?	Impacts
8 What have we achieved?	Impacts

Evaluation approach and method

The approach and method of evaluation shown in the following diagram identifies the sequence of events beginning with the resources devoted to the intervention i.e. the inputs. A key issue to recognise is that as we progress from inputs through to impacts the degree of control and understanding becomes weaker. That is, we are able to determine the scale of the resources going into an intervention and we are able to determine the range of activities but control weakens when identifying the immediate outputs and becomes progressively weaker through outcomes and decays into impacts.

The lack of control beyond the initial inputs and activities is a major feature of interventions. This challenge remains in all countries and genuine, meaningful measurement often stops at the quantification of outputs. While the ex ante appraisal process should be clear about the aims and objectives of an intervention, this process contains a set of assumptions regarding cause (inputs) and effect (impact) and the true nature of this will only be revealed at the ex post evaluation stage.

A key feature of the method is the stage where results are converted from ‘gross’ impact to ‘net’ impact i.e. this stage deals with the technical effects of the intervention and looks at issues of additionality, displacement, deadweight and multipliers. These are issues that should be addressed in order to avoid problems such as double counting but often remain incomplete as noted earlier.

Table 3. Evaluation approach and method

<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Activities</div> <div style="text-align: center; margin: 5px 0;">↓</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Immediate Outputs</div> <div style="text-align: center; margin: 5px 0;">↓</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Gross Outcomes</div> <div style="text-align: center; margin: 5px 0;">↓</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Gross Impacts</div> <div style="text-align: center; margin: 5px 0;">↓</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Conversion</div> <div style="text-align: center; margin: 5px 0;">↓</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Net Impacts</div>	<ul style="list-style-type: none"> * Use monitoring data* Comment on adequacy of monitoring data * Consult stakeholders (staff, partners, representatives of beneficiary groups) throughout project <p>In-year monitoring data e.g.* No. of new exporters</p> <p>From monitoring data/representative sample survey: e.g.* Increase in turnover or exports in assisted firms*</p> <ul style="list-style-type: none"> * Jobs created/safeguarded * Increases in productivity * Increases in value added/GDP <ul style="list-style-type: none"> * Additionality * Displacement/substitution * Multiplier effects <ul style="list-style-type: none"> * Economy * Efficiency * Effectiveness * Cost effectiveness/value for money
--	--

There are some basic steps and the types of questions that need to be asked in approaching evaluation. There will be distinctions between appraisals and evaluations that deal with the various levels of strategic, policy, programme and project. However the approach remains the same.

Figure 4. Project development

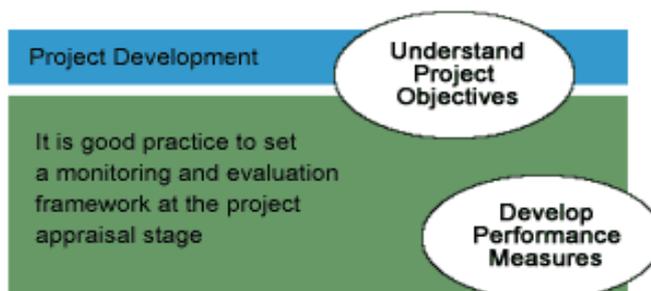
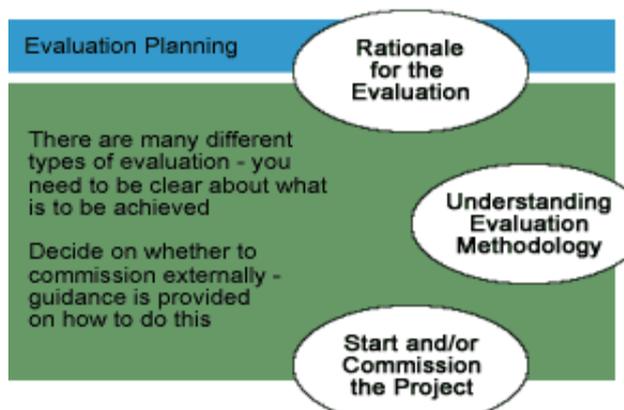


Figure 5. Evaluation planning



Evaluation Report

The evaluation product should be written up in a user friendly way with much of the technical detail shown separately as appendices. The table below provides a sample template for organising evaluation reports. It is essential that the reporting of appraisal and evaluation is done in a logical and consistent manner. This helps embed capacity within the community.

Table 4. Outline report structure

Executive Summary	Brief resume of the evaluation focusing on the conclusions and recommendations
Introduction	Outline of the project in descriptive form through aims and objectives dimensions of project inputs and expected outcomes
Methodology	Summary of the evaluation plan, if this is highly detailed it should be put in the appendices
Analysis of information	Include key analysis tools e.g. desk research, surveys, case studies
Key evaluation findings	Undertake necessary calculations to establish net and gross outputs and impacts Learning - positive or negative
Conclusions	As a result of the evaluation what are the principal issues which have been identified?
Recommendations	Highlight actions which might be taken to address the issues identified in the conclusions
Appendices	Detailed statistical I tables or analysis Methodology details and response rates to surveys

Box 9. Checklist: quality of the evaluation Report⁵

- Meeting Needs: The evaluation report adequately addresses the information needs and corresponds to the terms of reference.
- Relevant scope: The rationale, outputs, results, impacts, interactions with other policies, and unexpected effects have been carefully studied (depending on the evaluation scope and evaluation questions).
- Open process: The interested parties (e.g. the stakeholders) have been involved in the design of the evaluation and in the discussion on the results, in order to take into account their different points of view.
- Defensible design: The design of the evaluation was appropriate and adequate for obtaining the results needed to answer the main evaluation questions.
- Reliable data: The primary and secondary data collected or selected are suitable and reliable in terms of their expected use.
- Sound analysis: Quantitative and qualitative data were analysed in accordance with established conventions, and in ways appropriate to answer the evaluation questions correctly.
- Credible results: The results are logical and justified by the analysis of data and by suitable interpretations and hypotheses.
- Impartial conclusions: The conclusions are justified and unbiased.
- Clear report: The report describes the context and goal, as well as the organisation and results of the NSRF or the operational programme(s) in such a way that the information provided is easily understood. A comprehensive executive summary in one of the main working languages of the Commission promotes dissemination of evaluation results and exchange of good practice between the Member States.
- Useful recommendations: The report provides recommendations that are useful to decision-makers and stakeholders and are detailed enough to be implemented.

⁵ Quality standards were elaborated on the basis of the Communication for the Commission from the President and Mrs Schreyer, C (2002) 5267/1 of 23 December 2002, Evaluation Standards and Good Practice and the Communication to the Commission from Ms Grybauskaitė in Agreement with the President, SEC (2007) 213 of 21 February 2007, Responding to Strategic Needs: Reinforcing the use of evaluation.

5. HOW TO SET UP AN EFFECTIVE PROCESS OF EVALUATION: ORGANIZATIONAL AND PROCEDURAL ASPECTS

Strategic context for evaluation initiatives

Evaluation should be an integral part of all strategic initiatives and should be adopted across all levels of government intervention: policy, programme and project. Successful evaluation highlights and focuses on a number of vital organizational aspects that fundamentally affect an agency's ability to deliver success. For example the effectiveness of:

- the strategy development process;
- resource allocation;
- effective evidence based decision making;
- capacity building in organizations and partnerships;
- skills development in organizations; and
- transparency in reporting and communicating progress.

Given this central importance in reporting on the agency and its delivery, it is imperative that evaluation processes and structures are in place to ensure the disciplined development and delivery of an intervention. Many organizations give way to pressure for action and conduct a programme of work without properly anchoring their efforts to the strategic rationale, aims and objectives of the organization. This is a fundamental starting point and an essential pre-requisite that should be part of the appraisal process, which identifies the evaluation requirements and allocates the budget for evaluation activities at an early stage.

Public sector organizations have a particular responsibility as they identify programmes and projects on which they allocate expenditure of significant amounts of public money. This responsibility brings a requirement to demonstrate that the expenditure of public funds has been on activities that satisfy two fundamental criteria:

1. The activities funded provide the greatest possible benefits to society and,
2. The funds are spent in the most efficient way.

Evaluation requires those who are responsible for such expenditure to demonstrate that the intentions as set out in the appraisal process (regarding the type and nature of the delivery of the activities) have indeed been delivered efficiently, effectively and economically. Ex ante intent is compared and contrasted to ex post outcomes to provide many lessons that can help inform decision makers in the next cycle of intervention.

The structures set up for evaluation activities are founded on the context, aims and objectives of the organisation involved and reflect the organisation's culture. Learning from other countries shows that the culture within an organisation is the determining factor in the success of the structural arrangements in place: culture determines success in delivering and sustaining effective evaluation and learning over time.

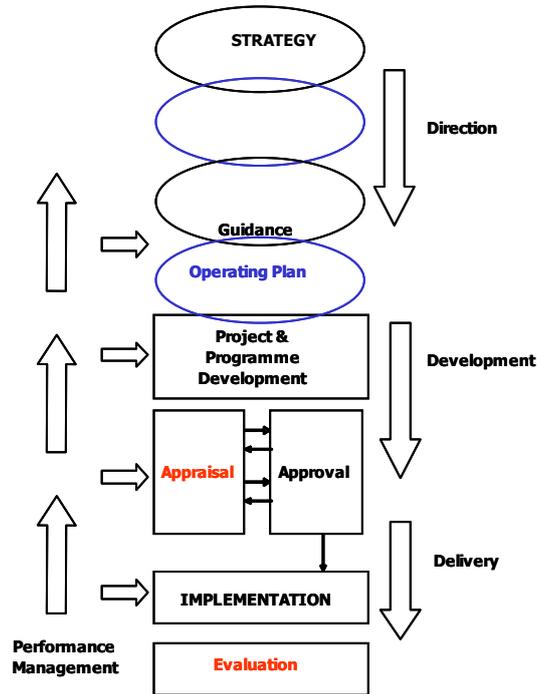
While this may be intuitive and plausible, as well as logical in theory, achieving a successful blend of organisational structure and evaluation culture is very difficult to achieve in practice. Organisations that do not have a culture open to learning from experience have no mechanism for correcting mistakes. Evaluation provides a means for organisations to learn from experience and to re-calibrate ex ante thinking in light of evaluation evidence (the feedback loop). In this way the organisation improves (internally) and its delivery of activities also improves (externally). A private sector organisation soon knows when it has an unresponsive internal organisation; it loses money. A public sector organisation has no such easily identifiable performance metric to inform it of the need to change.

Evaluation and strategy

A national development strategy that includes the aims of building sustainable economic growth and developing a world-class competitive economy must be supported by appropriate priorities, objectives, targets and activities. Activities will focus on the core priorities, such as growing businesses, raising exports, increasing skills and productivity, developing key sectors and promoting more innovation. Often the core priorities will be defined by statute as well as being included in strategic aims and operating plans, which detail the range of interventions around the priorities. Often there is some distance between the strategic aim and the individual activity and the linkage between policy initiative and individual programme or project is often not fully understood at the time of drafting. While the appraisal process attempts to anticipate the linkage between policies, actions and outcomes (its assumptions and methodology) this attempt is often flawed due to a lack of information and unrealistic expectations. Evaluation can play a crucial role in closing the information gaps and helping provide realistic expectations in future. An example of this problem is known as optimism bias.

The structures designed for evaluation to take place must reflect the operating context within which policies on intervention are derived, implemented and reviewed. Too often strategy is seen as a "top down" activity with performance management being a bottom up activity which informs future strategic direction, as shown in the diagram below. However this is not representative of genuine sustainable strategic development processes. A review of the learning from the experience of development organisations/agencies in many countries shows that it is more appropriate to adopt an evaluation structure that better reflects the dynamic nature of the strategic process i.e. learns from a two way process with multiple appropriate feedback loops throughout.

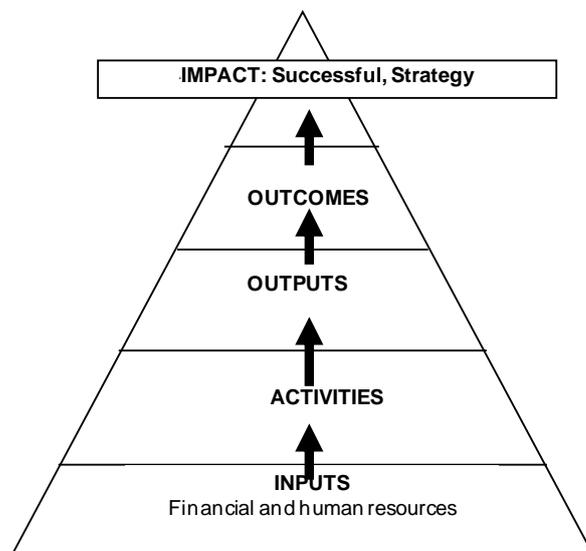
Figure 6. Evaluation strategy as a top down activity



The evaluation approach

The initial stage of the appraisal and evaluation process takes a logical approach in terms of mapping of an intervention “journey”: from resource input through to the eventual impact o the economy. This “bottom up” approach that is often followed in organisations to track achievements is seen in the diagram below but it is a device adopted for convenience only and does not prescribe influence and feedback throughout the stages. Many countries including the UK and Ireland have adopted this approach.

Figure 7. Evaluation strategy: the bottom up approach



It should be noted that the delivery organization has progressively less control over events as we progress from allocation inputs through to determining their effect. This distance often results in heroic assumptions and claims of effects from intervention decisions, many of which cannot be proven with supporting and detailed evidence.

Each actor within the organization at each spatial level will aim to show their contribution towards the achievement of strategic aims and objectives through a series of intervention activities that are presumed to lead through to impacts in a planned and anticipated way (as set out in the planning and appraisal documents). In terms of delivery at the level of the individual, each executive (or team, division and department as appropriate) will have a specific focus such as business growth, environmental improvements, sectoral development including tourism, skills etc.

While there is a responsibility for those at this level to adopt a holistic approach to projects and programmes, those closest to implementation and delivery are not always best equipped to conduct a thorough appraisal and evaluation. While often being an important input to the evaluation process, the necessary skills to provide a strategic and programme overview are often lacking. Quality evaluation can be a technical and challenging discipline going beyond the capacity of those busy with the delivery process. This is especially true for multi faceted interventions where the outputs observed could be generated by a combination of activities from various projects and programmes and across administrative and budgetary boundaries. It would be natural for each individual to claim all credit and this would result in double counting of impact.

This raises a whole series of technical aspects associated with evaluation such as additionality, attribution, displacement, leakage, multipliers, gross and net value add as well as what “impact” and success will look like in the long term.

Evaluation responsibilities within the Project Life Cycle

The process of moving from an intervention idea through to evaluation is often referred to as the "project life cycle". It is vital that those involved in the intervention life cycle possess some knowledge of evaluation and assessment skills and are informed of the decision-making processes involved in the intervention. Without an evaluation culture, many hard working practitioners and elected representatives see evaluation as an expensive burden rather than an aid to understanding the effects of intervention and its contribution to the achievement of strategic priorities. Certain basic reporting of performance almost always occurs e.g. legal accountability requires reporting of expenditure and some measure against targets and intentions. However, if an organization leaves the evaluation effort entirely to operational staff there is a real danger that the exercise will become a rudimentary single stage measure of activity and therefore be of very limited value in understanding the whole intervention effect. In addition, real learning could be obscured by the self-interest of the operatives to demonstrate their own success at the local level. This is especially the case where individuals are rewarded (or re-elected) on the basis of demonstrating “their success”. In order to prevent this, a structured approach to strategic evaluation activities and up-skilling of individuals is required.

This requires the adoption of a strategic perspective on the value of evaluation and for the evaluation process to be free from the influence of pre-existing processes, modelling and project management approaches. However, this does not preclude the evaluation from using data that is collected as part of the normal course of activity. There should be a conscious effort not to add a reporting burden to operatives. That is why a well-planned intervention has the needs of the evaluation clearly set out in the appraisal process and the specification of reporting requirements e.g. indicators.

It is important to appreciate that this cycle runs from the birth of a strategy, policy, programme or project through to the final exit on completion, accounting for all resources devoted to the development, appraisal, implementation and evaluation of the initiative (and composite interventions).

There is potential for disconnect between the stages of the cycle, particularly where different stages are undertaken by different individuals or teams. For example, an individual charged with securing project approval will see this as an end point while for those charged with implementing the project this is the start point. The evaluator is charged with the responsibility for gathering evidence of inputs, activity, achievement and contribution to strategy.

Given the different organisational structures, functions, processes and relationships at different spatial levels (and within the national level) it is essential for all executives and actors to be aware of the project life cycle context and to consciously determine their position in the cycle. Each individual's role in evaluation will be largely determined from this orientation exercise – for example, those involved only in implementation will be less concerned with constructing the rationale and determining the objectives of intervention.

Approval and management processes

Decision-making on project approval will vary according to a number of risk factors, notably financial risk. Where individuals have delegated authority they should operate within clearly defined rules and parameters of action. These should include a proficiency in evaluation, as is the case in countries such as the UK and New Zealand where specific processes closely modelled on the UK Office for Government Commerce Gateway approach provides a framework for the assessment and approval of all organisational projects. The Gateway approach operates at two distinct levels:

1. Major Project Gateway (MPG) provides for projects with anticipated expenditure in excess of defined amounts and for projects below this expenditure threshold which are assessed as being novel or high risk.
2. Business Unit Gateways introduced within each local organisation and regional department/unit for projects that do not qualify for development through the MPG. All business units would be required to develop their projects using the Gateway process.

The understanding of the linkages between appraisal, approval, implementation and evaluation is enhanced by the mapping of the projects life cycle (and approaches such as the ROAMEF cycle used in the UK) against the current organisational approval and management functions.

National organisations should encourage assessment by those involved in the development of projects through guidance materials and teaching the requirements that define evaluation tasks and functions. A dedicated support team should be backing this encouragement. The formation of a dedicated evaluation partnership unit to assist activities at all levels (national, regional and local) becomes an important key to successful intervention especially in countries where the degree of local autonomy is strong and the motivation to adhere to “advisory” guidelines is weak. This approach can be less adversarial than would be expected as relationships can be facilitated and brokered by the central unit in a positive way. For example, demonstration and pilot evaluation projects can be built into the early year's agenda to show the value of evaluation and the benefits in working together to share knowledge and learning of what works, how it works and why it works.

A cascade arrangement to share resources and learning can be established to ensure that linkages are created between national departments, ministries, regions and localities. The evaluation unit can help in the

development of a positive long term agenda for sustainable change within a country. This can promote valuable work in areas such as:

1. Showing the effects of learning from interventions;
2. Measuring progress and through feedback;
3. Developing future research approaches;
4. Informing future decision making; and,
5. Strategy and policy development.

This must however be done sensitively and within an overall partnership approach.

National co-ordination: A strategic evaluation plan

A strategic evaluation plan across local, regional and national areas will not happen spontaneously especially in countries with no history or culture of evaluation. Monitoring and evaluation processes need to be planned but not in an imposed heavy, top-down manner. Instead it should be facilitated by the Ministry, then developed and delivered by responsible partnership actors at all levels. Part of this facilitation is the establishment of practical structures for evaluation at each tier and this can be accelerated by the creation of a national evaluation unit (NEU) or National (or Network) Evaluation and Assessment Team, NEAT. (The Czech Republic has had such a unit until the recent past.)

The role, remit and resources of this unit require to be defined and the agenda and delivery arrangements written around an agreed monitoring and evaluation framework (or plan) in order to achieve an effective programme of evaluation activities.

The proposed Monitoring and Evaluation Framework should specify the following:

- Links between appraisal, monitoring and evaluation; identifying the monitoring data which needs to be collected over the lifetime of a project, programme or strategy
- Requirements for monitoring key performance measures in the wider policy environment
- Responsibilities for recording, analysing and reporting the monitoring data
- Responsibility for evaluation specification, commissioning and management
- Timing, objectives, methods and application of all proposed evaluations.

The Ministry should work with the complex network of local and regional partner organisations (especially identified opinion leaders and potential champions of evaluation) as well as other Ministries to put in place a framework of short, medium and long term performance targets which cover not just national activity, but a very wide range of inputs from across the strategic development spectrum in regions and an analysis of outputs and outcomes. This would be a further development of existing practices with a renewed focus around evaluation and engagement for learning to distinguish from previous relationships and perceptions.

There are some fundamental special differences that need to be addressed, for example between the promotion of economic development at sub-regional levels and the promotion of regeneration at local

level. Addressing these differences should stimulate a review of the structures for regional and sub-regional strategic planning and management of development. Over time, new arrangements could be identified and brought forward for consideration involving partnerships at Ministerial, regional and local levels. An Evaluation Charter and charter quality mark could be established with awards for progress in evidence gathering and the sharing of learning. The national unit should also have sufficient resources to work closely with local and regional economies and demonstrate how they can benefit from evaluation under all the new organising principles.

Securing buy-in for monitoring and evaluation

The rationale for any evaluation must be made clear and endorsed by all partners at the appraisal stage. This requires buy-in at highest level nationally, regionally and locally to form a united front in generating evaluation evidence. Effective monitoring and evaluation is central to achieving the shared objectives for the Czech economy. The processes associated with monitoring and evaluation performs a series of important functions for each organisation at each level. Specifically:

- Informing on the effectiveness of projects in delivering anticipated outputs
- Providing learning on the most effective ways to design and implement projects to create greater impact in the economy
- Informing the development and appraisal of future projects
- Providing core data on performance
- Contributing to corporate knowledge of the economy and areas of cross policy interaction.

Monitoring and evaluation should be regarded as being part of the organisational culture and not viewed as an imposition. Monitoring and evaluation is at the core of defining why and how organisations at all levels function and move forward in pursuit of sustainable economic growth. The rationale for monitoring and evaluation is to understand, develop and improve the effectiveness of the organisation in achieving its objectives and those of its stakeholders. It can “tell the story” of success, progress and learning.

The creation and nurturing of an evaluation community is a key device for effective dissemination of learning. In this forum, evaluations can be discussed, compared and acted upon and their findings disseminated across the network of stakeholder organisations. The creation and nurturing of such a community is a key role of the National Evaluation Unit and incorporate a Regional Information and Research Group (which could have representation from each Kraje).

Taking responsibility for evaluation: Preparing an evaluation brief

The roles and responsibilities of the evaluation unit and the individuals leading on specific evaluations (as agreed within the strategic evaluation plan) should be clearly specified and agreed at all levels. Agreements will also be required to ensure effective dissemination of findings and learning, especially from large evaluations conducted by external experts that should contain an aspect of local capacity building. For all evaluations, there should be a clear terms of reference or brief that sets out the objectives, coverage and outputs expected from each evaluation exercise. This should:

- Establish the objectives, and type of evaluation required

- Provide for a preferred approach or method of conducting the evaluation
- Summarise appropriate monitoring data and/or sources
- Provide a structure and timeframe for the evaluation process
- Assess the resources required to complete the evaluation
- Provide a basis for agreeing the evaluation process between partners and stakeholders.

Evaluation briefs should be concise yet contain all the information necessary for the evaluator to design an approach and method, consistent with the original appraisal, and which will deliver the required findings and learning.

Experience from Scotland and elsewhere highlight that as part of the process of developing the evaluation brief the evaluator should:

- Involve the project owner (where they are not leading the evaluation)
- Consult with colleagues and partners
- Identify any recent, similar evaluation evidence from elsewhere
- Consider if an evaluation is appropriate, because of the strategic nature of the work (if so contact the national evaluation unit to discuss)

In Scotland specific detailed Evaluation Guidance was developed to detail the core tasks to be undertaken when preparing an evaluation brief. These are:

- State the type and primary objective of the evaluation, making reference to any Monitoring and Evaluation Framework agreements
- Include any relevant contextual information
- Provide a brief description of the project including its objectives, inputs and delivery to date
- Detail the evaluation objectives
- Summarise the monitoring process and list available data
- Identify any requirements for additional data
- Identify core tasks and research methods
- Specify the required learning outputs.

Commissioning and managing an evaluation

The guidance and processes for commissioning and managing an evaluation are the same whether an evaluation is conducted by staff within the unit/department or by independent external experts.

Having prepared a brief, or terms of reference, the first task is to make an assessment of the core evaluation tasks required to achieve the evaluation objectives and deliver the anticipated learning. The tasks will vary by the type of the project and the specific evaluation aims and objectives and experience from Scotland suggest that the following tasks are commonly undertaken in the course of economic development evaluations:

- Consultation with implementation executives
- Review and analysis of project monitoring data collected to date
- Comparison with baseline data
- Comparison with appraisal assumptions and forecasts
- Undertaking of quantitative and qualitative primary research amongst beneficiary groups using a range of survey methods
- Assessment of Net Benefits and Value for Money
- Analysis of project environment to assess achievement of outcomes and adjustment of market conditions (corrections of market failure characteristics)
- Synthesis and reporting of findings
- Identification of learning for dissemination as appropriate across partnership network.

Consideration of these tasks help evaluation managers or unit teams to estimate the resources required to complete the evaluation and supports the case for the required resources (human and/or financial).

Where external advisors are being used, internal procurement procedures should be followed. During the management of the evaluation there are a number of important stages where resources will be required to secure:

- Agreement of the method and approach developed in response to the brief
- Sampling method adopted for any primary research
- Review and approval of primary research materials (questionnaires, consultation agendas etc.)
- Detailed review of draft report including assumptions used to calculate net benefits, rationale for attribution and derivation of learning and recommendations.

The value of every evaluation lies in two key features: in the learning it generates and its ability to share this learning to help future decision making. It is for these two reason that evaluations differ from audits, which are commissioned to identify failings or identify responsibility for underperformance. Evaluation should not produce a blame culture as this could inspire counter behaviours that become destructive, secretive and hinder disclosure. Thorough and well-designed evaluations bring about improvements in how organisations deliver their objectives and enhance value for money. It is therefore critical that in having successfully completed an evaluation that learning is gathered, disseminated and practically applied to future project decisions.

Costs and proportionality

The scale of evaluation effort and the sophistication of method should be relative to the risk and importance of the project and the practicalities of achieving a valuable result in terms of robust and applicable findings. This requires a process of assessment to be formalised within a wider set of evaluation guidelines and training materials with demonstration of good practice from the national evaluation unit.

There is also the need to facilitate co-operation and joint evaluations between regions and this is particularly the case in countries with a devolved decision making framework such as the Czech Republic. Thus, it would be ideal if:

- At a local level, rudimentary project closure evaluation should happen as a matter of course as part of good project management
- At a regional level, there will be additional demands and opportunities and these must be assessed to determine the most appropriate form of evaluation, its depth and timing
- At a national level, there should be a range of questions addressed and ambition becomes wider with an imperative to try new approaches as well as experiment with methods.

Evaluation depends on the availability of high quality prior assessment and monitoring information and this requirement again highlights the inter connections between appraisal, monitoring and evaluation. It is important that these are not viewed as separate tasks and the linkage must be planned from the outset and maintained in a practical sense throughout the project life cycle. Otherwise there will be severe problems in establishing the evaluation agenda, maintaining its integrity and delivering real results.

True partnership working and spreading ownership through investing in partner discussion, ideas sharing, staff development and training can help prevent this situation occurring and pay dividends in the near and mid future.

Incentives to promote good practice and commitment to the evaluation agenda and delivery should be considered. These could be in the form of access to additional funding or recognising regions and localities that set an example to others by enhancing their status and profile. This can act as a powerful positive force in establishing a culture of evaluation. This approach has worked successfully in many EU countries notably Italy, where a system of incentives was used to promote wider use of evaluation as a tool for improving the programming of public development investment at all levels of administration (central, regional and local). Two short case studies highlight the issue:

Box 10. Italy

For the 1999-2006 cycle of the structural funds the Parliament of Italy approved a law proposed by the Government that made available resources for the establishment of evaluation units in all Regions and in all central Ministries involved in the management of EU funds. The Regions and Ministries who set up their evaluation units, in a credible and quality assured form, within a defined time period were rewarded with the allocation of an additional quota of public finances for development projects. In Italy, all evaluation units were (and still are) organised in a horizontal network of peers chaired on a rotational basis by all Regions and Ministries involved. The evaluation network has evolved into a forum to discuss and address specific technical issues related to evaluation, as well as an instrument to promote and reinforce the culture of evaluation throughout the country. Experience has confirmed that having a readily accessible and internalized "centre of knowledge" greatly facilitate a broader use of evaluation, at the formal and informal level.

Box 11. Scotland UK

A similar evaluation forum initiative has been successful in Scotland but without the additional funding incentive. This approach has also been adopted in other regional development agencies in the UK. In all cases the establishment of evaluation units at the national and regional levels has been the start of significant improvements in the ability to demonstrate success and access additional funding for further development initiatives. The establishment of such units delivering real evaluation results has been central to the establishment of a sustainable evaluation culture within Scotland. From this basis greater ambition and experimentation has emerged with rewards in the form of improved evidence base to inform future strategic planning decisions. The impact on staff in terms of up-skilling and capacity building has been significant and has led to a reduction in the use of external consultants.

Interpretation of evaluation results

The interpretation and presentation of the evaluation findings is the culmination of the assessment process and is a milestone in the strategy delivery lifecycle. This milestone should include a feedback mechanism that is able to inform future strategic decision making. A key lesson from the Scottish experience is that having a feedback mechanism in place is not in itself sufficient; it needs to be actively used.

Rational interpretation and clear presentation of the evaluation findings is a critical part of the assessment process as misinterpretation distorts and undermines the value of the conclusions, particularly on the contribution of the intervention to the strategy's impact.

Inconsistent interpretation of findings for a range of projects by different assessors at local, regional and national level (and all levels within these spatial organisational areas) compounds the error and generates inefficiencies for future decision-makers and resource managers. Efficient allocation requires the findings from every evaluation to be analysed and presented in a consistent format, using standard efficiency measures for every type of project. This can only be achieved through high quality training and guidance backed by a national evaluation unit that engages, in a meaningful way, with each district and region over time. In this way a framework will be developed whereby quality and consistency will be achieved across and between the spatial divides, a sustainable resource maintained, future decision making improved and development delivery enhanced.

Experience from Scotland suggests that senior management and stakeholders should raise five fundamental decision questions that all well-presented evaluations should be able to answer:

- How has this project contributed to strategic priority objectives?
- Did it deliver in the most effective, efficient and economic way?
- What economic development benefits were achieved for our investment?
- What are the implications going forward?
- How does this compare with other projects we/others have completed recently?

Experts within the proposed national unit could develop a programme to “train the trainers” of evaluation at regional level to ensure that front line executives understand the importance of these core questions and continually refer to them during interpretation and presentation of results. In this way, they can be confident that they elicited arguments and supporting information (the evidence) to answer them all.

The experience from Scotland suggests that those commissioning evaluations need to have the capacity to deal with consultations.

The proposed unit should also ensure that consistent evaluation criteria and methods are applied to projects within the same priority theme. This would allow comparison and proper consideration of relative achievement, need and benchmarking. Specific tools such as ready reckoners, templates and matrices could be devised by the national unit and disseminated to stakeholders in regions and localities for promotion and training in their practical application.

Application of evaluation findings

Unless acted upon, evaluation findings will be of little benefit beyond satisfying legislative requirements. Learning will remain hidden and value for money will be unobtainable, as mistakes will be repeated. As discussed above, the proposed national unit can prevent such an occurrence by putting in place a series of tools that assist and encourage real learning and positive behaviour towards the evaluation process and the importance of its findings. Evaluation evidence needs to be seen to be acted upon, even if it is to actively deny action (decision makers must make the case for not acting on recommendations). There is no point in producing purely academic reports.

One way that the national unit could promote good practice for every evaluation is the preparation of a “learning report”. Learning from an evaluation can occur at many levels including project, market context, implementation and strategic.

It is essential that evaluation learning is made available to all the stakeholders within the “network” of the evaluation community. This requires the findings to be shared and the significance and implications discussed in a positive manner. Attracting the attention of decision makers is a key role for the national unit experts in the quest for evaluation evidence to be taken seriously.

The creation and nurturing of an evaluation community through partnership activity and dedicated evaluation channels is key to effective dissemination of learning and nurturing an evaluation culture. In the proposed forum, evaluations and their evidence can be discussed, compared and acted upon and findings disseminated and discussed across the network. This is another key role for the proposed National Unit, which should have representation at each regional location and provide open access to learning activities through a ‘community intranet’.

6. CONCLUSIONS

Setting up a framework for evaluation

The aim of this Guide is to help the Ministry for Regional Development and its partners at regional and local level to set out the issues in establishing a successful strategic evaluation framework for local development in the Czech Republic and to propose the basis of such a framework for further development.

As said, such a framework is aimed to facilitate the setting out of 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 of the Czech Republic 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.

The use of evaluation represents not only the opportunity to look at the content of the strategy/programme/project and at its expected/actual impact, but also to analyze the various options in terms of strategy/policy/action to implement and its management, and select the most appropriate one.

Development literature in the last 20 years has put great emphasis on the involvement of all relevant players and stakeholders into the various phases of a programme. This is even more relevant during the implementation process, as this is the time when ideas and plans move from paper into the real world and the daily lives of all. It may be worth spending a few words of caution and clarification on this point, both from a “philosophical” point of view, as well as from a more pragmatic and operational one.

From a philosophical point of view it is not enough to state that all stakeholders are important. The real point is that there is one category or group of people which is by far more prominent than all the others: the intended beneficiaries of the programme. It is usually not sufficient to consult with them and ask their opinions, but it is necessary to actually “use” their criteria and judgements to formulate evaluations and take consequent decisions.

It is also important to be inclusive and selective at the same time when identifying relevant stakeholders, in order to find the correct balance between participation and efficiency. If a major stakeholder interest is ignored, this is likely to weaken the whole process, but if too many groups with conflicting interests have the power to stop or slow-down the implementation it will not be possible to achieve the global development objectives.

At the pragmatic and operational level we must bear in mind that policymakers, administrators and citizens have different roles and responsibilities, and that this clear distinction is key both for good program management as well as for effective evaluation:

- policymakers are responsible for strategic decisions and for creating the conditions (“setting up the systems”) to implement those decisions;
- administrators are called to translate those strategic decisions into concrete achievements and results in a way which is efficient and effective;

- citizens should have appropriate channels to be informed on what is happening, declare their approval or non-approval of the policymakers choices and the administrators work, therefore influencing both towards a direction which is more responsive to their expectations;
- finally, evaluators should provide to all a credible and independent point of view based on facts and figures to help move the dialogue between the various parties from an ideological confrontation to an informed discussion. The contribution of programme evaluation is potentially greatest in innovative policy areas where achieving success cannot be taken for granted and where implementation is not always straightforward. There is a need for sophisticated management and planning. When properly applied, evaluation can help make manageable some of the unavoidable uncertainties of complex situations.

Evaluation must be based on reliable, accurate and updated data. Data can be produced directly as a consequence and for the purposes of program 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.

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?). 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.

Finally, reports produced from the evaluation and monitoring authorities should be clear, concise and, most importantly, usable. It is common and normal to have different formats of reporting for different audiences (policy-makers, administrators/managers, project staff, public at large, etc.), but obviously they should all be consistent and coherent with each other.

Principles for evaluation guidance and culture

Specific suggested actions are summarised in the final section of these guidelines. Many of these actions will draw upon the lessons and practical learning from other countries that have developed an evaluation culture. One of these countries is the UK and the UK Evaluation Society has developed into a respected organisation that has produced excellent guidance on evaluation issues. The Czech Republic can gain much from the UK approach by applying the following set of requirements as effective principles within the guidance. These principles, outlined in the “UK evaluation Society Principles for Evaluation Guidance and Culture”, are presented below.

In approach evaluators need to

- *be explicit* about the purpose, methods, intended outputs and outcomes of the evaluation; be mindful of unanticipated effects and be responsive to shifts in purpose.
- *alert commissioners* to possible adjustments to the evaluation approach and practice; be open to dialogue throughout the process informing them of progress and developments.
- *consider* whether it is helpful to build into the contract forms of external support or arbitration (should the need arise).
- have preliminary discussion/s with commissioners prior to agreeing a contract.

- *adhere to the terms agreed in the contract* and consult with commissioners if there are significant changes required to the design or delivery of the evaluation.
- *demonstrate the quality of the evaluation* to other parties through progress reports e.g. on development and financial accountability and adhere to quality assurance procedures as agreed in the contract.
- *be aware of and make every attempt to minimise any potential harmful effects* of the evaluation prejudicing the status, position or careers of participants
- *demonstrate* that the evaluation design and conduct are transparent and fit for purpose.
- *demonstrate comprehensive and appropriate use of all the evidence* and that evaluation conclusions can be traced to this evidence.
- *work within the Data Protection Act* and have procedures which ensure the secure storage of data.
- acknowledge intellectual property and the work of others.
- *have contractual agreement over copyright* of evaluation methodology, findings, documents and publication.
- write and communicate evaluation findings in accessible language.
- agree with commissioners from the outset about the nature of dissemination in order to maximise the utility of the evaluation.

In practice evaluators need to

- demonstrate a commitment to the integrity of the process of evaluation and its purpose to increase learning in the public domain.
- be realistic about what is feasible to achieve and their capacity to deliver within the time-scale and budget agreed.
- know when to refuse or terminate an evaluation contract because it is undoable, self-serving, or threatens to undermine the integrity of the process.
- be prepared to argue the case for the public right to know in evaluation in specified contexts.
- treat all parties equally in the process of the evaluation and the dissemination of findings.

To ensure good practice in evaluation, commissioners should

- *acknowledge the benefits* of external, independent evaluation.
- *operate fair tendering situations* in which competitors ideas are not exploited or intellectual property misused as a result of commissioning.

- *hold preliminary consultations* with all parties to the evaluation to support a relevant, realistic and viable specification.
- *specify the purpose and audience(s)* for the evaluation with appropriate background material to encourage relevant tenders.
- *operate a tendering procedure that is open and fair* ensuring that appropriately qualified assessors are involved, making explicit criteria upon which a tender decision will be made.
- *clarify the constraints that commissioners operate under*, e.g. timescales, budgets, deadlines, and accountability.
- *adhere to the terms agreed in the contract* and consult with evaluators and other interest groups if significant changes are required to the design or delivery of the evaluation.
- specify the legal terms and responsibilities of the evaluation in the contract.
- *match the aims and potential outcome of the evaluation* to the knowledge and expertise of the potential evaluator(s).
- *provide access to documentation* and data required for evaluation purposes.
- *establish clear principles for the reporting and dissemination* of evaluation reports funded by public monies, consistent with acknowledged procedures which ensure quality evaluation and reporting.
- *have realistic expectations on what an evaluation might provide* including sufficient time for evaluators to respond to an initial invitation to tender and produce a proposal.
- *include experienced evaluators* (who are not potential applicants for funding) in initial drafts of evaluation specifications, including feasible budget and realistic timescales.
- *have trust in evaluators* and mutual respect between participants, commissioners and evaluator(s).
- take advice of evaluators on research methodologies for collecting and analysing data.
- *communicate openly and have respect for people involved in the evaluation* and keep the evaluation team informed of changes in circumstances affecting the evaluation.
- recognise where evaluators need to keep their sources of information anonymous.
- *preserve the integrity of the findings*, e.g. by not quoting or publicising such findings out of context.

Participants in an evaluation should

- receive a proper explanation of the purpose and methods of the evaluation and should have opportunity to comment on how they are represented in the evaluation.

- receive an explanation of the evaluation agreement forming part of the negotiation of the evaluation teams access to a programme.
- have access to the evaluation team as agreed in the for purposes of feedback, reporting and ongoing support for the duration of the evaluation.
- have proper opportunity to be assured that the data they offer is consonant with the Data Protection Act and that any data made public is on the grounds of fairness, accuracy and relevance.
- be assured that in the event of a dispute or difficulties between evaluation participants and evaluators, they would have access to independent arbitration.
- be assured that evaluators have taken all reasonable measures to ensure that the reports are negotiated. Final reports should normally be lodged in the public domain and made available to all participants. Reasons for exemptions need to be recorded.
- have the right to be informed about the explicit use of interview transcripts or video of teaching events and are asked to offer their informed consent.

Participants in self-evaluation should

- *make* the aims, objectives and purposes of the evaluation clear to all members of the institution.
- *ensure* that the process is built into the structure and function of the institution.
- *have* a clear set of procedures for the sharing of data within and beyond the institution.
- *take steps to ensure* that all members of the institution believe the evaluation is worth doing.
- *acknowledge* that the sharing of knowledge and experience within the institution may be more threatening than to those outside and take steps to lessen this threat.
- *treat all colleagues equally* in the process of the evaluation and dissemination of findings.
- ensure that all involved in the evaluation (whether as a data givers, collectors or users) are engaged at some level from the start so they know what is happening and why.
- *adopt* methodologies that are economical and feasible to use in the time-scales and operations of the institution.
- *have the backing and* support of the head of the institution, including financial support, where appropriate for meetings, networking, dissemination and publication.
- *assure* members of the institution that the findings from the evaluation are fed back into development as well as providing a measure of accountability.
- *indicate* that the process is methodologically sound from which valid implications can be drawn for the precise purpose agreed.

- *ensure the agreement and understanding* of all members of the institution before starting the evaluation.
- *demonstrate consistency and predictability* of behaviour in the conduct and negotiation of the evaluation.
- *recognise and agree* when it is important to make data public and when, for the development of the institution, it is prudent to retain some data in confidence.
- *communicate openly and honestly* with colleagues, consistent with maintaining fair and equitable ethical procedures.
- *seek advice and /or consider* adopting a critical friend to conduct a process audit of the methodological rigor and fairness with which the evaluation is conducted.
- *communicate to colleagues in accessible language* and engage them in discussion on the utility of the evidence and findings.

Summary of suggested actions in the Czech Republic

- Set up a National Evaluation and Assessment Team (NEAT) as a facilitator to a change programme for evidence gathering across the country
- Improved evidence base to underpin regional, sub-regional and local targets and strategies with greater understanding of conditions required for sustainable economic development
- Consider the option of a legal duty with or without statutory guidance, or else risk ‘no change’
- Proposals for a local authority forum with representatives from local government and able to make strategic long-term decisions
- Establish regional information partnerships where partner organisations can come together to share issues, develop and manage a work programme around these issues that involves active engagement of partners working together (with local organisations and regional partners, across regions and with the NEAT and international regional partners) to gather monitoring and evaluation evidence to meet strategic and operational needs.
- At national and regional levels, create M&E websites, newsletters and an annual conference event in each region and nationally to discuss the “state of the regions”.
- These arrangements would encourage good practices, consistent approaches and methods of evaluation, fill gaps in evidence, identify skills development issues and resource sharing opportunities, work together to apply the lessons learned and influence national evidence gathering issues of regional significance.
- Recognise the need to understand the challenges at different levels: region, sub- and city-region, local and that local and sub-regional are key building blocks of regional strategy.
- Reinforce the importance of evidence based decisions taken at the right level and the need for wider stakeholder engagement

- Incentives through resource allocation, training and skills development programmes as part of establishment costs in developing and evaluation culture
- Proposals for a streamlined process:
 - Greater clarity on national priority expectations and resource contributions
 - Effective engagement with stakeholders and the public
 - Develop an evidence base
 - Effective sustainability appraisals
 - Testing in public and sharing learning
 - Sign-off by Regions and local authorities at regional level, and by Ministers

ANNEX 1: 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 (first 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 which 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

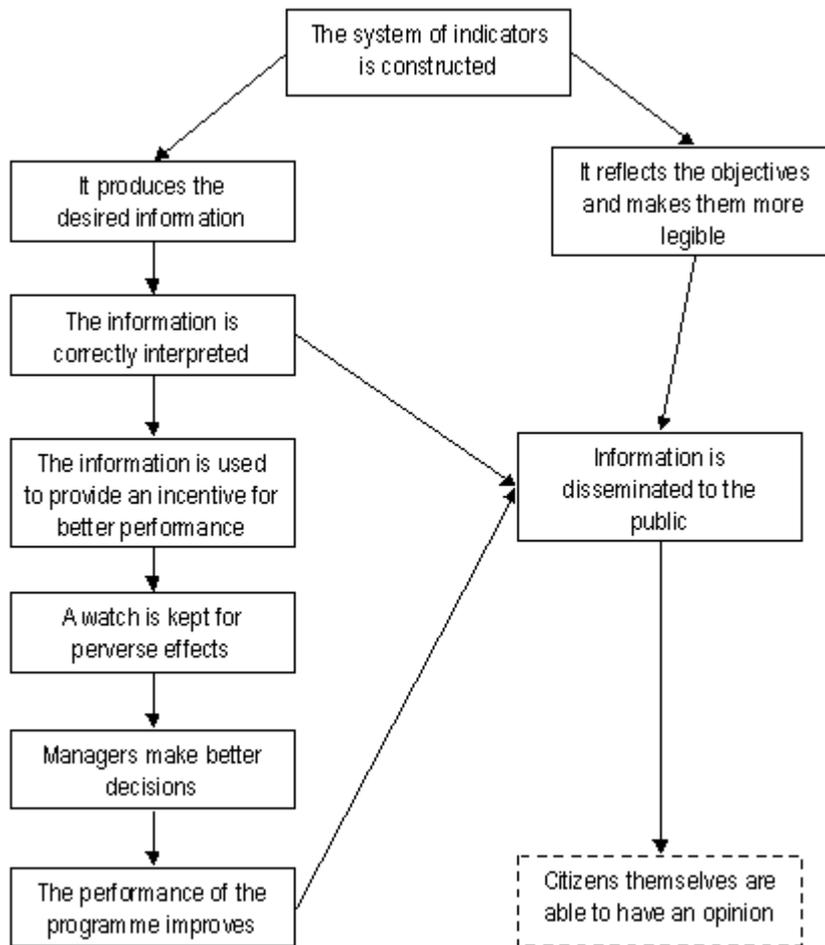
Interest	Indicator
	Sustainable success
**	Rate of placement (e.g.: % of individual beneficiaries who are at work after 12 months, incl. % in a stable long-term job)
*	Rate of survival (e.g.: % of assisted economic units that are still active after 12 / 36 months)
	Impact perceived by beneficiaries
***	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 8. The theoretical ideal cycle of a system of indicators



An example of indicators by sector intervention

This part shows as an example sector indicators used in the Italian National Strategic Framework.

Table 10. Italy NSRF - Priority Observation Tables (updated October 2008)

Indicator	Definition	Direction
PRIORITY 1: IMPROVEMENT OF HUMAN RESOURCES		
Young people who prematurely interrupt their education	Percentage of population between 18-24 years old with no more than a secondary education title which is not taking part in any further education activities.	decrease
Weak reading skills	Percentage of 15 years old students with no more than the first level of proficiency in the area of reading	decrease
Low math skills	Percentage of 15 years old students with no more than the first level of proficiency in the area of math	decrease
High reading skills	Percentage of 15 years old students with at least the fourth level of proficiency in the area of reading	increase
High math skills	Percentage of 15 years old students with at least the fourth level of proficiency in the area of math	increase
Secondary education rate	Percentage of population between 20-24 years old which holds at least a secondary school diploma	increase
Graduates in math, science and technology	Number of graduates in math, science and technology per 1000 inhabitants between 20-29 years old	increase
Life-long learning	Percentage of adults between 25-64 years old who participate in life-long learning programs	increase
Drop-out rate in first two years of secondary schools	Drop-outs on the total enrolled student population in the first two years of the secondary school cycle in %	decrease
PRIORITY 2: PROMOTION OF RESEARCH AND INNOVATION		
Public and private expenditure on R&D with respect to GNP (%)		increase
Percentage of private expenditure on R&D with respect to GNP (%)		increase
Number of people employed in R&D per 1000 inhabitants		increase
Requests for patents every 1.000.000 inhabitants		increase
Rate of internet use in companies	Percentage of employees in companies of the industrial and service sectors (with more than 10 employees) which uses computers connected to the Internet	increase
Percentage of companies (with more than 1° employees) from industrial and service sectors with broad-band connection		increase
Families with access to Internet	Families who declare to have an Internet connection (%)	increase
Rate of presence of web-based procedures at the municipal level	Percentage of population residing in municipalities where the demographic registry is connected to the <i>sistema INA-SAIA (National inter-connected registry data-base)</i> on the total of the regional population	increase
ICT in local administrations	Percentage of municipal administrations with broad band internet access on the total of the municipal administrations	increase
PRIORITY 3: ENERGY AND ENVIRONMENT- SUSTAINABLE USE OF RESOURCES		
Availability of hydro-potable resources	Percentage of purified water on the total amount of water collected for hydro-potable use	increase
Rate of use of hydro resources	Percentage of water delivered on the amount entered in the	increase

for human consumption	municipal distribution network	
Quota of equivalent population covered by depuration schemes	Equivalent inhabitants actually covered by treatment plants for urban waste water performing secondary and tertiary treatment with respect to the total equivalent urban inhabitants of the region (in%)	increase
Families who report irregularities in water supply (%)		decrease
CO₂ emissions from road transportation	(Tons/inhabitant)	decrease
PRIORITY 4: SOCIAL INCLUSION, QUALITY OF LIFE, ATTRACTIVENESS OF TERRITORIES		
Organized criminality index	(mafia, camorra or 'ndrangheta murders, fire or explosive attacks, steal of merchandise on commercial vehicles) (N.I. 1995=100)	decrease
Criminality risk perception	Families who feel extreme or strong disturbance from the criminal presence in the area where they live on the total number of families (%)	decrease
Population living in families below poverty line	(in %)	decrease
Families living below poverty line	(in %)	decrease
Existence of child-care services	Percentage of Municipalities which implement child-care measures on the total of Municipalities in the region	increase
Out-reach of child-care services	Percentage of children between 0 and 3 years old who actually take advantage of child-care services on the total population within that age range.	increase
Out-reach of elderly integrated home-assistance	Elderly people treated through integrated home assistance (ADI) with respect to the total elderly population (65 years and above) (%)	increase
Incidence of the cost of integrated home assistance (ADI) on the total of health-care cost	Incidence in percentage of the cost of ADI on the total of the regional health-care cost	increase
Long-term unemployment rate	Quota of people seeking employment for over 12 months on the total of people seeking employment (%)	decrease
PRIORITY 5: NATURAL AND CULTURAL RESOURCES FOR DEVELOPMENT		
Quota of area under environmental protection status on the total (in %)		increase
Number of visitors of the State Institutes for History and Art, divided by single institute (values in thousands)		increase
Level of promotion of cultural supply	Paying visitors as opposed to non-paying visitors in the State Institutes for History and Art which charge an entrance fee (%)	increase
Cultural demand index in museum circuits	Number of visitors of the circuits on the total of State Institutes for History and Art which are part of the circuits	increase
Incidence of tickets sold in the museum circuits	Number of tickets in the museum circuits on the total of tickets in the State Institutes for History and Art	increase
Tickets sold for theatre and music events every 100 inhabitants		increase
Tourism attraction	Days of presence (Italians and foreigners) on the complex of lodging structures per inhabitant	increase
Tourism during non-summer months	Days of presence (Italians and foreigners) on the complex of lodging structures per inhabitant during non-summer months	increase
Work productivity in tourist sector	Value added by the tourist sector per working unit of the same sector	increase
PRIORITY 6: TRANSPORT AND MOBILITY NETWORKS		

Average accessibility	Average of infrastructure accessibility of the SLLs (Local Labour Systems) in the area (index range between 0 minimum and 100 maximum)	increase
Reduced accessibility	% of SLLs less accessible than the average national accessibility index	decrease
Tons of goods incoming and outgoing in coastal transfer on the total of modalities	(road, rail, ship) (%)	increase
Tons of goods incoming and outgoing on rail on the total of modalities (road, rail, ship) (%)		increase
PRIORITY 7: COMPETITIVENESS OF PRODUCTION AND OCCUPATION SYSTEMS		
Gross registration rate of new businesses	New businesses with respect to the total number registered the previous year times 100(net of agriculture sector companies)	increase
Business start rate	Relationship between number of businesses started in year <i>t</i> and the number of active businesses in the same year times 100	increase
Net rate of registration in businesses roster	Newly registered businesses minus interrupted businesses on the total of businesses registered the previous year (%)	increase
Net turnover rate of businesses	Difference between start rate and mortality rate for businesses	decrease
Businesses which introduces product and/or process innovations	Number of businesses which introduced product and/or process innovations on the total of businesses (%)	increase
Credit intensity index	Bank loans (average yearly dimension) as a percentage of GNP (current prices)	increase
Investments in venture capital - early stage	(as a percentage of GNP)	increase
Investments in venture capital - expansion e replacement	(as a percentage of GNP)	increase
Capacity to offer regular employment	Regular jobs on the total of existing jobs (%)	increase
Unemployment rate	Job seekers above 15 year old with respect to the working force in the corresponding age range (%)	decrease
Youth unemployment rate	Job seekers between 15 and 24 year old with respect to the working force in the corresponding age range (%)	decrease
Employment rate	Number of employed people between 15 and 64 years old with respect to the population in the corresponding age range (%)	increase
Female employment rate	Employed women aged 15-64 with respect to the female population in the corresponding age range (%)	increase
Employment rate for elderly workers	Employed people aged 55-64 with respect to the population in the corresponding age range (%)	increase
PRIORITY 8: CITIES AND URBAN SYSTEMS ATTRACTIVENESS		
Attractiveness index for Universities	Relationship between the net student migratory balance and the total of students enrolled, per 100 (Italy =0)	increase
Use of public transportation means	Work force members and students who use public transportation on the total of people who moved for work or study reasons and used transportation means (%)	increase
Local public transportation in cities	Urban public local transportation lines in Municipalities which are provincial capitals every 100 Km ² of municipal area	increase
Air quality monitoring	Number of air quality monitoring stations every 100.000 inhabitants)	increase
Attractiveness index for hospital services	Hospital migration to another region for acute ordinary admittances on the total of people hospitalized residing in the region (%)	increase

PRIORITY 9: ATTRACTION OF INTERNATIONAL INVESTMENTS, CONSUMPTION AND RESOURCES		
Value of exports of goods in % of GNP		increase
Export of manufactured goods of high or increasing productivity	percentage of value of exports of manufactured goods in the category of high growth of world demand on the total of exports	increase
Foreign direct net investments in Italy with respect to the GNP		increase

ANNEX 2: EXAMPLES OF EVALUATION AS A SUCCESSFUL WAY TO IMPROVE PLANNING AND IMPLEMENTATION OF DEVELOPMENT POLICIES

Case 1: Italy: the Calabria Program Framework Agreement on Water Resources

The context

Two of the main weaknesses of the programming and implementation of European Structural Funds in Italy during the 1993-99 cycle were identified as:

- Dispersion of funds on a multitude of interventions which were small in size or represented just a minor part of a larger scheme. These interventions often lacked integration between each other and therefore the systemic impact resulted unsatisfactory when compared with the overall financial effort;
- Lack of synergy between the interventions funded by the EU Structural Funds on a specific territory and those funded with resources made available by the National Government.

In preparation for the 2000-2006 cycle Central and Regional Authorities decided to introduce a unified planning platform for the main sectors of investment called “Program Framework Agreement”. Each region was therefore tasked with the proposal of several of these agreements (on Water Resources, Transport Networks, Business Development, etc.). The agreements had to develop a comprehensive vision for investment in a particular sector in that specific region and allocate in an integrated way all the available financial resources (EU, National, Regional and Private). At the end of the process of negotiation first between the local and regional level and then between the Regional and the Central Level each Agreement was signed by the Prime Minister, the President of the Region and the managers (General Directors) of the various administrations involved.

Calabria is the poorest and least developed Region of Italy. Although there is abundance of sources in the high mountain range that cuts through the region on a North-South Axis, many of its cities suffer from an insufficient provision of potable water and, although the population density is fairly low, sections of the surrounding sea are often contaminated because wastewater not always is entirely and adequately treated.

The proposed Framework Agreement

In April 1999 Calabria was the first Italian Region to present a proposal for a Program Framework Agreement on Water Resources. The proposal was considered an urgent strategic priority by all parties involved. A specialized consultancy firm supported regional offices in the preparation of the draft which was articulated into three separate lines of intervention:

- a. potable water supply schemes through the conclusion and revamping of five large existing reservoirs and improvement of city networks through the reduction of losses during distribution and illegal connections;
- b. depuration of waste-water through the construction of a number of decentralised treatment plants;

- c. increase of water availability for agriculture through the construction of two new large dams.

The Evaluation process and its findings

Before the final signature both the Central and the Regional Government requested the Evaluation Unit for Public Investment (based in the Ministry of Economy) to perform an overall review of the agreement.

The main findings and recommendations of the Evaluation Unit can be summarised as follows:

1. The need for investment on the dams and reservoirs was considerably over-estimated because:
 - a. The supply of potable water to the urban areas could be augmented at a lower cost, in less time and greatly reducing the environmental impact by fixing existing distribution pipes where the recorded losses in the distribution phase were in most cases well above 50%;
 - b. The European Community Agricultural Policy did not leave space for any further extension of irrigated areas, and in any case the slope present on the areas proposed for additional irrigation was too steep to justify the investment in terms of economic return.
2. In many of the localities where the Framework Agreement had planned for the construction of new depurators there were already pre-existing depurators who had never operated because of:
 - a. lack for most of the year (off season with no tourism influx) of sufficient production of “raw material” to activate the biological depuration cycle;
 - b. lack of funds at the local level to cover running costs.
3. The only significant private contribution to one of the projects included in the Framework Agreement was in fact way below the actual market value of the return generated by the investment. The National Power Company was proposing to build at it’s own expense the piping and plant necessary to produce electricity from the drop of one the new dams, in exchange of the right to commercialize the electricity on a 30 year concession contract.

Conclusion

The final version of the Framework Agreement was amended in order to take into account the results of the evaluation:

1. one agricultural dam was converted for potable use, while two other of the originally planned reservoirs were taken out of the investment plan;
2. the number of the planned depurators was reduced by 2/3 and the new (larger) plants were conceived in order to be able to serve several municipalities in a modular way. This choice allowed at the same time to cope with the problem of the necessary quantity of “raw material” to activate the biological depuration cycle during the off-season and to reduce the running costs;
3. the National Power Company accepted, in exchange of the right to commercialize the electricity produced, to provide a financial contribution also for other parts of the scheme not directly related to the power-plant;
4. the management system for the entire water-cycle was significantly strengthened.

One positive (and partly unexpected) feature of this specific evaluation process was the wide-spread consensus encountered at all levels (central, regional, local) which facilitated the introduction of the amendments above described in the Framework Agreement. In fact it turned out that many of the shortcomings of the original draft were not necessarily the result of bad-faith, incompetence or private interests on the side of the policymakers and public administrators, but rather of the bad quality of the work of the consulting firm which had not been properly supervised!

This experience, together with similar ones that happened in the same period, contributed to the idea of establishing evaluation units similar to the one present in the Ministry of Economy also at the regional level.

Case 2: Scotland Business Development Example

Introduction

Scotland has developed a culture of evaluation over the past ten years that was led by Scottish Enterprise in partnership with the Scottish Government and others. The culture has developed from a strategic evaluation planning approach. This has resulted in a large volume of evaluations covering a range of strategic themes, including business development.

One example of a small scale evaluation led by a regional agency has been chosen to illustrate the value of conducting evaluations and the wider benefits in terms of partnership working, regional/national liaison and on-going development of the evaluation culture as new members of staff join the organisations.

New Product Development Programme Evaluation

An evaluation of the business development initiative called the New Product Development programme (NPD) was conducted by Renfrewshire Enterprise, a local enterprise company that was part of the Scottish Enterprise network, the national economic development agency for lowland Scotland. Scottish Enterprise had promoted the importance of evaluation, ex ante and ex post, and developed a strategic programme of work and staff training across the local enterprise agency network. This particular evaluation illustrates some of the issues and learning to be gained from the national and regional agencies working together.

NPD was principally intended to help small companies develop innovative ideas to bring through to market with the assistance of a small financial contribution and expert help. They faced a number of barriers in doing so on their own and the market often did not recognise the potential to invest in such small companies.

The NPD was a programme to encourage SMEs to launch new products and processes. The principal target was to launch 12 new products or processes within a group of businesses. The budget for the programme was £50,000 over two years. Grants were awarded to businesses to launch the products or processes and the cost of this was £1,342 per new product which was deemed to represent good value for money compared to other business development programmes.

Evaluation Method

The evaluation was commissioned externally and conducted by expert consultants. This was done for a number of reasons, in particular the ability to obtain independent objective findings and also to cover for staff shortages in evaluation skills within the regional team. The consultants conducted interviews with the programme staff, stakeholders and beneficiary businesses. A range of quantitative and qualitative measures were used in the evaluation. This was important as for many businesses the development effects were

mainly qualitative in the short term rather than hard quantitative effects in terms of increased turnover and employment. A standard questionnaire was developed for the interviews and designed to extract the required evidence of the importance of the NPD and allow analysis to reveal the progress in terms of achieving the strategic objectives.

Evaluation Findings

The principal impact of NPD related to the number of new products under development and IPR registrations. The findings revealed that the NPD was on course to meet the targets and to deliver against the strategic objectives. However the short term it was the qualitative factors that dominate notably the following:

- Better understanding of the IPR processes
- More strategic view of business prospects and possibilities
- Greater degree of networking
- Greater innovation skills and understanding of innovation
- Increased innovative activity
- Developed innovative capacity and culture within the business
- Implemented changes in the business model

Only by addressing these issues would the quantitative gains in terms of business expansion, increased turnover and employment be realised. The identified market failure, relating to lack of private funding, knowledge and risk profile were confirmed by the evaluation. The failures were especially difficult for micro businesses with no substantial trading record to attract funding and they were seen as unacceptable high risk in the market.

These factors also presented challenges for the evaluation as the micro businesses did not have detailed strategic assessments of future growth potential or impacts. The programme assisted to address this and led to higher levels of networking and engagement at regional and national level. NPD also provided a twin form of support combining financial support and expert help that works to improve the sustainability of changes resulting from the programme. However not all businesses needed the same combination of support and one of the evaluation recommendations was to focus the financial support on micro businesses and offer larger businesses assistance on innovation issues not funding.

The evaluation also identified future issues to be addressed in ensuring that the programme impacts emerge. These were around distribution and marketing, two vital elements in getting new products into the market and to establish a credible and profitable market share. Small, relatively young businesses face particular difficulties here and the regional agency recognised this in designing the programme with specific support to assist these businesses access networks and develop opportunities.

One other significant recommendation was the promotion of the programme nationally within the Scottish Enterprise portfolio and through other channels such as business representative organisations including Chambers of Commerce and intermediaries.

This study like many others in Scotland illustrates the importance of conducting evaluations at regional level and linking with national agencies to share the learning and apply the lessons in national initiatives. The use of external consultants provided independence to the evaluation and brought recommendations to change elements of the programme as well as assisting businesses to structure future strategic thinking about the impact of programme participation. Staff in the regional agency also benefited from the independence of consultants and took forward the recommendations to good effect, recognising the value of conducting evaluation.

Case 3: Scotland's Single Outcome Agreement

In May 2007 Scotland elected a new parliament with a ruling minority Scottish National Party government. This resulted in a new economic strategy for Scotland and a range of integrated strategy initiatives that changed the development landscape at local, regional, national and international level. There has been a radical shift in the relationship between local government and ministers as well as changes to the regional economic development agencies. This was marked by a series of events, most notably the signing of an historic Concordat forming a new partnership between local and central government in Scotland.

One of the main features of the Concordat was the introduction of Community Planning Single Outcome Agreements (SOAs). SOAs are an agreement between individual local authorities (there are 32 in Scotland) and the Scottish Government to deliver services based on a balance of national and local priorities. Local authorities were given more scope to make decisions without ring fenced grant funding in exchange for achievement of agreed targets and effective performance management. Each council has prepared a SOA for their administrative area to cover a three year period from April 2008 – March 2011. Each SOA is based around 15 key national outcomes linked to the Scottish Spending Review 2007 and a common framework of local priorities that builds on community plan objectives developed over the past ten years.

Agreements are being refined through negotiation this year and are due to be introduced effectively in 2009. The increased freedom at local level will allow local authorities to make decisions more closely aligned with their interpretation of local needs and priorities. The bargain does however require much closer liaison and partnership consultation at community planning level in the preparation of local plans and to ensure that they do align with national priorities as outlined in national strategies such as Skills Strategy for Scotland and Economic Strategy. The focus will be clearly on outcomes and an integrated approach across policy areas for a fairer, healthier, and wealthier Scotland.

A national performance framework has been devised with performance targets set as shown in the table below. This will require all local authorities to improve performance management and generate evidence that targets and outcomes are being delivered. Previous performance and reporting systems were complex and seen as bureaucratic with returns required from all areas on all measures. The system of SOAs will allow each local authority to select and show how particular measures relate to their local needs and priorities. As such it will be flexible yet demanding without being a bureaucratic "contract".

Economic Performance and Regional Competitiveness

In working to deliver regional competitiveness, it is important to recognize that the economy of each local authority area operates individually not as one coherent unit. Given the scale of geography and the corresponding settlement pattern, clear distinctions can be drawn around 32 economies which make up the Scotland's local authorities. In order to develop a successful regional economy, it is therefore essential to reflect on these area dimensions and view building sustainable growth as requiring success in each of these 32 areas. Whilst there are pan-regional drivers such as higher education, transport and broadband, each

economy is different and has varying challenges and opportunities. SOAs acknowledge that it is crucial to the development process that effort is built around a clear understanding of local conditions.

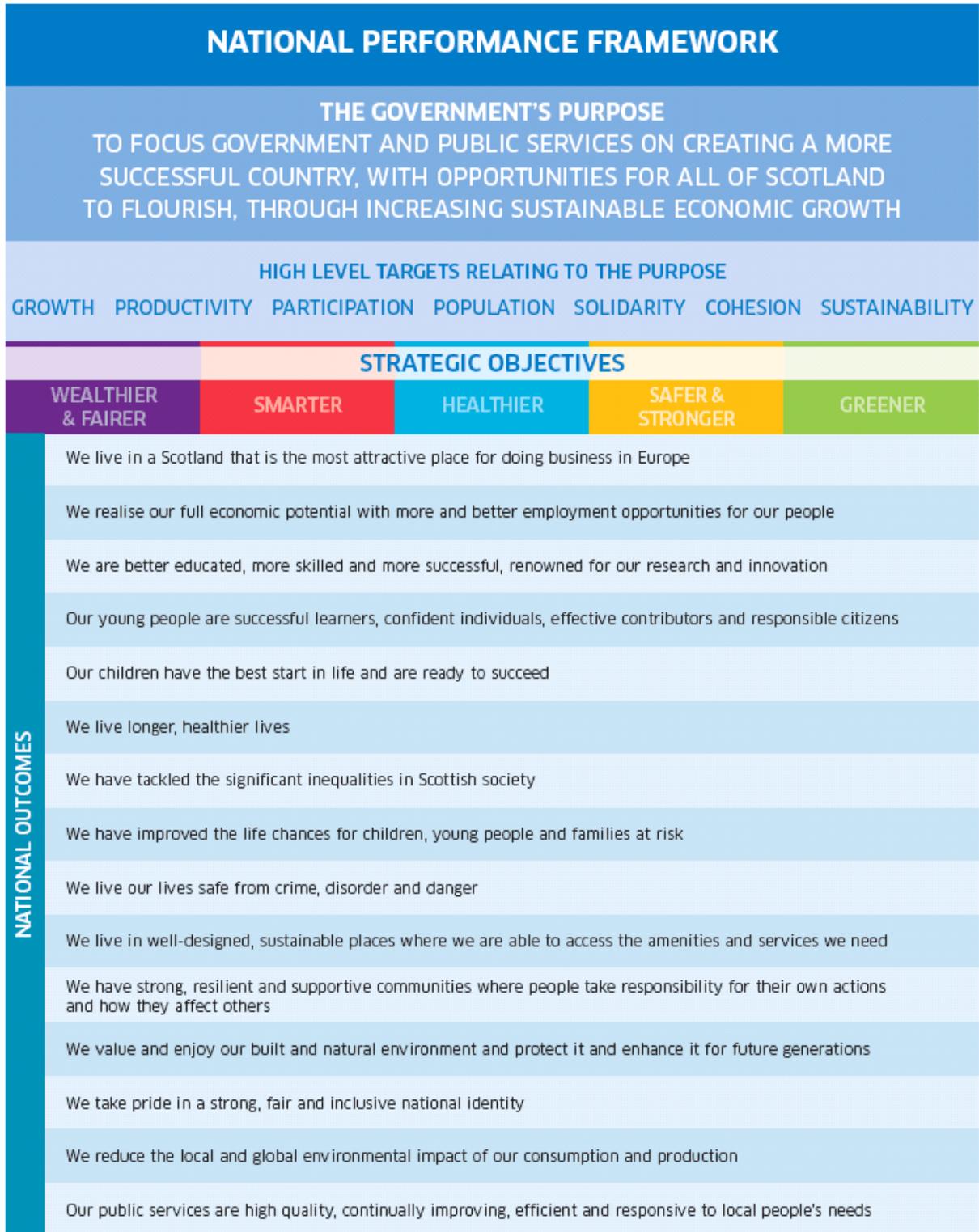
All spending plans should be aligned to the top national policy priority – to promote economic growth. This raises questions around how the different policy areas can be aligned in practice across the country and how the measures can show the net additional outcomes that can be attributed to the local authorities' actions. This will require considerable effort on monitoring and evaluation and a further development of the skills capacity and capabilities to further nurture the evaluation culture in Scotland. An evaluation culture does exist, most notably in economic development through the work of Scottish Enterprise over the past ten years, but this must be extended across all public policy areas and developed to a much greater degree at local level. Without evidence of good appraisal, monitoring and evaluation including impact assessment, the SOA system will not be successful.

Targets and indicators have been set. The targets and indicators at local, regional and national level reflect a broad range of policy objectives with the focus on increasing economic growth nationally in a way that maximizes opportunities in each area and reduces regional differences in performance over time.

The Government's Economic Strategy for Scotland was published in November 2007. This strategy builds upon the earlier themes and measurement approach as well as providing targets for national economic performance. The monitoring and evaluation of the new strategy and performance of the regions will also be further developed and will draw heavily upon the Commonwealth of Virginia Model in the USA.

The Scottish Government set out seven Government Economic Strategy targets and 45 National Indicators set within the purpose and Five Strategic Objectives (Wealthier and Fairer, Smarter, Healthier, Safer and Stronger and Greener). The move toward a greater focus on outcome indicators and targets has created a need to develop more monitoring information. Also, as noted earlier, the government has an agreement with the local authorities which involves greater emphasis on local delivery and this requires more monitoring information. The national framework outcomes, indicators and targets are shown below.

Figure 9. National performance framework



NATIONAL INDICATORS AND TARGETS

At least halve the gap in total research and development spending compared with EU average by 2011
Increase the business start-up rate
Grow exports at a faster average rate than GDP
Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum
Improve people's perceptions of the quality of public services delivered
Reduce the number of Scottish public bodies by 25% by 2011
Reduce the proportion of driver journeys delayed due to traffic congestion
Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations
Improve knowledge transfer from research activity in universities
Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training)
Increase the proportion of schools receiving positive inspection reports
Reduce number of working age people with severe literacy and numeracy problems
Increase the overall proportion of area child protection committees receiving positive inspection reports
Decrease the proportion of individuals living in poverty
60% of school children in primary 1 will have no signs of dental disease by 2010
Improve the quality of healthcare experience
Increase the proportion of pre-school centres receiving positive inspection reports
Increase the social economy turnover
Reduce the rate of increase in the proportion of children with their Body Mass Index outwith a healthy range by 2018
Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011
Increase healthy life expectancy at birth in the most deprived areas
Reduce the percentage of the adult population who smoke to 22% by 2010
Reduce alcohol related hospital admissions by 2011

Achieve annual milestones for reducing inpatient or day case waiting times culminating in delivery of an 18 week referral to treatment time from December 2011
Reduce the proportion of people aged 65 and over admitted as emergency inpatients two or more times in a single year
Reduce mortality from coronary heart disease among the under 75s in deprived areas
Increase the percentage of people aged 65 and over with high levels of care needs who are cared for at home
All unintentionally homeless households will be entitled to settled accommodation by 2012
Reduce overall reconviction rates by 2 percentage points by 2011
Reduce overall crime victimisation rates by 2 percentage points by 2011
Increase the percentage of criminal cases dealt with within 26 weeks by 3 percentage points by 2011
Increase the rate of new house building
Increase the percentage of adults who rate their neighbourhood as a good place to live
Decrease the estimated number of problem drug users in Scotland by 2011
Increase positive public perception of the general crime rate in the local area
Reduce overall ecological footprint
Increase to 95% the proportion of protected nature sites in favourable condition
Improve the state of Scotland's Historic Buildings, monuments and environment
Biodiversity: Increase the Index of abundance of terrestrial breeding birds
Increase the proportion of journeys to work made by public or active transport
Increase the proportion of adults making one or more visits to the outdoors per week
50% of electricity generated in Scotland to come from renewable sources by 2020 (Interim target of 31% by 2011)
Reduce to 1.32 million tonnes of waste sent to landfill by 2010
Increase to 70% key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015
Improve people's perceptions, attitudes and awareness of Scotland's reputation

NATIONAL INDICATORS AND TARGETS

DELIVERY, ACCOUNTABILITY: PARTNERS' CONTRIBUTIONS ACROSS THE PURPOSE AND ALL STRATEGIC OBJECTIVES - MEASURED BY PERFORMANCE MANAGEMENT REGIMES

Case 4: Czech Republic: Management and Evaluation of Vsetín Municipality’s Strategy by Using the Method of “Balanced Scorecard”⁶

Introduction

In 2004 Vsetín municipality decided to evaluate the city development strategy using the method of the Balanced Scorecard (BSC).⁷

What is the method of the “Balanced Scorecard” (BSC)?

BSC has been implemented more frequently in business and public sector management and evaluation strategies within the last 10 years. The logic of the method is demonstrated in figure 10 below:

Figure 10. BSC for public sector organisations



Source: Hušek, Šusta, Půček, 2006

The core of the BSC method is a collection of balanced pointers. The purpose of the method is the fulfilment of visions and strategies rather than their creation. The vision and individual strategies are viewed from 4 perspectives which must be in balance. Firstly it is necessary to clarify whether the needs and expectations of citizens or customers are known. Following from this is the realisation of what needs to be done in order to satisfy citizens and customers. These and similar questions are part of the citizen/customer perspective. The next group of topics relates to financial matters. What sort of resources – financial, human, buildings, equipment and so on, do we need in order to fulfil our vision (and strategies) and at the same time satisfy citizens/customers? The next step is to identify a system of processes by which a sufficient amount of resources and citizens/customers satisfaction can be ensured. It is important not to forget learning and growth – that is to realise what we have to learn in order to manage the set goal. The processing of these 4 perspectives is projected into a strategic map of the municipality.

Strategic map of the municipality and a list of criteria for Vsetín municipality

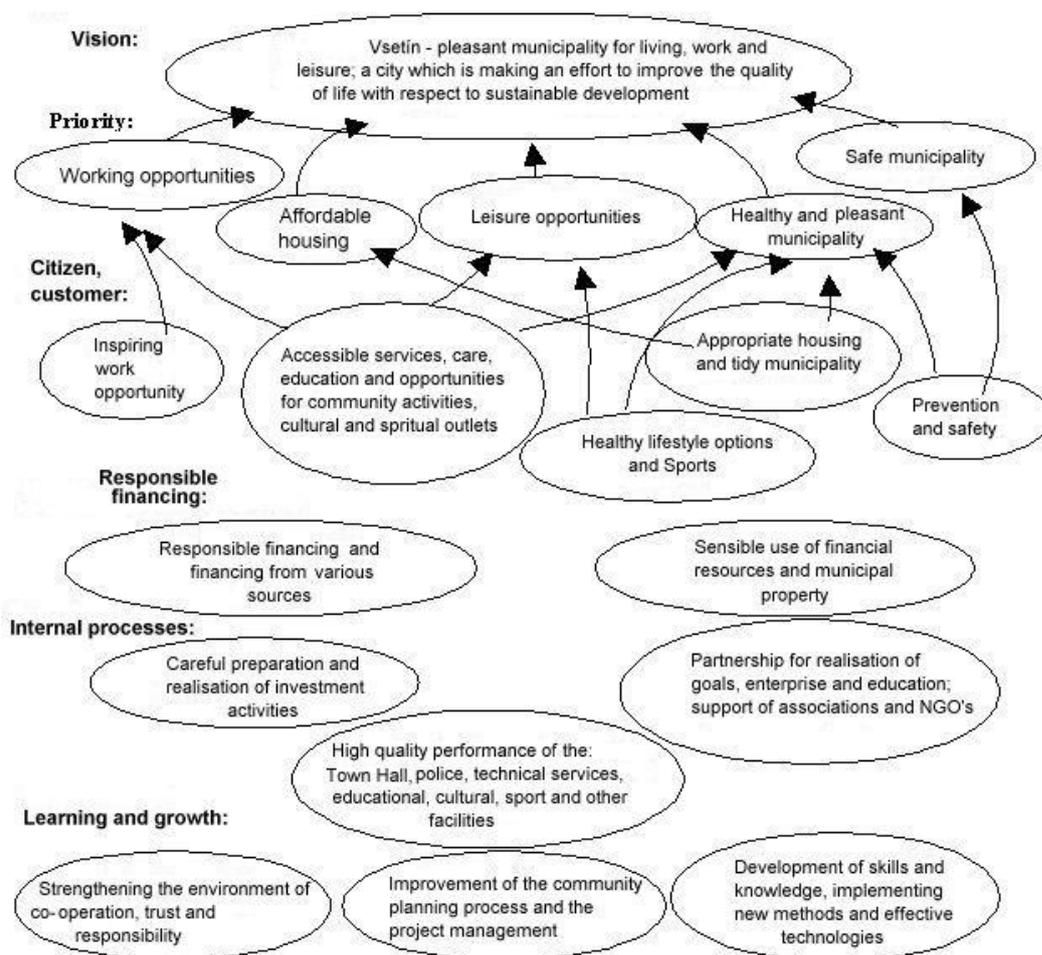
⁶ The case study was provided by the Ministry for Regional Development of the Czech Republic.

⁷ An experience from Vsetín was summarised in the publication “Application of the method Balanced Scorecard in the public sector” in 2006

Strategic map

Any kind of strategic plan requires clarity and straightforward organisation for the citizens. The strategic map fulfils this requirement. Individual areas described in the previous section, including the relationships, are displayed with the aid of a strategic map. The first version of the map of Vsetín was created by the strategic team, which consisted of the City Council members, selected officials and external advisors. The key partners of the municipality, including the public, were consulted about the map which led to various amendments. Subsequently the map was approved by the City Council (see figure 11 below).

Figure 11. BSC - strategic map of the city of Vsetín



Source: Hušek, Šusta, Půček 2006

List of criteria for the BSC method

After the approval of the strategic map by the municipality representatives, each oval was supplied with a number of criteria (index) which capture positive or negative development of successfulness of the topic. Criteria were developed according to a unified methodology.⁸ Vsetín has 32 key criteria (see table 11 below). In the column on the left individual topics are shown (transcribed from the individual “bubbles” on

⁸ HUŠEK, Z., ŠUSTA, M., PŮČEK, M. and col. (2006): “Application of the method Balanced Scorecard in the public sector”, Information centre of National quality policy, Prague. Available to download on: http://www.npj.cz/publikace_list.asp?hlej=P%C5%AF%C4%8Dek&dostu.

the strategic map). In the column on the right titles of criteria are shown. The list of criteria was discussed with the partners followed by an approval from the municipality representatives.

Table 11. List of BSC strategic topics and criteria for Vsetín municipality

Topic:	Title of criteria:
Vision	
	0.1 Index of citizen satisfaction
	0.2 Eco-footprint
	0.3 Number of citizens in the municipality
Citizen/Client	
1. Motivating work opportunity	1.1 Unemployment level 1.2 Average salary
2. Accessible services, care, education, community, cultural and spiritual life	2.1 Services and care accessibility
3. Healthy lifestyle options and sports	3.1 Health of citizens 3.2. Healthy lifestyle options
4. Appropriate housing and tidy municipality	4.1 Quality of life in the housing estate 4.2 Number of new flats and family houses
5. Prevention and safety	5.1 Sense of security 5.2 Prevention implementation 5.3 Criminality in the municipality 5.4 Traffic accidents 5.5 Security infrastructure
Responsible financing of activities	
6. Responsible financing and financing from various sources	6.1 The municipality debt 6.2 Effectivity of operational costs (%) 6.3 Obtained funds and grants 6.4 Investment of other investors in the municipality
7. Sensible management of the resources and property of the municipality	7.1 Utilisation of the municipality's property 7.2 Growth of municipality's property 7.3 Effectivity in managing the financial resources
Internal processes	
8. Careful preparation and realisation of the investment activities	8.1 Industrial zones and their utilisation 8.2 Investments of the municipality
9. High quality activity of the: Town Hall, police, technical services, educational, cultural, sport and other resources	9.1 Quality and efficiency of the office – benchmarking 9.2 Quality and efficiency of the office according to the CAF method 9.3 Audit of the workplace including the complaints
10. Partnership in realisation of objectives, enterprise and education; support of associations and NGOs	10.1. Fulfillment of the community plan for health and quality of life
Education and growth	
11. Strengthening the environment of co-operation, trust and responsibility	11.1 Satisfaction of the office employees
12. Improvement of the community planning and project management	12.1 Number of projects 12.2 Local partnership with the public – 'Agenda 21'
13. Development of skills and knowledge, implementation of new methods and effective technologies	13.1 New methods and technologies in the office 13.2 Training of the office staff 13.3 Suggestions for improvement in the office workplace

The process of implementation of the BSC method in the Vsetín municipality

The BSC project began with training in Vsetín in March 2004. Soon after, the management of the municipality, councillors and selected secretaries prepared in the presence of advisors the first version of the strategic map. The first meeting of the City Council was held in June 2004. Individual sections were processed according to the criteria and method of measuring into BSC sections and adjusted by individual parameters (productivity), during the summer season. Other meetings followed involving the City Council, municipality organisations, partners, citizens and experts in evaluation. The final version of the strategic map, the list of criteria and the methodology of measuring was approved by the City Council in November 2004.

Following is the outline of the process followed by Vsetín municipality:

1. Decide on the application of BSC, designate the range of application, plan the process and create the conditions for implementation.
2. Make a revision of all strategic documentation, confirm the validity of the vision and of the main strategies, arrange necessary training.
3. Create strategic map and discuss it with all involved parties.
4. Create a list of criteria for individual topics of strategic map and discuss it with all involved parties. Adjust strategic map according to need.
5. Designate methodology of measuring, responsibility and final value. Discuss it with all involved parties and make amendments.
6. Approve strategic map, list of criteria including methodology of measuring and final values.
7. Transfer (stream, spread) criteria on the lower levels management – for example the “scorecard” of the municipality is spread on to the “scorecard” of the department. Each group and individuals must know their part which contributes to the strategy.
8. Begin the measuring and regularly evaluate the results.
9. Connect BSC with rewards.
10. Create a provision or action plans for the achievement of the aims and implement them.
11. Evaluate the results, and make necessary amendments (repetition of the whole cycle).

Conclusion

The implementation of the BSC method in the management and evaluation of strategy brought benefits to the municipality. BSC was incorporated into the management structures of the municipality and enabled the evaluation of the process in strategic parts of the city. It was necessary to gain management support and obtain involvement of key employees and partners.

The main benefits of implementation of the BSC method in the Vsetín municipality were:

- Clarity: the strategic map fits in one page A4 paper (see figure 11).

- Balance: it is not only outlined what the municipality wants to provide but also the related financial conditions, the process and also what it is necessary to learn in order to achieve the objectives.
- Measurability: a relatively small amount of criteria is needed which can be easily monitored and evaluated.
- The creation of the basis for a reward system: measuring the productivity and quality of the work.

Case 5: Czech Republic: The role of The National Network of Healthy Municipalities (NSZM ČR) in fostering strategic planning and evaluation in the Czech Republic⁹

In the Czech Republic most local Governments have acquired some kind of practical experience in strategic planning and in the preparation of strategies and concepts only in the last 20 years, due to the well know political transition. Further, this has been far from an easy and straight forward process. In the first few years of Local Governments' existence, planning was underestimated, mainly because of previous "centralised" experiences. A shift occurred in the second half of the 90's, when, thanks to EU practices and accession requirements, strategic planning began to be considered as an important tool for regional development.

The Association called *National Network of Healthy Municipalities of the Czech Republic (NSZM ČR)* has been actively promoting the use of planning by the local authorities for the last 15 years. NSZM ČR is formed by about 100 local authorities and it has the major role to foster health and quality of life and to sustain the strategic management of municipalities and regions in accordance with the principles of local Agenda 21.

In the period 2004 - 2005, NSZM ČR in cooperation with a number of partners has undertaken an extensive research of selected aspects concerning the quality of strategic planning and management at local level in the Czech Republic. The purpose of this research was to collect empirical information on strategic planning and to evaluate the matching of principles of sustainable development within individual local planning documents. 804 partners (micro-regions and municipalities with a population of over 5,000 inhabitants) were invited to participate in the survey. 299 programming documents on socio-economic development were collected out of 420 expected. Research included also a questionnaire on the perception of the quality and the rate of satisfaction of the local authorities in relation to their own planning and its utilisation. 283 questionnaires were collected, 35.2% of the total number of addressed participants. In 2005 the analysis was ready. The survey showed that:

- All localities and regions considered strategic planning important. However:
- The majority of the strategic and conceptual documents were prepared by external consultants without a direct involvement of the public administration or relevant local interest groups. Those documents were drafted mainly to accomplish to EU funding requirements.
- Formulation of the documents was often very general, without sufficient references to local conditions and without a clear vision. A result was that they were rarely utilised for real strategic management.
- Also the majority of the projects contained in the planning documents were overly generic, not tailored to local needs and without any real assessment of possible impacts.

⁹ The case study was provided by the Ministry for Regional Development of the Czech Republic.

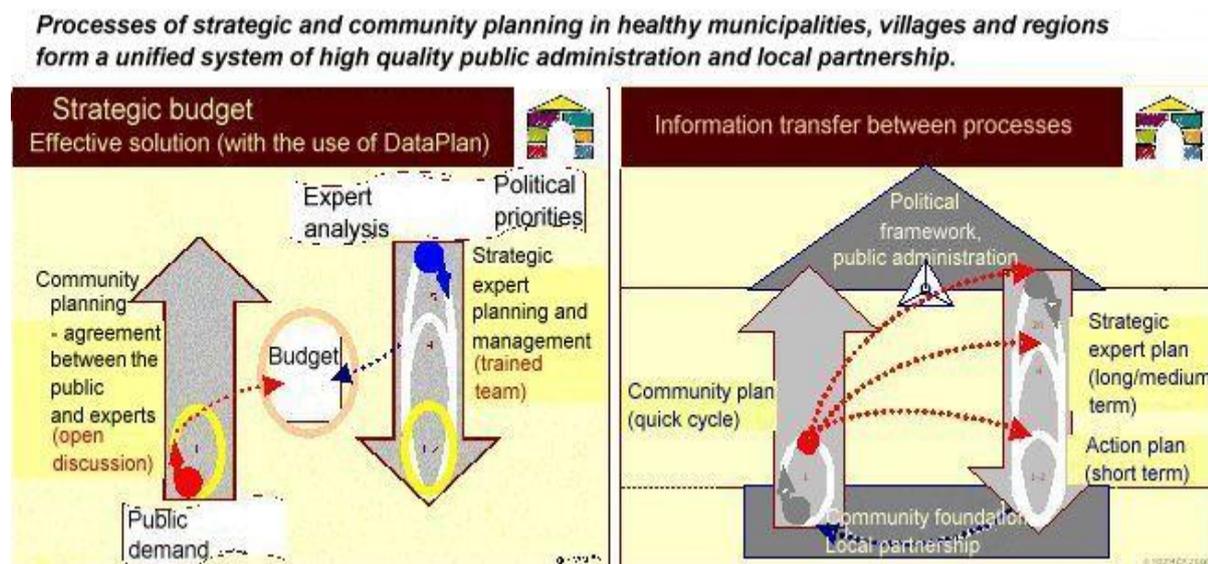
- Almost all the planning documents examined showed weak links with national and regional programming, other territorial plans and with available budgets.

Although the described situation still partially exists, more and more local governments are becoming aware of the importance and need of preparing good strategic planning. This is also due to the work undertaken by the National Network of Healthy Municipalities (NSZM ČR). NSZM ČR provides systematic training to member local governments on strategic planning, management and related issues.

The Association is also actively involved in information gathering and sharing within the public administration and between the public administration and the general public. In fact, central and local authorities are often faced with fragmented information and sources of data necessary for the management process. NSZM ČR is making a long-term effort to link the production and distribution of information both in a “horizontal” and “vertical” way, sustaining a so called “pyramid of quality” management approach by the (local) public administration, so to improve communication between institutions at different levels.

Finally, NSZM ČR also has developed and promotes the use by the local authorities of DataPlan, an information system for the strategic management of local development and planning. DataPlan is a free software tool for monitoring the strategic goals, projects and financial means of local governments. DataPlan is a tool for strategic management that helps to create a transparent use of public funds and the fulfilment of the designated priorities of the local governments allowing easily accessible information to the public administration but also to the wider public.

Figure 12. Processes of strategic and community planning



Source: Engineer Petr Švec, Director of NSZM ČR, Prague, March 2009.

ANNEX 3: DEFINITIONS AND CRITERIA FOR THE USE OF METHODS AND TECHNIQUES OF EVALUATION¹⁰

Definitions and criteria

Balanced Scorecard is an indicator-based strategic performance and management system. A Balanced Scorecard factors in both quantitative and qualitative control variables and concretizes strategic goals in the form of indicators. Organizations and processes are analyzed from various perspectives (Financial, Customer, Internal Business Processes, and Learning and Growth). Financial and non-financial indicators are combined in one and the same concept. The basis is the organization's strategy and vision. Strategy Maps is a further development, it is a strategy management system. The purpose is to show how value is generated. The strategic goals to be followed for that purpose are inter-linked in the four scorecard perspectives (Financial, Customers, Internal Business Processes, Learning and Growth) by explicit cause-effect relationships.

Benchmarking (and benchlearning): 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. Benchlearning is a way of distinguishing the learning phenomenon from the comparison phenomenon. The term is a hybrid drawing upon the established term "benchmarking" and it can be defined as "the continuous process of advancing own practices in light of those used by outstanding achievers" or simpler "how to learn from the best-in-class".

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

¹⁰ As illustrated in: Regional Policy – Inforegio / Evalved: the resource for evaluation of socio-economic development.

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.

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 12. Choosing methods and techniques: Ex ante perspective

PROSPECTIVE (EX ANTE)							
	Design	Overall	In-depth	Judgements	Obtaining data	Analysing data	Judgements
		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

Table 13. Choosing methods and techniques: Mid term, ex post perspective

RETROSPECTIVE (MID-TERM, EX POST)						
	Overall	In-depth	Judgements	Obtaining data	Analysing data	Judgements
	Obtaining data	Analysing data	Judgements	Obtaining data	Analysing data	Judgements
Planning and Structuring Evaluation						
Concept or issue mapping						
Stakeholder consultation	x			x		
Evaluability assessment						
Logic models		x			x	
Formative/developmental evaluation						
Obtaining Data						
Social surveys	x			x		
Beneficiary surveys	x			x		
Individual (stakeholder) interviews	x			x		
Priority evaluation						
Focus groups	x	x		x	x	
Case studies	x	x		x	x	
Local evaluation	x	x		x	x	
Participatory approaches & methods						x
Use of secondary source data	x					
Use of administrative data	x					
Observational techniques				x	x	
Analysing Information						
Input/output analysis		x				
Econometric models		x				
Regression analysis					x	
Experimental and quasi-experimental approaches				x	x	
Delphi survey						
SWOT			x			
Tools to Inform Evaluative Judgements						
Cost-benefit analysis				x		
Benchmarking			x	x		x
Cost effectiveness analysis						x
Economic impact assessment			x			x
Gender impact assessment			x			x
Environmental impact assessment			x			x
Strategic environmental assessment						
Multi-criteria analysis			x			
Expert panels		x	x		x	x

ANNEX 4: REFERENCES FOR FURTHER READING

African Development Bank (2004), *Efficacy and Efficiency of Monitoring-Evaluation Systems (MES) for Projects Financed by the Bank Group*, prepared by operations evaluation department (OPEV) of the African Development Bank.

African Development Bank (2003), *Guidelines and Methodologies for Evaluation*, prepared by the operation evaluation department (OPEV) of the African Development Bank.

Asian Development Bank (2006), *Guidelines for the Preparation of Country Assistance Program Evaluation Reports*, Operations Evaluation Department (OED) of the Asian Development Bank.

Asian Development Bank (2006), *Impact Evaluation methodological and operational issues*, Economic Analysis and Operations Support Division and Economics and Research Department of the Asian Development Bank.

Asian Development Bank (2006), *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*,

www.adb.org/Documents/Guidelines/Evaluation/PPER-PSO/default.asp.

Baker J.L. (2000), *Evaluating the Impact of Development Projects on Poverty: A Handbook for practitioners*, The World Bank Publications, Washington D.C.

Banks R. (2000), *Ex-Ante-Evaluations: Strengths, Weaknesses and Opportunities*, paper prepared for the European Commission's Edinburgh Conference, Evaluation for Quality, 4th European Conference on Evaluation of the Structural Funds, Edinburgh, 18-19 September 2000.

Bardach E. (2005), *A Practical Guide for Policy Analysis. The Eightfold Path to More Effective Problem Solving*, Chatham House Publishers, New York.

Bemelmans-Vidéc M.L., R.C. Rist and E. Vedung (1998), *Carrots, Sticks & Sermons: Policy Instruments and Their Evaluation*, Transaction Publishers, New Jersey.

Blazek J and J. Vozab (2003), *Forming Evaluation Capacity and Culture in the Czech Republic: Experience with the First Set of Ex Ante Evaluations of Programming Documents (with Special Focus on Evaluation of UNDP)*, paper presented at the Fifth European Conference on Evaluation of the Structural Funds, Budapest, 26-27 June 2003,

http://europa.eu.int/comm/regional_policy/sources/docconf/budapeval/work/blazek.doc.

Boyle R. and D. Lemaire (1999), *Building Effective Evaluation Capacity: Lessons from Practice*, Transaction Publishers, New Jersey.

Bozeman B. and J. Melkers (1993), *Evaluating R&D Impacts: Methods and Practice*, Springer, New York.

Bradley J., J. Zaleski and P. Zuber (2003), *The Role of Ex Ante Evaluation in CEE National Development Planning*, Springer, New York,

http://europa.eu.int/comm/regional_policy/sources/docconf/budapeval/work/bradley.doc.

Chacon-Moscós S., *et al.* (2002), *A Mutual Catalytic Model of Formative Evaluation: the Interdependent Roles of Evaluators and Local Programme Practitioners*, Sage Publications, London.

Charities Evaluation Services (CES) (2005), *First Steps in Monitoring and Evaluation*, London, www.ces-vol.org.uk/downloads/firstmande-15-21.pdf.

Chelmsky E. and W.R. Shadish (1997), *Evaluation for the 21st Century: A Handbook*, Sage Publications, London.

Clarke A. (1999), *Evaluation Research: An Introduction to Principles, Methods and Practice*, Sage Publications, London.

Dartiguepeyrou C. *et al.* (2005), *A Dynamic Framework for Ex Ante Evaluation and Assessment of New Policies*, prepared for the European Commission, DG Information Society.

DTI (Department of Trade and Industry) (1999), *Guidance on Preparing Evaluation Plans*, ES Central Evaluation Team, Department of Trade and Industry, London.

European Commission (2007), *Sourcebook on Sound Planning of ESF Programmes*, European Commission, Brussels, www.esfsourcebook.eu.

European Commission, Directorate-General Regional Policy (2006), Working Document No 4: *Guidance on the Methodology for carrying out Cost-Benefit Analysis*, The new programming period 2007-2013, European Commission, Brussels.

European Commission, Directorate-General Regional Policy (2006), Working Document No 5: *Indicative Guidelines on Evaluation Methods: Evaluation during the Programming Period*, The new programming period 2007-2013, European Commission, Brussels.

European Commission, Directorate-General Regional Policy (2006), Working Document No.1: *Indicative Guidelines on Evaluation Methods: Ex-ante Evaluation*, The New Programming Period 2007-2013, European Commission, Brussels.

European Commission, Directorate-General Regional Policy (2006), Working Document No.2: *Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators*, The New Programming Period 2007-2013, European Commission, Brussels.

European Commission, Directorate General Regional Policy (2006), Working document n.1: *Indicative Guidelines on Evaluation Methods: Ex Ante Evaluation*, The new programming period 2007-2013, European Commission, Brussels.

European Commission, Directorate General Regional Policy (2006), Working Document No 2: *Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators*, The new programming period 2007-2013, European Commission, Brussels.

European Commission, Directorate-General Regional Policy (2005), *Draft Working Paper on Ex Ante Evaluation*, Methodological Working Papers, The New Programming Period 2007-2013, European Commission, Brussels.

European Commission (2005), *Impact Assessment and Ex- Ante Evaluation*, COM(2005)119 final, www.avcr.cz/data/vav/vav-eu/SEK2005_0430_EN_exante.pdf.

European Commission (2004), *Annual Evaluation Review 2003: Overview of the Commission's Evaluation Activities and Main Evaluation Findings*, Commission Staff Working Paper, SEC 662, Directorate General for Budget, European Commission, Brussels.

European Commission (2001), *Ex Ante Evaluation: A Practical Guide for Preparing Proposals for Expenditure Programmes*, Budget, European Commission, Brussels.

European Commission (2000), *Indicators for Monitoring and Evaluation: An Indicative Methodology*, Methodological Working Papers no.3, Directorate-General XVI, Regional Policy and Cohesion, European Commission, Brussels.

European Commission, Directorate-General Regional Policy (2000), Working paper 7: *Structural Funds 2000-2006: Ex Ante Evaluation and Indicators for INTERREG III (Strands A & B)*, The new programming period 2000-2006, European Commission, Brussels.

European Commission (2000), *The Ex-Ante evaluation of the Structural Funds interventions*, European Commission New Programming Period 2000-2006: methodological working papers, No. 2, European Commission, Brussels

http://europa.eu.int/comm/regional_policy/sources/docoffic/working/doc/exante_en.pdf.

European Commission (Evaluation Guides), *Evaluating EU Activities: A Practical Guide for the Commission Services*, European Commission, Brussels
http://ec.europa.eu/budget/library/publications/financial_pub/eval_activities_en.pdf.

European Commission (Evaluation Guides), *Good Practice Guidelines for the Management of the Evaluation Functions*, European Commission, Brussels
http://ec.europa.eu/dgs/information_society/evaluation/data/pdf/lib_master/sec2000_1051_strengthening_eval.pdf.

EPRC and Fraser of Allander (2000), *Methodologies Used in the Evaluation of the Effectiveness of European Structural Funds: Comparative Assessment*, Final Report to the Scottish Executive, European Policies Research Centre and the Fraser of Allander Institute, University of Strathclyde, Glasgow.

Evalsed/European Commission, Directorate General Regional Policy (2003), *The Guide to the Evaluation of Socio-Economic Development*, European Commission, Brussels.

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/guide/index_en.htm

Evalsed/European Commission, Directorate General Regional Policy (2003), *The resource for the evaluation of Socio-Economic Development*, European Commission, Brussels.

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/sourcebooks/index_en.htm

Evaluation Office United Nations Development Programme (2002), *Handbook on Monitoring and Evaluating for Development Results*,

<http://www.undp.org/eo/documents/HandBook/ME-HandBook.pdf>

Furubo J.E, R.C. Rist and R. Sandahl (2002), *International Atlas of Evaluation* - Transaction Publishers, London.

Government Chief Social Researcher's Office of London Prime Minister's Strategy Unit (2003), *Guidance Notes for Policy Evaluation and Analysis*,

http://www.policyhub.gov.uk/downloads/Chapter_1.pdf.

Government Chief Social Researcher's Office of London Prime Minister's Strategy Unit (2000), *A Performance and Innovation Unit Report*,

<http://www.policyhub.gov.uk/docs/addingitup.pdf>.

HM Treasury (2004) - *Productivity in the UK 5: Benchmarking UK Productivity Performance: A Consultation on Productivity Indicators* - HM Treasury, London,

[www.hm-treasury.gov.uk/media/BBA/9D/productivity_sum\[1\].pdf](http://www.hm-treasury.gov.uk/media/BBA/9D/productivity_sum[1].pdf),
www.hm-treasury.gov.uk/media/D8A/3B/productivitychs.pdf,
www.hm-treasury.gov.uk/media/D8A/3B/productivitychs.pdf.

Ho S.Y. (2003), *Evaluating British urban policy: ideology, conflict and compromise*, Ashgate Publishing, Aldershot.

IFAD (International Fund for Agricultural Development) (2003), *Managing for Impact in Rural Development. A Guide for Project M&E* - Section 4: Setting up the M&E System, The Office of Evaluation of the International Fund for Agricultural Development, Roma, www.ifad.org/evaluation/guide/index.htm.

Jaszczolt K., T. Potkański and S. Alwasiak (2003), *Internal Project M&E System and Development of Evaluation Capacity. Experience of the World Bank-funded Rural Development Program*,

Jetmar M. (2003), *Evaluation of development programmes is novelty in our country - Evaluace rozvojových programů je u nás novinkou*. Moderní obec, 2003, vol. 9, n. 7, ISSN 1211-0507

Jetmar M. (2007), *Position of authorities responsible for management of regional operational programmes, impact of changes onto cohesion regions - Postavení orgánů zodpovědných za řízení regionálních operačních programů, dopady změn na činnost regionů soudržnosti*. Veřejná správa, 2007, vol. 18, n. 10, ISSN 0027-8009.

http://europa.eu.int/comm/regional_policy/sources/docconf/budapeval/work/jaszczolt.doc.

Mackay K. (1999), *Evaluation Capacity Development: A Diagnostic Guide and Action Framework*, The World Bank Publications, Washington D.C.

Mackay K. (1998), *Public Sector Performance: The Critical Role of Evaluation*, The World Bank Publications, Washington D.C.

Mairate, A. (2001), *Indicators for Monitoring and Evaluation, Conference on Decentralised management of the Structural Funds (Objective 2)*,

http://europa.eu.int/comm/regional_policy/sources/docconf/manag2/maira_en.pdf.

ODPM (2003), *Assessing the Impacts of Spatial Interventions, Regeneration, Renewal and Regional Development Main Guidance*, Interdepartmental Group on the EGRUP review, London.

OECD (2008), *Making Local Strategies Work: Building the Evidence Base*, OECD Paris.

OECD (2008), *Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes*, OECD Paris

OECD (2005), *Local Governance and the Drivers of Growth*, OECD, Paris.

OECD: DAC Evaluation Network (2005), *Working Paper Joint Evaluations: Recent Experiences, Lessons Learned and Options for the Future*, OECD, Paris, www.oecd.org/dataoecd/28/9/35353699.pdf.

OECD (2004), *Evaluating Local Economic and Employment Development: How to Assess What Works Among Programmes and Policies*, OECD, Paris.

OECD (2003), *Entrepreneurship and Local Economic Development*, OECD, Paris.

OECD: Development Assistance Committee (2002), *Glossary of Key Terms in Evaluation and Results Based Management*, OECD, Paris www.oecd.org/dataoecd/29/21/2754804.pdf.

OECD (2001), *Best Practices in Local Development*, OECD, Paris.

Office of Planning, Research and Evaluation (OPRE) of US (2003), *The Program Manager's Guide to Evaluation*.

http://www.acf.hhs.gov/programs/opre/other_resrch/pm_guide_eval/reports/pmguide/pmguide_toc.html.

Owen J.M. and P.J. Rogers (2006), *Program Evaluation: Forms and Approaches*, Guilford Press, UK.

Patton C.V. and D.S. Sawicki (1986), *Basic Methods of Policy Analysis and Planning*, Prentice-Hall, New Jersey.

Patton, M.Q. (1997), *Utilization-focused evaluation. 3rd edition*, Sage Publications, London.

Pawson, R. (2006), *Evidence-Based Policy: A Realist Perspective*, Sage Publications, London.

Peters C.C. and B. Warwick (1996), *The Handbook of Managed Futures: Performance, Evaluation & Analysis*, McGraw-Hill Trade, New York.

Prennushi, G., G. Rubio and K. Subbarao (2000), *Monitoring and Evaluation - In Sourcebook for Poverty Reduction Strategies*, World Bank Publications, Washington, D.C.

Preskill, H. and R.T. Torres (1999), *Building capacity for organisational learning through evaluative inquiry*, Evaluation. Vol. 5, No. 1, 42-60, Sage Publications, London.

- Preskill, H. and R.T. Torres (2000), *The Learning Dimension of Evaluation Use, New Directions for Evaluation*, New Directions for Evaluation, n88 p25-37, Sage Publications, London.
- Puttaswamaiah K. (1982), *Studies in Evaluation*, Oxford & IBH, New Delhi.
- Rawlings L. and J. Van Domelen (2004), *Evaluating Social Funds: A Cross-Country Analysis of Community Interventions*, The World Bank Publications, Washington, D.C.
- Rist R.C. and N. Stame (2006), *From Studies To Streams: Managing Evaluative Systems*, Transaction Publishers, New Jersey.
- Romanainen, J. (2004), *Learning More from Evaluations: The Use of the Thematic Approach and Impact Modelling in Evaluating Public Support Measures*, European Conference on Good Practice in Research Evaluation and Indicators, University of Galway, Ireland.
- Rossi P.H., H.E. Freeman and M.W. Lipsey (1999), *Evaluation: A Systematic Approach*, Sage Publications, London.
- Rutman L., *Evaluation Research Methods: A Basic Guide*, Sage Publications, London.
- Tavistock Institute with GHK and IRS (2003), *The Evaluation of Socio-Economic Development: The Guide*, Tavistock Institute, London.
- Torres, R., H. Preskill and M. Piontek (1996), *Evaluation strategies for communicating and reporting: Enhancing learning in organizations*, Sage Publications, London.
- Toulemonde J. and T. Bjornkilde (2003), *Building Evaluation Capacity the Experience and Lesson in Member States and Acceding Countries*,
http://europa.eu.int/comm/regional_policy/sources/docconf/budapeval/work/toulemonde.doc.
- UNDP and the World Bank (2000), *Evaluation Capacity Development in Asia*, The World Bank Publications, Washington, D.C.
- United Kingdom HM Treasury (2002), *Appraisal and Evaluation in Central Government: Treasury Guidance*, The Green Book, HM Treasury, London,
www.hm-treasury.gov.uk/media/05553/Green_Book_03.pdf.
- Vedung, E. (1997), *Public Policy and Program Evaluation*, Transaction Publishers, New Jersey.
- Weiss, C. (1999), *The Interface Between Evaluation and Public Policy*, *Evaluation: The International Journal of Theory, Research, and Practice*, Graduate school of Education, Harvard, Boston, pp. 468–486.
- Wholey J.S, H.P. Hatry and K.E. Newcomer (2004), *Handbook of Practical Program Evaluation*, John Wiley & Sons, New Jersey.
- Wholey, J.S. (1983), *Evaluation and Effective Public Management - Public Productivity Review*, Vol. 7, No. 4, M.E. Sharpe, Boston.

- Wollmann H. (2003), *Evaluation in Public Sector Reform: concepts and practice in international perspective*, Edward Elgar Publishing, UK.
- World Bank (1994), *Building Evaluation Capacity*, Lessons & Practices no. 4 1994, The World Bank Publications, Washington, D.C.
- World Bank (1996), *Designing Project Monitoring and Evaluation*, Lessons & Practices no. 8 1996, The World Bank Publications, Washington, D.C.
- World Bank (2004), *Monitoring and Evaluation (M&E): Some Tools, Methods and Approaches*, The World Bank Publications, Washington, D.C.
- World Bank (1997), *Evaluating Development Outcomes: Methods for Judging Outcomes and Impacts*, Lessons & Practices no. 10 1997, The World Bank Publications, Washington, D.C.
- World Bank (1998), *Assessing Development Effectiveness: Evaluation in the World Bank and the International Finance Corporation*, The World Bank Publications, Washington, D.C.
- World Bank IEG (Independent Evaluation Group) (2007), *How to Build M&E Systems to Support Better Government*
- www.worldbank.org/ieg/ecd/docs/How_to_build_ME_gov.pdf
- Zall Kusek J. and R.C. Rist (2004), *Ten Steps to a Results-Based Monitoring and Evaluation System: A Handbook for development practitioners*, The World Bank Publications, Washington, D.C.