

Evaluation Plan
2007-2013
Scottish Operational Programmes



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**The Scottish
Government**

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August 2008	1.0	Final	Miranda McIntosh
June 2009	2.0	Final	Jacqui Feeney & Billy McLaren

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INTRODUCTION

1. This is the second version (June 2009) of this evaluation plan. It refreshes the content of the plan to fit with the ongoing evaluation and monitoring process adopted by the European Commission and the Scottish Government for the 4 Scottish Programmes covering the 2007-13 period.
2. The plan originated from the recommendations¹ contained in the European Commission's working documents², and in part from the increased emphasis placed on evaluation by the European Regulations (Article 41[1] and Article 13 of Council Regulation 1083/2006). It also drew on lessons learnt from the previous programmes and took on board the objectives and requirements of evaluation as outlined at an evaluation and monitoring seminar run by the European Institute of Public Administration in Maastricht on 22-23 March 2007. The plan was agreed by the Scottish Monitoring and Evaluation Group (MEG) a sub-group reporting to the Managing Authorities and the Programme Monitoring Committees (PMCs) for the different Scottish Operational Programmes. The evaluation strategy focuses on both the European Regional Development Fund (ERDF) and the European Social Fund (ESF), but it also reads across to the Scottish cross-border and trans-national programmes under the Territorial Co-operation Objective, although evaluation activities on these programmes will be covered under a separate plan.

Defining Evaluation

3. Evaluation is an exercise that assesses the relevance, performance and success of on-going and completed programmes. The main tools used to do this are indicators. In line with Commission guidance, a 'life-cycle' approach to designating indicators has been used. Under each priority, and for the Programmes as a whole, indicators are identified which distinguish between output, result and impact indicators. Output indicators are a measurement of initial directly-funded activity, whereas result indicators are a measurement of the interim direct and immediate effects on actual beneficiaries. Impact indicators measure the longer-term effects arising from the funded actions. Article 47[2] outlines that evaluation should centre on two functions; strategic and operational.
4. The **strategic** function should assess the contribution of our Operational Programmes (OPs) to our domestic strategies and European ones (especially the Lisbon and Gothenburg Agendas). From an EU perspective, it is important that evaluation can show the contribution of Structural Funds – both specifically in Scotland, but also more generally across the whole of the EU – to achieving the ambitious goals set by Lisbon and Gothenburg. In addition, the impact of the Programmes needs to be considered in light of the domestic policy context to identify areas of synergy as well as additionality with respect to Structural Funds interventions and the domestic economy. It may focus on macro-economic impacts at an operational level or specific strategic themes within the OPs (such as innovation or rural development), or horizontal priorities (equal opportunities, social inclusion, environmental sustainability).

¹ This is not a compulsory requirement of the European Commission.

² Working Paper 2: *Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators* and Working Paper 5: *Indicative Guidelines on Evaluation Methods: Evaluation during the Programme Period*.

5. The **operational** function of evaluation is a key mechanism for improving Programme implementation. The focus here is on how we deliver the programmes and includes analysis of financial and physical data to ensure we are meeting operational targets and recommendations to improve performance. It should also assess the administrative functions and the quality of implementing mechanisms.
6. Evaluation of Structural Funds can be broken down into three phases: **ex-ante**, **on-going** and **ex-post evaluation**. For each phase, evaluations have to address a set of specific issues about the performance of the Programmes.
7. To ensure consistency in the provision of monitoring data and to provide a common starting point for all evaluations, indicators have been defined for the evaluation of Programmes across Scotland (listed in Annex E). Monitoring is undertaken, ensuring data on indicators, financial data and, in ESF, participant information, is collected at project level. Annual monitoring data is collated to complete the Annual Implementation Reports (AIRs). The annual review system based on the information in the AIRs will consider the activity, output and impact, and forms some of the basis for any proposed adjustments to Programmes. The AIRs are key building blocks for our ongoing evaluations and the ex-post evaluation, which will be the strategic level evaluations of the interventions at the end of the programming period.

Evaluation Issues

8. The new European Structural Funds Regulations have changed the monitoring requirements. Regulation 1083/2006 provides for a shift from a concept of fixed-point, mid-term evaluation driven by regulatory imperatives towards a more flexible, demand-driven approach to evaluation during the programming period: **on-going evaluation**. Past experience and the lessons learned have paved the way for the new approach.
9. In addition, the European Regulations require evaluations to be carried out at the **ex-ante** and **ex-post** stages of each Structural Funds Programme (Articles 48 and 49 of Council Regulation 1083/2006). As such, a range of ad-hoc evaluations addressing themes or measures may be necessary or desirable as Programmes progress. It is also necessary to integrate evaluation activities within the UK and European context. At a European level, the Commission will need to be able to aggregate data in order to identify the proportion of Funds spent in each policy area, whilst at a UK level it will be necessary to be able to compare and aggregate all data relating to Structural Fund interventions to provide a UK overview. In addition, the policy environment in Scotland will require reporting at a pan-Scotland and individual Programme level.
10. Evaluation must address a set of specific issues in order to adequately assess the delivery of a Programme and fulfil the above requirements. Key issues identified by the Commission include:
 - **Relevance:** How relevant are the Programme's objectives in relation to evolving needs and priorities at a national and EU level?
 - **Efficiency:** What mechanisms have been used to turn resources into outputs or results?
 - **Effectiveness:** How far has the Programme achieved its specific and global objectives?
 - **Utility:** Did the Programme have an impact on the target groups or populations in relation to their needs?

- **Sustainability:** To what extent can the changes (or benefits) be expected to last after the Programme has been completed?
 - **Added Value:** Would the intervention have happened without financial assistance?
 - **Synergy:** Has the Programme complemented and enhanced in any way the effect of other related domestic policies?
11. The plan strategy is focused on both ERDF and ESF. Effective and consistent evaluation across all funds will allow for synergy between them and also allow an assessment of their impact on the overall Scottish economy and how they fit into national policy and priority structures as a whole.

KEY OBJECTIVES

12. The plan provides a framework and a context for achieving three key objectives through enhanced monitoring and evaluation systems. These are; political accountability, improved Programme management and performance, and the need to ensure that the current round of Programmes builds in an exit strategy for projects and leaves a lasting legacy.

Political Accountability

13. There are three levels of accountability for the implementation of Structural Funds:
- the European Institutions;
 - the Scottish Government as representative of the Member State and led by Scottish Ministers; and
 - the Scottish Parliament.
14. Since devolution, Scottish Ministers are responsible for the implementation of Structural Funds. The Scottish Government is the Managing (and Certifying) Authority for the Funds and is therefore accountable for policy and overall implementation. In policy statements, including the Government Economic Strategy, Scottish Ministers have stated their aim of ensuring that Structural Funds are used effectively, efficiently and leave a lasting legacy in a way that complements their overall policy objectives. In 2008, and in response to a downturn in the economic conditions, a focus has also been placed on front-loading the Funds to participate in a coherent way across Government to help stimulate the economy.
15. As Certifying Authority, the Scottish Government also has a key role in ensuring the financial propriety of the Programmes. In fulfilling this role it is to a great extent dependent on the integrity of partner organisations and the efficiency of the Intermediate Administration Bodies (IABs), the bodies, which have been contracted by the Scottish Government, to administer the Programmes (ESEP for LUPS and HIPP for H&I Programmes). In addition, due to the Scottish Parliament's close interest in the administration of Structural Funds, effective monitoring and evaluation systems are required to be in place in order to respond to Ministerial and Parliamentary requests for information.
16. Accountability also rests with the wider partnerships that have specific knowledge and expertise in providing support to the evaluation and decision-making processes, through participating in training and development, identifying good practice, and in addressing the horizontal themes of equal opportunities, environmental sustainability

and social inclusion. IAB participation in monitoring is crucial, as is use of the indicators, as evaluation is only meaningful if it is based on good quality monitoring information.

Programme Management

17. In the past, evaluation has been used to assess impact to track the progress of Programme implementation, to take corrective actions in the course of existing Programmes and to prepare new Programmes. Despite good evaluation practice in Scotland, there remains room for continuing improvement to our evaluation processes. Monitoring and evaluation needs to be used more effectively as a Programme management tool. To date, experience has shown that Programme management and the ability to meet objectives have been enhanced through evaluation. Evaluation as a Programme management tool will only be successful if the proposed targets are assessed at the application stage to ensure they are realistic and reviewed at regular intervals. This plan builds on all these areas, thereby ensuring evaluation is an essential programming tool which adds value rather than being an additional burden.

Lasting Legacy

18. In order for Structural Funds to achieve maximum impact and leave a lasting legacy in Scotland, the money must be used effectively and efficiently. A good example of progress in this area is already evident from the recent Socio-Economic and Policy Spot-check evaluations, undertaken from January to March 2009. Evaluation is therefore becoming a key factor in determining this, and will contribute to long term planning and the development of exit strategies. This is likely to be our last round of significant funding, due to the continuing budget pressures caused by enlargement of the EU.

19. Consideration also needs to be given to the synergy between funds and integration with domestic policy both at the Scottish Government and local level. The overall aim of Scottish Ministers is to align the Programmes with domestic priorities in order to ensure that the Funds will leave a lasting legacy. The synergy between the funds is important here as it further demonstrates the integration both with and across national policies. In particular with regard to the horizontal themes (equal opportunities, sustainable development and social inclusion) and cross cutting issues (increasing sustainable employment, encouraging innovation). The main aim of evaluation is to assess the impact of the interventions, however, evaluation also needs to take account of all public sector intervention and consider the overall legacy, including that of process.

EVALUATION CYCLE

20. The evaluation cycle can be broken down into three main phases, as required by the Commission: **ex-ante**, **on-going** and **ex-post** evaluations. In addition to this, we will be required to carry out strategic reporting. Strategic reporting relates to the contribution of cohesion policy to the Lisbon objectives. It includes two strands; the *Lisbon process reporting framework* (Article 28(1) and 30(1) of Regulation 1083/2006); and the *Cohesion policy reporting framework* (Article 29(2) and (3) and Article 30(2) and (3) of Regulation 1083/2006). Under the Lisbon reporting we are required to carry out Annual Implementation Reports which will form the basis of the annual review process. The AIRs are sent to the Europe and External Relations Committee and the Economy, Energy and Tourism Committee of the Scottish Parliament, in addition to the European Commission and the PMC.

21. In order to allow a measure of consistency across Scotland, indicators have been developed, which will demonstrate how well objectives are being achieved, as well as supplying comparable information on the horizontal themes (Annex E). However, the methodology and terms of reference for carrying out the evaluations will need to remain flexible in order to take into account the particular needs of the different Programme areas. Further details on evaluation information and methodologies can be found at Annex A. Quantitative data will form the bulk of the information collected quarterly from projects, however qualitative information can also provide valuable insight, in particular with the use of soft indicators in assessing ESF programmes. The evaluation cycle is illustrated by the flow chart at Annex B.

The UK Context

22. In terms of monitoring and evaluation data provision to the Commission, information is submitted at Programme level. With respect to ESF, the forum to achieve consistency of approach to evaluation is through the UK ESF Managing Authorities Evaluation Standing Group, which meets up to twice a year. It will continue to ensure that appropriate issues are examined, that findings are disseminated and to share good practice across the UK's ESF programmes. There are representatives from ESF Managing Authorities and evaluation teams in Northern Ireland, Scotland, Wales and England. There are also regular UK Implementation Steering Group and UK Implementation Policy Steering Group video-conferences, both of which offer the opportunity to raise evaluation issues throughout the UK.

23. The UK activity above feeds into the DG Employment ESF Partnership Meeting and Regio Evaluation Network meetings that meet 3 times a year or so in Brussels (or by invite from another Member State). Again, Scotland participates fully in these meetings. The meetings include officials from all 27 Member States and are a forum to gain guidance from the Commission and also share good practice.

Ex-ante Evaluations

24. Ex-ante evaluations are required by the Commission and are the responsibility of the Managing Authority (Article 48 of Regulation 1083/2006). They have played a significant part in the evolution of the OPs. Ex-ante evaluators for each Programme were appointed at the beginning of the planning process and have since worked closely with the Programme teams. This has been an iterative process and they have provided feedback and guidance, both informally and through written reports, and have liaised with the Commission to ensure the content of the OPs conform to their requirements. The final versions of the ex-ante evaluations have been included in the final versions of the OPs.

The On-going Evaluation Approach

25. Regulation 1083/2006 emphasises the need for **on-going evaluation** during the Programme implementation period. There is no longer a need for the big fixed-point, mid-term evaluations or mid-term evaluation updates in new Programmes as there was in previous Programmes. The mid-term evaluation reported on what had been achieved to date within the Programme and usually took place halfway through the programming period. It involved the Commission, the Member State, Managing Authority, Monitoring Committees and evaluators. The purpose of this evaluation was to identify any changes that should be made to the Programme in order to maximise its longer term impact. The purpose of the mid-term update was to provide an update

on the implementation of the recommendations made by the mid-term evaluation and to assess the impact and added value of the Programme.

26. The problems with mid-term evaluations were that they were too rigid, had broad requirements and were not adapted to specific needs. Due to its questionable value, the Commission replaced mid-term evaluation with on-going evaluation, creating a shift from regulation-based to more pragmatic and concrete needs-based evaluation.
27. The working paper No. 5 defines on-going evaluation as a process that takes the form of a series of evaluation exercises. Its purpose is to track the implementation and delivery of the OPs on an ongoing basis and highlight any changes due to external factors that may impact on the deliverables (results, targets) of the OPs. It should also react to these changes by taking corrective action if necessary. It is also expected to complement monitoring activity and aid decision making.
28. Although the Commission recommends ongoing evaluation it also asks for a **flexible approach** to evaluation. Evaluation should be undertaken and designed in accordance with the needs of each Member State. But Member States must be proactive in identifying real or potential difficulties which could lead to evaluation. The demand may come from policy (strategic) issues or more specific operational issues.
29. However the Commission identified two specific cases when Member States must carry out evaluation. First where the monitoring of operational Programmes reveals a significant departure³ from the initial annual goals/targets set:

“During the programming period, Member States shall carry out evaluations linked to the monitoring of operational Programmes, in particular where that monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of operational programmes, as referred to in Article 33. The results shall be sent to the monitoring committee for the operational Programme and to the Commission”⁴.

As part of the annual Programme review process, the Commission can comment on any apparent significant departure from targets and suggest that the Managing Authority considers examination/evaluation of the performance. The Managing Authority will formally respond with its view. Should an evaluation take place, it will be managed through the Monitoring & Evaluation Group.

30. Second, when operational Programme revisions are proposed:

“At the initiative of the Member State, or the Commission in agreement with the Member State concerned, Operational Programmes may be re-examined and, if necessary, the remainder of the Programme revised, in one or more of the following cases:

- a) following significant socio-economic changes;
- b) in order to take greater or different account of major changes in Community, national or regional priorities;
- c) in light of the evaluation referred to in Article 48(3); or
- d) following implementation difficulties”⁵.

³ Working doc no 5, p.8 (we need further discussion with the Cn and other UK colleagues over this)

⁴ Council Regulation (EC) No 1083/2006 of 11 July 2006, Article 48[3]

⁵ Council Regulation (EC) No 1083/2006 of 11 July 2006, Article 33[1]

31. It is important that there is a fair and proportionate balance in ESF and ERDF evaluations undertaken as part of this Programme of ongoing evaluations. The Scottish Government will ensure that such a balance is struck through the overseer role of the Monitoring & Evaluation Group.

Core Indicators and Project Progress Monitoring

32. In order to develop a consistent approach to ongoing monitoring and evaluation in Scotland, a set of core indicators have been developed, based on, and consistent with, the approach in each Programme area. This was done through engagement with our stakeholders through a number of stakeholder workshops that were held across Scotland in 2006 and 2007. While it is important to know what has been achieved in each of the Programme areas, it is equally important, in order to judge the overall effectiveness of Programme implementation within Scotland, to know what is being achieved across Scotland. They allow us to be able to put achievements in each area into context and to be able to measure like with like and to compare and contrast results. The aim is to put in place a comparable, comprehensive system to ensure that the core indicators are being collected to the same level in all areas, using the same units of measurement, with each indicator defined in exactly the same way.
33. The approach to indicators and targets in the Scottish OPs has been designed to comply with the relevant regulations and has been fully informed by Commission guidance. These include the following documents:
- Structural Funds Regulation 1083/06 Article 37.1
 - ESF and ERDF Regulations
 - Working Paper 2: *Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators*
 - Working Paper 3: *Indicators for monitoring and evaluation: an indicative methodology*
 - Working Paper 5: *Indicative Guidelines on Evaluation Methods: Evaluation during the Programme Period*
 - Working Paper 6: *Measuring Structural Funds Employment Effects*
34. In line with Commission guidance, a 'life-cycle' approach to designating indicators has been used. Under each priority, and for the Programmes as a whole, indicators are identified which distinguish between:
- outputs: as a measurement of initial directly-funded activity;
 - results: as a measurement of the interim direct and immediate effects on actual beneficiaries; and
 - impacts: the longer-term effects arising from the funded actions.
35. The choice of indicators also takes account of the need to measure not just gross but net effects of actions as well (i.e. taking account of substitution, additionality, displacement and other indirect effects).
36. In our approach we have distinguished between indicators on which we will report for information, and indicators on which we are setting targets to track Programme performance. For information purposes, there are a number of fields on which ESF Programmes in particular will gather data and provide regular reports to the

Commission. This is being done in line with the reporting obligations of Annex XXIII of the Commission's Implementing Regulation and includes the following information on beneficiaries:

- employment status;
- age range;
- vulnerable groups, including minorities/migrants and disabled individuals; and
- educational attainment.

37. However, the Programmes did not necessarily set targets for all these indicators. Targets were only drawn up for outputs and results indicators that directly reflect on the explicit aims and activities of the individual priorities.
38. Impact indicators typically have not had targets set, owing to the significant methodological problems of calculating net effects and counterfactuals where EU funding is relatively small with respect to the size of the regional economy it targets.
39. The indicators and targets have been developed on the basis of parallel research exercises. First, the past experience of previous Programmes was examined by analysts in the European Structural Funds Division to guide target-setting for equivalent indicators in the 2007-13 Programmes. In particular, performance on the 2000-06 Objective 3 and the Highlands & Islands Special Transitional Programmes were assessed through the AIRs. These were used to provide realistic estimates for the targets for the 2007-13 period. The mid-term evaluations and mid-term evaluation updates of the Scottish ESF Programmes were also used to assess the robustness of future indicators. Recommendations set out in those evaluation reports on monitoring and evaluation have informed the development of 2007-13 systems and procedures.
40. Second, key studies of the 2000-06 Programmes were used to determine appropriate targets. A GB-wide beneficiaries survey was commissioned of MORI in 2005 to follow up individual beneficiaries of projects supported under the ESF programmes. For this research, separate surveys were conducted in England, Wales and Scotland, building on similar work conducted in earlier years and carried out by MORI. It provided detailed analysis of impacts on beneficiaries of different activities and priorities. In addition, as part of the mid-term evaluation update in 2005, a specialist study was commissioned of EKOS Consultants to review the effectiveness of social inclusion activities within the Objective 3, Objective 2 West of Scotland and the Highlands & Islands Special Transitional Programmes for 2000-06. Again, the study contained useful information on impacts. Third, a special study on indicators and targets for the 2007-13 Programmes was commissioned of DTZ. The recommendations of the report – which included specific suggestions for indicators under different priorities – have shaped the choice and definition of indicators in the draft OPs.
41. Lastly, as targeting progressed, use was made of the 1998 EKOS benchmark study on impacts of different Structural Funds-supported actions. Although conducted some time ago, the study set out useful cost-per-job benchmark comparators against which the performance of the 2000-06 Programmes could be tested and the targets for the 2007-13 Programmes be estimated.
42. Finally, where appropriate, baselines have been set in each of the individual OPs at priority level. These baselines will enable measurement of the impact of the Programme on the key areas of activity within each priority. Attribution of Structural

Funds intervention to wider impacts will need to be treated with caution because of the methodological difficulties inherent in isolating the role of the Structural Funds.

43. In order to do this the Scottish Government, in partnership with key stakeholders, has taken all of the indicators that will be used across Scotland, defined them in the Notes for Applicants⁶ and agreed the level and extent of monitoring to be applied to each. This has been built into EUROSYS⁷, the Scottish Government's on-line project management system. The application process set the baselines for monitoring information and these baselines are agreed with the project in the finalised offer of grant package.
44. The offer of grant package also sets out the various milestone dates for the project to produce quarterly claim and progress reports (PRCs). These PRCs are mandatory and the project progress section is required regardless of whether the project has nil expenditure to claim. This means information collected at the beginning, through the project's application, is then monitored through each quarterly PRC.
45. These PRCs are used to inform the project's overall progress towards its agreed targets. Each project's PRC is marked by IAB and Scottish Government managers on the basis of a Red, Amber or Green risk status. A project showing a marked default from its targets or financial profile will be marked accordingly for follow-up action. Late submission of PRCs also counts toward the appropriate risk status being automated 'upwards' on the project. Projects with either an amber or red status will require intervention of differing degrees, with the ultimate sanction of early decommitment if the project is clearly not fulfilling its obligations.
46. This process of ongoing monitoring will help to inform and trigger evaluation, where it reveals a significant departure from the goals initially set. Over the coming months EUROSYS will produce key management information at project, priority and Programme level. Each level will allow the IAB Programme Managers and the Portfolio Managers in the Managing Authority to determine any cause for concern.
47. The Business Management and Support Team in ESF Division, which sits outside the Managing Authority, will oversee the overall performance management of the Programmes and report directly to the Head of European Structural Funds on a regular basis.
48. Finally, each project is required to complete a mandatory Final Progress Report, which additionally asks self-evaluation questions of the project. This will assist any subsequent evaluation looking at the progress and learning points for the Programme as a whole.
49. The processes outlined above thereby significantly reduce the need for additional data gathering exercises. EUROSYS will aim to provide real-time information to allow analysis of project, priority and Programme performance at any time and is sufficiently flexible to respond to ad hoc requests for information.

Annual Implementation Reports

50. To comply with Articles 67, 10, 57, 65, 68 and 86 of Regulation 1083/2006 and Articles 11(2) and (3), 40 (1)e and (2)f and Annex XVIII of the Implementing

⁶ Available at <http://www.esep.co.uk/02-applications-stage-two.html> or <http://www.hipp.org.uk/new/downloads-applicationprocess.asp?cat=43>

⁷ The new information system will be in place by April 2008.

Regulation, the Scottish Government must submit AIRs to the European Commission within six months of the end of each full calendar year of implementation. The reports allow:

- review of the Programme's performance;
- clear key information for PMCs;
- the basis for discussion between the MA and the Commission during the annual review process; and
- a precondition for interim payments.

51. The main differences with the previous 2000-06 programme period are two-fold. The first is that the main tool for measuring progress is the indicators. Second, the AIR is to be provided electronically on a common structure provided in Annex XVIII. Other differences are:

- presentation of OP contribution to the Lisbon Agenda for Jobs and Growth and the European Employment Strategy, information on cohesion spending on categories of expenditure earmarked for Lisbon activity, as set out in Annex IV of Regulation 1083/2006;
- inclusion of information on steps taken to deal with problems in compliance with community law;
- inclusion of information on substantial modifications, demonstration of complementarity with other EU instruments such as the European Fisheries Fund and the financial instruments of the European Investment Bank (EIB);
- assistance to target groups (in accordance with Annex XVIII of the Implementing Regulation) as well as information on cross-financing; and
- information on the use of JEREMIE⁸ and JESSICA⁹.

52. A general framework has been adopted to assist with drawing up these reports and to ensure consistency, allowing the collation of Scotland, UK and Community-wide reports. The flow chart originally produced at Annex C summarised the early process. Further guidance on the format and timetable for both the AIRs and the annual review process is at Annex D. In brief the AIRs should be submitted by the MA to the Commission for the first time in 2008 and thereafter by 30 June each year. The final report to be with the Commission by March 2017. The structure is summarised in this plan at Annex D.

Annual Review Process

53. The annual review process is an essential part of using evaluation as a Programme management tool and on completion the AIRs will go to the relevant PMC. In addition, these will be sent for information to the European and External Relations Committee and the Enterprise Energy and Tourism Committee of the Scottish Parliament. To assist readers, the AIRs will include a useful Executive Summary and will be widely disseminated to key groups, such as those identified under Article 5 of Regulation 1083/2006. It is recognised however that the format of AIRs is very much prescribed by the Reports having to be input onto the Commission's SFC 2007 database.

⁸ Joint European Resources for Micro to Medium Enterprises

⁹ Joint European Support for Sustainable Investment in City Areas

On-going Evaluations

54. It will be essential to undertake ongoing evaluations on an ad-hoc and often thematic basis at a Scotland level, Programme level or priority level. The necessity for these is dictated by a range of factors resulting from the annual review process or over/under-performance of a priority, as identified by the Managing Authority, and would be undertaken by an independent consultant commissioned by the Scottish Government. It is essential to retain flexibility in how and when these evaluations are undertaken in order for specific Programme and priority issues to be addressed and to maintain efficiency and effectiveness. Therefore the methodology for evaluations cannot be prescriptive, particularly with regard to qualitative data which can provide useful additional information. Even if undertaking a Scotland-wide evaluation, flexibility within terms of reference must be retained. By our use of a pre-tendered list of approved consultants to undertake this work, we are now able to respond more quickly to any concerns raised and to kick-start evaluations earlier than under the previous system of tendering.
55. Evaluations on a thematic basis will cover the horizontal themes of the Programmes (equal opportunities, environmental sustainability and social inclusion) as well as vertical issues targeted by each of the priorities (such as community regeneration and entrepreneurship). Specific evaluations will also be commissioned on delivery of aspects of the Programmes by the Strategic Delivery Bodies, the Global Grants Body for Priority 4 of the Lowlands & Uplands Scotland (LUPS) ERDF Programme and the Community Planning Partnerships under Priority 1 of the LUPS ESF Programme and Priority 3 of the LUPS ERDF Programme. It will also include ESF beneficiary surveys, as identified through future meetings of MEG.
56. As already noted, there will be a fair balance of ESF and ERDF evaluations undertaken on an ongoing basis.

Ex-post Evaluation

57. The Commission has primary responsibility for the ex-post evaluation in collaboration with the Managing Authority (Article 49 of Regulation 1083/2006). The aim is to compare the expected objectives with those actually achieved by looking at the impact and utilisation of resources to determine the effectiveness and efficiency of the assistance. The evaluation will cover the factors which contributed to the overall success or failure of implementation and the achievements and results, including their sustainability. This evaluation must be carried out by an independent evaluator within three years of the end of the programming period and must be agreed by the Commission. The Commission is currently in the final processes for reporting on ex-post evaluations of 2000-06 programmes. Arrangements for dissemination of results from Summer 2009 are being taken forward with Member States through the DG Employment ESF Partnership and DG Regio Evaluation Network meetings.

Evaluation of SDB and CPPs Arrangements

58. The MA is also committed to evaluating projects that are supported by Strategic Delivery Bodies (SDBs) and Community Planning Partnerships (CPP) arrangements. As specific delivery bodies under the Programmes, these bodies will be delivering multi-year outcome agreements under several of the priorities. The agreements will be evaluated towards the end of the funding period with a view to establishing their overall impact and the relative value of supporting this means of delivery.

59. The first of these, to evaluate the CPPs, has already been commissioned and work started in Spring 2009. The evaluation will be run as an 18 month 'tracking' evaluation, with quarterly reports being produced to inform MEG, PMCs, Scottish Ministers and the European Commission. A Final Report will be produced in late 2010.

Questions for Evaluation

60. The following table outlines key issues to bear in mind when carrying out evaluation.

Report	Process
• Meeting needs	• Coherent objectives
• Relevant scope	• Adequate terms of reference
• Open process	• Tender selection
• Defensible design	• Effective dialogue/feedback
• Reliable data	• Adequate information
• Sound analysis	• Good management
• Credible results	• Effective dissemination
• Impartial conclusions	○ Decision-makers
• Clear report	○ Stakeholders
• Useful recommendations	

61. It is also crucial to think about what difficulties we are likely to face. The following issues should be considered by MEG prior to carrying out an evaluation:

- Timing
- Quality of monitoring systems
- Survey issues: sampling fatigue, awareness
- Personnel changes within projects
- Assessing attribution of impacts
- Assessing counterfactual
- Capturing the influence of external factors
- Securing buy-in from partners
- Assessing appropriate evaluation experience

DISSEMINATION OF GOOD PRACTICE

Publication and Availability of Evaluation Reports

62. In order to enhance evaluation further as a Programme management tool, it is necessary to have a dissemination strategy to ensure appropriate dissemination of information and good practice to different target audiences. All publicity reports should be published in the interest of transparency and in order to stimulate public debate on evaluation findings. The simplest and most effective method for this is to use the IABs and Scottish Government websites. These will aim to promote interest in evaluation and strengthen its credibility. Information sharing will be particularly useful when undertaking evaluations on a thematic basis and trying to establish

synergy between Programmes. It will be important however, to ensure that evaluation reports are presented in an accessible format with summaries, interpretation and sign-posting. The assumption that because information is on the web it is being communicated is not always correct. Development of the Scottish Government and IABs websites will continue to be ongoing and well linked. The Communication Plan for the 2007-13 Programmes (refreshed annually) outlines plans for publishing evaluations through the Scottish Government and IABs websites.

Feedback from Annual Review Process

63. The annual review process will provide a mechanism by which annual adjustments can be made to Programmes as required and at the appropriate time. The AIR will be considered by a range of bodies (as illustrated in the flow diagram at Annex C), which will advise if the Programmes are working towards their objectives and targets. By making this assessment at an annual stage, and having on-going evaluation, monitoring and evaluation become programming tools ensuring the best value for money is achieved through the interventions. By sharing experiences lessons can be learnt about best practice.
64. Communication between IABs and projects will be critical in order to share experience and develop reliable monitoring processes. By ensuring that monitoring and evaluation is a transparent and participatory process for projects, it will add credibility to the process.

RESOURCES ALLOCATED AND CAPACITY BUILDING

65. In accordance with the principles of subsidiarity and proportionality (Article 13 of Regulation 1083/2006), Member States are responsible for monitoring their OPs, for carrying out on-going evaluations and for taking corrective measures when problems arise. In accordance with the principle of independence, 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] of Regulation 1083/2006). The independence of evaluation can also be enhanced by the presence of Steering Groups in which various stakeholders are represented. Based on these principles, in Scotland we have considered five resources for evaluation, explained below.

The Role of the Managing Authority

66. The MA has a role in ensuring the quality of the implementation of the OPs (Article 66). In Scotland the MA includes officials from European Structural Funds Division (ESFD), who will:
- decide, in consultation with the Monitoring and Evaluation Group (MEG) group, on the structure and content of the evaluation plan and ensure the existence of an administrative framework for its implementation;
 - ensure that the monitoring data on financial and physical indicators is collected and available; they should also analyse these data and offer a view about any significant departures from planned targets;
 - decide – taking account of the opinion of MEG and the PMCs – to initiate evaluations and provide for that purpose resources required from the technical assistance budget;
 - guarantee that evaluation aims are respected and quality standards observed, and

- submit evaluation results to the PMCs and the European Commission.

Programme Monitoring Committees

67. The PMCs¹⁰ will periodically review and examine the quality and the results of implementation of the Operational Programme and, in particular, progress made towards achieving targets, in terms of financial and physical indicators. Each PMC will meet at least twice a year, generally in Spring and Autumn. Analysis and discussion at the PMCs should be one of the key drivers of evaluation. The Monitoring Committees should also be actively involved in analysis of the evaluation results and recommendations, as well as using them effectively as a contribution to decision-making. The MEG will report to the PMCs.

Monitoring and Evaluation Group

68. The Commission recommends a Steering Group to oversee the evaluation plan. This group has been set up in order to promote sharing of experiences and dissemination of good practice. The group includes officials from ESFD, IABs, Highlands & Islands Enterprise, Scottish Enterprise (the latter two are key partners with significant evaluation experience as the regional development bodies for Scotland), the Scottish Government's analytical services unit and Scottish local government. Part of the role is to identify and provide intelligence on what evaluations are already out there from other sources. Members will be encouraged to network together to share that information. The group will:

- revise the evaluation plan annually.
- link into ongoing UK and European level evaluation groups
- convene in person at least twice a year.

Evaluation Steering Groups

69. The Commission also recommends the creation of Steering Groups in charge of each evaluation. Their role would be largely technical and could be defined as "guiding the evaluation process". Such Steering Groups should be responsible for overseeing specific evaluations in accordance with the evaluation plan, developing the terms of reference, identifying and managing any risks associated with the evaluation process and providing relevant information or advice which may be used by the evaluators. The members of the Steering Group should include key stakeholders of the OPs being evaluated, such as, for example, the representatives of the Managing Authority, other Scottish Government Departments involved, IABs, and/or other relevant partners. Members of the MEG would be part of these Steering Groups for individual evaluations.

External Expertise

70. To help on evaluation matters, the Commission is keen for independent evaluation as well. The ESFD are committed to single contracts for specific evaluations to be carried out in accordance with the regulatory requirements or the evaluation plan or, when decided, on an ad hoc basis to meet internal demands. We have appointed a framework contract that draws on multiple suppliers as we recognise the need to plan

¹⁰ Memberships are available through the IAB website – www.esep.co.uk and www.hipp.org.uk

early to ensure we get the best available consultants as the pool maybe smaller due to EU-27.

The Role of the European Commission

71. The European Commission may also carry out on-going evaluations at its own initiative, in partnership with the Member States. However, in line with the above principles, it will only conduct such evaluations where necessary and where they are more effective than evaluations undertaken by the Member States (e.g. strategic evaluations having an EU-wide dimension).

IT Monitoring System

72. Monitoring is a process that provides Project Managers of a Programme or project with early indications of progress, or lack thereof, in meeting the objectives. Monitoring is closely related to evaluation in that it provides quantitative and qualitative data using chosen indicators. This data serves as inputs into evaluation exercises.

SYNERGY BETWEEN FUNDS AND THE OVERALL ECONOMY

Impacts of Structural Funds Interventions

73. There is some debate as to the real and perceived added value of Structural Funds interventions. It can be argued that if something is a priority it will be delivered through domestic Programmes in any case, and therefore any Structural Funds project would be a secondary priority by definition. However, in order to get Structural Funds assistance each application goes through a critical selection process where only those projects which will add value receive approval. The aim for this round of Programmes is that every intervention is consistent with domestic priorities for economic development, as stated in the Scottish Government's Economic Strategy. There will therefore be synergy between Funds as they are all working towards the same goal as set out in the Government Economic Strategy.

74. The Economic Strategy establishes the economic rationale for economic development and specifies Scottish Government policy concerning Structural Funds: "Scottish Ministers have stated their aim of ensuring that Structural Funds are used effectively, efficiently and leave a lasting legacy in a way that complements their overall policy objectives." The commitment to deliver Structural Funds effectively and efficiently, as well as in accordance with overall policy objectives, requires effective monitoring and evaluation of Structural Fund intervention.

75. Delivering Structural Funds within the overall economic development policy for Scotland allows for the maximum use of the intervention by being able to deliver objectives which sometimes extend beyond or are additional to the national priorities, therefore adding value. It also allows for the development of exit strategies building on both the delivery of the objectives in the Operational Programmes and on Scotland's national priorities, learning from experience how best to take measures forward.

Synergy between Funds

76. In order to ensure that Structural Funds are implemented in accordance with the principles above, it is necessary to consider a range of common core indicators to allow for comparison of the delivery of common measures across Programmes. The indicators have been designed to take into account the European Commission horizontal themes of equal opportunities and sustainable development, as well as the Scottish Government priority of social inclusion and to be applicable to both ERDF and ESF.

Horizontal Priorities

77. The 2007-13 programmes will have three sets of key policy priorities that will cut across all priorities and Programmes. In essence, all projects will be expected to address these priorities and demonstrate that they have been mainstreamed into the design and delivery of their activities. The importance of the themes are reflected in the eligible activities under the different priorities, the indicators for measuring outputs, results and impacts and the scoring system for appraising applications. Consequently, it is critical that the impact of these horizontal themes are fully evaluated at an appropriate juncture in the programming period. The three themes are: environmental sustainability; equal opportunities; and social inclusion.

SUSTAINABILITY AND EXIT STRATEGY

Legacy of 2007-13 Programme Period

78. Scottish Ministers have stated that this round of Structural Funds Programmes should be streamlined and transparent and designed to achieve maximum impact so as to leave a lasting legacy. The process should emphasis opportunities for strategic review, the accountability of the parties concerned and a focus on the effectiveness of Programme delivery. In essence, this means Scotland must have a robust monitoring and evaluation framework in order to fulfil these Ministerial recommendations. Furthermore, the establishment of evaluation processes and their transfer to domestic programmes is a legacy in itself.

Transfer of Good Practice to Domestic Programmes

79. Many aspects of Programme delivery are transferable to domestic actions, and may present innovative and efficient policy management tools. It is therefore essential to strengthen the links between domestic Programmes, Structural Funds Programmes and Community Initiatives to disseminate good practice, share experience and identify areas for improvement. The development of evaluation as a Programme management tool must be wider than just the Structural Funds context in order to maximise both the use of evaluation itself and the integration of links between Programme implementation and delivery. This is particularly important in the context of enlargement of the EU and a potential reduction in receipts of Structural Funds in Scotland for future programming rounds.

Co-ordination with other Domestic Evaluation Activities

80. In order to fully integrate Structural Funds interventions into other domestic activities, it will be necessary to co-ordinate with other domestic evaluation activities. This is a practical step for both now and the future as Structural Funds make up only part of the wider public sector interventions. More comprehensive evaluation exercises, looking at the range of interventions in parallel, will provide quantitative information

about the overall impact and also provide evidence upon which to develop future policy.

SUMMARY

Benefits

81. Evaluation is not just an activity carried out to comply with the regulatory requirements set out by the European Union, but is a valuable programming tool which adds value to the Structural Funds implementation and management process. With accurate monitoring data, evaluation can be used to ensure Programmes are meeting their objectives. The use of on-going evaluation, a relatively new area to date, can provide further qualitative data on progress and impact and their use should be pioneered in innovative and constructive ways.

Regulatory and Political Requirements

82. The evaluation strategy is driven by both regulatory requirements and Ministerial commitments. Both of these aim to improve the implementation of this round of Programmes by strengthening the monitoring and evaluation aspects in order to ensure value for money, meeting of objectives, and a streamlined, efficient and transparent process.

Partnership

83. Working in partnership is the key to both successful evaluation and administration of assistance. Full participation from partners through the whole process of managing and delivering the Programmes is necessary in order to achieve the aims and objectives of the Programmes and the political and regulatory requirements, and in order to leave a lasting legacy as a result of the 2007-13 programming round. The benefits of using evaluation as a programming tool can only be utilised by commitment from all partners.

COMPLETED AND PLANNED EVALUATION ACTIVITIES AND REPORTS

Process Evaluations

Evaluation	Scope	Key questions	Dissemination	Timetable	Who will evaluate (internal/external)	Structure of steering group (where known)
Evaluation of shadow round projects (1 st Beneficiaries Survey)	All Shadow Round projects of 2 ESF Programmes (first commitment as a Beneficiaries Survey to be completed by end 2009)	Did the supported projects target the hardest-to-reach in the labour force?	Scottish Government/ IAB websites	Final Report - June 2009 (commitment in Operational Programmes for end December 2009)	External	<ul style="list-style-type: none"> • Paula Docherty/Wilma Price* (SG - ESF) • Mabel Hildebrand (SG - ESF) • Miranda McIntosh/Jacqui Feeney* (SG - ESF) • Anthony Moulds/Raakhi Odedra* (SG - Analytical Services) • Liz Catterson (SG – Workforce Plus)
Framework Evaluation Contract	Bid to put together pool of potential tenderers for all Structural Funds evaluations up to end 2010	N/A	Scottish Government/ IAB websites	Appointed September 2008	External	<ul style="list-style-type: none"> • Miranda McIntosh (SG – ESF) • Billy McLaren (SG – ESF) • Chris Garbutt (SG – Procurement)
Community Planning Partnerships in the LUPS area	Evaluation of successful CPP bids	How effective have the CPP projects been? What future lessons on this partnership approach	Scottish Government/ IAB websites	Contract appointed – April 2009 Final Report – November 2010	External	<ul style="list-style-type: none"> • Jacqui Feeney (SG – ESF) • Brenda Russell (SG – ESF) • Pearce Stewart

		can be learnt?				(SG – ESF) <ul style="list-style-type: none"> • Tony McGale (SG – ESF) • Muriel Mackenzie (ESEP Ltd) • Andy Lee (North Ayrshire Council) • Raakhi Odedra (SG – Analytical Services)
Strategic Report 2009 (Article 29)	To be discussed at MEG mid June 2009	In accordance with Commission's <i>Information Note: Indicative Structure for National Strategic Reports 2009</i>	tbc	Discussed at MEG (6). Project plan to be prepared for internal/IAB approach. UK response by end 2009.	Internal	<ul style="list-style-type: none"> • tbc
Strategic Delivery Bodies (SDBs)	Evaluation of successful SDB bids in UHI, HIE and SEN	How effective have the CPP projects been? What future lessons on this partnership approach can be learnt?	Scottish Government/ IAB websites	Further discussion at MEG (7) in September 2009 – discussions required on when to start. Agreed by Steering Group to do as one evaluation (15 June 2009).	External	<ul style="list-style-type: none"> • tbc
Evaluation of IAB activity	Future role for IABs	tbc	Post contract negotiations	Commitment in Operational Programmes for end December 2009 – now expected to start 2010 (once Management Control System is fully operational).	External	<ul style="list-style-type: none"> • tbc
Evaluation of Global Grant Body	*to be combined with above	tbc	Post contract negotiations	Commitment in Operational Programmes for end December 2009 – now expected to start 2010	External	<ul style="list-style-type: none"> • tbc

				(once Management Control System is fully operational)		
Publicity (1 st review)	Impact of programme publicity measures – required as part of AIR 2010 (submitted June 2011)	How effective have the publicity activities of the different programmes been? What messages have been communicated?	Scottish Government/ IAB websites	Early 2010 – draft specification Early 2011 – external review complete.	External	• tbc
2 nd Beneficiaries Survey	Selected survey of ESF participants	tbc	tbc	Commitment in Operational Programmes – end December 2011. To be guided by DG Emploi advice on longitudinal approaches (initial discussions due at ESF Partnership Meeting in June 2009)	External	• tbc
3 rd Beneficiaries Survey	Selected survey of ESF participants	tbc	tbc	Commitment in Operational Programmes – end December 2014	External	• tbc
Publicity (2 nd review)	Impact of programme publicity measures – required as part of final Report 2014/15	How effective have the publicity activities of the different programmes been? What messages have been communicated?	Scottish Government/ IAB websites	tbc	External	• tbc

Thematic Evaluations

List of currently-planned evaluations	Scope	Key questions	Dissemination	Timetable	Who will evaluate (internal/external)	Structure of steering group (where known)
Socio-Economic and Policy Spot-check Report – Lowlands and Uplands Scotland	To assess measures that can be taken with remaining Funds to help with counter recessionary project activity	How can LUPS programmes further assist counter-recessionary measures and policies to aid economic recovery?	Scottish Government website	Final Report – March 2009	Internal	<ul style="list-style-type: none"> • John Rigg (SG – ESF) • Billy McLaren (SG – ESF) • Jacqui Feeney (SG – ESF) • Mabel Hildebrand (SG – ESF) • David Souter (SG – ESF) • Nigel Lindsey (SG – ESF)
Socio-Economic and Policy Spot-check Report – Highlands and Islands	To assess measures that can be taken with remaining Funds to help with counter recessionary project activity	How can H&I programmes further assist counter-recessionary measures and policies to aid economic recovery?	Scottish Government website	Final Report – March 2009* *addendum due June	Internal	<ul style="list-style-type: none"> • Jim Millard (SG – ESF) • Billy McLaren (SG – ESF) • Jacqui Feeney (SG – ESF)
Horizontal Themes Evaluation	To be discussed in MEG in mid-2009	tbc	tbc	Further discussion at MEG (7) in September 2009 – awaiting views on Commission's approach to gender mainstreaming across Europe (paper in development)	tbc	<ul style="list-style-type: none"> • tbc
Added Value of European	Possible future evaluation	tbc	tbc	Further discussion at MEG (7) in September 2009 –	tbc	<ul style="list-style-type: none"> • tbc

Structural Funds				awaiting views on Commission's Community Added Value approach		
Venture Capital Funds Evaluation	Probable future evaluation covering all loan funds (Scottish Venture Fund, Scottish Co-Investment Fund II and West of Scotland Loan Fund).	tbc	tbc	Further discussion at MEG (7) in September 2009. Ongoing discussions in relation to funds forming part of a Scottish Investment Bank.	• tbc	• tbc

Project Specific Evaluations*

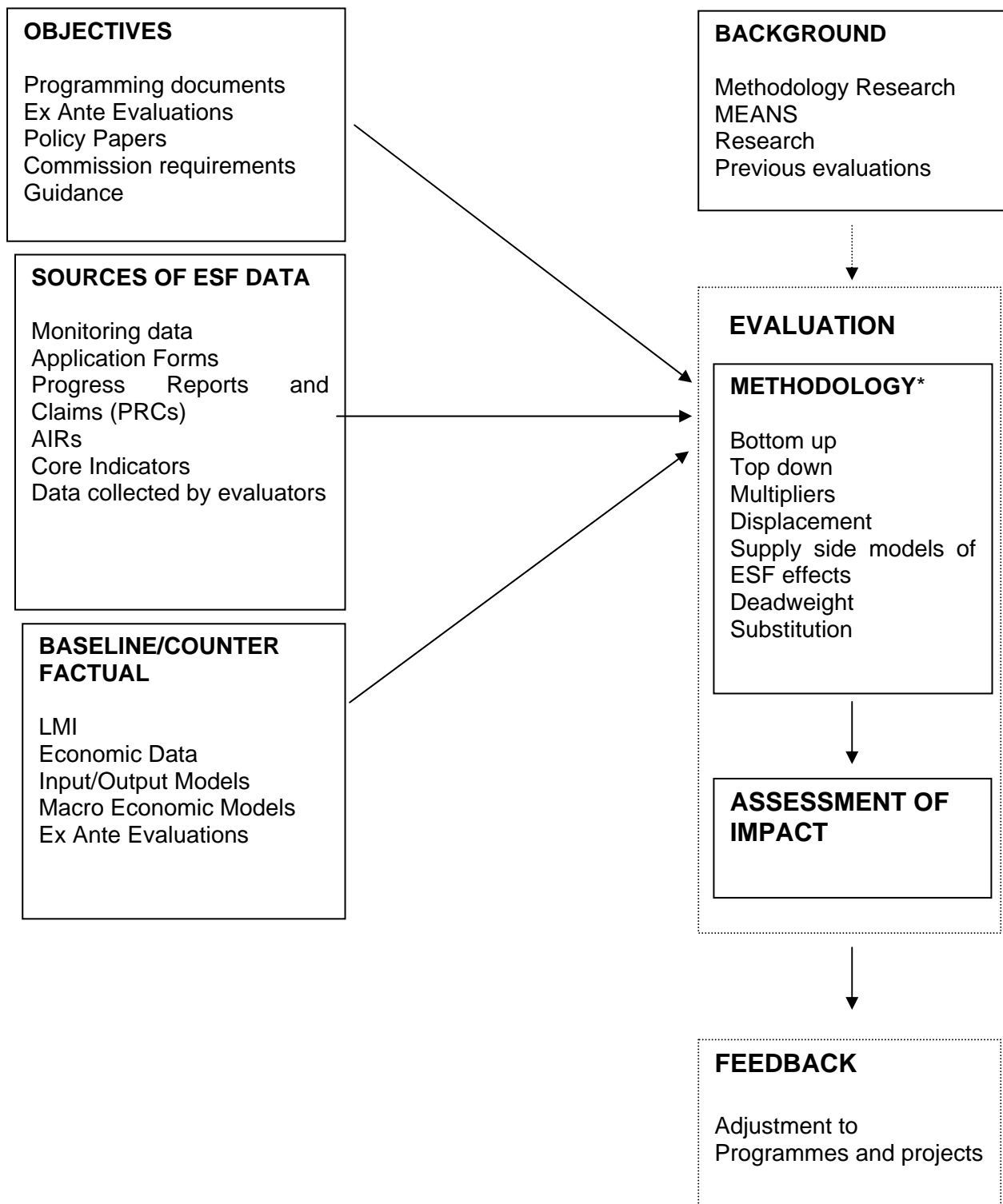
(*e.g. projects awarded with an award value of over £5m and MEG decision on whether independent evaluation will be undertaken)

List of currently-planned evaluations	Scope	Key questions	Dissemination	Timetable	Who will evaluate (internal/external)	Structure of steering group (where known)
SMART Scotland project (a plus £5m award project)	Possible only – project being approached to determine if it has an evaluation already planned.	Project based	Tbc	Agreement on progressing at MEG (7) in September 2009	External	• tbc
Scottish Enterprise – Translational Medicine Research Collaboration (a plus £5m award project)	Possible only – project being approached to determine if it has an evaluation already planned.	Project based	tbc	Agreement on progressing at MEG (7) in September 2009	External	• tbc

ANNEX A

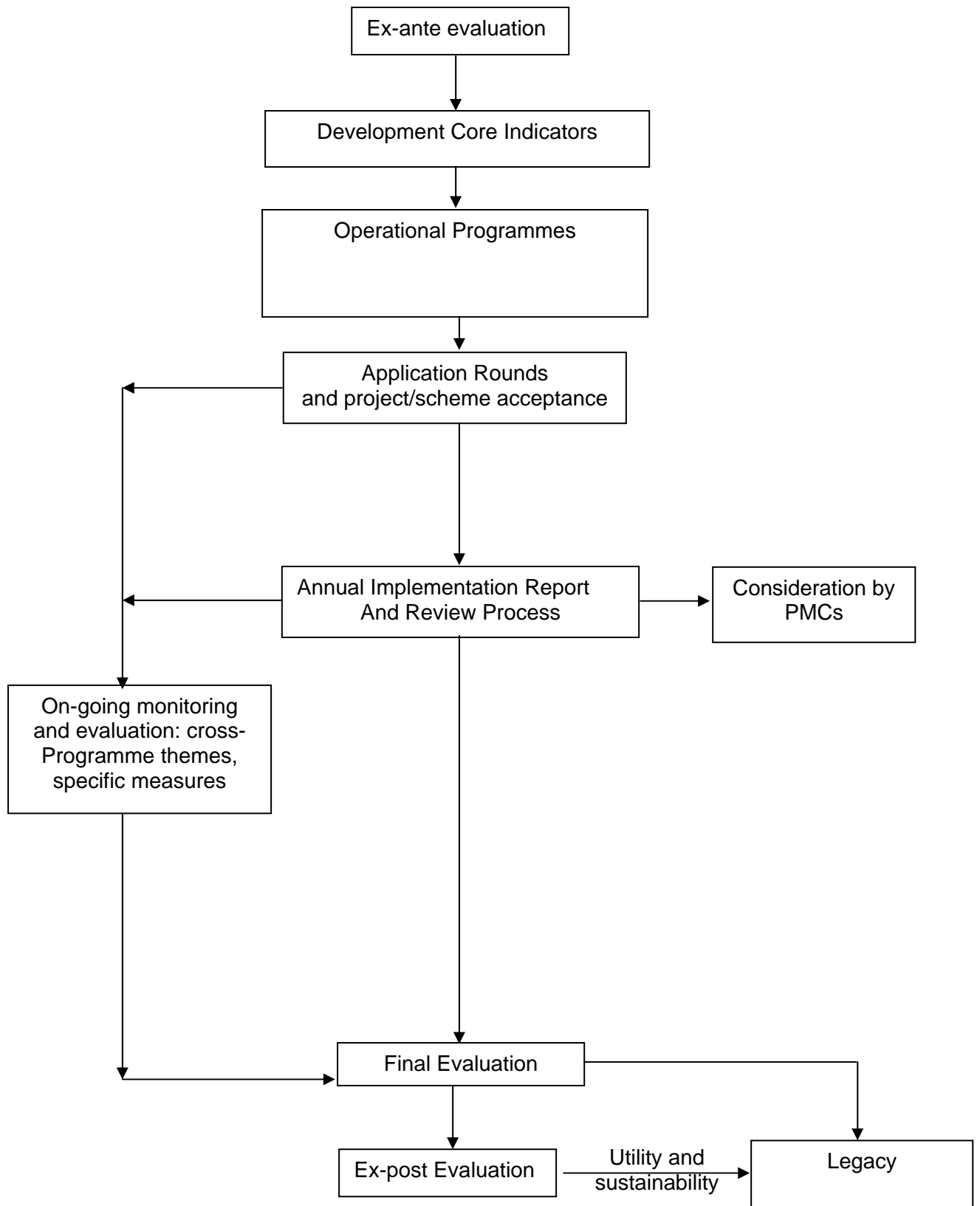
EVALUATION INFORMATION AND METHODOLOGIES

1. The main emphasis in evaluation methodology is the practical application of economic theory. To determine the effectiveness of Structural Funds it is necessary to derive the net effect of any intervention. It is thus essential to take into account whether the Structural Fund intervention has:
 - attracted activity from elsewhere (displacement);
 - shifted benefits from one group to another (substitution);
 - had a knock-on effect on the rest of the economy (multipliers); or
 - financed a project which would not have gone ahead without the intervention.
2. The methodology employed is usually bottom up, i.e. based on project level information, which is complemented by a top down approach where possible. The bottom-up information is monitored carefully to avoid inaccurate data through problems such as double counting. The Scottish Government strives to continually improve the quality of evaluation to provide a sound under-pinning for evidence-based policy.
3. For accurate evaluations it is crucial that the results are compiled and presented by independent evaluators. The independent evaluators assess the impact which has been made on the objectives set out in the programming documents and other relevant materials. These evaluations build on the monitoring data collected by the Structural Funds, supplemented by data collected by the evaluator where appropriate. In addition, the evaluator needs to assess, as far as possible, what would have happened if the intervention had not taken place. This will probably involve assessing the situation before the intervention has taken place, as well as constructing a counterfactual scenario, which assesses what developments would have occurred without the intervention. This can require drawing on a variety of statistical sources.
4. The Scottish Government does not prescribe which methodologies are to be used by the evaluator. Rather it is up to the evaluator to detail the proposed methodology when submitting a tender. However, evaluators can build on general EU guidelines, as well as guidance and studies produced by the Scottish Government. These provide an indication of the kind of methodologies, which can be used to derive impact. The following diagram shows the relationship between the different information sources and the methodologies used in the evaluation of Structural Funds. Together, this information can be used to assess the impact of the Structural Fund intervention to feed back into the publicly funded Programmes and projects.



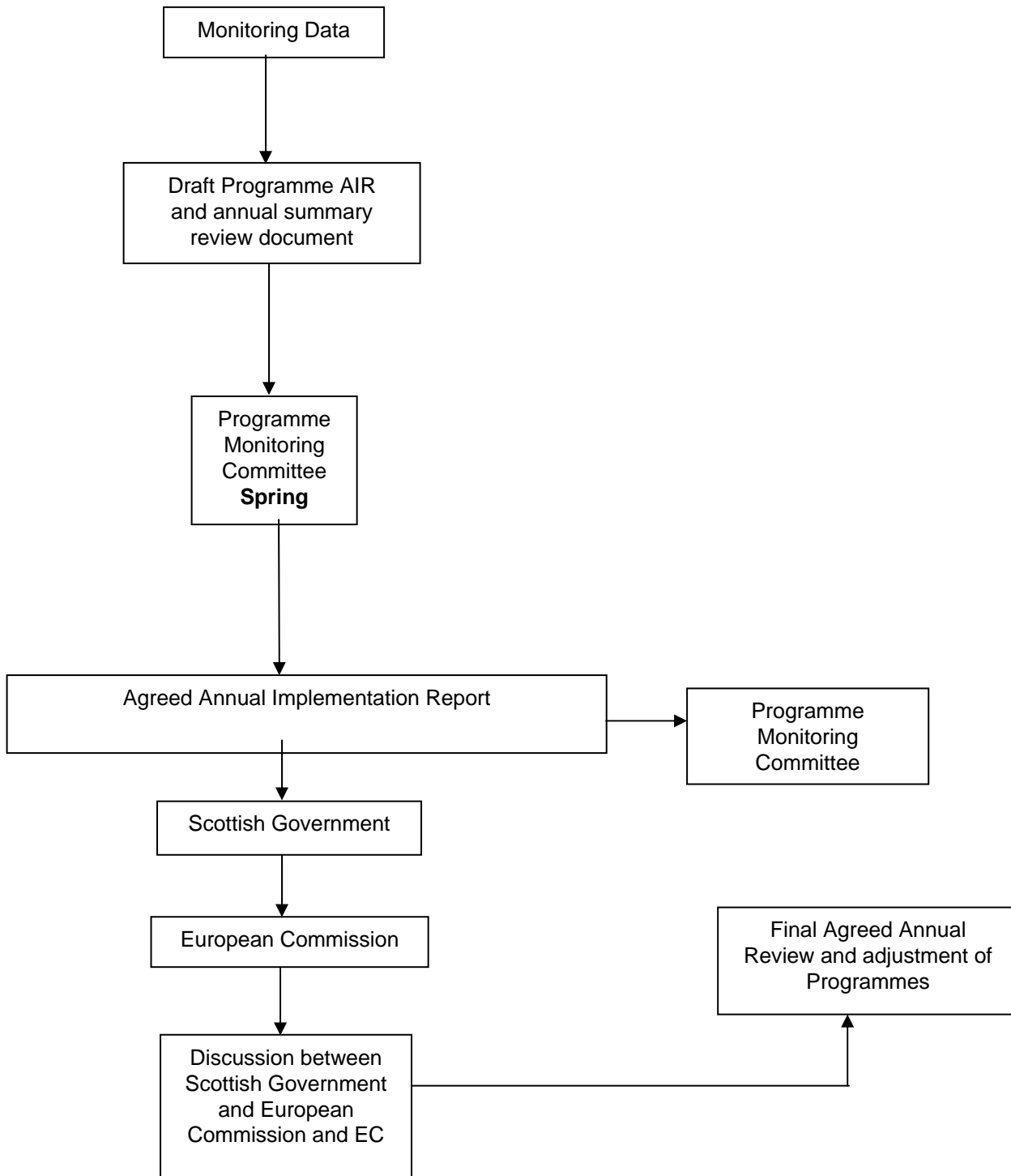
*These are examples of methodologies which may be used and are in no way prescriptive or definitive

**ANNEX B
EVALUATION PROCESS**



ANNEX C

ANNUAL REPORT AND REVIEW PROCESS



ANNEX D

PREPARATION OF ANNUAL IMPLEMENTATION PROGRESS REPORTS FOR SCOTTISH STRUCTURAL FUND PROGRAMMES: 2007-13

Background: The Past

1. Under previous rounds of European Structural Funds Programmes, the process of producing Annual Reports was to a great extent a mechanistic one. The Reports tended to be factual with little emphasis on evaluation and review of the Programmes and their implementation. In the Scottish context, there was a growing awareness during the 1994-99 Programme period of the deficiencies and inadequacies of the Annual Reporting process and the need for a new approach.
2. The EC Regulation (1260/1999) governing the European Structural Fund Programmes for 2000-2006 addressed the problems of the past by putting greater emphasis on accountability and responsibility at all levels. It also reflected the need to use the new AIRs as a Programme Management tool and a form of continuous assessment of individual Programme performance which would feed into the evaluation process.
3. For the 2000-06 Programmes in Scotland the system of Annual Reporting and Review was a 3-tier process. Firstly, following the drafting of the Annual Implementation Report, (Step 1) an internal process of review took place (Step 2) involving the Programme Monitoring Executive (PME), the Monitoring Committee and the Scottish Government.
4. This was incorporated in a Programme-based Annual Review document which was sent in draft form to the European Commission with the final Annual Implementation Report by 30 June each year. The Review document both complemented and enhanced the requirements for review laid down by Regulation. It was anticipated that it would highlight and address issues at an early stage and would provide a basis for discussion, every September, between the European Commission and the Scottish Government in the wider review process.
5. At a pan-Scotland level (Step 3) the Scottish Government produced an Annual Summary Report outlining the key issues arising from the AIRs and the draft Annual Reviews across the Programmes. This summary document was submitted for scrutiny and comment to the Scottish Co-ordination Team (SCT) and sent to the Scottish European Structural Funds Forum (SESFF) and the European Committee of the Scottish Parliament. This procedure operated in parallel with the regulatory requirement and ensured the Structural Funds Programmes were implemented in the context of wider national policies and initiatives.

The New Approach

6. For the 2007-13 Programmes the system of 3-tiers will still apply. However with some differences (outlined in para 34 of main document). The Commission has identified the main sections of the AIR to be:
 - identification data;
 - implementation of the OP;
 - implementation by priority;
 - specific ESF/ERDF issues;
 - technical Assistance; and

- information and publicity.
7. The AIRs should include concise information on physical and financial indicators and progress measured against them. Only then qualitative analysis of the achievements. Article 10 of the ESF regulation required information on actions targeting gender issues, migrants, minorities, disadvantaged groups (including disabled) and information on innovative activities and transnational and/or interregional actions.

Definition of Documents

8. **Annual Implementation Report (AIR)** The AIR will report on the implementation of each Programme each year as required by article 67 of Regulation 1083/06. This is a factual document, drafted by the IABs, with contributions from the Scottish Government on the wider economic context, reporting on the operational context, Programme administration, management and implementation, evaluation and financial control.
9. An **executive summary of AIR** will be produced for wider dissemination. This will be drafted by the IABs with final approval from the MA.

Annual Implementation Reports

10. Each year of implementation of the Programme will be reported on in the AIR. A draft AIR will be planned and drafting started within 3 months of the end of the year in question. The Report may include recommendations for adjustments to the Operational Programmes.
11. The report must be examined and approved by the Programme Monitoring Committee before being submitted to the Scottish Government. The Scottish Government will then forward the AIR to the Commission by 30 June each year.
12. Once the Commission has received the report, it shall carry out admissibility checks (Art. 67 (3) 1083/2006), which take 10 working days. Notice is sent by SFC 2007 in the case of an inadmissible report, stating what information is missing and the consequences. If the AIR is inadmissible (or no report has been sent) interim payments made after 30 June cannot be accepted. No interim payments are exchanged until an admissible report is submitted.
13. The Commission shall then carry out a quality check (Article 67(4) 1083/2006) where the Commission must react within two months. If no response has been received the AIR is deemed to be accepted. If the AIR is unsatisfactory, or needs to be improved, notice will be issued via the SFC with a justification. An admissible but unsatisfactory report does not block the interim payment. Weaknesses/points for clarification will be the subject of discussion during the Annual Review Meeting. The Commission may make comments to the Member State and MA. The MS must inform the Commission of any follow-up actions.

Adjustments to Programmes

14. Adjustments to the OPs, which require a Commission decision, will normally be undertaken through the Annual Review Process. Adjustments identified through the AIR will be agreed by the PMC and the SG before going forward to the Commission. The Commission's approval for the recommended adjustment will be sought at the same time as the approval for the AIR. The adjustments will normally be made after this time.

15. Adjustments, which are in the power of PMCs, need to be agreed by the PMC and this can be done at an earlier stage of the annual review process. Adjustments should be identified and recommended in the draft AIR and then agreed by the meeting of the PMC, prior to submission of the report to the European Committee. The adjustment can then be made and reflected in the final AIR so the Commission is made aware of it.

Procedural Steps to be taken to implement overall Report and Review Process

16. The overall process of Reporting and Review is complex. This Annex therefore provides detailed guidance on the steps to be taken by the relevant parties.

- **Stage 1.** IABs, in conjunction with the Scottish Government, to prepare draft AIR starting in January. It will remain open to the Scottish Government to clear the document with the PMC, or a subgroup of it, as appropriate. This stage is flexible in terms of involvement of Programme Management and Monitoring Committee members.
- **Stage 2.** Draft AIR to go to PMC scheduled in Spring. Adjustments to measures can be made after PMC approval.
- **Stage 3.** Draft AIR will be submitted to the Commission no later than 30 June each year. A letter will also be sent by the Ministers to the Convenors of both the Europe & External Relations Committee and the Economy, Energy and Tourism Committee in the Scottish Parliament, notifying the Parliament of the submission and providing links to the appropriate websites for the documents.
- **Stage 4.** The European Commission will submit comments on AIRs to the Scottish Government within 2 months, otherwise the report will be deemed to be accepted. The European Commission will seek a meeting with the Managing Authority, in September, to discuss the AIRs. This will also be the appropriate time to seek Commission approval to make adjustments to Programmes which require a Commission decision.

17. Results of the review process will be fed back into strategic consideration to ensure that remedial action is taken. This could be by way of changing the method of policy implementation to adapt it to meet the requirements of the existing strategy.

Format and Content of Annual Implementation Reports

18. All AIRs will be introduced by an **Executive Summary**. The Executive Summary should begin with a basic statement describing the Programme and the Programme area and a brief overview of what has happened in the area over the year that might have had an impact on the Programme. This should only refer to any activity which has had a direct effect on the Programme.

Timing

19. The material necessary to complete AIRs shall be collected and collated throughout the year to which it relates. The first full and formal draft AIR will be produced for the Spring PMCs, following the year to which the AIR relates. So the AIRs should be submitted by the MA to the Commission for the first time in 2008 and thereafter by 30 June each year. The final report to be with the Commission by March 2017.

INDICATOR TABLES

The tables below set out the definitions for each of the indicators under the different Priorities in the Programmes. Applicants under each Priority must respond to each of the indicators set out.

European Regional Development Fund – Lowlands and Uplands Scotland

Priority 1: Research and Innovation

Indicator	Definition guidance
a) Output – Number of enterprises supported.	The number of enterprises directly supported. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.
b) Output – Number of research networks and collaborations supported.	The number of research networks, collaborative projects and partnerships between enterprises, universities and other research bodies directly supported, which have the aim of developing new technologies, products, services and business processes. These should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning - should not be considered as separate projects/networks/collaborations.
c) Output – Number of renewable energy research projects supported.	The number of research projects directly supported, which have the aim of developing new technologies, products, services and business processes in renewable energy, including: <ul style="list-style-type: none"> – different forms of renewable energy (such as wave, tidal, solar, wind, bio-mass and bio-fuel) – recycling and other areas of resource efficiency, and – energy use reduction and conservation Projects should be considered a separate discrete set of activities, which

	have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.
d) Result – Number of new products and services developed by supported enterprises and research centres.	The number of new products and services developed by enterprises and research bodies, as a direct result of EU funding by the end of the second year after the project's completion. Different versions/stages of a new product or service should not be counted separately.
e) Result – Increase in turnover by supported enterprises (£mn).	The increase, in monetary terms, in turnover by enterprises as a direct result of EU funding by the end of the first year after the project's completion.
f) Result – Number of new products and services developed by supported research networks.	The number of new products and services developed by research networks – as defined above – as a direct result of EU funding by the end of the second year after the project's completion. Different versions/stages of a new product or service should not be counted separately.
g) Result – Number of gross jobs created.	The number of gross jobs that have been created as a direct result of EU funding by the end of the first year after the project's completion. This should be expressed as full-time equivalents (FTEs).

European Regional Development Fund – Lowlands and Uplands Scotland

Priority 2: Enterprise Growth

Indicator	Definition guidance
a) Output – Number of enterprises receiving financial support.	The number of enterprises directly supported (grant/loan/equity). Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance.
b) Output – Number of individuals/enterprises receiving advice/consultancy.	The number of individuals (e.g. those wishing to set up their own business) or enterprises (e.g. new start-ups requiring assistance) given direct business advice and consultancy support. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.
c) Output – Number of enterprises receiving support for e-commerce.	The number of enterprises receiving support to develop their ability to undertake e-commerce. This can include support for scoping or introducing e-commerce strategies, procedures and technologies as well as further developing existing e-commerce capabilities within enterprises. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.
d) Output – Number of enterprises receiving support for energy-saving and resource-efficiency.	The number of enterprises receiving support for activities, which directly improve energy-saving and resource efficiency within their businesses. This can include support for projects scoping, introducing or further developing business processes and technologies for increasing savings in energy, water and material inputs as well as reducing/recycling waste. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.
e) Result – Increase in turnover in supported enterprises (£mn).	The increase, in monetary terms, in turnover by enterprises that are directly supported by EU funding by the end of the first year after the project's completion.

f) Result – Number of new business starts.	The number of new business starts that have been directly supported by the project, as defined as enterprises trading for less than six months.
g) Result – Number of e-commerce strategies developed.	The number of strategies developed by enterprises committing themselves to, and setting out how they will take advantage of and take forward e-commerce technologies and services within their businesses, as a direct result of the project, by the end of the first year after the project's completion.
h) Result – Number of enterprises implementing environmental audits and energy-saving/resource-efficiency systems.	The number of enterprises putting in place new environmental audits and energy-saving and resource-efficiency initiatives that introduce or improve business products, services or processes undertaken by organisations, as a direct result of the project, by the end of the first year after the project's completion.
i) Result – Number of gross jobs created.	The number of gross jobs that have been created, as a direct result of EU funding, by the end of the first year after the project's completion. This should be expressed as full-time equivalents (FTEs).

European Regional Development Fund – Lowlands and Uplands Scotland

Priority 3: Urban Regeneration

Indicator	Definition guidance
a) Output – Number of job brokerage initiatives supported.	The number of projects which provide job brokerage and match-making services for workless and part-time individuals in the targeted areas.
b) Output – Number of ICT and e-learning facilities supported.	The number of separate facilities directly supported by the project, which provide ICT training, internet access and e-learning services to workless and part-time individuals in the targeted areas. A simple count of facilities is required.
c) Output – Number of childcare and other community facilities supported.	The number of separate facilities, directly supported by the project, which provide childcare services or other community-based services in support of workless and part-time individuals aiming to get into employment in the targeted areas. A simple count of facilities is required.
d) Output – Number of transport hub projects supported.	The number of initiatives, which enhance the availability/accessibility of transport within local communities and bring together different modes of transport for the benefit of workless and part-time individuals (e.g. bus/rail links). Moveable and large-scale infrastructure cannot be supported.
e) Output – Area of business space created or modified (m ²).	The amount of business space that has been refurbished/modified as a direct result of the project.
f) Output – Number of renewable energy and resource/energy-efficiency projects supported.	The number of projects, which directly improve energy-saving and resource efficiency within organisations and/or facilities or which aim to develop and make better use of renewable energy resources. This can include support for projects scoping, introducing or further developing business processes and technologies for increasing savings in energy, water and material inputs as well as reducing/recycling waste. Projects should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.

<p>g) Result – Increase in the number of individuals gaining employment through supported job brokerage schemes.</p>	<p>The increase in the number of individuals gaining employment through projects, which provide job brokerage and match-making services for workless and part-time individuals in the targeted areas, by the end of the first year after the project's completion.</p>
<p>h) Result – Increase in the number of individuals gaining employment through supported ICT/e-learning facilities.</p>	<p>The increase in the number of individuals gaining employment through projects encouraging ICT/e-learning facilities, by the end of the first year after the project's completion, whether part or full-time employment.</p>
<p>i) Result – Increase in the number of individuals gaining employment through supported childcare/community facilities.</p>	<p>The increase in the number of individuals who enter into employment through projects supporting childcare/community facilities, by the end of the first year after the project's completion, whether part or full-time employment.</p>
<p>j) Result – Number of enterprises supported.</p>	<p>The number of enterprises directly supported. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.</p>
<p>k) Result – Number of social enterprises supported.</p>	<p>The number of social enterprises directly supported, as defined as businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders or owners. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support or the financial equivalent.</p>
<p>l) Result – Number of gross jobs created.</p>	<p>The number of gross jobs that have been created, as a direct result of EU funding, by the end of the first year after the project's completion. This should be expressed as full-time equivalents (FTEs).</p>

European Regional Development Fund – Lowlands and Uplands Scotland

Priority 4: Rural Development

Indicator	Definition guidance
a) Output – Number of enterprises supported.	The number of enterprises directly supported. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.
b) Output – Number of e-learning/childcare and other community facilities supported.	The number of separate facilities directly supported by the project, which provide ICT training, internet access, e-learning, childcare and other community-based services to workless and part-time individuals in the targeted areas. A simple count of facilities is required.
c) Output – Area of business space created or modified (m ²).	The amount of business space – in square metres -that has been created or modified as a direct result of the project.
d) Output – Number of educational access projects supported.	The number of projects aiming to increase access of individuals and enterprises in the targeted areas to higher and further education resources and institutions. Projects should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.
e) Output – Number of local transport projects supported.	The number of projects directly supporting improved transport accessibility for local communities, particularly 'green' transport initiatives and the development of sustainable community-based transport. Projects should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects. Moveable infrastructure cannot be supported.

<p>f) Result – Number of new marketing initiatives.</p>	<p>The number of new separate initiatives introduced by enterprises to improve market and export development, as a direct result of the project, by the end of the first year after the project's completion. Within individual projects each initiative should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support or the financial equivalent.</p>
<p>g) Result – Number of enterprises introducing new supply and production processes.</p>	<p>The number of enterprises introducing new supplying arrangements and internal production processes within their businesses, as a direct result of the project, by the end of the first year after the project's completion. Within individual projects each initiative should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support or the financial equivalent.</p>
<p>h) Result – Number of enterprises benefiting from supported facilities.</p>	<p>The number of enterprises benefiting from facilities that have been supported by the project by the end of the first year after the project's completion, as defined by additional gains in the employment, turnover, product/service range, exporting capability, R&D/innovation capacity and productivity of their businesses.</p>
<p>i) Result – Occupancy rates of business space by the end of the Programme.</p>	<p>The occupancy rates of business space directly supported by the project by the end of 2013.</p>
<p>j) Result – Number of gross jobs created.</p>	<p>The number of gross jobs that have been created as a direct result of EU funding, by the end of the first year after the project's completion. This should be expressed as full-time equivalents (FTEs).</p>

European Social Fund – Lowlands and Uplands Scotland

Priority 1: Progressing into Employment

Indicator	Definition guidance
a) Output – Number of participants receiving support.	The number of individuals receiving any form of support in the project.
b) Output – Number of participants with multiple deprivations.	<p>The number of participants that can be classified as belonging to more than one of the following target groups:</p> <ul style="list-style-type: none"> - Long-term unemployed/inactive people (i.e. for over two years) - 16-19 year olds not in education, employment or training - Young people (i.e. under 20) identified as being at risk of not entering education, employment or training on leaving school - Unemployed/inactive lone parents and other carers - Unemployed/inactive people with mental health problems, long-term illness, disabilities or learning difficulties - Older people (i.e. 50 and over) seeking to re-enter the labour force or requiring re-skilling - Other disadvantaged unemployed/inactive groups such as prisoners prior to release, ex-offenders, people with drug or alcohol problems, homeless people and refugees - Unemployed/inactive people from ethnic minority groups - Individuals experiencing part-time and seasonal (or limited to certain times of the year) employment <p>Note that 'inactivity' is defined as those of working age not otherwise categorised as 'employed' or 'unemployed'.</p>
c) Output – Number of participants in the NEET group.	The number of participants who are aged 16-19 and not in education, employment or training.
d) Output – Number of participants with disabilities or health difficulties.	As defined by the indicator.

e) Result – Number of participants entering employment.	The number of participants who subsequently go into employment (whether full-time, part-time or self-employed, voluntary work) upon leaving as a direct result of the project.
f) Result – Number of participants entering education or training.	The number of participants entering education or training upon leaving as a direct result of the project.
g) Result – Number of participants gaining a partial or full qualification.	The number of participants gaining a full qualification or a completed unit towards a full qualification as a direct result of the project.
h) Result – Number of participants in employment six months after leaving.	The number of participants who entered employment – as defined above – upon leaving as a direct result of the project and who have remained in employment for six months or more.

European Social Fund – Lowlands and Uplands Scotland

Priority 2: Progressing through Employment

Indicator	Definition
a) Output – Number of participants receiving support.	The number of individuals receiving any form of support in the project.
b) Result – Number of participants gaining partial or full qualification.	The number of participants gaining a full qualification or a completed unit towards a full qualification as a direct result of the project.
c) Output – Number of male participants without basic skills.	The number of male participants who do not have basic (or SCQF level 1 or 2) skills when joining the project.
d) Output – Number of female participants without basic skills.	The number of female participants who do not have basic (or SCQF level 1 or 2) skills when joining the project.
e) Output – Number of male participants without level 2 skills.	The number of male participants who only have SCQF level 1 and 2 skills when joining the project.
f) Output – Number of female participants without level 2 skills.	The number of female participants who only have SCQF level 1 and 2 skills when joining the project.
g) Output – Number of male participants without level 3 skills.	The number of male participants who have SCQF level 3 to 5 skills when joining the project.
h) Output – Number of female participants without level 3 skills.	The number of female participants who have SCQF level 3 to 5 skills when joining the project.
i) Output – Number of male participants without level 4 skills.	The number of male participants who have SCQF level 6 skills when joining the project.
j) Output – Number of female participants without level 4 skills.	
k) Output – Number of male participants without level 5 skills	The number of male participants who have SCQF level 7 skills when joining the project.
l) Output – Number of female participants without level 5 skills	
m) Output – Number of male participants without level 5 skills	The number of female participants who have SCQF level 7 skills when joining the project.
n) Output – Number of female participants without level 5 skills	
o) Output – Number of women in projects addressing better gender	The number of female participants in projects aiming to increase their ability

imbalance.	to gain employment in sectors and professions where the ratio of women to men in employment is 1:2 (as measured at Scotland or Programme level).
r) Output – Number of men in projects addressing better gender imbalance.	The number of male participants in projects aiming to increase their ability to gain employment in sectors and professions where the ratio of men to women in employment is 1:2 (as measured at Scotland or Programme level).
s) Output – Number of participants in projects addressing entrepreneurial managerial skills.	The number of participants in projects aiming to help individuals set up a business or improve the managerial skills of individuals recently becoming a manager of an enterprise (i.e. they have become a manager within six months of their joining the project).
t) Output – Number of participants from social enterprises.	The number of participants employed in a social enterprise, as defined as businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders or owners.
u) Result – Number of male participants gaining basic skills.	The number of male participants who gain a basic (or SCQF level 1 and 2) skill as a direct result of the project.
v) Result – Number of female participants gaining basic skills.	The number of female participants who gain a basic (or SCQF level 1 and 2) skill as a direct result of the project.
w) Result – Number of male participants gaining level 2 skills.	The number of male participants who gain a SCQF level 3, 4 or 5 skill as a direct result of the project.
x) Result – Number of female participants gaining level 2 skills.	The number of female participants who gain a SCQF level 3, 4 or 5 skill as a direct result of the project.
y) Result – Number of male participants gaining level 3 or above skills.	The number of male participants who gain a SCQF level 6 or above skill as a direct result of the project.
z) Result – Number of female participants gaining level 3 or above skills.	The number of female participants who gain a SCQF level 6 or above skill as a direct result of the project.
aa) Result – Number of male participants gaining level 4 or above skills	The number of male participants who gain a SCQF level 7 or above skill as a direct result of the project.
bb) Result – Number of female participants gaining level 4 or above skills	The number of female participants who gain a SCQF level 7 or above skill as a direct result of the project.
cc) Result – Number of women going into gender-imbalanced sectors.	The number of female participants entering employment in sectors and professions where the ratio of women to men is 1:2, as a direct result of the project (as measured at Scotland or Programme level) by the end of the first year after the project's completion.

<p>dd) Result – Number of men going into gender-imbalanced sectors.</p>	<p>The number of male participants entering employment in sectors and professions where the ratio of men to women is 1:2, as a direct result of the project (as measured at Scotland or Programme level) by the end of the first year after the project's completion.</p>
<p>ee) Result – Number of entrepreneurs and new managers gaining a partial or full qualification.</p>	<p>The number of participants aiming to set up a business or recently becoming a manager of an enterprise gaining a full qualification or a completed unit towards a full qualification as a direct result of the project.</p>
<p>ff) Result – Number of participants from social enterprises gaining a partial or full qualification.</p>	<p>The number of participants employed in a social enterprise gaining a full qualification or a completed unit towards a full qualification as a direct result of the project. 'Social enterprises' are defined as businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders or owners.</p>

European Social Fund – Lowlands and Uplands Scotland

Priority 3: Improving Access to Lifelong Learning

Indicator	Definition
a) Output – Number of participants who are trainers.	The number of participants receiving any form of support who are employed to train and raise the skills levels of the target groups listed under ESF Priority 1.
b) Output – Number of projects supporting the development of new courses/materials or innovative approaches to learning.	The number of projects which aim to: <ul style="list-style-type: none"> - develop new learning courses - develop new materials for use in courses - adapt existing materials/courses for use for new target groups or new geographical areas - test new approaches for training and learning for the target groups listed under ESF Priority 1
c) Output – Number of local learning centres/access points/workplace initiatives supported.	The number of separate local learning centres, local access points used for general learning/training and initiatives designed for specific enterprises (or groups of enterprises) directly supported through the project.
d) Result – Number of trainers gaining a partial or full qualification.	The number of participants who are trainers gaining a full qualification or a completed unit towards a full qualification as a direct result of the project.
e) Result – Number of new courses/materials developed.	The number of new courses and course materials developed as a direct result of the project by the end of the first year after the project's completion. 'Course materials' will be counted in terms of a single package of materials associated with an individual course.

<p>f) Result – Number of participants benefiting from local learning centre/access point/workplace initiative support.</p>	<p>The number of participants directly benefiting from local learning centres, local access points used for general learning/training and initiatives designed for specific enterprises (or groups of enterprises) directly supported by the project by the end of the first year after the project's completion. 'Benefiting' is defined as directly resulting in the participant entering employment (whether full/part-time or self-employed/voluntary work) or entering a course with a view to gaining a partial or full qualification.</p>
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European Regional Development Fund – Highlands & Islands

Priority 1: Enhancing Business Competitiveness, Commercialisation and Innovation

Indicator	Definition
a) Output – Number of individuals and new enterprises receiving advice/consultancy.	The number of separate individuals or enterprises given direct business advice and consultancy support. Individuals and enterprises should not be double-counted (e.g. in the case of one-person businesses). Within individual projects individuals and enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.
b) Output – Number of enterprises receiving financial support.	The number of enterprises directly supported (grant/loan/equity). Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance.
c) Output – Number of enterprises receiving support for e-commerce.	The number of enterprises receiving support to develop their ability to undertake e-commerce. This can include support for scoping or introducing e-commerce strategies, procedures and technologies as well as further developing existing e-commerce capabilities within enterprises. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support, or the financial equivalent.
d) Output – Number of enterprises receiving support for energy-saving and resource-efficiency.	The number of enterprises receiving support for activities which directly improve energy-saving and resource efficiency within their businesses. This can include support for projects scoping, introducing or further developing business processes and technologies for increasing savings in energy, water and material inputs as well as reducing/recycling waste. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support or the financial equivalent.

e) Output – Number of social enterprises receiving support.	The number of social enterprises directly supported by the project, as defined as businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders or owners.
f) Output – Number of enterprises receiving support through the Strategic Delivery Body.	The number of enterprises directly support by the Strategic Delivery Body projects carried out by Highlands & Islands Enterprise. Within individual projects enterprises should only be counted once, regardless of the number of instances of assistance, and have to receive a minimum of half a day's support or the financial equivalent.
g) Output – Area of business space created or modified (m ²).	The amount of business space - in square metres - that has been created or modified as a direct result of the project.
h) Output – Number of commercialisation activities.	The number of projects directly supporting the development of new products and services for market development by enterprises, including activities in support of prototypes, introducing/adapting production techniques and, scoping and development of markets. These should be considered a separate discrete set of activities. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.
i) Result – Number of new business starts resulting from support.	The number of new business starts that have been directly supported by the project by the end of the first year after the project's completion, as defined as enterprises trading for less than six months.

<p>j) Result – Number of e-commerce strategies developed.</p>	<p>The number of strategies developed by enterprises committing themselves to, and setting out how, they will take advantage of and take forward e-commerce technologies and services within their businesses as a direct result of the project by the end of the first year after the project's completion.</p>
<p>k) Result – Number of enterprises implementing environmental audits and energy-saving/resource-efficiency systems.</p>	<p>The number of enterprises putting in place new environmental audits and energy-saving and resource-efficiency initiatives, that introduce or improve business products, services or processes undertaken by organisations, as a direct result of the project, by the end of the first year after the project's completion.</p>
<p>l) Result – Increase in turnover in enterprises supported by Strategic Delivery Body (£mn).</p>	<p>The increase, in monetary terms, in turnover by enterprises, as a direct result of the Strategic Delivery Body projects carried out by Highlands & Islands Enterprise, by the end of the first year after the project's completion.</p>
<p>m) Result – Number of new products and services developed.</p>	<p>The number of new products and services that have been developed, as a direct result of the project, by the end of the first year after the project's completion. This should be defined as the number of new products and services launched on the market by assisted enterprises, as a result of the project, (including incremental improvements, such as a significant change to an existing product).</p>
<p>n) Result – Number of gross jobs created.</p>	<p>The number of gross jobs that have been created, as a direct result of EU funding, by the end of the first year after the project's completion. This should be expressed as full-time equivalents (FTEs).</p>

European Regional Development Fund – Highlands & Islands

Priority 2: Enhancing Key Drivers for Sustainable Growth

Indicator	Definition
a) Output – Number of research facilities supported.	The number of separate research facilities – such as laboratories, testing facilities and research centres – directly supported by the project. A simple count is required.
b) Output – Number of e-learning/training facilities supported.	The number of separate facilities, directly supported by the project, which provide ICT training, internet access and e-learning services. A simple count is required.
c) Output – Number of RTD projects supported.	The number of research projects, which have the aim of developing new technologies, products, services and business processes. These should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.
d) Output – Number of renewable energy research projects.	<p>The number of research projects, directly supported, which have the aim of developing new technologies, products, services and business processes in renewable energy, including:</p> <ul style="list-style-type: none"> – different forms of renewable energy (such as wave, tidal, solar, wind, bio-mass and bio-fuel) – recycling and other areas of resource efficiency, and – energy use reduction and conservation <p>Projects should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.</p>

<p>e) Output – Number of projects on the sustainable use of natural and cultural assets to develop new products and services.</p>	<p>The number of separate projects, which have as their primary aim the introduction or development of new products and services directly relating to more sustainable use of the natural, historical and cultural assets of the region. Projects should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.</p>
<p>f) Result – Number of patents filed.</p>	<p>The number of patents or intellectual property rights registrations filed, as a direct result of the project, by the end of the second year after the project's completion.</p>
<p>g) Result – Number of vocational training infrastructure projects supported.</p>	<p>The number of projects directly supporting building and other infrastructure primarily aimed at vocational training, teaching and learning. Projects should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.</p>
<p>h) Result – Number of new products and services based on natural and cultural assets developed.</p>	<p>The number of new products and services, developed as a direct result of the project, which are directly based on sustainable commercial use of the natural, historical and cultural assets of the region. This should be defined as the number of new products and services launched on the market, as a result of the project, (including incremental improvements, such as a significant change to an existing product).</p>
<p>i) Result – Number of gross jobs created.</p>	<p>The number of gross jobs that have been created, as a direct result of EU funding, by the end of the first year after the project's completion. This should be expressed as full-time equivalents (FTEs).</p>

European Regional Development Fund – Highlands & Islands

Priority 3: Enhancing Peripheral and Fragile Communities

Indicator	Definition
a) Output – Number of e-learning/childcare and other community facilities supported.	The number of separate facilities, directly supported by the project, which provide ICT training, internet access, e-learning, childcare and other community-based services to workless and part-time individuals in the targeted areas. A simple count is required.
b) Output – Area of business space created or modified (m ²).	The amount of business space – in square metres - that has been created or modified as a direct result of the project.
c) Output – Number of transport projects supported.	The number of projects, directly supporting improvements in transport, particularly road, rail, port and air, in the targeted areas with a view to improving local accessibility. Projects should be considered a separate discrete set of activities, which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.
d) Output – Number of ICT infrastructure projects supported.	The number of projects, directly supporting improvements in ICT infrastructure - particularly broadband - in the targeted areas with a view to improving local connectivity. Projects should be considered a separate discrete set of activities which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.

<p>e) Output – Number of renewable energy projects supported.</p>	<p>The number of projects directly supported, which have the aim of developing or utilising new technologies, products, services and business processes in renewable energy, including:</p> <ul style="list-style-type: none"> – different forms of renewable energy (such as wave, tidal, solar, wind, bio-mass and bio-fuel) – recycling and other areas of resource efficiency, and – energy use reduction and conservation <p>Projects should be considered a separate discrete set of activities which have as their purpose the development of one of the outputs listed above. Different stages of what is the same project – as defined by an overarching set of objectives, participants and project planning – should not be considered as separate projects.</p>
<p>f) Result – Number of gross jobs created.</p>	<p>The number of gross jobs that have been created, as a direct result of EU funding, by the end of the first year after the project's completion. This should be expressed as full-time equivalents (FTEs).</p>

European Social Fund – Highlands & Islands

Priority 1: Increasing the Workforce

Indicator	Definition
a) Output – Number of participants receiving support.	The number of individuals receiving any form of support in the project.
b) Output – Number of participants with multiple deprivations	<p>The number of participants that can be classified as belonging to more than one of the following target groups:</p> <ul style="list-style-type: none"> - Long-term unemployed/inactive people (ie. for over two years) - 16-19 year olds not in education, employment or training - Young people (ie. under 20) identified as being at risk of not entering education, employment or training on leaving school - Unemployed/inactive lone parents and other carers - Unemployed/inactive people with mental health problems, long-term illness, disabilities or learning difficulties - Older people (ie. 50 and over) seeking to re-enter the labour force or requiring re-skilling - Other disadvantaged unemployed/inactive groups such as prisoners prior to release, ex-offenders, people with drug or alcohol problems, homeless people and refugees - Unemployed/inactive people from ethnic minority groups - Individuals experiencing part-time and seasonal (or limited to certain times of the year) employment <p>Note that 'inactivity' is defined as those of working age not otherwise categorised as 'employed' or 'unemployed'.</p>
c) Result – Number of participants entering employment.	The number of participants who subsequently go into employment (whether full-time, part-time or self-employed, voluntary work) upon leaving, as a direct result of the project.

d) Result – Number of participants entering education or training.	The number of participants entering education or training upon leaving, as a direct result of the project.
e) Result – Number of participants gaining a partial or full qualification.	The number of participants gaining a full qualification or a completed unit towards a full qualification, as a direct result of the project.
f) Result – Number of participants in employment six months after leaving.	The number of participants who entered employment – as defined above – upon leaving as a direct result of the project and who have remained in employment for six months or more.

European Social Fund – Highlands & Islands

Priority 2: Investing in the Workforce

Indicator	Definition
a) Output – Number of participants receiving support.	The number of individuals receiving any form of support in the project.
b) Result – Number of participants gaining partial or full qualification.	The number of participants gaining a full qualification, or a completed unit towards a full qualification, as a direct result of the project.
c) Output – Number of male participants without basic skills.	The number of male participants who do not have basic (or SVQ level 1 or 2) skills when joining the project.
d) Output – Number of female participants without basic skills.	The number of female participants who do not have basic (or SVQ level 1 or 2) skills when joining the project.
e) Output – Number of male participants without level 2 skills.	The number of male participants who only have SCVQ level 1 or 2 skills when joining the project.
f) Output – Number of female participants without level 2 skills.	The number of female participants who only have SVQ level 1 or 2 skills when joining the project.
g) Output – Number of male participants without level 3 skills.	The number of male participants who have SCVQ level 3 to 5 skills when joining the project.
h) Output – Number of female participants without level 3 skills.	The number of female participants who have SCVQ level 3 to 5 skills when joining the project.
i) Output – Number of women in projects addressing better gender balance.	The number of female participants in projects aiming to increase their ability to gain employment in sectors and professions where the ratio of women to men in employment is 1:2 (as measured at Scotland or Programme level).
j) Output – Number of participants in projects addressing managerial skills.	The number of participants in projects aiming to help individuals set up a business or improve the skills of managers of enterprises.

k) Output – Number of participants in projects addressing continuing professional development.	The number of individuals who are participating in projects which are encouraging improvement in management skills or continuing professional development.
l) Output – Number of participants from social enterprises.	The number of participants employed in a social enterprise, as defined as businesses with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders or owners.
m) Result – Number of participants gaining partial or full qualification.	The number of participants gaining a full qualification or a completed unit towards a full qualification as a direct result of the project.
n) Result – Number of male participants gaining basic skills.	The number of male participants who gain a basic (or SCQF level 1 or 2) skill as a direct result of the project.
o) Result – Number of female participants gaining basic skills.	The number of female participants who gain a basic (or SCQF level 1 or 2) skill as a direct result of the project.
p) Result – Number of male participants gaining level 2 skills.	The number of male participants who gain a SCQF level 3, 4 or 5 skill as a direct result of the project.
q) Result – Number of female participants gaining level 2 skills.	The number of female participants who gain a SCQF level 3, 4 or 5 skill as a direct result of the project.
r) Result – Number of male participants gaining level 3-5 skills.	The number of male participants who gain a SCQF level 6 to 10 skill as a direct result of the project.
s) Result – Number of female participants gaining level 3-5 skills.	The number of female participants who gain a SCQF level 6 to 10 skill as a direct result of the project.
t) Result – Number of women going into gender-imbalanced sectors after six months.	The number of female participants entering employment in sectors and professions where the ratio of women to men is 1:2, as a direct result of the project (as measured at Scotland or Programme level) upon leaving.
u) Result – Number of participants gaining a partial or full qualification.	The number of participants gaining a full qualification, or a completed unit, towards a full qualification as a direct result of the project.
v) Result – Number of participants gaining levels 6-10 skills.	Please apply a zero to this indicator for now. It is erroneous and we will be asking permission from the European Commission to remove this indicator.

<p>w) Result – Number of participants from social enterprises gaining a partial or full qualification.</p>	<p>The number of participants employed in a social enterprise gaining a full qualification or a completed unit towards a full qualification, as a direct result of the project. 'Social enterprises' are defined as businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders or owners.</p>
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European Social Fund – Highlands & Islands

Priority 3: Improving Access to Lifelong Learning

Indicator	Definition
a) Output – Number of participants who are trainers.	The number of participants receiving any form of support who are employed to train and raise the skills levels of the target groups listed under ESF Priority 1.
b) Output – Number of projects supporting the development of new courses/materials or innovative approaches to learning.	The number of projects which aim to: <ul style="list-style-type: none"> - develop new learning courses - develop new materials for use in courses - adapt existing materials/courses for use for new target groups or new geographical areas - test new approaches for training and learning for the target groups listed under ESF Priority 1
c) Output – Number of local learning centres/access points/ workplace initiatives supported.	The number of separate local learning centres, local access points used for general learning/training and initiatives designed for specific enterprises (or groups of enterprises) directly supported through the project.
d) Result – Number of trainers gaining a partial or full qualification.	The number of participants who are trainers gaining a full qualification, or a completed unit, towards a full qualification as a direct result of the project.
e) Result – Number of new courses/materials developed.	The number of new courses and course materials developed as a direct result of the project. 'Course materials' will be counted in terms of a single package of materials associated with an individual course.
f) Result – Number of participants benefiting from local learning centre/access point/workplace initiative support.	The number of participants directly benefiting from local learning centres, local access points used for general learning/training and initiatives designed for specific enterprises (or groups of enterprises), directly supported by the project, by the end of the first year after the project's completion.