

Session 4

Assessing the Impact and Monitoring Implementation of SRs

- Monitoring requirements for Reform Agendas
- Examples of good and not appropriate indicators to be used for fulfilling the payment conditions
- Discussion about the challenges: Monitoring, reporting, evaluating reforms in the RA and ERP
- Indicating future FISR 2 support

FISR2

STRUCTURAL REFORMS BETTER INTEGRATED
WITHIN FISCAL FRAMEWORKS

Monitoring requirements for Reform Agendas

On the basis of RGF regulation, version approved by EP dated 24 April 2024,
and the EC's template for preparation of Reform Agendas

**Empowering Coordinators to Navigate Structural Reforms from Reform
Agenda, CEF, May 15.16, 2024**



Two lines of monitoring

Achievement of planned steps (payment conditions)
– **Semi-annual Payment Requests**



Achievement of RA / RGF objectives
and RA implementation
– **Annual Progress Reports**



Monitoring linked to payment requests

Twice per year, the beneficiary shall submit a duly **justified request for the release of funds** in respect of fulfilled payment conditions related to the quantitative and qualitative steps as set out in the Reform Agendas. The WB beneficiary should provide **an assessment of general conditions** (Macroeconomic stability, Public Financial Management, Transparency and oversight of the budget), referring to the methodology of the eligibility criteria for Budget support.

Each beneficiary should **establish a monitoring system feeding into a semi-annual report on the fulfilment of payment conditions** accompanying the semi-annual request for the release of funds.

The Facility Agreement concluded with each of the beneficiaries shall lay down... **the rules on reporting** to the Commission on whether and how the payment conditions are fulfilled.

Monitoring linked to RGF objectives, RA implementation – EU level

The Commission shall **monitor the implementation** of the Facility and **assess the achievement of the objectives**. The Commission shall provide **an annual report** to the European Parliament and the Council on progress towards the achievement of the objectives of this Regulation. The Commission shall hold, **at least twice a year, a dialogue** with the competent committees of the European Parliament, as relevant.

The **Facility Agreement** shall set out rules and modalities for **the beneficiaries to report** to the Commission **for the purpose of monitoring implementation and achievement of objectives**.

The **beneficiary** shall report **once a year in the context of the Economic and Financial Dialogue** on the progress made in the achievement of the reform-related part of its Reform Agenda.

The Commission shall establish **a Facility scoreboard**, which shall display the progress of the implementation of the Reform Agendas of the beneficiaries. The Commission is empowered to adopt **a delegated act** by defining the detailed elements of the Scoreboard. The Scoreboard shall be **operational by 1 January 2025** and shall be updated by the Commission twice a year.

Monitoring tools to be included in the Reform Agendas

Reform agendas shall set out...

- the **arrangements for the effective monitoring, reporting and evaluation**: the schedule of reviews; monitoring periods; time/actions required for data collection (including consistency and accuracy checks on data) and expected publication date of official progress reports. The **progress reports** should monitor the overall implementation of the Reform Agenda and not be limited to the qualitative and quantitative steps proposed for payment.
- **indicators for assessing progress towards the achievement of the general and specific objectives**. Those indicators shall be based, where appropriate and relevant, on internationally agreed indicators and those already available related to the beneficiaries' policies. Indicators shall also be coherent, to the extent possible, with the key corporate indicators included in the IPA III Results Framework, in the EFSD+ Results Measurement Framework and in the WBIF.
- **for the reforms and investments**, an indicative timetable, and the envisaged payment conditions for the release of funds in the form of **measurable qualitative and quantitative steps**. For each Outcome(s) and/or relevant Induced output(s) (identified for each of the sub-areas), the WB beneficiary should define the specific indicator(s).

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Examples of good and not appropriate indicators to be used for fulfilling the payment conditions

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- Examples of good and bad indicators used by countries for the SBS PAR and PFM
- Challenges and experiences in developing indicators
- Practical advices

Examples of good indicators used by countries for the SBS PAR and PFM

Good indicators:

- **Collection of public revenues does not deviate more than 5% of the projections from the Fiscal Strategy** (medium-term strategic document of the Government) - gives additional importance to this area, an additional argument for strengthening the competency of the responsible department within MoF and reduces possible political pressure (if any) when preparing projections.
- **The rate of final court decisions confirming unlawful dismissal of civil servants is reduced by 7% compared to the baseline year** - intends to measure performance of public administration through quality of administrative decision-making, in form of number of final court judgments rendered by competent courts, confirming unlawful dismissals of civil servants. There is an available internal source of verification (annual report) and in addition it is internationally agreed indicator.
- **The number of unannounced internal inspections: the police, customs and inspection services at border crossings** - there is an available internal source of verification (register of conducted inspections) and it is internationally agreed indicator.

General examples of good indicators that could be used for reporting

- Law on.....adopted by the Parliament by the end of 2024
- Full implementation of Law on....by the end of 2026
- All indirect budget users are included in the Budget Execution System by the end of 2025
- New agency / regulatory body established and fully in place by the end of 2024
- Register / IT solution for developed by the end of 2025
- Percentage of secondary schools that are fully IT equipped
- Increase the number of employees in the Tax Administration by 5% at the end of 2025 (baseline end 2024)
- Payments of all fees at the central level are digitalized by the end of 2027

Examples of not so good indicators used by countries for the SBS PAR and PFM

Not appropriate indicators:

- **The number of irregularities observed by inspections has been increased** – the question is whether the number increases because the inspection services work better or because the system is worse and more of businesses decide on some kind of irregularity. Better indicator would be: percentage of planned checks in relation to the number of applications.
- **Number of prepared medium-term plans is 40** - there was a total of 40 institutions, so there is a little chance that they will all meet the target value, given the competencies of some ministries/agencies. It is also possible that the number of institutions will be changed after each election. It would be better to show it as a percentage of the total number of institutions.
- **Fiscal Strategy adopted by June 15th (as prescribed by the Budget System Law)** – at the same time the IMF SBA was in place, which influenced the process and timeframe (expenditure ceilings were to be defined by the end of August and included in the MTBF and MTEF, as integral part of FS).

Challenges and experiences in developing indicators

- **Comprehensiveness of indicator / Timeline for publication the value of indicator** – Indicators for PFM Programme are prepared at the level of the general goal, specific goal and measures. The challenge was to formulate indicators at the level of specific goals, which would "cover" all the measures that are within a general goal. Sometimes PEFA/SIGMA indicators were used, but the problem was that they are not measured every year.
- **Responsibility for defining the indicators** – For preparation the PFM Programme, the whole process is the responsibility of the national institutions that are involved in the implementation of Programme, while the EC/SIGMA gives their comments (in form of advices) on the final draft (that could be accepted or not). On the other side, the indicators for SBS are negotiated with the EC, and there were situations where indicators were forced by the EC, while the responsible institutions knew the targets will probably (or certainly) not be able to meet. Of course, one of the reasons why the EC insisted on indicator(s) could be to encourage reform processes, that would not otherwise happen.

Recommendations for defining / choosing indicators

- Be proactive and propose indicators that are realistic and achievable within the time-frame
- Focus on the indicators that could be (directly) influenced by the responsible institution(s)
- Avoid to broad / impact indicators
- Take into account the availability of the (national or international) indicator values
- Assure the good arguments for the proposals of indicators and their values – for the EC as well for the Government
- For each indicator prepare an „indicator passport“- which can be used for monitoring, reporting and evaluation (what type of indicator, what is measured and in what way, periodicity of measurement, method of data collection, responsible institution(s), the source of verification. Also, it is important to define the limit values for tolerance and limit values in order for better understanding the progress (fully, partially or no progress)).

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Indicating future FISR 2 support

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Existing FISR 2 work in the area captured on self-paced online learning platform

CEF
Connect. Learn. Act.

Selecting Key Performance Indicators for Monitoring the Results of Structural Reform Measures in Economic Reform Programmes

MANUAL FOR ERP TEAMS

Funded by the European Union

CEF
Connect. Learn. Act.

Economic Impact Assessment of Structural Reform Measures in Economic Reform Programmes

A MANUAL AND AN IMPACT ASSESSMENT TOOL FOR ECONOMIC REFORM PROGRAMME TEAMS

Funded by the European Union

Spreadsheet Toolkit

Excel Tool_Fin

File Home Insert Page Layout Formulas Data Review View Help Acrobat

Clipboard Font Alignment

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Of the many types of production functions, one of the most wic
production function, after Charles W. Cobb and Paul H. Douglar

1	Sheet Color	Sheets that contain methods for estimating reforms
2	Sheet Color	Sheets that contain background calculations
3	Sheet Color	Sheets that contain historical data
4	Value Color	Values in color black: historical data Values in color blue: form
5		https://econpapers.repec.org/software/dgeqmbcd/165.htm
6		Download the HP filter from the link above and once you have
7		Step 1: Open File, Options, Add-ins and Manage Excel Add-ins
8		Step 2: Press browse and go to the folder where the HP filter c
9	Technical Note: Adding the HP Filter	Step 3: If the HP filter after the add in does not work and you : that gives you an error and copy the text before the parenthe:
10		Rationale behind the Production Function Production functions are central to the determination of the e Of the many types of production functions, one of the most w production function, after Charles W. Cobb and Paul H. Dougl Economic Review, XVIII (Supplement, 1938), pp. 139-156. Wh function is limited to a unitary elasticity of substitution, it doe expenditure proportions on production inputs, given a budget
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Skills Mismatch Production Function Assumptions for PF Education Data Data

Indicating future FISR 2 support

- **Coordination within the government** to support monitoring of the progress of implementation and for reporting purposes. This can serve informing the decision making of the **government, the EC and stakeholders.**
- **Reporting indicator results** of implementation for **payment requests (for EC)**
 - Support filling the reporting sheets/templates
- **Regular progress reports** (for EC, for the government, for stakeholders)
 - To be discussed what kind of support is needed, at the workshop May 15-16, 2024 and later on
- **Assessing economic impact of reforms**
 - Self-paced online learning platform
 - Sector specific regional workshops on Spreadsheet Toolkit and sharing experience
 - Country specific support for impact assessment of selected reforms