

Overview of the WB/EC project PSD activities and results

Mladen Momcilovic: PSD sector expert

WB/EC Project:
M&E Capacity Development in the Western Balkans &
Turkey

Final Conference , Vienna, 28-29 April 2014

Themes

- Project activities
 - Inception and design phase
 - In country consultations
 - Indicators development through a participatory process
 - Workshops on Impact Evaluation, Good International Practices and Indicators development
 - Study Tour-Peer Learning, KOSGEB Turkey
- Progress, where are we now on PSD project objectives
- Results
- Challenges and steps ahead

Inception and design phase

- In country rapid needs assessment and rising awareness
- Challenges:
 - Not PSD as such, many stakeholders
 - Limited M&E capacities
 - Weak usage of performance indicators and targets
 - The gap btw output and 'high' outcome/impact indicators
 - No RF, seldom reporting and policy demand
- Advances: Willingness, IPA 2 interest, other IPA project, increased data capabilities, good BEE and WB DB results

In country consultations

- Two levels consultations with MoE, DPMoEA, WB, ED, MoS, etc. discuss strategies, policies, priorities, indicators
- Clarification of project scope and effort, indicators and objectives
- Agreement on project PSD objectives, process and methodology
- Review of the performed analysis of relevant PSD strategies and policies and first set indicators proposal

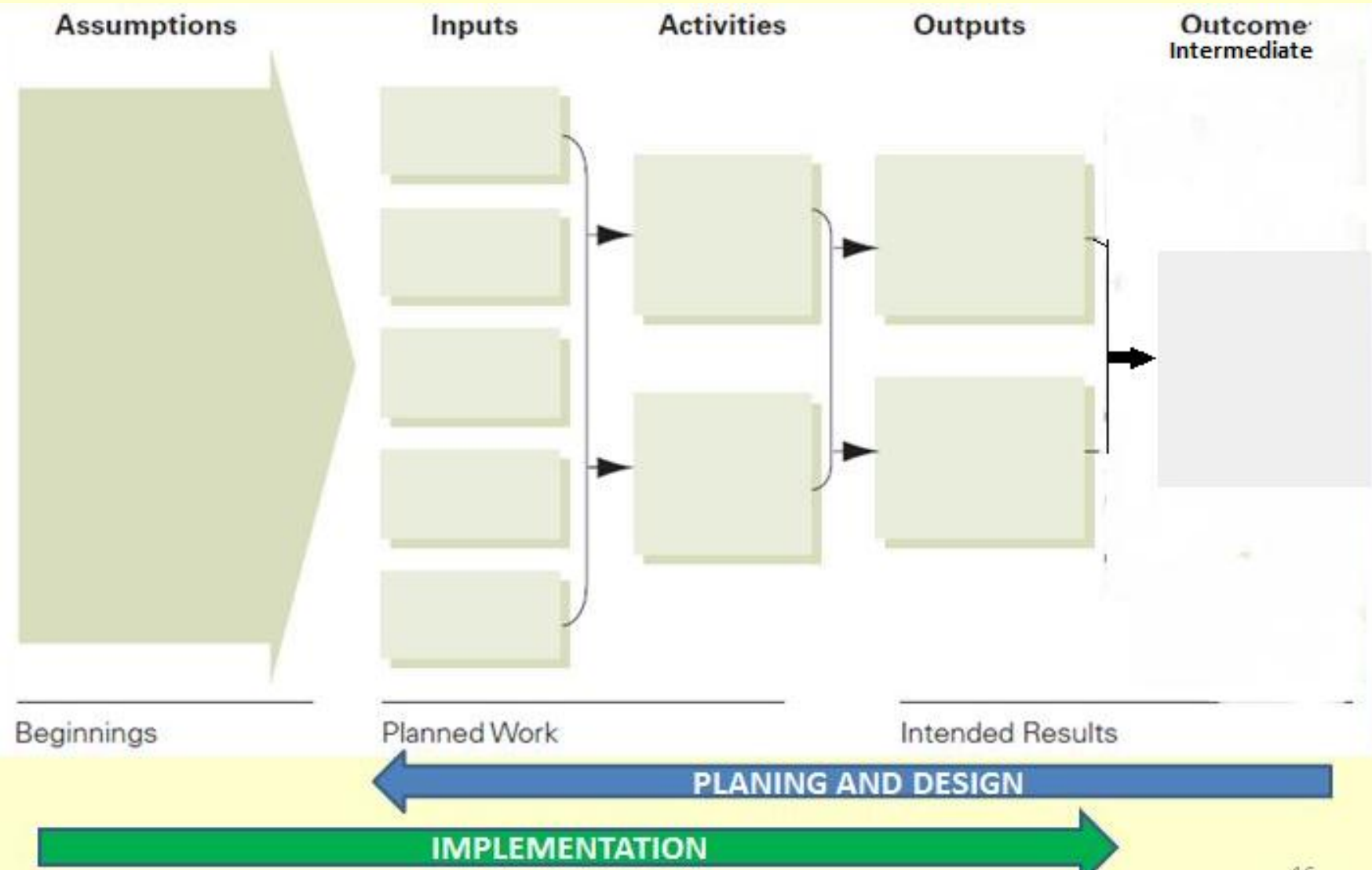
Followed by a number of exchange rounds with comments and TA

- Industrial Policy 2009-2020 with the Action Plan for 2012-2013;
- Programme for support to investments 2011 – 2014;
- Revised SME Development Strategy 2012-2013;
- The Innovation Strategy 2012-2020 with action plan for the period 2013-2015;
- The Export Promotion Strategy 2010-2013;
- Government of Macedonia Economic Plan 2011-2014, etc.

Workshop on International good practices

- Takes time, gradual approach, needs resources
- Needs demand and drivers, holistic agenda
- Needs continuous capacity building and commitment
- Importance of performance-based M&E system important: from measuring input to measuring results, outcomes and impacts; functions, obstacles and lessons;
- Usage of Result Chains and Theory of Change
- Specific PSD related monitoring instruments and evaluation questions and techniques:
- Why only performance indicators allow for timely management response and adequate policy feeding and adaptation;
- How the improving M&E system for PSD enables effective reporting
- What are the existing data sources or surveys? What are the gaps? How to fill them;

Sample of a tool\TEMPLATE: Theory of Change



Study Tour-Peer Learning and notable good practices, KOSGEB Turkey

- Different, size-experience, same in terms of challenges
- Institutional development/ high level committee/ effective coop: government, academia, businesses
- Policy driver, huge budget 3%
- Database/data development, tracking system over very large portfolio of 650k SMEs
- Multiyear focus and commitment with policy drive and constant CB
- Cooperation btw stakeholders across the country wide service network
- Follow up visit agreed towards further coop

Presenting the rational for initial proposal of a set of intermediate outcome indicators

- Analysis of 5 key PSD related government strategies (&AP) and their objectives, and current output and outcome indicators, and no-targets, as well as other related strategic and cooperation frameworks/programming
- Designing an illustrative set of 7 indicators for selected key existing PSD results chains; more later independently
- Usage of intermediate outcome indicators for performance measurement suitable for timely management and/or policy intervention...and thus address of current assessed shortage in reviewed 5 strategies
- IOI depict Influence/ acceptance, performance, leadership and joint action, intention and behavior
- Applied SMART indicators standard: Specific; Measurable; Achievable; Realistic; Timescale
- Taken care for proposed indicators to alongside each result chain link selected existing objectives from 5 strategies to their intended outcomes & impacts, and thus on to priorities found in the Government 4Y EP 2011-2015, and CSP indicators
- Assessed some standard and elsewhere used performance indicators
- Assessed needed data availability
- Considered variables that feed into the indicators
- Considered previous observations for proposed indicators

Link between the CSP indicators etc. and the developed indicators

- CSP indicators for 5. Competitiveness and innovation-C&I... “More specific indicators (outcome & output), will be set out in the Sector programmes/Project fiches.”...”FDI increase’
- The Government has a four-year Programme (2011-2015),
- IPA II b/d support for economic, social and territorial development
- The above are interlinked
- The set of developed indicators feed into 5 strategies indicators, and on to sector programming, and CSP

Issues jointly considered regarding government emerging commitments:

- The IPA II three Sector Approach criteria: National Sector Strategy and budget? A lead ministry? A functional sector coordination framework ?
- To be met via the government Programme Based Approach (PBA)
- To coordinate and monitoring sector policy implementation will require:
 - Integrated monitoring framework-IMF
 - Enhanced inter-institutional cooperation
 - Consistent use of sectorial strategies
 - To establish Mid-Term Expenditure to budget

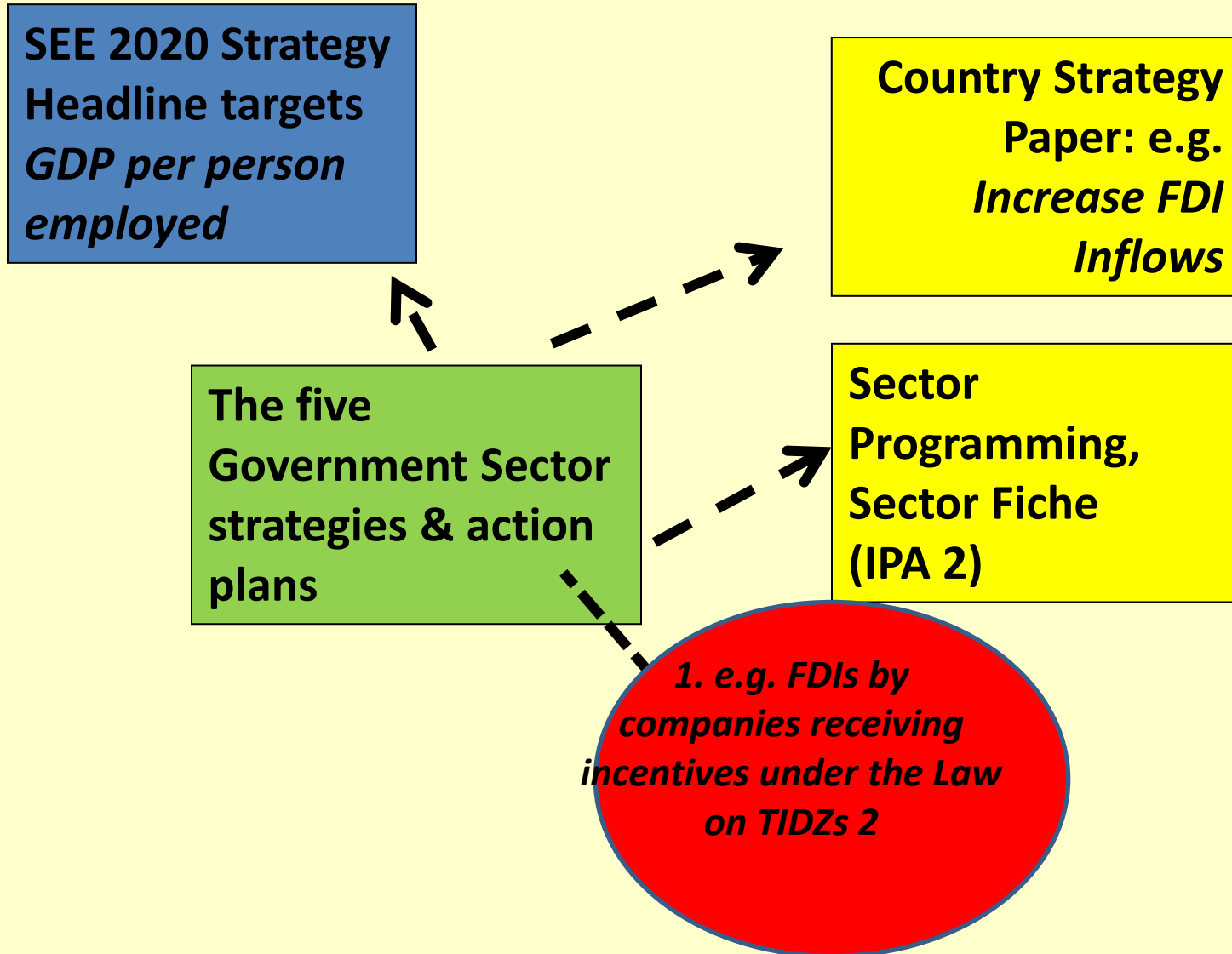
CSP indicators for 5. Competitiveness and innovation-C&I

“More specific indicators (outcome & output), will be set out in the Sector programmes/Project fiches.”

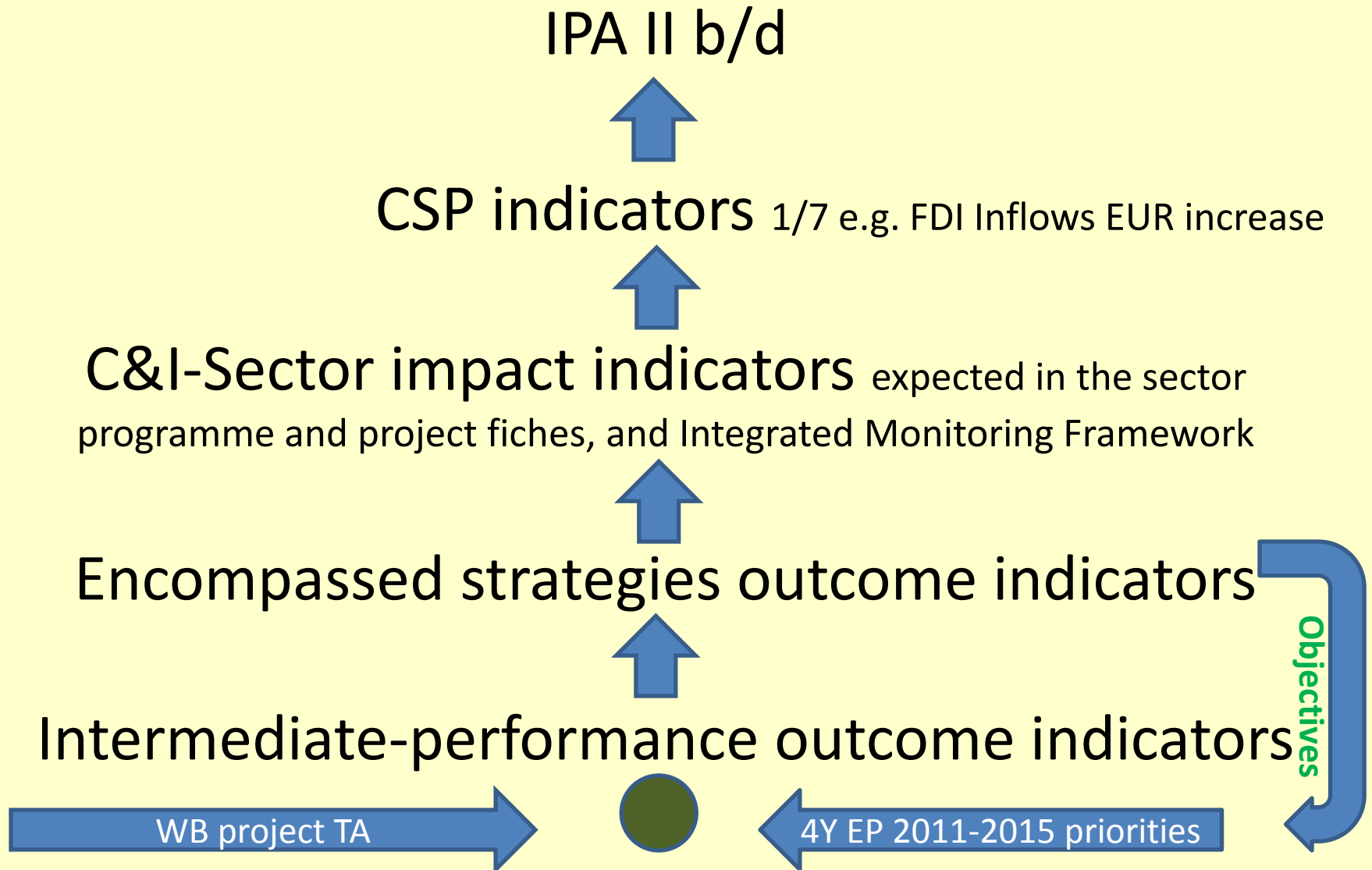
Indicator	Source	Baseline	2017 target	2020 target
The country achieves progress towards the fulfillment of economic criteria for membership				
The country continues implementing EU acquis in the field of internal market				
GDP Purchasing Power Parity per capita relative to the EU average will increase				
Trade Deficit (% of GDP) will be reduced				
FDI Inflows (in EUR million) will increase				
Growth of total trade in goods and services increases (in million EUR)				
Increase of the value added per person employed				
Reduced regional disparities				



PSD indicators relation to CPS...



PSD indicators relation to CPS...



20 Mar 14	Goal/objective	Indicator name	Indicator definition	Data Source	Unit of measurement	Classification	Baseline value	Frequency	2014	2015
1.	Increased Foreign Direct Investments (FDIs)	Increased total (EUR) foreign investments by companies receiving incentives under the Law on TIDZs	Total foreign investments by companies benefitting from incentives under the Law on TIDZs in the monitored period - Total foreign investments by companies benefitting incentives under the Law on TIDZs in the previous period / Previous period value	TIDZ Directorate	% Increase in EUR Value	Level	2013: 56 mil. EUR	Annual	10	10
2.	Increased number of new TIDZ working places	Number of employees in the companies receiving incentives under the Law on TIDZs	Total number of employees in the companies benefitting from incentives under the Law on TIDZs in the monitored period	TIDZ Directorate	Total number of employees in FDI in TIRZ	Incremental	2013 2332	Annual	2014 3300	2015 4100
3.	Increased volume of exports from TIDZ	Volume of export from companies receiving incentives under the Law on TIDZs	Total volume of export from the companies benefitting from incentives under the Law on TIDZs in the monitored period	TIDZ Directorate	% increase in EUR value	Level	2013 762 mil. EUR	Annual	2014 50%	2015 30%
4.	Increased investments in R&D and increased value added goods and services	Number of firms receiving government supported assistance to invest in improved technologies or commercialize innovations	Number of firms that receive government supported assistance to invest in improved technologies or commercialize innovations (new products, new processes)	Fund for Innovation and Technological Development MoES	Number of firms	Incremental	2013: 0	Annual	15	25
5.	Increased cooperation within clusters and networks	Value of contracts between domestic SMEs and companies receiving incentives under the Law on TIDZs	Value of contracts between domestic SMEs and companies receiving incentives under the Law on TIDZs	TIDZ Directorate	% increase in Value of contracts	Level	2013 44 mil. EUR	Annual	10	20

Illustrative /old working versions: Indicator # 1

Objective	Increase of total foreign investments by companies receiving incentives under the Law on TIDZs (MKD/EUR?)
Indicator	Increased total foreign investments by companies receiving incentives under the Law on TIDZs (MKD/EUR?)
Data source	TIDZ Directorate, 'Invest Macedonia' the Agency for Foreign Investments & Promotion of Exports, Ministry of Economy
Baseline	31/12/2013 77,866,156 or Short 2014 41,656,660 ?
Rational	<p>Related to the Objective # 1 of the Industrial Policy 2009-2020 with the Action Plan for 2012-2013: Increased Foreign Direct Investments-FDIs;</p> <p><u>Specific policy aspect and importance:</u> Increased Foreign Direct Investments-FDIs through issuing incentives to FDIs.</p> <p><u>Related and provides a linkage to existing macro outcome indicator:</u> 1.5.1.2. <i>FDI as % of GDP</i>; However, this indicator also covers those FDIs that do not receive incentives under the Law on TIDZs.</p> <p><u>Perhaps more intermediate level indicators</u> could be also drafted to separately cover for non-TIDZ incentives towards increased FDIs. Related to likely new CSP objectives (per current CSP draft version), supported reform activities and interventions and specific indicator: Increase overall FDI inflow by %;</p> <p><u>Relates to an objective and indicator found in the</u> <u>WB Competitiveness DPL (P126038).</u></p> <p>Related to WB DPL2.</p>

Indicator # 2

Objective	Increased volume of bank loans to businesses as result of government assistance (MKD/EUR?)
Indicator	Increased volume of bank loans to businesses as result of government assistance (MKD/EUR?)
Data source	Central registry? Or World Bank matching grants program as a potential data source?
Baseline	Do we have this value?
Rational	<p>Generic (international) performance indicator, allowing for comparability? Probably not any more-changed 'volume' rather than 'number'!</p> <p>Related to the Objective 3 of the Revised SME Development Strategy 2012-2013: Improved Access to Finance for SMEs;</p> <p><u>Specific policy aspect and importance:</u> Improved access to finance for SME's through government assistance;</p> <p><u>Related and provides a linkage</u> to existing macro outcome indicators: Increased # of SMEs, Increased Employment in SMEs, Increased SME% GDP; <u>Other relevant intermediate outcome indicators</u> could be drafted to compliment and strengthen this linkage as this draft indicator cover for one aspect of it;</p> <p><u>Related to likely new CSP objectives</u> (per current CSP draft version), supported reform activities and interventions and specific indicators: such as Increase competitiveness of SMEs and industry by x% and Increase export of goods and services per capita by %.</p>

Indicator # 3

Objective	Increased number of firms receiving government supported assistance to invest in improved technologies, commercialization of innovations (new products, new processes, etc.)
Indicator	Number of firms receiving government supported assistance to invest in improved technologies, commercialization of innovations (new products, new processes, etc.)
Data source	Central Registry, or SSO, or DPM Office
Baseline	Do we have historic data on this? Or is it “0”
Rational	<p>Likely standard/generic (international) performance indicator to provides for comparability.</p> <p><u>Related and provides a linkage</u> to existing macro outcome indicator: Private Investment in R&D; Other relevant specifically tailored intermediate outcome indicators could be drafted to compliment and strengthen this linkage as this draft indicator cover for one aspect of it;</p> <p><u>Related</u> to Objective 1 of the Innovation Strategy 2012-2020 with the AP 2013-2015: Enhancing the business sector’s propensity to innovate; <u>Related</u> to Objective 2 of the Industrial Policy 2009-2020 with the AP 2012-2013: Increased investments in R&D and value added goods and services; <u>Related</u> to Objective 3 of the Export Promotion Strategy 2010-2013: Increasing export of products with higher added value; <u>Related</u> to the Objective 6 of the Revised SME Development Strategy 2012-2013: Improved competitiveness through science, technology, and Innovation;</p> <p><u>Specific policy aspect and importance:</u> Government supported assistance to firms to invest in improved technologies, commercialization of innovations (new products, new processes, etc.);</p> <p><u>Related</u> to likely new CSP objectives (per current CSP draft version), supported reform activities and interventions and specific indicator: indicator Increase GERD % GDP. <u>Related</u> to WB Skills and Innovation Project.</p>

Indicator # 4

Objective	Increased number of contracts between domestic SMEs and companies receiving incentives under the Law on TIDZs
Indicator	Number of contracts between domestic SMEs and companies receiving incentives under the Law on TIDZs
Data source	TIDZ Directorate, 'Invest Macedonia' the Agency for Foreign Investments & Promotion of Exports, Ministry of Economy <u>or</u> Business Innovation Survey (State Statistical Office)?
Baseline	Currently assumed to be "0" ?
Rational	<p><u>Indicator is intended</u> to through monitoring number of contracts made between the domestic SMEs with foreign companies that receive incentives under the Law on TIDZs assess government effort of support increasing supply linkages between the two.</p> <p><u>Related</u> to objective 2.2.1 Area FDI-SMEs linkages of the Programme for support to investments 2011–2014; <u>Related</u> to objective 1 and 5 of the Industrial Policy 2009-2020 with the Action Plan for 2012-2013: Increase in exports, higher diversification, and larger export share of SMEs ,Increased cooperation within clusters and networks; <u>Related</u> to the Objective 8 and perhaps other of the Revised SME Development Strategy 2012-2013: Encouraging SME internationalization;</p> <p><u>Specific policy aspect and importance:</u> Increased supply linkages between domestic SMEs and FDIs; (Complimentary to the objective for draft indicator # 1.) Related to likely new CSP objectives (per current CSP draft version), supported reform activities and interventions and specific indicator: Increase competitiveness of SMEs and industry by x%.</p> <p>Related to the analysis, point 4.8, of the FDIs supply links by the domestic economy in WB MKD Trade Competitiveness Assessment June 2012.</p> <p>There are other FDIs but those receiving TIDZs incentives though, e.g. those that come in through joint ventures or greenfield. So, it needs to be considered if the priority is to cover for these too. First indicator includes only those receiving incentives. Provided data source is available for either of the two.</p>

Results

- Finalized set of indicators, to be adopted in emerging sector strategy RF and expanded on
- First set of SMART indicators, more to come, more needed CB and peer learning, M&E at all levels, from technical/implementation to strategic/policy
- Institutionalization/adoption & validation-confirmed, timeline to be agreed, towards start of regular reporting and feeding management and policy process
- Coop with Turkey, more peer learning needed
- Policy level drive and resources needed
- Good start, much work remains...

Discussion after finalization

- Is there a relevant policy dialog and decision making that could be feed?
- Tracking the data and reporting procedures, how is this done now?
- The current monitoring data reporting sustainability with evidencing related challenges, does it exist?
- What is your experience with reporting on performance indicators?
- How is foreseen incorporating the agreed indicators, when, and what is the process for it?
- Are there specific reporting time lines for relevant strategic documents or action plan?
- List of critical decisions for sustainable reporting, made and pending

Jointly determined challenges and next steps

- 1. Currently no reporting on outcome indicators but only irregularly on output ones;
- 2. No management directives yet regarding reporting on outcome indicators;
- 3. No roles or frequencies discussed and assigned regarding reporting on outcome indicators
- 4. No indicators reporting guidelines/handbook/manual;
- 4. Perceived overall deficit of relevant M&E skills and knowledge at most levels in the government institutions;
- 5. No demand for reporting indicators data;
- 7. Quality and access to data presents a challenge, due to limitations that include: low technical capacities, poor inter-bodies coordination, low data transparency, and a lack of sufficient methodological standards;
- 8. There are neither incentives nor policy level drivers regarding reporting on outcome indicators;
- 9. Currently expectations regarding indicators are coming externally (e.g. ED) rather than internally;
- 10. Necessary resources for facing the external expectations regarding reporting on indicators are absent.

Next steps

The country counterparts are committed to:

1. confirming the validity of data for the four finalized performance indicators by April 10 (done).
2. This now should be followed by the anticipated validation process and integration of agreed indicators into the upcoming PSD Results Framework
3. And down the road further replication of more performance/outcome indicators per need so to cover for more interventions needed and planned in order to cover for more aspects of the existing country PSD outcome and impact objectives

Future needs

- 1. Specific know-how on process of drafting and performing the organizational and regulative M&E readiness & needs assessment;
- 2. Skills and process for drafting the Results Framework-RF and performance measurement plan are currently insufficient;
- 3. More information and know-how on Standard Cost Modelling and other methods;
- 4. More information on the process towards tailored software/database for managing RF and M&E data/system;
- 5. More specific information on operationalization of the process and procedures for outcome indicators reporting;
- 6. Insufficient skills and capacities of senior management and some leadership on M&E system;
- 7. Needed opportunities to staff for M&E related professional development and training and study trips.