

ATTACHMENT 8

PROJECT'S SERVICE IMPACT INDEX METHODOLOGY FOR CALCULATION

Background & Rationale

The call for Services of General Interest (SGI) is designed to be widely inclusive, welcoming proposals across all sectors and types of SGI. However, this broad scope presents a significant challenge when evaluating projects for funding, due to their varying scale, scope, impact, and territorial coverage.

To ensure a fair, objective, and transparent selection process, the Programme bodies have developed a **Service Impact Index (SII) - a tool that standardizes project comparison by applying common denominators across all proposals to generate a call-specific “cost per service user” (CSU)**. This CSU is the core component of the SII, serving as the primary metric for comparing diverse SGI projects. It ensures that resources are allocated efficiently and that projects deliver the highest possible impact relative to their cost.

1. Service Efficiency and Territorial Impact as Common Denominators

The overarching goal of the SGI call is to ensure that selected projects make efficient use of resources while maximizing their territorial impact. By emphasizing service efficiency and territorial reach, the methodology establishes a clear, consistent framework for comparing projects across different sectors and territories.

- **Service Efficiency:** This indicator assesses how effectively a project uses its funding to deliver services to its beneficiaries. It supports the allocation of resources where they will generate the greatest benefit and helps prevent disproportionate spending on low-impact activities.
- **Territorial Impact:** This indicator evaluates the geographical footprint of a project, recognizing that some initiatives may achieve broader service coverage even with smaller budgets. It helps ensure that territories with smaller populations are not overlooked due to lower total investment levels.

2. Addressing the Challenges of Small Municipalities

A key concern addressed by this methodology is ensuring that smaller municipalities are not disadvantaged due to their lower population size. While larger populations often lead to higher project budgets and broader service delivery, smaller municipalities typically face equally significant service needs despite their lower number of residents.

To address this, the proposed balancing mechanism ensures that small municipalities are evaluated fairly. The Service Coverage Index (Step 4, see below) will be used to assess the relative benefit to the population, ensuring that these municipalities are not penalized for their smaller size. Instead, the focus will be on how effectively the available resources can serve a larger proportion of the population in smaller areas.

3. Objective and Data-Driven Evaluation Process

The use of an algorithm for project assessment introduces a standardized, data-driven approach to decision-making. By relying on verifiable and consistent sources, such as **the project application form, the JEMS system, and official population statistics**, the process becomes more transparent and reduces the risk of bias or subjective interpretation and assessment.

This algorithm ensures that all projects are evaluated according to the same criteria. The Service Impact Index (SII) plays a central role in the final ranking of projects, enabling the Monitoring Committee to make well-informed decisions. **While the SII is not the sole factor in funding decisions, it provides a robust basis for comparing and equalizing diverse projects, ensuring resources are allocated where they can achieve the greatest impact at a lower cost, relative to the "cost per service user (CSU)" average.**

4. Clear and Transparent Metrics

Each step in the algorithm targets a specific, measurable aspect of project performance:

- **Cost per Service User (CSU):** Ensures financial efficiency is visible and comparable across all projects, serving as a baseline for evaluating value for money.
- **Service Investment Ratio (SIR):** Connects the overall budget to the CSU, offering insight into how much funding is dedicated to delivering services relative to the number of beneficiaries.
- **Service Investment Efficiency (SIE):** Measures how effectively a project transforms investment into actual service delivery, highlighting cost-efficient execution beyond just project size.
- **Service Coverage Index (SCI):** Assesses the extent to which a project reaches its intended population, ensuring smaller municipalities or less populated areas are fairly evaluated in terms of proportional benefit.
- **Service Impact Index (SII):** Integrates all efficiency and coverage metrics into a single composite score. It balances cost-effectiveness with territorial reach, helping prioritize projects that deliver the greatest impact for the investment.

5. Ensuring Fair and Equitable Funding Distribution

By focusing on cost-efficiency, territorial reach, and the inclusion of small municipalities, the methodology ensures that funding is distributed fairly - guided by both potential impact and financial sustainability. It avoids disproportionate allocation of resources to larger, more populated areas simply due to their scale, and instead prioritizes projects that deliver high impact at a lower cost.

In summary, the methodology is built to tackle the challenges of selecting SGI projects across diverse territories. It relies on objective, transparent, and measurable criteria that balance financial efficiency with territorial relevance. The algorithm empowers the decision-making process

with data-driven insights, promoting fairness and maximizing the potential for meaningful impact across all eligible territories.

6. Implementation Process

The algorithm is applied exclusively by the SWG's Chair, Secretary, and members, who conduct the following evaluations:

Step 1 - Cost per Service User (CSU)

The average planned investment in EUR per anticipated service user

$$CSU = \left(\frac{\text{Total Projects Budgets (€)}}{\text{Total Projects SGI Users}} \right)$$

Numerator: Total amount of the budgets of all submitted SGI projects (Source: JEMs)

Denominator: Total amount of RCO74 targets of all submitted SGI projects (JEMs)

Justification: Calculating **Cost per Service User (CSU)** ensures a transparent assessment of the average project's cost-effectiveness by measuring the planned investment per beneficiary. This helps compare projects objectively, prioritize efficient resource allocation, and maximize service impact within the available budget. The chair of the SWG will provide the CSU value to the SWG members.

Step 2 - Service Investment Ratio (SIR)

It represents the individual SGI project budget in relation to the cost per service user (**CSU**), indicating the **scale of investment in service provision**

$$TSIR = \frac{\text{Total Project Budget (EUR)}}{\text{Cost per Service User (CSU)}}$$

Numerator: Total amount of a SGI project budget (Application Form (AF))

Denominator: Cost per Service User (Step 1)

Justification: The **Service Investment Ratio (SIR)** relates the total project budget to the cost per service user. This measure helps evaluate the project's overall financial commitment to service delivery and supports comparisons of investment efficiency across different projects.

Step 3 – Service Investment Efficiency (SIE)

This metric helps compare projects based on their efficiency in delivering services relative to their investment level.

$$SIE = \frac{\text{Service Investment Ratio (SIR)}}{\text{Project SGI Users (RCO74 target)}}$$

Numerator: Service Investment Ratio (Step 2)

Denominator: RCO74 target of the individual SGI project (AF)

Justification: SIE provides a direct measure of how efficiently a project's investment translates into service provision. A higher SIE value indicates that a project achieves a broader service reach with a given budget, emphasizing cost-effective solutions in service delivery. This ensures that projects are assessed not just on their budget size but also on their ability to maximize service impact per euro invested.

Step 4 - Service Coverage Index (SCI)

$$SCI = \frac{\text{Project SGI Users (RCO74 target)}}{\text{Total Population in the Project Target Area}}$$

Numerator: RCO74 target of the individual SGI project (AF)

Denominator: Total Population in the Project Target Area (official population statistics)

Justification: **Service Coverage Index (SCI)** measures the extent to which a project benefits the target population by comparing the number of service users to the total population in the service area. This indicator helps evaluate the project's territorial impact and effectiveness in service provision while ensuring that **small municipalities are not disadvantaged due to their population size**.

Step 5 - Service Impact Index (SII) – assesses how well a project balances territorial coverage and investment efficiency in service provision. This metric combines two key dimensions - territorial impact (SCI, step 4) and cost-effectiveness (SIE, step 3).

$$SII = \frac{\text{Service Coverage Index (SCI)}}{\text{Service Investment Efficiency (SIE)}}$$

Numerator: Service Coverage Index (Step 4)

Denominator: Service Investment Efficiency (Step 3)

Justification: Provides a comprehensive measure of a project's ability to maximize service impact across a wider geographic area while maintaining cost efficiency. A lower SII suggests a project efficiently delivers services across its coverage area, while a higher SII may indicate higher costs per unit of service reach. This ensures that project selection balances both broad territorial impact and cost-effectiveness.