

## **ECONOMIC DEVELOPMENT COMMITTEE EDC 19-00(p8)**

<b>Date</b>	13 <sup>th</sup> December 2000
<b>Time</b>	2:00 – 5.30 pm
<b>Venue</b>	Committee Room 1

## **PHYSICAL AND FINANCIAL MONITORING AND EVALUATION OF THE OBJECTIVE 1 AND 3 PROGRAMMES FOR 2000-2006**

### **Summary**

1. The attached paper outlines for the Committee procedures for the monitoring and evaluation of the Objective 1 and Objective 3 Programmes' physical and financial progress. It incorporates the recommendation of the Review Committee that there should be a National Assembly Economic Research Monitoring and Evaluation Group. .
2. Monitoring and evaluation arrangements for the Objective 1 programme are governed by EC Regulation and the implementation chapter in the Single Programme Document.
3. Monitoring and evaluation arrangements for the Objective 3 programme are governed also by EC Regulation and the implementation chapter in the Objective 3 Operational Programme Document.
4. The Programme Monitoring Committees (PMCs) have a duty to ensure the effectiveness and the quality of the implementation of their respective Programmes. To this end they are required to review periodically the progress made towards achieving the specific objective of the programmes.

### **Recommendation**

5. That the Committee notes the attached paper.

## **PHYSICAL AND FINANCIAL MONITORING AND EVALUATION OF THE OBJECTIVE 1 AND 3 PROGRAMMES FOR 2000-06**

## **Background**

1. The monitoring and evaluation requirements of both the Objective 1 and Objective 3 Programmes are governed by Articles 36-43 of EC Regulation 1260/1999 and the implementation chapters of the Programming Documents. The quality and effectiveness of the implementation of the Programmes is assessed by measuring progress towards achieving the financial and impact indicators defined in the Programme Documents. Evaluation issues are considered by each PMC and the papers are available on the WEFO website.

## **Financial Monitoring**

2. WEFO is responsible for claiming grant from the Commission for the Programmes in instalments based upon declarations of certified expenditure. The Commission, however, will automatically decommit grant from a Programme for which it has not received an acceptable payments application. Annually the Commission will decommit the difference between the grant commitment set out in the financial tables and the amount of grant drawn down. To enable the PMC to monitor the decommitment rule set out in the Regulations the latest target of grant drawdown for each fund is compared regularly with that drawn down to date.

3. Reports will be made to each PMC on grant committed and paid to the sponsors by Priority, Measure and Fund and include average grant rate and grant draw down from the Commission enabling the Committees to monitor the progress of the Programme against the financial tables set out in the Programme Complement. Reports will be made also to the Economic Development Committee on expenditure and forecast by Fund against Assembly budgets.

## **Progress Monitoring**

4. WEFO will monitor closely the achievements of each project to establish the physical progress of the Programme. Each project will be set specific targets agreed with the sponsor during the assessment of applications. Information on progress in meeting project targets will be collected on payment claim forms. These indicators form the evaluation framework for the Programme. Reports are to be made to each PMC on the progress of each Priority and Measure compared with the targets set for the activity, results and impact indicators; also included will be detail of progress in respect of the cross cutting themes of Equal Opportunities, Information Society and Environmental Sustainability.

## **Annual Reports**

5. Article 37 of the Regulations requires WEFO to prepare an Annual Report for each full calendar year of the Programme's implementation. The report will be forwarded to the Commission within 6 months of the end of each year of implementation. The report will be

examined and approved by the Monitoring Committee before it is sent to the Commission. The first reports are due by 30 June 2002.

6. The Report is required to cover:

- changes in the socio-economic situation of the Programme area which is of relevance to the implementation of the Programme;
- progress in implementing the proprieties and measures in relation to their specific targets;
- the financial implementation of the Programme;
- the steps taken by WEFO and the Monitoring Committee to ensure the quality and effectiveness of implementation;
- the steps taken to ensure compatibility with Community policies, and
- the progress on financing of major projects and global grants.

7. A final report on each Programme will be submitted to the Commission within six months of the final date of eligibility of expenditure. These will contain similar information and be subject to procedures as for annual reports.

### **Annual Monitoring Business Plan**

8. To demonstrate that the Programme is progressing as planned, Monitoring Committees will receive an annual Monitoring Business Plan as a supplement to the annual reporting mechanism. This will set out estimates of commitment and payment for each year against each measure, and subsequent reporting of actual outturn in terms of commitments, payments and outputs against targets.

9. The Monitoring Committees considered at their first meetings reports setting out WEFO's best estimate of anticipated operations for the remainder of 2000. Within three months of each year-end, the Monitoring Committees will receive a further report on actual progress during the year together with a report on anticipated operations to take place in the next year of the Programmes' implementation.

### **Financial Control Visits**

10. A programme of site visits will start in 2001. The visits will verify the physical and financial progress of projects, that they are in accordance with the approved applications and that procurement and publicity arrangements have been adhered to, and make a wider qualitative assessment of the project. Each Programme Annual Report will report on the progress of the visits.

11. The Regulations require 5% (minimum) of the total eligible expenditure to be verified to check that operations financed by the Structural Funds have been properly carried out, to prevent and take action against irregularities, and to recover any amounts lost as a result of an irregularity.

## **Evaluation**

12. All Community Structural Assistance will be subject to a mid-term and ex-post evaluation to gauge the effectiveness of the Programmes.

13. The key elements of the mid-term evaluation, to be carried out by an independent assessor, are to;

- assess the progress which the Programme is making towards achieving its targets and the use made of financial resources;
- determine the extent to which the SPD remains consistent with the socio-economic situation of the area at that time;
- assess the appropriateness of the Programme's implementation and monitoring mechanisms;
- make recommendations for achieving the most efficient use of the remaining resources available under the Programme.

14. The mid-term evaluation will be submitted to the respective Monitoring Committee and sent to the Commission no later than 31 December 2003, with a view to re-examining the Programme, and as necessary adapting it to reflect changed circumstances.

15. The European Commission is responsible for taking forward the ex-post evaluation of the Programmes, in collaboration with WEFO. The evaluations will be undertaken by independent assessors and completed not later than three years after the end of the programming period. They will cover the utilisation of resources, the effectiveness and efficiency of the Programmes, their respective impacts and will draw conclusions regarding policy on economic and social cohesion. They will also cover the factors contributing to the success or failure of implementation and the achievements and results, including their sustainability.

## **Equal Opportunities**

16. Section 4 of the programme complement sets out the way the cross cutting themes are to be implemented. It requires an Equality Unit to be established within WEFO to ensure good training, implementation, monitoring and evaluation procedures are developed for the organisation and dissemination of the programme and that the PMC should receive an annual Equal Opportunity monitoring report, setting out progress towards meeting the specific targets

set out in the SPD and OP and on gender mainstreaming.

### **Performance Reserve**

17. The allocation of the performance reserve will be carried out on the basis of an assessment, undertaken by WEFO, on the separate performance of the SPD and OP and are to be made not later than 31 December 2003, using selected indicators reflecting management, financial implementation and effectiveness. The indicators are listed in the implementation chapter of the SPD and OP.

18. WEFO is responsible with the Commission for establishing mid-term targets for each priority against which actual mid-term performance can be compared. Those priorities performing well will be eligible to receive additional funding under the reserve.

### **Individual Projects**

19. Information on individual approved projects for all programmes will be available on the WEFO web site.

### **Evaluation Strategy**

20. Evaluation strategies are being developed by WEFO for each Programme, for endorsement by the Monitoring Committees. These are based on the premise that evaluation is an on going process, not something that happens only twice in the life of the Programmes. An Objective 3 ESF strategy has been proposed, and evaluation strategies for ERDF, EAGGF and FIG evaluation in Objective 1 will follow shortly.

21. The evaluation provisions included in the Programme documents refer to work which is in hand to develop a common framework for evaluating the impact of ESF supported activity on individuals, companies and organisations in each of the countries of the UK and the Commission's requirements for the mid-term and ex-post evaluations of the programme.

22. While the Monitoring Committees have overall responsibility for ensuring that arrangements are in place to evaluate properly the impact of the programme and to meet the Commission's requirements, a degree of consistency in the approach to evaluating ESF is necessary to ensure that data can be provided at a UK level to inform the National Action Plan for Employment. The UK framework includes common indicators for measuring the impact of the programme and an agreed methodology for gathering the required information. These core indicators have already been incorporated into both the Programme Document and the draft Programme Complements.

23. An Evaluation Standing Group (ESG) has been established at an UK level to take forward

the work on developing a common framework for evaluating ESF in all European programmes over the period 2000-2006. Based on the advice of the ESG ESF evaluation strategies are being devised for each Programme.

24. The Objective 3 Monitoring Committee has agreed an evaluation strategy and work programme for the Objective 3 programme. This provides a basis for evaluating the success of the programme in meeting its objectives. The strategy incorporates the core elements of the UK framework for evaluating ESF and also identifies additional areas of interest in the Objective 3 context. A similar evaluation strategy and work programme for the Objective 1 programme will be presented to the Objective 1 Monitoring Committee soon. Whilst this will provide for the seamless evaluation of ESF projects across the Objective 1 and 3 programme areas it will also incorporate proposals for the evaluation of the other Structural Funds.

### **Professional Support**

25. A small specialist evaluation team within the Research and Development Group dedicated to Structural Funds work is to be established. The requirement is based on the additional workload. Particularly the more stringent requirements of the new programme evaluation strategies to provide analysis to inform reports on programmes as well as advising on the development and implementation of evaluation strategies for the programmes. The requirement for this support is growing because the new Structural Funds Programme regimes have greater monitoring and evaluation requirements, which if ignored will lead to decommitment and claw back of European monies.

26. The team will include one expert from each of the disciplines of economics, statistics and evaluation - a team leader, researcher/evaluator supported by an assistant statistician and an assistant economist, plus administration support. The team's responsibilities will be to:

- Manage research and evaluation projects, including annual and mid term reports required by EC regulations.
- Advise on the specification and collection of monitoring information, and analyse that information to inform evaluation reports
- Advise WEFO on local and priority strategic/regional action plans and on individual project appraisal
- Contribute to the development and implementation of evaluation strategies and the production of Monitoring Committee and EDC reports
- Represent the Assembly on the ESF Evaluation Standing Group and other UK/ European fora;

**Ensure that the results of monitoring and evaluation and the identification of best practise are fed back to the Partnership to inform and improve the management of the Structural Funds Programmes**

27. The Business Support policy review has recommended to the EDC the establishment of an Economic Research Monitoring and Evaluation Unit within the National Assembly to underpin the work of the Policy Board by developing a detailed understanding of the Welsh economy and systems to monitor and evaluate the impact of programmes, including structural funds, on the achievement of strategic economic objectives.

It is proposed that the unit is established through coopting and seconding the research capability of other agencies such as the WDA, local authorities, universities and, on a commercial basis, the private sector.

WEFO expects to work with the proposed unit in delivering its responsibilities for the evaluation of the Structural Funds programmes.