
European Commission DG VI

**SYNTHESIS OF THE
INTERMEDIATE EVALUATIONS
OF OBJECTIVE 5(B)
PROGRAMMES**

Final Report

A report prepared by
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Consultants (PACEC)
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DG VI

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LIST OF ABBREVIATIONS

ADAPT	Community initiative to further growth and employment
ADAS	Agricultural Development and Advisory Service
CAP	Common Agricultural Policy
DfEE	Department for Education and Employment
ESF	European Social Fund
ERDF	European Reconstruction and Development Fund
EAGGF	European Agricultural Guidance and Guarantee Fund
FTE	Full time equivalent
HRD	Human Resource Development
LEADER II	Commission programme to promote the development of the rural economy through the support of innovative measures
LEC	Local Enterprise Company
MAFF	Ministry for Agriculture, Food and Fisheries
PESCA	Community initiative to promote diversification and job creation in the European fishing industry
PMC	Programme Monitoring Committee

SME	Small and medium sized enterprises
SOAEFD	Scottish Office, Agriculture, Environment and Fisheries Department
SPD	Single Programming Document
SRB	Single Regeneration Budget
SWOT	Strengths, weaknesses, opportunities, threats
TICs	Tourism Information Centres

1. INTRODUCTION

1.1. This report presents a synthesis of the mid-term evaluations of Objective 5(b) Programmes in the United Kingdom for the period 1994-1999. The report addresses the terms of reference as set down in detail in the Invitation to Tender, see Appendix 1. In summary, the main aim of this synthesis report is to provide the Commission's services with the information necessary for them to judge:-

- (a) the degree of progress and coherence achieved by the Programmes in relation to the objectives set.
- (b) progress made on the basis of financial and physical indicators; the efficiency of the Programmes.
- (c) the impact of the Programmes; procedures for implementation including differences between Programmes.
- (d) the application of the principles contained in the reform of the Structural Funds and finally.
- (e) to provide recommendations for operational improvements.

1.2. The report begins with a short overview of the Objective 5(b) regions in the United Kingdom to establish the context within which the evaluations have been carried out. The next section presents an assessment of the extent to which the objectives of the Programmes have been realised from both the financial and physical perspective. Section ? summarises the impact of the Programmes. The next section assesses the implementation of the Programme focusing on the administrative structures in place, project selection criteria, Technical Assistance and reviewing the extent to which the reformed structural fund principles have been used. The final section presents a short summary and recommendations for improvements. Throughout the synthesis report aims to provide more than a summary of the individual Programmes. Importantly, it seeks to draw general conclusions for Objective 5(b) Programmes in the United Kingdom which will be of direct operational use in making adjustments and modifications for the next phase of the Programmes. In this way the synthesis report aims to provide the basis for strengthening the structures and operational practices to ensure effective implementation, monitoring and evaluation of the overall Programme.

2. THE OBJECTIVE 5(B) REGIONS AND PROGRAMMES

2.1. The Objective 5(b) regions and their socio-economic development

2.1.1. Objective 5(b) support is provided to eleven regions of the United Kingdom. These eleven regions are shown in Figure 1. Perhaps not surprisingly the designated areas are mainly outside the South Eastern parts of the country and concentrated in the North and more remote parts of the country.

Figure 2.1 The geographical distribution of Objective 5(b) regions in Great Britain



2.1.2. Table 2.1 shows the population, population density and geographical area of the Objective 5(b) regions in the United Kingdom. The designated regions vary greatly in size whether measured by geographical area or by population. Thus the English Northern Uplands is the largest of the Objective 5(b) regions in terms of area covering 14286 sq.km equal to just over one fifth (21%) of

the total designated area. By contrast the English Midland Uplands covers only 1000 sq.km. The population density of the designated areas also varies very significantly ranging from 10 to 105 persons per sq.km. and the average density is 47 persons per sq.km.

Table 2.1 Table 1 Population, density and geographical area of the Objective 5(b) regions 1991

Region	Objective 5(b) population		Objective 5(b) areas		Population density
	000 s	%	Km ²	%	Pop/Km ²
East Anglia	231	8	2404	4	96
Midland Uplands	41	1	1000	1	41
Northern Uplands	374	13	14286	21	26
Lincolnshire	191	7	3032	5	63
The Marches	148	5	3200	5	46
South West	775	27	7350	11	105
The Borders	104	4	4714	7	22
Dumfries & Galloway	148	5	6400	10	23
North & West Grampian	149	5	4257	6	35
Rural Sterling & Tayside	71	2	6900	10	10
Rural Wales	624	22	13565	20	46
Total	2856	100	67108	100	43

Source: Single Programming Documents

2.1.3. Population increased in the 5(b) regions in the 1980s primarily through net inward migration. An important feature of the population migration flows was the inward movement of elderly and retired people and the outward movement of younger age groups. Thus all of the designated regions pointed to either a rising or above average proportion of elderly. The influx of population was not evenly spread across settlements of different sizes with selected settlements continuing to experience some decline, particularly the smaller. For example, Dumfries and Galloway experienced a 2.1% increase in population in the 1980s and 20.2% of the population were above retirement age compared with 18% for Scotland. South West England 5(b) area saw

population increase by some 70000 in the period from 1981-1991 an increase of 10% but the region has 20% of its population over 65 against 16% for Great Britain. Rural Stirling and Upland Tayside 5(b) experienced a population increase of 7.5%, 1981-1991 and the 65+ population accounts for 23% of total population, significantly above that of Scotland as a whole. However within this 5(b) region settlements in Upland Tayside continued to experience severe population decline. In Rural Wales the depopulation trend of the 1970s was reversed in the 1980s with population increasing by 14.9% in mid-Wales in the 1980s again mainly as a result of inward migration of retired people.

- 2.1.4. GDP per capita in the Objective 5(b) regions is in all cases below that of the UK and EU average. Strictly comparable estimates of the deviation of GDP/capita from the UK or EU benchmark and recent changes in the position of the 5(b) regions are not possible from the data either contained in the SPDs or the Interim Evaluation Reports. In some cases data are not available for the 5(b) designated area and comparisons for some regions are with the UK and for others with the EU. However from what is presented a strong presumption can be established that GDP/capita is typically lower than the benchmark comparator for all 5(b) regions with deviations in a range of 5-25% of the benchmark. However the picture on changes since 1991 is mixed with some 5(b) areas improving their relative position and others experiencing a small worsening. Thus for the Devon and Cornwall counties GDP/capita increased from 77.8% to 78.2% of the UK level between 1991 and 1993. For Lincolnshire the per capita GDP increased from 91.6% to 92.4% of the Great Britain level between 1991 and 1993. For Rural Wales GDP/capita increased from 76.9 to 77% of the UK in the period 1991 to 1993. For the Borders GDP/capita increased from 81.5 to 82.4 of the UK between 1991 and 1993 and was 81.6% of the EU average in 1993. For English Northern Uplands GDP/capita decreased slightly from 91.8 to 90.3 of the UK in the period 1991 to 1993 and also decreased in the Midlands Uplands from 84.3 of the UK in 1991 to 79.2 in 1993.

2.2. The Programmes

2.2.1. Table 2.2 shows the distribution of EC funding across each of the three Structural Funds (European Regional Development Fund, ERDF; European Social Fund, ESF; European Agricultural Guidance and Guarantee Fund, EAGGF) for each designated area in the United Kingdom. The relative share of the Structural Funds shows some variability across the different regions but for all regions 65% of total expenditure financed by the ERDF, 18% by the EAGGF and 17% by the ESF. Dumfries and Galloway and North and West Grampian show above average amounts of ERDF funding. The Marches, Rural Stirling and Upland Tayside and The Borders had above average ESF funding and the Northern Uplands above average EAGGF funding.

Table 2.2 Planned expenditure by EC fund and programme

Programme	ERDF	ESF	EAGGF	TOTAL
Lincolnshire	67%	15%	18%	100%
Rural Stirling & Tayside	67%	20%	13%	100%
The South West	66%	16%	19%	100%
Midlands Uplands	68%	15%	18%	100%
East Anglia	68%	15%	18%	100%
Northern Uplands	60%	15%	25%	100%
North & West Grampian	72%	16%	12%	100%
The Marches	60%	22%	18%	100%
Rural Wales	63%	18%	19%	100%
The Borders	68%	20%	12%	100%
Dumfries & Galloway	72%	14%	13%	100%
Total	65%	17%	18%	100%

Source: SPDs

2.2.2. Table 2.3 shows the allocation of each Structural Fund across the different 5(b) regions. It can be seen that a proportionally large share of total Structural Fund resources are concentrated in the west of the UK with the South West England allocated 27% of planned expenditure (ECU221m) and Rural Wales 22% (ECU184m). It was noted in paragraph 2.1.4 that these two areas had the lowest GDP per capita out of the Objective 5(b) regions where data were available, only 78.2% and 77% of the UK level in 1993. The

Northern Uplands also had a relatively large share of total planned expenditure, 13% (or ECU108m). In contrast the Midlands Uplands was allocated 1% or ECU12m of total planned expenditure. It is interesting to note that the regional distribution of spending virtually matches that of population in all Objective 5(b) regions.

Table 2.3 Planned expenditure by EC fund, ECUm, 1994 prices

Programme	ERDF		ESF		EAGGF		TOTAL	
	ECUm	%	ECUm	%	ECUm	%	ECUm	%
Lincolnshire	35.72	7	7.91	6	9.37	6	53.00	6
Rural Stirling & Tayside	16.87	3	5.00	4	3.12	2	24.99	3
The South West	145.10	27	35.20	26	41.10	27	221.40	27
Midlands Uplands	8.10	2	1.80	1	2.10	1	12.00	1
East Anglia	40.50	8	9.00	7	10.50	7	60.00	7
Northern Uplands	64.79	12	16.19	12	27.01	18	108.00	13
North & West Grampian	28.25	5	6.05	4	4.70	3	39.00	5
The Marches	23.90	4	8.80	6	7.30	5	40.00	5
Rural Wales	115.09	22	33.30	24	35.60	24	184.00	22
The Borders	20.40	4	6.00	4	3.60	2	30.00	4
Dumfries & Galloway	33.90	6	6.80	5	6.30	4	47.00	6
Total	532.62	100	136.05	100	150.71	100	819.38	100

Source: SPDs

2.3. Value of planned expenditure for whole programme period 1994-99, by measure

2.3.1. Information on the total value of planned European Community expenditure by measure grouping is presented. A differentiation is made between the absolute amount of spending and the proportion by measure grouping. This is helpful in providing a perspective on the emphasis given and balance of the different Objective 5(b) regional strategies. Expenditure by individual measure for each individual programme is tabulated in Appendix 2.

2.3.2. Table 2.4 shows the distribution of planned expenditure by programme area and measure grouping. The highest share of EC expenditure is allocated towards general business support (16.3%), this includes the supply of business support services, business development, and support for SMEs. Tourism business support receives 9.3%, and business support in agriculture was planned to receive 3.7%. The aggregation of the business support related measures gives a total of 29.3% of total planned expenditure from the Structural Fund budgets. Infrastructure support for business development accounts for 26.6% (aggregating infrastructure (21.5%), tourism infrastructure (4.8%) and infrastructure for agriculture (0.3%)). Training attracts 15.6% of the Structural Fund budgets and conservation / enhancement and environmental initiatives account for 21.2% of the total budget. Funds specifically targeting tourism account for 21.7% of the budget and agriculture for 10.6%. By programme area Dumfries and Galloway had the highest bias towards the development of business support with 40.2% of its EC funds being allocated to this cause, followed by North and West Grampian with 38.7%. By contrast South West England has only 17.9% allocated towards business development, and East Anglia 22.5%. There is a large variance in the degree of emphasis on tourism across the Programmes. The programme with the greatest focus on tourism is Rural Stirling and Upland Tayside (38% of planned expenditure) followed by Rural Wales (29%), however The Borders and Dumfries and Galloway only allocated 8% and 7% respectively to this area. The degree of emphasis on agriculture had a smaller variance, ranging from 18% of total finance to 4%. The Marches allocated the highest amount to agricultural related initiatives (18%), and the Midlands Uplands

also had a relatively high allocation. 4% was allocated by Rural Stirling and Upland Tayside, the Northern Uplands also had a relatively small proportion of expenditure directed to this area (6%). Training related measures received the second highest proportion of EC funding, with 15.6% (ECU 127.8m) across all areas going to all training areas. Little regional variation is apparent. Rural Stirling and Upland Tayside had 20% of total funds allocated towards all areas of training, compared to the lowest allocation of 13% by Dumfries and Galloway. Finally environmental initiatives showed a large degree of variation. The Northern Uplands had 25.9% of finance allocated to environmental concerns, including conservation and enhancement of the environment, environmental initiatives, the enhancement and development of attractions and the regeneration and enhancement of local communities. The Midlands Uplands had a relatively low expenditure planned in these areas (4.6%) (other environmental concerns were expressed as objectives of measures, eg the measure for developing the tourism industry).

Table 2.4 Planned expenditure by programme area and measure grouping, %

	Lincolnshire	Rural Stirling & Tayside	South West	Midlands Uplands	East Anglia	Northern Uplands	North & West Grampian	The Marches	Rural Wales	The Borders	Dumfries & Galloway	Total
Business support	10.3	34.2	11.3	11.2	13.6	19.3	38.7	15.0	12.6	24.3	27.7	16.3
Infrastructure, investment, R&D	40.2	0	20.3	36.3	19.0	14.3	7.7	20.5	23.9	25.7	33.4	21.5
Tourism business support	17.4	12.0	6.9	0	4.4	6.4	20.5	16.5	10.0	8.3	7.4	9.3
Enhancement/development of tourist attractions	0	18.0	0	13.8	14.8	0	0	0	13.8	0	0	4.9
Facilities and infrastructure for tourism	0	0	11.6	0	2.8	10.8	0	0	0	0	0	4.8
Business support/development in agriculture	6.7	0	0	0	4.5	0	0	1.5	11.6	0	5.1	3.7
Diversification and development in agriculture	0	4.0	8.1	17.1	10.7	6.3	8.1	13.5	0	6.7	4.5	5.7
Infrastructure in agriculture	0	0	0	0	2.9	0	0	2.0	0	0	0	0.3
Improved training and facilities	14.8	8.5	8.1	14.7	15.2	11.2	15.3	14.8	9.9	19.3	13.1	11.4
Environment training	0	3.0	1.1	0	0	1.9	0	0	0	0	0	0.6
Tourism training	2.1	8.1	3.2	0	0.7	1.5	0	0	5.4	0	0	2.7
Agriculture training	1.4	0	2.2	0	2.0	0	0	1.3	0	0	0	0.9
Conservation and enhancement	3.2	8.5	5.2	0	2.5	9.4	4.0	13.5	3.6	0	3.8	5.2
Environmental initiatives	0	0	7.7	0	0	9.0	0	0	0	14	0	3.8
Regeneration and enhancement of local communities	1.9	2.5	11.9	4.6	6.1	7.5	5.0	0	8.7	0	3.4	7.3
Technical Assistance	2.0	1.2	2.4	2.0	0.9	2.5	0.8	1.5	0.5	1.7	1.5	3.6
Total percentage	100	100	100	100	100	100	100	100	100	100	100	100
Total ECUm 1994 prices	53.00	24.99	221.40	12.00	60.00	108.00	39.00	40.00	184.00	30.00	47.00	819.38

Source: PACEC, SPDs

2.3.3. Table 2.5 shows the source of funding by each of the measure groupings. Business development, tourism and environmental and community measures were mainly funded by the ERDF. Training (excluding agricultural training) was funded mainly by the ESF and the EAGGF financed the bulk of the agricultural related initiatives, excluding agricultural training. 95% (ECU 293.78m) of the finance for business support and infrastructure, investment and R&D measures came from the ERDF and ECU 8.95m and ECU 7.16m came from the ESF and EAGGF respectively.

Table 2.5 Planned expenditure by measure grouping and fund, ECUm, 1994 prices

	ERDF		ESF		EAGGF	
	ECUm	%	ECUm	%	ECUm	%
Business support	124.36	23	4.15	3	5.40	4
Infrastructure, investment, R&D	169.42	32	4.80	4	1.76	1
Tourism business support	54.66	10	1.40	1	19.96	13
Enhancement / development of tourist attractions	40.40	8	0.00	0	0.00	0
Facilities and infrastructure for tourism	39.05	7	0.00	0	0.00	0
Business support/development in agriculture	0.00	0	0.00	0	30.67	20
Diversification and development in agriculture	5.90	1	0.00	0	40.95	27
Infrastructure in agriculture	1.71	0.3	0.80	1	0.00	0
Improved training and facilities	7.32	1	85.76	63	0.00	0
Environment training	0.00	0	5.18	4	0.00	0
Tourism training	0.00	0	22.06	16	0.00	0
Agriculture training	0.00	0	7.33	5	0.00	0
Conservation and enhancement	0.00	0	0.00	0	42.40	28
Environmental initiatives	24.72	5	0.00	0	6.20	4
Regeneration and enhancement of local communities	58.77	11	0.00	0	1.00	0.7
Technical Assistance	23.77	4	3.66	3	2.39	2
Total	532.62	100	136.05	100	150.71	100

Source: SPDs

2.4. Relevance of objectives to the area, and changes required

- 2.4.1. Each Programme evaluation includes an update of the socio-economic situation as set down in the SPDs. This update is used to assess the continued relevance and validity of the Programme particularly with respect to its objectives and coherence as presented in the SPD. Each evaluation pointed to the data limitations hindering a satisfactory update. In large part the problem was simply the absence of data on the current position in each region, although for certain indicators such as unemployment, up-to-date information was available. In all the Programme areas the issues identified in the SPD were seen to continue to be of relevance, however a number of specific points were made which bear on the relationship between the role of the SPD and the updating exercise.
- 2.4.2. For South West England the consultants pointed to a failure to secure a clear rationale between aims and objectives and the supporting analysis of the region despite re-submission of the SPD. In addition there was no explicit basis for SPD allocations. The North and West Grampian evaluation concluded that the SPD strategy failed to develop in a coherent fashion and that there is a lack of analysis and insufficient information (on SMEs, sites and premises, skill composition and take-up of IT) in the SPD to determine the weights which each element of the strategy merits. The consultants update and extension of the SPD also aimed to address their concern about the emphasis given to different Priorities. Although at a strategic level the Dumfries and Galloway SPD strategy remains relevant in the light of the update, the evaluation suggests that a lack of clarity remains particularly with respect to the translation of aims and objectives into workable and achievable targets. Moreover the consultants claim that baseline data has not been sourced and that there is a mixing of intermediate and final output indicators which makes evaluation difficult. revisions to SPD needed on financial balance between Priorities and across measures and it is argued that the overall Programme targets require re-assessment given that the targeted GDP growth has already been met. The update and review of the socio-economic position for Rural Stirling and Upper Tayside indicates an over emphasis on tourism because of the too wide a definition used for the sector and also points to a lack of information on the SME sector and the failure to examine

the problems of the smaller communities. As a consequence the weight given to different Priorities are difficult to determine. The analysis and the definition of Priorities do not square. The consultants point out that agriculture employs 50% more people than tourism and received 4% of resources compared with tourism's 38%.

2.5. Conclusions

2.5.1. *PACEC's review of the evaluation update of the socio-economic analysis contained in the SPDs concludes that although consultants clearly faced difficulties with data in assessing the current position, nevertheless some additional relevant data was obtained for each Programme area. However what was often lacking in the consultants reports was sufficient analysis of the extent to which the new data changed the analysis in the SPDs in a substantive way. Have economic and social problems remained the same or changed in some way? Are changes reflections of ongoing trends or are they dependent on specific shifts in determining factors? Is a change area specific or merely a reflection of national changes? Although some reports brought out clearly the updated data in relation to the SPD data and considered possible implications (The Borders, Rural Stirling and Upper Tayside), a number of reports provided little more than updated data tables, e.g. The Marches and Rural Wales. It was also apparent that for some Programme areas consultants had given explicit consideration to the link between the issues and SWOT analysis and the establishment of objectives and Programme Priorities in the SPD e.g. The South West, North and West Grampian. In other areas such as the Midland Uplands, this type of analysis was much more limited. In PACEC's view the updates of data and other relevant information are of greatest value if they are presented in a way that permits comparison with the SPD and if specific and explicit consideration is given to the implications for the weights given to SPD Priorities.*

3. PROGRESS IN IMPLEMENTATION

3.1. Introduction

3.1.1. This chapter reviews the evidence of progress in the implementation of Programmes from the evaluation reports. Progress is assessed in two main ways. Firstly, by the percentage of planned expenditure (given in the SPDs) that has been approved, and secondly, through evidence based on a variety of physical indicators expressed as a proportion of the SPD target. With respect to the former it would have been desirable to examine actual expenditure but comprehensive information by programme area and measure was lacking.

3.2. Value of approved expenditure to 31 December 1996, by measure grouping

3.2.1. An overview of the progress made in terms of the finance approved for all Programmes is presented in this section. Approval refers to a grant where the funds have already been committed and an offer letter has been issued to the organisation carrying out the project. The funds approved may not equal the amount ultimately paid due to changes in project finance requirements. The review of the evaluator is limited to approved payments owing to the limited information provided on actual payments.

3.2.2. Overall 40% of the planned level of spending has been approved (ECU 325.25m). Table 3.1 shows that the highest achievement of the target was experienced for measures grouped in the business support category (51%, ECU 68.59m). Enhancement and development of tourism attractions category also achieved a relatively high proportion of planned expenditure (49% of planned expenditure, ECU 19.97m). In contrast the lowest achievement of the target was within the infrastructure in agriculture grouping where only 5% was achieved (ie ECU 0.13m). Considering absolute funding levels by measure grouping, business infrastructure, investment and R&D received the highest level of ECU 71.28m, followed by business support which had achieved ECU 68.59m at the end of 1996. Therefore measures in the business priority received the highest level of actual spending.

- 3.2.3. By programme area, Dumfries and Galloway achieved the greatest progress towards their target (50%, ECU 23.52m), although progress was fairly balanced between the different areas. The Midlands Uplands experienced the slowest progress, receiving only 30% (ECU 3.56m) of planned expenditure at the end of 1996, followed by Lincolnshire (31%, ECU 16.66m). Considering absolute figures, Rural Wales achieved the highest amount, ECU 88.42m (48% of the target), whereas the lowest absolute amount was achieved by the Midlands Uplands as mentioned above.
- 3.2.4. Table 3.2 shows the approved expenditure by Structural Fund and measure category. The ERDF has achieved the highest amount of planned expenditure, 44%, compared to only 26% of EAGGF finance being approved. 37% of ESF planned funding has been approved. The highest level of achievement was experienced by ESF financed general business support measures where 70% of planned expenditure was approved (ECU2.89m). Generally the ERDF business support measures had relatively high levels of approval (including general business support (52%), and tourism business support (55%)). EAGGF financed business support and development in agriculture had the highest proportion (41%) of planned expenditure financed by this Structural Fund approved. Poor achievement was noted by ERDF finance for infrastructure in agriculture (1%), EAGGF finance for tourism business support (1%) and ESF Technical Assistance (2%).

Table 3.1 Approved expenditure by programme area and measure grouping, % of planned expenditure

	Lincolnshire	Rural Stirling & Tayside	South West	Midlands Uplands	East Anglia	Northern Uplands	North & West Grampian s	The Marche	Rural Wales	The Borders	Dumfries & Galloway	Total % of planned
Business support	72%	23%	70%	77%	51%	55%	56%	21%	58%	48%	15%	51%
Infrastructure, investment, R&D	26%		36%	10%	30%	29%	10%	48%	50%	55%	69%	41%
Tourism business support	28%	60%	50%		22%	24%	56%	34%	40%	75%	93%	44%
Enhancement / development of attractions		70%		41%	43%				49%			49%
Facilities and infrastructure for tourism			43%		2%	46%						42%
Business support/development in agriculture	20%				25%			22%	42%		88%	41%
Diversification and development in agriculture		21%	17%	16%	20%	19%	4%	35%		14%	0%	18%
Infrastructure in agriculture					1%			14%				5%
Improved training and facilities	40%	69%	33%	44%	57%	33%	50%	43%	41%	49%	44%	42%
Environment training		49%	23%			11%						22%
Tourism training	27%	43%	17%		22%	28%			44%			33%
Agriculture training	10%		5%		29%			17%				10%
Conservation and enhancement	10%	63%	26%		2%	9%	47%	34%	63%		72%	32%
Environmental initiatives			14%			43%				39%		26%
Regeneration and enhancement of local communities	21%	36%	34%	48%	10%	33%	91%		53%		86%	39%
Technical Assistance	5%	0%	0%	0%	0%	2%	0%	5%	0%	0%	0%	41%
Total % of planned expenditure	31%	46%	35%	30%	33%	34%	48%	35%	48%	48%	50%	40%
Total ECUm	16.66	11.40	77.78	3.56	19.96	36.68	18.83	14.08	88.42	14.35	23.52	325.25

Source: Interim reports

Table 3.2 Approved funding by fund and measure grouping, ECUm

	ERDF		ESF		EAGGF	
	ECUm	% of planned	ECUm	% of planned	ECUm	% of planned
Business support	64.82	52%	2.89	70%	0.88	16%
Infrastructure, investment, R&D	68.98	41%	2.28	48%	0.02	1%
Tourism business support	30.08	55%	0.21	15%	3.25	16%
Enhancement / development of tourist attractions	19.97	49%	0.00		0.00	
Facilities and infrastructure for tourism	16.48	42%	0.00		0.00	
Business support/development in agriculture	0.00		0.00		12.53	41%
Diversification and development in agriculture	1.52	26%	0.00		6.94	17%
Infrastructure in agriculture	0.01	1%	0.12	14%	0.00	
Improved training and facilities	3.58	49%	35.30	41%	0.00	
Environment training	0.00		1.14	22%	0.00	
Tourism training	0.00		7.25	33%	0.00	
Agriculture training	0.00		0.74	10%	0.00	
Conservation and enhancement	0.00		0.00		13.54	32%
Environmental initiatives	7.00	28%	0.00		1.16	19%
Regeneration and enhancement of local communities	24.08	41%	0.00		0.36	36%
Technical Assistance	11.69	49%	0.07	2%	0.00	0%
Total	236.57	44%	50.02	37%	38.67	26%

Source: Interim reports

3.2.5. Table 3.3 presents an overall summary of financial achievement. The ERDF has achieved the highest figure of 44% of the spending target, compared to 37% for ESF projects and a relatively low 26% for EAGGF. As the ERDF had the highest level of planned expenditure, this is reflected in the highest absolute level of actual spending (ECU 236.57m) being achieved.

Table 3.3 Summary table of allocations and achievement of target by fund, ECUm, 1994 prices

	ERDF	ESF	EAGGF
Planned expenditure	532.62	136.05	150.71
Approved expenditure	236.57	50.02	38.67
Proportion of target achieved	44%	37%	26%

Source: SPDs

3.3. Level of progress based on physical indicators

3.3.1. This section presents the evidence on progress achieved by the different Programmes based on a wide variety of physical indicators. The suitability of the different indicators is also discussed for the different programme measures.

3.4. Timetable for the programme

3.4.1. In judging the consultants evaluations of physical progress achieved in implementing programme projects it is important to do so within the context of planned start dates and any delays experienced in starting. Table 3.4 shows the timetable for approval of the programme and comments on any delays experienced. The planned start date, 1994, was only achieved by South West England, The Northern Uplands and East Anglia, whose Programmes were approved at the end of 1994, although the latter did not commence until February 1995. The latest date for approval of projects was April 1995, experienced by three Programmes. Four projects experienced a delay of at least one year in achieving approval for their projects.

Table 3.4 The timetable for the programme

Programme area	Date of approval	Comments
The Marches	March 1995	Originally submitted in April 1994
Lincolnshire	March 1995	The original did not meet EC requirements and the programme was re-drafted
The Borders	April 1995	-
Dumfries and Galloway	April 1995	-
Rural Stirling and Upland Tayside	March / April 1995	-
Midlands Uplands	February / March 1995	-
Northern Uplands	December 1994	-
Rural Wales	January 1995	-
North and West Grampian	April 1995	-
The South West	December 1994	Originally submitted in April 1994, it was delayed and did not commence until January 1995
East Anglia	December 1994	Did not commence until February 1995

Source: SPDs

3.5. Expected results and progress made in outputs

3.5.1. In order to evaluate the performance of the Objective 5(b) Programmes progress towards the targets set out in the SPD is addressed. This necessitates consideration of the level at which the targets are set. The targets for the achievement of the physical indicators vary greatly from programme to programme and are intended to reflect the differing circumstances of the regions. For example the target number of jobs created in Lincolnshire is 8460, however in the Midlands Uplands the target is only 200. This partially reflects the differing population size of the two regions. The former has a population of 191,000 whereas the latter has only 41,000. In Lincolnshire this represents one job per 23 citizens and in the Midlands Uplands per 205 citizens. This difference may be explained by slight variations in the unemployment rate as the Midlands Uplands has an average rate of 8%, whereas a higher 10.5% is observed in the West Midlands. In Lincolnshire although rates for Leicestershire and Northamptonshire are relatively low

other areas such as Nottinghamshire and the cities have higher rates. Rural Stirling and Upland Tayside also has a relatively low target of 299 jobs whereas Rural Wales and Dumfries and Galloway have 1507 and 1974 respectively.

- 3.5.2. The target for the number of business assisted also varies greatly. Rural Wales has a target of 6059, in comparison to only 120 in North and West Grampian. The number of visitor / bed nights reflects the relative emphasis on the tourism industry in the different regions, for example in South West England the target is 931,000, compared to only 250,000 in North and West Grampian. The targets for the number of trainees varies from 6509 in Rural Wales to 380 in Rural Stirling and Upland Tayside, although no explanation is offered for the formation of these target in the SPDs.

3.6. Progress in achieving physical targets

- 3.6.1. Table 3.5 shows the physical progress of measure groupings by programme area in terms of intermediate output and final output indicators as a percentage of targets. In appraising and summarising the physical progress reported in each of the programme area evaluations, a limited number of key indicators were selected for which consistent information was available across the different programme areas and measures implemented. Only seven programme areas provided robust information to perform this analysis. South West England did not provide actual output information, instead forecasts were used. This information was considered to over estimate the extent of current progress towards the targets. The Midlands Uplands reported the output from project reviews, but no grossing up process was carried out, understating the true extent of progress. The Borders analysed 30 case study projects, consequently the results also underestimate real progress made. It is thought that the remaining areas (excluding The Marches where no information by measure was presented) provide a reasonably accurate reflection of the progress made by the various indicators listed.
- 3.6.2. Achievement across the Objective 5(b) programme areas is variable, ranging from no progress towards the targets recorded to an overshoot of ten times the target for the number of trainees within general training in Rural Wales

(10870) and five times the number of community projects undertaken in Lincolnshire (30). The latter is attributable to one project only, costing £160,000 in total. A comparison across the different areas is divided into intermediate outputs, such as numbers of trainees and businesses assisted and final outputs or impacts judged in terms of employment effects.

- 3.6.3. Firstly, considering intermediate output indicators, within the business support measure across all areas the number of businesses assisted overshot the target by 76 percentage points, with 29869 businesses being assisted. This is largely due to the target being achieved four times over in Rural Wales where 83% of the total progress was made. PACEC expresses caution about the use of this indicator in relation to its target as no measure of the quality or degree of the assistance is made. In Lincolnshire poor definition of indicators resulted in the overshooting of the target for the number of sites improved or established and an achievement of 360% being recorded. The evaluators noted that indicators could be defined better by reducing their overlap, for example the improvement of sites overlaps with indicators recording area enhancement. The improvement of land in North and West Grampian recorded progress of 156% of the target, a result of no target being specified in the SPD.
- 3.6.4. Progress towards the intermediate target of the number of trainees greatly overshot the target in some cases. Rural Wales achieved ten times the target within general training, 327% in infrastructure, investment and R&D, and achieved 255% of the target within tourism training; 10870, 2947 and 5095 trainees respectively. The evaluators noted that a relatively low target of only 200 trainees per annum for general training was adopted, consequently resulting in a high degree of overshoot. Generally ESF projects provided limited data, restricting opportunities to develop this analysis further. Rural Stirling and Upland Tayside achieved 126% of the target for students obtaining NVQ Level II or equivalent in environment related training, although the actual progress was only 63, suggesting the overshoot was due to a low target being set.
- 3.6.5. The final output indicator of the number of jobs created or safeguarded was recorded by all regions, although in Lincolnshire for some measures the

information on jobs was combined and presented as jobs created or safeguarded. This hampers analysis of progress as the combined created or safeguarded indicator prevents accurate analysis of the job impact of the programme. Good progress was made in terms of jobs created in several areas, with North and West Grampian achieving 95% of the target (400 jobs), suggesting overshoot if resources are not redirected during the second half of the programme. Rural Wales achieved 61% of the target, and Rural Stirling and Upland Tayside 67%, 919 and 200 jobs respectively were created highlighting large absolute differences in the targets. The Northern Uplands and Lincolnshire only achieved 4% and 5% of their targets respectively. The Lincolnshire evaluators note that this has arisen because of unrealistic expectations of project sponsors, citing one project aiming to create 200 jobs with a very low cost per job figure of £1,000. The Northern Uplands made poor progress for all measures where the job impact was given excluding job creation within tourism business support where the target overshoot by 13 percentage points and 340 jobs were safeguarded. The evaluators considered this poor performance to have arisen because of a combination of factors, such as the inconsistent measurement of job outputs, for example not using FTEs and mixing full time and part time jobs and they also cast doubt on the plausibility of the job safeguarded figures. PACEC believe the monitoring of progress based on the project reports and information obtained from the offer letters may have slightly underestimated the true job impact of the programme. In the Northern Uplands there was a general absence of information on other indicators.

Table 3.5 Physical progress by programme and measure grouping, % of target

	Wales	Dumfries Galloway	Lincoln	Rural Stirling	East Anglia	Northern Uplands	Grampian	Total
Business support								
Jobs created	61%	23%	5%	67%		4%	95%	31%
Jobs safeguard		174%	29%					66%
Business assist	412%	31%	20%	67%	10%			176%
Infra, invest, R&D								
Jobs created	18%		16%			2%		7%
Jobs safeguard			7%			43%		27%
Jobs created/safeg			26%					26%
Trainees	327%							327%
Land serviced/refurb		1%						1%
Sites estab/improved		4%	360%					66%
Tourism bus supp								
Jobs Created	18%					5%	12%	14%
Jobs Safeguard	52%					113%		57%
Business Assist				111%	2%			24%
Attract. assist		31%						31%
Annual Visitors			104%				22%	39%
Dev of attract								
Jobs Created	10%							10%
Attract. assist				88%				88%
Facilities/infra for tourism								
Jobs Created						8%		8%
Jobs Safeguard						9%		9%
Ag bus sup								
Jobs Created	1%							1%
Jobs Safeguard	14%							14%
Jobs created/safeg				60%				60%
Business Assist				61%	0%	0%		23%

	Wales	Dumfries Galloway	Lincoln	Rural Stirling	East Anglia	Northern Uplands	Grampian	Total
Infra in ag								
Buildings registered					87%			87%
Ag diversif								
Diversif projects					0%			
General training								
Jobs Created			180%					108%
Business Assist			65%		1%			17%
Trainees	1000%	34%	19%		48%			47%
Environment training								
Business involved				60%				60%
Trainees				50%				50%
NVQ level II				126%				126%
Tourism training								
Business assisted				35%				35%
Trainees	255%		45%	32%	26%			132%
Environment enhancement								
Jobs Created	16%					1%		6%
Jobs Safeguard						14%		14%
Business Assist			0%	35%				2%
Improvement proj		20%		61%				31%
Land improved		26%					156%	152%
Enviro initiatives								
Jobs Created						0%		0%
Jobs Safeguard						0%		0%

	Wales	Dumfries Galloway	Lincoln	Rural Stirling	East Anglia	Northern Uplands	Grampian	Total
Local communities								
Jobs Created	2%						55%	3%
Jobs Safeguard	10%							10%
Business Assist	82%						67%	81%
Commu Project		6%	500%	20%			9%	25%

Source: PACEC / Interim reports

* Percentage is calculated from the progress of those giving targets

3.7. Cost invested in large projects

3.7.1. The above analysis focused on overall indicators of physical progress for each of the different programme measures. Within the different measure categories a number of large projects have been initiated where progress in terms of indicators such as jobs created or safeguarded are arguably of limited value of flagging such projects is that they provide improved insight in the emphasis within the different measures and provide early indicators of potentially significant effects. Projects shown in Table 3.6 have been approved and some progress in implementation has been achieved. It can be seen that the common themes running through the areas of investment are training and skill development or investment in a education related scheme, business link or development services and tourism related areas. However the value of the projects varies greatly by the programme area. The Marches has the highest level of total investment in its three 3 largest projects (£11.3 million). This compares to only £1.07 million in the Midlands Uplands. It also has the greatest disparity in its spending amongst its 3 largest projects. The greatest total cost for one projects is in Rural Wales where the Information Society Challenge to develop information facilities cost £10.5million

Table 3.6 Investment in three largest projects by programme

Region	Total cost	Nature of project
The Marches	£6.4 m £3.1m £1.8m	Marches Dwarf Hops - aims to jump start production and planning of new form of hop Co-financing of business links Montgomery/Llangollen canals package
Lincolnshire	£3.1m £2.1m £1.6m	Lindsay District Council - Fairfield Industrial Estate East Lindsay District Council - environmental improvements Regional access network - access to higher education, vocational training, business support and community service facilities
The Borders	£2.6m £1.0m £1.3m	Melrose By-pass Tourism marketing initiative Eyemouth Golf Club - to enhance tourist benefits
Rural Stirling & Tayside	£1.5m	Scottish Enterprise Tayside
Midlands Uplands	£442, 000 £364,000 £266,000	Rural Development Programme - skill training for young farmers Business action plan - to improve business support services Peak District Rural Development Liaison Office and Partnership - to assist co-ordination and integration with the Rural Development Prog.
North & West Grampian	£1.2m	Fraserburgh Harbour Deepening
South West	£2.5m £2.4m £2.4m	Bodmin Business Park development Truro College - extension of the campus DTI Business Support
Northern Uplands	£9m -	Cumbrian Visitor Centre Regional Challenge - Whitby Beacon Regeneration Bid
Rural Wales	£10.5m	Information Society Challenge - developing network access points
Dumfries & Galloway	3 projects £3,033	Sea Cat terminal Stena Sealink - new ferry terminal / berth at Sranraer P&O European Ferries - Cairnryan port
East Anglia	£5.20m	Swaffham Eco-Tech Centre

Source: PACEC

3.8. Appropriateness of the output indicators

3.8.1. In judging progress the above analysis has made use of a number of output indicators. In evaluating the appropriateness of these indicators for assessing the progress of the different measures we have considered both quantitative and qualitative aspects of the indicators used and the potential for significant margins of error to arise in the reporting of gross impact.

3.8.2. The appropriateness of the indicators for the content of the measures is outlined below:

1. Relatively basic information provided as the outputs defined are largely physical. There is little use of more qualitative indicators, such as measures for the quality of jobs created.
2. In practice the gross impacts are likely to be subject to significant margins of error. Thus for several reasons the number of jobs reported, particularly jobs safeguarded, is likely to overestimate the impact of the Programme. Related problems include:
 - **Attribution** - There is evidence from the project reviews of project sponsors using a 'liberal' interpretation as to how they claim job outputs. The definition of jobs created is vague with no clear distinction between full time, part time or permanent positions. Within the jobs created variable there is a split into direct and indirect with the latter often being dependent on subsequent investment. Also the jobs created and jobs safeguarded indicators are combined, and require separate analysis. South West England found that large numbers of jobs safeguarded have been attributed to projects, for example one project provided the estimate of 4,000 safeguarded. This illustrates the potential misinterpretation and misuse of the jobs safeguarded definition and results in a high total job safeguarded figure of 7771, in comparison to only 250 in Rural Stirling and Upland Tayside.
 - **Double counting** - given the range of advice and assistance targeted on farmers and businesses, it is quite possible that an individual business or farmer may benefit from a number of different schemes, each of which will claim any associated jobs that may be created by the business or any jobs thought to be safeguarded.
 - **Risk** - The jobs safeguarded indicator implicitly takes on a judgement of the risk of job loss, however there is little attempt to make this explicit and to ensure a common calculation method is used.
3. The jobs created / safeguarded indicator has been combined for several Programmes (Lincolnshire, and occasionally by North and West Grampian). This is inappropriate as the two employment effects represent very different impacts. Where the indicators are used separately there is no standard definition applied across the SPDs and this is particularly important for jobs safeguarded. Full time equivalents are not used by any Programmes with reliable progress data (The Borders is the only area using FTEs), the totals presented throughout are assumed to be a mixture of full time and part time jobs.

4. On the tourism side much of the commitment is divided between a small number of projects, a situation which is seen to contradict the SPD's intention of a wider range of schemes. It is thought that the figures contain a high degree of double counting, again suggesting a need to improve measurement systems.
5. There is no standard measure for the development of and assistance for firms and the degree of support may differ widely between regions. Within the measure for business development it was thought the indicator for new companies established is of limited relevance as most of the development projects are aimed at existing businesses.
6. More general problems have also arisen. Insufficient time has elapsed for projects to demonstrate the final impacts and therefore to be assessed fully, consequently many of the impacts of the programme will only be apparent on completion and termination of the monitoring of the scheme.

3.8.3. The application of measurement to the objectives:

1. Some outputs are heterogeneous and the measurement of them should be applied concisely and carefully.
2. In some cases the indicators do not sufficiently represent the range of actions that could be funded.
3. Some indicators are hard to quantify thus making comparisons between the relative achievement of targets onerous.
4. There is little attempt to measure environmental effects of measures not directly related to the environment.

3.9. Conclusions

- 3.9.1. Significant progress has been made across a number of measures but it is clear that progress is limited partially by the late start of the Programmes and also by the lack of availability of up to date monitoring information. The majority of programme areas experienced delays at the start of their project due to the poor quality of SPDs submitted, consequently requiring revision. This often caused a delay in approval of up to one year. A number of physical measures were cited for the evaluation of the progression of each of the priorities. The physical progress of the projects towards the targets for all areas, based on selected indicators varies greatly, ranging from 1% (land serviced / refurbished) to 327% (number of trainees within infrastructure, investment and R&D) where progress was recorded. It was noted that there are large

differences in the levels of the targets and while these reflect regional variations, the need for some adjustment has been highlighted in the interim reports. It is recommended that more qualitative measurements are used to improve the representativeness of the evaluation. Also some of the physical measures could be specified more accurately, particularly indirect and direct job creation. These have not always been separated and there is not always a distinction between the creation and the safe guarding of jobs.

- 3.9.2. In total 44% of all planned expenditure has been achieved, while this masks larger differences amongst individual projects the above analysis shows a balanced achievement of the expenditure targets, by measure grouping for the programme areas and also by the EC funds. There was particularly low take up of EAGGF finance as only 26% of planned expenditure had been implemented. By way of comparison achievement by the ERDF was 44%. Business related measures were designated to receive the largest amount of EC funding, and these have achieved the greatest level, and consequently proportion of the target. South West England had the greatest level of planned expenditure, although this was not reflected in the approved level of funds, as only 35% of the planned level had been achieved.
- 3.9.3. *Comparison of the level of progress towards the target with financial achievement does not present any solid explanation for variations in performance as physical progress towards the targets is highly variable. However the low take up of EAGGF finance may partially explain the slightly poorer performance of agricultural related measures such as agricultural business support and agricultural diversification and development, although information on progress is patchy. Analysis could be enhanced by more comprehensive monitoring of progress and the standardisation of indicators.*
- 3.9.4. *Skill development is likely to reap long term benefits for the economy which may not be fully captured within the duration of the Objective 5(b) project. This brings into question the achievements of targets as with inadequate funding the targets may be over optimistic over the monitoring period, and may only captured in the long term. As the funding of projects is crucial for the achievement of the specified aims and objectives it is suggested that the resources directed to the achievement of funding are increased. A possible*

method to improve the efficiency and effectiveness of financing would be to set up a body within the monitoring committee to take full responsibility for the financial allocation of Programmes.

4. EVIDENCE ON THE IMPACT OF THE PROGRAMME

4.1. Introduction

4.1.1. This section provides an analysis of the impact of the programme in achieving its aim of increasing rural development and reducing disparities. The evidence presented is largely qualitative, although where possible quantitative indicators are also presented. The most comprehensive assessments of Programme impact in the interim reports are provided by the measures of gross impact and these are considered first. Further analyses involving the assessment of additionality, (largely based on case study research of a limited number of projects) are provided in a number of the evaluation reports and this considered next. At this stage in the implementation of the Programmes when many projects have not been completed and when projects are at an early stage in their development, it is inevitable that the interim evaluations present somewhat limited quantitative estimates of additionality using the different impact indicators. Gross impacts of the Programme measures are typically based on both intermediate indicators (e.g. number of businesses assisted, attractions upgraded) and final indicators such as employment generated. For many Programmes project additionality is perhaps the most reliable indication of what would have happened in the absence of Objective 5(b) support. Assessments of the Programme impacts on aggregate indicators such as disparities in unemployment rates between 5(b) Programme areas and other regions were not undertaken although the update of socio-economic profiles of the 5(b) areas typically included some evidence in movements in aggregate indicators since the start of the Programme. It should be said that even with much more mature Programmes than those currently being considered disentangling the regional impact of Programmes at an aggregate level is a difficult and demanding exercise.

4.2. Gross impacts of Objective 5(b) Programmes

- 4.2.1. In summarising the gross impacts of the Programme a limited range of indicators were considered. Jobs created and jobs safeguarded were two indicators identified across a range of different Programme measures and areas and these indicators provided an important focus for our appraisal of the evaluations. The gross impacts by measure for each Programme area are shown in Table 4.1 while the full table of gross impacts is listed in Appendix 6. In addition gross impacts were appraised using some rather more specific indicators appropriate for certain Programme measures. It will be seen that significant impacts are found across a wide range of measures and areas.
- 4.2.2. The largest job creation impact was observed within the business support measure and may be due to the concentration of Dumfries and Galloway's job impact in this measure. 454 jobs were created and 3484 were safeguarded. However Rural Wales had the largest recorded number of jobs created (1679) and safeguarded (4150), across all measures. Although information on targets is patchy across the programme areas, correspondingly high job impact targets were set for Rural Wales as progress towards the targets were modest and no overshoot was experienced, Section 3.5. Dumfries and Galloway identified a substantial number of jobs safeguarded (3484) but a much smaller number of jobs created (454). North and West Grampian also recorded a large job effect with 583 jobs created, although a relatively low 550 were safeguarded. Rural Stirling and Lincolnshire both recorded relatively low job creation effects, 206 and 200 jobs respectively, although both used the combined job creation and job safeguarded indicator to record jobs for some measures, pushing the combined indicator upwards and hindering comparisons with other areas using the individual indicators. East Anglia had the lowest overall recorded job impact of 633 jobs. No employment targets were presented to show the progress in relation to expectations, the emphasis was instead on intermediate output indicators.

Table 1.1 Gross impact by programme and measure grouping

	Wales	Dumfries & Galloway	Lincoln	Rural Stirling	East Anglia	Northern Uplands	Grampian	Total
Business support								
Jobs created	919	454	20	200	311	40	400	2344
Jobs safeguard	552	3484	1731	250		1	550	6568
Jobs created and safeg	1471	3938	1751	450	311	41	950	8912
Infra, invest, R&D								
Jobs created	245		6		3	60		314
Jobs safeguard	534		35			260		829
Jobs created/safeg	779		1793		3	320	5	1798
Tourism bus supp								
Jobs created	218					18	140	376
Jobs safeguard	1739					340		2079
Jobs created/safeg	1957			150		358	140	2605
Dev of attract								
Jobs created	209							209
Jobs safeguard	398							398
Jobs created/safeg	607			150				757
Facilities/infra for tourism								
Jobs created						82		82
Jobs safeguard						79		79
Jobs created/safeg						161		161
Ag bus sup								
Jobs created	16							16
Jobs safeguard	723							723
Jobs created/safeg	739		180					919

	Wales	Dumfries & Galloway	Lincoln	Rural Stirling	East Anglia	Northern Uplands	Grampian	Total
General training								
Jobs created			180		19			199
Jobs safeguard					300			300
Jobs created/safeg			180		319			499
Environment enhancement								
Jobs created	16					2		18
Jobs safeguard	18					50		68
Jobs created/safeg	34					52	1	87
Enviro initiatives								
Jobs created						169		169
Jobs safeguard						2		2
Jobs created/safeg						171		171
Local communities								
Jobs created	56					1	43	100
Jobs safeguard	186							186
Jobs created/safeg	242					1	43	286
Total								
Jobs created	1679	454	206	200	333	372	583	3827
Jobs safeguard	4150	3484	1766	250	300	732	550	11232
Jobs created/safeg	5829	3938	2110	750	633	1104	1139	15503

Source: PACEC / Interim reports

4.3. **Additionality**

4.3.1. Studies of additionality were carried out on a case study basis by the interim evaluators. All programme regions excluding Dumfries and Galloway and Rural Stirling and Upland Tayside estimated the extent of overall additionality, and five regions offered a full breakdown to the extent to which full, partial or low additionality was experienced. The evaluators for Rural Stirling and Upland Tayside considered there to be little evidence for deadweight (activity or expenditure occurring in the absence of intervention) or additionality, however stated that the extent of deadweight was declining as problems with co-financing were being experienced. The overwhelming view amongst the regions was that had Objective 5(b) not been in place many of the projects would still have gone ahead, although possibly in a reduced form, suggesting partial additionality to be most common. Table 4.2 shows estimates of additionality based on the outcomes of case study analysis. Five areas (Lincolnshire, the Northern Uplands, Rural Wales, South West England and East Anglia) estimated high additionality to be present across the whole programme. Although the breakdown into the number of projects experiencing low, partial or high additionality shows a great deal of variation in the distributions and no consistent pattern emerges. The Borders observed that larger projects had little additionality, with additionality impacting greater on smaller projects, as these would not have been carried out without the Objective 5(b) funding or carried out on a smaller scale. In some cases the programme was considered to have facilitated expansion whereas in others it replaced previous sources of finance, consequently ensuring the continuation of projects and maintaining the size of the projects. It may be the case, suggested by Dumfries and Galloway, that structural funds have enabled increasing numbers of projects to be undertaken, at a larger scale and covering a greater range of activity. The Borders evaluation suggested that for training and business development projects the additionality related to the scale of the project and the North and West Grampian evaluation revealed that 40% of respondents thought that their project would have gone ahead on a smaller scale.

Table 1.2 Ratings of gross additionality of projects *

Programme	High additionality	Partial	Low / non additional	Overall
The Marches	>50% of projects	<50% of projects		>25%
Lincolnshire				50%
The Borders	Small projects		Large projects	
Midlands Uplands				>25%
Northern Uplands	Majority of projects	Tourism projects - brought forward, increased scale		75%
Rural Wales	48% of projects	27% of projects	9% of projects	65%
North & West Grampian	50%			
The South West				>66%
East Anglia	76% of projects	24% of projects	0% of projects	60%

Source: Interim reports

* Non additional = 0; Low additionality = 25%; Partial additionality = 50%; High additionality = 75%; Full additionality = 100%

- 4.3.2. In considering net additionality most Programmes noted the degree of displacement they had experienced to date and there was a consensus that the highest levels were experienced in the tourism industry. At the programme level for all sectors there was little consensus on the extent of displacement. Rural Wales believed it to be generally low, ie less than 25%, compared to North and West Grampian where the competition between the sectors of the economy results in high levels of displacement. East Anglia considered displacement to be typically as high as 60% at the regional level (excluding industrial production). Several Programmes including The Marches and Dumfries and Galloway considered insufficient time to have elapsed to assess the extent of displacement accurately.
- 4.3.3. Those Programmes considering the degree of deadweight independently of additionality believed it to be low, however only the Northern Uplands provided a numerical estimate also derived from case study analysis (33% at the highest). The Marches commented that where projects are already running and where the grant was largely retrospective a higher degree of deadweight

was experienced. ESF financed projects appear to have a higher degree of deadweight although no explanation of the reasons why this was the case were offered. Co-financed projects produced conflicting evidence about deadweight as the outputs of Business Link varied although insufficient evidence prevented the establishment of a conclusion.

4.4. The efficiency of the programme

4.4.1. Judging the efficiency of the different programme measures is a difficult exercises for evaluators. It requires measurement of measure outputs reactive to measure inputs. In general, output measures are not unambiguously defined and a number of indicators of output may be associated with any one measure. In addition when judging efficiency it is important to distinguish between efficiency and appraisal using gross outputs and efficiency appraisal using gross or net additional outputs. At this stage in the development of the Programmes information on gross and net additionality was limited to a relatively small sample of project appraisals. This made it difficult to take a view on the overall additionality of the Programmes. On the input side efficiency appraisal should compare achievements (outputs) with associated inputs (both financial and non financial) and the financial information should relate to actual spend associated with measures at a particular point in time rather than approved expenditure, part of which will not have taken place. In the evaluation comprehensive information by measure was generally available for approved spend, but not for actual spending. Under these circumstances Table 4.3 presents an estimate of efficiency based on the cost per job by measure and Programme region across measures where there are data presented for approved spend and jobs created and safeguarded. It should be emphasised that the estimates presented are an indication of efficiency at the interim stage, however this will result in an overestimation of the cost per job as the full employment effect from expenditure will accrue over the longer term, and not all of the spend indicated below will have taken place.

4.4.2. It is with the above note of caution that the following observations are made. The cost per job estimates range from ECU 3,000 in Lincolnshire to ECU 40,000 in East Anglia across all measures. It is interesting to note that East Anglia had the lowest job creation effect (314 jobs created and safeguarded)

and Lincolnshire had a much higher recorded job impact (3724 jobs created and safeguarded). However no negative correlation is observed across other Programmes as Rural Stirling and Upland Tayside had a cost per job of ECU 9,000 with 750 jobs created and Rural Wales ECU 12,000 and 5553 jobs. While the different results may be attributable to the operational efficiency of the Programmes, it may also arise from different labour market conditions which facilitate or hinder the ease with which jobs are created or safeguarded.

Table 1.3 Cost per job, ECUM

	Expenditure ECUM	Jobs created and safeguarded	Cost per job
East Anglia	12.68	314	0.040
Northern Uplands	22.93	880	0.026
Wales	63.92	5553	0.012
Grampian	13.24	1095	0.012
Rural Stirling	6.93	750	0.009
Dumfries & Galloway	18.16	3938	0.005
Lincoln	12.69	3724	0.003

Source: Interim reports / PACEC

4.5. Contribution to the promotion of rural development and reduction of disparities

4.5.1. Few regions mentioned any reduction in regional disparities or promotion of rural development that could be attributed to the 5(b) Programme, however it was thought that the national impact of the programme is greater than the individual regional effects. There was consensus that the late start of the programme had delayed any apparent outcome and it was too early to accurately consider the outcome of the programme. The South West did state that there had been a marginal increase in regional GDP which had reduced disparities slightly. However, a marginal decline in average earnings was also observed.

4.6. Conclusions

4.6.1. The evidence presented on the impact of the Programmes on rural development is quite varied by measure and by area. It was found that only job indicators were sufficiently prolific to enable meaningful analysis, therefore the preceding evaluation concentrated on the final gross impact of the programme. Business support had the largest job creation effect but this

maybe biased by Dumfries and Galloway's concentration of jobs in this area. Rural Wales appears to be most successful, creating 1679 jobs and safeguarding 4150 in total. East Anglia had the poorest overall impact of only 633 jobs created. Implementation problems in the Programmes have delayed and possibly reduced gross impacts at the time of the evaluations. These problems include the non approval of projects and problems associated with slow progress in the initial stages of the programme. Measurement problems cast doubt on some of the figures, especially the jobs safeguarded indicator. There was a consensus that additionality of the Objective 5(b) programme was present across a wide range of measures, although a high degree of variability across Programmes was present. The overall estimate ranged from the Midlands Upland's and The Marches estimates of greater than 25%, to 75% in the Northern Uplands. More detailed evaluation was presented for about half of the Programmes. East Anglia recorded the best performance with high additionality experienced by 76% of projects. The cost per job calculations should be interpreted with caution as the available information with which efficiency could be judged was limited. The results do indicate that variations in the efficiency of the Programmes are present. The largest disparity was observed between East Anglia and Lincolnshire where the latter had a cost per job rating 13 times greater than the former.

- 4.6.2. *While the evaluators noted measurement problems experienced PACEC wish to expand on the suggestions for improvement. The formation of more final output indicators, standardised across all areas, would enhance the evaluation of the gross impact of the Programmes. It is felt that the use of employment indicators are not sufficient and while useful as they apply to almost all measure groupings, the development of final output indicators specific to each measure would provide a base for more detailed analysis. Suggestions for business support indicators include the export of firms, profitability, turnover growth.*

5. IMPLEMENTATION OF THE PROGRAMME

5.1. Introduction

5.1.1. This section is concerned to assess the evidence provided by the evaluation studies in the efficacy of the organisational, administrative and institutional structures for implementing the Programmes in each of the areas. In particular the intention is to highlight the implementation problems identified in the different evaluations and to assess the extent to which such problems are peculiar to the individual Programmes or are found in a number of Programmes.

5.2. Administrative structure

The composition of the Monitoring Committee

5.2.1. This varies by programme area from a specific committee and five thematic groups of the secretariat in The Marches, illustrating a complex monitoring committee, to a small committee of senior officials in The Borders. In several areas, including The Midland Uplands, The Northern Uplands, Rural Wales and North and West Grampian, a programme monitoring committee (PMC) is the strategic body guiding the Objective 5(b) strategy. The frequency of the monitoring authority or committee meetings was found to be on average twice a year, although this was only given in two cases. Table 5.1 below summarises this information by region.

5.2.2. In most cases the Monitoring Committee has a responsibility for the management of the Objective 5(b) programme. Decisions are taken on the basis of consensus and its responsibilities include legislative compliance's; monitoring progress towards financial and output targets; co-ordinating systems from each of the funds; monitoring the economic and environmental impact of the projects; determining virement; the consideration of recommendations on projects; agreeing Technical Assistance measures; promotion and publicity strategy. The Monitoring Committee in Rural Wales

has the role of advising on large projects and initiatives such as Regional Challenge to increase participation in the "Information Society" through the installation of computer access throughout the Objective 5(b) area.

Table 2.1 Summary table of the administrative structure of the Monitoring authority / Committee and chairmanship

	Management organisation	Chairmanship organisation	Meeting / year
The Marches	Monitoring comtte, thematic groups, secretariat	Regional Director of the Government Office	2-3
Lincolnshire	-	Regional Director of the Government Office	2
The Borders	Senior officials	Senior Official Grade 5	2
Dumfries and Galloway	Representatives from the member state, EC, other bodies	Senior Official Grade 5	2-3
Rural Stirling and Upland Tayside		Senior Official Grade 5	2
Midlands Uplands	European Unit of the Government Office	Regional Director of the Government Office	1-2
Northern Uplands	PMC, Government Offices, MAFF Regional Service Centres	Regional Director of the Government Office	2
Rural Wales	PMC consisting of 25 representatives from the EC, local authority and Government agencies	The Welsh Office	1-2
North and West Grampian		Senior Official Grade 5	2
The South West	All key partners are represented	Regional Director of the Government Office	2
East Anglia	23 full members	Regional Director of the Government Office	2-3

Source: Interim reports

5.2.3. Several Programme regions considered it possible to improve the monitoring of progress towards physical targets for Objective 5(b). Many areas suggested that the revision of indicators would provide enhanced information, consequently enabling the running of the programme to be improved. Many

of the suggestions involved the refinement of the indicators and it is thought that this would involve the allocation of more resources to this task. Dumfries and Galloway evaluators noted that there was a lack of monitoring and the implementation of a monitoring system would provide regular information on the progress of the programme.

The composition of the Secretariat

- 5.2.4. The three Programmes stating the composition of the Secretariat all mentioned the involvement of the Government Office. The responsibilities of the secretariat include the day to day administration of the programme, cited by the majority of the regions. This role includes the bidding for projects, appraising applications, monitoring of Programmes or projects and the financial running of the programme. Part of the secretariat's administrative roles involves liaising with other Government Departments. Of the six Programmes stating responsibilities of the secretariat, four highlighted it's role in providing an advice service to sponsors.

5.3. Procedures for implementation

1. Organisation responsible for writing the Single Programme Document
The SPD is a consensus of views between the EC and the programme area. Each region drafted their SPD and then EC passed comment leading to a redrafting.
2. The involvement of genuine partnership
Once again a limited response was given, however it appears that amongst those replying it was considered that a genuine and effective partnership did exist and the Midlands Uplands noted that during the programme integration and partnership activity had been promoted.
3. Delays in the implementation of the projects
Only one programme (Rural Wales) did not state that delays in implementation were experienced. The longest delay experienced was one year and five months, and in other areas a delay of one year or more was common. See Table 4.1
4. Reasons for delays and impact on achievements
The reasons for delays concentrate on structural changes, including the implementation of new committees (a shadow committee), new funds (EAGGF), problems with co-ordinating UK Government policy with

the EC, resource problems (largely related to administrative issues in the approval of projects) and poor development of the framework for regional economic development. East Anglia observed that there was little local experience in the design, development and delivery of such projects, consequently causing delays. The Borders and The Marches did not believe that final achievement would be affected, in contrast to North and West Grampian, where the consequences of the late start have already resulted in a lowered output.

5. The complexity of administration procedures

Only three regions considered the administration procedures to be generally good. The majority observed that procedures were complex and time consuming. It was suggested that guidelines should be produced to aid application and Rural Wales suggested forming an independent advisory body to prepare applications and carry out the bidding process. The Marches observed that a lack of day to day co-ordination between the bodies dealing with administration resulted in the above problems. Several projects noted the need for administrative procedures to follow a common base across the different funds, enhancing the flows of information and consequently creating synergies between the different Structural Funds projects.

5.4. Procedure for selecting projects

1. Method of identifying potential projects

All areas called for tenders for projects. Several Programmes have annual deadlines, including Midlands Uplands and ESF funded projects in The Marches. Rural Wales has two application submissions per year. The Northern Uplands bidding process varied according to the fund. For ESF projects there was an annual bidding round (sometimes taking place retrospectively), ERDF projects often had two bidding rounds each year, however EAGGF bids took place on a rolling basis with a continual bidding process.

2. Body responsible for selecting projects to be funded

Numerous bodies are involved in the chain of evaluation and clearance stages necessary result in the final approval of a project. Most regions mentioned the Secretariat, Advisory Groups, the Monitoring Committee and the Government Office. Other organisations specifically mentioned include ADAS, MAFF and DfEE.

3. Criteria used to select projects

All regions use core eligibility criteria and measure specific criteria to evaluate projects, the latter involve consideration of objectives, scope, targets and additionality. Lincolnshire and the Midlands Uplands, Rural Wales also used a priority criteria. Within these groupings, a scoring system acts as the basis for the recommendation and approval of

application. Criteria of evaluation include, the cost per job, benefits to business, level of innovation, leverage of private funds, integration of other public/structural funds, past performance, duplication of resources, evidence of need, private sector contribution, the environmental impact and project sustainability.

4. Improvements to the project selection process

Rural Wales and East Anglia noted problems arising due to the method of project selection criteria employed. Evaluators for East Anglia stated that the environmental criteria for projects should be tightened as it was thought that some projects were not being sufficiently environmentally conscious. In Rural Wales it was likely that outputs were being overestimated in order that the applicants for funding could achieve higher scores, consequently it was likely that funding would go to projects with lower value for money. Two solutions were proposed. Firstly applicants could be made to justify outputs further, and secondly the outputs could be adjusted as more reliable data becomes available.

5.5. Technical Assistance

1. Bodies carrying out Technical Assistance

All areas giving information considered their programme to be benefiting from Technical Assistance. Table 5.2 shows the financing of assistance by EC fund. The ERDF provided the majority (60%) of the finance, with the EAGGF contributing only slightly more than the ESF, 19% and 21% respectively.

Table 2.2 Technical Assistance funding

	ESF	ERDF	EAGGF
The Marches	8.8	23.9	7.3
Lincolnshire	7.9	35.7	9.4
Midlands Uplands	1.8	8.1	2.1
Rural Wales	33.3	115.1	35.6
The South West	35.2	45.1	41.1
Dumfries & Galloway	6.8	33.9	6.3
Rural Stirling & Upland Tayside	5.0	16.9	3.1
East Anglia	9.0	40.5	10.5
Northern Uplands	16.2	64.8	27.0
North & West Grampian	6.1	28.3	4.7
The Borders	6.0	20.4	3.6
Total % share between funds	19%	60%	21%

Source: SPDs, Interim reports

2. Use of Technical Assistance

Technical Assistance is used to finance actions undertaken to publicise the programme. Seminars have been introduced by The Marches and publicity documents have been produced. Lincolnshire has created a post with the task of raising the programme's profile, and alongside the Midlands Uplands has issued press releases. East Anglia's promotion of the programme appears to have been widespread, using advertising, leaflets, press releases, seminars and educational visits, with successful results.

3. Effectiveness of Technical Assistance action

The Midlands Uplands observed that awareness of the programme amongst economic development agencies and local people is limited to a few key individuals with little intra agency or general knowledge across the board. Those from East Anglia observed that more general publicity and improved marketing was needed, as there was no consensus on general awareness of the programme. No other Programmes provided information.

5.6. Innovation and partnership

5.6.1. Overall there was concern that the projects were doing little to enhance, and were in some cases hindering innovation. South West England presented a

more positive picture, stating there to be a relatively high degree of innovation with 71% of ESF and 86% of EAGGF projects having innovative features. EAGGF measures can be considered to be innovative in most cases as there was little support for agriculture diversification and development prior to Objective 5(b).

5.6.2. Concerning the development of partnership between local economic agents, The Marches cited the different administration systems and procedures and time scales as the main hindering factors. However it was considered that individual funds to support activities could be integrated with other complementary activities and inter-linked with other Programmes, therefore increasing the total beneficial impact. Dumfries and Galloway, and Rural Stirling and Upland Tayside observed the need to refocus the tourism measure to meet the needs of the relevant organisations involved, and the latter also considered that environmental projects and community and village initiatives should be altered to increase co-operation between different agencies. The Borders and the Midlands Uplands presented an optimistic picture observing a synergy¹ between projects grouped in the same geographical area, however the latter noted that this was already the case prior to the commencement of Objective 5(b). Only East Anglia commented that the programme had considerably enhanced partnerships in the region. This is partially attributable to the existence of below average partnerships prior to the commencement of the programme, presenting plenty of opportunity for enhancement.

5.6.3. Dumfries and Galloway introduced an interesting new approach to local co-operation in forming a joint venture between the council and the LEC has been implemented to provide Internet links. It was suggested that integration with the private sector could be increased to enhance expertise of future projects.

¹ A synergy is defined as the working together of two or more effects to produce an effect greater than the sum of their individual effects, ie the effects of an overall Programme exceed the effects of the individual projects which make up that programme.

5.7. Conclusions

- 5.7.1. On the whole the administrative structures of the Programmes are of a similar nature, with the same organisations and procedures in place. However The Monitoring Committee varies in complexity by area ranging from a large monitoring committee (eg The South West) to a small committee of senior officials (eg The Borders). Responsibilities generally consist of administrative duties and a general monitoring and management role. The Committees meet between one and three times per year. The Secretariat also performs similar management functions, for example the day to day administration of the programme, including the financial running of the programme. The majority of programme areas experienced delays in the implementation of the projects, although the time period varied greatly. Technical Assistance is used to increase awareness and knowledge of the Objective 5(b) programme and two thirds of the funds for UK Technical Assistance come from the ERDF. Although limited information was provided on the effectiveness of Technical Assistance, the Midlands Uplands and East Anglia considered there to be little awareness of the programme and there was still a great deal of scope for promoting the scheme.
- 5.7.2. *Many areas observe that administrative procedures were complex and time consuming, this points to a large efficiency increase that could be gained by implementing standardised procedures and simplifying the administrative tasks. However this variation was observed yet maintained by the UK partially due to the differing needs of the different regions. There is potential for the increased integration of the Structural Funds, consequently enhancing the information flows of the Programmes. Most Programme evaluators considered there to be possibility for enhancing the monitoring of the programme and it is PACEC's view that the monitoring methods and indicators used should be standardised across the different Programmes to enhance the efficiency of monitoring the operation of Objective 5(b) across the UK. Adopting a more national perspective would permit enhanced synergy's at the UK level, providing the potential for efficiency increases arising from enhanced information flows at the individual Programme level.*

6. APPLICATION OF THE REFORMED STRUCTURAL FUND'S PRINCIPLES

6.1. Complimentarity with other Community, sectoral, national and regional policies

6.1.1. The areas receiving additional support from the Community and the Government are shown in Table 6.1. It can be seen that four areas providing information had not experienced other Community support in addition to Objective 5(b). However amongst those having access to other Community projects, on the whole complimentarity was present. However, East Anglia considered that a variety of projects created confusion and increased costly bureaucracy, pointing to a need to increase integration of the different initiatives. More regions had experienced other national or regional projects operating in their area, where a high degree of synergy was observed.

Table 3.1 Synergies with other actions

	Other Community support received	Other national or regional Programmes operating in the area	Constructive synergy
The Borders	PESCA, LEADER II		Support of complementary projects, and the improvement of tourist accommodation
Midlands Uplands	SRB, LEADER II	Rural Development Project	Supports economic development and innovation
South West	LEADER II		Used to develop Tourism training, HRD and Access to jobs
East Anglia	LEADER II, SME, PESCA, ADAPT		Little evidence of complimentarity, numerous projects increase confusion about where to look for assistance
The Marches		Rural Development Commission	A high degree of consistency between projects
Northern Uplands		Rural Development Commission	Key source of funds and assistance for rural business
Rural Wales		Development Board for Rural Wales, other Business Support Schemes run by the Welsh Office. Co-financed by the ERDF	Projects run alongside the SPD
North & West Grampian		Rural Development Fund, SOAEFD	

Source: Interim reports

6.2. Synergies with structural funds

- 6.2.1. The synergy between the EC structural funds used for Objective 5(b) is shown in Appendix 7. The use of funds within the different measure groupings is considered and a clear pattern can be observed. All business and tourism related measures are funded by the ERDF and occasionally also by the ESF or EAGGF finance. Funding by a combination of two funds was the case for all of the tourism business support related measures, excluding North and West Grampian and The Borders. All the agriculture related measures were funded by the EAGGF, with diversification and development in agriculture measures for The Marches and The Borders also being supported by ERDF funds. Measures to develop skills were almost entirely funded by the ESF, although Lincolnshire and East Anglia also experienced funds from the ERDF, as did environmental training in Rural Stirling and Upland Tayside. Community and environmental measures indicated a synergy between the ERDF and the EAGGF, where combined funding was experienced in The South West and the Northern Uplands.
- 6.2.2. The Midlands Uplands was not alone in citing problems arising due to the division of the Programme into the different Structural Fund sources. Evaluators for East Anglia and South West England noted that links between projects and Funds could be encouraged. Where problems arose it was because of limited integration in administrative procedures and limited information flows between the different Funds and it was considered that the functioning of the Programme could be greatly enhanced by increased distribution of information and the implementation of a common base for administrative procedures.

6.3. Compatibility² with other Community policies

6.3.1. The effects of the Programmes policies on the Common Agricultural Policy, are considered below:

1. A fall in agricultural unemployment. There is a need to refocus regeneration efforts on the diversification of the rural economy, in addition to the agricultural economy in order to enhance competitiveness.
2. The CAP reforms were observed to have effects in the Northern Uplands region, where a real reduction in the level of support for agriculture Programmes was experienced. For example the introduction of quotas discouraged the expansion of flocks and herds.

6.3.2. The following effects of the Programmes policies on environmental concerns were observed:

1. Community environmental concerns are closely connected to the issues the programme addresses in most areas, as environmental impacts are built into the scoring criteria and into the general aims of projects.
2. In Dumfries and Galloway environmental concerns are linked to the management of other activities such as tourism and agriculture, with the intention of promoting the management, development, protection and awareness of the environment.
3. The Northern Uplands and North and West Grampian have a whole priority devoted to environmental considerations, particularly concerned with restoration and enhancement.
4. In Rural Stirling and Tayside, and Rural Wales concern was expressed that development aims and environmental concerns are in opposition to one another. For example the development of the tourism industry may impact negatively on the environment unless carefully controlled.
5. It was considered that in East Anglia, there was a lack of environmental consideration when embarking on projects. The planning stage for projects would be a crucial time to address any environmental concerns.

²Compatibility is where the objectives of policy are such that the achievement of one set of policies is consistent with and does not contradict or offset the achievements of other EC policies, ie policies are complementary, rather than in conflict.

6.4. Conclusions

- 6.4.1. Overall there was a high degree of synergy between the EC funds and Government initiatives in operation. Four programme areas stated that they received other Community support providing a synergy for the Objective 5(b) programme. A high degree of synergy with Leader II is observed, particularly in The Borders, The Midlands Uplands, The South West and East Anglia. The constructiveness of the synergies varied by area, with some areas considering that there was little complementarity present whereas other areas thought that a high degree of consistency existed between the different projects. The ERDF, ESF, EAGGF structural funds compliment each other for some measure groupings although no synergy is noted between the ESF and the EAGGF. Several Programmes also had Rural Development Commission initiatives operating in the area.
- 6.4.2. *The recommendations made by some areas could be usefully incorporated to enhance the impacts of synergies currently in existence and develop new synergies. It is PACEC's view that the total beneficial effects for the UK of European, national and regional support could be greatly increased if enhanced efforts were made to promote and develop synergies.*

7. OPERATIONAL RECOMMENDATIONS

7.1. Main recommendations of the Evaluation Report

7.1.1. Every programme proposed changes that could be made to improve the effectiveness of the Objective 5(b) programme. The most commonly cited areas of improvement were management methods and administration. No programme areas considered that the modification could be made to the programme priorities, this is largely due to the emphasis on measures within the Objective 5(b) programme. The areas for improvement are outlined below.

Table 4.1 Changes recommended

	Strategy	Changes in targets	Transfer between priorities	Transfer between measures	Restruct program	Management methods	Admin
The Marches		✓				✓	✓
Lincolnshire	✓		✓	✓		✓	✓
The Borders		✓		✓		✓	✓
Dumfries & Galloway		✓	✓	✓		✓	✓
Rural Stirling & Tayside	✓	✓	✓	✓		✓	✓
Midlands Uplands		✓				✓	
Northern Uplands	✓	✓		✓		✓	✓
Rural Wales		✓				✓	
North & West Grampian		✓		✓		✓	
The South West							✓
East Anglia				✓	✓		✓

Source: Interim reports

7.2. Possible adjustments to increase efficiency

7.2.1. Suggested efficiency gains related to the implementation of the programme are as follows:

Monitoring issues

1. All Programmes could benefit from increased accuracy and supply of information concerning the output and impact measures would increase the validity of the measured results, and enhance the performance of the programme. Measure indicators and targets should be defined more precisely and a standard definition applied where possible. The quality of the targets was considered to be poor, as often they were inappropriate and were set at unrealistic levels. Changes suggested include detailed information on the type of indicators and benchmarking data to determine the magnitude and realism of each target. Rural Wales recommended the resetting of targets for the whole programme as inconsistency was present between Programme, Priority and Measure targets and it was observed that there was little focus on economic outputs. The South West provided a more positive conclusion stating that:

"The SPD targets remain valid and have the potential to be achieved within the lifetime of the programme. The situation, should however, be kept under continuous review."

2. More specifically, there needs to be clear application of the jobs created indicator to ensure that this is kept separate from the jobs safeguarded indicator. A standard definition of jobs safeguarded should be applied to prevent overestimation of the figures. For example the Northern Uplands evaluators proposed a rigorous scrutiny of forecast job figures particularly with regard to jobs safeguarded. They noted that jobs supported by tourism cannot be classified as safeguarded jobs unless the projects retain visitors and their expenditure and prevents loss which would happen in the absence of the project. Lincolnshire also expressed concern about the job safeguarded figure, suggesting that it should only be used where there is threat of extensive loss of jobs. Also, employment should be converted into full time equivalents and permanent positions.
3. PACEC consider that there needs to be more measurement and adjustment applied to quantitative indicators by the use of qualitative indicators. For instance valuable monitoring information could be obtained by measuring the quality of jobs by weighting increases in employment by the corresponding wage rate of the new jobs.

4. The gaps between the physical output achievement and targets should be continuously monitored (Dumfries and Galloway and the Midlands Uplands). Reassessment of the targets and allocations permitting a corresponding re-balancing of the funds is required as the projects progress. This would allow disparities between the targets and achievement to be more focused and a more efficient use of the available resources achieved.
5. There is little attempt to measure environmental effects of measures not directly related to the environment. The environmental impact of all measures should be taken into account, such that they could be implemented with a positive regard for the environment. One possible measure could be to keep a check on pollution levels and measure the use of brownfield sites for business development.
6. Within the measure for business development it was thought the indicator for new companies established is of limited relevance as most of the development projects are aimed at existing businesses.
7. The reliability of data on forecast outputs is questionable, and consequently its application as a measure may be inappropriate. The accuracy of forecasts needs to be enhanced.
8. The suggestion was made that financial monitoring should encapsulate information on total commitment levels and progress towards planned expenditure targets. Generally a more focused approach to achieving the targets should be employed, involving closer monitoring.
9. There is need for the development of more final output indicators specific to each measure. PACEC feels this would greatly enhance the monitoring of progress. Within business support related measures companies could record their turnover growth, profit growth, export growth, and asset growth to enable calculation of the gross effect of the programme on business performance. Within agricultural measures the growth of farm output could be recorded. The final impact of training activities could be recorded by the use of a measure of the growth of quality and type of skills of the workforce.
10. A longer term approach towards monitoring should be taken to capture the full impact of the Programmes.

Management issues

1. The simplification and use of common bases for administrative procedures which are applied to the Objective 5(b) programme could substantially improve its efficiency. The Northern Uplands expressed concern about the resources available to cope with basic administrative tasks and suggested the formation of a single GO responsible for all ERDF and ESF in the Northern Uplands area.

2. The presentation of clear guidelines for the implementation of proposals. The provision of guidance on the specification and definition of measures and priorities, and the output and impact of the Programmes would enhance their appropriateness. This needs to particularly address the type of activities to be undertaken, and to involve the private sector. It was suggested that an example model of application could be presented. Also clear guidance should be provided on the format and scope of the Single Programming Documents in advance of their preparation.
3. The speed of approval of projects could be improved to prevent delays in the achievement of targets. The Northern Uplands suggested better dissemination of guidance on eligibility criteria to self test eligibility before application.
4. A more strategic approach to project selection, involving standardised selection criteria would enhance the additionality of the programme as needs are more effectively targeted.
5. East Anglia noted that due to the fragmentation of the different measures a more coherent programme strategy could be devised by merging and grouping the priorities in an appropriate way. The Northern Uplands considered the structure of the programme to be good, but recommended the creation of a new measure to encourage the application of telecommunications to raise the competitiveness of the region.
6. Participation of the private sector could be enhanced by improving flexibly and considering methods to increase the appeal of the programme to private industry. Dumfries and Galloway noted that guidance from the EC restricted price sector involvement in addition to the Programmes inability to respond quickly to projects.
7. Improved Technical Assistance and professional support to community groups would facilitate and encourage their involvement.
8. A comparison with the statutory system used by MAFF RSCs/ADAS may yield useful information (Northern Uplands).
9. North and West Grampian proposed the establishment of a sub-group within the monitoring committee to analyse the extension of ERDF and ESF support and detailed examination of business strategies. The evaluators stated that difficulty would be experienced if no virement takes place.
10. South West England suggested that in order to increase the attainment of financial targets low spending measures should be actively promoted.

Strategy issues

1. Resources need to be reallocated between priorities and measures to meet demand, possibly on a virement basis. Rural Stirling and Upland Tayside also identified the imbalance in the ERDF resources, sighting that a high level of the resources have been allocated to business development measures (51% of all resources) and a very low level to community development (40%). The Northern Uplands noted that the low take up by EAGGF presented a case for switching resources to ERDF measures. However once EAGGF projects are approved cost per output is much lower, suggesting caution in the transfer of resources. North and West Grampian suggested the re-balancing of funds between telecommunications and technology transfer from community development and training and skills enhancement. The remaining areas proposed minor adjustments in the committed funds, mainly of measures receiving a small allocation.
2. Increased local activity should be stimulated to reduce the dominance of ESF funds by Government sponsored applications and redress the balance.
3. The programme could be more effectively marketed to increase awareness and consequently improve co-operation with different sectors. Rural Stirling and Upland Tayside proposed marketing related measures such as a guidance pack and an example of the model applications, seminars and workshops for beginners, some of which could be sectorally based to promote action within a particular measure. Clarification on the types of activities funded under the ERDF Communication Measure and the eligibility of loan funds was mentioned specifically by Lincolnshire. The Borders suggested raising the profile of the programme amongst local organisations and environmental groups.
4. Northern Uplands suggested an increased emphasis should be placed on technology due to the rapidly changing environment, particularly within communications.
5. The geographical targeting of the Programmes could be enhanced, suggested by the Northern Uplands, as the extensive area which the 5(b) project covered has led to concerns that the spending allocations may not be able to impact sufficiently on all of the areas. A more effective approach may be to focus the resources on the 20% of most deprived settlements rated by objective criteria.
6. Rural Wales note that linkages between projects are weak and their enhancement would increase synergies in the Programme. The evaluators suggest this could be achieved by encouraging sponsors to submit bids for packages of projects.

7.3. Conclusions

- 7.3.1. The most prominent areas of potential efficiency improvements are related to management methods and administration. The simplification and the use of common bases for procedures, combined with close monitoring of the achievements of targets, both financial and output present large potential gains. Although most Programmes considered the targets set to be generally appropriate, they did provide areas where adjustments would improve the appropriateness of the targets, and generally these were quite specific to each programme. The need to re-balance funds allocated to measures is highlighted. This problem may be overcome by close monitoring of the spending of financial allocations. At this interim period re-allocation between the measures may overcome the lack of funding previously experienced, and combined with a means to increase monitoring, a more balanced and efficient programme could be achieved.
- 7.3.2. *PACEC consider that the implementation of standardised procedures for analysis and reporting at the interim evaluation stage would greatly enhance the synthesis evaluation of the Objective 5(b) programme. Several interim reports did not present sufficiently detailed information to enable the detailed synthesis analysis required to be carried out, for example The Marches did not present physical progress data by measure. Improved monitoring procedures would ensure that such information is to hand and could be reviewed with ease. The increased use of final output indicators would enhance the quality of information available and permit more detailed analysis. The current use of the jobs created and jobs safeguarded indicators offers only limited possibility for analysis, which could be greatly enhanced by broadening the range of final output indicators.*
