

*A Study on the Efficiency
of the Implementation
Methods for Structural
Funds*

Final Report

ÖIR in association with LRDP and IDOM

Commissioned by:
European Commission
Directorate General Regional Policy

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Project team: Herta Tödtling-Schönhofer (ÖIR)
Pat Colgan (ÖIR)
Haris Martinos (LRDP)
Begona Sanches (IDOM)

ÖIR – Managementdienste GmbH
on behalf of the consortium with LRDP London and IDOM, Bilbao

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1. Introduction

1.1 Review of Terms of Reference for the Study

The overall purpose of this study is to provide the European Commission (EC) with an input into the preparation of the Third Report on Economic and Social Cohesion that is due to be published in early 2004. It is one of a number of studies undertaken by the EC for that purpose.

It is important at the outset to remember that this study is not an evaluation in the strict sense of the word as might be carried out for one of the Structural Funds Programmes (e.g. Evaluation of Leader or INTERREG, or Ex Post Evaluation of a Programme in a particular Member State or Region). In evaluations such as these the main focus is on assessing actual outputs and outcomes against planned outputs and outcomes. This study is not concerned primarily with outputs and outcomes.

The study is focused on the implementation process of the Structural Funds. It is therefore process focused more than outputs or outcomes focused. The study asks questions about the impact that the implementation process has on the achievement of results, whether the implementation process is overly complex, whether there is a simpler way to achieve the same outputs and outcomes, whether the implementation process itself has produced benefits to the administrations that have been involved in its use and adoption. The study does not seek to draw conclusions on how efficient implementation methods are under each Objective and Fund. Rather, based on a limited number of case studies, it explores implementation processes and aims to identify what works well and why and what unnecessary complexities could be simplified.

The motivation for conducting the study comes from the desire and the demand for increased efficiency in the implementation process. So the study has as one of its main themes the question of efficiency of implementation.

Efficiency raises the question of costs and inputs. So the focus of the study will be on the inputs side rather than on the outputs and outcomes side. However, it is not possible to separate efficiency totally from effectiveness and it will be necessary to consider the extent to which the efficiency of the implementation system affects effectiveness.

At the outset of the study, it is possible to identify a typology of factors that can serve as a guide to maintain the focus of the study. There are fundamentally three kinds of factors that will be examined –

- ACTORS – i.e. human resources, organisations involved in the implementation of structural funds
- CONTEXT – i.e. the political, institutional, administrative and values systems within which these actors operate. It also includes the variety of intervention types (different funds, different types of projects, different beneficiaries...)
- RULES, PROCEDURES AND SYSTEMS – i.e. the regulations that govern the process and that determine how these actors have to behave within their specific contexts.

These three types of factors determine the process of implementation of Structural Funds and they therefore constitute the focus of our study. Thus the study will address questions such as – what are the human resource costs of implementation relative to the scale of the interventions? What is the impact of context on the implementation process? Have the rules and procedures been integrated into national / regional administrative and institutional structures? Are there elements of the rules, procedures and systems that have been designed that are unnecessary? What are the parts of the implementation system that have worked best?

The study should therefore produce a set of recommendations and conclusions about questions such as these that will help the EC in the process of examining the shape of the implementation system as we move forward towards a new programming period post 2006 in the context of an enlarged Europe with 25 or 27 new Member States instead of the present 15.

1.2 Objectives of the Study

In the Terms of Reference for the study 8 specific objectives were identified. Each one of these objectives raises a key question that has to be addressed by the study that will require an analysis of the interaction between one or more of the factor types identified above. The following table summarises the specific objectives and identifies the dynamics of the interaction involved between the factors concerned.

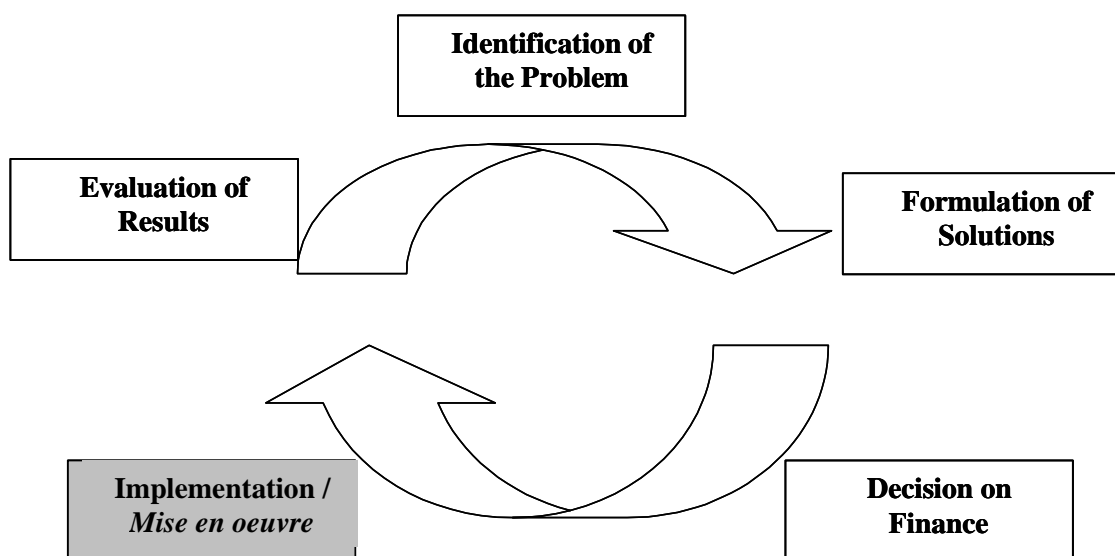
Objectives	Level of Analysis
1. To establish the advantages and disadvantages of the Community approach to the management of interventions	This implies an analysis of the current Rules, Procedures and Systems in the light of their evolution over the last three programming periods. This can be done at the outset (see chapter 2). However this initial analysis will need to be complemented by an analysis of the Actors and Context, (see chapter 4) in order to identify the real advantages and disadvantages of the current implementation system (see chapter 5), as these may well differ from one set of Actors to another and from one Context to another..
2. To assess the financial and human resource costs involved in the implementation process and how these relate to the actual cost of interventions	This involves an analysis of the costs associated with Actors relative to the costs of the interventions (see chapter 5). Of course costs structures vary greatly dependent on Context, which has a determining impact on how Rules, Procedures and Systems are interpreted and implemented. So it will not be possible to identify a single unit of cost associated with Actors that is universally applicable in all Contexts. There is a need therefore to identify some way of handling this diversity and enable a comparison across all Contexts (see chapter 5).
3. To identify the positive and negative spillovers from the management approach, both at regional and national level	This involves an analysis of the impact that the Rules, Procedures and Systems have had on both Actors and Context – particularly within the complexity and diversity implied in different Contexts (see chapter 5).
4. To identify the potential for measures taken by the national authorities and regions to ensure complementarity and synergies between national, regional and community initiatives.	This involves an analysis of the extent to which the Actors involved at national and regional level have integrated the Rules, Procedures and Systems into their own Context (see chapter 5)
5. To identify elements of the community method that have worked and those which are unnecessary, or undermine the efficiency of the implementation.	The Rules, Procedures and Systems have changed over the years, through the reforms that were introduced in 1989, 1993 and 1999 (see chapter 2). An analysis of these, taking into account the impact of Context, will provide a critical assessment of the Rules, Procedures and Systems (see chapter 4) from the perspective of different Actors within different Contexts. This will enable us to draw conclusions about what has worked and what has not (see chapter 5)
6. To identify the nature of the problems that arise in implementation taking account of different institutional and administrative contexts and forms of community intervention.	This involves an analysis of Context in order to determine the Context specific problems caused by Rules, Procedures and Systems for Actors (see chapter 4). This will enable us to draw Context specific conclusions about the nature of the problems that arise (see chapter 5)
7. To assess the differences in the management approach adopted by regions, depending on whether or not the interventions being managed are in receipt of structural funding.	Further analysis of Context will show whether in “policy-off” situations (i.e. where there are no SF involved) the implementation process is widely different from that used for SF. This will enable an assessment of the “net effect” of the implementation process itself (see chapter 5)
8. To draw conclusions and recommendations in view of a reformed implementation method, taking account of the trade-off between simplification and accountability	The challenge here is to determine how the Rules, Procedures and Systems can be simplified to maximise the value added of Actors, increasing their efficiency, and taking account of the complexity of Context – all without sacrificing the fundamental principle of accountability. This is the definition of the key output expected from the study. It will take the form of recommendations (see chapter 6) based on the conclusions drawn (see chapter 5) from the evidence provided by the assessment of the factors involved (see chapter 4)

2. Reflections on the Background to the Study

2.1 Reflections on Implementation

In the context of this study, implementation is understood as part of the policy cycle as described in figure 1 –

Figure 1 – The Policy Cycle



A public policy can thus be defined as a collection of actions taken by a group of actors aimed at solving a collective problem by providing a solution to an identified need, demand or unfulfilled opportunity. The cycle begins with the identification of the problem and the formulation of possible solutions; it progresses through the selection of a solution by allocating financial resources to the implementation or actualisation phase and concludes with the evaluation of the results as a basis for beginning the cycle again. Implementation therefore is that part of the cycle where inputs are converted into outputs. The accepted definition of implementation within the EC is “the operational process needed to produce expected outputs”¹.

Implementation therefore is the process that acts as an intermediary between the policy decision represented by the allocation of resources to a solution and the results to be obtained. In theory there should be a straight linear relation between the two, particularly, as is the case with the Structural Funds, where there are many regulatory indications and guidelines as to how the decisions should be implemented. In a perfect world, the regulations, systems, processes

¹ EC – Structural Funds, *Means Collection, Glossary*, vol.6, EC Luxembourg, 1999

defined for the purposes of implementation would be put in place by the actors involved in the implementation process and the results should follow.

The reality however is that in policy implementation we are often faced with the *implementation gap* – that breakdown in the relationship between what had been decided and what actually happened, and as a consequence, the results that were achieved. The reality is that the implementation process is not an automatic one that occurs as a result of decisions taken, systems created and processes designed. Neither is it neutral – the implementation process itself has a bearing on the achievement or non-achievement of results. This is due to the fact that the implementation processes are put in place by a variety of actors who are involved either directly or indirectly in the management of the actions that are taken and who have a vested interest as a result of their own stake in the process. Inputs into the implementation process are in this sense manipulated by the actors involved, who can have a transforming effect on them and consequently affect the outputs / results.

It is in this sense that one speaks of policies / programmes as being embedded in a specific context which makes them susceptible to external stimuli². This implies a fundamental difference between the rational, linear theory of implementation of policies and programmes and the reality of the implementation process of programmes which is frequently mundane, incremental, and the subject of bargaining and negotiation. Programmes are in fact open systems that react and interact with a reference context.

2.2 The Structural Funds Implementation system

The implementation of structural funds is based on a set of obligatory requirements and guidance documents that govern the whole of the policy system, from programming (including the identification of the problem, formulation of solution, decision on finance and the implementation system) to monitoring and evaluation procedures.

The evolution of Structural Funds through the reform processes of 1989, 1993 and the most recent one in 1999 have been made against the background of a number of key principles that remained constant and unchanged. These principles are –

- Concentration of resources on the areas of most need, in a geographic and sectoral sense

² Pawson, R., Tilley, N., *Realistic Evaluation*, Sage, London, 1998.

- Partnership between all key stakeholders at national and regional levels in the planning and implementation phases and, increasingly, the promotion of partnership arrangements across national boundaries and between regions.
- Additionality that ensures that the efforts of the Community do not supplant or crowd out the efforts of national and regional administrations, and ensure that the interventions
- Programming as the defining characteristic of the management approach and intended to ensure that the other principles are respected.

In order to ensure that these principles are respected, a number of management tools have been developed that have become synonymous with the implementation of the Structural Funds and that contain much of additional Community Added Value for Member States. These management tools are based on a commitment to achieving efficiency, aimed at ensuring that the maximum number of outputs are achieved for the minimum number of inputs, and as a solid basis for ensuring the effectiveness of the interventions, in other words that the outputs contribute to the achievement of the desired impacts and outcomes. These management tools include

- Programming – As well as being a core principle, Programming is a key management tool. Conducted on a multi-annual basis, it involves the determination of objectives to be achieved against the background of an analysis of the socio-economic context, and the identification of Priorities and Measures capable of converting these objectives into forms of intervention, or projects, that will deliver the outcomes desired.
- Project Selection – conducted in a manner that respects the principles of Concentration, is based on the process of Programming and is conducted in the context of Partnership. It is also based on ex ante evaluations and agreed selection criteria.
- Monitoring – aimed at ensuring that projects are implemented in line with agreed strategic priorities towards the achievement of the desired outcomes, and involving an exhaustive and regular examination of the resources, outputs and results of public interventions, based on a system of coherent information including reports, reviews, balance sheets and indicators.
- Evaluation – judgement on the value of an intervention with reference to criteria and explicit standards (e.g. its relevance, its efficiency). The judgement primarily concerns the needs that have to be met by the intervention and the effects produced by it. The evaluation is based on information that is specially collected and interpreted to produce the judgement.
- Financial Control – aimed at ensuring in the first place additionality, and on an ongoing basis, proper management of resources in accordance with agreed standards of accountability, including the generation of a comprehensive audit trail.

- Performance Reserve – a new initiative introduced in 1999 aimed at introducing a competitive element in the award of resources and rewarding those projects that perform particularly well. The principle of tying awards to performance is gradually becoming an important part of the implementation system. Closely related to efficiency, performance measurement adds the additional dimension of qualitative assessment of satisfaction of the addressees for whom the intervention was intended.
- Information and Publicity – an important foundation for the principle of partnership in so far as it ensures that the relevant stakeholders are in possession of full information to enable them to act as genuine partners in the programming and implementation cycles. This management tools also ensures that the general public are aware of the use to which public funds throughout the Community are put and of the value added of membership of the European Union.

The combination of the principles and the management tools provide the background against which the Member States and all relevant stakeholder implement their programmes.

2.3 Differences in Implementation systems – where does complexity come from?

2.3.1 The implementation model

Although all Member States use the common regulatory framework, implementation mechanisms for the delivery of SF vary to a large degree. Operational arrangements for the delivery of SF vary between Member States and also between regions within a Member State. In each Member State, national government and sub-national actors have different degrees of participation in decision making and power. This reflects factors such as the distribution of competencies between national, regional and local level, political interests and linkages; the amount and scope of co-funding available, the number and scope of programmes to be dealt with at that level, and administrative experience of managing economic development. It follows that practical arrangements for programming also vary, including the approaches to programme development, project generation, appraisal, selection and monitoring, and the extent to which these tasks are subsumed within the existing administrative structure or whether parts of the implementation are carried out by dedicated administrative structures and how these are organised³.

³ (Bachtler et al, 1999): OUT-SOURCING PROGRAMME MANAGEMENT: A COMPARATIVE ASSESSMENT Final Report to the Ministry of Economics and SMEs, Technology and Transport of the Land of Nordrhein-Westfalen, Sandra Taylor, Mary Louise Rooney and Professor John Bachtler; European Policies Research Centre, University of Strathclyde, UK

In order to gain some insight in the nature of diversity of implementation models it is useful to analyse the distinct elements of the system. Thus combining the reflections on implementation with the elements of structural funds implementation the following driving factors determining the functioning of the system can be distinguished:

Actors – with the Commission on the EU side, and governments and administrative bodies at national and regional level and the Managing Authority, the Paying Authority and Implementation Bodies, Beneficiaries at programme management and implementation level; Actors define the rules, take decisions and act on a day-to-day basis within a specific context.

Context – the EU Implementation Model is interpreted through the prism of the specific national/regional/local context (political, socio-economic, legal, cultural), where a diversity of adaptations can be observed. Certain regularities within these adaptations include the typology of the administrative systems (centralised/decentralised) or the management approach (subsumed, differentiated).

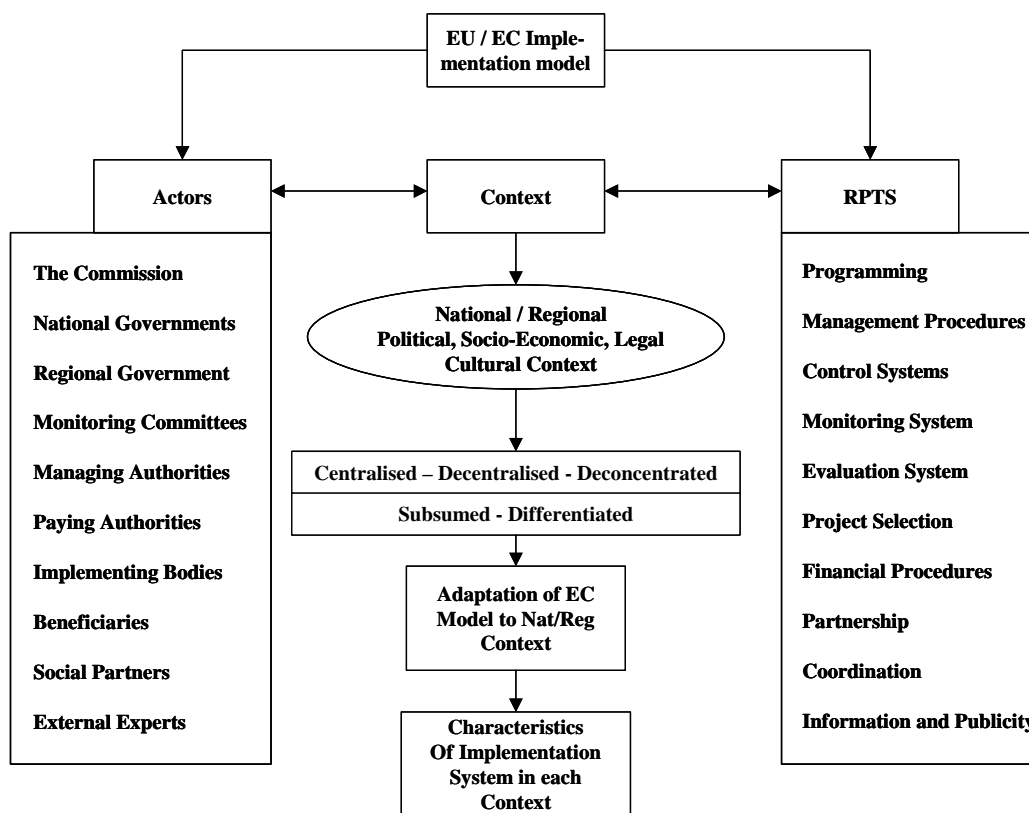
Rules, Procedures and Technical Systems – the tools of implementation are interpreted and used differently in each context.

This setting also encompasses a dynamic element, as the implementation system has changed over time. Changes have been introduced through the medium of the guidelines for the SF-period in question, which have changed from one programming period to another, and as a result of changes introduced by national and regional actors based on their previous experiences and evaluations and in response to the changed regulatory framework. This framework is the subject of intense debate once again aimed at achieving greater simplicity and increasing efficiency.

With these considerations in mind, our analysis takes place based on the following representation of the implementation system:

Graph 1

The Structural Funds implementation system



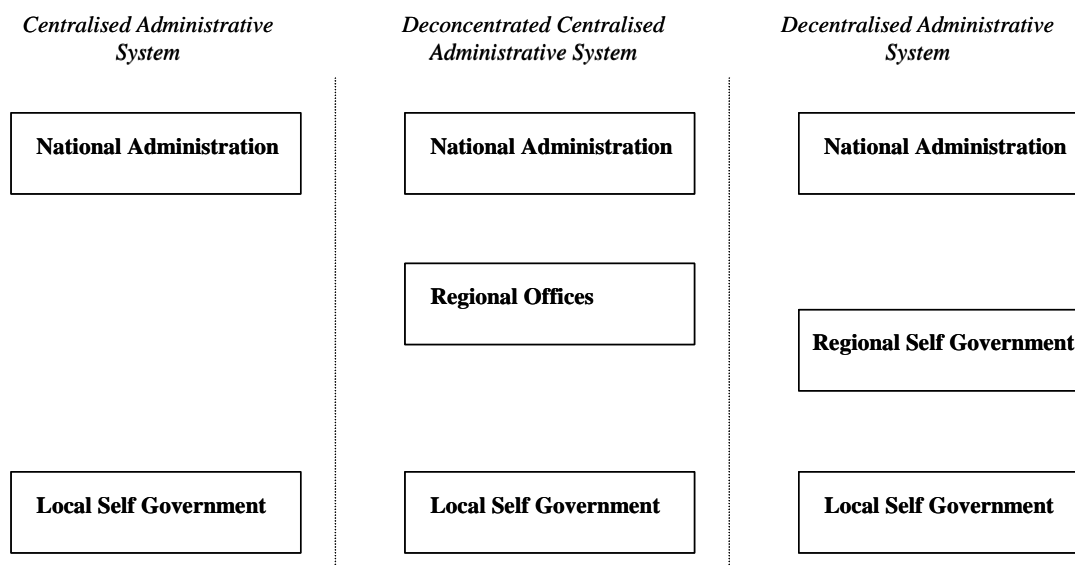
2.3.2 Determinants of the implementation system

The Implementation Method for Structural Funds is essentially a model of implementation that has been designed by the European Commission in consultation with the Member States. It is an ideal that only receives expression when it is implemented by a group of Actors, in line with the Rules Procedures and Technical Systems within a given context. In this sense it can be said that the factor context has a significant bearing on the way in which the method is actually interpreted and adapted.

The context within which the EU model is implemented consists of a wide range of political, socio-economic, legal and cultural elements. These take expression in the form of administrative systems that differ greatly from one Member State to another. Administrative systems are broadly speaking either centralised or decentralised. Decentralised systems include both the federal systems and systems involving autonomous regions which are self governing. Centralised systems include those systems that involve management by national ministries and other national bodies where there is a descending degree of decentralisation and partnership. These systems vary in degrees of participation and power, in the allocation of

competencies, administrative capacities etc. The following typology of administrative systems is a useful base for considering this diversity of context –

Graph 2
Administrative Systems in the EU



The three basic types of administrative systems, centralised, decentralised and deconcentrated can be further differentiated relative to the extent to which the management functions are subsumed (i.e. carried out internally by a national / regional public body) or differentiated (i.e. outsourced to a greater or lesser degree): Member States have taken different basic approaches to SF-management, where the basic difference lies in the degree, to which structural funds are delivered within existing administrative channels (the subsumed approach) or if they are outsourced to external organisations (differentiated approach).

The criteria adopted for the management of Structural Funds varies from one context to another. Outsourcing of Structural Fund administration has been undertaken in different ways in various countries (e.g. Scotland, Wales, Sweden, the Netherlands, France), the common objective being to improve the efficiency of programme management with respect to the co-ordination and delivery of funding and the promotion of partnership. Outsourcing may take various forms and can manifest itself in different degrees of intensity. This could include at one extreme outsourcing the programme implementation (where a single organisation undertakes most of the management and administration functions associated with a regional Structural Fund programme), which is not a very widespread practice, perhaps occurring most frequently in the case of national Community Initiatives. On the other hand it can also include “partial

outsourcing” where either a range of specific programme administration tasks are outsourced (e.g. monitoring and steering evaluation) or all tasks for specific parts of the programme are outsourced (e.g. management and administration of the ESF dimension) (Bachtler et al, 2000).

2.3.3 The Evolution of the Structural Funds Management Tools

In this section the main Structural Funds management tools will be discussed showing their evolution over time, and in particular the changes that have occurred over the last three programming periods. The purpose of this analysis is to highlight specific sources of complexity. This section also takes on board the main findings of a study conducted on behalf of both DG Regional Policy and DG Enlargement⁴ on the differences of approach adopted by a number of Member States to the management and implementation of SF.

2.3.3.1 Programming

Programming is at the heart of the structural funds implementation system. It is through programming that the principles, the strategy and the management processes are laid down for a specific geographic area with a specific thematic focus. Although the principles and the main concept for programming have not changed over the three periods, the demands on the quality of the programme documents have increased significantly: Thus programming has become a complex operation, requiring the blending of the outcomes of the analysis of socio-economic context and SWOT with the demands of very vocal and influential sectoral interests. Furthermore, the development of useable, measurable and meaningful indicators, their subsequent quantification and their mutual consistency within the overall framework, is a very demanding exercise for which there is no uniform formula or response that is applicable across all settings.

Changes throughout the implementation periods have occurred in the specification of the documents: whereas in the first period a three-stage approach was required, this procedure was simplified in the second period, where the Community Support Framework (CSF) and the Operational Programmes (OP) could be combined into one Single Programming Document (SPD). In the current period a differentiated approach was suggested, where large Objective 1 programmes should develop a CSF and an OP and small Objective 1 programmes, as well as objective 2 and 3 programmes were recommended to use a SPD. The programme documents include the strategy, the priorities and the measures, but implementation details at measure level (indicators, beneficiaries and financial allocation) are defined in the Programme Complement, which was introduced for the first time during the current programming period, and which acts as a complement to each OP and SPD. The preparation of the Programme

⁴ Key Indicators for Candidate Countries to Effectively Manage the Structural Funds, NEI, Rotterdam, February 2002.

Complement is time and resource intensive – requiring in some cases more effort and coordination than the OP itself, as full operational details need to be defined in a coherent way.

Table 1
Programming documents in the three SF periods

Programming Document	1989-1993	1994 to 1999	2000 to 2006
3 Stage procedure			
Development plan	For Obj. 1 to 4, 5b By Member State Content: socio-economic context, objectives and interventions	For Obj. 1 to 4, 5b Includes new elements: Specific objectives – if possible quantified, global financial table	
Community support framework (CSF)	By EC after negotiation and agreement with Member State Content – Priority Areas of Intervention, Financial tables and Forms of Intervention	Remains the same, but CSF and OP may be supplemented by a SPD Contents: SWOT analysis, strategy, Environmental impact assessment of strategy, quantified goals, priorities with financial amounts and indication of intervention forms, list of measures	CSF and OP should be used for objective 1 higher than 1 bio. €
Operational programme	Details of implementation, may also take the form of global grants, co-financed schemes, large projects	May be supplemented by SPD Contents: like CSF	With CSF
One/two stage procedure			
Single Programming document (SPD)	No SPD	Member State may proposal a Single Programming instead of the CSF and OP as accelerated procedure (contents of CSF and OP) Contents: like CSF	Recommended for Obj. 1 lower than 1 bio.€, and objective 2 and 3
Programme Complement			After adoption of the OP or CSF, contains implementation details at measure levels

The coexistence and reconciliation of regional and sectoral perspectives is one of the most difficult aspects of programming and one for which, again, there is no uniform solution. The solution of choice reflects the administrative structure and the policy culture in the Member State in question – for example in more centralised systems the Sectoral Operational Programme (SOP) is the instrument of choice, whereas in decentralised systems the Regional Operational Programme (ROP) has more weight. The choice is also influenced by the capacity for co-financing at regional versus national level.

Expectations regarding the content of the programming documents therefore, have clearly increased from one period to another. In addition, the overall approach to programming and the division of responsibilities has changed noticeably within the current programming period. Thus, for Objective 1 programmes above €1 Billion a CSF or an OP is required, whereas the Commission has recommended the use of SPD for all other cases (smaller Objective 1 programmes, Objective 2 and 3). With information in the Programme Complement on the details at measure level on financial beneficiaries and allocation of funds (formerly included in the OP or SPD), this has resulted in the emergence of clearer programme management and implementation mechanisms, which are specified and elaborated in much more detail in the current programming period than in previous ones.

2.3.3.2 Financial Management

Arrangements for financial management emphasise the distinction between commitment and payment. Commitments are made on an annual basis (not later than 30th April). According to the Regulation for the current period, any part of the commitment not paid by the end of the second year after the original commitment will automatically be de-committed by the Commission (n+2 rule). With regards to payments a new system has also been put in place, which converts the system from advance payments to payments on the basis of re-imburements. (In the previous period payments were linked to commitments, where an advance of 50% of the corresponding commitment was paid, whereas now only an advance of 7% of the total funds is paid out. Subsequent payments are made on the basis of reimbursements.

These rules have introduced considerable financial pressure on the payment authorities and on programme management, as liquid funds are scarce for project promoters and final beneficiaries on the one hand and implementation delays may lead to decommitment. More detailed rules on the mechanism of financial corrections have been issued with the publication of EC Regulation No. 448/2001.

Eligibility rules for expenditure (1685/2000) were defined during the second programming period and largely remained stable for ERDF and FIGG, but slightly changed for EAGGF (grouping together a series of measures targeting at rural development in objective 1 programmes) and

ESF (with a specification of eligible activities in assistance for persons, for structures and systems and accompanying measures).

The introduction of Regulation 438/2001 and the provisions of article 38 and 39 of Reg. 1260/99 have combined to ensure that Financial Control is a top priority within Member States now. During the current period strict and detailed rules were introduced, defining the principle division of responsibilities between the EC and the Member States, requesting detailed “audit trails” to be defined by programme management and the installation of control procedures (with first level control comprising 100% control of all invoices, a second level control covering 5% of the annual amount of funds and projects; see Regulation 428/2001). Auditing was substantially expanded with the Commission, the National and regional audit units as well as the European Court of Auditors performing audit visits of implementing bodies and some project sites.

As a result, auditing skills are in increased demand within public service bodies in order to meet the demands of the regulations in the areas of systems control and financial control. There are a range of possible solutions to this demand ranging from the creation of internal audit units to contracting out functions to private firms. Due to the increased demand for financial management and controls, there is an increased awareness of the overall need for systems and tools and these are being promoted in a variety of ways including the development of manuals and procedures in consultation with all the stakeholders involved.

The experience of Member States with the management and implementation of structural funds therefore, demonstrates that there is no single, universally applicable model that holds true for all cases and situations. The contexts of administrative structures, and political culture have a significant bearing on the actual model that is adopted in a particular location. In studying the efficiency of the implementation of SF therefore, it would be a mistake to compare implementation systems without taking full account of this diversity of context.

2.3.3.3 Monitoring and Evaluation

Monitoring was introduced during the first programming period. However, evaluations and practical experience have shown up deficiencies within the system in this area. The function has as a result been significantly expanded in quality and quantity during the current period. Detailed financial monitoring and detailed monitoring of a multitude of indicators measuring the output, results and impact of each measure – based on project level monitoring, has resulted in a significant data management challenge for programme implementation. As programming deals with socio-economic development and is only partially appropriate for quantification, the requirements concerning indicators and monitoring have posed serious challenges to all MA and implementing bodies.

A well functioning IT based Monitoring and Information System is essential for the management and implementation of complex programmes. The solutions adopted in this area vary from one Member State to another with a range of top-down, centralised approaches and bottom-up, operational needs-based solutions. Many of the Member States do not have fully functioning systems in operation yet. Financial monitoring is the main focus of these systems since the introduction of the 'n+2' rule. The introduction, development and maintenance of these systems requires specialist skills and a specialised staff.

Evaluation is a task that has grown over the three implementation periods. In the first period ex-ante and ex-post evaluations were required, where the efficiency of interventions was examined at the level of socio-economic cohesion in general, and the effects of the measures within the CSF and the OP. In the second period a much more detailed definition and distinction of assessment, monitoring and evaluation was achieved. Methodological guidelines for ex-ante and ex-post evaluations were elaborated. Also during the second period, a third type of evaluation, the mid-term evaluation, was introduced, which serves as an instrument for the modification of the programme at the half-way mark. The required level and depth of analysis for all three types has increased significantly.

At present, evaluations are usually contracted out to private independent companies. Thus there is a large reliance on the outside professional community for the availability of evaluation skills and competencies.

2.3.3.4 Partnership

Partnership has been one of the fundamental principles introduced with the reform of structural funds in 1988. The principle has been extended from the inclusion of national, regional and local partners (1989 to 1993) to social partners (1995 to 1999) and to local and regional governments (2000 to 2006). Partnership always has been envisaged for all stages of programme planning.

The extent to which a wide range of stakeholders is involved in the preparation of the Programme varies widely from one setting to another. In some cases it is a consultation process, with the bulk of the work being done by the competent authorities. In others it is a more time consuming process of cooperation, which, however, generates a greater degree of Partnership in the later stages. Choices between the different approaches will have an impact on the efficiency of the implementation of SF. A greater emphasis on Information and Publicity is a feature of the current programming period (EC Reg. 1659) and is intended to support the drive towards more inclusive involvement in the programming and planning process by increasing public awareness of the activities of the Structural Funds. In this sense it acts as a reinforcement of the drive towards more inclusive partnership. Again, this is an area that requires specialist skills and expertise.

2.3.3.5 Institutional Roles

With an increasing focus of the regulatory framework on programme management the roles and the respective distribution of roles have been elaborated in the recent period much more clearly.

The responsibility for programme management lies with the Managing Authority. This function has been introduced during the current period. The functions of the MA are outlined in Article 34 of Reg. 1260/99. They include, setting up a system for financial and statistical information, adjustments to the programme complement, production of an annual implementation report, organisation of a mid-term review, ensuring the provision and maintenance of an accounting system, ensuring the correctness of operations, ensuring compliance with Community policies and, ensuring the implementation of information and publicity requirements. There is no one uniform way in which the delegation of these tasks is managed between Managing Authority for CSF, Managing Authority for OP, Paying Authorities and Intermediary Bodies. In some cases the delegated body assumes full responsibility, in others it is a shared responsibility.

The differences between Managing Authority for CSF and SPD have to be taken into account and this has implications for the role and positioning of the Managing Authority within the overall hierarchy of the Government and Administrative system. The location of the management function, in terms of choice of institution and choice of integrating it into the present administrative system or creating a parallel system varies from one country to another. Similarly the choice between SOP and ROP has implications for the choice of the number and location of the Managing Authorities for these programmes and for the weight that they carry within the administrative system.

The establishment of Paying Authorities is one of the areas that is most comparable across Member States. Paying Authorities are established for each of the Funds (ERDF, ESF, EAGGF, FIFG). The ERDF Paying Authority is usually combined with the Cohesion Fund Paying Authority. The Paying Authorities for the ESF, EAGGF and FIFG tend to be located within their respective line ministries. Staffing in Paying Authorities usually ranges from 2 to 7 persons.

The complexity of the programming process is further increased, if a larger number of players need to be involved, including institutions from the central and the regional level and from various sectors at each of these levels. There can in some cases be dozens of Implementing Bodies involved in programme delivery. Frequently there are tiers of Implementing Bodies, with different roles in the generation of projects, their assessment and selection. These can include bodies set up specifically for the purpose, but more frequently they are already part of the administrative fabric of the country's administrative system. The choices reflect the administrative structure and the political culture of the Member State.

The Monitoring Committee is the highest decision making body in each OP, SPD or CSF. Monitoring Committees have been in place since the first period, but their tasks have been elaborated in much more detail during the present period.

The number of Monitoring Committees required will depend on the number of OPs in place. The larger the number of Monitoring Committees, the more reporting requirements needed, and this will in turn affect the size of the administrative capacity that is required. Similarly the size of the Monitoring Committee will vary considerably, with large Monitoring Committees adding considerably to the claim on the administrative capacity of the Managing Authority who usually acts as Secretariat to the Monitoring Committee.

2.4 Simplification, Efficiency and Accountability

Against the background described in 2.3 above, and in spite of the fact that the Member States themselves agreed to all of the provisions for implementation and in some cases campaigned hard for their introduction at the level of Council of Ministers, many Member States, through the Council of Ministers, are now pushing for increased simplification in the management and implementation system for Structural Funds.

In a paper prepared for the Ministerial meeting held on 7th October 2002, the Commission outlines the current state of the debate on simplification.

The regulations governing the operations of the SF for the period 2000 to 2006 were endorsed by the European Parliament and adopted unanimously by the Member States. They were designed to improve the effectiveness, transparency and sound financial management of the funds but now the Member States are demanding simplification. They consider that the regulatory requirements are too tight, the Commission requires too much information, sometimes for no useful purpose, and the work of its various departments is insufficiently coordinated. The Commission is aware of these problems and has stated its willingness to address these issues in cooperation with the Member States.

Economic and social cohesion policy, with a budget of €213 billion for the period 2000 to 2006, and from which several Member States receive billions of Euro, cannot be managed simply or without certain constraints because the rules on sound management and transparency have a lever effect on integrated, non-sectoral development, particularly in the less developed regions. Also, these rules have helped the national and regional authorities achieve real progress.

The economic and social realities addressed by assistance operations that are part-financed by the Structural Funds are complex because levels of development and development targets vary widely from one Member State to the next, and even within one and the same Member State.

The National and regional authorities operate very differently for institutional reasons in particular.

The Commission emphasises that complexity of management is common to both the Member States and the Commission. While the Commission can simplify some of its procedures, it is up to the Member States to streamline the procedures imposed on project promoters. These procedures are often long and cumbersome resulting in the comment that 'Structural funds subsidies are not worth the effort'. Improvement therefore is possible only by means of close cooperation. This cooperation will need to take place in the full awareness and cognisance of the regulatory and legal framework adopted by the Council. It will also have to take account of the fact that solutions that are good for one Member State may only serve to complicate things even more for others.

In this spirit, the Commission identified 9 areas for discussion where possible simplification could be achieved. These include –

- Adjustments to Programmes and Programme Complements
- Controls and audit strategies and practices
- The Mid-Term Review
- Reports
- Results and impact indicators
- The Performance Reserve
- The Annual Meeting
- The role of the Commission in the Monitoring Committees
- Financial Management

All of these issues come under the focus of this study.

3. The Methodology

3.1 Description of Methodology

The methodology used in the study is an adaptation of the method developed by the ISFOL-ESF Evaluation unit in Italy⁵.

The ISFOL methodology identifies three Macrofactors – (1) Actors, (2) Context and (3) Rules Procedures and Technical Support, that have an impact on the implementation process. A further 30 factors / implementation mechanisms (F/IM) are identified under these headings.

The methodology was originally developed for use in ESF evaluation settings, however it lends itself easily to adaptation to other settings involving a complex set of factors and implementation mechanisms. The authors themselves recognise the need to test the model in settings other than ESF⁶ and in that sense the use of the methodology is somewhat experimental.

The methodology consists of two phases. Phase 1 is the collection of qualitative data on the implementation process of SF through the case studies. Phase 2 consists of the establishment of a basis for quantitative comparison of sets.

The methodology developed for Phase 1, the collection of qualitative data on the process of implementation of the Structural Funds has the following characteristics –

- Definition of a logical approach, based on a set of *guidelines*, to interpreting a range of suggested indicators and patterns of action that do not define *automatic* application mechanisms or operational uses, but that require an active and intelligent mediation on the part of who applies it.
- The central importance of reference to two dimensions –
 - Implementation – understood as a complex process that gives effect to pre-determined approaches/hypotheses regarding interventions that have been defined as part of a Programming process in order to achieve pre-defined results, and that is at the same time a factor that conditions and explains the results themselves.
 - Evaluation – understood as an activity intended to produce a reasoned judgement on the subject to be evaluated, in this case the conditioning effect of a particular F/IM

⁵ Istituto per lo sviluppo della formazione professionale dei lavoratori (ISFOL), *Linee guida per la valutazione del processo di implementazione di Programma*, Milan, May 2002

⁶ See paper presented by the researchers for the ISFOL-ESF Evaluation Unit, Italy at the European Evaluation Society 2002 Conference, Seville, Spain, 10th to 12th October 2002.

on the efficiency of the implementation of the Structural Funds, in a manner that generates understanding of the subject to be evaluated.

- The assumption of a constructive approach, i.e. an approach that focuses on the logic of the programme and its performance in the light of the context that has been reconstructed in cooperation with the relevant actors. This approach provides a basis for identifying the indicators for evaluation that are formulated for each F/IM. For some F/IM however, the constructive approach is combined with a pragmatic/qualitative approach, which is used in particular during the first phase of evaluation of a F/IM (NB – Control systems, financial procedures – that can be checked against clearly identifiable rules and procedures).
- The use of methods that are predominantly *qualitative* as the most appropriate in the case of *process evaluation* (i.e. evaluation intended to understand *how* a particular output or outcome has been achieved) and *implementation evaluation* (i.e. evaluation of the giving effect to a particular provision of a programme or project). Such methods have the following characteristics –
 - They are based on three forms of data collection – interviews, direct observations and written documentation.
 - They imply that the evaluation activity is derived from processes of *analysis* and *interpretation* that are *logical* and *inductive* in nature, and is completed through *accurate/thick descriptions* or *analysis of content*.
- The use of *inductive procedures* and *logical procedures* for the evaluation. In the case of *inductive procedures*, the models, questions, interpretative categories and the characteristics of the conditioning by the individual F/IM, emerge from the interviews carried out. In the case of the *logical procedures*, connections and hypothetical causal relationships are established between the individual F/IM, expressed in its dimensions, and the results. These connections allow the formulation of hypotheses and conjectures solidly anchored in the analysis that has been done.

The model defines the ways of evaluating in a specific context the conditioning effect of a single factor / implementation mechanism on results.

To that end the model –

- Provides an extensive list of factors / implementation mechanisms, grouped under three Macrofactors, capable of covering all of the possible factors / implementation mechanisms that are involved in the implementation of programmes
- Is divided into individual records, one for each factor / implementation mechanism, as each one of these is self-sufficient in the sense that it contains all the elements and

indicators necessary to evaluate the conditioning that the individual factor / implementation mechanism has on results.

The methodology developed for Phase 2, involving cross case comparison, has the following characteristics –

- It uses the qualitative data collated in the case studies as the point of departure for the construction of sets that allow cross-case comparison.
- It involves the evaluator in an initial scoring exercise for the individual case study based on a pre-selected range of indicators.
- The causal relationships implied in this scoring is challenged in the cross-case analysis and a logical, deductive approach is used to determine a basis for acceptable cross-case comparisons.

An essential part of the methodology to be used in the study is –

- The conducting of case studies for the selected regions
- Detailed monograph on each case study based on an analysis of the factors / implementation mechanisms identified and on a guide to the analysis of the results in line with the requirements of the objectives of the study
- A cross-case study analysis in the form of a report that takes account of the need to establish a solid basis for comparison in accordance with the methodological criteria described above.

A detailed guide to each of the elements of the methodology is provided below.

3.2 Factor Analysis

3.2.1 Macrofactors and Factors / Implementation Mechanisms

Three Macrofactors have been identified that affect the efficiency of the implementation methods for Structural Funds – (1) Actors, (2) Context and (3) Rules, Procedures and Technical Assistance.

For each of these, a number of Factors / Implementation Mechanisms (F/IM) have been identified (30 in all). These are outlined as follows –

ACTORS	CONTEXT	RULES, PROCEDURES & TECHNICAL SUPPORT
1. The Commission – Policies, Priorities and Organisation	11. Political Context	17. Measures to implement EU Regulations and Procedures
2. National Government – Policies, Priorities and Organisation	12. Socio-Economic context	18. Programming
3. Regional / Federal Government – Policies, Priorities and Organisation	13. Administrative Structures	19. Management Procedures
4. Monitoring Committees – Policies, Priorities and Organisation	14. Institutional Structures	20. Control Systems and Procedures
5. Managing Authorities – Organisation	15. Forms of Intervention	21. Development and use of monitoring system
6. Paying Authorities – Organisation	16. Future of EU – Enlargement	22. Development and use of evaluation system
7. Implementing Bodies – Organisation		23. Assessment and Selection of Projects
8. Beneficiaries – Organisation		24. Financial Procedures
9. Social Partners – Priorities, organisation		25. Partnership
10. External Experts – reports		26. Coordination
		27. Measures to ensure Information and Publicity
		28. Relationships between MA and Implementing Bodies
		29. Technical Assistance
		30. Other monitoring activities of programme implementation

3.2.2 Reconstruction – Assessment of each F/IM

A logical, inductive approach, using documentary research and in-depth one to one interviews, to the qualitative assessment of each of these F/IM has been developed. There are five steps in this method and each of the steps has a specific purpose and logic. These are as follows –

Qualitative Assessment of each Factor / Implementation Mechanism (F/IM)	
Questions to be asked for each F/IM	
1. What is the relevance of the F/IM to the efficiency of implementation of Structural Funds?	This refers to the relevance that the interviewee attributes to the F/IM in question. It should be considered as purely indicative and it could be used (in the absence of alternatives) to provide a focus to the survey process (and by consequence the evaluation) by concentrating on certain F/IM rather than others.
2. What are the dimensions / characteristics of the F/IM?	The dimensions of each F/IM are the detailed components which, as well as clarifying the factor itself, also provide a list of items for survey and evaluation in respect of the factor in question.
3. What is the potential link between the F/IM and the efficiency of implementation of Structural Funds?	This is a hypothesis about the link, relationship between the individual F/IM and the eventual results. It contributes to our understanding of the F/IM itself. The characteristics of these linkages should act as a guide in our evaluation of the impact the F/IM has on the results.
4. How should information / data be collected for each F/IM?	These are operational suggestions on the methods to be used in the collection of data and information which are aimed at providing a description of the characteristics and profile of the F/IM involved. When dealing with complex sets of F/IMs it is particularly useful to refer to their constituent dimensions. This is an important activity because, due to the nature of the methodology being used, there is no discreet point at which the collection of data ends and the analysis begins, as during the collection of data ideas and hypotheses regarding their interpretation are created.
5. What is the evaluation logic to be used for each F/IM?	It is necessary to formulate operational instructions on the procedures to be used (general logic, activities, technical procedures and methods) to evaluate the direction and intensity of the impact that the particular F/IM has on the results to be achieved. This should enable us to arrive at a characterisation of this impact in terms such as 'significant/not significant', 'high/low', or other analogous terms.

A guide for the analysis of each of the F/IM was developed in the form of reference cards. The completion of this analysis provides the bulk of the material for each of the case studies. Having conducted the qualitative, inductive analysis, it has been possible to assess the impact the particular F/IM has on the efficiency of the implementation of Structural Funds. The assessment

of impact takes account of the direction of the impact (negative or positive) and the intensity of the impact (low or high) This can be illustrated as follows –

Assessment of the Impact of each F/IM	
1. Identification of the Direction of the Impact of the F/IM on Efficiency of Implementation of the Structural Funds – Positive or Negative	- [] [] [] [] [] +
2. Identification of the Intensity of the Impact of the F/IM on Efficiency of Implementation of Structural Funds – High or Low	L [] [] [] [] [] H

Annex 1 contains a table on which to record this impact assessment.

In order to arrive at a quantification of the impact of the F/IM on the overall efficiency of the implementation of SF and to enable a comparison to be done over a range of different contexts, a set of indicators for each of the factors has been developed. For each of these indicators, the evaluator has, based on the outcome of the qualitative inductive assessment process, assigned one of 4 values – 0, 0.25, 0.5 or 1. This can be illustrated as follows –

Quantitative Assessment of F/IM	
1. Quantification of Impact	0 [] [] [] [] [] 1
2. Qualitative Comparative Analysis across all Case Studies (average scores)	0 [] [] [] [] [] 1

A value of 0 means that the indicator has not been achieved. A value of 1 means that it has been fully achieved. The use of fractions enables an assessment to be made of partial fulfilment – this will facilitate a more meaningful comparative assessment across a range of widely diverging contexts and settings.

The checklist for these indicators for each of the F/IM is contained in Annex 2.

3.3 The Case Studies

3.3.1 Introduction to the Case Studies

The core of the methodology is a series of in-depth case studies. The purpose of the case studies is to provide an in-depth insight into the specific implementation conditions that prevail in the selected Region / Member State and to provide a basis for cross-case analysis (see chapter 4) in order to generate evidence for the conclusions to be reached (see chapter 5) and the recommendations to be made (see chapter 6).

One of the major benefits of the case study approach is that it facilitates the presentation of processes and complexities that are impossible to see in any other way. This is most useful for managers within the European Commission, to provide them with a detailed insight into the reality of daily actions in the field. It provides them with a clear view of the way in which the programme is put into practice once the decision has been taken between the Commission and the National Authority.

The selection of the case studies was done to ensure that they are representative of a range of types of administrative and institutional contexts.

The data collected during the case studies centres around the analysis of a number of factors / implementation mechanisms, using a pre-defined methodology involving qualitative evaluation techniques.

Data is derived from a variety of sources including project documents, project meetings reports, interviews with project leaders and staff, observations on site, and interviewees with beneficiaries.

A case study report was compiled in the form of a monograph for each case study. This consists of the analysis of the data in such a manner as to facilitate its exploitation for comparative purposes.

The case studies were conducted over four stages as follows –

- Stage 1 – Deskwork involving a detailed review of all documentation associated with the region / Member State concerned.
- Stage 2 – Expert's mission to selected region for consultation with programme managers and beneficiaries and with competent national and regional authorities. The principal purpose of this mission was to conduct interviews, ensure the correctness and completeness of the desk research on the basis of the documentation available, collect

supplementary or additional documentation, determine the management structure in place.

- Stage 3 – Consultations with relevant players in the regions via email, telephone, fax with a view to completing the analysis of the region and verifying correctness of the analysis.
- Stage 4 – Generation of final report on case studies using the outline structure provided in Annex 3.

3.3.2 Number and Type of Case Studies

A total of 18 Case Studies were completed – 16 of these involved field trips to the Member States / Regions involved, the remaining two (Finland and Ireland) were conducted as meta-evaluations (involving documentary sources).

The following table outlines the types of case studies involved and the scope of each –

1. Objective 1 Regions –
▪ Focus on designated eligible region
▪ Community Support Framework / Single Programming Document / Operational Programmes
▪ Regional Operational Programmes / Sectoral Operational Programmes
▪ Programme Complement
▪ All funds involved – ERDF, ESF, EAGGF, FIFG
▪ Cohesion Fund
▪ Community Initiative Programmes – INTERREG, Leader, Equal
2. Objective 2 Regions –
▪ Focus on designated eligible region
▪ Single Programming Document
▪ Operational Programme
▪ Programme Complement
▪ All funds involved – ERDF, ESF, EAGGF, FIFG
▪ Community Initiative Programmes – INTERREG, Leader, Equal
3. Objective 3 Horizontal Study –
▪ Focus on regions outside Objective 1 regions
▪ Single Programming Document
▪ Programme Complement
▪ Fund involved – ESF
▪ Community Initiative Programme – Equal
4. Horizontal Study (e.g. Transport, Competitiveness...)
▪ Cross Sectoral Operational Programme focused on all relevant regions in accordance with the scope of the OP
▪ Programme Complement
▪ Funds involved dependent on the focus of the OP
▪ Community Initiative Programmes involved dependent on the focus of the OP

3.4 Selection of Regions for the Case Studies

The criteria that used for the selection of the case studies can be divided into two kinds – Regional Criteria, which reflect certain characteristics of the Member State and / or region, and Structural Funds Management Criteria, which reflect certain aspects of the management and policy dimensions of the implementation of Structural Funds.

The Regional Criteria include such considerations as form of Government and the extent to which Regions are managed centrally, autonomously or on a decentralised basis as discussed and described in section 2.3.2 above.

The Regional Criteria also included consideration of certain characteristics of the geography and of the socio-economic make-up of the region or Member State. Thus for example, it was important to ensure that that maritime, urban, mountainous and rural settings were represented. This diversity permitted the analysis of the implementation of Structural Funds to be conducted in a wide range of national and regional institutional, administrative and geographic settings. Finally, given the importance of the impending enlargement of the EU and the implications that this will have for the implementation of Structural Funds policies post 2004, was also used in selecting regions that would be most affected by enlargement.

The Structural Funds Management Criteria included consideration of the types of management that is in place related to the objectives of the fund. Thus it was important to ensure that Objective 1, 2 and 3 and horizontal programmes were covered.

After detailed discussion with the representatives of the EC, and taking into account the criteria outlined above, the following table identifies the Member States / Regions that were targeted for the case studies –

Table 2

Selection of Regions and Horizontal Studies

Country	No of CS	Case study	Type of Programme In focus	Type of administrative system	Regional characteristics	
Germany	3	Sachsen	Objective 1 programme	Federal system		
		Northrhine-Westfalia	Objective 2 OP			Old industrialized area /urban
		Bayern	Objective 2 OP			Rural, border region to AC
Austria	1	Burgenland	Objective 1 OP	Federal system	Rural area, border to AC	
Italy	2	Veneto	Objective 2 OP	Autonomous region	Urban/rural	
		Italy	Objective 3 programme in the North		Horizontal theme	
France	2	Lorraine	Objective 2 OP	Decentralized system	Old industrialized regional/rural	
		France	Objective 3		Horizontal theme	
UK	2	Wales	Objective 1	Decentralized system	Rural	
		East Midlands	Objective 2		Industrialized	
Spain	2	Valencia	Objective 1 OP	Autonomous region	Maritime region	
		Spain	Horizontal programme for competitiveness		Horizontal theme	
Greece	2	Central Macedonia	Objective 1	Centralised	Rural, border region to AC	
		Greece	Multiregional programme for Transport		Horizontal theme	
Portugal	2	Alentejo	Objective 1	Centralised	Rural, maritime	
		Portugal	OP for Economy		Sectoral theme	
Finland	1	National context	Objective 6	Centralised		
Ireland	1	National context	CSF	Centralised		

A monograph for each case study was compiled using the outline contained in Annex 3.

3.5 Difficulties Encountered with the Methodology

In adapting the methodology to the demands of the study, a number of difficulties were encountered that needed to be addressed.

3.5.1 Focus of Case Studies

One of the dangers of using the model for the purposes of this study was that it would result in the compilation of too much material that would be difficult if not impossible to do justice to. It must be remembered that this Study is not an evaluation in the strict sense of the word – it never was intended as a complete and comprehensive evaluation of the entire implementation system for Structural Funds in the regions selected. The study was designed to enable a number of key questions to be addressed, with the pragmatic objective of identifying ways of simplifying the implementation method for Structural Funds without sacrificing important gains in the areas of accountability, programming, evaluation, management etc.

In order to tackle this danger, it was decided that each case study should identify a specific focus. It would be impossible to do justice to all 30 factors / implementation mechanisms in each and every case study. They provide an important overall context in the assessment of the efficiency of implementation, but for the purposes of this study it is not necessary that all of them be examined exhaustively in every case. The evaluators were asked therefore, based on the results of their desk research and their knowledge of the settings for the case studies for which they were responsible, to identify those factors / implementation mechanism that were particularly relevant for the case study in question. The case study would then concentrate on a detailed analysis of these factors, in the context of a broad view of the others.

A second danger inherent in the model chosen was that the original ISFOL model was designed to evaluate only one Fund – the ESF fund. The case studies involved in this study would be dealing with a multiplicity of funds, programmes, project types and implementation settings. It was necessary therefore to define for each case study where the emphasis of analysis would be. It would be impossible to do justice to all programmes, community initiatives, funds and implementation settings in all the case studies. So a choice was made by the evaluator, based on desk research and knowledge of the setting, as to the particular focus that each case study would have.

As a result of these amendments, it was possible to ensure that across the range of the case studies all of the important factors / implementation mechanisms, funds, programmes, project types and other implementation settings were adequately covered.

Table 3 summarises the results of this focusing exercise for each case study.

Table 3
Focus of Case Studies

Country	No of CS	Case study	Factor Emphasis A (Actors) C (Context) RPTS (Rules, Procedures and Technical Support)	Fund, Programme or Project Emphasis
Germany	3	Sachsen	A – Land Govt., MA, PA, Social Partners C – Political, Socio Econ., Forms of Intervention, Enlargement RPTS – Programming, Partnership, Relations between MA and IBs	Multi-fund, New Institutions, transition, Policy-off, INTERREGIIIA, URBAN (Leipzig)
		Northrhine-Westfalia	A – Strong MC and MA, high complexity of actors – about 30 institutions involved, C – Socio Economic situation – impact on co-finance , complies institutional setting at Land and regional level, RPTS – very elaborated monitoring system with limits on organisational and technical implementation	ERDF / ESF Integration, Policy-off
		Bayern	A – Land Govt., Social Partners, Beneficiaries, C – Political, Socio Econ., Forms of Intervention RPTS – Programming (low ambition) and Implementation (Pragmatic)	INTERREG, Leader, EAGGF, Rural Development, Policy-off
Austria	1	Burgenland	A – Land Govt., MC, MA, PA, Implementation C – Forms of Intervention, Enlargement RPTS – Measures to implement EU Reg., Implementation (centralised and efficient)	Multi-fund, INTERREG, Leader, Large Projects, Policy-off

Country	No of CS	Case study	Factor Emphasis A (Actors) C (Context) RPTS (Rules, Procedures and Technical Support)	Fund, Programme or Project Emphasis
Italy	2	Veneto	A – Regional Govt., Beneficiaries, Social Partners C – Administrative, Institutional, Forms of Intervention RPTS – Management Procedures, Control Systems, Monitoring & Eval.	ERDF, ESF,
		Italy	A – Regional Govt., IBs, Beneficiaries C – Institutions, Forms of Intervention RPTS – Monitoring & Eval., Partnership, Coordination	ESF, Equal,
France	2	Lorraine	A – National Govt., IBs, External Experts C – Administrative, Institutional RPTS – Programming, Management Procedures, Control Systems	ERDF, EAGGF, Policy-off
		France	A – MA, PA, IBs, C – Administrative, Institutional, Forms of Intervention RPTS – Programming, Management Procedures, Control Systems	ESF, Equal, Policy-off
UK	2	Wales	A – MA, PA, IBs C – Administrative, Institutional, Forms of Intervention RPTS – Partnership, Coordination, Relations between MA and IBs	Multi-fund, ESF/ERDF Integration, FIG, Leader, Rural Dev. Policy-off
		East Midlands	A – MA, PA, IBs C – Administrative, Institutional, Forms of Intervention RPTS – Partnership, Coordination, Relations between MA and IBs	ERDF/ESF, Enterprise & Innovation, Sustainable Communities, Policy-off

Country	No of CS	Case study	Factor Emphasis A (Actors) C (Context) RPTS (Rules, Procedures and Technical Support)	Fund, Programme or Project Emphasis
Spain	2	Valencia	A – Regional Govt., MA, PA, IB, Beneficiaries C – Socio Econ., Administrative, Forms of Intervention RPTS – Programming, Control, Selection of Projects	Multi-fund (ERDF, FIGF), Cohesion Fund, INTERREG
		Spain	A – Regional Govt, MA, PA, IB, Beneficiaries, Social Partners C – Socio, Econ., Administrative, Forms of Intervention RPTS – Programming, Partnership, Information and Publicity	ERDF, SMEs, Small Projects
Greece	2	Central Macedonia	A – MA, IBs., Beneficiaries C – Forms of Intervention, Enlargement RPTS – Monitoring, Evaluation, Selection of Projects	Multi-fund, Cohesion Fund, INTERREG
		Greece	A – MA, IBs, Beneficiaries C – Forms of Intervention RPTS – Financial Procedures, Partnership, Coordination	Large Projects, Cohesion Fund, Managing Agencies (2-3)
Portugal	2	Alentejo	A – National Govt., MA, MC, PA, IB, Social Partners C – Socio Econ., Administrative, Forms of Intervention RPTS – Programming, Management Procedures, Control, Monitoring	Multi-fund, Cohesion Fund, Large Projects
		Portugal	A – National Govt., MA, MC, PA, IB, Social Partners C – Socio Econ., Administrative, Forms of Intervention RPTS – Information and Publicity, Relations between MA and IBs., TA	Sectoral Emphasis
Finland	1	National context	The two meta-evaluation studies will provide an overview of the total programme and system in both these Member States.	
Ireland	1	National context		

3.5.2 Assessing Costs and Efficiency

A second difficulty encountered with the methodology related to the question of generating meaningful comparison of costs and efficiency across the case studies. The methodology chosen leaves open the question of defining the important related concepts of costs and efficiency.

The questions to be addressed here are –

- How can we measure efficiency in a way that takes account of the diversity of political, institutional, administrative and cultural context across the 18 case studies?
- How can we reach a useful basis for comparing costs across such a diverse range of settings?

Under normal evaluation circumstances, the question of costs and efficiency are closely related. Efficiency is about the comparison between the planned use of inputs (costs) and their actual use. Thus it is possible under normal circumstances to establish a positive or negative quantitative ratio between planned and actual inputs and thus identify a measure of efficiency.

However, assessing the costs of implementation across such a diverse range of administrative, institutional, political, socio-economic and cultural contexts presents significant difficulties.

There are two aspects of costs that deserve to be examined. The first is the absolute costs of implementation expressed in amounts spent on technical assistance, numbers of people employed, costs of human resources employed. The second relates to the question of cost-effectiveness expressed in terms of the programme's absorption rate of funds and implementation progress. The first is principally a measure of economy and efficiency, the second is an important dimension of effectiveness. This study concerns itself only with the first dimension of costs. It would be outside the scope of the study to examine cost effectiveness.

In arriving at a measure of cost efficiency and in full awareness of the problems associated with absolute comparisons across such a wide range of contexts, a series of measurements have been devised which, at least, raise questions about the differences from one case study to the next. These measurements have been collated and presented in our analysis of costs in Chapter 5 and they include the following elements –

- Absolute overall cost of the programme, including public (national, regional, local and EU Funding)
- Absolute level of SF costs for the programme
- Rate of contribution from Structural Funds to overall programme cost (including contributions from all funds involved in the programme covered by the case study)

- Absolute cost of technical assistance (TA1 and TA2) for the programme
- Rate of TA involved expressed as a percentage of total costs
- Estimated or actual numbers of Human Resources employed directly in programme implementation
- Estimated cost of HR in programme implementation based on a notional cost of 1 WTE of EURO 80000, to include all costs of salary, social costs and other overhead expenses. The selection of this notional costs is based on some actual data collated but it is intended principally as a basis for comparison rather than a statement of actual average costs across the case studies.
- Costs of implementation, calculated as the sum of total TA costs and total HR costs, expressed as a percentage of total costs of programme
- Costs of implementation, calculated as the sum of total TA costs and total HR costs, expressed as a percentage of SF contribution to costs of programme

3.6 Summary of Research Activity

A total of 18 case studies have been completed. A total of 153 interviews were conducted in completing the case studies, of which 142 were either face to face or group interviews. There were 5 group interviews in total involving 11 people.

The following table contains a summary of the typology of interviewees for each case study and the number and nature of interviews carried out.

Case study	Typology of Interviewee	No.	Comment
Sachsen – Obj 1	Managing Authority for CSF	3	Group interview
	Managing Authority ERDF	2	Group interview
	Managing Authority EAGGF	2	Group Interview
	Managing Authority ESF	2	Group Interview
	Project Approval Unit, ERDF	2	Group Interview
	Project Approval Unit, ESF	1	Face to face
	Project Approval M1.1 (Innovative Investments)	1	Face to face
	Paying Authority ERDF and ESF	1	Telephone Interview
	Social Partner / NGO	1	Telephone interview
	Social Partner – Chamber of Commerce	1	Telephone interview
	URBAN II and ERDF Management	1	Telephone interview
	INTERREG IIIA and EU Enlargement	1	Face to face
	EU Enlargement	1	Telephone interview
	EU Enlargement and SF	18	
	Total		
Nordrhein-Westfalen – Obj 2	Managing Authority	1	Face to face
	Paying Authority	1	Face to face
	Regional Bodies	1	Face to face
	Regional Bodies / Beneficiaries	7	Face to face
	Beneficiaries	3	Face to face
	Total ⁷	13	
Bayern – Obj 2)	Mid-term-evaluator	2	Face to face
	Social Partner – Education	1	Face to face
	Social Partner – Industry	1	Face to face
	Beneficiary – Education	1	Face to face
	Managing Authority	1	Face to Face
	Paying Authority – ESF	1	Telephone
	Paying Authority – ERDF	1	Face to Face
	Financial Controller – ERDF	1	Face to Face
Total	10		

⁷ Interviews for Nordrhein Westfalen include interviews conducted as part of the Mid-Term Evaluation. The same evaluators were involved and it was important to avoid duplication.

Case study	Typology of Interviewee	No.	Comment
Burgenland – Obj 1	Managing Authority	1	Face to face
	Intermediary – Industry	2	Face to face
	Intermediary – Labour Market	1	Face to face
	Intermediary	1	Face to face
	Social Partner – Industry	1	Face to face
	Beneficiary – Large Project	1	Face to face
	Beneficiary – Small Project	1	Face to face
	External Expert	1	Face to face
	Paying Authority, ERDF	1	Face to face
	INTERREG, EU Enlargement	1	Face to face
	Total	11	
Veneto – Obj 2	Managing Authority	2	Face to face
	Responsible for Programming	2	Face to face
	Responsible for SPD Obj 2	1	Face to face
	Management of Equal Programme	1	Face to face
	Final Beneficiary – Equal	1	Face to face
	Management of Rural Development Plan	2	Face to face
	Beneficiary Rural Development Plan	1	Face to face
	Responsible for Commercial Agricultural Policies	1	Face to face
Total	11		
Italy – Obj 3	Managing Authority	2	Telephone
	Implementing Bodies	2	Telephone
	Evaluators	2	Telephone
	Beneficiaries	2	Telephone
	Total	8	
Lorraine – Obj 2	Managing Authority	1	Face to Face
	Technical Secretariat	3	Face to face
	Monitoring Committee	1	Face to face
	Total	5	
Wales – Obj 1	Managing Authority	2	Face to face
	Local Partnerships	1	Face to face
	Regional Partnerships	1	Face to face
	Beneficiary – NGO	3	Face to face
	Member of Parliament	1	Face to face
	Academic – Expert	1	Face to face
Total	9		
East Midlands – Obj 2	Managing Authority	2	Face to face
	Local Partnerships	1	Face to face
	Programme Manager & Action Plan Programme Manager	1	Face to face
	Local Action Plan Partnership	1	Face to Face
	Greater Nottingham Partnership	1	Face to face
	Indicative Financial Envelope Partnership	1	Face to face
	Beneficiaries – Large Grants	1	Face to face
	Beneficiaries – NGOs	1	Face to face
	Officers of CEFET (global grant scheme)	1	Face to face
	Members of the Monitoring Committee	1	Face to face
	Political Representative	1	Face to face
	Officers and Members of the Board of EMDA	1	Face to face
Total	13		

Case study	Typology of Interviewee	No.	Comment
Valencia – Obj 1	Managing Authority	1	Face to face
	Regional Policy	1	Face to face
	Cohesion Fund	1	Face to face
	INTERREG III C	1	Face to face
	Managing Authority ESF	1	Face to face
	Agriculture Advisory Service	1	Face to face
	Coordination of mid-term evaluation	1	Face to face
	Total	7	
Spain – Competitiveness	Managing Authority ERDF	1	Face to Face
	Regional Policy	1	Face to face
	SME Policy	1	Face to face
	Total	3	
Central Macedonia – Obj 1	Managing Authority	1	Face to face
	Planning and Evaluation	1	Face to face
	Project Monitoring and Management	1	Face to face
	Project Inspection and audits	1	Face to face
	Project Support and MIS	1	Face to face
	Total	5	
Greece – Transport	Project Management Unit	4	Face to face
	Athens Urban Transportation Organization	1	Face to face
	Civil Engineer – Transportation Specialist	1	Face to face
	Liaison to the PMU, ERGOS	1	Telephone
	Liaison to the PMU, Tram S.A.	1	Face to face
	Liaison to the PMU, Ministry of Transportation & Communication	1	Face to face
	Total	9	
Alentejo – Obj 1	Managing Authority	4	Face to Face
	Monitoring Committee	2	Face to Face
	Paying Authority	1	Face to Face
	Beneficiaries	4	Face to face
	EQUAL Programme Management	1	Face to face
	EQUAL Beneficiaries	3	Face to face
	INTERREG Programme Management	3	Face to face
	INTERREG Monitoring Committee	1	Face to face
	INTERREG Paying Authority	1	Face to face
	INTERREG Beneficiaries	2	Face to face
	Leader Programme Management	1	Face to face
Leader Beneficiaries	4	Face to face	
	Total	25	
Portugal – Economy	Managing Authority	1	Face to face
	Paying Authority	1	Face to face
	Beneficiaries	4	Face to face
	Total	6	

It should be noted from the above that the primary source of information for this study is the views and experiences of those responsible for implementing the Structural Funds in the Member States. This information, combined with the desk research, formed the basis for the judgements by the evaluators on the various factors analysed.

4. Cross Case Study Analysis of the Factors of the Implementation system

The purpose of this chapter is to analyse the case studies with a view to identifying evidence that we can use for drawing conclusions in Chapter 5 and making specific recommendations in Chapter 6.

In this chapter the analysis will focus on two analytical frameworks. First, the case studies will be analysed in the light of the particular emphasis for each case study identified in chapter 3 (section 3.5.1) Second, the analysis will be done in the light of the qualitative and quantitative assessments made by the evaluators, as described in chapter 3 (section 3.2.2).

The analysis and evidence identified in this chapter will be used as a basis for drawing conclusions in chapter 5. These conclusions will be drawn with particular reference to the typology of case studies (centralised, deconcentrated, decentralised, subsumed, differentiated) as described in chapter 3 (section 3.4) and chapter 2 (section 2.3.2). Finally, the conclusions drawn in chapter 5 will be used as a basis for making recommendations in chapter 6.

One of the features of the analysis in this chapter therefore is the emphasis for each case study that was identified in chapter 3 (section 3.5.1). Each case study was assigned a particular focus / emphasis. The purpose of this assignment of emphasis was not meant to be exclusive of other factors. Most of the case studies in fact provided a general review of all of the factors and interesting material emerged about most of the factors from most of the case studies. The assignment of emphasis therefore was principally a pragmatic measure to ensure that all of the factors were covered and to guard against generating unnecessary quantities of data that could not be managed. The following table provides a summary of this focus from the perspective of each of the factors / implementation mechanisms–

Table 4

Summary of Case Study Emphasis for each Factor / Implementation Mechanism

Factors / Implementation Mechanisms	Case Study Emphasis
Actors	
1. The Commission – Policies, Priorities and Organisation	All
2. National Government – Policies, Priorities and Organisation (3)	Lorraine, Alentejo, POE
3. Regional, Land Governments – Policies, Priorities and Organisation (6)	Saxony, Bavaria, Burgenland, Veneto, Italy Obj 3, Valencia
4. Monitoring Committees – Policies, Priorities and Organisation (4)	NRW, Burgenland, Alentejo, POE
5. Managing Authorities – Organisation (12)	Saxony, NRW, Burgenland, France Obj. 3, Wales, East Midlands, Valencia, Spain Competitiveness, Macedonia, Greece Transport, Alentejo, POE
6. Paying Authorities – Organisation (9)	Saxony, Burgenland, France Objective 3, Wales, East Midlands, Valencia, Spain Competitiveness, Alentejo, POE
7. Implementing Bodies – Organisation (13)	NRW, Burgenland, Italy Objective 3, Lorraine, France Objective 3, Wales, East Midlands, Valencia, Spain Competitiveness, Macedonia, Greece Transport, Alentejo, POE
8. Beneficiaries – Organisation (7)	Bavaria, Veneto, Italy Objective 3, Valencia, Spain Competitiveness, Macedonia, Greece Transport
9. Social Partners – Priorities, Organisation (6)	Saxony, Bavaria, Veneto, Spain Competitiveness, Alentejo, POE
10. External Experts – Reports (1)	Lorraine
Context	
11. Political Context (2)	Saxony, Bavaria
12. Socio Economic Context (7)	Saxony, NRW, Bavaria, Valencia, Spain Competitiveness, Alentejo, POE
13. Administrative Structures (10)	NRW, Veneto, Lorraine, France Objective 3, Wales, East Midlands, Valencia, Spain Competitiveness, Alentejo, POE
14. Institutional Structures (6)	Veneto, Italy Objective 3, Lorraine, France Objective 3, Wales, East Midlands
15. Forms of Intervention (14)	Saxony, Bavaria, Burgenland, Veneto, Italy Objective 3, France Objective 3, Wales, East Midlands, Valencia, Spain Competitiveness, Macedonia, Greece Transport, Alentejo, POE
16. Future of EU – Enlargement (3)	Saxony, Burgenland, Macedonia

Factors / Implementation Mechanisms	Case Study Emphasis
Rules, Procedures and Technical Support	
17. Measures to implement EU Regulations and Procedures	All
18. Programming (7)	Saxony, Bavaria, Lorraine, France Objective 3, Valencia, Spain Competitiveness, Alentejo
19. Management Procedures	Veneto, Lorraine, France Objective 3, Alentejo
20. Control Systems and Procedures (5)	Italy Objective 3, Lorraine, France Objective 3, Spain Competitiveness, Alentejo
21. Development and Use of Monitoring System (5)	NRW, Veneto, Italy Objective 3, Macedonia, Alentejo
22. Development and Use of Evaluation System (3)	Veneto, Italy Objective 3, Macedonia
23. Assessment and Selection of Projects (2)	Valencia, Macedonia
24. Financial Procedures	All
25. Partnership (6)	Saxony, Italy Objective 3, Wales, East Midlands, Spain Competitiveness, Greece Transport
26. Coordination (4)	Italy Objective 3, Wales, East Midlands, Greece Transport
27. Measures to ensure information and publicity	All
28. Relationships between MA and Implementing Bodies	All
29. Technical Assistance	All
30. Other Monitoring Activities of Programme Implementation	All

This table provides us with an indication as to where the principal source of evidence and analysis will come for each of the factors. However, this does not mean that there will be an exact correspondence between the assignment of emphasis and the actual evidence discovered. In each case study, the evaluator adapted to the circumstances as they emerged on the ground. So there are instances in which important evidence and analysis is available from a case study that did not initially intend to focus on a particular factor. Equally, there are cases where no significant material emerged where it was expected. However, the table is a useful guide to ensure that there is a wide coverage of all the factors and to give a particular focus to each case study.

Another important feature of the analysis provided in this chapter is the qualitative and quantitative assessment of the individual factors made by the evaluator as described in section 3.2 above.

In relation to the qualitative assessment made by the evaluator, this is expressed as a synthesis judgement for each of the factors about the direction of the impact of the factor (whether it is positive or negative) and about the intensity of the impact (whether it is high or low). Both of these judgements were made using the table provided in Annex 2. The grid used is divided into 4 divisions which enables us to assign a percentage value to both the intensity of the impact and the direction of the impact – the closer the value is to 100% the more positive the impact and the higher the intensity of the impact. Thus for example, it is possible that a particular factor could be deemed to have a negative impact on the efficiency of the implementation system (value less than 50%) but with a rather low intensity of impact (value less than 50%) – in other words it is seen as having a negative impact but it is not that significant. The results of this exercise are presented in table 5 below. More detailed comment on the scores contained in this table will be provided in this chapter as we address each factor individually.

Table 5
Summary of Qualitative Judgements on Direction of Impact and Intensity of Impact

	Averages	
	Direction of Impact	Intensity of Impact
Actors		
The Commission – Policies, Priorities and Organisation	75%	86%
National Government – Policies, Priorities and Organisation	73%	80%
Regional / Land Government – Policies, Priorities and Organisation	73%	82%
Monitoring Committees – Policies, Priorities and Organisation	73%	73%
Managing Authorities – Organisation	81%	95%
Paying Authorities – Organisation	73%	86%
Implementing Bodies – Organisation	67%	93%
Beneficiaries – Organisation	66%	73%
Social Partners – Priorities, Organisation	67%	59%
External Experts – Reports	66%	70%
Average – Actors	72%	80%
Context		
Political Context	66%	64%
Socio-Economic Context	67%	71%
Administrative Structures	61%	84%
Institutional Structures	58%	75%
Forms of Intervention	69%	77%
Future of EU – Enlargement	47%	54%
Average – Context	61%	71%

	Averages	
	Direction of Impact	Intensity of Impact
Rules, Procedures and Technical Support		
Measures to implement EU Regulations and Procedures	77%	95%
Programming	78%	96%
Management Procedures	73%	89%
Control Systems and Procedures	50%	86%
Development and use of monitoring system	61%	80%
Development and use of evaluation system	63%	79%
Assessment and selection of projects	67%	77%
Financial Procedures	55%	86%
Partnership	67%	80%
Coordination	64%	77%
Measures to ensure Information and Publicity	70%	82%
Relationship between MA and Implementing Bodies	73%	82%
Technical Assistance	69%	73%
Other monitoring activities of programme implementation	33%	39%
Average – Rules, Procedures and Technical Support	73%	80%

In relation to the quantitative assessment of the factors, the evaluator was asked to make a more detailed assessment of the efficiency impact of the factor using a detailed table of indicators for each factor. The table used is provided in Annex 3. On this table, for each factor a number of indicators of efficiency were identified. These indicators were formulated in the form of a statement about the efficiency impact of the factor in question. For each of these statements a numerical value (between 0 and 1, i.e. 0, .25, .5, 1) was recorded that indicated the degree of truth in the statement, where 0 meant that it was not at all true and 1 meant that it was completely true. The results of this assessment will be incorporated into our analysis of the factors across the case studies.

Detailed tables on the assessment of the factors using these measures are provided in Annex 5.

In our analysis of each of the factors, in addition to the judgements referred to above, we use examples of evidence from the case studies. These have been chosen either to illustrate specific points related to the various findings, or to show best practice or less successful examples of approaches taken in individual case studies. Choices made in the presentation of the material in the case study have been guided by the desire to provide as much evidence as possible for specific findings, rather than providing equal representation of all case studies.

However, every effort is made to ensure that the material used is representative of the typology of case studies.

The analysis has shown, that many observations concerning implementation cannot be attributed to an individual implementation related feature, but need to be seen in the overall context of the interplay between the EU and the national and regional implementation system. It also has become clear, that performance variations in the case studies can partially be attributed to one single explanatory model (like centralised/decentralised, subsumed/differentiated), but often would need much more in-depth analysis concerning the functioning of the administrative system and the interplay between various actors, an analysis that would go far beyond the scope of that study. Whenever possible, explanations and common features for variations have been provided.

This chapter will begin with an analysis of the factors referred to under the Macrofactor Context. This is because these factors have a significant bearing on the other factors as illustrated in Graph 1 in section 2.3.1 above. The factors for Actors and Rules, Procedures and Technical Support will be analysed in the light of the considerations about Context. The Chapter will conclude with a bridging analysis aimed at introducing the basis for drawing conclusions in Chapter 5.

4.1 Context

In this section we analyse the content of the case studies in the light of the factors identified under the heading Context. As illustrated in Graph 1 in chapter 2 (section 2.3.1), the structural funds implementation method is essentially an European model that has emerged as a result of decisions taken within the political and legal decision making framework of the European Union. This model is implemented by a number of actors and in line with a range of rules procedures and technical support mechanisms. However, the implementation takes place within a wide range of different contexts. Each Member State, each Region, has its own administrative system that reflects its own unique political, cultural, legal and historical heritage. It is to be expected therefore that this context will influence the way in which the European model is actually implemented within a particular setting. In this section, we will examine the results of the case studies in relation to the six factors identified under the Macrofactor context. The emphasis here will be on gathering evidence that will be subsequently analysed in the light of the typology of case studies in chapter 5. In this section, we will start the analysis of each factor by highlighting the particular case studies in which the factor was identified as an emphasis. We will then provide an analysis of the qualitative and quantitative assessments made by the evaluators and we will continue by examining the evidence from the case studies (including case studies not including in the list of emphasis).

4.1.1 Political Context

Overall, the evaluators rated the impact of this factor as very positive, with a 66% score. It was also seen as having an intense an impact on the implementation methods, scoring 64% for intensity of impact. This underlines the importance of political support for the implementation process and that this support is enshrined in the policies of the national or regional political structures. This political endorsement acts as the basis for the credibility of the administrative context within which the efficiency of the implementation system is determined.

The evaluators assessed three indicators of efficiency associated with this factor (see Annex 3). These were as follows –

EU Policies associated with SF are an integrated part of national policies – 68%

This relatively high score indicates the high level of integration between EU SF policies and national development policies. There is also evidence of a high level of endorsement of SF policies at national level, where they are seen as an important element of development strategies.

There is no conflict / tension between national policies and regional policies – 66%

In decentralised and federal systems, there is evidence of some tension between Federal and Regional Governments. Thus for example, in Burgenland where there is a difference in the political colour of the respective administrations there are differences in approaches to the question of social partnership. The Socialist government at Land level is very committed to partnership, whereas the more conservative Federal Government is less so. Similarly, in Valencia, there is some tension between the national centralised bodies used as Managing and Paying Authorities and the Regional Government bodies and agencies that are used as intermediate bodies and implementing bodies. These tensions can be a source of tension and of inefficiency.

The political parties in the Member State / Region under consideration understand and support the policies that underpin the SF – 65% On the whole there is a positive view taken of the level of support for the policies and approaches that underpin the Structural Funds at political party level within the regions involved in the case studies.

In the three Objective 1 Programmes in the Decentralised Case Studies (Saxony, Valencia and Burgenland), the structural funds are of very high political importance in tackling structural weaknesses and, as in the case of Saxony, dealing with catastrophes that arise such as the flooding in 2002. In Valencia, decentralisation is seen as an important ingredient in increasing the efficiency of the SF method as it enhances the regional dimension of the development strategies, which is at the heart of the SF method.

In Northrhine-Westfalia, there is evidence of significant integration between the Objective 2 programmes and other development strategies, such as the Growth and Employment Pact Ruhr, the Project Ruhr and the 12 Issues Investment Programme. This integration was highlighted in the Annual Report for 2003.

In the Bavarian case study, reference is made to the importance of the image of the Land to attract outside investment and that as a result there is less publicity given to the areas in which SF programmes are being used, as if this somehow detracts from the image of the Land. However, in the same Land the importance of European Policies is emphasised by the existence of a Ministry for European Affairs.

Structural funds operate in a supportive political context

Burgenland: A traditional federalist system makes it possible for many competent partners to contribute and apply their know-how efficiently (expert knowledge, customer knowledge, interests, detailed development and funding requirements, strategic development).

Valencia: The political and administrative structure of Spain, oriented to decentralisation of public expenses and competencies to the Autonomous Communities is very convenient for the functioning of the Structural Funds, where the central axis is the implementation of regional programmes.

Northrhine-Westfalia: NRW has a long tradition of socialist governments fostering industrial development, but also preserving old industrialised branches (like the coal and mining sector). Thus state interventions and subsidies play a very important role. The present government is formed by a coalition of socialist and the green party. They face serious fiscal problems affecting also the co-finance of the objective 2 programme.

The annual report 2001 (MWMEV 2002) draws out three main political developments of relevance to the programme.⁸

- *Wachstums- und Beschäftigungspakt Ruhr. This Pact was signed in October 2001 and contains an employment goal before 2005 of 200,000 jobs. The employment and job creation focus of the Objective 2 programme clearly in principle supports the achievement of this overall goal. The Pact also focuses explicitly on a series of 'Kompetenzfelder' which is in line with the second specific objective of the Objective 2 programme in particular. The Jahresbericht NRW 2003 states that an important linkage between the pact and the objective 2 programme exists.*
- *Projekt Ruhr GmbH. Given its organisational position as a enterprise (limited company) of the Land, the mission of Projekt Ruhr GmbH reflects the economic development approach (including the 'Kompetenzfelder') promoted by the Land government. Projekt Ruhr is in a position, at least potentially, to play an important role in the translation of the Objective 2 goals focus into project reality. This comes particularly from its assigned role in encouraging and elaborating project ideas and networks, and the potential financial scope of these projects for the Objective 2 programme. The extent to which Projekt Ruhr uses the Objective 2 strategic requirements in the generation and development of projects is of central relevance here. Interview feedback, however, has highlighted some difficulties with regard to*

⁸ Source: chapter 3 of draft interim report of the mid term evaluation (by Ruth Downes)

the operation of Projekt Ruhr, including an uncertainty about its role and responsibilities. This potentially undermines its potential and suggests that initiative is being lost.

- *12-issues investment programme: The overall goals of this investment programme are directly in line with the overall objective of the Objective 2 programme.*

4.1.2 Socio-Economic Context

The evaluators, with a 67% score, rated the interaction between the socio-economic context and the SF implementation system positively. The intensity of this impact was rated as very high at 71%. In other words, after careful consideration of the specific socio-economic contexts in each of the case studies, on average it was judged that there was a positive relationship with the implementation system. This reflects the fact that the Programming approach inherent in the system is specifically designed to take account of socio economic factors. However this leaves open the question about how the implementation actually adapted to changing socio-economic contexts throughout the programming period in question. This is reflected in the more detailed indicators assessed in Annex 3 –

The implementation of SF is flexible enough to take account of changes that take place during the programming period in the economic and social context of the MS / Region – 32% This is a rather negative score and it contrasts with the overall positive score achieved for direction and intensity of impact. It illustrates the fact that although the factor has an overall positive impact on the efficiency of the system, in practice it lacks the flexibility to adapt to major changes that occur during the programming period. An example of the lack of flexibility is contained in the Saxony case study, which speaks about the lengthy planning process that does not meet the need for rapid and flexible development of the infrastructure. However, it is clear from the case study that this is not due solely to SF methods. The complexity also comes from within their own system.

Weaker than expected economic development, rising unemployment, migration (Saxony), shortage of new technology companies (Bavaria), and a prevalence of old companies that are not competitive, combined with a lack of good start-ups and craft companies (Northrhine-Westfalia) are some of the socio-economic context issues facing the decentralised case studies. In these cases there is some evidence that a more flexible adaptation process to respond to changing socio-economic situations would be desirable. In Veneto, the implementation method is seen as particularly useful in a situation where the economy is so dependent on tourism and there is therefore a need for integrated development strategies which are favoured by the SF method. In Burgenland, the SF method is seen as having played a considerable part in achieving a much more integrated approach to socio-economic development.

Burgenland: In the current period, the focus has shifted to the hub concept, technology and research and development as well as the improving qualification to meet demand. A three-step plan emerges in this context in which investments in infrastructure are made first, the second step being to attract businesses and thirdly these should bring the required qualifications. Overall, the SF assistance has had a strongly integrative effect, at least at the operational level, and has perceptibly stimulated structural policies. Horizontal policies such as equal treatment and the environment are playing an increasingly greater role.

Saxony: The entire programming processes as well as the subsequent changes are strongly influenced by an unexpectedly weak economic development. In the course of the preparations for the Solidarity Pact II (Solidarpaktes II), the laggard state of the infrastructure was pointed out. The economic recovery did not bring about the expected relief on the labour market. For this reason, funds that had been earmarked for trade and commerce were redirected to infrastructural measures in the priorities 2 and 3.

4.1.3 Administrative Structures

This factor refers to the type of administrative system within which the structural funds implementation system is operating, i.e. centralised or decentralised. The evaluators rated the direction of the impact of this factor positively, with a score of 61%. The intensity of impact was also rated highly at 84%. There are no strong negative dimensions to the impact of this factor – the implementation system is seen therefore as being capable of operating well within either a centralised or a decentralised system. The type of system is however seen as important with a high intensity of impact score. The fact that the score for direction of impact (i.e. positive or negative) was less emphatic (61%) indicates the difficulties that exist from one type of administration to another. This is reflected in the indicators assessed in Annex 3.

Three indicators were associated with this factor (see Annex 3) –

The public administration system in the MS / Region has integrated the practices and processes of the SF implementation system – 66% There is no evidence of significant opposition to the implementation methods of the Structural Funds. However when one looks at the question of integration, there is evidence that while the implementation methods have been accepted for the purpose of Structural Funds implementation, they do not spill over into areas that are not covered by the Structural Funds.

The SF implementation system is seen as a positive contribution to the development of the administration system – 39% This low score appears to reflect the lack of adoption of SF methods in settings outside SF implementation.

Administration systems in policy-off situations use SF implementation systems – 13% Confirming the lack of adoption of SF methods outside SF implementation settings.

The conclusion from these scores is that there is no resistance to the implementation method and it has been adopted for the purposes of implementing SF programmes. However, there is no evidence of it achieving a significant spill over into other policy areas.

Administrative background as source of complexity

Saxony: The legislative system of Western Germany has been adopted, but in certain areas changes are hard to make. This may lead to unnecessary restrictions in Länder with a great need for reform. The Saxon Prime Minister states as example the lengthy planning process that foresees the involvement of concerned parties and does not meet the need to create a modern transport infrastructure.

Valencia: The political and administrative decentralised structure of Spain, in Autonomous Communities, is very convenient and fits very well into the functioning of the Structural Funds, where the central axis is the implementation of regional programmes. However, the fact that the managing and payment administrative bodies are national hinders management in some way, since there are rules that do not work or are difficult to apply. This makes the Funds management less efficient. Also, the fact that, even though the regional budget is approved yearly, these programmes are planned for a time span of 7 years makes it complex to synchronise both systems.

Bavaria: The SF implementation led to the creation of new administrative units like e.g. the EU PA and Financial Control for objective-2 region. In total the Ministry of Finance set up an own Bavarian "pool" with 55 people responsible for SF implementation – also each district government received one additional person. The selection of the implementing bodies was strict according to the department principle (Ressortprinzip), where there is a clear distinction between individual responsibilities.

Northrhine-Westfalia: NRW is a region without a single centre of power, neither at a geographic nor on an institutional level: the Land is split into two parts (see the double name). There are several cities of similar size with specialised functions, but not a dominating one. Communes are powerful. A long tradition of associations for planning, project development and selection, consensus building forms a very scattered landscape of institutions and structures. When a new tasks comes up, rather a new institution is formed, than the profiles of the existing ones are changed.

A broad basis of consensus has been generated for the programme implementation. Features of integrated planning provided by the structural funds framework have been adapted to achieve

- *better integration of economic development and labour market related measures,*
- *introduce new elements for assistance (risk capital, competition procedures for project selection).*

However, the broad consensus and large scope of partners to be included also has added to the complexity of programme implementation. Many institutions are involved in the implementation of measures and thus have to be included in the delivery system. This causes a significant amount of co-ordination and information transfer concerning the overall objectives of the programme and the specific implementation rules.

4.1.4 Institutional Structures

This factor refers to the kinds of institutions that are created for the implementation system and to the extent to which they are integrated into the national / regional system. With a score of 58% for direction of impact and 75% for intensity of impact, institutional structures are seen as having a largely positive and an intense impact on the SF implementation method. At 58% however for the direction of impact, there are indications that this factor does contain some negative impact. This is reflected in the more detailed indicators.

The following indicator was also rated for this factor (see Annex 3) –

Institutional Structures for the implementation of SF are fully integrated into the institutional structures of the Member State / Region – 70% This high score reflects the large scale endorsement of the adoption of SF methods within the Public Administration systems of the MS for the purposes of implementation of SF.

The decentralised case studies show evidence of their administrative types affecting decisions regarding the involvement of institutions in the implementing process. Thus in the decentralised subsumed case studies, it is predominantly the Ministries and Ministerial Departments that are involved in the managing, monitoring and implementation process (see Saxony, Bavaria, Valencia). On the other hand, where there are elements of differentiation, one can notice the involvement of a wider range of institutions such as Banks, accountancy firms, chambers of agriculture and commerce (see Burgenland, and Northrhine-Westfalia).

In the decentralised case studies, there is evidence of a multiplication of players that increase significantly the complexity of the implementation process and can lead to inefficiencies. Thus for example, in Northrhine-Westfalia, there are 37 intermediate bodies involved in implementation. This is due to the fact that there is no one single centre of power. When new tasks are introduced, the tendency is to introduce a new agency rather than restructure or change the focus of the existing ones. Similarly in Bavaria, where there are 7 Administrative Regions, 71 District Boards, 25 City Councils and 2056 municipal Governments, the SF implementation system added a new EU Paying Agency employing 55 people and added one additional person to each of the District Boards. Complexity is also evidence in Valencia as mentioned above, where some functions (Managing and Paying Authorities) are retained at central Government level. In Burgenland, where this is not necessarily seen as complexity or inefficient, but rather as good example of integration, there are 11 Government Departments involved in implementation of SF.

Institutional setting determine the individual model of Programme Implementation

Bavaria: As far as possible SF implementation structure was coupled with structures already existing for nation or Bavarian support programmes. Sometimes additional structures had to be built up, as mentioned above.

Northrhine-Westfalia: Intermediate bodies are designated for each measure, where in some measures responsibilities are shared between a couple of institutions depending on the nature of the projects or the respective co-finance line. In total 37 different institutions are involved under this heading, where the most important types are

- *Departments of Ministries,*
- *the Investment bank,*
- *district councils*
- *the „Landesgewerbeförderungsstelle“ (Land agency for craft assistance),*
- *banks,*

specialised agencies (the Research Institution Jülich, Effizienzagentur (efficiency agency), Rationalisierungskuratorium der deutschen Wirtschaft (board of curators for rationalisation) , IHK Beratungs- und Projektgesellschaft (agency of the chamber of commerce for consultancy and project development).

Lorraine – Structural Funds are inscribed into the process of deconcentration as well as the process of decentralisation. They are one important trigger for Capacity Building on the regional level. The reform of the Structural Funds asking for decentralised processes of programming and programme implementation responded to the demand of the french regions and especially of the Region Lorraine, who was one of the first regions with a delegation in Brussels.

Por Alentejo – Political changes occurred in Portugal in 2002, during Por Alentejo initial implementation period. The new Governmental orientations for Regional Development have not specifically changed, but the organic Ministerial adjustments at National level (Former Ministry of Planning being replaced by newly created Ministry of Cities, Territorial Planning and Environment and organic responsibilities for Structural Funds shared with the Ministry of Finance etc.) had mainly an impact in Por Alentejo Axis 3 (Sectoral Deconcentrated Components). Rather than tensions between National and Regional Authorities, one should rather refer “management gap” situations (most of CCR Presidencies in Portugal have remained vacant, since mid-2001 with, in the case of Alentejo, the Manager of Operational Programme “Acting as President” of the Deconcentrated Regional Body). To some extent “discontinuity problems” were minimised due to the previous Structural Funds Programmes experience of Por Alentejo Manager and of the elements Programme Technical Assistance Team.

Ibid – In CFS III, implementation structures and procedures have been made more complex. In the case of Por Alentejo this was reinforced by the Introduction of sectoral Components Regionally deconcentrated and their respective Measures Coordinator, which has led to the multiplication of measures, number of Bodies intervening (namely Sectoral Deconcentrated Bodies) and conformity certifications required in a Vertical Centralised Decision Model. This implementation model is characterised by many actors (21 Measures Programme Coordinators, 4 Management Units) matched by a limited number of Resources (Number of Territorial deconcentrated Offices, Number of Personnel providing Technical Assistance and Control) and a lack of Horizontal Coordination Bodies (e.g. Between Programme Sectoral and Territorial Measures and Coordination). Por Alentejo Territorial structure and physical location of Implementation

Bodies is inadequate for a smooth Programme Implementation (critical factor is critical due to the size of the Region and the increase of tasks involved in Programme implementation).

POE Portugal – New National socio-economic context has combined with new political Context (Governmental election in 2001 and replacement of Programme Manager in the POE Programme). As a result new orientations have been defined at National Level (Minister of Economy) for the design of a new Programme called PRIME (Programa de Incentivos para a Modernização da Economia) and a new proposal was been presented to the Commission in March 2003. The new programme is expected to introduce a series of corrective adjustments to the main weaknesses of POE (Slow decision making process and lack of transparency, low valorisation of projects results, lack of efficiency and performance criteria at project selection level).

4.1.5 Forms of Intervention

This factor measures the differences between the efficiency levels from one type of intervention to another, in particular relative to the different funds and to the size of the intervention. The score for direction of impact was positive at 69%. The score for intensity of impact was also high at 77%. This can be interpreted to mean that there are no overall negative impacts by this factor on the efficiency of the implementation system.

The following three indicators were scored for this factor –

The specific implementation requirements and idiosyncrasies of each of the SF funds have been identified and provided for ERDF, ESF, EAGGF, FIFG, Cohesion Fund, CIP – 86% This represents a significant endorsement of the policy direction for each of the major funds and types of intervention. It also represents an endorsement of the adoption of the demands of each of the funds within the national / regional provisions for implementation of the SF.

A clear typology of intervention types exist and efficiency indicators for each one have been identified and are monitored – 59% Lack of clarity about the specific types of interventions under each of the funds. It could be argued that this is inevitable given the principle of subsidiarity. However, it also reflects a concern about the availability of specific information on the implementation method throughout the MS outside the main management agents.

There are no major differences in efficiency from one intervention type to another – 48% Efficiency varies from large projects to small ones, from Objective 1 to Objective 2 regions, from ESF to ERDF. Thus the flexibility and bottom-up approach of the Community Initiative Programmes (CIPs) such as INTERREG and Urban are highlighted in the Saxony case study. The Bavarian case study has some interesting comments on the difficulties of integrating ESF and ERDF projects and on the problems associated with differences between Objective 2 ESF and Objective 3 ESF Programmes and Projects. In Northrhine-Westfalia, there is evidence of

increased innovation in the use of a wider range of intervention types such as risk capital and the introduction of competition in the project selection process. In addition, the use of Competence Field Analysis as a method for encouraging the development of complementary industries in the form of clusters is seen as an innovation that has emerged as a result of the experience of SF implementation.

Integrated approaches prevail in community initiatives

Saxony: In Interreg IIIA bottom-up approach in project development is very important. All specialised departments are involved in the implementation of integrative projects. More innovative projects, such as horizontal projects are difficult to implement. These must be split up before implementation, for example. Under Interreg IIIA, very different projects are supported: measures for cultural encounters, studies, strengthening economic cooperation, bridges, small projects.

The context plays an important role for the efficiency of the implementation at two levels: On the one hand, the conditions in Saxony can develop and change unexpectedly. This refers to socio-economic developments and the flooding situation. Such starting situations create a great need for instruments that are as flexible as possible, e.g. the application of different assistance amounts and also changes in programmes. The rapid procedures for changes to programmes are very important in this context in order to be able to respond to changes quickly and adequately. At the administrative and institutional level, flexibility should be sufficient, but there are bottlenecks in some cases as regards available staff. On the other hand, at the project level experimental approaches and proposals to develop innovative ideas and projects are important. While we may find many examples of integrative approaches in the Community Initiatives Urban II and Interreg IIIA as well as in rural development, there are number of interesting experiments, especially in the ESF, for innovative ways of handling large amounts of assistance funds and to overcoming bureaucratic hurdles. The latter will continue to be a challenge for cross-border projects. At the new external borders, we will surely see the emergence of new needs for cross-border cooperation, possible also outside of Interreg.

Bavaria: Besides objective 2, there is also the objective-3 programme financed by ESF in Bavaria . The co-ordination between ESF objective-2 and 3 is problematic (EUR 261 mio. for ESF measures in objective 3 programme and EUR 60 mio. ESF in objective-2 programme) and is located in StMAS. Objective-2 and 3 have different strategic focus. Objective 2 ESF measures should complement ERDF interventions, must have regional focus and are available only in objective 2 areas. Until now, objective 2 ESF budgets are much less used than objective 3 ESF budgets and it seems that objective 3 budgets are more easily available and its dedication is clearer. Further reasons for implementation problems in obj.-2 ESF are explained above.

4.1.6 Future of EU – Enlargement

It is obvious that enlargement cannot yet have a direct impact on the efficiency of the implementation method since it has not happened yet. What is being measured here is the anticipated effect of the factor. At 47% it is obviously reflecting concerns about the implications of enlargement for the size and shape of the SF in the next programming period and in this sense it is interpreted as having a negative impact. However, it is not seen as having a major impact, as the intensity of the impact scores an equally indifferent 54%.

The following three indicators were also scored for this factor (see Annex 3) –

The MS / Region has clearly identified the implications of enlargement for itself and made plans to deal with it – 38% It is interesting that most regions outside of those directly affected, i.e. with contiguous borders to one or more of the accession states, do not appear to have conducted any strategic analysis of the implications of enlargement.

An active and informed debate has taken place at national level on the implications of enlargement – 38% This mirrors the score for planning for enlargement and highlights the lack of public debate in many regions / MS regarding enlargement.

The MS / Region considers that the current implementation system for SF will be capable of coping with the complexities of enlargement – 30% This indicator reflects concerns about the capacity of the implementation method to deal with the additional demands of enlargement and is also probably reflecting the concern about the possible share of structural funds that will be available after enlargement.

The three decentralised case studies that also share a border with the new accession countries (Saxony, Bavaria and Burgenland) emphasise the positive aspects of enlargement but are also aware of the risks. In these cases there is evidence of significant analysis and forward planning having been made and significant public debate. Thus for example, in Saxony, studies were carried out to examine the intensity of border activity among different groups and types of companies; in Burgenland there was a IIC Pre-Parity study conducted; and in Bavaria, they speak about the political, economic, cultural and historic necessity of enlargement despite the risks and challenges. In Bavaria a detailed study was conducted in 2001.

All of the studies that are most affected by enlargement speak about the importance of INTERREG and the positive impact that is expected from the transition from Phare CBC to INTERREG Programmes. In Saxony this is seen of particular importance in the case of the Czech Cross Border Programme because of the length of this border.

In general however, there is still concern about the impact that enlargement will have on the size and shape of the next SF programming period.

Enlargement affects main structural funds – policy fields

Burgenland: The EU enlargement is a crucial factor for Burgenland and will have a major influence on the conditions and development options for the economy and the labour market over the next years. This is the continuation of a development that started with the opening up to the East and the structural changes. The transport projects financed without SF funds at the federal or Land level play a major role in this context.

Saxony: For the preparation of the EU enlargement, a number of macro-economic studies have been prepared.⁹ Currently, work on a survey by company group and analysis of the cross-border intensity of cooperation and types of cooperation among businesses is in progress. The results are expected for October 2003. An important contribution to preparing the border regions for the enlargement are the two Interreg IIIA programme with Poland and the Czech Republic, with the latter being of great importance due to the length of the border.

Bavaria: Bavaria clearly declares its positive position for EU enlargement, which is regarded as a political, an economic, a historical and a cultural necessity. Bavaria is involved in three Interreg IIIA programmes, Interreg III B CADSES and Alpine Space and also part of the Interreg IIIC East zone. These programmes are regarded as very important esp. Interreg IIIA which improves cross-border co-operation with neighbouring countries and regions. Interreg enabled contacts that would not exist without the programme or came into existence much more rapidly, especially the contacts of ministries, mayors, ... between Bavaria and the Czech Republic.

In September 2001, a report analysing and dealing with the effects of EU-enlargement on the Bavarian economy and the labour market was published; it was commissioned by the StMWVT (Alecke, B., Hoffmann, H., Meier, V., Auswirkungen der EU-Osterweiterung auf Wirtschaft und Arbeitsmarkt in Bavaria, Institut für Wirtschaftsforschung, September 2001).

⁹ Among others: Wolfgang Gerstenberger, Joachim Jungfer, Heinz Schmalholz: Standortbedingungen in Polen, Tschechien und Ungarn und die Position Sachsens im Standortwettbewerb. Ifo dresden studien, Bd. 33. Ifo Institut, Dresden 2002.
Jürgen Riedel, Gerhard Untiedt (Project coordinators): EU-Osterweiterung und deutsche Grenzregionen. Strukturpolitik und Raumplanung in den Regionen an der mitteleuropäischen EU-Außengrenze zur Vorbereitung auf die EU-Osterweiterung. Ifo dresden studien, Bd. 28/I. Ifo Institut, Dresden, 2001.

4.2 Actors

4.2.1 The Commission – Policies, Priorities, Organisation

With a score of 75% for direction of impact and 86% for intensity of impact, the Commission is seen as a positive factor with a high impact on the implementation method. It is understandable that the intensity of impact would be scored as very high. The fact that the score also indicates that the impact is very positive amounts to an endorsement of the overall approach to development implied in the SF policies and approaches. The difference between the two probably reflects some dissatisfaction about aspects of the impact of the Commission on efficiency of implementation. This is reflected in the more detailed scores.

The following four indicators were scored for this factor –

Policies and priorities seen as directly relevant to needs of Member State or Region – 60% This amounts to an overall endorsement of the policy direction of the implementation system. However it leaves room for criticism of some of the specifics of implementation as reflected in the following indicators.

Regulations are seen as assisting in efficient, accountable implementation of programmes and projects – 40% This is a poor score and reflects the view of the evaluators in so far as interpret the information collected on the ground that there is a general impression that the regulatory environment is not conducive to an efficient implementation of the funds. This will become more clear later when we examine the specific rules, procedures and technical support factors (see 4.3 below) in which there will be more specific reference to individual regulatory requirements. The impression of unnecessary complexity in certain areas is the basis for this score.

Decisions taken promptly on approval of programmes, programme complements, transfer of payments – 29% This is one of the most concrete finding of the study in relation to the impact of the Commission on the efficiency of the implementation system. There is a good deal of dissatisfaction with the delays involved in approval processes.

The system designed for the implementation of SF is seen as efficient – 35% This indicator is a summary of the two previous ones. It must however be read in conjunction with the overall score for the direction and intensity of impact of the Commission on the implementation system which was very positive. The problem lies with specific aspects of the regulatory environment and, in particular, the time it takes for approval.

Criticism arises from two angles: On the one hand many case study regions complained, that the approval procedures have taken much longer than foreseen in the regulation. Thus implementation was significantly delayed. This caused serious image problems for the EC.

Another criticism is the lack of flexibility in adapting to the needs of individual regions. This is particularly true of Objective 2 regions. As the regulatory environment is perceived overall as complex the EC is challenged to provide solutions for individual problems arising. Also the additional complexity introduced by the Programme Complement seems to create difficulties.

Thus in summary the scores for efficiency are low, reflecting concerns about the time taken to deliver decisions.

In several cases the Commission has influenced the content of the programme, which in some cases was considered to be very useful, but in some other severe criticism was raised about this intervention.

Contributions by the EC to programming assessed as positive

Wales, objective 1: It was attested that the role of the Commission has been highly positive as there appeared to be general agreement that the creation of a new NUTS 2 zone of West Wales and the Valleys was a clear testament to the willingness of all parties to co-operate to ensure that the most deprived areas of Wales were able to access higher levels of EU support;

Several managing authorities stated that some of the complexities resulted from disjointed procedures between the Commission's services. There is a perception that the funds were becoming more separated and less integrated. Guidance could also be simplified, as it was perceived to be in a jargonistic vernacular peculiar to the Commission.

Contributions by the EC to programming assessed as being of limited value

In the case of Northrhine-Westfalia the Commission has suggested to include "innovation" as horizontal theme. In order to achieve fast approval no further discussion on this issue was launched by the managing authority, although there was general disagreement on the rationale of this horizontal issue.

Wales, objective 1: The Commission is, however, also seen as having over-ruled certain national agendas by its use of 'tighter guidelines' for the Objective 1 Programme; these stressed 'softer' priorities, such as training and community regeneration above a preference for emphasis on infrastructure. The Programme Sponsor's power to control parts of the Programme also appeared to be contested, since the Programme Complement, which was understood to be the responsibility of the Sponsor, had then to be agreed by the Commission. (Rule) An opinion was also expressed that there could be more continuity between the Directorates which host different funds within the Objective 1 programme.

East Midlands Objective 2: In the development of the Objective 2 area, negotiations were very protracted due to the problems of measuring rural deprivation; the time taken to reach agreement on the Programme area was in part due to the attempt to incorporate GO's objectives for the rural areas. The resulting area is dispersed in a 'pepperpot' effect amongst urban and rural and city areas and is seen by the officials of Government Office, as difficult to work with.(Rule) The Commission's Agenda is, however, perceived by GO to dictate the substance of the SPD and the Programme Complement, but it was suggested that knowledge of EU Programmes has informed the development of existing strategies with a

view to minimising problems of matching priorities. It was noted by GO that, in the application process, individual desk officers within the Commission had applied different intervention rates and that these persisted into the final programme; there appeared to be a perception that these were arbitrary.

4.2.2 National Government – Policies, Priorities, Organisation

The scores for National Government on direction and intensity of impact are similar to those of the Commission at 73% and 80% respectively. The overall role of National Government is seen as positive with a high impact. National Governments are seen as having taken on board the policies involved in the Structural Funds. There is evidence that some of the tension that exists in the implementation method results from national administrative structures.

The following three indicators were scored (see Annex 3) –

There is full integration between Government Policies and SF policies – 75% This is a natural endorsement of the evidence found elsewhere in the study that there is no significant issue of divergence of policy between the National Government and the SF policy framework and implementation system.

There is no tension between national institutional and administrative structures and those required to implement SF – 67% There is a great deal of acceptance of the SF implementation structures within the national administration systems. There are issues of duplication and lack of integration in areas that are not SF policy areas, but the implementation structures themselves are well accepted and occupy a significant place within the administrative systems. This will be more evident below when we consider in more detail issues related to Managing Authorities, Paying Authorities and Implementing Bodies.

SF processes and procedures are also used in policy off situations – 13% This is further confirmation of the overwhelming evidence of the study that the SF implementation system is used almost exclusively for SF policy areas. There is little evidence of policy off integration of these systems.

4.2.3 Regional / Land Government – Policies, Priorities, Organisation

The scores for direction of impact and intensity of impact for Regional / Land government are broadly similar to those for National Government and the Commission at 73% and 82% respectively. Overall, Regional / Land Governments are seen as positive factors with a high impact. As with National Governments, Regional Governments have taken on board the policies involved in the SF Similar to National Government, much of the tension that exists in the implementation is due to institutional and administrative structures at Regional level

The following indicators were scored for this factor (see Annex 3) –

There is full integration between Government Policies and SF policies – 75% This indicator mirrors the situation at national level.

There is no tension between national institutional and administrative structures and those required to implement SF – 60% This indicator mirrors the situation at national level.

SF processes and procedures are also used in policy off situations – 15% This indicator mirrors the situation at national level.

Strengthening regional governments by structural funds

Lorraine, objective 2: The new implementation structure allows the integration of the regional government in all the steps of SF implementation. The Regional Government is building up capacities for the administration of the programme (Cellule Europe), that is restructured at the moment.

4.2.4 Monitoring Committee – Policies, Priorities, Organisation

The scores for Monitoring Committees are 73% for direction of impact, indicating a very positive influence on efficiency, and 73% for intensity of impact indicating that the influence is significant. The system of Monitoring Committees is seen as positive.

The following two indicators were also scored for this factor (see Annex 3) –

The Composition and functioning of the Monitoring Committee guarantees inclusiveness and partnership – 71% This amounts to a significant endorsement for this factor in relation to its key function, i.e. to guarantee inclusiveness and partnership.

The existence and work of the Monitoring Committee is necessary for the efficient implementation of the SF – 73% This provides further endorsement of the value that is attributed to this factor as a contribution to overall efficiency.

4.2.5 Managing Authority – Organisation

The score for direction of impact of this factor is 81% and the score for intensity of impact is 95%. This is a testimony to the significant credibility that this institution has built up as the engine of the implementation system. Throughout the study, Managing Authorities received strong endorsement. They are also seen as having a major impact on the method.

The detailed indicators confirm this –

The Managing Authority is highly respected within the hierarchy of Ministries and Government Departments – 93% The Managing Authority is usually either a strong central Ministry in the case of CSF and Objective 1 countries, or one of the line Ministries in the case of specific funds, OPs or ROPs.

The Managing Authority is seen as organised and structured in an appropriate manner to fulfil its functions – 86% Overall there is a high degree of satisfaction with the resourcing and structuring of the Managing Authorities. Some concern was expressed in some cases about manning levels not being adequate.

The staffing levels are seen as adequate and appropriate in the national / regional context for the functions to be fulfilled – 68% As indicated, manning levels were seen as inadequate in some circumstances, particularly in relation to the availability of properly qualified staff on a consistent and continuous basis.

The Managing Authority has appropriate external support networks – 77% Reflecting the overall sufficiency of technical assistance resources the enable the use of relevant external support.

The physical location and resources of the Managing Authority are seen as adequate for its functions – 61% Generally speaking, Managing Authorities are located in offices that reflect their status within the administrative system. Obviously from this score, those resources are not always what might be deemed fully adequate.

High quality of staff in MA

Macedonia, objective 1: The PMU is being staffed by civil servants, formerly involved in the Region's implementation structure for the 2nd CSF, and by new personnel hired for the Programme's duration, formerly employed mainly as consultants. Its ability to recruit and retain such personnel depended largely on the attractiveness of the public sector as an employer. Though in Greece the prestige attached to working in the public sector is gradually eroding, the uncertainty of the job market has driven even experienced consultants to seek employment with the PMU. In addition, because the remuneration levels are comparable to the private sector (low-to-middle management) there has been a limited outflow of qualified civil servants seeking to staff the PMU. Generally speaking, the motivation levels at PMU far exceed those observed in mainstream Public Administration organizations.

The institutional, knowhow and systems capacity of the PMU exert undoubtedly considerable influence over the efficiency of implementation of SF. This is expected given their prime operating objective which stress the need and responsibility to absorb -within a limited time frame- massive amounts of external investment support effectively and efficiently. Thus the administrative capacity, defined as the ability and skill of the regional Managing Authority to prepare suitable a development Plan, an OP and literally thousands of projects in due time, to decide on numerous points during the project life cycle, to arrange the coordination among principal partners, to cope with the administrative and reporting requirements, and to finance and supervise implementation properly, avoiding irregularities as far as possible, of the PMU is perhaps the single most important determining factor in implementation.

The PMU is well equipped in terms of systems and tools, various job-aids in the form of instruments, guidelines, procedures, etc. that do enhance the effectiveness of the functioning of the system. The main programme management tool available consists of the IT-based Management Information System developed by the Ministry of Finance and used for every Programme of the 3rd CSF.

In centralized administrations covering horizontal programmes the main benefits resulting from programming are reported as a concentration and strengthening of the administrative capacities within the managing authority giving the programme a clearer implementation structure.

Strengthening of administrative capacities

Por Alentejo: The implementation methods, including the new programme format (sectoral components) have resulted in an enhanced management capacity as shown by the programme implementation rates (49%) and number of projects approved in 2001 and 2002 (790 – as much as for the whole PORA CSFII Period)

Greece Transport – MA has been a valuable source for project management guidance to the Implementing Bodies/Beneficiaries. The Management and Organisation Unit has provided the MA with invaluable technical and material support. Thus programme delivery is more efficient than in the previous period.

Qualification gaps

Greece – Transport: The Managing Authority has assumed increased responsibilities on the programming, managing and monitoring level under the current implementation system. The MA is staffed with personnel experience in public administration but less qualified on sectoral matters (transportation/construction). In its efforts, the MA is aided by the Management and Organisation Unit, a special unit belonging to the Ministry of National Economy offering specialized administrative, technical and material assistance.

Discontinuity in institutional experience

The Welsh European Funding Office (WEFO) is an executive agency of the Welsh Assembly Government (WAG) with operational powers of delegation for implementing part of the Programme to Regional and Local Partnerships. This system superseded the implementation arrangements for the previous funding period when programme management responsibilities were delegated to the Welsh

European Partnership Executive (WEPE) which in turn superseded the exclusive control of the Structural Funds by the Welsh Office; in practice, administration is delegated to a mixture of Government departments, intermediary bodies and local partnerships, depending on the type of funding. These changes have 'inhibited continuity of learning and lost a significant part of institutional experience accumulated in recent years'(Bachtler, John Objective 1: A comparative assessment' (Contemporary Wales Vol 15 p37).

4.2.6 Paying Authority – Organisation

The direction of Impact is very positive at 73% and the intensity of Impact is very high at 86%. This is reflective of the important role exercised by the Paying Authority in the area of financial control and disbursement of funds.

The detailed indicators that were scores are as follows (see Annex 3) –

The organisational configuration, internal information flows and decision making structures of the PA are in line with the requirements of Regulations – 96% This is one of the highest endorsements of any institution in the study. It reflects the extent to which the provisions regarding payments and financial control have been implemented throughout the EU. This is of course not surprising considering the very central role that this institutions occupies.

The staffing levels in the PA are seen as adequate and appropriate in the national / regional context for the functions to be fulfilled – 79% Although not as significant as in the case of the Managing Authority, there is evidence of some concern about the level and appropriateness of the levels of staffing for the Paying Authorities.

The PA has appropriate external support networks – 58% This score reflects the diversity of approach that is adopted in this area. Some of the decentralised systems, mostly the Objective regions, use external experts for the purposes of audit and control. This is not the case in many other regions, in particular in Objective 1 regions, where all functions in this regard are subsumed.

The physical location and resources of the MA are seen as adequate for its functions – 60% This score mirrors the score for the Managing Authority on the same indicator.

The work of the PA is seen as contributing to the implementation of a fair and accountable management system for SF – 79% There is no evidence anywhere within the study of opposition to the principles of accountability and transparency required for financial control and in this sense the role of the Paying Authority is fully endorsed. There are however, as we can see later when we consider the rules procedures and technical support factors, instances where the regulations themselves are perceived as being unnecessarily complex and contributing to inefficient duplication of systems.

4.2.7 Implementation Bodies – Organisation

The score for direction of impact of the Implementation Bodies was largely positive at 67%. The score is somewhat distorted by the low scores given in three Objective 1 case studies (Wales, Macedonia and Greece Transportation, 50% each) reflecting specific problems in those areas. In the others the score was significantly higher. The score for intensity of impact was universally high at 93%, indicating the key role these bodies have to play in the efficiency of the implementation system.

The detailed indicators for this factor (see Annex 3) are as follows –

IBs have been chosen because of their competence and capacity in the specific sector for which they are responsible – 66% There are some concerns about the competence of individual implementation bodies in areas such as large scale infrastructure where there is a need for a high degree of technical project management competence (e.g. Greek Transportation). Other concerns are in the area of the political nature of the appointment of these bodies (e.g. Wales and NRW).

IBs are seen as not being overstaffed in the context of the administrative and institutional structures in the Member State / Region – 55% Implementation bodies are not seen as overstaffed in general, however there is an indication here that there are instances where this is the case and as such contributes to the high cost of implementation.

IBs make use of appropriate external resources – 54% This indicator reflects the differences between subsumed and differentiated systems. Where the role is subsumed, very little if any use is made of external expert resources. Where it is partially or totally differentiated, it is a natural course of events to use external expertise.

The physical location and resources of the IBs are seen as adequate for its functions – 59% This indicator mirrors the same issues in relation to the Managing Authority and the Paying Authority. In this case the concern about physical location is a bit more marked.

Specific provisions exist for the identification, assessment and selection of projects – 54% This indicator reflects a diversity of approach in the provision of information on the criteria that are used in the selection of projects. There is an unevenness in this despite the requirement for transparency and making all information available to potential beneficiaries and project promoters.

Good working relationships and communications exist between MA and IB – 82% This is a positive indication of the nature of the working relationships between the Managing Authority and the Implementation bodies.

Project selection and assessment is perceived as fair, transparent and conducted in accordance with clear, widely known pre-determined criteria – 82% Despite concerns

about the lack of clear criteria for selection, the overall process is deemed to be fair and transparent.

The work of the IBs is seen as necessary and important in the context of national planning and development - 70% This endorses the role of the implementation bodies not just in the context of implementation of structural funds but also in the broader context of national planning and development.

The choice of implementing bodies evidently is crucial to the efficiency of the implementation mechanism. In some case studies very simple and straightforward approaches have been taken, the number of implementing bodies has been kept small (e.g.). In other cases, specific management tools have been developed in order to coordinate the various actors involved.

In several case studies this coordination between the actors has been neglected. In this regard, some complaints about complexity, lack of transparencies and unnecessary bureaucracy have been raised.

Unclear division of tasks and responsibilities

East Midlands Objective 2: 5 Action Plan Partnerships and 3 Indicative Financial Envelopes have been chosen as implementing bodies by virtue of local knowledge and geographical considerations. It was necessary to consider representation from areas previously without access to social funds. Both have implementing functions concerning bidding, project appraisal and selection. Differences occur in payment procedures (Action Plan Partnerships also execute payments, whereas Indicative Financial Envelopes leave payment procedures to the Paying Authority) and in the availability of TA (not available for the latter).

Finland objective 6: Implementing bodies were the ministries and regional councils. However, no distinct responsibilities for individual measures or part of them, were allocated but implementing bodies tried to be involved in as much measures as possible (see above).

Two problems occur with that division: first the differences in roles are not transparent to project sponsors. Second, the extra responsibilities of the Action Plan Partnerships concerning committing funds cause some risk due to the high administrative requirements of financial procedures.

Increase in importance

Valencia- objective 1: Implementing bodies are mainly regional, although the presence of national implementing bodies is also important. In this programming period, the concept of intermediate body has become very important, acting as intermediary between the managing authority and the implementation bodies. In this programming period, the importance of these bodies has increased, due to the reinforcement of monitoring systems, use of indicators and the higher level of control of the activities cofinanced by the SF.

Qualification gaps

Greece – Transport: The Implementing Bodies are in the majority also the Beneficiaries. Most of them are state-owned organisations that have been mostly engaged in procurement of equipment. They employ personnel with extensive technical experience, thus, their experience in managing and implementing projects of this magnitude is quite limited. Furthermore, the organisational structures in place, in some instances, are archaic rendering their strategies, and decision-making ineffective. Procedures for proposal submittal, evaluation and approval for SF, as well as for project progress (implementation and financial) reporting are viewed as excessively complicated, demanding and time-consuming. Finally, outsourcing has been identified as a solution to any HR shortages or inadequacies. Nevertheless, the hiring of external consultants is a process that fall victim to the evils of the aforementioned demanding procedures thus resulting to further delays.

4.2.8 Beneficiaries – Organisation

The assessment of the direction of impact of this factor is positive at 67% and the direction of the impact is high at 73%.

The detailed indicators are as follows (see Annex 3) –

Beneficiaries have sufficient information to enable them to participate in SF projects – 64% While the overall assessment appears to be positive in this important indicator, there is evidence of lack of information. There is no trend on this between the different types of administrative systems as both objective 1 regions (Saxony and Macedonia) and objective 2 regions (NRW) have low scores. The issue therefore is one of local implementation of this issue.

Beneficiaries know how to take full advantage of opportunities under SF programmes – 46% The verdict here is that from a beneficiaries point of view the SF implementation system is seen as extremely difficult to deal with. Evaluators point to statements about the participation not being worth the effort.

The application process is simple, transparent and fair – 39% This reinforces the previous point and highlights what appears to be an excessively high burden of administration on the beneficiaries.

The time taken from application to approval is not excessive – 43% Inefficiencies are evident in the timing of the approval process. This is a national / regional / local issue, in so far as they implementation bodies responsible for processing applications are seen as unnecessarily slow and bureaucratic.

The contact of final beneficiaries with actual implementation of SF varies to a large degree. If project finance needs to be provided on a project by project basis, final beneficiaries are much more involved in the actual implementation, whereas in a context, where aid schemes are co-financed, the level of contact is very low.

In the UK context, where co-finance is raised on a project basis, beneficiaries seems to be very dissatisfied with the procedures. Several interviewees raise serious concerns about the bureaucracy involved in application, selection and approval procedures. It seems that especially beneficiaries of small size are disadvantaged, if they apply for single projects. A system that evidently works much better is that of managing small grant schemes for local development actions.

Burden of bureaucracy is carried by beneficiaries

East Midlands Objective 2: One difficulty which is seen by GO to emanate from the Commission is the timescale in which Commission decisions are taken very late and requests for decisions from the Programme Sponsor about spending/committing funds are required very early in the process: a one-sided relationship. It was stated by GO that the burden placed on project sponsors is onerous, especially in relation to audit requirements and the retention of documents and may lead to other sources of funding becoming more attractive.

Increasing bureaucracy for final beneficiaries

Objective 1 Wales: The mixed experiences and reactions of beneficiaries resolve into a number of escalating disadvantages: First of all extra workload due to increasing bureaucracy for each work step and each involved level was substantial, and not covered by an adequate level of financial and administrative support. Especially for project applicants this was increasingly discouraging. Audit is perceived to be driving the Programme and applications are shaped to meet demands; need becomes secondary and innovation can be stifled when no risk is acceptable.

Simplification: administration of small grants

East Midlands Objective 2. Perceptions of the processes of implementation were very different (to the critical view of a beneficiary applying for an individual project) amongst staff and volunteers at LCDP, a beneficiary of Objective 2 funding for administering small grants to Community Groups (total budget: Obj 2 £150,000 44.3%). The systems they themselves had put in place, endorsed by the Local Partnership, added to a very positive experience of a one-off successful application, produced clear management systems and effective spending. A plan to access funding to match the whole grant had been successful and was, through luck, co-ordinated timewise. LCDP had received information through postal circulation, seminars and a website; there were also CEFET 'awaydays'. The volume of information was 'confusing', but they were encouraged by Lincoln Development to present a business plan to the Partnership. The sponsor of the voluntary group project had obtained information from 'meeting held in her community' and had completed a simple form, designed by LCDP (LCDP had tuned up their application process in response to feedback from project sponsors), with the help of their development officer. She did not have to find matching funding. They had also organized a networking and celebratory event at a prominent venue in Lincoln.

The major difficulties experienced by this beneficiary was experienced through financial processes; these were standardized to a system requiring a different software which involved about 4 weeks work per quarter to deliver their information in the given format

4.2.9 Social Partners – Priorities, Organisation

The score for this factor on the direction of impact is positive at 67% although it is deemed as of less importance in terms of intensity of impact than most others at 59%. This reflects an overall endorsement of the intention of social partner involvement in the implementation process but a general lack of significant impact as a result of their involvement.

The specific indicators assessed (see Annex 3) are as follows –

All the social partners are involved in the programming and planning process – 100%
An impressive score, reflecting full compliance with the principle of partnership and involvement.

Social partners have taken ownership of the outcome of the Programming process – 40%
Reflecting perhaps the lack of total real involvement of the social partners in genuine decision making and implementation. They are members of the committees and of the consultation structures but have little impact on the whole process.

4.2.10 External Experts – Reports

The direction of impact of this factor is positive at 66% and the intensity of impact is high at 70%. The scores reflect as with other factors, the differences between subsumed and differentiated systems, in the latter the impact and influence of this factor is greater than in the former.

The specific indicators assessed (see Annex 3) for this factor include –

There is a sufficient pool of external experts available to provide TA – 79%
There is no shortage of expertise available, the problem is related to the lack of use of this expertise.

The mid-term evaluation is being conducted on time – 92%
Reflecting the overall importance given to this indicator.

Evidence from Case Studies

Por Alentejo – In Por Alentejo the main “new” structural change feature was introduced via the adoption of Territorial Sectoral Deconcentrated Measures led by Coordinators responsible for the management and implementation of the sectoral components. The new management and implementation system adopted for these Measures is particularly complex and remains “very vertical”(compared to CSF II with Formal Decision taken Centrally by the various corresponding Ministers in Lisbon). The situation can even be seen as particularly confusing when one comes to defining “who is does what” as far as implementation is concerned (e.g. Axis 3 Implementation carried in conjunction with Regional Deconcentrated Services of Central Administration).

POE Portugal – For the POE, the major problem has continuously been its tremendous size. This has required the necessary implementation of instruments enabling the multiple public administration bodies and services involved in the Programme implementation to work together effectively and efficiently (e.g. 5 Internal Coordination Bodies, 6 Vertical Services, 2 External Coordination Offices, 4 main External Coordination Bodies assuming part of the Project analysis, Payment and Follow-up tasks).

Northrhine-Westfalia – SF have fostered and encouraged a process of bureaucratic innovation: programme management support has been out-sourced to a technical secretariat in order to ensure effective implementation of new tools like the monitoring system and publicity work. Whereas legislation seems to be very strong in NRW, the implementation of policies sometimes suffers of a lack of transparency and accuracy. With the new regulations and the results of the control procedures in the old programming period the need to adapt and improve implementation mechanism occurred and has been fulfilled to an exceptional degree. Thus it can be concluded that the SF implementation system has contributed to improving the quality of the delivery system.

Ibid – By inclusion of various institutions and actors in the objective 2 programme many sectoral departments have become familiar with contents of structural policies (e.g. involving universities for innovation related activities, environmental departments for reconversion of derelict land and later utilising it for industrial development) as well as with procedures (for example: the Research Center Jülich plays an important role in measure 2.1 concerning project appraisal and selection; district governments have become familiar with audit trails; most included bodies and institutions have to deal with environmental and gender issues)

Saxony – Apart from the uniform implementation structures of the SF, which had a standardising effect, a more consistent procedure of the DGs of the Commission would help to further integration.

Ibid – In Saxony Objective 1 assistance has been in place since “the beginning”, i.e., 1991. The administrative structures and assistance instruments were established relatively fast, partly with the support of consultants. The structure is based on a three-tier administrative system. The district government offices (Regierungspräsidien) were controversial at first, but have meanwhile achieved full recognition and play an important role in social and environmental fields. The current Structural Fund period has had an influence on shaping structures, as for example, the district government offices (Regierungspräsidien) have been upgraded by taking over the function of approval authority. There are relatively long-term federal measures to further the development of the new Länder, especially the solidarity pacts (currently Solidarpakt I; Solidarpakt II as of 2005 is being prepared). The administrative structures function well, which is very clear in the successful combination of steadily growing experience, competence and authorisation

Central Macedonia – There is very limited integration of implementation methods in non-cofinanced elements of development plans, mainly because the institutional framework of Public Administration in

Greece is slow to adapt to modernizing management trends. One noteworthy exception has been precisely the initiative to reform government at all levels that has assumed the form of an Operation Programme named "POLITEIA". This has transpired since it is partially funded through CSF III (Information Society OP) but also because it is viewed as a useful pilot mechanism at furthering the reform of public sector management practices and forms. Though, in terms of planning, it provides for large-scale reform interventions at the level of regional and local administrations, implementation is lacking because of a shortage on national funds.

Ibid – During the 1994-99 programming period, overcoming the defects of the existing management framework has become possible thanks to the relative (by comparison to the current ones) flexibility of the EU Regulations, the use of non-integrated more flexible monitoring systems and the application of the "co-responsibility" principle, that permitted the country-member to involve the Commission at the implementation of programmes even at the level of selection of projects (through the institutionally decisive role of the Monitoring Committees).

POE Portugal – POE implementation system is characterised by numerous Public "Coordination Bodies" sectorally or thematically specialised, intervening at different phases of Programme Implementation (Projects application analysis, Projects follow-up and financing). To facilitate the various decisions taking processes (namely during project analysis phase) Programme Management has established a series of Protocols with Coordination Bodies determining their competencies and roles.

Objective 6 Finland – As outlined above, capacity building in the field of local and regional development has been limited to public institutions and some private ones with financial and professional capacities. However, the objective 6 area is sparsely populated and the number of potential actors limited. In this respect it can be concluded that the programme failed so far in reaching a broad target group. This problem was aggravated by the fact, that some regions only partly belonging to objective 6 were cut off from potential cooperation partners, which were located outside the objective 6 are. As a consequence, small regions falling under objective 6 had difficulties in the generation of innovative projects.

A clear differentiation of tasks and responsibilities seems to be a main element for keeping complexity as low as possible. However, it is not very astonishing, that the French case study on objective 2 shows such a great coherence between structural funds programming and national programming, as the Contrat de Plan is a multiannual-programming document at national level defining strategic priorities for regional and structural development.

Clear differentiation of tasks

Lorraine, objective 2: The actual SF implementation in the Region Lorraine shows the growing efforts in deconcentration and decentralisation in France. It relies in important parts on the deconcentrated services of the central state (Préfecture de la Région and connected services of the single ministries), but the regional government (Conseil Régional) is involved in all the steps of SF implementation and there is a strong effort to follow a partnership approach in programming, project selection and monitoring.

The Prefect of the Region is Managing Authority of the programme. Administrative support is provided by SGAR – „Service Général des Affaires Régionales“, where the functions of the Programme Secretariat are included (“Cellule Europe”). The „Payeur-trésorier Général de la Région“, a deconcentrated service of the Ministry of Finance is the Paying Authority, which is independent of the Prefect. The Prefecture of the Region houses deconcentrated services of several central Ministries , that are traditionally administrating different national funds at the regional level and are involved in the SF management as implementing bodies. The Ministry of Agriculture and Employment have also services at the level of the departments, which are involved in the SF implementation process. Prefectures of the Departments (4 departments in the region) are also involved as implementing bodies (mainly for projects in the field of tourism, culture, sustainable development, urban renewal, neighbourhood services, and connected fields of qualification, development of SME, local infrastructure projects). Some of the prefectures of the departments are involving also the „Sous-Prefectures“ at the level of the Arrondissements to animate local actors. A total of three global grants are included in the programme (one managed by the Regional Government, matching regional grants for special qualification measures, one managed by ANVAR, the French Agency for Innovation and ADEME, and one by the Agency for Sustainable Energy use, where public enterprises have already developed a net of delegations at the regional level used to managing global grants).

Many case studies, where no national programming background is available struggle substantially for such clear division of responsibilities and tasks

Fragile relationships between central and regional level

Finland objective 6: The Finnish system of regional policy implementation is highly fragmented comprising the national and regional level which act on fairly separate basis. At state level there are several ministries, each with their own share of structural funds and national co-finance. At the regional level there is evident tension between the regional offices of the ministries and the regional councils. Integrating these players in a regional strategy and a joint implementation mechanism is difficult.

The introduction of a third layer, the EU, posed serious challenges to the programme management in getting the implementation on track. The main deficiency was the lack of experienced personnel to deal with the management of funds. This lack of resources resulted in chaotic implementation in the starting period, which was due to a lack of a definition of roles and attributed tasks of the actors, different and partly unrealistic expectations of various actors concerning the implementation and especially the potential to co-finance various activities in the own scope and a lack of co-operation practice and expertise between all levels

Inadequate procedures, division of tasks etc. led to inefficiencies in the delivery system in the form of extra work caused at all levels and frustration among all actors.

Significant progress was achieved only about 2 years after the start of the programme, when the administrative staff had learned their duties (by doing) and new staff was recruited. Also project leaders gained experience in the new management tasks required by structural funds.

New approaches towards vertical cooperation

One of the Por Alentejo main outputs has been the adoption of inter-service contractual approach for Programme Management through the signature of agreements between the Programme Manager and other Public Bodies intervening in Implementation process. These contracts correspond to the requests of Structural Funds Regulation 1260/99 and are expected to facilitate specific and strategic objectives persecution and increase Programme Management performance. Contracts were celebrated in 2001 for all the Axis of the Programme resulting either on Studies realisation (e.g. Multi Project studies), a better articulation between Funds, an articulation between Cohesion Fund and ERDF for the Valorisation of Territorial Environment, or an improved operationalisation of specific Financial Circuits (Signature of Several Protocols between the IEFP, the IFADAP and the Programme Manager or the Coordinators of specific Measures for the implementation of Financial Circuits).

4.3 Assessment of the rules, procedures and technical support

4.3.1 Programming

Programming is generally assessed to have a significant positive impact on the delivery system, where direction and intensity of impact has scored highest among all implementation factors (an average score of 78% for the positive direction of the impact and 96% for the intensity).

The specific indicators scored for this factor include the following (see Annex 3) –

A guide to the Programming Process exists and is widely disseminated – 27% This is a surprisingly low score for such an important point of public information and reflects the general lack of attention paid to dissemination of information on the implementation system.

Length of time involved in Programme Preparation is in accordance with guidelines – 61% The programming process at national and regional level is largely in line with requirements although there is a good deal of concern expressed about the amount of time the whole process takes. This is reflected in this score.

Length of time involved in gaining Programme Approval is in accordance with guidelines – 30% This is the same point that emerged in the assessment of the indicators related to the Commission. There is a strong conviction that the approval process from the Commission's side is unduly long and protracted.

Length of time involved in preparing Programme Complement is seen as worthwhile – 50% There is a general lack of satisfaction with the Programme Complement. In many areas,

especially objective 2 regions, it is seen as repetitive and unnecessary. It is also seen as adding to the complexity and duration of the programming period without adding significant value.

Approval of Programme Complement is speedy and efficient - 43% This reinforces the issue regarding the time it takes to have programme documents approved. It would appear to be particularly problematic when it comes to the detail that is contained in the Programme Complement.

Comments from the Commission and from Monitoring Committee are integrated into the final Programme and seen as useful - 36% There is a general lack of conviction about the value of the comments received from the Commission on Programming Documents. In some cases there is anger at the involvement of the Commission in areas that are regarded as properly the domain of the national / regional authority.

Research and surveys of needs and socio-economic context are integrated into the Programming Process - 75% An important dimension of the programming process, needs analysis is generally regarded as necessary and working well.

Data from previous monitoring and / or evaluation exercises are integrated into the Programming Process - 57% This indicator gives an insight into the use of outcomes of evaluations in the programming process. As can be seen from the assessment of the Evaluation factor itself, it is generally regarded in a positive light. However, particularly in the case of the ex post evaluation, the results arrive too late for inclusion in the programming process for the next phase. The mid-term evaluation is regarded more positively in this light.

Sufficient technical assistance is available for the Programming Process - 57% Reflecting the lack of use of external expertise and the provision of resources for the programming process. The technical assistance is focused on the implementation after programming rather than on the preparatory phase itself.

The Programming Process for SF is fully integrated into national / regional programming and planning processes - 64% This is the best example where integration between SF implementation methods and national procedures and processes works. The programming is seen as being largely an integral part of the national programming process even if the subsequent implementation of the programme is not integrated.

Programming and planning for policy-off situations is conducted in the same way - 13% This means that for policy-off situations, in which SF is not involved at all, programming of this nature generally does not occur.

The main benefits result from the securing of a relatively stable framework and continuity (in relation to the previous period and the ongoing period), the multi-annual approach, the inclusion of relevant actors and the division of tasks between the involved authorities. Research results have been used to incorporate in the SWOT, the proper link between the SWOT, the strategy and the measures have added value to the logic and coherence of the programmes. Also

results from previous evaluations and experiences of programmes have been taken into account. In about two third of all case studies the programming was embedded in a national and regional planning process.

The principle of programming has different impact depending on the administrative context: in federal, autonomous and decentralised systems, programming has supported and strengthened the regional entities implementing the programme. But also in some cases, the conversion from a pure centralized CSF in the previous period to a deconcentrated approach (like in the case of Alentejo, objective 1) has been supported by SF mechanism.

In some cases programming is seen a instrument for encouraging a greater transfer of resources form the national to the regional level and giving the regional level a higher degree of decision making competencies (see the examples of the additionality plan for Burgenland. Several measures have been taken in order to support and strengthen the regional level.

The Plan Lorrain and the Programme Document reflect the same analysis of the territory and have the 4 derived priorities in common. The programming procedure for the Programme Document is also realised in a partnership approach, involving a large number of relevant actors in working groups. The European Commission does not only approve the Programme Document, but is also asked to approve the Plan Lorrain. The elements of the Plan Lorraine are introduced into the SF Programme. But big parts of the SF Programme are cofinanced by national funds (and to a smaller extent departmental and other public funds), that are delivered on the regional or departmental level. However, the “costs” of this integrated approach are, that Lorraine has three different types of plans or programmes which tackle aspects of structural policies and spatial development.

Securing continuity and strengthening the regional level

Northrhine-Westfalia: Multi-annual programming, fixed EU finance, combination of regional and local funds, joint decision making processes and strategy development have fostered and profiled the regional structural policy. Programming is based on former practices of smaller programmes like “Zukunftsinitiative Montanunion”, that were designed to support the conversion of the declining coal and steal industry. The implementation of smaller programmes on a multiannual basis has been practiced since the early 80ies, when the declining coal and steal industry needed rapid actions for support. EU programming has always been seen as important impulse for the very complex and diversified NRW-structural policy instruments and quite a dynamic framework for programme implementation has been developed utilising the possibilities of structural funds rules (e.g. intense consultation process for programme development, use of evaluations to introduce changes in implementation, support of programme delivery by a technical secretariat, coordination of actors by a working group preparing the meeting of the monitoring committee etc, further examples see also at other parts of the study, comprehensive monitoring system)

Lorraine, objective 2: In France, structural funds programming is congruent with the “Contrat de Plan”, which translates priorities of the central state to the region. Lorraine has taken a pro-active approach in a joint programme development between the central and the regional level achieving a high level of

integration. The region has laid down the own priorities in the „Plan Lorrain“ (2000-2006), which then has been fed into the “Contrat de Plan”. This plan is realised in a partnership approach involving the Conseil Régional, the Central State, the Deconcentrated Services of the Central State as well as the important actors and social partners on the Regional and Departmental level. In comparison to the previous period substantial deconcentration can be observed, going in line with the general deconcentration within the French administration. A core of this regional planning procedure is the „Contrat de Plan Etat – Région“, binding the actions of the State in the Region. Thus it can be seen as a true strategic instrument on the regional level. It covers a financing programme in the field of traditional infrastructure that is not eligible for SF, but is very much focused on strategic territorial issues focusing on big structuring projects – specially in the field of the conversion of depleted zones and innovative actions. The involvement of SF is considered – though it can only partly be used to complement the regional strategy because of the differentiation in eligible and not eligible zones. The quality as a strategic instrument shows also in the structure of the budget, as almost two thirds will be financed by the region, one tenth by SF.

In Burgenland programming is seen as having been instrumental in encouraging a greater transfer of resources from the Federal to the Land level through a new national planning instrument called the ‘Additionality Plan’. The managing authority as the central coordination office for project processing and the common paying authority have achieved coherence in the procedures. The fixed budget and framework of measures help keep structural policies safe from budgetary restrictions and short-term changes in political priorities. Programme planning over several years has proven beneficial also in the area of ESF due its sufficient flexibility. Planning over several years is also basically viewed as positive in the area of rural development, although there is still a lack of longer-term experience.

Weaknesses have appeared in terms of operational details: Timing has been one major issue of concern. The programme preparation is already seen as a time consuming exercise, but generally conceived as useful input. Only about in about one third of all case studies gaining programme approval by the EC was reported to have taken place in time. In the case of objective 2 programmes the time consuming process of drafting the programme complements has been criticised. In many cases, the Programme Complement contained much overlapping information in comparison to the main programme document. (The length of timing involved in gaining consent by the Commission has been assessed as much too long, also being not in accordance with the guidelines.

Comments of the Commission on the programme documents, especially referring to the technical content of the measures, the horizontal themes have – in some cases – not been considered as very helpful, but as adding complexity and delays to the implementation (see 4.2.1...)

Major and uniform criticism was raised concerning the timing of the introduction of new regulations relevant for the implementation: The amount of time needed for the proper design of rules and procedures has highly been underestimated, by the EC as well as by the managing authorities and implementing bodies: Much criticism results from the fact, that detailed regulations were issued only after the implementation was designed. In those cases, where national rules

needed to be adapted, this process is rather time consuming. A total of 8 new regulations was decreed during the first two years of the programme period. The pressure for managing bodies was further increased, as the closing of the previous time period required substantial additional work during a period, when resources were already required for the current period. Delays were also attributed to national and regional institutions and mechanism, especially when substantial changes in the organisational arrangements were introduced and new divisions of tasks had to be defined (e.g. Wales).

Delays in programming because of change of organisational arrangements

Wales Objective 1: Delays that had taken place in the development of the Wales Objective 1 programme were attributed principally to National Government and local difficulties, not so much to difficulties with the EC: During the period of the submission of the Objective 1 Programme, Devolution was agreed and most of the policy areas covered by the SPD became the responsibility of the National Assembly for Wales; only Transport remained within the remit of the DETR. There was a strong commitment to making Objective 1 work for Wales. The Local Partnership model which was adopted, took also some time to be agreed. During the period of negotiation there had been more extensive consultation with partners than in previous programmes. This influenced the implementation model developed which balanced the Local Partnerships with the creation of Regional Partnerships. Under the rule of the Welsh Office, Local Authorities had felt excluded from aspects of decision-making and within the new Assembly, they became very active in making their presence felt; indeed many of the new Assembly Members were ex-Local Councillors.

In many cases, a clear guidance on the actual requirements of the programming documents as well as the possibility to use technical assistance for supporting the programming process were reported as missing and would have been conceived to be very helpful.

In objective 1 programmes, where more than one funds was involved, criticism was raised in most of the case studies on the lack of co-ordination between the Commission services.

Although the programming process in general is seen as useful exercise, there exists very limited evidence, that practices introduced by structural funds are practised outside this policy field.

4.3.2 Management Procedures

The general assessment of the management procedures introduced in the new period with the division of functions between the MA and the PA, the overall framework for financial management and control, monitoring and evaluation has received broad endorsement. The direction of impact of this factor was scored very positively at 77%, and the intensity of impact was judged to be high at 82%.

The specific indicators measured for this factor (see Annex 3) include the following –

Structure and technical configuration of management procedures for the overall management of SF are in accordance with regulations – 86% The actual implementation of the regulatory requirements is regarded as highly efficient.

Structure and technical configuration of management procedures for financial management of SF are in accordance with regulations – 82% Further endorsement of regulatory compliance.

Structure and technical configuration of management procedures for the management of the administration of SF are in accordance with regulations – 86% Further endorsement of regulatory compliance.

Management controls have been implemented in accordance with regulations – 86% Further endorsement of regulatory compliance.

The information management system (installation, functionality, connectivity etc.) is in accordance with regulations and guidelines and is seen to function efficiently – 75% While there are variations in the extent to which the information system is fully integrated into the overall implementation system for SF in all of the regions, it is in general judged to be in accordance with regulations and to be working well.

The use of Global Grants (form, scope, identification of intermediary bodies) is in line with regulations – 43% This reflects the low level of use of Global Grants within the case study regions involved in this study.

The interaction / integration between management and monitoring is seen as efficient – 43% This confirms the reservations expressed elsewhere in the study about the integration between the generation of information and data at monitoring and evaluation level and its use in a management context.

There is sufficient TA available to management personnel – 50% There is concern in some studies about the lack of support available to management personnel. While this reflects differences between regions whose administrative systems could be described as subsumed or differentiated, there is a broader issue about availability of support particularly in areas that require specific expertise.

The Management Procedures in place are seen to work well and to be necessary – 54% The case studies highlight areas of management procedures that do not appear to be working well and others that are not necessary.

Management Procedures for SF are fully integrated into National / Regional Management Procedures – 61% It is important to differentiate here the question of integration of the SF implementation management procedures into the system for the purposes of implementing structural funds and integration into the broader administration system of the Member State or Region. The former works well, the latter less so.

In most case studies a high coherence between the regulatory framework and the actual implementation mechanism has been achieved. Also the information management system (installation, functionality, connectivity etc.) is mostly regarded in accordance with regulations and guidelines and is seen to function efficiently.

Concerns have been raised in the cases of the usability of the monitoring system for management purposes (see chapter 4.3.5). The lack of external resources for management purposes is seen as detrimental to efficient implementation.

Although the compliance with the regulations seems to be very high, the actual necessity of the regulatory framework is not appreciated to a very high level (in about half of all case studies). Reasons for the low scores mainly are to be attributed to excessive control procedures, high administrative requirements for project application procedures and monitoring requirements. These issues are tackled in the following chapters.

However, taking account of the various levels of criticism raised on the regulatory framework, it needs to be highlighted, that a quality leap in implementation has taken place. This increase in efficiency is significantly higher in objective 1 and horizontal programmes, where in some cases very poor implementation mechanism had been observed in the previous period. It has also been considerable for the Accession countries from the 1996-enlargement, where basic rules of programme management have been introduced, had to be absorbed within the existing structures – leading to slow programme starts in some cases – and have produced a leap in quality of the delivery mechanism in the ongoing period (see Finland and Burgenland).

Quality leap in implementation

Por Alentejo – Overall implementation procedures have pushed up the effective pace of Programme Implementation (e.g. in terms of execution rate, in the case of Por Alentejo and up to 2002, the number of projects approved was equivalent to the overall CSF II PORA Programme period). In the case of EC Initiatives and although bureaucratic constrains (With National Control System and ESF), financial payments to Beneficiaries have been fostered (e.g. in case of EQUAL: average 1 month). Relations between Programme Management and Beneficiaries have generally improved in Regional Operational Programmes and EC Initiatives in Portugal, namely due to higher transparency at project application Phase.

Objective 6 Finland – The main deficiencies of the programme occurred at the programme start due to a very fragmented institutional structure, a lack of personnel at central and regional level, inadequate rules and procedures and the Finnish system of regional policy being very different to the EU. Most of the problems arising in the first and second year were due to the fact that there were too few people – and also too little training for those working on structural funds. Also with the project developer at local level, a significant lack of professional project manager caused considerable difficulties in accomplishing a sufficient number of high quality projects.

The main success of the programme was, that implementation gradually improved over the programme period and all actors gained experience and certainty in the tasks they had to perform. Capacity building was especially successful at the level of project developers, though the range of bodies and institutions with sufficient financial and professional capabilities remained fairly small.

Decision-making in the management of the Structural Funds

Complexity in the decision making and management need to be seen in the context of the strategic framework. It refers to the EU system taken on board by the actors within their respective administrative context. Very often, complaints on “heavy bureaucracy” and complicated procedures result from a complex implementation framework, where either several different national/regional or sectoral entities with different, but partly overlapping responsibilities are involved, or even where competencies are clearly overlapping. Deconcentration that results in some remaining vertical elements as opposed to a regionalized implementation are other sources of complexity. In federal systems the very well balanced relationship between the national and the regional level often is challenged by the inclusion of a third level.

There are also differences in the type of involved actors, where increase in bureaucracy is observed. E.g. in the UK context it were especially final beneficiaries, that complain on an increase in administrative work loads due to excessive demands for information of the projects, to requests from the MA concerning substantial changes in the project proposals and the high level of formal requirements for project closure reports (see chapter 4.2.x)

Complex strategic framework

Wales – objective 1: The strategic framework of the Welsh objective 1 programme comprises several partly overlapping levels of decision making. The Welsh Assembly Government is responsible for programming and jointly appraises the Local Monitoring Committee Regeneration fund applications; and makes ministerial/ cabinet decisions on policy. The Welsh European Funding Office as MA manages the Programme acts as the Secretariat for the Strategy partnerships, issues guidance to partnerships and project sponsors, appraises project applications, issues grant offers, pays grants on receipt of claims and claims money from the EC. Local and Regional Partnerships prepare local or regional strategies within strategic framework prepared by the strategy partnerships, assist applicants to develop proposals; assesses projects and decides whether to support it. This effectiveness of this structure is seriously challenged by interviewees from the implementing bodies who say that there is no strategic framework and that the division of responsibilities in day-to-day work is often unclear. A specific field of concern is the project selection, whether a fair distribution within the area should be achieved or whether funds should be allocated towards the greatest needs.

Finland objective 6: Implementation of structural funds in Finland are strongly governed by state authorities. A total of 8 ministries was involved in SF implementation, where at national level the Ministry of Interior co-ordinates structural funds operations and collaborates closely with several sectoral ministries. Most of them have a regional structure and have operated in the regions from a central rather than a regional perspective. The role of the ministries in the programme were defined in a very complicated way: every ministry had responsibilities in several measures. Each fund was co-financed by several ministries and priorities within the programme. This resulted in a matrix defining ministry-specific, fund-specific and measure-specific sections of the financial table. This structure has posed serious problems to decision making, monitoring and reallocation of funds (the original financial plan was very detailed and needed adoption due to differences. The actual operation of this matrix was unclear and for the first two years rules were changed quite often. As the decision making system included a large number of actors previously not used to co-operation and also co-operation with the European Commission was a new element in the procedures, the decision making process was slow and inefficient.

In Portugal the POE implementation system is complex, with numerous public “Coordination Bodies”/Institutes sectorally or thematically specialised and intervening at different phases of Programme Implementation (Projects application analysis, Projects follow-up and financing). Furthermore, eligible and non-eligible expenditures vary according to the type of Project, the Programme Measure and the Aid Scheme. The Project appraisal is conducted at Operational Programme level by Specific Working Groups (inter-sectoral), according to specific programme measures /priority axis requirements (e.g. public initiatives and partnerships). The lack of transparency of the implementation scheme (namely at Project analysis phase) has been reinforced by its “complexity” (New coordination bodies intervening) and support of the Operational Programme Information System SiPOE is required to determine who is doing what at specific implementation phases (e.g. sectoral contribution of coordination bodies at measure or aid scheme level).

In Por Alentejo (as in other Portuguese Regional Operational Programmes) the main “new” structural change feature was introduced via the adoption of Territorial Sectoral Deconcentrated Measures led by Coordinators responsible for the management and implementation of the sectoral components. The new management and implementation system adopted for these Measures is particularly complex and remains “very vertical” (compared to CSF II with Formal Decision taken Centrally by the various corresponding Ministers in Lisbon). The situation can even be seen as particularly confusing when one comes to defining “who is doing what” as far as implementation is concerned (e.g. Axis 3 Implementation carried in conjunction with Regional Deconcentrated Services of Central Administration). Additionally recent National ministerial and organic reshuffling has contributed to affect management transparency.

However, complexity in the number and range of actors involved also has been treated very differently in various settings, where the solutions are as manifold as the problems: In Portugal Management contracts related to performance have been installed, where contracts between the Managing Authority and the implementing bodies have been concluded. In Burgenland several specific working groups are targeted at exchange and coordination between vertical and horizontal levels as well as between the operation of the three funds.

Pro-active approach towards management: Management Contracts tied to Performance

For the Portuguese POE, the major problem has continuously been its tremendous size. This has required the necessary implementation of instruments enabling the multiple public administration bodies and services involved in the Programme implementation to work together effectively and efficiently (e.g. 5 Internal Coordination Bodies, 6 Vertical Services, 2 External Coordination Offices, 4 main External Coordination Bodies assuming part of the Project analysis, Payment and Follow-up tasks). Internal management procedures have been put in place (e.g. Fourth night and monthly transversal management meetings have been adopted at Management Level (GGPOE), Individual management targets are set for each of the intervening Bodies) and contractual agreements signed with Implementation Bodies to minimize the “Size” factor at different Programme implementation phases (e.g. applications screening and projects follow-up). This has in fact resulted on “Variable configuration of coordination schemes” between Services and Coordination Bodies depending on the Programme Measure and the Aid Scheme concerned.

Burgenland, objective 1: The Objective 1 Programme management structures in Burgenland are highly integrated into the national administration structures at both the Länder and the federal level. A total of 17 implementing bodies from federal and Land level are involved in programme implementation, a number comparably large to the programme volume. For the purpose of coordinating and guaranteeing the compatibility of the measures with Community policies, fund-specific coordination meetings have been instituted under the chairmanship of the managing authority. The coordinating meetings constitute the central decision-making body, which also play a major role in harmonising the varying interests of the federal bodies and the Länder. These meetings take place roughly every six weeks. Since the commencement of the programme implementation, further bodies have been set up for general coordination tasks.

The “Strategieforum” examines all SF- measures carried out by the Land Burgenland in relation to their strategic significance and how they specifically address the objectives of the programme. The EU-Zirkel is an informal body at the civil servant level in which various issues of programme implementation are discussed with the goal of fostering the exchange of information and exploiting synergy potentials at an operational level. The managing authority, the RMB (which also acts as Euregio Secretariat), the Europabüro (Interreg), the Equal coordinating body as well as the Leader coordinating body participate in the discussions. The EU-Zirkel meets before of the coordination meetings. Presently enlargement issues are dealt with at that level. Moreover, a Managing Authorities’ Working Group has been set up at the federal level within the scope of the Austrian Conference on Spatial Planning (Österreichischen Raumordnungskonferenz, ÖROK), that meets roughly every three months. ÖROK is also the secretariat for the Monitoring Committees of all SF programmes in Austria.

Objective 3 Programme Italy: The partnership for Monitoring. The programme Monitoring Committee is made up of the European Commission, the Ministry of Labour, Regional Structures, the social partners and non-governmental organisations with interest in Objective 3. This has allowed improving focus of projects and at the implementation system level it has helped to avoid overlaps in the roles of implementing agencies.

Multi-funds cooperation

The coordination and cooperation between the three funds still seems to be a very difficult issue, where problems are seen at several levels:

First of all a lack of coordination between the Commission's Services from various DGs is observed, where a statement of a MA in an objective 1 programme characterised the situation as follows, "If the DGs do not coordinate among each other in multi-fund programmes, this weakens the managing authority, because the ministries and the specialised departments cannot back it up".

Another source of coordination gaps occurs at the implementation level: different implementation mechanism for the funds, different target groups as well as different co-financing bodies or schemes provide obstacles for co-ordination. It must be stated, that these gaps are not resulting exclusively in the differences in implementation between the three funds, but also in the differences in implementation of rural development, social policy and structural policy at national and regional level.

Several programmes have tried integration between ESF and ERDF (see NRW). However, the result still is, that integration at the priority level seems to be feasible, but below the measure level efforts of integration are assessed to be futile.

Further differences observed in the implementation of the three funds will be covered in the individual chapters.

Challenges for cooperation of all responsible parties

Burgenland – The need for multi-fund cooperation has led to a greater degree of coordination and cooperation between the responsible parties for the agricultural, economic and social sectors of the Land. This interaction of actors has become institutionalised and firmer. One of the outcomes of this is a greater complementarity between labour market measures and economic policy. This complementarity and integration is institutionalised by means of the EU Zirkel and Strategie Forum referred to above.

Programming problems occurred in EAGGF due to the late publication of Regulation 1750/1999, which resulted in the necessity to restructure the whole implementation framework.

Northrhine-Westfalia – ERDF and ESF integration can be considered as a special case of integrated planning. In the programme they are mixed within each priority but separated in each measure. Whereas greater coherence than in the previous period has been achieved at the programming level, integration is still patchy.

4.3.3 Project selection

The score for direction of impact of this factor is 67%, very positive. The score for intensity of impact is 77%, very high. The specific indicators scored for this factor include the following –

The composition, attributes and responsibilities of the team responsible for the assessment, evaluation and selection of projects is clearly documented and adhered to – 77% This is an important element of the implementation mechanism and it is regarded as working well.

Criteria adopted for the assessment, evaluation and selection of projects are clearly defined and implemented – 80% This again is an important element in the transparency of the implementation process.

The assessment, evaluation and selection of projects is seen as necessary and works well – 57% This score reflects what is perceived as an overly bureaucratic application and approval process from the point of view of the project applicants, where feedback is often quite negative on the administrative overload generated by participation in SF.

The assessment, evaluation and selection of projects is used also in policy off situations and is integrated into the National / Regional management system – 20% Further confirmation of the lack of take-up of the implementation method as a model for policy implementation in areas outside SF.

One of the main benefits of structural funds implementation is the transparency introduced in the project selection process. In general there is a high level of clarity on the assessment, evaluation and selection of projects, where – in most cases – the procedures are clearly defined and transparent. A large number of case studies report on a significant increase in project quality.

Project selection seems to be tackled more pro-actively in decentralised context and in smaller programmes, whereas centrally managed programmes and bigger ones still often struggle for getting reasonable procedures in place. Furthermore, in larger programmes the need to concentrate on actually spending the money overrides frequently the ability for fine-tuning project selection.

Thus, especially in objective 2 programmes new and partly experimental techniques of project selection have been introduced, using publicly announced open call for projects, fostering competition between project developers

New project selection procedures

Northrhine-Westfalia – The need to generate projects of reasonable quality has resulted in some new and experimental procedures in project selection and development. By competition (esp. the Zukunftswettbewerb) business innovation and technology projects of high quality have been generated. Competence fields are designed to provide a strategic framework for the development and selection of projects, especially those related to infrastructure. These procedures has been extended to measures that had a slow start in the ongoing period in order to accelerate project generation.

Quite some of the centralised, large scale programmes still have difficulties in getting appropriate procedures in place. The same holds true for some programmes, where a large number of actors is involved in decision making. Especially long decision making procedures create problems that then end up in de-commitment. Project selection also get delayed and complicated if several levels of decision making are involved, and the respective roles are not clearly specified – either at horizontal or vertical level.

Complicated decision making processes

POE Portugal– One of the main weaknesses of POE has been the long project approval (more than 6 Months) resulting from the very complicated decision process, both for small size and large projects (Long circuits, important number of actors involved, length of analysis and appreciation phase, Final Decisions Approval to be made by Ministry of Economy). The PRIME Programme is expected to introduce a higher prioritisation of Projects screening and bring down approval delays to less than 6 months for Large Strategic Projects (e.g. in the Tourism Measures and Aid Schemes).

East Midlands Objective 2: Final beneficiaries complain about complicated and inflexible application procedures and extreme delays in approval processes. One beneficiary from a large organisation experienced in European programmes stated that they had reached the limit of their capacity to deal with complexity and 'won't bother with EU funds' if it increases any more.

Wales Objective 1: Due to the fragmented responsibilities for decision making on project applications between the Managing Authority and the Local Partnerships decision making is a very time and resource consuming exercise leading to delays in programme implementation and dissatisfaction within the LP. Implementing bodies are the 15 Local Partnerships, which are also the major beneficiaries of the programme. Each LP organising meetings to appraise and score project bids. Recommended bids are then sent to WEFO, the Managing Authority for eligibility checks and scoring. Those that pass are then sent to the Strategy Partnership to be considered as a part of the overall strategy. This partnership can veto bids.

The LPs were said to be operating in a vacuum, with no national framework for them to fit into. The process had been very 'convoluted' but was more appearance than reality. An audit investigation identified weaknesses in the underlying rationale for project appraisal, in a lack of a comprehensive structure for appraising projects and a lack of quality standards, in poor record-keeping of the basis of appraisal decisions. A general lack of understanding of the regulations by project sponsors, including public bodies was observed. Due to the high number of LP the managing authority also faces problems in providing adequate guidance and support for the LP. They have difficulties in attending meetings of the LP and proceeding with the application procedures (8 to 9 months as an average for proceeding with project applications).

In some programmes strategies were chosen to allow for fast procedures in decision making and implementation:

Accelerate procedures

Wales Objective 1: The ‘Community Regeneration through Co-operatives’ project was a new organisation set up with Objective 1 funds; it was the LP’s chosen ‘fast-track’ bid which received the first funds of the Programme. Set up by a consortium of national and regional agencies, it was clearly a favoured project based on a Grade 1 listed building, refurbished under the grant. The experience of this beneficiary was that the process ran smoothly although delays in accessing the money meant that they had to arrange overdraft facilities at a local bank. Their main problem was that they had underestimated the administrative help they required to satisfy monitoring and financial requirements, (0.5FTE was estimated and 1.5 FTE was needed).

Lorraine, objective 2: One important feature of the implementation system is the formalised and efficient Project Selection Process. As projects are entering in the implementation system at various “guichets”, the project selection process is designed to speed up the eligibility check, consultation and financial check process. The Paying Authority is involved from the date of submission. The procedure is differentiated in respect to the amount of subvention asked for: there is no check for projects asking for EU-funds less than 23.000 €, a check in PRESAGE for 23.000 € and a differentiated procedure for subventions over 100.000 €. If the Paying Authority needs further consultation, the Prefect can ask the MEEF for in-depth analysis. The process of consultation between different implementing bodies and potential cofinancing bodies is beginning as soon as there is a letter of intent of a national cofinancing institution, not waiting for a letter of commitment. Preparatory working groups (comités techniques préparatoires) check the eligibility of the projects and start the consultation process with other implementing bodies. Their findings are appreciated in the Comité Technique de Programmation, that is an advisory board for the Managing Authority, who keeps the decision in the project selection.

On the other hand the trend observed in some programmes (respectively in some measures within a programme) – mostly objective 2 – towards more sophisticated and also transparent selection procedures is contrasted by exactly the opposite implicit developments within many measures and priorities in SF-programmes: Due to uncertainties in the application of structural funds eligibility criteria according to 1685/2000 in a specific context, the application of several different project assessment criteria (programme related, technical, financial, thematic) there is an immanent tendency to bring forward standardised projects, that have some form of precedence and best practice already. Concerning innovation, experimental projects, soft measures – like competence fields would require – there is a resistance of the bureaucratic system to “take such risks”.

Uncertainties in implementation causing negative selection effect

Lorraine, objective 2: A considerable concern for Prefect and Regional Council is, that the potential beneficiaries do not use SF in full. It is seen as a heavy procedure, uncertainty on project selection, discouragement of applicants posed by the zoning, the number of controls and the risk of having to pay back the grants that occurred in the previous period. Especially the political representants on the local level seem not to be reached enough by SF or prefer to relay on other funding possibilities.

In central administrations in some cases the issue was raised, that implementing Bodies/Beneficiaries would not have the HR expertise to meet the technical and administrative needs of the programme and thus either slow down procedures or convert to simple and standardized projects.

The special procedures introduced for large scale projects (obligatory cost-benefit analysis, separate approval by the EC for projects exceeding €50 million have increased the rationality in decision making and reduced decision making just based upon political pressure.

Interesting enough is a comparison between the structural funds and the policy off situation: there is evidence from the case studies, that structural funds projects on the one hand require higher professional project quality due to mandatory control. On the other hand more risky and non-standard projects are likely to be excluded from co-finance as they are more likely to fall into some gaps or ambiguities concerning eligibility rules. In some case studies, especially for the “newcomer” to structural funds, a significant increase in project quality could be observed. Thus a tendency towards separation in standardized project pipelines for structural funds and innovative projects outside may result out of this in some context.

Some case studies also give evidence, that project selection mechanism provide a bias towards larger projects, as small projects usually need to undergo the same selection and other requirements like larger ones. Thus project developer of smaller projects and less professional project developer often rather refrain from structural funds applications. It should be remembered however that the Commission is not involved in the implementation or selection of small projects. Only projects over EUR 50 million require EC involvement in selection and implementation. Complexities with smaller projects therefore must arise from within the administrative systems of the Member States and Regions.

Whereas project selection procedures are fairly elaborate in mainstream programmes, significant flaws exist in the implementation of community initiatives, where mainstream rules and procedures are applied more or less equally, but within a different context.

Application of mainstream-programmes' rules to INTERREG creates implementation problems

The implementation of transnational projects within the framework of INTERREG IIIC and IIIB is unresolved. Since ERDF co-financing contracts are signed with the Lead Partner in accordance with the respective national laws, but the project partners come from other EU states or third party states, the transfer of funds, proof of their use and controls can only be solved under private commercial law and remain unresolved under public law. As most of the Lead Partners are public institutions, there can be considerable implementation delays due to these uncertainties. Furthermore, competition law is too restrictive for transnational projects. It would

be positive for calls for projects to be accepted in the form of tender procedures (observation by the MA of Burgenland, objective 1) .

Some case studies also showed that the implementation of EAGGF and FIFG measures seemed to be especially difficult

Difference of implementation between the three funds

POR Alentejo – In Por Alentejo, the FIFG Measures, under Axis 3 of the Programme are registering the Programmes lowest implementation rate. Applications of FIFG projects were particularly difficult to rise in Por Alentejo

Objective 6 Finland – In the field of rural development financed of EAGGF there was a significant lack of high quality projects due to a lack of project ideas. However, EAGGF was especially criticised for a too narrow approach to projects. For example, if a project idea required various development tools and a cross-cutting approach to a problem under focus, the original project had to be split into several smaller projects in order to implement the project effectively. This requirement increased the amount of paper work and made the development process more difficult for the actors involved.

Project implementation

Just as the quality of implementation overall can be judged to have increased, project implementation in particular experienced a significant increase in efficiency. This observation holds especially true for large objective 1 and horizontal programmes, where the deficits had been quite large in some cases, but can also be observed in many other regions. Community initiatives benefited from this quality leap.

Increase in efficiency

POR Alentejo – In CSF III, (Por Alentejo, EQUAL and LEADER +) there is a visible increased level of professionalism among project promoters, compared with the two previous CSFs periods (e.g. In the case of Por Alentejo, project Promoters like the Regional Development Agency providing specific services related with financial procedures to other Programme's Beneficiaries and providing Support Schemes for members and associates). In the case of LEADER+ effective Integrated Planning is carried at Local Project level through Contractual Management Autonomy) and EC Regulations 1260/99 and 438/2001 have provided for a more effective and sound management implementation on the ground, namely through the strengthening of partnership mechanisms and the reinforced participation of non-public entities in the Initiative management and implementation). In the case of LEADER+ in Portugal this has resulted in a closer follow-up of projects

In quite a number of cases one major shortcoming was the level of information, the qualification and know-how of the staff dealing with structural funds projects and the amount of resources devoted to proper project administration.

Lack of qualified staff for project implementation

Greece Transport: The implementation of a sectoral programme of the magnitude of "Railroads, Airports, Urban Transportation" reveals the shortages of qualified human resources major state-owned companies are faced with. Most of the Implementing Bodies/Beneficiaries are state-owned companies providing services in the transportation sector. In their majority, these companies have extensively engaged in procurement of equipment (buses, rails, etc) and never in major infrastructure projects. The technical demands of this programme have pushed these bodies to seek the assistance of external consultants. However, the administrative demands of this programme are equally overwhelming. Procedures relating to project proposal, management and monitoring have placed a huge burden on these bodies leading to bottlenecks in the whole implementation process.

Implementation of programmes drafted for a period of 6 years need substantial flexibility for reacting to trends and developments not foreseen at the time of programming. Thus in several cases all rules, that limit flexibility are considered as hindrance to efficient implementation. Distinction between phasing out and other eligible areas, specific rules for large projects, n+2 etc., time consuming procedures for programme changes are named in this context. At the level of final beneficiaries and project promoters the partly scattered structure of eligible areas was named as a problem, a concern raised in several objective 2 programmes. This leaves a difficult burden for applicants to prove the regional scope of their intended operations.

Rules that restrict flexibility in implementation

Portugal, POE: The "gradual phasing-out " of the Lisbon and Tagus Valley Region (LVT) from Objective One support schemes, and the fact funds allocated to the Region by POE have already been totally absorbed, has conducted, since beginning of 2003, the Minister of Economy to "freeze" all ERDF projects from LVT applying to POE. As a result the funding of important POE "National projects", located in LVT Region, officially approved at Ministerial Level and supported by on going investments, is therefore suspended. Both Programme Management and beneficiaries located in LVT, consider this factor as one of the major implementations limitations to the POE.

POE Management also considers that EC Regulation on large projects and Commission notifications system (Reg 1260 /99 Art.25 – Confirmation of co-financing rate for Productive Investments above 50 Mio Euros.) also generates important implementation restrictions at Programme level due to long decision delays, causing payments suspension to beneficiaries (namely a Problem for Large Foreign Investment Projects).

At project implementation level significant differences between the three funds occur.

Significant differences between the funds

POE Portugal: In POE the management and implementation of ESF Funded Projects is considered much more arduous than ERDF, mainly due the "Regulamentary excess and high administrative costs" and bureaucratic barriers for beneficiaries resulting from National Control System Requirements for ESF (National Law DL 168/2001) in the framework of Reg. (C) 260/1999 and 438/2001. In that sense POE Management team considers that the degree of complexity and in this case of relative inefficiency has

raised from CSF II to CSF III (In practice, this is corroborated by the low Implementation rate of ESF Funded measures). The integrated ESF and ERDF approach inside POE is considered ineffective and having a very high cost. Additionally, difficulties on articulation of POE Information modules system (SiPOE) with ESF management requirements and information system are reported.

Burgenland, objective 1: The inclusion of smaller enterprises in the Objective 1 EAGGF, Guidance Section programme is problematic. The agricultural sector and structural policies have become more important due to the assistance granted from the Structural Fund, but it has not led to the hoped-for boost in innovation in the development of the agricultural sector. Due to protests against industrial animal farms among the population, it is not possible to create competitive units in animal production. The agricultural sector also has strong growth inhibitors. Burgenland would be predestined for grain-based feeding (pigs, poultry, etc), due to its grain farming. However, society calls for natural, organic agriculture produced by farming enterprises of sizes that cannot survive. According to the Grüne Bericht (Green Report): Austrian agriculture ends where the EU agriculture begins.

4.3.4 Monitoring

Development and use of Monitoring System

The score for the direction of impact of this factor was 61%, moderately positive. The score for intensity of impact was 80%, highly significant. These scores reflect the amount of time and energy that is put into monitoring of the implementation of the programme and for that reason it is deemed to have a high impact. However they also reflect the lack of use of this data in a management setting and for that reason the impact is not as positive as it should be.

These points are reflected in the specific indicators scored for this factor (see Annex 3) –

The architecture and characteristics of the physical, financial and procedural monitoring system of the MA are in line with requirements – 75% Further evidence of conformance with regulatory requirements.

Processes and outputs of the monitoring system are in accordance with regulations / management needs – 80% Further evidence of compliance with regulatory requirements.

Procedures and mechanisms for the use and assessment of the outputs of the monitoring system are clearly described and implemented – 59% This low score reflects the uneven approach to using outputs of the monitoring system for management purposes.

Interaction / integration between monitoring and evaluation is actively implemented – 61% Evidence of some lack of uniformity in the use of monitoring data for evaluation purposes.

Problems encountered and solutions adopted in the implementation of indicators are documented and used as a basis for future developments – 52% There are problems with the use and implementation of indicators throughout the system.

The monitoring system is seen as necessary and working well – 52% The monitoring system appears to be working well but there is not overall conviction that all of it is necessary.

This reflects concerns about the generation of data that is not seen to be used for subsequent management decision making.

The monitoring system is fully integrated into the National / Regional monitoring system – 50% Further evidence about the ambivalence of integration of an important aspect of the implementation method. The system is adopted and taken on board but it cannot be said that it is integrated fully into the national / regional administration system outside Structural Funds.

Monitoring the progress of the programme implementation at financial level as well at the level of indicators concerning results, output and effects of individual projects at measure level is one of the main fields where the level of demand has been raised significantly in comparison to the previous period. Where evaluations of the past programming period often have shown considerable information gaps on the actual programme performance, and in some cases even financial monitoring was not dealt with properly at a coherent level, monitoring now has become a major implementation tool.

The main principles of monitoring progress and outputs are widely accepted and appreciated, and the architecture and characteristics of the physical, financial and procedural monitoring system of the MA are in line with requirements. The importance of monitoring seems to have high impact of on the implementation method. However, serious concerns have been raised about the use of information generated in the ongoing programming process which carry through all different types of programmes and context. With overall scores of 64% of all case study-evaluators assessing that monitoring having a positive effect, with a 73%-impact, shows, that this factor is not assessed as high as e.g. the programming exercise.

In some cases, especially in objective 1 context in centralised administrations (Greece, Portugal, Spain) the overall assessment of the new monitoring system still is very positive, as the system has significantly contributed to a more efficient programme implementation and is supporting the project selection.

Towards improving the efficiency of programme implementation

POE Portugal: The daily utilisation and constant development of a “tailored” monitoring system is one of the key elements of POE implementation success and the basis of the improvement of the Programmes implementation rate from 2001 to 2002. Major changes are based on the introduction of effective on going monitoring instruments supporting the Programme implementation and mid-term evaluation. New information tools put in place (SiPOE), are compatible with other ERDF and ESF information and management systems, and provide immediate access to the entire Programme and the “on-line management” of its components. These management instruments are considered to have gradually solved “external problems inherited from the former PEDIP” (Such as the inadequate structure and processes to respond to huge number of incoming applications on precise deadlines).

As a result, the POE Case study demonstrates a clear and positive interaction between Programme decision process and Programme information system. From CSF II and III (PEDIP II and POE) one of the main changes has concerned information (divulcation, access) and its operational use in Programme management and implementation. POE information system (SiPOE) provides access to all the Programme components in real time and is interlinked with other Structural Funds instruments (ERDF and ESF). The Information system has also permitted a more qualitative and accurate monitoring of the Operational Programme components at measure and project level.

Por Alentejo – Follow-up and Control systems are closer to the projects selection and implementation. In LEADER+ Control Procedures are considered by all Actors as being more efficient, much more targeted at grass-root level than in LEADER 2, providing a higher project follow-up and stimulating pedagogic and corrective attitudes of Beneficiaries.

Valencia – The use of a system of data compilation and exchange of information, such as the software implemented by the managing authorities, is a secure and more rapid tool for management. This software also makes it more clear and controllable when correcting the amounts certified in previous years.

Again, implementation of the monitoring can be seen as major deficiency: Procedures and mechanism for the use and assessment of the outputs of the monitoring system quite often lack sufficient guidance and description for the users. Problems encountered and solutions adopted in the implementation of indicators lack adequate documentation and utilisation for basis for future developments. Technical obstacles in designing the database, in transferring data from one system to another, in maintaining a reliable and robust system often discourage the user. Thus the endorsement of the monitoring systems as they are is not very high. Integration in the national monitoring systems also is the exception and not the rule. The availability of valid monitoring data for the mid term evaluation is not as widespread as could be expected.

In some cases, like in NRW, the monitoring exercise might also have taken too much of an ambitious approach, which also shows the limits of too complex systems.

Profound monitoring – but gone too far?

Northrhine-Westfalia – The monitoring of the performance of the programme in quarterly reports („Ampelberichte“), measurement of output and results of the programme with a system of indicators defined for each project are powerful tools development during this programme period. This is a very good example of monitoring data being genuinely used to inform and steer programme implementation: They alert programme management to possible absorption problems and allow timely action – very important in the light of the decommitment pressures. In addition, the differentiation between commitments and payments in the Ampelberichte means that the possible source of problems can more easily be identified and thus responses better targeted. The Reports provide an indication of the meeting of employment and key measure targets which have both a programme and a political relevance.

Considerable ambitions exist for the operation of the ERDF monitoring system. These include annual updates of information on a range of key indicators, which is presently undertaken. First results are expected until summer 2003, but have been delayed since. However, this is a very ambitious aspiration,

particularly in the light of the fragmented implementation structure and the boundaries of willingness by the funding Ministries and intermediaries to supply monitoring information.

However, there are several deficiencies in the design and the implementation of the system leaving alone the updates: First of all, the number of indicators is far too high and exceeds the capacity of the programme management and technical assistance to make proper use of the indicator framework. It also creates tensions with the applicants and the intermediaries, that need to comply with such a variety of information needs. Secondly, the resources required to implement the system as well as the co-ordination effort for harmonising various systems (esp. with the Paying authority) has seriously been underestimated. Thus the system is still partly under development. Low acceptability by intermediaries are the result of these flaws.

The criticism uttered on the complexity of the monitoring system is mainly due to the delays in performance. As administrative and IT-related problems were time-consuming (or, as one could argue, too little resources were allocated to that issue) the final stage of implementation has not been reached yet. Results are only fragmented, as several institutions still maintain their own monitoring system. Even the integration of the monitoring between the MA and the PA is just being undertaken

Due to the intense monitoring and control duties lying not only with the MA but also with the implementing bodies, valuable capacity is tied to these function. Conceptual and quality assuring skills are less prioritised in the structural funds system of the ongoing period.

Quite a number of case studies – especially those with a very pragmatic approach towards implementation consider the new monitoring systems as too time consuming and costly, which contradicts the goal of simplification of administration. There is not enough personnel for these time-consuming tasks, as especially continuously employed qualified personnel is important.

Monitoring systems face specific difficulties with the integration of different funds. Neither the underlying logic for data collection within the three funds nor the monitoring systems (or logic) applied by the MA in the different ministries seems to be compatible. The continued lack of integration of the two systems does limit the possibilities for the cross-fund exploitation of the monitoring data. This is related to the distinct structures which operate in most countries for labour market and economic development policy.

Hard to achieve: integration of different funds in one monitoring

Burgenland – Monitoring: The consolidation of three different fund-specific monitoring systems is time-consuming and costly, because the demands and settlement of accounts are done on a fund-specific basis and there is little harmonization at the level of the Directorates General. Some of the implementing bodies consider the data entry into the monitoring system and the reporting regime to be time consuming and costly; here, the cost-benefit ratio is not efficient.

Saxony – Master data sheet procedure in the ESF heightens the problem of data provision.

NRW: As was the case in the previous programming period, the monitoring systems for ERDF and ESF are separated. In parallel to the DISCUR system, the BISAM system is in operation for the monitoring of ESF interventions. The main new development in the monitoring of ESF activity (for both Objectives 2 and

3) is the introduction of the so-called 'Stammblattverfahren'. This procedure allows the desegregated use of the monitoring data collected at individual level. This was not possible in previous programming periods because only aggregated project data were collected.

A monitoring form based on a similar structure has also been developed by the Objective 2 Secretariat for the programme measures co-financed by the ESF (1.5, 2.20, 3.5, 4.2.2). These monitoring forms, however, have not yet been used. The competent unit in the Ministry for Labour is currently developing their own forms for information collection although their implementation is also likely to take some time. As a result, the implementing bodies (Versorgungsämter), as part of their role in approving funding, currently collect the required data directly from project owners.

Por Alentejo– There has been a slow Progress implementing full scope of Monitoring Systems (ERDF Monitoring System SIFEC has only been introduced at the end of 2002 and is not fully operational at the moment (only financial information on projects is provided at the moment and no information is available on physical implementation) The other two Systems /SIADRU (EAGGF) and SIFSE (ESF) are registering major technical difficulties. Integration and coordination between the three monitoring systems has proved impossible up to now.

Objective 6 Finland– The main element, that has not worked during the whole period was a well-functioning database to offer reliable information on the programme and the projects. Individual ministries developed their own monitoring, and the Managing Authority tried to combine the information to a single monitoring system (FIMO), proceeding data on ERDF and ESF funded projects. However, for a substantial part of the programme period this exercise has failed to produce reasonable results.

Objective 3 Italy (7.5) – Taking into consideration the “small” amount under FSE, effectiveness and efficiency of implementation process is hindered by the burdensome and complex data collection models.

Saxony – In general, meaningful indicators are hard to find. In the area of ESF, the valuation of the measures is difficult (qualification does not physically exist). The managing authority has a problem achieving acceptance when conveying the requirements of Regulation 438/2001 to the approval authorities.

As a general observation, applicable to nearly all case studies, the high requirements of nourishing and feeding the data into the system are not met adequately. Usually there is too little capacity for proper documentation of the data.

Indicator framework

The indicator framework as a basis for monitoring is challenged in many case studies. Often the need for quantification of output and results of each measure has led to a strategy of including as many indicators as possible in order not to miss any possible output feature. This approach is nourished by working paper number 3 (by the EC) giving an indicative methodology on monitoring and evaluation and specifying indicators at measure level for input, output, specific and general effects. But then, indicators often provide very little information about project quality and are inflexible.

4.3.5 Evaluation

The score for direction of impact for this factor was 63%, indicating that it has a positive impact. The intensity of the impact is high at 79%. These scores reflect the overall positive image and contribution that evaluation has within the implementation system, while also reflecting some misgivings about certain aspect of evaluation.

The specific indicators that were scored for this factor (see Annex 3) were –

The architecture and characteristics of the evaluation system of the OP are in line with needs – 93% Indicates an efficient implementation of the regulatory requirements with regard to this factor.

Processes and outputs of the evaluation system are documented and used as a basis for future planning and management – 63% The relatively low score is due in particular to the use of the ex post evaluation results. Ex ante and mid term evaluations are generally regarded as useful inputs into the planning and management process.

Criteria for the assessment of the independent evaluation service and tasks and functions of the independent evaluator are documented and implemented – 71% Further technical compliance with regulatory requirements.

The interaction / collaboration between the independent evaluator and the MA and in particular, with the person responsible for evaluation within the administration, is clearly described and documented – 63% There is no uniform standard in relation to this indicator. In some case studies, the relationship is clearly defined and documented while in others it is less so.

The evaluation system is seen to be necessary and to work well – 57% The relatively low score refers to the value of the ex post evaluation. It also refers to the use of the indicators framework in general which causes some problems in the implementation system and is frequently seen as lacking relevance.

The evaluation system is used also in policy-off situations and is integrated into the National and Regional management system – 13% This confirms the overall problem related to the integration of the structural funds implementation system.

The wide spread use of evaluation is one of the most significant contributions from past programming periods. Its value and importance has however been significantly enhanced in the current period. Evaluation has become a standard tool and is widely used as an instrument to support the implementation process and mostly acknowledged as an instrument to enhance transparency. Processes and outputs of the evaluation system are usually documented and used as a basis for future planning and management, a statement with an endorsement above the average.

Some scepticism on the positive nature of the evaluation is raised. This scepticism is related to the amount of evaluation to be done as well the indicator framework to be used for the evaluation. Also the role of evaluation seems to be questioned in some cases.

The rapid sequence of ex-ante, mid-term and ex-post evaluation is criticised. Especially ex-post evaluation is seen as an exercise in which the programme stakeholders are not interested anymore. Related to this is a question of timing: Shortly after finalisation of the programme, the necessary data are not yet available. When finally all projects are closed, the next programme period already has been launched, the next mid-term evaluation interest in the outputs and results is very low.

Por Alentejo – One of the Por Alentejo main outputs has been the adoption of inter-service contractual approach for Programme Management through the signature of agreements between the Programme Manager and other Public Bodies intervening in Implementation process. These contracts correspond to the requests of Structural Funds Regulation 1260/99 and are expected to facilitate specific and strategic objectives persecution and increase Programme Management performance.

Spain Competitiveness – The existence of the performance reserve, measuring both the physical and financial execution as well as the quality of the control system of indicators, assesses in a precise way the implementation of the programme.

4.3.6 Financial management and control

This comprises two factors in the list which are here taken together – (1) control systems and procedures and (2) financial procedures. The assessment of both of these the factors shows comparably low scores for financial procedures (55% positive impact) and even lower for financial control (50%), but very high intensities (86% for both).

The specific indicators for these factors (see annex 3) are as follows –

The structure and technical configuration of the control system meets the information generation needs of the Management system – 70% **Once again, there is evidence of significant conformity to regulatory requirements.**

A clear typology of controls for different types of projects exists – 86% **Control mechanisms as required by the regulations exist and are well documented.**

A typology and analysis of irregularities discovered exists and is used for monitoring – 71% **Additional technical conformance at a relatively high and efficient level.**

Irregularities and problems discovered are documented and have been managed well – 77% **As an aspect that is well audited and documented there is evidence that this works well.**

Sufficient TA exists for this management function – 57% This raises the question of involvement of external expertise or the ability to hire suitably qualified personnel with the experience and training necessary for this function.

The controls systems and procedures are seen as necessary and work well – 54% Some of the case studies raise the question about the need for aspects of the control procedures.

The controls systems have been integrated into the national / regional controls systems and procedures – 59% While control systems meet regulatory requirements for Structural Funds implementation systems and are implemented within the national / regional system, there is no evidence that these control procedures have been adopted outside the structural funds policy implementation arena.

Financial flows are managed in accordance with the requirement of the Regulation – 93% Confirmation of a high degree of regulatory compliance.

Procedures used by the Paying Authority are in accordance with the requirements of the Regulation – 93% Further evidence of compliance with regulations.

Financial flows demonstrate an absorption capacity that is in line with the targeted rate of implementation of Priorities and Measures – 66% This indicator is a measure of effectiveness as well as efficiency. It highlights some problems with absorption which are also reflected in the indicator that refers to the N+2 rule.

Performance Reserve is seen as necessary and expected to work well – 52% Because it has not been implemented yet, there is still some uncertainty about how the performance reserve will actually work.

Rule of automatic decommitment is seen as necessary and expected to work well – 50% Reflecting the uncertainty and misgivings about the implementation of the N+2 rule.

The financial procedures are seen as necessary and work well – 38% This very low score reflects some concerns about the need for some of the measures and also reflects some lack of clarity in the interpretation of some of the regulations (e.g. 1685/2000).

The financial procedures for SF are adopted in policy-off situations and are fully integrated into the National / Regional management system – 13% Continued evidence of the lack of integration of the Structural Funds method outside of its policy implementation arena.

The new regulations have asked for a much more detailed and specifies procedures, which need to be well documented in the programme and which are subject to audit and control by the Commission and European Court of Auditors. Financial management and control procedures need to be strictly separated. Financial procedures as well as audit and control are the most

debated and criticised factors of the implementation system. Careful distinction between the level and type of problem is required.

The requirements of the Commission for transparency of financial flows, for procedures based on accountability including the definition of audit trails and for auditing and controlling the disbursement as laid down in 1685/2000 and 438/2001 are in general accepted and appreciated. Throughout all types of case studies it has been observed that a significant improvement of procedures was achieved. The introduction of „control paths“, demonstrating the exact procedures, naming the involved institutions with the respective duties for each measure, has led to a significant step forward in transparency. Irregularities and problems discovered are documented and have been managed well, a statement endorsed for about three quarters of all case studies.

Also the financial principle of reimbursement of expenditures actually paid out and the necessity of proofing expenditures are not questioned. Some actors even state, that now the strongly formalised and bureaucratic processes, which are verifiable and traceable (financial calculations, efficiency report for larger projects, forms, statement of accounts showing only expenses, bank account statements and original receipts) have led to an enormous advance in the quality of the administration.

Increase in efficiency of financial procedures

A rigorous effort towards more transparency in Por Alentejo was conducted through National Control System and Internal management and Control Procedures. The adaptation of an internal Centralised methodology corresponding to Reg. 438/2001 (Art.5) (“Pista de Controle”) has contributed to clarify implementation control paths and make procedures more transparent, at least at administrative and interservices level (e.g. ERDF, ESF and EAGGF Manuals on Implementation –Control Path). Though, as a result of administrative culture, these documents have not been divulged / or made available in an accessible way to Beneficiaries or External Bodies /Public participation in Por Alentejo implementation (e.g. Formatted and updated public data base).

Spain – Competitiveness and Alentejo, Obj. 1: The need for the certificates to be signed by both the operational managers and the financial managers has slowed down the process in comparison to the previous programming period. However, the existence of these procedures has allowed introducing greater control and accuracy in certificates. Also, the fact that the process has to be developed by entities which are independent of each other, guarantees the existence of greater control on the requests for payment submitted. With regards to the handling of payments from the Commission to the national Payment Authority, the stages of the process have been perfectly defined. Besides, it is a transparent process known by all the agents involved in the management of the IOP. It must also be pointed out that there are no significant delays in the payments made by the Commission.

Financial procedures

Financial procedures are subject to criticism concerning a specific set of rules: they are based on the principle, that the EC provides a 7% advance payments, where all other payments are only made upon paid invoices. Due to the tightness in public households and the stricter regulations concerning advance payments in this period hardly any national/regional pre-finance is available. On top of this often time consuming approval and payment processes of national/regional funds create considerable financing problems. These problems are aggravated in the case of SME as the banking sector also applies much stricter rules on loans and credits (Basel II agreement)

The appropriateness of financial procedures is especially challenged in the case of smaller projects. No matter what size the project has, the documentation of costs must fulfil the same requirements. Thus project developer of smaller projects are often put at serious challenges that are not related to the amount of actual funding.

Again, as already mentioned for project selection and implementation, financial procedures seem to favour standardized projects for the following reasons: Part of the measures founded by SF correspond to national funds and have well identified delivery channels. New fields of action (in the fields of services, tourism) have problems to animate final beneficiaries and to match cofinancing counterparts. Projects corresponding to the very ambitious goals of the genuine regional strategy, that are focusing on territorial and not sectoral issues are involving a great number of public actors and different financing sources and a very complex task to implement.

Another general observation shared in nearly all case studies is the additional work load linked to this intensified procedures, which are often not sufficiently supported by an increase in personnel. However, it has to be considered that actors suffering from the additional work load tend to be much more critical on these procedures than those benefiting (i.e. the programme management).

Another issue is the lack of sufficient and sufficiently qualified staff for financial and control procedures. Throughout most of the case studies complaints have been raised, that control units are not adequately staffed. Control procedures have increased significantly since the past period, as the Commission requires not only first level control (i.e. checking all invoices and on site visits), but also second level control, where a sample of 5% of all expenses need to be controlled by a separate institution. This increase in capacity has not been duly reflected in staffing of the responsible institutions.

More specific problems and inefficiencies occur in more fields and are partly context related: First, in some regions this achieved transparency has not sufficiently been communicated to all involved actors.

Another source of inefficiency results from complicated decision taking and approval procedures. In those cases, where many institutions are involved in the implementation, often long intervals between application, approval and actual payments are reported (e.g. in the only partly implemented deconcentrated approach taken in the Alentejo objective 1 programme).

Financial decommitment is seen very critical in relation to the following issues: First due to time consuming approval procedures and delays in start of the implementation n+2 causes serious threats to several programmes, that just have gained reasonable speed in implementation. Second, shortage in finance of public or private co-financing partners cause restrictions in finance, which are aggravated by the threat of automatic decommitment.

N+2 enforces a strategy towards smaller projects, as large projects, may cause serious problems, if they are delayed (and these projects usually have a high risk of delay). Furthermore n+2 provides a bias towards well defined delivery channels, whereas new fields of interventions often face problems to animate final beneficiaries and to match cofinancing counterparts., to establish the appropriate procedures (in those cases where aid schemes are co-financed).

Audit and control procedures

General and very unanimous criticism is raised concerning audit and control procedures. With controls from the national level, the regional level (if applicable), the European Commission and the Court of Auditors many managing authorities and implementing bodies complain about an “excess of control” and question the appropriateness of the audit and control procedures, where control often is supposed to be excessive absorbing capacity of the scarce highly qualified personnel that would be required for proper implementation. The same institutions are controlled several times, each time from different institutions with each applying slightly different rationales. These controls are very time consuming and under the conditions of scarce resources are considered to keep the implementing bodies and MA from doing their actual work. The cost-benefit ratio from control procedures, so a widely uttered assessment by many MA and implementing bodies, does not make sense. The reasons are high personnel costs for the execution of all the necessary controls and a complication of project processing due to the rule set out in Regulations 438/2001, 1685/2000 and 1553/2002.

Duplication of systems

The most severe problems in financial as well as control procedures result from the duplication of systems. As the EC stipulated details on eligibility rules and checks them in addition to the national and regional audit systems, several discrepancies with national and regional procedures occur. In those cases where structural funds are used for co-financing national or regional aid schemes, eligibility criteria of ERDF (438/2001) tend to give directions on the same operational level like national or regional regulations, e.g. rules on amortisation, income generating measures etc. contradict in some cases with national/regional rules and thus cause complexity, that is not really necessary and does not add value to the programmes.

The interpretation of eligibility rule also provides a problem, as the Commission regulation (1685/2000) on the hand only regulates specific cases of eligible and not eligible expenses. On the other hand, implementing bodies and managing authorities have reported, that in the case of doubts and ambiguous situations the final decision on eligibility only would be taken by financial control, but no prior legal advice would be given by the Commission. It also has occurred that the Commission's audit of the expenses again questions the national interpretation of the eligibility of expenses ex post.

Again, here in some case studies a more pro-active approach has been taken providing utmost guidance and training for the control procedures.

Capacity building in financial and control procedures

Northrhine-Westfalia: Independent control institution: Learning from the negative experiences of a commission's control with payment stop in 2000 and in order to assure information dissemination on the new EU and Land regulations, guidelines and procedures a "Prüfstelle" (control unit) has been established. It is also located at Investitionsbank (where the Paying Authority is located), but in an independent department. Tasks of the control unit are to check the control systems for inconsistencies and systemic mistakes, inform implementing bodies on procedures, controls and perform voluntary checks of about 15% of all funded projects in addition to first and second level controls, support the finding of solutions in case of irregularities. The control unit is financed out of the technical assistance budget. Up to the end of 2002 120 controls have been performed and one irregularity detected.

Such quality assurance and assistance seems to be appreciated by the implementing bodies and the MA and provides a positive example for a pro-active approach towards enforced regulations on financial procedures, audit and control.

POE Portugal: Control System (SCPOE) was put in place according to Reg (C) 438/2001, Art.5 and the Manual providing guidance approved in October 2001 ("Descrição do Sistema de Gestão e Controlo do POE"). These documents help to identify control Paths and procedures Control practices have been constantly updated and give evidence of the changing configuration the Programme implementation (namely adjustments intervened at Coordination Bodies level).

4.3.7 Partnership and Coordination

This factor scores 67% for direction of impact, i.e. it is largely positive. It scores a very high 80% for intensity of impact indicating its perceived importance within the implementation system.

The specific indicators for this factor were scored as follows (see Annex 3) –

Structure and functions of partnership are clearly defined and implemented – 73%
Provisions exist for the implementation of the regulatory requirements in this area.

Partnership is seen as a necessary and works well – 55% This rather low score raises the question as to the effectiveness of the practices in this area.

Partnership is adopted also in policy-off situations – 29% This confirms the point that, for the most part, structural funds methods are for structural funds policy implementation only.

Partnership and consultation have become important elements of SF implementation throughout most programmes. It scored very well in terms of its positive impact among the evaluators. It was also judged to have a high impact on the implementation process. The actual functioning of the consultation mechanism are not seen as positive in all cases.

The actual significance attributed to partnership principles varies according to the pre-existing form of cooperation. In cases, where cooperation between horizontal and/or vertical levels were not integrated in administrative procedures, partnership scored very high as important element of SF implementation.

Introduction of partnership principles

Objective 6 Finland: The introduction of co-operation mechanisms and partnership in the course of regional and structural policies is definitely the most important spill over effect from the Objective 6 programme: With the launch of the objective 6 programme an important and very useful change was introduced. By the programme the ministries were induced to co-operate among themselves, but also with the regions and it provided for the regional councils the opportunity to collaborate in the field of regional development. Regional Management Committees were the core group to facilitate that new approach.

Spain Competitiveness: This programme is being implemented with a collaborative approach between Town Halls, Regional Governments, National Government and Entrepreneurial organisations

Wales: The impact of the system of SF implementation has been to establish partnership-working, albeit contested, in an region (esp. the Valleys) which has been previously dominated by local parochial concerns

Veneto – objective 2: The main positive spillover effect arising from the present implementation system for Objective 2 is the integration of socio-economic actors in regional planning. Socio-economic actors are taken into account during the planning of new policies and the elaboration of new policies is decided with their participation. The region has adopted the principle of a “consensus” as a method by which to define important strategic challenges in institutional, territorial and productive structural environments, training

services as well as economic and social protection. The Giunta Regionale N° 5508 of 5 December 1996 had already adopted this before the Structural Fund Regulation Appraisal was carried out. Two types of agreements are settled: protocol between the Region, social agents and functional autonomies regarding the cohesion agreement are concluded. A "Tavoli di Concertazioni" is dedicated to specific problems (Employment and Training, Infrastructure, Economic Development, etc.).

Partnership has different meanings and impacts throughout the case studies. Whereas in most case studies partnership describes the inclusion of social partners in the decision making process, in the UK partnership has a much broader scope in implementation. In fact programmes are implemented by a partnership approach, where regional and local partnerships are distinguished. Partnership here is the approach to bring together various funding institutions (local authorities, financial institutions, training and education institutions, regional development agencies etc) for elaborating joint strategies within the strategic framework of the SF programme, for promoting the programme locally/regionally and for assisting applicants to develop proposals and finally selecting out of these. This approach reflects the overall framework in the UK, where no coordinated strategic planning between the vertical levels of administration exist. The partnerships created for SF in this context provide significant added value to the general planning framework as the general lack of a co-ordinated approach in the UK has been tackled by this concept.

Struggling for the appropriate level of partnership

Objective 1 Wales: The Local Partnerships are a network of Committees created by the Assembly to give effect to the concept of Partnership. Each committee should have an equal number of representatives from the public, social and voluntary sectors and a minimum of 40% male and female representation. The main role of the local and regional partnerships is to identify, support and assist with the development of projects. Potential applicants are directed to the relevant partnership to help them develop their idea and prepare an application. Further tasks are developing a strategy to target resources to areas of need, promoting the programme locally and communicating with other partnerships.

At a later date 4 Strategy Partnerships have been created to attempt to improve co-ordination at a strategic level with 2 key roles, namely developing a detailed strategic framework for the use of Objective 1 funds and assessing individual projects for their contribution towards the objectives of the strategy and to make a final recommendation to the MA.

The high degree of commitment to partnership-working at all levels, is intended to build capacity and result in increasing consensus as the programmes develop. However, there is a strong perception articulated by the political interviewee, that 'there is too much partnership and not enough participation' and the labyrinthine structure and longwinded processes are just an elaborate cover for business as usual. The MA (WEFO) has a more sanguine view; they believe that partnership, however difficult, does represent real progress in dialogue between sectors and this is partially endorsed by other interviewees from all sectors.

In a very few cases the partnership principle seems to be of minor significance. Only a very small number of case studies report on actual problems in applying partnership principles. So in

the case of the Greece transport programme local authorities were not included in the planning process, which resulted in certain instances in implementation delays due to their objection to specific projects.

Concern was raised in several cases, that increased co-operation between various actors and higher standards and quality of procedures brought additional workloads for the involved administration leading to frustration and even the loss of young and motivated staff. Some interviewees considered that the requirement to find consensus in the spirit of partnership sometimes kills good ideas before they could be tested.

Limited influence of partnerships

Greece, Transport: The importance of the infrastructure projects undertaken is great on a national level that in some instances local interests fall victim to them. As a result, there is friction between local communities and authorities and the State and the Implementing Bodies.

Spain - Alentejo obj. 1: Partners have little participation. The only participation takes place through the PAVACE (Growth and Employment Agreement of Valencia), which is an agreement between the Regional Government and the social economic agents, by which these are informed of the evolution of the Operational Programme. Also, they receive the information by means of their attendance to the Monitoring Committees. No consultation activity has been carried out between the partners and the intermediate body, being the only common agreement through the PAVACE (Growth and Employment Agreement of Valencia). (A similar analysis can be taken for the Competitiveness programme.)

4.3.8 Other factors / implementation mechanisms

Information and Publicity

With a direction of impact score of 70% and an intensity of impact score of 82% this factor is judged to be both positive and significant.

The specific indicators scored for this factor are as follows (see Annex 3) –

The Information and Publicity Action Plan is in accordance with Reg. 1159/2000 – 82% Further evidence of compliance with regulatory requirements.

Progress in information and publicity actions is in line with the action plan – 79% The function is seen to be implemented and is working well.

Information and publicity is seen as necessary and works well – 71% A relatively high score for this factor.

Information and publicity measures are also adopted in policy-off situations and are fully integrated into the National / Regional management system – 20% Further

confirmation of the lack of integration of the method outside the parameters of structural funds implementation.

Information and publicity are implemented in form of action plans and are in accordance with Reg. 1159/2000. Mostly information and publicity is seen as necessary and works well. However concerns are raised about the overall working of information beyond the domain of technical compliance.

Technical Assistance

The direction of impact for this factor is scored at a high positive 73%. The intensity of impact is also high at 68%.

The specific indicators for this factor were scored as follows (see Annex 3) –

Technical assistance for management and control is sufficient and seen to work well – 75% This reflects an overall level of satisfaction with the level of TA1.

Studies carried out, seminars, information activities are seen as necessary and work well – 70% B Indicating a broad level of satisfaction with the level and use of TA2.

Poor use of TA Budgets

POR Alentejo (7.5) – In Por Alentejo there are visible difficulties in articulating Technical Assistance with Programme management, administration and implementation. Possibly due to the lack of a administrative culture of decentralising and subcontracting services, most part of Technical Assistance Budget is kept “In House” (e.g. Staff Interservices training provided by DGDR etc) and Por Alentejo has only made very limited use of External Technical Assistance Budget (At the moment only for the mid term Evaluation). Distinction of TA1 and TA2 is not sufficiently explained in The Operational Programme Complement and on the Programme Budget.

Annual Implementation Plan and Verification of Additionality

The score for direction of impact for these indicators is the lowest in the study, at 33%. Similarly the score for additionality verification at 39% is extremely low. These scores reflect the perception that these exercises are seen as largely irrelevant given all of the other regulatory reporting and evaluation exercises that are carried out as part of the implementation method.

The specific indicators for these factors reflect however a high degree of compliance with the regulatory requirements –

Annual Implementation Reports contain relevant information and are produced on time – 82%

Verification of additionality is carried out in accordance with the regulations – 80%

4.4 The Core Factors

While this chapter has provided an analysis of all of the factors identified in the implementation process, it is clear from the analysis that not all of them are of the same importance in terms of the efficiency of the system. They all contribute to the overall efficiency of the system but there are a number of factors that are clearly the major determinants of the implementation method in that they define it and provide the focal point for the involvement of all of the other factors.

The following table provides a list of what appear to be the key factors in the implementation system. They could be treated as the main themes on which conclusions are required (see chapter 5), in that they are the determinants of the impact of the other factors. The table provides a rationale for the selection of the factor as a core factor –

Key Factor / Theme	Rationale
1. Programming	The centrality of this factor hardly needs to be justified. It is perhaps the most determining characteristic of the Structural Funds implementation method; it involves all actors and must take account of all elements of context. The programming process itself is driven entirely by the rules, procedures and technical support regulations that define it.
2. Management Structures	The implementation method is essentially a management method that involves a number of institutional configurations involving a number of actors (Monitoring Committees, Managing Authorities, Paying Authorities, Implementing Bodies), and a number of management procedures. The procedures themselves involve a number of control and reporting processes based on the rules procedures and technical support provisions provided for in the regulations.
3. Project Selection	Both of these factors are at the heart of the implementation method. They involve actors from the management structures and engage the beneficiaries and social partners. The programming process defines priorities and measures that must essentially be translated into projects through which these priorities and measures are implemented.
4. Project Implementation	
5. Monitoring and Evaluation	This is a combination of two factors. Together they are defining characteristic of the implementation method in that they lie at the heart of an accountability loop, which involves all key players in the European Union decision making process and which requires the European Commission to account to Parliament and the European Court of Auditors for the use to which the public money has been put. From the point of view of the implementation method it has implications for all of the actors and involves the collection of data as a basis for arriving at an assessment of compliance with all of the rules, procedures and technical support measures provided for in the Regulations.
6. Financial Management and Control	Like the previous factor / theme, this combines two key factors that are also at the heart of the accountability loop. They are defining characteristics of the implementation method.
7. Costs of Implementation	This is a factor that is not named explicitly in the table of factors that influence the implementation method, but is implied in all of them. It is also one of the themes identified as an objective for this study (see chapter 1) – to identify in so far as it is possible the costs of implementation of the Structural Funds method. It is therefore a key theme for analysis and conclusions.

The list of core factors / key themes will provide us with a focus for the conclusions that now need to be drawn in chapter 5.

5. Conclusions

The purpose of this chapter is to identify the key conclusions to be drawn from the analysis provided in chapter 4, which in turn was based on the analysis contained in the case studies.

The conclusions to be drawn must be related to the objectives of the study as outlined in chapter 1 (section 1.2). Eight objectives for the study were identified. The study was intended to shed light on the implementation system for Structural Funds under a number of key headings. These were:

Objectives of the Study

1. Advantages and disadvantages of the implementation system
2. Assessment of the costs of implementation
3. The positive and negative spillover effects
4. The extent to which complementarity and integration is achieved
5. What has worked and what has not worked
6. Problems related to context
7. The net effect of the Structural Funds implementation system.
8. Recommendations on the simplification of the system without sacrificing accountability.

The last of these objectives for the study (No. 8) will be dealt with in Chapter 6. The remaining 7 will be addressed in this chapter as conclusions.

At the end of chapter 4 we identified a number of key factors that are at the heart of the implementation system. Any conclusions that are drawn will need to refer specifically to these key factors. They are as follows –

Key Factors Identified in Chapter 4

1. Costs of Implementation
2. Programming
3. Management Structures
4. Project Selection
5. Project Implementation
6. Monitoring and Evaluation
7. Financial Management and Control

These headings provide the structure for this chapter and the conclusions drawn will be arranged under these headings.

The first section of this chapter (5.1) therefore will deal with the question of the costs of implementation (referred to in study objective 2 above). This analysis will draw on the data and comments provided in the case studies.

The remaining sections of this chapter (5.2 to 5.7) will deal in turn with each of the key factors identified. In each case, the regulatory context will be defined, identifying the key rules that apply in each case. This will be followed by an overall conclusion and a table that outlines:

- The advantages and positive spillover effects (study objectives 1 and 3)
- The disadvantages and negative spillover effects (study objectives 1 and 3)
- Complementarity and integration (study objective 4)
- Problems related to context (study objective 6)
- The net effect of the implementation system in policy-off situations (study objective 7)

In each of the sections, the table will be followed by a number of comments that elaborate and illustrate the points made in the table.

Finally, in section 5.8, a summary of all of the conclusions will be provided under the heading *What Has Worked And What Has Not Worked?* (study objective 5).

The conclusions drawn in this chapter will take account of the typology of case studies referred to in Chapters 2 and 3 (sections 2.3 and 3.3 respectively). Bearing in mind this typology, it is possible to group the case studies as follows –

Table 6
Classification of Case Studies by Administrative Type

Administrative System	Subsumed	Subsumed with elements of differentiation	Differentiated
Decentralized/Federal	Sachsen Obj. 1	Northrhine-Westfalia Obj. 2	
	Bayern Obj. 2	Burgenland Obj. 1	
	Valencia Obj. 1	Veneto Obj. 2	
Deconcentrated	Lorraine – Obj. 2		Wales objective 1
	France Objective 3		East Midlands, Obj 2
	Alentejo Obj 1		
Centralized	Central Macedonia Obj 1	Ireland	
	Finland Obj 6	Spain-competitiveness	
	Greece-Transport	Italy – objective 3	
	Portugal – Economy		

These distinctions provide the broad administrative context within which the conclusions should be set.

In addition to the typology of administrative systems, it is also worth bearing in mind throughout our analysis the relative size of the programmes in question. The following table contains a list of the case studies in order of size (starting with the largest and sorted by reference to the Structural Funds share of the costs of interventions) –

Table 7
Classification of Case Studies by size of Programme

Case study	Total Costs of Interventions (Million Euro)	SF Share of Costs of Interventions (Million Euro)
Ireland CSF	10,253	5,581
Sachsen	6,869	5,165
France – Objective 3	10,655	4,714
Portugal – Economy	10,609	3,290
Valencia	4,173	2,744
Nordrhein-Westfalen	3,599	1,995
Wales	3,937	1,853
Spain – Competitiveness	13,505	1,785
Greece – Transport	2,937	1,498
Alentejo	1,868	1,089
Central Macedonia	1,459	903
Bayern	2,201	537
Objective 6	1,326	460
East Midlands	996	377
Veneto	1,763	286
Burgenland	860	271
Italy – Objective 3	432	194
Lorraine	412	137

5.1 Costs

Assessing the costs of implementation across such a diverse range of administrative, institutional, political, socio-economic and cultural contexts presents significant difficulties.

There are two aspects of costs that deserve to be examined. The first is the absolute costs of implementation expressed in amounts spent on technical assistance, numbers of people employed, costs of human resources employed. The second relates to the question of cost-effectiveness expressed in terms of the programme's absorption rate of funds and implementation progress. The first is principally a measure of economy and efficiency; the second is an important dimension of effectiveness. In this section we focus exclusively on the question of absolute costs of implementation. There is insufficient data of a uniform nature on cost effectiveness to enable a cross case study comparison to be done usefully.

Cost efficiency –

The table below presents the results of the cross case study analysis of the costs involved in the implementation process.

The table has been compiled based on a measurement of the following indicators of cost –

- Absolute overall cost of the programme, including public (national, regional, local and EU Funding)
- Absolute level of SF costs for the programme
- Rate of contribution from Structural Funds to overall programme cost (including contributions from all funds involved in the programme covered by the case study)
- Absolute cost of technical assistance (TA1 and TA2) for the programme. The figures relate to allocated TA and not to absorbed TA.
- Rate of TA involved
- Estimated or actual numbers of Human Resources employed directly in programme implementation, based on figures provided by interviewees in the case studies or informed estimates made by the evaluators.
- Estimated cost of HR in programme implementation based on a notional cost of 1 WTE of EURO 80000, to include all costs of salary, social costs and accommodation.
- Costs of implementation, calculated as the sum of total TA costs and total HR costs, expressed as a percentage of total costs of programme
- Costs of implementation, calculated as the sum of total TA costs and total HR costs, expressed as a percentage of SF contribution to costs of programme

There are a number of significant difficulties with this table that must be pointed out–

First, it has proved very difficult to get a clear uniform picture of the total number of people involved in programme implementation across all of the case studies. In some cases it has been possible to get good approximations (e.g. Northrhine-Westfalia), but in most the numbers are estimates based on information provided by interviewees and judgements made by the evaluators. The difficulty stems from the degree to which the SF Programme has become embedded into the normal public administration duties in the regions under study. It can prove quite difficult to determine exactly how much of one person's time is spent on programme implementation and just how many of the total numbers employed in an institution can be said to be involved in programme implementation. The figures however are based on factual information on the ground plus informed judgements made by the evaluators. They refer to Whole Time Equivalents (WTE), i.e. units of full time employees dedicated to programme implementation.

Second, the cost of one WTE across all of the different settings cannot be estimated accurately within the scope of this study. For that reason, a notional, uniform costs of one WTE has been used – in this case X = 80000. This is a realistic enough figure in many of the case studies if one takes into account average salaries, plus social costs, plus accommodation costs and use of technical equipment. Its usefulness however is simply as a basis for uniform comparison. It should be used with caution.

With these caveats in mind, the table does present some interesting information that gives an insight into the level of costs involved in programme implementation.

If we eliminate Objective 6 Finland and the IRL CSF meta case studies, for which reliable data on numbers employed could not be estimated, and if we examine costs as a percentage of the Structural Funds share of total costs, the lowest cost programme was Greece Transport (1.44%) and the highest cost programme was in Bavaria (25.41%). In the case of Burgenland, it should be pointed out by way of illustration, that a recent report by the Court of Auditors deemed the costs of implementation to be relatively low.

Table 8 below provides a further analysis of the data on costs for each of the case studies organised by Administration Type. The case studies are ranked by % of costs relative to the value of the Structural Funds part of the total cost.

The highest costs are for Bavaria (25.41%), a decentralised and subsumed administrative setting; this is followed by Spain Competitiveness ((20.88%) a centralised differentiated administrative type, and Lorraine (16.25%), a deconcentrated subsumed administrative type.

The lowest costs (under 2%) are for Greece Transport (1.44%), Macedonia (1.5%), both centralised subsumed administrative types, and Northrhine-Westfalia (1.59%) and Veneto (1.64%), both decentralised partly differentiated types.

Table 9 provides a similar analysis on the basis of Programme Type (Objective 1, 2 3). There is no basis in this table for concluding that levels of costs are directly related to the type of Programme. The range of costs for objective 1 areas is very wide. The lowest is for Greece Transport (1.44%) and the highest is for Spain Competitiveness (20.88%). There is a similar disparity in the ranges for Objective 2 and Objective 3. On the basis of these figures therefore, there is no basis for concluding that the type of programme is a factor in determining the overall level of costs.

Table 10 provides a breakdown of costs relative to the size of the programmes (sorted relative to the Structural Funds input into the programme rather than the total costs of the programme). One might have expected that the smaller the programme the larger the relative cost of implementation, and to some extent this is borne out (see figures for Lorraine, Italy Objective 3, Bavaria). However the reverse is not true – for example, a large programme such as Spain Competitiveness has one of the largest costs of all of the programmes. This particular programme has a large amount of non-eligible funding contained in the overall programme. This makes the overall TA budget relative to the total cost of the programme small (2.76%). However, when one assesses costs related to the Structural Funds element of the Programme only, the cost ratio shoots up to 20.88%. A similar situation prevails in Bayern and in Lorraine, where in both the costs of implementation as a percentage of total costs (6.2% and 5.42% respectively) is very much lower than the costs of implementation as percentage of Structural Funds contribution (25.41% and 16.25% respectively). In both cases the Structural Funds input to the total costs of the project is relatively low at 24% and 33% respectively. By way of contrast, the Portugal Economy programme, which is a very large programme (EUR 10.6 billion), with a relatively low cofinancing share for Structural Funds (31%) also demonstrates low costs of implementation (2.01% as percentage of Structural Funds contribution).

The information on the assessment of costs overall is not conclusive given the generality of the cost assumptions and the lack of a detailed analysis of context. However it does present interesting questions that would merit further study and consideration in a special study on this issue. Very little of this cross-region cost analysis has taken place if any in the evaluation literature on Structural Funds. It is generally felt that the differences in context from one region and from one Member State to another makes it very difficult to attain comparable data that can provide a basis for solid conclusions. However, the experience of this study would suggest that there is room for worthwhile work in this area.

Our initial hypothesis in relation to costs was that the differences were likely to be related to type of administrative system, with decentralised and deconcentrated systems likely to prove

more expensive than centralised systems. This has proven not to be the case based on the information that we have been able to collect.

A second hypothesis was that there would be patterns or trends in level of costs of implementation relative to programme type and programme size. This has also proven not to be the case.

It would be a mistake to conclude that the programmes with the lowest costs are more efficient than those with the highest costs. This would be to make assumptions about the appropriateness of staffing levels in all individual circumstances. The evaluators did make general comments with regard to staffing levels and indicated in the case studies instances where they felt that there was a shortage of staff (Burgenland, Northrhine-Westfalia, Greece Transport, Greece Macedonia, East Midlands). The evaluators also frequently pointed to the need for additional training for those involved. For these reasons, it would be simplistic to say that efficiency equates with low cost.

The conclusions to be drawn in relation to costs therefore can be summarised as follows –

1. There are significant differences in costs from one programme and from one region to another. The relative size of these costs do not seem to be necessarily related to the type of administrative system, the type of programme or the relative size of the programmes. There would appear therefore to be other factors at work within the programmes that are causing this wide diversity. One possible explanation may be the differences in the way that salaries of public servants working full time on the implementation of the programmes are handled. It is clear however, that there are differences in the way in which TA is handled throughout the implementation system and there is a lack of information on the overall level of costs of implementation.
2. The costs of implementation of a Programme need to be considered in greater detail during the planning and programming period. It would not be difficult to provide this kind of Information in the Programme Documentation and it could serve as a useful point for analysis during the ex-ante and mid-term evaluations.
3. There appears to be a compelling case for a more detailed and focus study on this question across the whole of the Structural Funds implementation system.

Table 8

Cross Case Study Analysis of Costs

Country	Nb of CS	Case study	Total Costs of Interventions (Million Euro) - 1	SF Share of Costs of Intervention (Million Euro) - 2	SF as % of total funding - 3	TA Budget available (Million Euro) - 4	TA Budget as % of total - 5	Number of People (WTE) employed in implementation - 6	HR Costs of Implementation (Million Euro) - 7	Costs of Implementation (4+7) as % of total	Costs of Implementation (4+7) as % of SF Contribution
Germany	3	Sachsen	6869	5165	75%	112	1.64%	210	17	1.88%	2.50%
		Northrhine Westfalia	3599	1995	55%	25	0.68%	90	7	0.88%	1.59%
Austria	1	Bayern	2201	537	24%	132	6.00%	55	4	6.20%	25.41%
		Burgenland	860	271	32%	7	0.85%	28	2	1.11%	3.53%
Italy	2	Veneto	1763	286	16%	2	0.13%	30	2	0.27%	1.64%
		Italy – Objective 3	432	194	45%	13	3.00%	75	6	4.39%	9.76%
France	2	Lorraine	412	137	33%	17	4.06%	70	6	5.42%	16.25%
		France – Objective 3	10655	4714	44%	208	1.95%	220	18	2.12%	4.79%
UK	2	Wales	3937	1853	47%	40	1.03%	217	17	1.47%	3.12%
		East Midlands	996	377	38%	7	0.68%	44	4	1.03%	2.73%
Spain	2	Valencia	4173	2744	66%	143	3.42%	100	8	3.61%	5.48%
		Spain – Competitiveness	13505	1785	13%	370	2.74%	40	3	2.76%	20.88%
Greece	2	Central Macedonia	1459	903	62%	12	0.79%	26	2	0.93%	1.50%
		Greece – Transport	2937	1498	51%	18	0.60%	50	4	0.73%	1.44%
Portugal	2	Alentejo	1868	1089	58%	21	1.11%	101	8	1.54%	2.64%
		Portugal – Economy	10609	3290	31%	58	0.55%	100	8	0.62%	2.01%

Table 9

Analysis of Costs by Administration Type

Case study	Total Costs of Interventions (Million Euro) - 1	SF Share of Costs of Intervention (Million Euro) - 2	SF as % of total funding - 3	TA Budget available (Million Euro) - 4	TA Budget as % of total - 5	Number of People (WTE) employed in implementation - 6	HR Costs of Implementation (Million Euro) - 7	Costs of Implementation (4+7) as % of total	Costs of Implementation (4+7) as % of SF Contribution
Decentralised / Subsumed									
Sachsen	6869	5165	75%	112	1.64%	210	17	1.88%	2.50%
Valencia	4173	2744	66%	143	3.42%	100	8	3.61%	5.48%
Bayern	2201	537	24%	132	6.00%	55	4	6.20%	25.41%
Decentralised Differentiated									
Northrhine Westfalia	3599	1995	55%	25	0.68%	90	7	0.88%	1.59%
Veneto	1763	286	16%	2	0.13%	30	2	0.27%	1.64%
Burgenland	860	271	32%	7	0.85%	28	2	1.11%	3.53%
Deconcentrated / Subsumed									
Alentejo	1868	1089	58%	21	1.11%	101	8	1.54%	2.64%
France – Objective 3	10655	4714	44%	208	1.95%	220	18	2.12%	4.79%
Lorraine	412	137	33%	17	4.06%	70	6	5.42%	16.25%
Deconcentrated / Differentiated									
East Midlands	996	377	38%	7	0.68%	44	4	1.03%	2.73%
Wales	3937	1853	47%	40	1.03%	217	17	1.47%	3.12%
Centralised / Subsumed									
Greece – Transport	2937	1498	51%	18	0.60%	50	4	0.73%	1.44%
Central Macedonia	1459	903	62%	12	0.79%	26	2	0.93%	1.50%
Portugal – Economy	10609	3290	31%	58	0.55%	100	8	0.62%	2.01%
Centralised / Differentiated									
Italy – Objective 3	432	194	45%	13	3.00%	75	6	4.39%	9.76%
Spain – Competitiveness	13505	1785	13%	370	2.74%	40	3	2.76%	20.88%

Table 10

Analysis of Costs by Programme Type (Objective)

Case study	Total Costs of Interventions (Million Euro) - 1	SF Share of Costs of Intervention (Million Euro) - 2	SF as % of total funding - 3	TA Budget available (Million Euro) - 4	TA Budget as % of total - 5	Number of People (WTE) employed in implementation - 6	HR Costs of Implementation (Million Euro) - 7	Costs of Implementation (4+7) as % of total	Costs of Implementation (4+7) as % of SF Contribution
Objective 1									
Greece – Transport	2937	1498	51%	18	0.60%	50	4	0.73%	1.44%
Central Macedonia	1459	903	62%	12	0.79%	26	2	0.93%	1.50%
Portugal – Economy	10609	3290	31%	58	0.55%	100	8	0.62%	2.01%
Sachsen	6869	5165	75%	112	1.64%	210	17	1.88%	2.50%
Alentejo	1868	1089	58%	21	1.11%	101	8	1.54%	2.64%
Wales	3937	1853	47%	40	1.03%	217	17	1.47%	3.12%
Burgenland	860	271	32%	7	0.85%	28	2	1.11%	3.53%
Valencia	4173	2744	66%	143	3.42%	100	8	3.61%	5.48%
Spain – Competitiveness	13505	1785	13%	370	2.74%	40	3	2.76%	20.88%
Objective 2									
Northrhine Westfalia	3599	1995	55%	25	0.68%	90	7	0.88%	1.59%
Veneto	1763	286	16%	2	0.13%	30	2	0.27%	1.64%
East Midlands	996	377	38%	7	0.68%	44	4	1.03%	2.73%
Lorraine	412	137	33%	17	4.06%	70	6	5.42%	16.25%
Bayern	2201	537	24%	132	6.00%	55	4	6.20%	25.41%
Objective 3									
France – Objective 3	10655	4714	44%	208	1.95%	220	18	2.12%	4.79%
Italy – Objective 3	432	194	45%	13	3.00%	75	6	4.39%	9.76%

Table 11

Analysis of Costs by Size of Programme

Case study	Total Costs of Interventions (Million Euro) - 1	SF Share of Costs of Intervention (Million Euro) - 2	SF as % of total funding - 3	TA Budget available (Million Euro) - 4	TA Budget as % of total - 5	Number of People (WTE) employed in implementation - 6	HR Costs of Implementation (Million Euro) - 7	Costs of Implementation (4+7) as % of total	Costs of Implementation (4+7) as % of SF Contribution
Sachsen	6869	5165	75%	112	1.64%	210	17	1.88%	2.50%
France – Objective 3	10655	4714	44%	208	1.95%	220	18	2.12%	4.79%
Portugal – Economy	10609	3290	31%	58	0.55%	100	8	0.62%	2.01%
Valencia	4173	2744	66%	143	3.42%	100	8	3.61%	5.48%
Northrhine Westfalia	3599	1995	55%	25	0.68%	90	7	0.88%	1.59%
Wales	3937	1853	47%	40	1.03%	217	17	1.47%	3.12%
Spain – Competitiveness	13505	1785	13%	370	2.74%	40	3	2.76%	20.88%
Greece – Transport	2937	1498	51%	18	0.60%	50	4	0.73%	1.44%
Alentejo	1868	1089	58%	21	1.11%	101	8	1.54%	2.64%
Central Macedonia	1459	903	62%	12	0.79%	26	2	0.93%	1.50%
Bayern	2201	537	24%	132	6.00%	55	4	6.20%	25.41%
East Midlands	996	377	38%	7	0.68%	44	4	1.03%	2.73%
Veneto	1763	286	16%	2	0.13%	30	2	0.27%	1.64%
Burgenland	860	271	32%	7	0.85%	28	2	1.11%	3.53%
Italy – Objective 3	432	194	45%	13	3.00%	75	6	4.39%	9.76%
Lorraine	412	137	33%	17	4.06%	70	6	5.42%	16.25%

5.2 Programming

The main regulatory provisions for programming are covered in EC Reg. 1260/1999. This section of the report deals mainly with the details of programming, including the procedures involved in preparation and approval (Art 15), duration and revision (Art 14). However, the assessment is based on the overall procedures taking into account the wider framework laid down in 1260/1999, including geographical coverage (Art 13), the objectives for structural funds funding (Art 1 to 6), resources and concentration (Art 7), the contents of programming (Art 16 to 21). The regulation also defines clearly the respective tasks of the Commission and the Member State, the negotiation process, the required outcome and the decentralised programming tasks.

Programming is one of the factors that emerged from the study with the greatest credit. The long term nature of Structural Funds interventions makes this factor a very valuable means of ensuring legal and financial certainty for planners and policy implementers and for project promoters and managers over a prolonged period of time.

The value added of programming as an implementation mechanism is largely due to the fact that Programmes are logical structures. They work from analysis to objectives, priorities and interventions and are complemented by indicators. They are multi-sectoral in scope, multi-annual in duration and geographically targeted. In this very real sense it can be said that the Structural Funds have promoted strategic thinking and strategic planning.

Table 12
Programming

Advantages and Positive Spillover Effects	Disadvantages and Negative Spillover Effects
<ul style="list-style-type: none"> ▪ Multiannual feature ▪ Visibility of process and outcome ▪ Security of funding ▪ Incorporates wide diversity of needs ▪ Inclusiveness of the process – engages partners ▪ Ensures additionality ▪ Facilitates the addressing of horizontal themes ▪ Builds competence in public service and increases cooperation and coordination of service delivery ▪ Creates new institutional frameworks for implementation ▪ Reinforces regional dimension of development ▪ Accelerates decentralisation processes ▪ Leverage effect in public and private sector 	<ul style="list-style-type: none"> ▪ The negotiation and approval process can lead to delays in implementation ▪ The Programme Complement is seen as an unnecessary complication in some cases, involving an over-documentation of processes ▪ Changes in regulations lead to additional complexity ▪ Increased workload for public servants and places significant demands on the management capacity of the public administration ▪ Need for coordination and consensus works against expediency and innovation ▪ Over emphasis on the demands of the regulations and of each of the funds rather than on integrated development ▪ Lack of proportionality: same formal requirements for small and large programmes

Integration and Complementarity

- The programming process requires national policies to be integrated because of the demands of cofinancing
 - There is very little evidence of genuine cross fund integration (e.g. ERDF / ESF)
 - Some evidence that programming, as defined and practised for Structural Funds is also becoming part of the normal way of planning in regions (e.g. Lorraine, Ireland).
-

Problems Related to Context

- In decentralised and deconcentrated systems combining National Operational Programmes such as Objective 3 with Regional Operational Programmes can result in a good deal of overlap.
 - Overlap and the demands for coordination are exacerbated by the demands of each individual fund
 - The coordination work required to overcome the problem of overlap is significantly increased
 - The need for coordination and inclusiveness in deconcentrated regions can lead to very large and unwieldy Monitoring Committees, which end up being inefficient and not management orientated
 - Political situations (change of Government) can negatively affect the management of the programme in administrative systems that depend on political appointments in key positions
 - Horizontal Programmes with vertical decision making systems lead to inefficiencies and confusion in some cases.
 - In newly devolved or deconcentrated areas (e.g. Wales) there is a tendency to politicise the programming process and the decisions regarding the allocation of resources. This may lead to local disillusionment.
-

Net Effect of system in Policy-Off situations

- In some Objective 1 areas (e.g. Ireland, Portugal), which are centralised systems, there is evidence of a good degree of adaptation of Structural Funds Programming disciplines in non-SF funded areas. This is also true in some Objective 1 decentralised areas (e.g. Sachsen, Burgenland)
 - There is some evidence of programming having had a positive net effect in some decentralised Objective 2 areas (e.g. NRW) where there has been a new impetus to overall development strategies even outside Structural Funds interventions. Overall however, there is less net effect in Objective 2 areas.
-

The following comments may serve to develop some of the ideas presented in the table above:

1. In centralised administrative systems, there was universal agreement that the multi-annual nature of programming is a significant added value exercise because it provides stability and visibility for long term planning within a legal framework of financial allocations for development. In addition, it provides an impetus to ensure that a regional focus is maintained in the programming process. These considerations are of particular importance in centralised administrative systems where there is a need for a balanced approach to development that takes account of the specific needs of sub-regions within the State.
2. The ability of the programming approach to handle innovation and risk was questioned in some cases. It is argued in some instances that the programming approach can lead to a tendency to standardise developments that are overly cautious and not innovation-friendly. The clear definition of criteria for project inclusion in a particular programme can discourage the development of innovation and risk based projects. It can also be a rather inflexible instrument for adapting to unexpected changes in the physical and

socio economic environment. One cannot necessarily conclude however that programming is of itself anti-innovation. In fact the strategy adopted in a Programme can become a major stimulus to innovation by encouraging the generation of projects in particular development sectors that are highly innovative. However it is worth drawing attention to the need to ensure that the multi-annual programming approach should not become staid and over-cautious. It should be a driver of innovative development and the implementation structures on which it is based must be imbued with this ethos of innovation. The ability of the Programming approach to do this is of course dependent on the Member States and Regions themselves – it is not something that can be provided for in the regulations or by the Commission.

3. While the programme documentation is regarded as an important and necessary feature of the Programming process, there is a belief that the Programme Complement is an occasion for unnecessary duplication and additional delay in generating project applications and in ensuring that they are selected and implemented with all due speed. The introduction of the Programme Complement was intended to simplify the programming process and differentiate more clearly the implementation and coordination structures from the strategy and policy direction of the programme. In the Objective 2 regions covered by the case study there was little enthusiasm for the document as the SPD is seen as providing a solid enough base for implementation through existing structures. This is even more relevant in the case of smaller programmes, where the administrative effort involved is equal to large programmes.
4. While programming is based on an assumption that the use of the different Funds (ESF, ERDF, EAGGF, FIFG) will be integrated in the implementation process, there is little evidence that this is in fact the case. In particular, the integration of ESF and ERDF funded initiatives does not appear to work. This is due in some respects to the diversity in the nature of the projects involved in each and the differences in size, scope, targeted beneficiaries. It is also due to the differences in the administrative demands of each of the funds and the problem of scale that can and does arise when very small projects financed under one fund require a similar amount of administrative effort as a larger project financed by another fund. While the integration of ESF and ERDF has been made an issue of in some programmes, there is no evidence whatsoever, that this has been the case between either of these funds and EAGGF. Rural development policies are implemented within completely separate structures.
5. One of the greatest frustrations in the programming process is related to the approval process of the documentation. There is evidence of considerable delays in the approval of the Programme Documents, which result in late starts and further delays in putting implementation structures into place. This is exacerbated by the delays in the process associated with the Programme Complement. While the regulatory requirement is that the Programme Complement should be referred to the Commission for information and

comment, there is evidence of delays resulting from this process. The delays relate to the time taken to receive feedback and the implications of the changes that are seen as necessary subsequent to receiving the comments.

6. Finally, also related to the question of delays in starting Programme Implementation, it is essential that all regulatory requirements related to the Programming period in question be in place well in advance of the start of the period. This will enable Member States and Regions to prepare the implementation structures that will be required to meet the regulatory requirements as part of the Programming process. Significant changes introduced after the beginning of a programming period add significantly to the inefficiency of implementing the Programme.

5.3 Management Structures

This section refers to the management mechanisms for Structural Funds as provided for in EC Reg. 1260/1999, and in particular the respective tasks of the European Commission, the Managing Authority, the Monitoring Committee, the Paying Authority and the coordination between the various funds.

The Management Structures implied in the Structural Funds implementation system, involving a defined set of institutional configurations and a clear definition of roles and process flows between them, has been a positive contribution to the overall development of public sector competence within the regions covered by the case studies. However there is evidence of a lack of flexibility in adapting to specific context issues that need to be addressed.

Table 13
Management Structures

Advantages and Positive Spillover Effects	Disadvantages and Negative Spillover Effects
<ul style="list-style-type: none"> ▪ When roles are well defined the system works well (Alentejo, Burgenland, Ireland, Saxony, Spain Competitiveness, Valencia, Portugal POE, Italy Objective 3, France Objective 3, Lorraine, East Midlands, Bavaria, NRW, Veneto) ▪ Contribution to management competence in public administration systems in Member States and Regions ▪ Encourages cooperation and coordination between public services and stimulates innovation in this area (e.g. EU Zirkel in Burgenland) ▪ Provides clarity in the definition of roles (Managing Authority, Paying Authority, Implementing Bodies) ▪ Provides an impetus to public administration reform ▪ Can lead to a revitalisation of roles for regional institutions and supports the decentralisation of processes within the administration ▪ Increases transparency and accountability ▪ Increase in outsourcing in decentralised systems (e.g. Regionalmanagement Burgenland GmbH) ▪ Provides institutional framework for performance management (e.g. in Portugal POE) 	<ul style="list-style-type: none"> ▪ Where roles are not well defined the system does not work well (Wales, Greece Transport, Finland Objective 6, Central Macedonia) ▪ Too much focus on structures and processes, not enough on standards ▪ Fails to build on existing institutional arrangements, leading to duplication of structures ▪ Fails to take account of national / regional legislative environment leading to duplication of systems ▪ Regulatory changes from one programming period to the next with consequent restructuring of institutional arrangements can lead to a loss of accumulated expertise and institutional competence ▪ Excessive focus on the demands and administrative requirements of specific funds which militates against integrated development ▪ Fails to differentiate sufficiently in the administrative burden required between small versus large projects, infrastructure versus soft projects ▪ Requires a lot of skilled human resources to implement ▪ National and regional interpretations of the regulatory requirements differs from one context to another and can lead in certain cases to delays in financial flows from Paying Authorities to beneficiaries ▪ Deters smaller players from getting involved (they lack the resources to meet the demanding control and documentation management requirements)

Integration and Complementarity

- Institutional structures for the implementation of Structural Funds are usually integrated into existing systems, with some exceptions. Thus MA, PA and Implementation Bodies are usually part of existing public service structures.
 - In some decentralised systems there is evidence of some duplication (e.g. paying authorities in Germany)
 - Ireland, Portugal, Burgenland provide evidence of the structures having been incorporated as a normal part of the public administration process outside Structural Funds policy areas. In most other regions this is not the case.
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Problems Related to Context

- In deconcentrated administrative systems, where decision making in relation to project approval is centralised, it can take up to 6 months to approve a project
 - In deconcentrated systems, financial flows can be significantly delayed if responsibility for payments is retained at the centre
 - Newly devolved or deconcentrated areas (e.g. Wales) can have difficulties of transition in the definition of roles for all of the actors. This causes period of uncertainty and adjustment.
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Net Effect in Policy-off situations

- There is a limited amount of evidence of the management structures for the Structural Funds implementation method having been adopted into non Structural Funds areas (e.g. Burgenland, Ireland, Portugal)
 - On the whole, while the institutions and processes have been well integrated and adopted for the purposes of managing structural funds interventions, they are largely separate and distinct from the normal management procedures for non-structural funds policy areas.
 - The system of consultation and partnership has given rise to examples of innovation in Government practices outside Structural Funds interventions (e.g. Valencia – Social and Economic Committee)
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The following comments should serve to explain some of the conclusions contained in the table above –

1. When management structures are clearly defined, with roles and coordination processes well explained, documented and implemented, the system works well. In the case studies that have been completed for this study, this is the situation in Alentejo, Burgenland, Ireland, Saxony, Spain Competitiveness, Valencia, Portugal POE, Italy Objective 3, France Objective 3, Lorraine, East Midlands, Bavaria, NRW, Veneto. This is not to say that there are no problems in these regions, but there exists a solid basis on which to resolve the practical problems as they emerge. Where management structures are not clearly defined, as for example in cases where newly devolved structures are just being implemented, there are problems. This is clear from the case studies of Wales, Greece Transport, Finland Objective 6, Central Macedonia. In some of these cases (e.g. Finland and Wales) there is evidence that these problems were related to start up teething problems that are being addressed. In this sense it can be said that the Structural Funds Management Structures have served as an impetus to public administration development and reform in the regions and to an increased move towards a regional, decentralised focus to development. The question of clarity of definition of roles is not as a result of a fault in the regulations but in the interpretation and implementation of the definitions that are provided.

2. The success of the Management Structures requires clarity in the definition of the roles of the institutional players involved (Monitoring Committee, Managing Authority, Paying Authority). This requires the existence of a well developed regulatory framework which has emerged over a number of programming periods, that is well explained, understood and accepted by all parties involved. There is evidence that this is beginning to be the case and that the structures are beginning to assume the character of an established system that functions well, despite a number of practical problems that are highlighted elsewhere throughout this report and this chapter. The message is, that while change is inevitable and necessary to adapt to new challenges and demands, the system is beginning to work well. Changes that may be introduced through the reform of the regulations should build on the experience already gained and not introduce radical changes that require significant restructuring, retraining and rebuilding of institutional and process arrangements. The Unity of General Regulations with regard to the definition of roles and the coordination of functions is a very positive contribution to the efficiency of the Management Structures. The unity of documents has simplified the normative framework and also helped co-ordinate the actions of the key players. The Unity of Regulations has forced administrations to act in a joint and co-ordinated manner. This is a feature that should be built on and any regulatory reform should take advantage of what has already been achieved in this area.
3. The institutional framework implicit in the programming process (Monitoring Committee, Managing Authority, Paying Authority, Implementing Bodies) are very valuable ways of ensuring that the programmes are implemented in an inclusive manner that takes account of the need for the highest standards of accountability. However, there are situations in which it might be possible to ensure that these institutional requirements take account of the national administrative system more flexibly. Thus for example, there are examples of duplication of structures that arise as a result of the need to comply with the letter of the regulatory requirements on institutional frameworks. These duplications lead to increases in costs and unnecessary complexities in implementation.
4. In centralised administrative systems, there is evidence of significant improvements in process management from one Programming Period to the next. This has resulted in providing a significant impetus to the public sector reform programme in some of these Member States with a considerable knock-on effect in terms of the competencies of the public servants involved in the implementation process. In decentralised systems, the improvement in Management Structures could be seen as more incremental. Overall however, there is evidence of a great leap forward in terms of the competence and capacity of the public administration systems involved. The improvements are to a great extent due to the need for coordination and cooperation between players who until then may have operated in a more unilateral and vertical style of management. The very nature of the Management Structures involved in implementing Structural Funds requires this coordination and cooperative approach.

5. In deconcentrated administrative systems, the Management Structures implied in the Structural Funds implementation system contribute significantly to an increased involvement by the regions in the management and implementation process. There is evidence for example that the Regional Development Agencies involved in these systems are increasing the level of their professionalism as a result of being involved in the programming, management and implementation of complex development initiatives. The Management Structures require the building of relationships between the players involved. This leads to increased communication and understanding within the system. However, there is also evidence of some lack of clarity in these systems with regard to the specific roles of the central versus the deconcentrated actors. These are issues however that appear to be inherent within the nature of the administrative system, where there is a mix of roles between the centre and the periphery, rather than as a result of provisions of the Structural Funds implementation system. Some of this lack of clarity emerges from the slowness in these systems of the central bodies adapting their procedures to the requirements of the Structural Funds system with consequent knock-on effects throughout the system in the actors outside the centre.
6. The Management Structures in place facilitate the implementation of horizontal themes in a much more efficient manner. These themes become integrated into horizontal programmes that would otherwise be implemented by line Ministries or dedicated agencies that would not be able to achieve the same degree of horizontal impact.
7. One of the problems of the system is its lack of flexibility in handling innovation. The Management Structures take a long time to implement – there are many processes and players involved. This can militate against situations where there is a need for a fast response to a situation that is innovative and mould breaking. This effect however cannot be attributed to the regulations but rather to the way in which they are interpreted and implemented at national and regional level. There is no evidence of any inherent anti-innovation measures within the regulations as they are regarding the roles of the institutional players in the process. However there are instances within all types of administrative systems where the Management Structures are perceived as being too bureaucratic and heavy handed. This is particularly the case from the point of view of project promoters who have been known to say that the Structural Funds are not worth the effort. This is not a uniform impression. There is evidence that this may be due to the local interpretation of the requirements rather than the nature of the regulatory provisions themselves.
8. There are some settings in which the reforms introduced in 1999 are perceived as having introduced too much rigidity. The combination of N+2, a downturn in the economy with resultant pressures on the availability of public and private funds, the late introduction of some rules (1685/2000) and the need for most administrations to introduce fundamental changes into the implementation framework, all contributed to a

significant increase in workloads and the first risk of sanctions in form of decommitment. These factors have been a source of frustration and annoyance. Some of these issues could be dealt with by ensuring that in future regulatory changes are introduced in a timelier manner. Others appear to be related to the uncertainties inherent in implementation and management of a multi-annual programme.

9. In decentralised federal systems there is evidence that the implementation procedures contribute to the quality of the management systems. Bureaucratic procedures in a federal system need to be complex to reflect the needs of large and diverse regions. However, structural funds with very specific requirements (e.g. the function of a MA with overall programme accountability) pose additional challenges to the system. Frequently these challenges are not met by changing the functions and procedures of existing bodies, but by adding new institutions and/or a separate set of rules. Thus in general structural funds have been absorbed in the system, but have created further complexity as the rules have been added to the existing ones, not integrated. This can create problems of human resource capacity (and this is not just with respect to decentralised federal systems) in that the implementation system and the Management Structures entailed in it require highly skilled personnel who are drawn off from other areas of the public sector. This can cause particular problems within implementing bodies who are seen as having problems recruiting and holding onto staff with the requisite skills.
10. Management Structures as defined by the Structural Funds implementation system involve the definition of lines of accountability. Responsibility for performance is clearly placed at the doorstep of the agency involved in the various steps of the process. This enables the performance of the various agencies / actors involved to be closely monitored and those involved held accountable for the results they have achieved. There are good examples of how this feature of the system has resulted in performance contracts being entered into within the system with important implications for efficiency and effectiveness. In this sense, N+2 is also a form of performance management indicator – the use it or lose it rule has not been universally popular because of the problems associated with the timing of the commencement of the programmes but nobody has objected to the principle of the need for control over the rate of absorption of funds and putting them to proper use.
11. In centralised economies, where decision-making has been retained at the centre for much of the Management Structures, there can be significant delays within the system (up to 6 months for example in approving projects). Thus, if an administrative system is particularly bureaucratic in its management style, the Management Structures of the Structural Funds implementation system can serve to exacerbate this. It is a question of adaptation to context, of interpretation of the regulations and procedures within a given administrative culture and management style. As a spin-off effect therefore, it can have undesired consequences although it cannot be said that the problem is one that is caused by the regulations themselves.

5.4 Project Selection

Responsibility for Project selections lies with the bodies responsible for implementation of the programme. For projects larger than EUR 50 million approval and implementation are defined in 1260/1999, Art 25 and 26. It is important to remember therefore that for the majority of projects, the selection process is one that is defined at national or regional level and is not directly governed by regulatory provisions. Problems and difficulties in this area are therefore on the whole caused by national and regional practice.

On the whole, the case studies provide evidence that the project selection process contributes to the quality, transparency, accountability and credibility of the system. However, project promoters frequently regard it as an unwieldy and bureaucratic process that takes too long to come to fruition. There is a lack of proportionality in the demands that are placed on small soft projects relative to larger hard projects. The process is also often seen as risk averse, with an emphasis on conformance to procedures and processes rather than on quality development.

Table 14
Project Selection

Advantages and positive spillover effects	Disadvantages and negative spillover effects
<ul style="list-style-type: none"> ▪ Increases transparency in the allocation of resources for projects ▪ Increases the quality of project preparation ▪ Increases project assessment and evaluation skills of those involved in process ▪ Better use of cost benefit and value for money analyses in policy situations ▪ Increases awareness of the value of evaluation techniques in public sector 	<ul style="list-style-type: none"> ▪ Administrative burden on project promoters is very high. The system fails to distinguish between small and large projects in this regard. ▪ Reduces flexibility and speed of reaction to innovative and dynamic situations ▪ Can result in standardised projects driven by the nature of the application process and the selection criteria ▪ Only 'safe' projects get through. No allowance for 'risk' ventures. ▪ There are many different models for project selection throughout the European Union. As a result the experience is not uniform. ▪ Many worthwhile projects from small promoters never reach the application stage because they feel it is not worth the trouble ▪ Project assessment for technical projects requiring specialist knowledge is often outsourced to external experts. This reduces the capacity of the public sector to make informed judgements.
<p>Integration and Complementarity</p>	
<ul style="list-style-type: none"> ▪ While the project selection process related to Structural Funds is integrated into the policy agenda of the regions covered by the case studies because the programme documents are integrated, there is no evidence of the methods used being applied outside the structural funds context. 	

Problems Related to Context

- In deconcentrated systems where decision-making is kept at the centre for project selection, there can be very long delays.
 - In large infrastructure projects there can be a serious problem of competence in assessing and selecting projects by public sector employees who lack the technical know-how required.
 - Where there are identified staff shortages (e.g. Wales) project selection and approval can take a long time and result in significant delays.
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Net Effect

- Since the criteria and practices involved in the selection of projects with a value less than EUR 50 million are defined and implemented at national and regional level, there is no issue with regard to net effect.
 - The selection of projects above EUR 50 million uses similar approaches as those required by the EC including cost-benefit analysis and environmental impact assessment. It is a question of best practice in projects of this nature. It could not be said however that the structural funds implementation was the cause of this approach.
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The following comments can serve to illustrate some of the conclusions contained in the table above –

1. There is general agreement that the project selection process enhances transparency. The existence of these transparent mechanisms also increases the level of professionalism of those involved in the selection process. Thus for example, the existence of calls for proposals, the competitive element involved in the selection process, the publicity attached to the whole process, the existence of steering groups and evaluation committees with clear terms of reference and guidelines for behaviour within the process, and the existence of measures designed to involve a wide range of actors all add to the professional culture associated with the process.
2. There does not exist a clear mechanism for project selection (for projects valued at less than EUR 50 million) across all regions involved in this study. There is in fact considerable diversity in the manner in which it is implemented. However, on the whole the process is seen as conservative, risk averse, not innovation orientated and very time consuming. Of course, this is not something that can be attributed to the regulations or to the Commission. It is however a problem that may require some assistance from the Commission to address. There would appear to be a need for definition of best practice in the area of project selection, with indications as to how the process can achieve efficiency and encourage innovation while reducing the administrative burden on project applicants. Thus for example, frequently project application processes involve the collection of data that will not be needed until later at the monitoring stage of project implementation. Perhaps there is a need to ensure that the project application process should differentiate between the collection of data needed to assess the value and viability of a project and address the data requirements

of the monitoring system later, once the project has been approved and is being implemented.

3. One of the issues to emerge from the case studies with regard to project selection is the question of standardisation of projects. It is argued sometimes that this is in some way anti innovation and a disincentive to propose risky projects. There is an observed tendency within decentralised systems to favour the introduction of rather standardised projects. This is due to the existence of clearly defined eligibility criteria (programme based, thematic, technical, financial) that encourage the emergence of projects that match the criteria but as a result share a number of characteristics and already contain within themselves many elements of best practice. This militates against the introduction of experimental projects, particularly those involving soft measures. The project selection process in these cases emerges as being tainted with inflexible bureaucracy that is incapable of handling risk and innovation. The result is that there is an inbuilt selectivity towards mainstream investment and infrastructure projects, which are safe. In centralised economies this takes the form of satisfying the major national infrastructure projects (for example the Olympic Games in Greece) to the detriment of many other localised projects. On the other hand, the existence of a clear process for the selection of large projects is considered to be helpful, as they help introduce a rational approach to decision-making and protect project selection from too much political influence. This is particularly important because of the fact that large projects have more impact on the overall programme performance. However, it would be wrong to conclude that standardised projects are by their nature anti-innovation. Innovation is and should be provided at the strategic level in the preparation of the overall Programme. Projects should then be developed which match the requirements for achieving the objectives of the programme and will as a result contribute to the attainment of the innovation that has been built into the strategy. In this sense, it is necessary to have standardised projects if one is to achieve a consistency in programme implementation. The important consideration therefore is the extent to which innovation is part of the strategy on which the programme is based.
4. In some deconcentrated systems there is evidence of the application and decision-making process lacking in transparency from the point of view of the beneficiaries. Deconcentrated structures operating at local level that have little experience in this area can serve as a hindrance to project selection and programme implementation. This is an issue of competence and development at local level however rather than any inherent problem associated with the Structural Funds implementation method. Thus in cases such as these the decision making process can be extremely slow (up to 6 months).
5. In decentralised systems, where there is a great emphasis on the quality of the project proposals, smaller projects may feel overwhelmed by demands of quality. Measures

receiving Structural Fund aid require higher project quality (particularly because of the mandatory controls) and thus exert pressure on the project organizers to operate more professionally. This can act as a disincentive to smaller operators to put their project ideas forward. However there are instances, for example in the Leader+ Initiative, which encourage trying out new options. Thus, there are many good examples of project development following a bottom-up approach, which creates room for many regional initiatives and inter-sectoral cooperation projects with the involvement of agricultural and forestry enterprises, commercial entrepreneurs and the tourism sector. Within the agricultural sector however there are problems when it comes to the creation of small enterprises, there are problems related to the conflict between on the one hand the need for commercial economies of scale, involving the creation of units of enterprise of a sufficient size to compete and sustain their growth, and on the other the growing demand for natural, organic agricultural enterprises that are frequently not sustainable on a commercial scale. Project selection under these conditions for small project proposers can be an insurmountable obstacle.

5.5 Project Implementation

A decentralised approach to project implementation prevails in the implementation of Structural Funds, in accordance with the principle of subsidiarity based on a division of tasks between EC and Member State. Therefore, as with project selection, the provisions for implementation of projects are largely the responsibility of Member States and Regions. Regulations affecting project implementation are principally those that refer to the Management Structures as described in section 5.3, monitoring and evaluation (see section 5.6) and financial control (5.7). The focus of this section is on the role of the bodies responsible for implementation and the impact the provisions that are made for this has on the efficiency of the implementation system itself.

On the whole, the case studies provide evidence that project implementation capacity and competence has increased significantly throughout the regions. However there is evidence of an excessive administrative burden in terms of project implementation on project promoters. This is particularly true in the case of smaller projects.

Table 15

Project Implementation

Advantages and positive spillover effects	Disadvantages and negative spillover effects
<ul style="list-style-type: none"> ▪ Builds up new competences and skills within the public sector, including and increased professionalism in project management and implementation ▪ Increase the level of accountability in projects by emphasising the transparency of accounting for resources allocated 	<ul style="list-style-type: none"> ▪ Requires dedicated resources of a high level of skill in implementation bodies ▪ Excessive demands on project promoters, especially with regard to small projects, mostly caused by the demands of monitoring of project implementation ▪ Lack of clarity, availability of information and training for project promoters on regulatory requirements. ▪ In situations where there is a multiplicity of intermediary bodies, horizontal coordination can be a problem. ▪ The demands of timetable (N+2) is seen as a disincentive to implement projects that are more complex in structure and require more time to set up ▪ There is the potential for crowding out of investment in other non Structural Fund areas
<hr/> <p>Integration and Complementarity</p> <hr/>	
<ul style="list-style-type: none"> ▪ There are good examples where the implementation of structural funds projects achieves a high degree of complementarity and integration with non SF funded projects (e.g. in deconcentrated Objective 2 regions) ▪ Provisions made for project implementation have contributed to a more integrated approach to regional development. <hr/>	
<p>Problems Related to Context</p> <hr/>	
<ul style="list-style-type: none"> ▪ Urgent infrastructure projects (e.g. Saxony) can be delayed because of the need to consult many partners. This involves implementing a model that is appropriate in one setting (former Western Germany Länder) into a context where the same socio-economic conditions do not apply and where the urgency for development is greater ▪ In situations where there are likely to be sudden changes (e.g. threat of floods or natural disasters, potential for more socio-economic crises, e.g. in new Länder), there is a need for a greater degree of flexibility in the management of funds within a programme. ▪ Implementing transnational and interregional projects through INTERREG III B and C is extremely difficult because of the lack of a shared understanding of the legal instruments for such purposes (contracts, evaluation mechanisms) <hr/>	
<p>Net Effect in policy-off situations</p> <hr/>	
<ul style="list-style-type: none"> ▪ Implementing bodies within the Member States and Regions have amassed considerable implementation competence and skills as a result of involvement in Structural Funds projects. ▪ There is an increase in the demand for skilled personnel to work in the public sector and more opportunities in the services sector in the private sector because of the demand for professional project implementation expertise. <hr/>	

The following comments can serve to illustrate some of the conclusions contained in the table above –

1. As was the case with project selection, there is evidence of a significant increase in the professionalism and quality of project implementation. The process helps to build up competence and capacity within both the public and the private sector.
2. In centralised subsumed systems, the implementation of major infrastructural projects such as railways, roads, airports, urban transportation, reveal the kinds of shortages in the area of suitably qualified human resources that major state-owned companies are faced with. In situations such as these, most of the Implementing Bodies/Beneficiaries are state-owned companies who provide services in the transportation sector. These companies in general have extensive experience in the procurement of equipment (buses, rails, etc) but not in major infrastructure projects. The technical demands of programmes such as these, force these bodies to seek the assistance of external consultants. However, the administrative demands of these programmes are equally overwhelming. Procedures relating to project proposal, management and monitoring have placed a huge burden on these bodies leading to bottlenecks in the whole implementation process. This is a problem that is caused principally by the lack of competence and expertise within the public administration systems in question rather than by the regulations. It does raise the question as to how the implementation system for structural funds should take account of this. The conclusion is that the efficiency of the project implementation system is dependent on the availability of human resources with relevant competencies. This cannot be taken for granted and perhaps should be the subject of more attention at the programming stage, with provisions being made for training and development of key administrators where required.
3. There is considerable evidence that the monitoring of the project implementation process and the provision of data for the purposes of reporting and claims for payment place very large demands on the project promoter. This is particularly true for smaller projects involving smaller actors with limited resources. There is a need for a greater sense of proportionality in dealing with projects that are different in nature and size, and that have different risk profiles. The system is at present too inflexible in this regard. This is particularly the case with regard to ESF and EAGGF funded projects.
4. There is evidence that the project implementation procedures used in the Community Initiative Programmes (INTERREG, Leader+) are more flexible and particularly suited to cross-sectoral project implementation. They are particularly good examples of a collaborative approach to project implementation, especially INTERREG where project implementation expertise across complex geographical and administrative barriers has been accumulated. However, the implementation of transnational projects within the framework of INTERREG IIIC and IIIB is unresolved. Since ERDF co-financing contracts are signed with the Lead Partner in accordance with the respective national

laws, while the project partners come from other EU states or third party states, the transfer of funds, proof of their use and controls can only be solved under private commercial law and remain unresolved under public law. As most of the Lead Partners are public institutions, there can be considerable implementation delays due to these uncertainties. Progress is being made in addressing these problems. The Commission has allocated technical assistance funding through the INTERACT Programme to identify best practice and to help resolve problems related to the development of instruments for cooperation.

5.6 Monitoring and Evaluation

This section focuses on the requirement for monitoring of indicators, based on the provisions for monitoring and evaluation contained in EC Reg. 1260/1999 Art 36. Art 37 contains provisions for the annual and final implementation reports. The need to conduct evaluations, their objectives and contents are defined in Art 40. Details on ex-ante, mid-term and ex-post evaluations are provided in Art 41 to 43.

While the overall value of monitoring and evaluation is recognised throughout the case studies, there is general agreement that it is over demanding and that the benefits that accrue relative to the costs are not sufficient to justify the effort required. There is little integration between the various monitoring systems that are put in place. This is further exacerbated by the demands of individual funds. It is also generally agreed that the 'ongoing evaluation' mechanism is a useful tool to improve the quality and effectiveness of programme management.

Table 16

Monitoring and Evaluation

Advantages and Positive Spillover Effects	Disadvantages and Negative Spillover Effects
<ul style="list-style-type: none"> ▪ Monitoring of programme and project implementation provides a basis for conducting in-depth analysis of performance and results. ▪ Monitoring of projects provides an opportunity for project follow-up and should enhance project implementation ▪ Monitoring of programme implementation through the Monitoring Committees enhances the involvement of partners in the programme implementation process ▪ Ex ante evaluation and mid term evaluation can provide genuine inputs into policy formulation, programming and implementation phases ▪ The use of 'ongoing evaluation' as a corollary to mid-term and ex ante evaluation can enhance the efficiency and effectiveness of programme management and implementation ▪ There is an increased awareness of the need for monitoring and evaluation ▪ Public administration competence is enhanced by the introduction of formal monitoring and evaluation processes ▪ The development of monitoring systems encourages the innovative use of Information Technology in public administration 	<ul style="list-style-type: none"> ▪ Programme management and implementation rely only very superficially on evaluation and monitoring. It is principally used for accountability purposes at a level above programme and project management and implementation. ▪ Monitoring committees are seen as the only place where Social Partners can have a voice. However this is seen as not really efficient because of the unwieldy nature of these bodies and their lack of genuine involvement in decision making on programme implementation ▪ In order to work well and become a genuine management tool, monitoring of programme and project implementation requires integrated monitoring systems using the latest technology. This is however not always available and the systems that do exist are frequently not integrated. ▪ Lack of competence in monitoring and evaluation within the public sector in many regions leads to poor use of the monitoring system and little use of evaluation outside the required areas ▪ Costs in time and money of setting up the monitoring system are perceived by programme and project managers as being too expensive relative to the value that they produce. ▪ Indicators used for evaluation purposes are frequently criticised as being of little value to programme and project managers. ▪ Ex post evaluation seen as of little value to Member State / Region. It consumes a lot of administrative time and resources that could be used more productively elsewhere
Integration and Complementarity	
<ul style="list-style-type: none"> ▪ The monitoring and evaluation functions are integrated into the institutional framework of public administration systems ▪ There is evidence of increased awareness of the value of evaluation and monitoring 	
Problems Related to Context	
<ul style="list-style-type: none"> ▪ Fund specific monitoring systems are frequently not integrated. This makes it impossible to gain an overall view. ▪ In deconcentrated and decentralised systems monitoring systems are frequently not integrated resulting in a proliferation of information that is of little use in development of new approaches to policy and programming ▪ There is very little process evaluation taking place within the evaluation structures that are in place 	
Net Effect in policy-off situations	
<ul style="list-style-type: none"> ▪ Monitoring systems have been developed to meet the requirements of Structural funds implementation rather than as the result of a perceived need at national or regional level. However there is evidence that evaluation is becoming more a part of the public administration culture of the regions covered by the case studies. 	

The following comments can serve to illustrate some of the conclusions contained in the table above –

1. The monitoring system should contribute to the professionalism of public administration by encouraging the creation of databases of relevant information on programme implementation and the creation of mechanisms for incorporating the use of this data into the management process. For this to work it is essential that there be a great deal of coordination and cooperation between many different actors. This however is not usually the case. There is a lack of systems in place and those that are not integrated. Considerable effort is put into the gathering of data that is not really used in the management and implementation process. There is a dichotomy between the gathering of data for monitoring purposes and the management of programmes and projects. Monitoring systems satisfy the accountability needs of the system (in particular the need for the Commission to report on the proper use of public funds). However they do not feed back sufficiently into the management process. This presents a challenge to the development of these systems in a manner that is seen as more relevant and more useful to the real needs of the managers of the programmes and projects. It is the lack of this connection between the data gathering process and the management process that results in a negative view of monitoring (and by relationship of evaluation) at this level.
2. On the positive side, there is some evidence that in decentralised and deconcentrated systems, the use of a system of data compilation and exchange of information, such as the software implemented by the managing authorities, is a secure and more efficient tool for management. This software also makes it more clear and controllable when correcting the amounts certified in previous years. The use of indicators at project level should give a more detailed view of the progress of project implementation by measure, due to the fact that the indicators should be directly linked to the payments for the project. This happens in some cases, but not in most.
3. There is a general agreement that the definition of meaningful indicators continues to be one of the most difficult aspects of the monitoring and evaluation process. There is however no evidence of a demand to stop doing it. On the other hand, for the monitoring system to work it requires the allocation of sufficient resources. There is evidence, particularly within the decentralised systems, of a lack of IT and human resource allocation to what is already a complex process in itself. As a result there is evidence of agencies continuing to maintain their own monitoring systems and a lack of integration between the different systems. Apart from the lack of inter-agency consolidation of monitoring systems, there is also the complexity associated with the consolidation of different fund-specific monitoring systems, which is time-consuming and costly. This complexity is exacerbated by the fact that payment claims and disbursement of funds are done on a fund-specific basis and there is little harmonization

within the Commission. Some of the implementing bodies consider the data entry process for the monitoring system and the reporting regime to be very time-consuming and costly.

4. Thanks to the Structural Funds implementation system, evaluation has become a standard feature of public administration in many of the regions covered by the case studies. The ex-ante evaluations and the midterm evaluations in particular are valued as programming and programme management tools. However there are questions raised as to the need for a mid-term evaluation in programmes that have started late and have therefore very little to evaluate. The use of 'ongoing evaluations' is seen as a very positive contribution to the implementation system. This allows for detailed adaptation to the specific demands and need of individual regions and settings. There is still evidence of a lack of skills and of dedicated competent units within the public administration to tackle this complex and skill intensive management exercise. Thus for example, there is evidence to suggest that Cost Benefit Analysis is still not conducted in a consistently high quality manner.
5. There is little enthusiasm within the public administration systems covered by the case studies for the ex post evaluation. This exercise is of course an essential step in closing the accountability loop on the part of the European Commission in fulfilling its duty to report back to the European Parliament and the European Court of Auditors on the use of public funds within the previous programming period, and this is recognised as an important exercise. As a management tool for the purposes of programming however it is not useful as it usually occurs too late to be taken into account in the preparation of the next programme. Perhaps however there is some way in which the lessons learned from the ex post evaluation exercise can be fed back into the management process. This could be addressed by the production of an end of programme analysis as part of an ongoing evaluation that distilled the lessons learned as a basis for the development of programmes for the next period.

5.7 Financial Management and Control

The regulatory provisions for the management and control of structural funds have developed significantly during the current programming period relative to previous programming periods. There is a greater emphasis on control and accountability and the regulations are much more precise in what is required. In many ways it is one of the defining characteristics of the current programming period and one that is frequently singled out for criticism. However, there is universal acceptance of the need for strong system of financial control and overall, there are no fundamental objections to the methods that are used. There are problems related to implementation of some of the regulations and these frequently arise with regard to differences in interpretation of the regulations – e.g. interpretation of eligibility of expenditure as provided for

in Reg. 1685/2000; interpretation of the extent of the certification required before claims can be made as provided for in Art. 4 of Reg. 438/2001.

The principles that govern eligibility of expenditure are tackled in Art 30 (1260/1999). Other regulations cover fund-specific eligibility issues (1783/1999 Art 2 for ERDF; 1784/1999 for ESF – Art 2, 3; 1263/1999 Art 2 for Fisheries; 1257/1999 for EAGGF Art 4 to 33). More details for the eligibility of structural fund expenditures related to certain measures being implemented through the various programmes are given in 1685/2000. Twelve rules on eligibility of expenditure are stipulated: (1) Expenditure actually paid out; (2) Accounting treatment of receipts; (3) Financial and other charges and legal expenses; (4) Purchase of second-hand equipment; (5) Purchase of land; (6) Purchase of real estate; (7) VAT and other taxes and charges; (8) Venture capital and loan funds; (9) Guarantee funds; (10) Leasing; (11) Costs incurred in managing and leasing the Structural Funds; (12) Eligibility of operations depending on the location. Regulation 1145/2003 amends these rules for specific issues (e.g. VAT, venture capital etc.).

Article 9 of EC Reg. 1260/1999 provides a definition of the Global Grants that were introduced during the current programming period for the first time to facilitate the management and distribution of large amounts of funding to assist in local development initiatives and entrusted to intermediary bodies such as local authorities or specialist agencies. Article 27 makes detailed provisions as to the use and management of these grants. Article 31 introduced the rule that has become known as the N+2 rule on automatic decommitment of funds after two years from the date of commitment. Budget commitments and payments are dealt with in Art 31 and 32. Article 29 makes provisions for the rates of cofinancing that will apply to the different Objectives of the Structural Funds. Detailed provisions regarding the management and control systems for assistance granted under the structural funds are contained in Reg. 438/2001, while provisions regarding financial corrections are made in Reg. 448/2001

With regard to Community Initiatives, as each Community initiative is financed by one Structural Fund (the ERDF in the case of INTERREG and URBAN, the ESF in the case of EQUAL, and the EAGGF-Guidance Section in the case of LEADER+), the scope of each initiative can be extended to that of the others to cover all the measures planned. The measures eligible for each Community initiative are set out in the Commission guidelines: For Interreg III, see the Commission communication COM(2000) 1101, published in the Official Journal of 23 May 2000 (C series, No. 143); for urban II, see the Commission communication COM(2000) 1100, published in the Official Journal of 19 May 2000 (C series, No. 141); for EQUAL, see the Commission communication COM(2000) 853, published in the Official Journal of 5 May 2000 (C series, No. 127); for LEADER+, see the Commission communication COM(2000) 946, published in the Official Journal of 18 May 2000 (C series, No. 139).

In all of the cases studies there is universal agreement about the need for accountability and transparency in the management and control of finances. The creation of independent Paying

Authorities has been welcomed as a significant contribution to achieving this accountability and transparency. However, there is a considerable degree of frustration with certain aspects of the system. These include the question of eligibility of expenditure and the diversity of interpretations on this topic; the quantity and intensity of the audits that are conducted; the degree of certification that is required in all projects regardless of size, complexity or risk profile; the degree to which duplicate systems are created to cater for different legal contexts within the Regions; the slowness in processing payment claims and disbursement of funds; the lack of flexibility in interpreting the N+2 rule. Many of these problems arise not from the regulations themselves (although some of them do) but from the interpretation that is made of them at local and regional level. The challenge is to identify where the problems arise and to see if there are ways in which they can be addressed.

Table 17

Financial Management and Control

Advantages and positive spillover effects	Disadvantages and negative spillover effects
<ul style="list-style-type: none"> ▪ Increased accountability and transparency ▪ The N+2 rule encourages speedy implementation of the projects and absorption of funds ▪ There are less irregularities in the use of public funds 	<ul style="list-style-type: none"> ▪ Regulations 438 and 1685 have significantly added to work load and the level of bureaucracy ▪ The requirement for 100% certification frequently leads to delays in disbursement of funds ▪ Differences in the interpretation of eligibility of expenditure between the Commission and the Member State / Region lead to a lot of insecurity and a tendency to err on the side of caution ▪ Inflexible arrangements for transfer of funds between priorities and measures in programme (there is no ceiling or limit of flexibility...) ▪ The N+2 rules discourages innovation and militates against quality in favour of speed and quantity ▪ There is no built in risk management in the model capable of handling risk in the way it is handled in, e.g. venture funds ▪ Duplication of systems as a result of different legislative demands of national and EC systems ▪ The fear of irregularities induces an over cautious approach ▪ Formal requirements for projects are applied regardless of the project size. In the case of small projects this leads to a lack of proportion between the level of funding and the administrative effort involved.
<p>Integration and Complementarity</p>	
<ul style="list-style-type: none"> ▪ There is evidence of the existence of dual systems in a number of regions – one that accounts for national / regional expenditure and another separate system to account for structural funds expenditure. This is caused by differences in legislative provisions. 	

Problems Related to Context

- Financial management and control fails to take account of standards and processes that have already been developed at Member State / Region level. These are in many cases high quality systems that should be endorsed based on a system of confidence and proven reliability.
 - Control mechanisms for ESF are seen as much more complex than for ERDF. In some instances the complexity is added to by the demands of national systems (e.g. POE – national law 160/2001 adds to the complexity of Reg. 1260/1999 and 438/2001)
-

Net Effect

On the whole, the structural funds financial management and control system is implemented specifically to cater to the requirements of the regulations and is not used in policy-off situations.

The key conclusions to emerge from the case studies regarding financial management and control are as follows –

1. The change within the current programming period from the use of financial commitments to payments actually made as a basis for financial management between the Member State and the Commission has served to increase transparency in the use of the funds. There is some frustration with the difficulties of meeting the N+2 targets but there is a genuine understanding of the value that this rules has contributed to the efficiency of the system and the increased absorption of funds. Similarly, the use of certification procedures for the preparation of claims for payments also contributes to a greater absorption of funds. The requirement for certification has also encouraged the use of external experts in the certification process, which encourages more differentiation in the public administration systems and helps to speed up the process. There is evidence of under utilisation of more innovative measures in the use and allocation of funds such as venture capital schemes, which are countable as commitments and payments. Such schemes are in use widely in the private sector, where the business model that govern them is based on the premise that while some investments fail, most succeed and some succeed spectacularly and thus compensate for any failures. There is a good deal of uncertainty however, about the interpretation and validity of models such as these. Similarly, in order to increase the ability to absorb funds in areas where it is seen to be working, a demand has been articulated in a number of the case studies for a wider degree of flexibility in the shifting of funding within priorities budget lines and even from one priority to another.
2. Regulations concerning the eligibility of expenditure are regarded as complex and open to confusion. Beneficiaries in decentralised systems believe that in the current system of eligibility can only really be assured after audit. For that reason many have said that they would prefer if the eligibility criteria used were those of the Land or Regional Government rather than the Commission – this would reduce their own uncertainty and risk. It must be said that the uncertainty about eligibility of expenditure relates to a small percentage of the funds involved. There is a limited number of funding instances that give rise to differences in interpretation. The problem is not necessarily one that is

caused by the regulation itself but by the need for clarity in its interpretation. Another issue raised in several cases is that formal requirements for projects are applied regardless of the project size. In the case of small projects this leads to a lack of proportion between the level of funding and the administrative effort involved. Applicants (especially smaller companies) are overwhelmed by complexity and costs of the accounting system required to meet the demands of certification. Implementing bodies prefer larger projects as the relative administrative work involved is smaller.

3. A number of countries have revised their procedures in an attempt to tackle problems of commitments and payments. The measures introduced include a simple increase in staff in programme secretariats (UK); targeted training sessions for project holders; streamlining project selection procedures; simplification of financial procedures (France); communication and awareness raising; improvements in monitoring. The following are some of the suggestions for simplification that have emerged from the deconcentrated French system¹⁰ –
 - 3.1 Allow a global appraisal of funds rather than an assessment of each project
 - 3.2 Exemption of grants below €23.000 from part of ex ante financial control assessment
 - 3.3 Simplification of applications forms for projects below €100.000 and facilitation of commitment decisions on the basis of letters of intention
 - 3.4 Setting up of regional accounts for EU receipts so that regional prefects can access funds directly without going through accounts of central state
 - 3.5 Option for sub national authorities to apply for global grants and to raise the share of global grants above the previous limit of 25% of the total SPD
 - 3.6 Modification of SPD before 2004 – New categories of beneficiaries; New eligible activities; Extend funding for infrastructure and local spatial development strategies; Advance raised from 5 to 20% if beneficiary has cash-flow problems.
4. In cases when co-finance is contributed on a project basis (e.g. UK), project holders do not always see a pressing need to submit timely payment claims (e.g. because Structural Funds account only for a small proportion of their budget or/and national/regional funds are used for pre-finance, this may be exacerbated by the lack of qualified human resources in Structural Funds secretariats to chase claims. There is some concern, that UK's public spending system with the tradition of rolling forward underspending from one financial year to the other might reflect and increase that problem¹¹.

¹⁰ These suggestions are based on material from *Review of Structural Funds March to September 2003*, Leoben, October 2003

¹¹ Leoben, *ibid.*

5. There is evidence that in some systems, both decentralised and centralised, there is a tendency to go beyond the requirements of Reg. 438/2001, by requiring that all monthly expense declarations should be accompanied by accountant and social security and tax clearance declarations and certifications, and that these be provided simultaneously by all project partners. This leads to systems of double control.
6. The problems posed for beneficiaries by the requirements of the system can be quite significant. The feedback from many of the case studies is that the costs associated with the controls are very high. These costs result from a requirement for additional qualified personnel responsible for the implementation of all the necessary controls, complex claims and project processing procedures due to the rules set out in Regulations 438/2001, 1685/2000 and 1553/2002. Many applicants expressed themselves as being overwhelmed by the task, especially smaller organisations. Incomplete documentation delays the settlement of accounts and can lead to serious financial problems. A large part of the problem lies in the fact that the administrative processes and consequent costs are not lower for smaller projects. (The introduction of a minor expense limit, such as the floor of EUR 7,000 for investments in agricultural enterprises alone fails to provide relief.) Providing evidence of how the funds are used can also be a problem in some cases (e.g. the central procurement of scanner registers, distribution to sub-organisations). Much of the problem lies in the fact that the Commission audit of expenses again questions the national interpretation of the eligibility of expenses. The solution could well lie in a more flexible approach to solving eligibility issues that takes account of national and regional differences and that is based on an agreed set of standards.

5.8 Summary – What has worked and what has not worked?

One of the objectives of the study (study objective 5) was to identify those elements of the implementation system that have worked and those that have not worked. In a sense this objective of the study provides an opportunity to synthesise the conclusions provided in the previous sections of this chapter in a way that highlights the areas of the system that should be left alone or enhanced because they are working well, and those that require something to change because they are not working. This section of the chapter will in this sense act as a bridge to the final chapter of the study (chapter 6), which will contain the overall recommendations that are made, based on the evidence provided in chapter 4 and the conclusions drawn in chapter 5

The material presented in this section represents the professional opinion of the evaluators who completed the case studies and is based on the opinions and experiences gathered by them in the 153 in-depth interviews that were conducted as part of the study.

What has worked well?

1. The Programming process is of significant value in the generation of harmonised development strategies between central and regional authorities (in decentralised and deconcentrated systems). It also has significant value in its ability to leverage investment and development capital from the public and private sector. The multi annual aspect of programming provides security in the provision of funds for development over a long period. The potential to address crosscutting and horizontal themes is also greatly facilitated and strengthened by the Programming process. The programming approach also provides the basis for the use and development of performance related management contracts with those entrusted with the implementation of the programme.
2. The management structures that have been put in place to support the implementation process, in particular the roles of the Managing Authority and the Paying Authority. These institutions ensure stability and coherence in the implementation and payment system.
3. The use of specialist intermediary bodies for project implementation has resulted in the growth of competence within the public administration system and has also resulted in a more differentiated system that involves a range of actors from both the public and private sector. The introduction of project monitoring systems provides the basis for more efficient project follow-up and for an assessment of the effectiveness of programme implementation. Project selection processes have contributed to an increase in the quality of the projects that are implemented and to the transparency in the distribution of funds. The use of Global Grants has greatly enhanced the efficiency of funds utilisation in a manner that is appropriate for local and regional development needs.
4. The use of ex-ante and mid term evaluations is seen as greatly enhancing the efficiency and effectiveness of the implementation process. The trend towards the use of 'ongoing evaluations' is seen as a useful approach to continuous quality improvement in programme and project implementation.
5. Provisions for the disbursement of funds on the basis of payments made rather than commitments is seen as increasing the absorption rates within the programmes. Similarly, the certification process also contributes to an increased awareness of the need to ensure regular progress in project implementation that results in absorption of funds. The N+2 rule is on the whole, regarded as a positive contribution to the efficiency of project implementation.

What has not worked?

1. The long approval process for programming documents, frequently resulting in late starts for programmes, with resultant impact on N+2 rule, is a source of considerable

frustration. Some regions consider that the Commission is too involved in the programming process itself. The need for the Programme Complement is also frequently questioned. It is seen as an unnecessary duplication of information, particularly in SPDs that already contain a good deal of information on the implementation structures.

2. While there is universal agreement about the need for monitoring as an important dimension to accountability, there is little evidence that the outcomes of the monitoring system are being fed back into the management process. The costs and benefits of the monitoring and control system are frequently referred to as being out of balance. It is the perception of programme and project managers that the actual use to which the data produced by the monitoring system does not justify the enormous amount of energy, time and human resources that is put into collecting them. Smaller projects in particular are seen as being overly monitored relative to the value of the investment. There is the additional and related problem of the lack of integration between the monitoring systems that have been implemented. The problem is not that monitoring should not be done but rather that the systems that are used should be more integrated and the outputs of the system should be available for improving management performance. The implementation of the monitoring system also shows differences between the funds (ERDF, ESF, EAGGF) that are not related to provisions of the regulations but rather to local interpretation of these regulations. There is a need to ensure that project promoters and programme and project managers are not overburdened with unnecessary data generation activities.
3. Financial flows are considered to be very long and complex. This is frequently not as a result of the regulations themselves but rather to national and regional interpretation of these regulations. There is a lack of uniformity in the interpretation of the rules on eligibility of expenditure and in the practice of certification. As a result, the costs of implementing the demands of Regulation 438 and 1685 are seen as very high. The certification of expenditure is seen as being excessive. There should be a greater use of sample audits based on reliable sampling techniques and a greater acceptance of the standards already existing within public systems at national and regional level. There is a need for a coherent and agreed approach to the certification of expenditure in multi-country and transnational projects.
4. Financial control mechanisms are characterised as being risk averse in the extreme, with no built-in risk management model as one would find, for example, in the state of the art venture funds, which build in risk into their calculations. These models are based on the assumption that some investments fail, most succeed moderately well and some succeed spectacularly well. Thus the balance of risk is positive if properly managed.
5. The 7% advance of funds is seen as too little and too slow by project promoters. This reflects more on the transfer of funds within the Member States and regions than from

the Commission to the Member State. This can result in cofinancing problems, particularly with regard to the larger projects, when private cofinancing is involved. The problem seems to be one of a lack of clarity in the interpretation at Member State and regional level of the regulations in the area of transfer of advance payments.

6. There is evidence of the existence of double accounting systems in a number of regions. This is particularly true in decentralised systems. The implementation system does not seem to be capable of accepting the reliability, quality and legality of the accounting systems that are already in place within the region concerned and does not adapt to the diversity of legal systems in this regard.
7. There are too many audits of a very exhaustive nature from a variety of different actors. It should be possible to achieve greater coordination between the various actors who require accountable reporting and a greater recognition of their mutual standards and processes in order not to have to repeat audit exercises at the great inconvenience and cost to the project implementation system.
8. The application of the N+2 rule in an indiscriminate way is seen as working against innovation and quality. Some more risky and complex innovative projects take a bit longer to implement. There is a need for flexibility with regard to these. Examples would include transnational and interregional projects, involving partners from a number of different States and Regions, requiring significant coordination and adaptation to different political, legal, administrative contexts. Projects such as these have the potential to deliver high value outputs but require more time.
9. Proportionality is an issue at programme and project level: implementation rules are applied in the same way for large programmes and large projects as for small ones. This approach does not take into account, that for small programmes and projects the level of funding is disproportionate to the administrative effort involved.
10. The completion of the previous programming periods is seen as taking too long and the ex post evaluation is of no use in preparing for the following period.
11. There is not enough attention paid to providing project promoters with easily understandable information on the process and educating them to be able to take full advantage. There is a culture among potential project promoters that Structural Funds are not worth the effort. This will require a considerable amount of effort to achieve a greater shared understanding and a greater shared vision of what is being done and the reasons.

6. Recommendations

The Conclusions in the previous chapter demonstrated that many aspects of the Structural Funds work well, but that there is still room for improvement. The Conclusions also demonstrate the complex nature of the implementation system for the Structural Funds and the fact that complexities stem from different sources for which the Commission, the Member State or the Regions may be responsible. The recommendations which follow suggest where action should be taken to further enhance the efficiency of the Structural Funds. Many of these actions need to be taken in partnership between the Commission and the Member States, while others require action within Member States between the Member State level and the region.

Recommendation 1 – Partnership

Partnership has been one of the successful elements of the structural funds implementation system. However there are some practical concerns that need to be addressed. These include the following –

- There is a need for a clearer definition of the partnership relationship between the Commission, Member States and Regions in a manner that identifies the specific contribution that each can make to increasing the efficiency of the implementation system and achieving the goals of simplification.
Action – European Commission and Member States
- Membership of monitoring committee does not guarantee partnership in itself. There is a need to promote more institutionalised partnership in Member States and Regions through consultation in the programming and planning phases.
Action – Member States and Regions
- Financial control is at present not partnership based. It should be inspired by relations of trust based on the definition of standards and proper accountability procedures rather than the imposition of top down regulations and should avoid the necessity for duplication of systems.
Action – European Commission and Member States
- The partnership approach, involving consultation with all key stakeholders and coordination of inputs into policy formulation, programming and implementation, is not evidently used as a planning principle in non-structural funds policy areas.. The wider use of this approach should be encouraged in order to promote more integration and complementarity between national / regional and EC approaches.
Action – Member States and Regions.

- There is a need to focus on training for partnership, especially in situations where it entails an increase in workload, in order to ensure that it is not a demotivating factor for staff.

Action – Member States and Regions.

Recommendation 2 – Programming

As a core principle underpinning the whole implementation process, the programming approach to Structural Funds allocation and regional development should be maintained and reinforced. It is universally acclaimed throughout all of the case studies as one of the most beneficial aspects of the whole process. Some recommendations for improvement however include the following :

- There is a need for evidence of more inter-DG cooperation and coordination within the European Commission. This should speed up the approval process of programme documents and ensure a more coordinated approach to programming. Approval of programming documentation should be done in line with the deadlines set out in the regulations.

Action – European Commission

- In Objective 1 regions where multi-fund programmes are the norm, this inter-DG cooperation is especially critical. There should be a single management and monitoring process for a programme that is covered by several different funds.

Action – European Commission.

- Any changes in the overall implementation system should be signalled and introduced well in advance of the programming period. Delays in this regards cause not just frustration and negative image in the Member States, but result in delays that affect the absorption rate of the programme and the project implementation rate.

Action – European Commission

- The need for a Programme Complement, particularly for Single Programming Documents, should be reviewed. Quite frequently the information contained in the SPD is a sufficient basis for programme implementation and control.

Action – European Commission and Member States

- A clear guidance on the requirements of the EC on the programming document should be made available before programming actually starts. The methodological working papers as released during the ongoing programming period for various issues related to structural funds, provide a useful format.

Action – European Commission

Recommendation 3 – Project Selection and Implementation

The project selection and implementation process of the structural funds implementation system works well in a range of different context and administrative settings. It can suffer from a degree of complexity because of the need to involve a large number of actors, especially in decentralised and deconcentrated settings, and also because of the demands placed on project promoters. Responsibility for this aspect of the implementation system is largely with the Member States except in the case of large projects. In order to reduce complexity and to ease the administrative burden on project promoters the following recommendations are made –

- There should be a differentiation between the information required for small projects and for large ones. Request for information from promoters of small projects should be required to provide only the information required to enable a judgement to be made on the suitability and viability of the project. Additional information that will be required for monitoring purposes can be collected later
Action – Member States, Regions
- Small scale projects, and in particular those funded by the ESF, should not be subjected to the same degree of scrutiny as large projects. There is a need to introduce a differentiated, more flexible approach to the assessment, implementation and monitoring of small projects in order to speed up their take-up and reduce the burdens on small scale project developers.
Action – Member States, Regions
- Project promoters should be provided with clear instructions and information regarding the project selection process and the obligations they will incur once the project has been approved. This should take the form of an information document that contains clear checklists and should include provision for educational seminars and assistance to facilitate the implementation of the requirements.
Action – Member States, Regions
- Large projects require a great degree of Cost Benefit Analysis and project management skills. Public administration officials should be provided with the necessary external expertise to fulfil these functions where necessary and with sufficient training and education to ensure that they build the necessary competences.
Action – Member States, Regions

Recommendation 6 – Monitoring

While there is broad based support for the principles underlying the Monitoring system, there are elements of the monitoring system that could benefit from improvement. It has the potential to become a significant tool in increasing the efficiency and effectiveness of the management and implementation of programmes and projects. The following recommendations are intended to lead to a more relevant and more integrated monitoring system –

- Monitoring systems should be reviewed to take account of the relationship between the work involved in generating the data and the use to which this information is put. In this sense it should be sensitive to the different requirements of programme managers and technical secretariats on the one hand for whom the monitoring system is of central importance in tracking programme implementation, and the needs of funding Ministries, intermediary bodies and / or project managers on the other hand, who are required to supply the information but for whom the system is of no apparent benefit. The system should be used to generate information of direct benefit to those involved in the collection of the data.

Action – Member States, Regions

- The monitoring requirements for individual funds should be examined in order to simplify the system and enable a uniform approach to be adopted. This is of particular importance in multi-fund programmes such as Objective 1. Master data collection sheets should be simplified.

Action – European Commission, Member States, Regions

- Monitoring systems at national and regional level should be integrated in order to ensure that they generate a uniform view of programme implementation across a range of settings. This will require investment in information technology and monitoring systems that should be based on an examination of best practice in this area. The emphasis should be on the generation of useful information rather than on the creation of complex systems that are of little use to programme managers.

Action – Member States, Regions

Recommendation 7 – Evaluation

Evaluation is a valued element of the implementation process. It is an essential component of the project life cycle and provides the basis for a rational approach to entering into new phases of programmes and projects. The following recommendations are aimed at ensuring that the maximum value for the management of programmes and projects is extracted from this important element of the implementation system –

- Ex-ante and Mid-Term Evaluations should where appropriate be complemented by ongoing evaluations and reviews of progress in order to ensure that the lessons learned are being implemented and in order to address problems as they arise. This is

particularly appropriate if the programme has started late and there has been little time for implementation before the mid-term evaluation becomes due.

Action – Member States, Regions

- Public administration systems at national and regional level should invest in the training and development of their staff in the techniques of evaluation. Guidelines for evaluation should be provided to all programme and project managers and should be used as a basis for the preparation of indicators for programmes and projects.

Action – Member States, Regions

- An end of programme analysis should be conducted with a view to distilling the lessons learned and providing a basis for incorporating these lessons into the next programming period. These should be checked against the results of the ex post evaluation when they become available.

Action – Member States, Regions

- Ex post evaluations should be reviewed to assess ways of encouraging a more speedy introduction of the findings into the management of the current programming period.

Action – European Commission, Member States, Regions

Recommendation 8 – Financial Management and Control

Financial control measures are recognised throughout the case studies as being an essential part of the accountability requirements of the implementation system. The introduction of the new regulations in the current programming period are seen to have brought with them increased workload for already overburdened administrative personnel. While there is full endorsement of the need for accountability and control, the broadly held opinion is that there is room for introducing more flexibility and simplicity into the system. This could include the following –

- Bilateral arrangements should be made to do away with double accounting systems that occur because of lack of compatibility between national, regional and EU legal instruments. This would require a harmonisation of approaches to dealing with the management of cash flow before, during and at the end of programme and project implementation.

Action – European Commission, Member States, Regions

- Financial control systems in Member States that meet certain standards of accountability and quality could be certified as such and accepted by the Commission as sufficient to meet the requirements of the Treaty in this area. This approach would be more reflective of a partnership approach to the management of the implementation system.

Action – European Commission, Member States, Regions

- Member States and Regions should have increased flexibility to change financial projections within agreed limits while respecting co-financing limits. There should be a facility to enable up to 20% transfer between measures and 10% between priorities, provided that the EC contribution ratio does not change overall and that the total amount of transfers does not exceed 10%.

Action – European Commission, Member States, Regions
- The number of audits required should be reduced based on a system of certification of standards of audits between the agencies concerned.

Action – European Commission, European Court of Auditors, Member States, Regions
- Provision of advance payments to project promoters should be reviewed in order to ensure timelines and speed of transfer.

Action – Member States, Regions
- There is general acceptance of the principle of reimbursement as a basis for payments. However, fund transfers from the Commission should be received within one month of approval of claim.

Action – European Commission
- There is a need to review the N+2 rule with a view to permitting a more flexible adaptation to the differences in context and in programme and project type. Thus for example, in transnational and interregional projects, the N+2 rule is seen as an inhibition to tackle complex projects that take longer to set up and implement. The same degree of flexibility should be shown in other innovative and riskier projects with the prospect for good returns.

Action – European Commission, Member States
- There is a need to examine ways of introducing risk management models and approaches into the management of EC funds. There are good models available in the private sector that should facilitate an accountable approach to maximising return on projects with specific risk profiles and projected returns. This will bring more clarity to the understanding and interpretation of items such as venture capital.

Action – European Commission, Member States

Recommendation 9 – Performance Reserve

In general the existence of the performance reserve is regarded favourably in that it encourages and stimulates performance. However there is as yet no clear idea as to how it will function. There is a need for a clearer definition of the use to which this tool will be put and to the interpretation that is given to it.

Action – European Commission, Member States

Recommendation 10 – Information and Publicity

Information and publicity is universally regarded as a useful and necessary dimension to the implementation process. There is however evidence that not enough resources are allocated for the purpose and there is an unevenness in the use of the tool. It would be particularly important for example to ensure that in situations where new policies or approaches are being adopted that require the commitment of a wide range of players, a more concerted programme of information be engaged in encompassing activities of an educational, training and developmental nature.

Action – Member States, Regions

Recommendation 11 – Roles of Key Actors

There is a need at national and regional level for a clearer definition of the respective roles of the key actors involved in the implementation process. In the spirit of partnership, it should be defined more clearly what the respective roles of the Commission, Member States and Regions are in the implementation process. Confusion with regard to this important point undermines the concept of a partnership approach. Particular attention should be given to the need for additional information and publicity measures to clarify this role at national level, including the use of workshops, seminars, conferences and other training and development initiatives. The aim should be to achieve as far as possible a shared vision of the complementarity of roles among the key stakeholders.

Action – Member States, Regions

Recommendation 13 – Cost Efficiency and Cost Effectiveness

In general the evidence from the study points to a significant divergence in the costs of implementation. There is a need for more data on this to be collected as part of the programming and monitoring process. Differences from one programme type, from one administration type and from geographic area to another should be made known with a view to creating benchmarks that take account of contextual differences and highlight examples of good practice. It is essential that in this exercise it is established that sufficient resources are being allocated to programme implementation and that the TA budgets are being used to maximum advantage.

Action – European Commission, Member States, Regions

Annexes

Annex 1 – Assessment of Impact

Factors / Implementation Mechanisms	Direction of Impact- Negative or Positive	Intensity of Impact- Low or High
ACTORS		
1. The Commission – Policies, Priorities and Organisation	- □ □ □ □ +	L □ □ □ □ H
2. National Government – Policies, Priorities and Organisation	- □ □ □ □ +	L □ □ □ □ H
3. Regional / Federal Government – Policies, Priorities and Organisation	- □ □ □ □ +	L □ □ □ □ H
4. Monitoring Committees – Policies, Priorities and Organisation	- □ □ □ □ +	L □ □ □ □ H
5. Managing Authorities – Organisation	- □ □ □ □ +	L □ □ □ □ H
6. Paying Authorities – Organisation	- □ □ □ □ +	L □ □ □ □ H
7. Implementing Bodies – Organisation	- □ □ □ □ +	L □ □ □ □ H
8. Beneficiaries – Organisation	- □ □ □ □ +	L □ □ □ □ H
9. Social Partners – Priorities, organisation	- □ □ □ □ +	L □ □ □ □ H
10. External Experts – reports	- □ □ □ □ +	L □ □ □ □ H
CONTEXT		
11. Political Context	- □ □ □ □ +	L □ □ □ □ H
12. Socio-Economic context	- □ □ □ □ +	L □ □ □ □ H
13. Administrative Structures	- □ □ □ □ +	L □ □ □ □ H
14. Institutional Structures	- □ □ □ □ +	L □ □ □ □ H
15. Forms of Intervention	- □ □ □ □ +	L □ □ □ □ H
16. Future of EU – Enlargement	- □ □ □ □ +	L □ □ □ □ H
RULES, PROCEDURES & TECHNICAL SUPPORT		
17. Measures to implement EU Regulations and Procedures	- □ □ □ □ +	L □ □ □ □ H
18. Programming	- □ □ □ □ +	L □ □ □ □ H
19. Management Procedures	- □ □ □ □ +	L □ □ □ □ H
20. Control Systems and Procedures	- □ □ □ □ +	L □ □ □ □ H
21. Development and use of monitoring system	- □ □ □ □ +	L □ □ □ □ H
22. Development and use of evaluation system	- □ □ □ □ +	L □ □ □ □ H
23. Assessment and Selection of Projects	- □ □ □ □ +	L □ □ □ □ H
24. Financial Procedures	- □ □ □ □ +	L □ □ □ □ H
25. Partnership	- □ □ □ □ +	L □ □ □ □ H
26. Coordination	- □ □ □ □ +	L □ □ □ □ H
27. Measures to ensure Information and Publicity	- □ □ □ □ +	L □ □ □ □ H
28. Relationships between MA and Implementing Bodies	- □ □ □ □ +	L □ □ □ □ H
29. Technical Assistance	- □ □ □ □ +	L □ □ □ □ H
30. Other monitoring activities of programme implementation	- □ □ □ □ +	L □ □ □ □ H

Annex 2 – Checklist

Factors / Implementation Mechanisms	Characteristics / Dimensions – Indicators	Scores			
		0	.25	.5	1
1. The Commission – Policies, Priorities, Organisation	▪ Policies and priorities seen as directly relevant to needs of Member State or Region	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Regulations are seen as assisting in efficient, account table implementation of programmes and projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Decisions taken promptly on approval of programmes, programme complements, transfer of payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The system designed for the implementation of SF is seen as efficient	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. National Government – Policies, Priorities, Organisation	▪ There is full integration between Government Policies and SF policies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ There is no tension between national institutional and administrative structures and those required to implement SF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ SF processes and procedures are also used in policy off situations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Regional / Federal Government – Policies, Priorities, Organisation	▪ There is full integration between Government Policies and SF policies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ There is no tension between national institutional and administrative structures and those required to implement SF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ SF processes and procedures are also used in policy off situations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Monitoring Committee – Policies, Priorities, Organisation	▪ Composition and functioning of MC guarantees inclusiveness and partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Existence and work of MC is necessary for the efficient implementation of the SF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Managing Authority – Organisation	▪ The MA is highly respected within the hierarchy of Ministries and Government Departments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The MA is seen as organised and structured in an appropriate manner to fulfil its functions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The staffing levels in the MA are seen as adequate and appropriate in the national / regional context for the functions to be fulfilled	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The MA has appropriate external support networks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The physical location and resources of the MA are seen as adequate for its functions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Paying Authority – Organisation	▪ The organisational configuration, internal information flows and decision making structures of the PA are in line with the requirements of Regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The staffing levels in the PA are seen as adequate and appropriate in the national / regional context for the functions to be fulfilled	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The PA has appropriate external support networks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The physical location and resources of the MA are seen as adequate for its functions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The work of the PA is seen as contributing to the implementation of a fair and accountable management system for SF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Factors / Implementation Mechanisms	Characteristics / Dimensions – Indicators	Scores			
		0	.25	.5	1
7. Implementation Bodies – Organisation	▪ IBs have been chosen because of their competence and capacity in the specific sector for which they are responsible	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ IBs are seen as not being overstaffed in the context of the administrative and institutional structures in the Member State / Region	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ IBs make use of appropriate external resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The physical location and resources of the IBs are seen as adequate for its functions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Specific provisions for the identification, assessment and selection of projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Good working relationships and communications exist between MA and IB	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Project selection and assessment is perceived as fair, transparent and conducted in accordance with clear, widely known pre-determined criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The work of the IBs is seen as necessary and important in the context of national planning and development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Beneficiaries – Organisation	▪ Beneficiaries have sufficient information to enable them to participate in SF projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Beneficiaries know how to take full advantage of opportunities under SF programmes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The application process is simple, transparent and fair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The time taken from application to approval is not excessive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Social Partners – Priorities, Organisation	▪ All the social partners are involved in the Programming and Planning process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Social partners have taken ownership of the outcome of the Programming process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. External Experts – Reports	▪ There is a sufficient pool of external experts available to provide TA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The mid-term evaluation is being conducted on time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Political Context	▪ EU Policies associated with SF are an integrated part of national policies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ There is no conflict / tension between national policies and regional policies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The political parties in the Member State / Region under consideration understand and support the policies that underpin the SF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Socio-Economic Context	▪ The implementation of SF is flexible enough to take account of changes that take place during the programming period in the economic and social context of the MS / Region	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Administrative Structures	▪ The public administration system in the MS / Region has integrated the practices and processes of the SF implementation system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The SF implementation system is seen as a positive contribution to the development of the administration system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Administration systems in policy-off situations use SF implementation systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Factors / Implementation Mechanisms	Characteristics / Dimensions – Indicators	Scores			
		0	.25	.5	1
14. Institutional Structures	<ul style="list-style-type: none"> ▪ Institutional Structures for the implementation of SF are fully integrated into the institutional structures of the Member State / Region 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Forms of Intervention	<ul style="list-style-type: none"> ▪ The specific implementation requirements and idiosyncrasies of each of the SF funds have been identified and provided for ERDF, ESF, EAGGF, FIFG, Cohesion Fund, CIP 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ A clear typology of intervention types exist and efficiency indicators for each one have been identified and are monitored 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ There are no major differences in efficiency from one intervention type to another 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Future of EU – Enlargement	<ul style="list-style-type: none"> ▪ The MS / Region has clearly identified the implications of enlargement for itself and made plans to deal with it 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ An active and informed debate has taken place at national level on the implications of enlargement 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ The MS / Region considers that the current implementation system for SF will be capable of coping with the complexities of enlargement 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Measures to Implement EU Regulations and Procedures	<ul style="list-style-type: none"> ▪ Guidelines on State Aid are implemented 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ Criteria for eligibility of expenditure applied 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ Procedures for access to financing are clearly explained and disseminated 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ Rules for the management of financial flows are implemented 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> ▪ Other horizontal Community Policies (competition, environment, equal opportunity) are integrated into the programming and planning process 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Factors / Implementation Mechanisms	Characteristics / Dimensions – Indicators	Scores			
		0	.25	.5	1
18. Programming	▪ A guide to the Programming Process exists and is widely disseminated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Length of time involved in Programme Preparation is in accordance with guidelines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Length of time involved in gaining Programme Approval is in accordance with guidelines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Length of time involved in preparing Programme Complement is seen as worthwhile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Approval of Programme Complement is speedy and efficient	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Comments from the Commission and from Monitoring Committee are integrated into the final Programme and seen as useful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Research and surveys of needs and socio-economic context are integrated into the Programming Process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Data from previous monitoring and / or evaluation exercises are integrated into the Programming Process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Sufficient technical assistance is available for the Programming Process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The Programming Process for SF is fully integrated into national / regional programming and planning processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Programming and planning for policy-off situations is conducted in the same way	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	19. Management Procedures	▪ Structure and technical configuration of management procedures for the overall management of SF are in accordance with regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Structure and technical configuration of management procedures for financial management of SF are in accordance with regulations		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Structure and technical configuration of management procedures for the management of the administration of SF are in accordance with regulations		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Management controls have been implemented in accordance with regulations		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ The information management system (installation, functionality, connectivity etc.) is in accordance with regulations and guidelines and is seen to function efficiently		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ The use of Global Grants (form, scope, identification of intermediary bodies) is in line with regulations		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ The interaction / integration between management and monitoring is seen as efficient		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ There is sufficient TA available to management personnel		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ The Management Procedures in place are seen to work well and to be necessary		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Management Procedures for SF are fully integrated into National / Regional Management Procedures		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Factors / Implementation Mechanisms	Characteristics / Dimensions – Indicators	Scores			
		0	.25	.5	1
20. Control Systems and Procedures	▪ The structure and technical configuration of the control system meets the information generation needs of the Management system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ A clear typology of controls for different types of projects exists	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ A typology and analysis of irregularities discovered exists and is used for monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Irregularities and problems discovered are documented and have been managed well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Sufficient TA exists for this management function	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The controls systems and procedures are seen as necessary and work well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The controls systems have been integrated into the national / regional controls systems and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Development and use of Monitoring System	▪ The architecture and characteristics of the physical, financial and procedural monitoring system of the MA are in line with requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Processes and outputs of the monitoring system are in accordance with regulations / management needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Procedures and mechanisms for the use and assessment of the outputs of the monitoring system are clearly described and implemented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Interaction / integration between monitoring and evaluation is actively implemented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Problems encountered and solutions adopted in the implementation of indicators are documented and used as a basis for future developments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The monitoring system is seen as necessary and working well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The monitoring system is fully integrated into the National / Regional monitoring system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Development and use of Evaluation System	▪ The architecture and characteristics of the evaluation system of the OP are in line with needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Processes and outputs of the evaluation system are documented and used as a basis for future planning and management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Criteria for the assessment of the independent evaluation service and tasks and functions of the independent evaluator are documented and implemented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The interaction / collaboration between the independent evaluator and the MA and in particular, with the person responsible for evaluation within the administration, is clearly described and documented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The evaluation system is seen to be necessary and to work well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The evaluation system is used also in policy-off situations and is integrated into the National and Regional management system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Factors / Implementation Mechanisms	Characteristics / Dimensions – Indicators	Scores			
		0	.25	.5	1
23. Assessment and Selection of Projects	▪ The composition, attributes and responsibilities of the team responsible for the assessment, evaluation and selection of projects is clearly documented and adhered to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Criteria adopted for the assessment, evaluation and selection of projects are clearly defined and implemented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The assessment, evaluation and selection of projects is seen as necessary and works well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The assessment, evaluation and selection of projects is used also in policy off situations and is integrated into the National / Regional management system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Financial Procedures	▪ Financial flows are managed in accordance with the requirement of the Regulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Procedures used by the Paying Authority are in accordance with the requirements of the Regulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Financial flows demonstrate an absorption capacity that is in line with the targeted rate of implementation of Priorities and Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Performance Reserve is seen as necessary and expected to work well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Rule of automatic decommitment is seen as necessary and expected to work well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The financial procedures are seen as necessary and work well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ The financial procedures for SF are adopted in policy-off situations and are fully integrated into the National / Regional management system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. Partnership	▪ Structure and functions of partnership are clearly defined and implemented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Partnership is seen as a necessary and works well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Partnership is adopted also in policy-off situations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26. Consultation	▪ There are regular consultation activities between the MA and Social Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ There are regular consultation activities between the MA and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ There are a variety of mechanisms used for consultation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Consultation is seen as necessary and works well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Consultation is also used in policy off situations and is fully integrated into the National / Regional management system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27. Measures to ensure Information and Publicity	▪ The Information and Publicity Action Plan is in accordance with Reg. 1159/2000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Progress in information and publicity actions is in line with the action plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Information and publicity is seen as necessary and works well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Information and publicity measures are also adopted in policy-off situations and are fully integrated into the National / Regional management system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Factors / Implementation Mechanisms	Characteristics / Dimensions – Indicators	Scores			
		0	.25	.5	1
28. Relationship between MA and Implementing Bodies	▪ Relationship between the MA and the Implementing Bodies and clearly described and implemented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Active communications networks between the Administration and the Implementing Bodies exist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29. Technical Assistance	▪ Technical assistance for management and control is sufficient and seen to work well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Studies carried out, seminars, information activities are seen as necessary and work well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30. Other monitoring activities of Programme Implementation	▪ Annual Implementation Reports contain relevant information and are produced on time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	▪ Verification of additionality is carried out in accordance with the regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Annex 3 – Outline Structure for Case Study Monographs

Title of the Case Study

Background to the Case Study

1. Title of Programme Covered by Case Study
2. Date of Submission of Programme to EC and Date of Approval
3. Date of finalisation of Programme Complement
4. Outline Structure of Programme –
 - 4.1 Priorities
 - 4.2 Measures
 - 4.3 Management Structures
 - 4.4 Budget
5. Summary of Amounts Each Fund involved – ERDF, ESF, EAGGF, FIFG, CIP, Cohesion Fund
6. Progress of Programme – Financial Commitments to date, Payments to date
7. State of Mid-Term Evaluation
8. Typology of actors for the purposes of selecting targets for interviews
9. List of persons interviewed for Case Study – Name, Organisation, Telephone Number, Fax, Email, Nature of Interview (face to face, telephone, other)

Assessment of Macrofactor “Actors”

1. Summary of Qualitative Assessment for each F/IM (using cards in Annex 1)
2. Assessment of Impact for each F/IM (using score sheet in Annex 2)
3. Completed Checklist of indicators for each F/IM (using checklist in Annex 3)
4. Summary of conclusions for Macrofactor “Actors”

Assessment of Macrofactor “Context”

1. Summary of Qualitative Assessment for each F/IM (using cards in Annex 1)
2. Assessment of Impact for each F/IM (using score sheet in Annex 2)
3. Completed Checklist of indicators for each F/IM (using checklist in Annex 3)
4. Summary of conclusions for Macrofactor “Context”

Assessment of Macrofactor “Rules, Procedures and Technical Assistance”

1. Summary of Qualitative Assessment for each F/IM (using cards in Annex 1)
2. Assessment of Impact for each F/IM (using score sheet in Annex 2)
3. Completed Checklist of indicators for each F/IM (using checklist in Annex 3)
4. Summary of conclusions for Macrofactor “Rules, Procedures and Technical Assistance”

Conclusions and Recommendations

Analysis of conclusions and recommendations using the following leading questions as a guide –

1. What is the rationale for the present implementation system for SF?
 2. What is the full cost of implementation in the selected region relative to the cost of the interventions?
 3. What impact has the SF implementation system had at national and regional level?
 4. What is the level of integrated planning between cofinanced and non-cofinanced elements of development plans in selected regions?
 5. What are the elements of implementation system in selected regions that have worked? What are the elements that have not worked?
 6. What is the impact of institutional and administrative contexts and forms of intervention on the implementation system?
 7. Are there significant differences in implementation systems in selected regions when SF are not involved?
 8. How can the implementation system be simplified without sacrificing accountability?
-

Annex 4 – Selected References

Bachtler, John; Downes, Ruth; Michie, Rona; Rooney, Mary Louise; Taylor, Sandra (2000): *IQ-Net – Improving the Quality of Objective 2 Programmes through Exchange of Experience. New Structural Fund Programming: Laying the Foundations (English Executive Summary)*. European Policies Research Centre, University of Strathclyde, Glasgow

Bachtler, John; Michie, Rona (1998): *IQ-Net – Improving the Quality of Structural Fund Programming through Exchange of Experience. The Evolution of Objective 2 Programmes (IQ-Net Thematic Paper 3(1))*. European Policies Research Centre, University of Strathclyde, Glasgow

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