

Better programme management and delivery

Welcome to the tenth issue of the IQ-Net Bulletin. Improving the management and delivery of programmes is the main theme running through recent IQ-Net meetings and reports, and reflected in the articles in this issue of the Bulletin.



IQ-Net delegates at the Leoben conference October 2003

Fundamental to effective programme management is **communication**. The 2000-06 Objective 1 and 2 programmes demonstrate a 'step change' in the quality of information, communication and publicity. This is partly driven by the EC, building on the new publicity regulation, through guidance and exchange of experience seminars. It also reflects greater recognition by programme managers of the benefits of effective publicity and communication strategies. The key message of IQ-Net research is to tailor strategies, actions and tools to the needs of different stakeholders - intermediary bodies, applicants and grant-holders, and the general public.

A broader range of issues is raised by the **mid-term evaluations**, now being completed for most programmes. It is clear that the quality of evaluation studies is much better than previously, with a genuine commitment on the part of many programmes to using evaluation as a tool for learning and programme development. Unfortunately, insufficient thought has so far been given as to how evaluation results could best be disseminated and exploited. In this context, IQ-Net and DG Regio provide some helpful tips on finalising the evaluations.

A more immediate concern for some programmes is the prospect of **decommitment**. Although many programmes are confident that n+2 targets will be met, some are likely to see resources decommitted at the end of 2003 despite their best efforts to encourage the commitment and drawdown of expenditure. Several factors play a part in this: a weak economic climate; the administrative complexity of Structural Fund procedures; lack of flexibility in adapting programmes; and competing sources of funding.

Looking to the longer term, the debate on the **reform of the Structural Funds** after 2006 has intensified over the past year. As a contribution to the debate, IQ-Net has prepared a paper examining the Community added value of the Structural Funds.

These and other issues are covered in this IQ-Net Bulletin. As ever, we welcome feedback on the issues discussed and on the activities of the IQ-Net network.

Professor John Bachtler, EPRC

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Getting the Message: Structural Fund Communication and Publicity

Information is at the heart of Structural Fund programming. Ensuring that information is sent to the right groups at the right time entails a daunting array of tasks. Applicants and project-holders need to understand what can and cannot be done with Structural Fund co-financing. Programme managers require information on the programme's progress to make strategic decisions. The wider public should be informed about the role of the Structural Funds in local and regional development. In all these areas, the dissemination of information via publicity and communication is an important programme activity.

This article reviews how programmes have addressed their information activities and examines methods of communicating with different audiences in order to pursue different aims and boost performance.

In the current round of Structural Fund programmes, more emphasis has been placed on publicity and communication. A new Commission regulation is specifically dedicated to this area; it aims to promote the existing publicity requirements and to ensure that they are acted on in a more vigorous and structured way. In response, programmes have been required to improve their approach to publicity and communication by: developing a communication plan; identifying clear budgets and staff resources; and outlining their actions.

There are other powerful incentives for programmes to take a more strategic view of their publicity and communication activities. In the current programming round, more emphasis has been placed on issues such as the horizontal themes and physical monitoring. This has required better ways of communicating these issues clearly to programme participants. Programmes are also under pressure from the 'n+2' rule which has increased the need for clear and regular communication on funding opportunities and the timely submission of claims.

New opportunities for disseminating programme information are available. The use of internet and web-based communication is becoming more widespread, creating possibilities for more cost-effective and efficient ways of disseminating information electronically and enabling programmes to publicise the Structural Funds in new ways.

The response of programmes is increasingly ambitious. This is driven partly by compliance with EU requirements, but also by a recognition that effective publicity and communication contribute to improved programme management.




The scope for publicity and communication

To varying degrees, all programmes have to address three audiences: the general public; applicants and grant-holders; and those involved in the management and delivery of programmes.

The **'general public'** is a diverse group, consisting of the population at large, potential programme applicants and beneficiaries and programme stakeholders, but all are served by similar activities. The focus here is on 'announcing' - passing on key messages without necessarily requiring responses.

Publicity takes place through a variety of channels. The programmes themselves produce a range of publicity material directly, including publications, webpages and advertising. Extensive use is made of mass media, and programmes rely on regional TV, radio and newspaper coverage to raise awareness of particular projects and of the programme as a whole. Projects also play an important role in publicity through their obligation to acknowledge the EU assistance received. In all cases, publicity can be optimised by understanding the benefits and limitations of using each communication channel and adapting the messages being sent to fit the medium and the audience.

The three main focal points of Structural Fund communication

Informing the public Announcing	Communicating for successful projects Informing & engaging	Communicating for a successful programme Discussing
		
As an aspect of publicity, this usually involves the one-way flow of information about the Structural Funds at an overall and a programme level, with general messages being sent out for audiences that are not closely-defined.	At a more advanced stage of communication, it becomes important to raise awareness of <i>specific</i> opportunities among relevant audiences, informing them through the use of targeted messages and group or one-to-one communication, and then to engage and facilitate participation.	Discussing involves intensive multi-directional dialogue between groups, usually to steer policy change or shape a programme and its structures. It often happens through committees, thematic working groups and fora designed for wider consultation.

Publicity activities are sometimes seen as supplementary 'public relations' tasks for the programme. However, there are strong arguments for making them more operationally integral to programme management. They help to generate a positive public environment which can facilitate the programme's implementation, and they promote opportunities to potential applicants and ensure that all relevant economic development bodies are aware of the opportunities and direction of the relevant Structural Fund programme.

Second, programmes **inform and engage applicants and grant-holders** to ensure that they have the necessary information to decide whether an application is appropriate, how to make a good-quality application and how to implement their project in line with regulatory obligations and good-practice principles. The main objective is to move potential grant-holders from knowing what to do - in terms of requirements, deadlines, etc - to knowing how to do it.

BASQUE EXHIBITION OF STRUCTURAL FUND PROJECTS

In the País Vasco, a public exhibition entitled 'Europroyectos' was held in 1999 to showcase the interventions implemented with Structural Fund support from 1989-99 and thus to celebrate 10 years of European support.



The exhibition was designed to appeal to a diverse public.

- It was held in former shipbuilding premises, restored using the Structural Funds.
- Guided tours of the exhibition were organised to enrich the visitor experience.
- A bilingual book (in Spanish and Basque) was published providing a more permanent record of the exhibition.
- The book and exhibition were richly illustrated, with appealing images highlighting personal endeavour, architectural originality, etc.

The event was vigorously promoted eg. inviting schools and widely distributing leaflets and invitations, and was received well by the public, with an attendance of 40,000. The initiative helped the public to perceive Europe as something close to their daily lives, not just an abstract concept. Bilbao has changed a lot in 20 years and this has happened in part because of EU Structural Fund support. The exhibition told this story vividly, making it more tangible.

Two-way communication is a stronger priority with this group than with the general public. Interactive, personal communication through events, workshops and one-to-one meetings is particularly important, supported with information such as programming documents, guidance, toolkits, newsletters and websites. Some of the information required by applicants and grant-holders is complex, in flux and uncodified. To ensure its effectiveness, therefore, the needs of target groups must be taken into account, including their familiarity with the Structural Funds and their ability to digest information.

TARGETING DIFFERENT AUDIENCES IN TOSCANA

A good illustration of a targeted website is that for the Toscana Objective 2 programme (<http://www.docup.toscana.it/home1.htm>). The information contained is structured by the various audiences using it, notably local authorities, intermediary organisations, consultants and entrepreneurs, programme beneficiaries, stakeholders and the general public. There are five main sections:

- **Cos'è DocUP** (What is the SPD?) where a brief presentation explains the SPD, Objective 2 and the Structural Funds in a language accessible to all;
- **DocUP News** including calls for tender and deadlines as well as other news;
- **DocUP gestione** (SPD Management) with information on the Monitoring Committee (composition and internal regulation), the calendar and the minutes of Monitoring Committee meetings, as well as official documents;
- **DocUP servizio** (SPD Service) with information organised by target groups who participate in the programme or are interested in its progress (local authorities, intermediary organisations, associations and consultants);
- **DocUP media** with press releases, the newsletter, links, a glossary and information on the programme's free-phone information service; and
- **DocUp finanziamenti** (SPD funding) highlighting specific funding opportunities for different target groups with links to the appropriate measure descriptions.

Lastly, facilitating **discussion about programme management** is an important - although not always explicit - goal of programme publicity and communication. The smooth administration and steering of a programme involves a range of partner organisations whose information needs also have to be addressed. This entails several tasks: providing relevant information to the different committees and bodies involved in directing the programme; reporting on programme progress to national authorities and the Commission; and informing all those involved in programme delivery of their operational obligations, particularly intermediary bodies responsible for decentralised components of programme implementation. The tools used here are rooted in encouraging dialogue and ensuring open and accessible communication between programme management and other groups.

Achieving these multiple aims - informing the general public, communicating with applicants, facilitating discussion on programme management - requires the development of skills and structures to co-ordinate and implement the various tasks. As a starting point, communication action plans have been drafted setting out the principal objectives, target audiences and information activities. In many cases, these plans have been updated as programme circumstances change. Extensive capacity building has also been undertaken, with the recruitment of experts, the provision of specialised training and the organisation of exchange of experience networks. At the same time, there is a growing need for more sophisticated approaches to evaluating the effectiveness of different communication tools and their impacts on the identified target groups to provide feedback for future activities.

PRINCIPLES OF AN EFFECTIVE APPROACH TO PUBLICITY AND COMMUNICATION

Programmes have different communication needs over the programme life-cycle. However, a range of good practices can be identified.

Identifying target audiences

- **Specifying the target audiences.** The critical first steps in developing a publicity and communications strategy are knowing who needs to receive information within each specific programme context, when they need it and why.
- **Defining the responses required from target groups.** To guide the content and method of communication and publicity, a series of questions should be posed. Why are the messages being sent? What responses are desired from each audience? How can programmes measure the success of their publicity and communication efforts? A range of responses might be expected and indicate that information is being used:
 - greater awareness of the role of Structural Funds and more positive attitudes to the Community among the public;
 - increased numbers of eligible, good-quality applications and well-run projects from applicants and grant-holders;
 - smoother, informed and timely decision-making on programme issues by programme partners and an improved ability to carry out tasks among intermediary organisations associated with the programme.

Choosing the right tools

- **Ensuring tools are used with a clear purpose.** When deciding which communication tools should be used for conveying information to different audiences, it is important that their use is directly linked to specific, measurable objectives.
- **Designing tools with audience needs in mind.** Communication tools are only effective when they take into account the audience's capacity to use them. The following issues need to be considered in using tools:
 - **technical capacities:** knowing, for example, the level of web access among the target audience;
 - **time constraints:** the appropriateness of tools depends on the time available to audiences for receiving programme information;
 - **contexts:** tools for audiences that are willing to seek out programme information (eg. specialised conferences) will differ from tools needed to secure new audiences (more sources that can be 'stumbled upon').
 - **Making sure tools reinforce each other.** The impact of communication tools is reinforced when they are used in

combination. For example, communication with potential applicants typically entails leaflets or articles in the specialist press (initial information on funding opportunities), websites (more detail on taking forward options), direct contacts (potential for discussion on project ideas) and newsletters (examples of good projects and recent changes). It is important to ensure consistency in the messages given out by all communication tools.

- **Clarity and brevity.** Publicity and communication should be clear and succinct, avoiding jargon and unnecessary detail. This encourages recipients to understand and to act on the information.
- **Building in scope to change.** Partners need to know where to look for information about programme changes. Sources should be regularly checked to ensure they are up-to-date.

Developing an appropriate framework

- **Understanding the institutional context.** Clearly allocate responsibility for different tasks. The institutional context of the programme is likely to influence the degree to which activities can be (de)centralised.
- **Ensuring the capacity of programmes to communicate.** Programmes should realistically appraise their ability to carry out information tasks, taking account of organisational structures, resources, individual skills and technical capacities. Capacity building should be targeted where there are identified weaknesses.
- **Providing a strategic framework to co-ordinate communication.** Co-ordinating the myriad information activities is challenging. Communication plans provide a straightforward mechanism to describe the range of communication activities to be undertaken by a programme, to communicate them to others and to verify their coherence. The plan can also be used as the basis for progress review and adaptation.
- **Setting up a system for assessing the effectiveness of publicity and communication.** It is strongly recommended that programmes take a critical approach to their communication activities, establishing mechanisms to monitor and evaluate their activities in this area. This is also important for optimising future publicity and communication initiatives.

Sandra Taylor and Philip Raines

Getting the message? Structural Fund Publicity and Communication (IQ-Net Thematic paper 12(2), February 2003) by Sandra Taylor and Philip Raines can be downloaded from: <http://www.eprc.strath.ac.uk/iqnet/iq-net/reports.html>

The mid-term evaluations: progress and usage

The previous IQ-Net Bulletin examined how the mid-term evaluations were being planned and structured (discussed in detail in IQ-Net Thematic Paper 11(2) *"Mid-Term Evaluation of the 2000-06 Structural Fund Programmes"*, prepared by Philip Raines and Sandra Taylor). This article reports on progress made with the mid-term evaluations over the past year, drawing together research and discussion from both the Dortmund and Leoben IQ-Net conferences in 2003.

The majority of the mid-term evaluations were **commissioned** in the summer and autumn of 2002. The Commission's Working Paper 8, which provided guidance on the structure and content of the evaluations, was well received by programme secretariats and national authorities and strongly influenced the approach to the evaluations - although programme-specific innovations are clearly evident. While the responsibility for undertaking the mid-term evaluations lies with the programme managing authorities, a degree of national coordination was common in issuing the terms of reference. The tendering process was generally relatively smooth, although, in some regions, there was a feeling that selection had to be made from a relatively small evaluator pool of 'usual suspects'.

There has been an emphasis on understanding **evaluation as a tool for learning and programme development**, rather than as a form of external control. This is reflected in several ways, for example Evaluation Working or Steering Groups have been established almost everywhere to give direction and support (see example from Austria). Other participative elements designed to promote learning include a wider range of interviews with key players and the use of specific thematic workshops to encourage more in-depth discussion. Overall, the European Commission has noted a significant increase in the quality of the current evaluations.

SUPPORTING THE EVALUATION PROCESS: KAP-EVA IN AUSTRIA

A coordination and working platform has been created in Austria by ÖROK (the coordinating body for regional policy) to accompany the evaluation of the Structural Fund programmes. KAP-EVA includes the managing authorities, evaluation teams, ÖROK, the Federal Chancellery as well as representatives from Objective 3 and the Community Initiatives. It also involves expert input from two academics who chair the meetings and provide background ideas and thinking - as well as an overall assessment of the process at its conclusion.

The overall goals of KAP-EVA are:

- to exploit the knowledge and experience of all participants and facilitate exchange of opinion;

- to identify cross-cutting themes and establish approaches to dealing with them;
- to encourage cross-programme comparison;
- to provide expert input to support decision-making and assessment;
- to establish common understanding about evaluation and ensure quality standards;
- to exploit synergies, avoid duplication and overlap and discuss common problems.

Issues covered by KAP-EVA to date include managing gender mainstreaming measures, improving ERDF:ESF integration, problems of absorption in phasing-out areas and the extent of genuine steering power of the managing authorities. Most participants consider KAP-EVA to provide a genuinely useful forum for coordination and discussion.

While the evaluations appear to have run relatively smoothly in most programmes, **some problems have inevitably been encountered**. Certain regions have experienced difficulties in engaging project implementers positively in evaluation studies, despite an overall improvement in the evaluation culture. This has been exacerbated by the increased prominence given to financial control which has sometimes skewed the perception of evaluation by project owners. The timing of the evaluations has also been questioned. On the one hand, for regions where programmes were late starting, there is limited scope to make meaningful recommendations. On the other hand, in regions where programme absorption levels are already very high, it is difficult to anticipate how evaluation results can have an impact on implementation in the second half of the programming period. Lastly, the availability and reliability of data and the adequacy of targets are problematic for many programmes.

What have been the **initial results and recommendations** emerging from the mid-term evaluations? Clearly, these vary across regions, reflecting diversities in strategy and implementation structure, but several types of recommendation can be identified.

- **Context and strategic changes** - a common assessment is that original SWOT analyses remain broadly relevant.
- **Financial absorption** - recommendations in this area are particularly prevalent in the evaluations of programmes facing higher risks of decommitment.
- **Priority/measure level assessment** - including recommendations for virement where absorption or delivery problems are evident or where a strategic change of direction is being encouraged (eg. from revenue to capital-based projects - or vice versa). In some cases, assessment systems for looking at measures over the second half of the programming period are provided. The weight placed by the Commission on the recommendations of the mid-term evaluations in this area has heightened the importance of this component for a number of programmes.

- **Implementation issues** - project selection, information exchange and the integration of ERDF and ESF.
- **Monitoring systems and indicators** - adjustments to indicators for specific measures as well as more general issues related to the operation of monitoring systems.

One issue facing all regions is **how the findings and results can most effectively be used** within the programme and in the region as a whole. Many regional and national authorities are motivated to identify ways of ensuring that the evaluation does not remain simply a report with little or no real impact on programme quality or outcomes.

In terms of initial **dissemination**, the effective communication of evaluation results is important, not least, to inform those who have been involved in the process of its main outcomes. Failure to do this can lead to a sense of disengagement or frustration and unwillingness to be involved in this type of exercise in the future. Dissemination is not an activity that necessarily needs to be restricted to the end of the process, and evaluations that have taken a more participative approach may already have disseminated interim results through the feedback, consultation or workshop-based work undertaken to date. An interesting example of the explicit generation and earlier use of evaluation results can be seen in the North-East England Objective 2 programme, where the evaluator was asked to carry out an early assessment of progress and report on headline issues as early as November 2002. This was designed to kick-start debate and to encourage more concerted and immediate responses to any urgent issues identified.

Dissemination, however, is often left to the end of the evaluation process when a finalised report with clear conclusions and recommendations becomes available. At this stage, it is useful for programme managers to consider systematically the potential audiences that would benefit from hearing the main evaluation findings, or specific parts of them, and how these might most effectively be communicated.

The **use of the mid-term evaluations** has some formal elements, notably to inform the mid-term review and the allocation of the performance reserve. Many regions envisage a wider use of evaluation outcomes, identifying ways genuinely to put any identified lessons or recommendations into practice in programme delivery.

Final evaluation reports can be structured in different ways. A useful first step is to differentiate clearly any specific recommendations from the evaluation's overall conclusions, providing a basis for prioritising and assessing who might be involved in turning the recommendations into operational reality. Recommendations can also be differentiated by level of generality/specificity and by timescale - whether they are short/medium/long term in nature. Learning from areas of failure or weakness is often effective but can be politically difficult to communicate or implement.

A second use for the mid-term evaluations is in raising the level of knowledge about the programme or aspects of its implementation. In some regions, knowledge of particular themes is being deepened by

additional studies. This applies particularly to the horizontal themes - the benchmarking exercise between North Rhine-Westphalia and Western and Eastern Scotland, outlined in the previous IQ-Net Bulletin, is one example of this.

Overall, the implementation of evaluation outcomes is most likely where recommendations are practical and realistic. Programme managers working with evaluation results should recognise that many recommendations are multi-faceted and require a response from a range of organisations. The challenge is to find ways of collectively engaging partners in the response. Examples include dedicated Steering Group meetings, seminars with a range of audiences, on-going contact between evaluators and key implementing authorities, website-based dialogue, best-practice events and 're-launches' of the programme in the region.

FINALISING THE MID-TERM EVALUATIONS: TIPS FROM THE COMMISSION

During the IQ-Net conference in Leoben, Veronica Gaffey of DG Regio gave an overview of progress with the mid-term evaluations. The studies show that there has been an enormous increase in evaluation quality. In the final stages, there is an opportunity to improve studies even further and ensure they deliver genuinely useful results. Some tips on getting the best from the studies can be focused around five key questions.

1. Is it what you needed? The evaluations are for the benefit of programmes. Make sure that, in practice, the evaluators have addressed the questions the programme wanted answered! If not, this is the time to act.
2. Are findings representative? To be credible, evaluations need objective input. They should take into account the views and experiences of outside bodies such as the wider partnership, applicants and project holders.
3. Does it cover the essentials? The studies should contain a clear presentation of financial and physical performance against targets, and explain any wide disparities.
4. Is it strategy-led? Findings and recommendations should be focused more on strategy than on the financial position of different measures: why are some measures not proceeding as planned? Virement is the last resort.
5. Does it have clear recommendations? Evaluations need clear evidence-based conclusions and operational recommendations. Evaluators should specify potential solutions, not just recommend more research. The evaluators should also indicate the main audience for each recommendation and set out the financial and practical implications.

Ruth Downes and Laura Polverari

Mid-term Evaluation of the 2000-06 Structural Fund Programmes (Paper 11(2), 2002) by Philip Raines and Sandra Taylor can be downloaded at: <http://www.eprc.strath.ac.uk/iqnet/iq-net/reports.html>

The Added Value of the Structural Funds: IQ-Net Special Report

Added value and the reform debate

Improving the 'added value' of the Structural Funds has become a key objective for reforming EU regional policy after 2006. Whatever views are held about budgetary issues, regional eligibility or policy priorities, there is common ground among many Member States, European institutions and regional interests that a future EU regional policy must seek to maximise the added value of interventions. Virtually every contribution to the reform debate makes reference to the importance of added value.

Under the aegis of IQ-Net, EPRC has prepared a paper on the added value of the Structural Funds as a contribution to the debate on the reform of EU regional policy after 2006. The research for the paper was undertaken by EPRC in consultation with IQ-Net partners during Spring/Summer 2003. In addition, the final version reflects the contributions of seminar participants at an IQ-Net Seminar on the Added Value of the Structural Funds held at Scotland House in Brussels on 12 June 2003.

Dimensions of added value

The IQ-net research suggests that it is possible to distinguish between five dimensions of added value: cohesion; political added value; policy influence; operational added value; and learning added value. Each of these is worth considering briefly in turn.

- **Cohesion added value:** The largest Structural Fund programmes have had the most effects on cohesion. The quantitative impact of the Structural Funds in smaller programmes such as Objective 2, by contrast, has been elusive. However, even in these regions Structural Fund co-finance has enabled projects to be undertaken which are bigger, better and/or have been implemented sooner than would otherwise have been the case. Programmes have also influenced the distribution of resources for economic development. They have enabled a wider range of organisations to engage in economic development, focused intervention on the needier areas and underlined the region as a strategic level for coordinated regeneration.
- * **Political added value:** From a European Union perspective, an important intangible effect of the Structural Funds is to make the EU more visible to citizens, communities, businesses and public authorities. Among the perceived benefits is stronger support for European economic and political integration. There are tangible

outcomes in terms of the encouragement given to regional and local organisations to become involved in European political and policy debates and to internationalise their operations.

- **Policy influence:** The EU programming approach has promoted a strategic dimension in regional development policymaking. Regional development has become more integrated and coherent through the multi-sectoral and geographically focused approach of programmes. Multi-annual programming periods have also provided a more stable policy environment.
- **Operational added value:** The Structural Funds have been associated with several institutional innovations in the management of regional development. The most frequently cited area of added value associated with the Structural Funds is partnership. This fundamental principle of Structural Fund programming is considered to have brought enhanced transparency, co-operation and co-ordination to the design and delivery of regional development policy, and better quality regional development interventions as a result.

The EU has embedded principles of modern public sector management, introducing performance-oriented management techniques and a strong emphasis on accountability. Monitoring and evaluation are now established as integral characteristics of good policy design and delivery.

- **Learning added value:** Learning is an integral and ongoing ingredient of Structural Fund programming. The Structural Funds have helped to institutionalise a learning reflex as part of the routine delivery of regional economic development policy. Analysis, reflection and learning have been encouraged through regulatory requirements placed on programmes to monitor and evaluate their activities.

Looking forward, whichever way the reform debate goes, it is important that it is informed by an understanding of the experiences of the past. At a policy level, the key features of programming which deliver added value are: coherence (integrated, multi-sectoral development); stability (multi-annual programmes); collaborative working (partnership); and accountability (monitoring and evaluation). Programmes should promote added value by focusing on innovation, facilitating risk-taking and promoting the network economy. From a management perspective, programming needs to provide greater scope for strategic thinking and development activity, retain the partnership principle and be managed to suit regional and local circumstances. Finally, there should be greater recognition of the role of learning in effective regional development.

John Bachtler and Sandra Taylor

The Added Value of the Structural Funds: A Regional Perspective (IQ-Net Special Report, June 2003) by John Bachtler and Sandra Taylor can be downloaded at: <http://www.eprc.strath.ac.uk/iqnet/iq-net/reports.html>

Financial Progress and Decommitment

Structural Fund programme managers are currently operating in a pressured environment. For many, 2003 is the first year when n+2 is likely to 'bite' and significant amounts of funding may be decommitted. This has led to programmes across the EU undertaking measures to have as much funding drawn down as possible during the year. This article examines the issue of financial progress and decommitment, drawing out some of the key difficulties and responses to the n+2 regulation.

The assessment of possible automatic decommitment is applied at the level of a programme or, where programmes are multi-Fund, at the level of each Fund within the programme. At the Informal Ministerial Meeting on Regional Policy in May 2003, the Commission noted that around 0.5 percent of the relevant commitment appropriations were decommitted at the end of 2002; it is anticipated that significantly more might be decommitted at the end of 2003.

The n+2 rule states that finance is decommitted if *payments* have not been made on commitments within two years. However, current low levels of commitments are also important as they could give rise to serious difficulties in meeting this rule in the longer-term. The following points illustrate the type of difficulties experienced by Structural Fund regions in both these areas:

- **Administrative issues.** Problems include a lack of human resources, changes in implementation responsibilities and, on the payments side, complex and sometimes error-prone claim systems.
- **Incompatible EU and national systems/policy frameworks.** Differences in rules may exist eg. over advance payment to final beneficiaries. Organisations dealing with the Funds may have to meet domestic output and impact targets which do not coincide with those of the EU programmes.
- **Funds from other sources.** The availability of alternative sources of business support with lower administrative burdens can attract applicants away from Structural Fund programmes. Eligibility requirements can discourage innovative projects in particular.
- **Low real GDP growth.** A weak economic climate can mean lower levels of private investment activities as well as more restricted availability of public domestic co-financing.
- **Fragmented Structural Fund maps.** This increases confusion and complexity regarding project eligibility and award rates. Some transitional areas experience particular absorption difficulties.

- **Low award and co-financing rates.** Where maximum rates of award or maximum Structural Fund co-financing rates are not being exploited, payment and commitment levels may be relatively low even though many projects have been approved.
- **Unrealistic spend profiles.** Projects do not always incorporate adequate leeway for the typical slow start-up phase.
- **Slow submission of claims.** Project-holders do not always see the need to submit timely payment claims and this may be exacerbated by the lack of resources within Secretariats for chasing claims.



IQ-Net delegates discuss financial progress

Activities to minimise the risk of decommitment

Levels of commitments and payments vary widely across Member States, regions and sometimes Funds within individual SPDs, with a corresponding impact on the extent to which decommitment is a threat. Most programmes have been confident from an early stage that n+2 targets would be met and no funding decommitted. For some regions, however, levels of commitment and/or spend are emerging as too low, and urgent and concerted action has been required. For these programmes, the last year has been difficult, requiring a major mobilisation of effort and sometimes changes to programme management and implementation structures and targets for funding. Extensive staff time has had to be invested in this area, drawing resources away from other areas of programming activity.

A range of initiatives put in place to combat decommitment has allowed regions to make progress in both commitments and payments:

- **Revised administrative procedures.** These include increasing the number of staff in programme secretariats, streamlining project selection procedures, and making changes to payment systems so that funding for individual projects is broken into a larger number of smaller tranches. Some regions have proposed reallocating resources towards interventions, organisations and Funds where absorption or commitment levels are highest.

- **Communication and marketing.** There has been considerable awareness-raising activity to heighten understanding of the n+2 regulatory requirements and the potential seriousness for both programmes and individual projects. Programme managers have been encouraging the submission of timely and accurate claims through bilateral meetings, workshops and letters - sometimes targeting senior figures in the beneficiary organisations. Some regions have moved to encourage project generation through workshops for potential applicants, consultations with other regional organisations, newspaper articles, Internet-based calls for proposals, and the launch of competitions focusing on measures with very low levels of commitments.
- **Monitoring.** Mechanisms have been introduced to ensure efficient monitoring in order to identify problems quickly and respond appropriately.
- **Programme changes.** Changes have been made to maximise payments eg. relaxing project selection criteria, allowing new categories of beneficiaries and eligible activities, raising award rates, increasing the size of advances paid to project-holders, part-financing projects covering eligible and non-eligible areas, and funding projects retrospectively.

Sara Davies and Laura Polverari

The Simplification of Programming

Simplification was one of the main objectives of Agenda 2000 and the Berlin Council agreement. In practice, the process of implementing the Structural Funds has become more, rather than less, complex. Decentralised management has been accompanied by stricter requirements with respect to financial control, audit, monitoring and evaluation. Based on the experience of the first 2-3 years of the new programming period, Member States have put pressure on the Commission to simplify the implementation process.

A debate on the simplification of Structural Fund mechanisms was launched by the Commission in summer 2002, with a view to reforming the operational rules for more efficient and effective management - particularly in the light of the post-2006 reform of the Structural Funds. Simplification initiatives have also been undertaken during the current programming period, and these are the focus of this article.

Several Member States and regions have already taken steps to tackle issues of implementation complexity in the current programming

period. In some cases, these constituted a response to the decommitment threat and the corresponding need to improve and streamline commitment and payment mechanisms (see the article on financial progress and decommitment in this Bulletin). Current simplification initiatives among IQ-Net partner authorities include the following:

- **The reallocation of responsibilities.** In Denmark, responsibility for ESF management was transferred in May 2003 from the National Labour Market Authority to the National Agency for Enterprise and Housing (which is also responsible for ERDF), with the aim of increasing coordination and promoting efficiency and 'holistic policy-making'.
- **Wide-ranging reform.** In France, partly in response to decommitment threats, a range of simplification measures was adopted at national level in the second half of 2002. These focus on three priorities in particular: simplifying procedures; intensifying project development and facilitation activities; and involving local authorities to a greater extent. Measures include the global appraisal of projects, the exemption of small projects from certain requirements, the creation of regional accounts for easier access to funds and the ability of managing authorities to allocate paying authority functions to independent bodies.
- **Streamlining decision-making.** In North East England, the project decision-making process is being streamlined by removing duplicated effort in project appraisal, in particular where there is overlap with similar national funding schemes. A further initiative has been to start appraising projects before the application is fully 'receivable', thereby allowing key issues to be addressed in good time. More generally, the UK authorities have commissioned a process management study to examine and identify ways to improve Structural Fund management in England.
- **Review of potential reforms.** In Sweden, a Working Group led by NUTEK (the national business development agency, responsible for Structural Fund coordination) has looked at simplification issues in a national context, submitting its report to the government in early summer 2003.

In other regions, steps to simplify the implementation procedures for the remainder of the current programming period may be introduced as a result of recommendations in the mid-term evaluations. It is worth noting that in some Member States, the regional actors do not want changes introduced to the current structures before 2006. In Finland, for example, programme implementation is progressing well and any change would bring with it the potential for new conflict to be created within the partnerships. Any system change implies an adaptation of monitoring procedures which would have wide-reaching implications for many actors.

Ruth Downes and Laura Polverari

Dortmund, Germany and Leoben, Austria Venues for the 13th and 14th IQ-Net Conferences



Former Phoenix steel works, Dortmund - site of a major redevelopment

Nordrhein Westfalen Conference, Dortmund, February 2003

The 13th IQ-Net Conference was held in Dortmund in the German Land of Nordrhein Westfalen (NRW). NRW is home to around 18 million people and is one of the most densely populated regions in Germany. It enjoys a central location in Europe: almost 40 percent of the EU population live within a 500 km radius of Düsseldorf, the region's capital. The region generates a fifth of German GDP and a quarter of the country's exports.

The NRW Objective 2 Programme (www.ziel2-nrw.de) is worth a total of almost €2 billion in joint financing (ERDF and ESF) over the 2000-06 period. In geographical terms, the programme is targeted mainly on the 'Ruhrgebiet', the region's industrial heartland and an area dominated by the coal and steel industries. Changing focus from previous Structural Fund programmes, the 2000-06 programme targets areas of regional weakness and builds on the emerging areas of regional strength and potential.

One new and innovative component of the Objective 2 programme has been the introduction of the "Zukunftswettbewerb Ruhrgebiet" (Ruhr area 'Future') competition. This is a large-scale support measure, based on competitive bidding, which targets technology-oriented and innovative products, processes or service developments. The competitive procedure is designed to increase project quality and is implemented in close collaboration with higher education and research institutes. Projects funded through this competition should optimally combine existing economic strength and the scientific potential of NRW.



Leoben

Steiermark Conference, Leoben, October 2003

IQ-Net delegates visited one project supported by this initiative - *Carat Robotic Innovation* in Dortmund, winner in the field of production automation. Together with seven project partners, Carat Robotic Innovation is developing an intelligent robot cell for grinding, deburring, milling and polishing hammer-forged surfaces. They also create robot installations for the soft automation and quality improvement in manufacturing processes (see www.carat-robotic.de).

The 14th IQ-Net conference was held in the town of Leoben, the largest town in the Steiermark (Styria) Objective 2 programme area. Steiermark has the largest Objective 2 programme in Austria (www.ziel2steiermark.at) with an eligible population of 839,188 (including phasing-out areas) and Structural Fund resources (ERDF and ESF) of c. €210 million, or 33 percent of the Austrian Objective 2 total. Steiermark is frequently referred to as Austria's 'green province' as about half of its land area is covered by forest and a further quarter by meadows, grassland and vineyards. The Land is also well-known as Austria's traditional industrial heartland given its rich resources of iron. The Mining University in Leoben is a renowned scientific centre for the mining and steel industries. In addition to the iron, steel and engineering industries, restructuring efforts have led to diversification, with cellulose, paper and electrical industries becoming important to the Land's economy. In addition, high-tech industries in the fields of electronics, plastics and environmental engineering have gained an international reputation.

The Steiermark car cluster is also renowned, building on automotive



→ IQ-Net delegates supporting NRW's Objective 2 projects

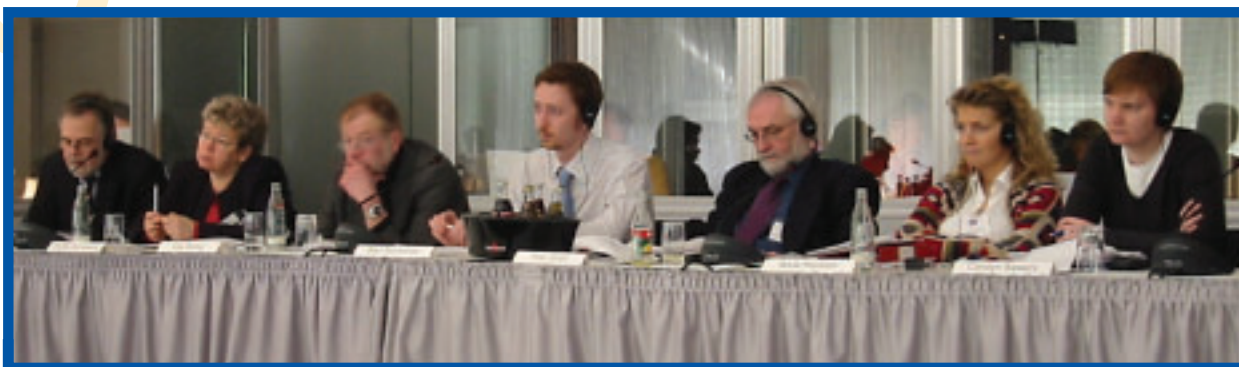
technology and high-tech vehicle manufacturers. This was the subject of one of the projects visited by IQ-Net delegates. The Pankl Group has a long history stretching back to Karl Pankl's win at the Hungarian Grand Prix in the early 1920s. Pankl Precision Technology was founded in Steiermark (the home base of the Pankl family) in 1985 and has steadily grown and diversified from its original base in supplying components to the motor sport industry (see www.pankl.com). The Group now develop, produce, service and distribute mechanical high-technology systems for global niche markets in motor-racing, exclusive vehicles and aviation industries. Structural Fund support has been provided for a number of projects undertaken by Pankl, including a research project to develop a new and specialised aircraft seating system, a development project to design a complete wheel suspension system for high performance vehicles and the development of new materials for power train components.



→ Presentation to IQ-Net delegates by Carat Robotic Innovation, Dortmund



→ Austrian hosts show projects from their region



Delegates at the Dortmund conference, February 2003

What is IQ-Net?

IQ-Net is a network of national and regional programming authorities whose aim is to improve the quality of Structural Fund programmes through exchange of experience. It involves a structured programme of debate and applied research.

Current members are:

- Niederösterreich and Steiermark (Austria)
- Nordjylland and the National Agency for Enterprise and Housing (Denmark)
- The Western Finland Alliance and the Ministry of the Interior (Finland)
- DATAR (France)
- Nordrhein-Westfalen (Germany)
- IPI/Ministry for Productive Activities, Lombardia and Toscana (Italy)
- País Vasco (Spain)
- Norra and Norra Norrland (Sweden)
- North-East England/Office of the Deputy Prime Minister, Wales and West of Scotland (UK)

Launched in 1996, and managed by the European Policies Research Centre (EPRC) at the University of Strathclyde in Glasgow, the network enables programme managers and their partnerships to exchange experience on aspects of programme development, management and evaluation, bringing together ideas from across the EU and sharing

information on good practice. The network meets twice a year, and meetings have been held in Glasgow, Cardiff and New Lanark (UK), Dortmund, Gelsenkirchen and Saarbrücken (Germany), Fyrstad and Luleå (Sweden), Bordeaux (France), Semmering and Leoben (Austria), Como (Italy), Aalborg (Denmark) and Grobbendonk (Belgium). The IQ-Net team at EPRC are Professor John Bachtler, Ruth Downes, Sandra Taylor, Dr Sara Davies, François Josserand, Carlos Méndez, Rona Michie, Laura Polverari, and Professor Douglas Yuill, supported by Lynn Ogilvie and Jacqui Vance. In addition, Danish and Austrian research has been contributed by Professor Henrik Halkier and Markus Gruber respectively.

IQ-Net is currently in its third phase of operation (2002-06). Further information about the network can be obtained from:

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