



Special EU Programmes Body
Foras Um Chláir Speisialta An AE
Boord O Owre Ocht UE Projects

Implementation Evaluation of the
PEACE IV Programme
and
INTERREG VA Programme

EXECUTIVE SUMMARY



October 2017

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Introduction

The Special EU Programmes Body (SEUPB) commissioned SJC Consultancy to undertake the Implementation Evaluation of the European Union's Programme for Peace and Reconciliation 2014-2020 (otherwise known as the PEACE IV Programme (PIV)) and the European Union's Cross-border Programme for Territorial Co-operation, Northern Ireland, the Border Region of Ireland and Western Scotland 2014-2020 (otherwise known as the INTERREG VA Programme (IVA)).

The Implementation Evaluation is required to evaluate the extent to which the Programmes have been implemented as defined by the European Commission's (EC) adopted Cooperation Programme, with an emphasis on the reduction of the administrative burden. The Implementation Evaluation will be carried out over a three year period and will result in three reports - first interim report (2017), second interim report (2018) and a final report (2019).

Method Summary

Effective implementation will lead to enhanced outcomes; therefore the Implementation Evaluation plays an important role in ensuring that administrative functions are being delivered effectively and efficiently.

Our approach to the evaluation involved the following research strands: quantitative review of administrative and monitoring data; key stakeholder interviews (x17); online survey of successful applicants (81% of all PIV and IVA Lead Partners contributed); online survey of unsuccessful applicants (49% of all unsuccessful PIV and IVA applicants contributed); focus groups and interviews with project beneficiaries (representing 16 projects); interviews with unsuccessful applicants (x10) and the development of four standalone case studies.

Key Findings

The PIV and IVA programmes represent a long standing partnership between the EC, Northern Ireland, Border Region of Ireland and Western Scotland, supported by the governments of the UK, Ireland and Scotland. Since 1994, over £2.2billion has been invested in the eligible region, between EU and national contributions, to create and cement the journey towards peace and reconciliation through the PEACE programmes, and create the conditions needed to promote economic growth and prosperity through both programmes.

The budget for PIV is €269.61m (ERDF and Government Department match funding) and for IVA is €282.76m (ERDF and Government Department match funding); totalling a substantial investment of €552.37m across the eligible area for the period 2014-2020. IVA is at a more advanced stage with 74% of the total ERDF project budget allocated, when compared to 26% of funds being allocated for PIV (increasing to 40% when the budget allocation for Shared Education is finalised, which is imminent).

There is evidence of effective practice and of SEUPB's ability to manage and implement the PIV and IVA programmes i.e.

- As Managing Authority, SEUPB has over 18 years¹ experience of managing large-scale EU funded

¹ SEUPB was set up under the "Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing implementing bodies" signed on 8 March 1999.

programmes. Feedback from the European Commission is positive, citing that SEUPB has demonstrated a *'good track record'* of delivery and compliance with relevant EC regulations.

- It is evident that the Managing Authority and the Certifying Authority meet EC requirements with regard to procedures, based on a review carried out by the Audit Authority.
- There is evidence that SEUPB has engaged in an extensive stakeholder and public consultation to inform the development of robust Cooperation Programmes.
- SEUPB has also engaged in effective negotiations with the EC, Member States and Accountable/Policy Departments to agree an ambitious agenda for simplification to reduce the administration burden of the programme.
- It is also evident that SEUPB are active in the European Structural and Investment Funds (ESIF) community and has attended various international conferences for the purpose of knowledge sharing and networking. SEUPB feeds into the EC's open data platform for ESIF. This will become an increasingly valuable tool as implementation progresses and as a means of benchmarking performance with other Member States.
- SEUPB has demonstrated a strategic approach to communication, evidenced by the robust Communications Plan, which meets EU regulatory requirements. The integration of communication across various units in SEUPB and project beneficiaries is also evident. Maximising awareness levels of EU funding and associated benefits will become even more pertinent going forward as there will be a focus on communicating results at a project level as outputs become realised and learning disseminated.

The above provides a firm foundation in which to ensure the successful implementation of the programme.

It is important to note that SEUPB has been met with extenuating circumstances in the aftermath of the UK decision to leave the EU resulting in the Programmes operating in an environment of unprecedented uncertainty in the weeks that followed the referendum. It is evident that every effort has been put in place to minimise the impact on the programme and on applicants.

Political instability in Northern Ireland also added to an atmosphere of uncertainty. In a short period of time, there has been three separate periods for the NI Assembly elections (30 March to 5 May 2016), the referendum on UK membership of the EU (27 May to 23 June 2016) and the Westminster general elections (21 April to 8 June 2017). This has impacted upon the amount of pro-active promotion and press coverage generated by SEUPB.

Other challenges are apparent, most notably the delayed integration of the electronic monitoring system (eMS) to enable e-Cohesion.

The following section outlines a number of key observations and recommendations under specific implementation areas:

Budget & Expenditure

- It is imperative that the Managing Authority expedite the allocation of funds and achieve project expenditure to ensure that targets are achieved (whilst balancing the need for robust processes) and adherence to the financial profile (N+3). Delays increase the risk of failing to meet these targets and therefore financial penalties to the Programme.
- The Certifying Authority should endeavour to maintain accurate financial forecasting of programme expenditure, in line with regulatory requirements agreed with the EC.
- **Recommendation:** The over commitment of funds should be explored, for example between 105-110% (based on benchmarking data) to allow for underspend across programme themes.

Communication

- **Recommendation:** The Communications Team has a number of interests to consider when developing communication and publicity material (i.e. EC; SEUPB; Governments; Accountable/Policy Departments; and Project beneficiaries). It is important that due regard is given to relevant stakeholders to ensure that appropriate recognition is given.
- **Recommendation:** To address the lower levels of media awareness within Western Scotland, it is recommended that additional resources/support are dedicated to generating greater levels of awareness within this eligible area.
- **Recommendation:** The new website has been significantly delayed. Adequate resources and focus should be placed on launching the new website within the next three months. The website should be easy to navigate and contain more interactive content.
- **Recommendation:** Increase SEUPB's combined social media presence on all of its existing channels. A social media strategy should be developed to increase engagements and content dissemination.

e-Cohesion

- The eMS database is a central feature in the management of the Programmes and unfortunately the lengthy delay in a functioning database has contributed to the delay in the formal designation of the programmes (i.e. sign-off from the EC on management and control systems). It has also had a negative impact on SEUPB's resources, due to the time taken to transpose all applications onto the system.
- In the absence of eMS, internal systems have evolved to manage data. This has led to inconsistency in approach across various units and/or staff members adopting different methods. Often information is not readily available in a useable format, requiring a lot of downtime to align data and address queries.
- eMS is now operational to enable e-Cohesion, which has great potential for the reduction of administrative burden. eMS will enable SEUPB to collect and store all necessary information and communicate with applicants/beneficiaries electronically via a secure online communication portal.
- It is acknowledged that good progress is now being made to mobilise eMS (i.e. application module is operational from March 2017) and the Managing Authority are making every effort to expedite the process to minimise any further delays in the adoption and roll out of the system.

- **Recommendation:** Whilst the launch and full implementation of eMS will negate the need for internal monitoring systems (as eMS will have the capacity to generate analysis and output/financial reporting), there is still a short-term need for systems to be in place until such time that all modules are configured and launched. Therefore efforts should be made to improve existing systems and the availability of monitoring information.
- **Recommendation:** The finance interface and claim and payment module should be in place to allow for claims to be submitted in line with programme deadlines. It is understood that the module launch will be imminent (July 2017) given the stage of implementation and projects incurring eligible expenditure and the need to drawdown funds in a timely manner.
- **Recommendation:** Respond to the demand for training on the use of eMS, particularly as Lead/Project partners are embarking on the submission of their first claim.
- **Recommendation:** There should be a link from the new website to eMS to create a more seamless system and portal for Lead/Project Partners as well as SEUPB and relevant stakeholders.
- **Recommendation:** SEUPB has advised that eMS is fully compliant with Data Protection legislation. It is important that this takes into account upcoming changes to this legislation, effective from May 2018.

Pre-application Support

- SEUPB has met regulatory requirements by publishing a rolling 24 month programme of calls for applications, to include detailed descriptions of the processes, outputs and funding allocation under each theme.
- SEUPB has met regulatory requirements by facilitating pre-application development workshops, as well as a range of thematic workshops to coincide with funding calls. Feedback from attendees is overwhelmingly positive regarding the content and delivery of these workshops. The benefit of this preparation work is evident in the low rate of ineligible applications.
- The rolling 24 month funding call benefited Accountable/ Policy Departments, giving them the opportunity to align internal resources with the timetable for calls to facilitate forward planning.
- **Recommendation:** To improve the content and delivery of the thematic workshops, increased opportunities for formal/controlled networking to aid the identification of potential partners is recommended.
- **Recommendation:** The Managing Authority anticipated that applicants would progress the preparation of the business plan before receiving a Stage 1 approval, however this did not happen in practice and resulted in the 6 week period being particularly challenging. Consideration should be given to either communicating this expectation of preparation work in the absence of approval and/or an extension to the 6 week period being allowed. The additional time may also minimise the extent of clarifications that have become evident during and post approvals.

Processing Times

- The Steering Committee makes the final decision on all funding applications. There is no additional approval process post Steering Committee. The shift to a single assessment process represents a marked improvement as all necessary approvals, including those from Accountable Departments, are in place at the Steering Committee. (NB. In PEACE III and INTERREG IVA the assessment process required two layers of administration - from both the Steering Committee (including Accountable Department representation) and via the Accountable Department appraisal process).
- SEUPB, the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure and Reform (DPER) in Ireland worked in close consultation with the relevant government departments to expedite the assessment of projects. Changes implemented include: Departments in Northern Ireland no longer have to seek DoF approval for projects that fall under the £5m delegated limit, with a corresponding reduction in the time required by Departments to consider applications and the introduction of pro-forma documentation to aid processing of applications - representing a considerable change and significant improvement to processes.
- As of May 2017, a total of 176 applications have been received, to include 123 applications for the PIV programme and 53 applications for the IVA programme.
- The tables below present a summary of processing times for both programmes. For PIV, targets have been met for Stage 1 and Stage 2, including the Letter of Offer being issued within the required 36 weeks. For IVA, targets have been met for Stage 1 and a timely decision was made by the Steering Committee at Stage 2. When the issuing of the Letter of Offer is considered in the calculation of processing times, it is apparent that the average number of weeks to process applications is higher for IVA.

| PIV Processing Times (May 2017) | | | | | |
|--|----------|--|-----------|--|-----------|
| Stage 1 | | Stage 2 | | Letter of Offer Issued | |
| No. Projects to Stage 1 Steering Committee | 123 | No. Projects to Stage 2 Steering Committee | 17 | No. Projects to Letter of Offer Issued | 9 |
| Average Weeks | 8 | Average Weeks | 22 | Average Weeks | 31 |

| IVA Processing Times (May 2017) | | | | | |
|--|----------|--|-----------|--|-----------|
| Stage 1 | | Stage 2 | | Letter of Offer Issued | |
| No. Projects to Stage 1 Steering Committee | 53 | No. Projects to Stage 2 Steering Committee | 31 | No. Projects to Letter of Offer Issued | 22 |
| Average Weeks | 7 | Average Weeks | 37 | Average Weeks | 50 |

- The knock-on effect of the UK Referendum clearly had an adverse effect on processing times. It is evident that every effort has been put in place to minimise the impact on the programmes and on applicants.
- Other factors impacting on processing times are also evident: issues relating to the quality of the applications; time taken to clarify applicant's project activity and assumptions to enable a value for money assessment to be completed; need for information to be updated to take account of the lapse of time (from application submission to Letter of Offer); some applicants experienced delays in collating relevant documentation to support their application – hampered by the complexity of working within a partnership arrangement requiring input from all Project Partners; and additional queries related to uploading information on eMS.

- The issues outlined have collectively contributed to a negative perception among some project beneficiaries and influence their opinion that the level of bureaucracy associated with the programme remains high.
- Upon receipt of a Letter of Offer, a further 3 month mobilisation period is apparent for further due diligence prior to a 'permission to start'. This time, coupled with the delayed approval/issuing of the Letter of Offer has not been well received by many project beneficiaries.
- **Recommendation:** The processing times are in excess of what is anticipated and processes should be brought forward in a more efficient structure and in line with the EC's recommend timescales of 36 weeks, to include issuing the Letter of Offer.
- **Recommendation:** The excessive clarification process has hampered progress and negatively impacted on perception of a reduction in administration. The Managing Authority must take action to avoid the introduction of any unnecessary additional procedures or checks.
- **Recommendation:** The information sought by the Managing Authority as part of the 3 month project mobilisation phase should be incorporated within the Letter of Offer phase, to reduce the level of requests for updated information.

Simplified Cost Options (SCOs)

- The Managing Authority proactively promoted the use of simplified costs, for example: calls for applications identified opportunities for SCOs and encouraged projects (via funding calls and pre-application workshops), where possible, to adopt these in their projects. The Managing Authority also introduced mandatory unit costs and flat rates tailored to each theme. Despite these efforts SCOs have not been applied as comprehensively as anticipated. Based on feedback, applicants are apprehensive as it represents a shift from the norm.
- **Recommendation:** Additional training and support to include practical examples should be provided during the pre-application and project development phase to minimise/remove anxiety of adopting SCOs and adequate time give to consider options.

Verification

- A greater focus on projects with high error rates will be given to examine any issues or risks to expenditure targets. Applying risk-based methods of sampling for controls by the Managing Authority will allow for a more efficient use of resources.
- Effective management and control of funds will be demonstrated by a low error rate of the programme (i.e. below the 2% EC threshold. In PEACE III and INTERREG IVA most errors related to procurement, resulting in ineligible expenditure.
- **Recommendation:** Feedback from project applicants suggests that there remains a degree of uncertainty regarding the extent of verification and the level of information required for same. This process should be managed at an early stage, for example the submission of first claims is now imminent and it will be important to monitor how claim profiles have been submitted and evidenced and any issue of concerns identified.

Compliance with Programmes' Review Procedure

- Based on a review of SEUPB's 'Review Procedure for Unsuccessful Applications', it is clear that a robust process has been devised and implemented. The notification letter outlines the assessment scores and the rationale against the selection criteria. In the interest of fairness and transparency, a de-briefing session is offered to *all* applicants (to be availed of within 14 days of the notification letter, although SEUPB has accommodated debriefing sessions after this deadline). In event that an applicant appeals the decision of the Steering Committee at Stage 1 and/or Stage 2, the Project Review procedures have been met.
- As of May 2017, only four unsuccessful applicants requested a formal Project Review procedure. This suggests that the assessment process is effective and that applicants are content that the outcome was justified based on either the written notification and/or the debriefing session offered to all unsuccessful applicants.

Training and Support

- Based on the evaluators' interaction with staff members, it is evident that they are highly committed to the success of programme implementation and supporting project beneficiaries.
- The Managing Authority has developed a comprehensive support and training programme, commencing with information seminars, workshops and various resources/guidance materials at the early pre-application stage. This support has evolved in line with the stages of implementation, which will now focus on supporting project beneficiaries as they commence project mobilisation.
- Lead/Project Partners must be proactive and use resources and ask for assistance, where required. It is expected that individuals will avail of the training provided and the Managing Authority are committed to meeting/reacting to demand.
- **Recommendation:** Whilst an Internal Training Programme is in place, training of staff must remain at the forefront of the Managing Authority's agenda, given the changes being implemented in the new programme period (e.g. the adoption of SCOs presents a training need to ensure that case officers are fully aware and confident in their application; and the introduction of eMS and associated new procedures; and to ensure that procedures are implemented in a robust and consistent approach).
- **Recommendation:** The allocation of a dedicated JS and FCU case officer to support the Lead Partner in the implementation of the project – is seen as a very beneficial element of programme management. However, there were reported instances of inconsistency of approach between case officers and examples of different/conflicting advice given. Improved communication and training to align approaches is recommended. This will enhance the confidence and knowledge base of case officers to ensure a consistent and efficient approach is applied to aid effective implementation. Feedback suggests the need for increased visibility of case officers among project beneficiaries to support implementation.
- **Recommendation:** It is evident that relationships between SEUPB and Local Authorities are somewhat strained, therefore a renewed focus on building trust and positive collaboration is required. The concept of a developmental support body was explored as part of the Implementation Evaluation via focus group discussions and interviews with project beneficiaries and was generally well received, pending further clarity as the specific role. It is recommended that an options paper is developed to explore the viability of a Development Support Body to best support Local Authorities. This delivery mechanism could act as a vehicle for dialogue, knowledge sharing and the dissemination of best practice thereby maximising outputs and ensuring value for money is achieved. Learning can be gained from the envisaged 'Quality and Impact Body' relating to 'Children and Young People Aged 14-24' theme.

Partnership Working

- At this stage of implementation, the approved partnerships appear to be working effectively. However, mobilisation of projects has just commenced so an assessment as to the effectiveness of partnership working is premature.
- **Recommendation:** The varying degree of previous partnership working may influence the effectiveness of implementation, with those with experience at an advantage. There may be a requirement for new partnerships to be given additional support to aid implementation, particularly at the early stages of mobilisation.
- **Recommendation:** Diverse partners and complexities resulting from new partnership arrangements may present challenges as the projects evolve and circumstances change. It is imperative that the Managing Authority maintains close contact with Lead Partners to identify any issues that may impact effective partnership working. It may become increasingly apparent the need for capacity building to ensure that partnerships are working at an optimum level. The opportunity for mutual learning between partners should also be facilitated.

Accessibility

- Based on key stakeholder consultations and feedback from a few applicants, the issue of accessibility was raised in the context of the PIV programme, where representatives from the community and voluntary sector felt that the programme is not accessible to community groups. From SEUPB's perspective, it was intended that community groups will access EU funding from Local Authorities, where the out-workings of the Local Action Plans will be the visible presence of the EU programme on the ground.
- **Recommendation:** SEUPB has already proposed a solution and is exploring the possibility with DOF and DPER, we recommend that this should be pursued to increase the reach of the Programme to organisations who have not engaged to date.