

## Economic Development Committee EDC 01-01 (p5)

<b>Date:</b>	<b>17 January 2001</b>
<b>Time:</b>	<b>2.00 – 5.30pm</b>
<b>Venue:</b>	<b>Committee Room 1, National Assembly Building</b>
<b>Title:</b>	<b>Roles and Responsibilities in the Implementation of European Structural Funds Programmes</b>

### Introduction

1. This paper describes the respective roles of and interrelationships between the various Programme Monitoring Committees (PMCs); the Welsh European Funding Office (WEFO); and the Assembly's Economic Development Committee (EDC) in the administration of European Structural Funds programmes. The Committee is invited **to note and comment on** the analysis, which is presented in terms of the Objective 1 programme but which is generally applicable to the other Structural Funds programmes.

### WEFO and the PMC

2. The starting point is Council Regulation 1260/1999, which lays down general provisions on the Structural Funds. The Regulation is based on a clear division between the managing and monitoring functions, and this is reflected in the Implementation Chapter of the Objective 1 SPD. It also establishes the key principle of partnership – "Partnership shall cover the preparation, financing, monitoring and evaluation" of Structural Funds programmes (but not, it should be noted, their management, since that is reserved to the managing authority).
3. The managing authority for the programme is the National Assembly, which has established WEFO to undertake this responsibility. It is WEFO's responsibility to determine (and record) the management arrangements, and it remains responsible at all times for the management of the programme. This means, in particular, that WEFO decides which projects should be supported. In doing so, it is expected to "take full account of the recommendations of working groups" which are established to consider and approve projects, but the final decision must be WEFO's. Issue of approvals letters is a management function, and falls to the Chief Executive of WEFO or his nominee. That accords with what the SPD says: "Offer letters will be sent out, save where Action Plans are in operation, by WEFO on behalf of the Managing Authority".

1. The PMC's primary responsibility under the Council Regulation is to "supervise" the implementation of the programme. Specifically, it approves the Programme Complement and any adjustments to it; and it agrees the criteria for project selection (and so WEFO must make its decisions in accordance with those criteria). In addition, according to the SPD, the PMC.
  - advises WEFO on whether any part of the programme should be delivered through Action Plans; (note that it cannot require WEFO to arrange for delivery through Action Plans, because delivery of the programme is a matter for the managing authority, WEFO, rather than for the Monitoring Committee);
  - advises WEFO on the need for any working groups, in those cases where WEFO is responsible for project selection (again this can only be advice); and
  - "if any other delivery mechanisms are considered necessary, the Monitoring Committee will advise WEFO, which will take the decision and set appropriate management arrangements,"
5. The Monitoring Committee then has a range of other responsibilities connected with the review of progress in implementing the programme, agreeing Annual Reports, assessing performance against targets and so forth; these are listed in Article 35 of the Regulation.
6. The key distinction in all this is that WEFO is to manage the programme and the PMC is to supervise its implementation. In practice, the PMC will recommend the broad framework of arrangements which are to operate, and WEFO will adopt, interpret and apply that framework on a day-to-day basis.

### **The Economic Development Minister, WEFO and the EDC**

7. The Economic Development Minister is responsible for economic development and the Objective 1 programme represents an important element in relation to that. The PES cover for all of the Structural Funds programmes, including Objective 1, comes from within the Economic Development MEG, for which the Economic Development Minister is accountable. According to the Single Programming Document for Objective 1, either he or his nominee can chair the Programme Monitoring Committee which is constituted under the SPD; in practice, Christine Chapman chairs that Committee.
8. The Minister is accountable to the Assembly for the actions of the Welsh European Funding Office, but that Office's principal accountability is to the PMC for its running of the Objective One Programme. The National Assembly is the Managing Authority for the Objective One Programme under the relevant European Council Regulations: that authority has been delegated to WEFO, and WEFO has responsibility for the management of the Programme and approval of applications. The Programme Monitoring Committee supervises the implementation of the Programme, agrees criteria for project selection, reviews progress and advises WEFO on a range of matters.

9. The EDC's role as an Assembly Committee is described in Standing Orders as being to contribute to the development of the Assembly's policies and to keep under review the expenditure and administration connected with their implementation. The policy framework is set out exhaustively in the Single Programming Document, which has legal effect and which is not subject to unilateral amendment by the Assembly. It would generally not be appropriate for the EDC to express views in support of, or against, projects submitted for support (just as Assembly Ministers must not). However, the EDC has a major interest in and responsibility for economic development in Wales of which the Objective 1 programme forms part, and so will be interested in the programme's progress; and the expenditure implications of Objective 1, affecting as they do the totality of expenditure in the Economic Development MEG, must be an issue for EDC to "keep under review" under the terms of Standing Orders.
10. Preserving the primary responsibility of the PMC for supervising the implementation of the programme while recognising the EDC's legitimate interest in its progress (as part of the wider economic development scene) is not straightforward, but could perhaps be best achieved under arrangements whereby
  - i. all members of EDC receive, as a matter of course, copies of all papers to be taken at PMC meetings at the same time these are distributed to PMC members; and
  - ii. the Chief Executive of WEFO, in conjunction with the chair of the PMC if he/she is a member of the EDC, provides the EDC after each PMC meeting with a factual report for information on the decisions taken and on the discussions held. The Economic Development Minister would also be regularly available at Committee meetings to provide information on projects being supported, and from time to time on budgetary issues.

## **EDC and the PMC**

5. The EDC's relationship with the PMC is one of **influence** rather than direction, which would be legally impermissible – and it was to facilitate that influence that the decision was taken to break with previous practice and have politicians (Assembly Members) as members of PMCs. Making PMC papers available as a matter of course to EDC members before PMC meetings as proposed in paragraph 8(i), would further assist the EDC's capacity to exert influence (while respecting the PMC's ultimate entitlement to reach its own decisions without fear of reversal).

12. Productive relationships could be further enhanced by establishing

arrangements for periodic (annual?) meetings between EDC members and representatives of the various PMCs. This could serve both to inform EDC members of progress in implementation of the Structural Funds programmes and in securing better

co-ordination between the various programmes. It would also be essential for there to be a close and regular dialogue between the PMCc and the Economic Development Board being proposed by EDC so that advice on the continuing development of NEDS is fully informed by experience in implementing the European Programmes.

## **Conclusion**

6. It is not easy to put in place arrangements which fully meet the aspirations of the many parties who wish to be involved in Structural Funds programmes. This paper makes proposals aimed at reconciling the potentially competing demands of legality, effective administration and practical politics. The Committee's comments are invited.

**European Affairs Division January 2001**