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Evaluation of Axes 3 & 4 of the Rural Development Plan for Wales 2007-2013

A report for the Welsh European Funding Office

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Executive Summary

Prepared by: Wavehill Ltd, CLÉS and The Rural Development Company

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Report version: Final Executive Summary

Executive summary

This is the final report for an evaluation of Axes 3 and 4 (LEADER) of the Rural Development Programme in Wales 2007-2013 (hereafter referred to as the RDP) undertaken by Wavehill, CLES and the Rural Development Company from May to September 2013. The evaluation was commissioned by the Welsh European Funding Office (WEFO) of the Welsh Government.

Priority has been given in this study to assessing the contribution to the two key impact indicators; new jobs created and/or existing jobs saved and economic growth. It is however important to note that generating a direct economic benefit was not the primary objective of a number of Axes 3 and 4 activities which are primarily focused on providing a basis for economic activity in a rural location. The argument is that the economic benefit is generated subsequently via activities that build upon (or happen because of) the interventions being discussed here. This evaluation has not however been able to assess in any detail whether that has or will be the case. This may therefore be an area for further research.

Where there is evidence of economic benefit it has been generally generated by projects funded by measures most focused on economic development issues. The impact is generally seen on a micro level rather than on a macro level; individual businesses may have generated substantial benefits but the impact in the economy as a whole is not substantial. The impact also varies substantially from area to area although that is not unexpected. The programme is being delivered on a locally led and local authority area basis meaning that activities vary substantially from area to area depending on the priorities of the Partnership in that area. The level of investment also varies substantially from area to area which will also, influence the extent of the impact that can be seen.

The *very wide* range of projects and activities funded needs to be considered when discussing the outcomes of Axes 3 and 4. The range of activities is partly due to the range of measures implemented within the programme, but even within measures, there is a very wide range of activity. Whether this is beneficial depends on what those designing Axes 3 and 4 implementation in Wales aimed to achieve. If the objective was to allow a wide range of very specific (local) issues to be identified and addressed by the programme - projects and activities that would not have been

funded by the Structural Funds – then this has been achieved. The appropriateness of the approach is however less clear in terms of achieving a substantial and focused impact within the economy (jobs and growth) in rural areas.

Recommendation 1: There should be greater clarity about the purpose of the Axis 3 and 4 programme / the need to be addressed. The programme (including its monitoring system) should then be designed around achieving that specific objective. This discussion should include a review of the method or process being used to deliver the programme (specifically the role of the LEADER approach) and the outcomes which it is foreseen *the method* can achieve.

Recommendation 2: Depending on the decision made in relation to Recommendation 1, there should be a far greater emphasis on the Local Development Strategy (LDS) as the document which coordinates activities at a local level in the future with a view to promoting a clearer, more integrated and more strategic approach at a local level. *Please refer to Recommendation 12*

Much of the discussion about the administration of Axes 3 and 4 has focused on the complexity involved. In many ways, these issues have overshadowed the programme to the extent that that this is the first issue stakeholders refer to when asked to talk about their experience of Axes 3 and 4 in Wales.

Looking first at the *structure*, we have concluded that there is potential for both ‘vertical’ and ‘horizontal’ integration. *Vertical* integration would involve merging some of the functions of the Welsh Government with that of the Lead Bodies to reduce the administrative layers within the structure; for example, the double appraisal of projects. *Horizontal* integration would involve merging or rationalising some of the activities that are currently being undertaken separately in 18 areas across Wales. This could potentially include the Partnerships themselves (depending on their role in any future programme) but could include some Lead Body functions such as project support, financial processing and reporting activities.

It is important to note that we would separate the Axis 4 (LEADER) LAGs from some of the horizontal integration discussed above as the focus of their activity should be on assessing the development needs and potential on a *small* area-based level. There is a risk that creating LAGs that cover larger areas could lose the focus on

small areas and locally-led development. We see no reason however why several LAGs could not be facilitated by the same Lead Body or 'delivery support' team.

One of the key features of the approach in Wales is the 'side-by-side' implementation of the two axes. The logic is clear as is the opportunities it created for 'mainstreaming' the LEADER approach and creating the opportunity to move ideas successfully piloted under Axis 4 into Axis 3. On a practical level however, what is probably better described as the 'semi-integrated' approach being used has proven to be challenging and complicated to administer and there is little evidence that the anticipated advantages have been realised. Our conclusion is that the semi-integrated approach has had a negative impact in diluting the LEADER approach to the extent that it has not been consistently fully implemented across Wales during the current programme period.

Recommendation 3: As part of the development of plans for the next programme period, the potential to merge some of the functions of the Welsh Government (as the Managing Authority) with those of the Lead Bodies to reduce the administrative layers within the structure should be considered.

Recommendation 4: The potential for merging and/or coordinating some of the common administrative or back office activities that are currently being duplicated in 18 areas across Wales should be explored. This should not be taken to imply the creation of LEADER LAGs that cover larger geographic areas than in the current programme.

Recommendation 5: The current Partnership-LAG structure should not be replicated in the future. The local structure should be a simpler, streamlined structure which requires a single LAG in each area. By definition, this would mean fully encompassing the LEADER approach for all activities delivered by this element of the RDP as originally envisaged in the 'mainstreaming' of the method.

Recommendation 6: Subject to the above, the new LAGs should be empowered to undertake their role fully. This should include making decisions on how the funding that is available to them is utilised based on the *strategy* that they have devised working within set parameters.

There was much discussion about the 'LEADER approach' during the course of this research. Our conclusion is that the extent to which LEADER is actually being implemented within the current programme in Wales is 'patchy'. There are many reasons for this including the experience that those involved in some areas have of the approach and, as discussed above, the dilution caused by the partial integration with Axis 3.

Recommendation 7: There should be a focus in future programmes on implementing *all* aspects of the LEADER approach in Wales. This should include providing more guidance and support to Lead Bodies on the LEADER approach than has been available during the current programme with the Wales Rural Network potentially having a key role in this process.

Competition *at a project level* is the mechanism that the Welsh Government has used to allocate the funding that is available between the local authority areas but there are a number of alternative ways to allocate funding which could be considered. Whilst acknowledging that developing and agreeing such a system will be challenging, providing areas with an indicative budget allocation will take competition out of the process and our view, together with that of the vast majority of interviewees, is that this will improve any future programme.

Recommendation 8: Alternative methods for allocating funding to areas participating in the next RDP programme should be explored in order to avoid competition between those areas on a 'project by project' basis and at the project application stage and in order to promote greater cooperation and sharing of ideas. The consideration of alternative methods should include the potential for placing a greater emphasis on the LDS as the mechanism for allocating funding to projects with greater delegation to the LAG for the subsequent selection and approval of projects.

Although it is apparent that many administrative 'issues' have not been fully overcome, there is a generally held view that things improved substantially as the programmes progressed. Many of the administrative problems that have troubled Axes 3 and 4 can also be traced back to a lack of resource and/or structure being in place at the beginning of the programme period. Avoiding such a scenario by having

that knowledge and experience available at the beginning of the next programme period would be hugely advantageous.

Recommendation 9: Steps should be taken to ensure that the improved capacity developed amongst key staff during the current programme is, wherever possible, maintained in the transition to the next programme period. The structure for the next RDP programme is unclear at the current time; however we recommend that the administrative structures and staffing for the next programme is established as early as possible to facilitate Partnerships' development of LDSs and projects. This would also enable key parts of the current structure to be maintained thereby providing some continuity.

Another feature of the approach to Axes 3 and 4 in Wales for the current programme period is the split into two business plans. The logic for this approach is again clear. However, our conclusion is that the disadvantages outweigh any advantages. Most notably, the loss of momentum part way through the programme period has been challenging as has the short timescales which were available to deliver Business Plan 1 projects as a result of the split.

Recommendation 10: Alternatives to the 'business plan' approach should be considered for the next programme period. As per Recommendation 8, this should include the potential to allocate funding on a LDS basis (covering the whole of the programme period) with progress reviews being undertaken at key points during the programme period. The potential to ring-fence a proportion of the funding available to fund 'new' projects over the lifetime of the programme should also be considered (potentially funded by any under-spend from other projects).

One of the aspects of the programmes that was particularly criticised by stakeholders was the performance framework being used to monitor projects. It is important to note that improvements have been made as the programmes have progressed. However, important lessons need to be learnt as we progress into the next programme. Most notably, the system needs to be more streamlined, easier to administer and, perhaps most importantly, better understood by those collecting the data.

Recommendation 11: A more streamlined performance framework should be introduced for the next programme which has a greater focus on monitoring the results of activities / projects rather than outcomes. Alongside this, there should be a more coordinated plan at both the programme and local levels for monitoring & evaluating which includes better integration of evaluation activities being undertaken at a local and national level. As part of this plan, there should be a greater focus on communicating the purpose and benefits of monitoring & evaluation and the approach being used to stakeholders throughout the programme.

The core of many of the issues discussed in this report is desire to generate the benefits of a 'grass-roots' / 'bottom-up' and 'joined-up' local approach to rural development with the need for centralised 'control' in order to ensure added-value and maintain strategic coherence. Based on the feedback from stakeholders it is questionable whether the current programme has been able to achieve this balance. The primary reason for this seems to be a lack of resources to be able to effectively 'service' the structure from the centre (i.e. Welsh Government); it is too large and cumbersome to deal with and the complexity of the delivery system. Alternative methods therefore need to be considered.

One potential alternative is to split any future programme into separate 'stand-alone' scheme based measures or sectors (e.g. a business support programme) and to deliver those schemes on a regional or even a national level. In some instances, there will be a compelling argument in favour of this, especially, if it cannot be shown that local needs or circumstances are such that a regional or national approach is not appropriate. The risk is that the benefits of the locally-led and integrated approach championed by LEADER, is lost.

We would argue that this does not need to be an argument about regional or national schemes versus local schemes; there is no reason why it is not possible to implement an approach that has the benefits of both; a national or regional project which is administered 'centrally' but delivered locally and coordinated with the LDS. Simplify the project by undertaking the administrative functions centrally whilst maintaining a locally led deliver focus. Such an approach will not be appropriate in all circumstances; but it's an approach that needs to be considered especially for where the need is similar in a number of different areas.

This discussion also needs to consider the way in which ‘gaps’ or opportunities identified by local partnerships or LAGs are being addressed. The tendency within the current programme is to seek to address any perceived gap by developing a new project or scheme. However, it is conceivable that there may be circumstances which a new project or scheme may not be the best way in which to address these gaps. For example, introducing a change or new element to an existing scheme or programme may be more effective in addressing the need. The concerns that have been expressed about the ‘added-value’ of Axes 3 and 4 projects by ‘central’ stakeholders need to be acknowledged and, as part of that, there is a need for a greater consideration of the potential for what may be described as ‘rural-proofing’ existing or mainstream mechanisms and adapting them to meet gaps or opportunities that have been identified rather than introducing new schemes or projects.

Recommendation 12: Future Axes 3 & 4 programmes should seek to develop a model based on a networked ‘development approach’ which focuses on reinforcing the implementation of the LEADER approach and on maximising the benefits of both a top-down and bottom-up approach. This, as per previous recommendations, should include a focus on developing Local Development Strategies which are focused on implementing a ‘*strategy*’ (rather than individual projects) which draws together (and integrates on a local level) local, regional and nationally led projects and activities in order to maximise their benefit to the local area.