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Study on the contribution of local development in delivering interventions co-financed by the European Regional Development Fund (ERDF) in the periods 2000-06 and 2007-13.

Report

Regional Case Study: West Wales and the Valleys

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Acronyms

AM	Assembly member
CED	Community Economic Development
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
GDP	Gross Domestic Product
GVA	Gross Value Added
LDA	Local Development Approach
LED	Local Economic Development
MEP	Member of the European Parliament
MTE	Mid-Term Evaluation
NAW	National assembly for Wales
NGO	Non-Governmental Organisation
NUTS	Nomenclature of Units for Territorial Statistics
O1	Objective 1
OP	Operational Programme
PMC	Programme Monitoring Committee
PPS	Purchasing Power Standards
SET	Spatial/Specialist European Team
WDA	Welsh Development Agency
WEFO	Welsh European Funding Agency
WEPE	Welsh European Programme Executive
WIMD	Welsh Index of Multiple Deprivation

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Foreword

The European Commission, Directorate-General for Regional Policy, is undertaking an analysis of the role of local development approaches (LDA) in ERDF co-financed interventions. One aspect of the exercise is a series of five case-study analyses of NUTS2 regions covering interventions co-financed by ERDF across the 2000-06 and 2007-13 programming periods.

The case-studies are intended to outline the way in which local development approaches are implemented on the ground, detailing the interface between socio-economic context and the design of intervention strategies and illustrating relative performance of the particular LDA models adopted. In so doing, the studies seek to address the primary research issues of the study, namely:

- What are the effects of local development interventions in terms of socio-economic development, better living conditions and territorial balance within regions?

- To what extent can the local development approach contribute to the effective delivery of Cohesion Policy? What are the limits of the approach?

This report provides the case study review of ERDF local development approaches pursued in West Wales and the Valleys across the 2000-06 Objective 1 and 2007-13 Convergence programming periods.

West Wales and the Valleys is one of two NUTS2 areas that cover Wales, a region of the United Kingdom. It has an area of 12,400km^2 with approximately 1,150km of coastline and a population of some 1.89m persons, close to two-thirds of the total population in Wales. The case study has been drawn-up by a process that includes:

- desk-based analysis of relevant statistical and socio-economic data sourced from Eurostat and the UK Office for National Statistics (ONS);

- desk-based analysis of documents relating to each period and covering items such as Operational Programme (OP) materials, evaluation reports, Annual Implementation Reports (AIRs) and PMC minutes and reports;

- semi-structured (face-to-face interviews) with fifteen actors including the managing authority, local authorities, universities, voluntary and third sector groups and external experts; and

- a stakeholder workshop to outline, validate and discuss emerging findings from the case-study exercise.

Defining a local development approach is not straightforward. The study operates on the basis that an LDA approach requires the existence of a clear territorial focus, an element of policy integration and the fact that partnership is expected to play a role - whether as a tool within the process or as a goal in its own right. It is evident that LDA

activities may coincide, or overlap with, territorial interventions but existence of the latter need not imply the former.

In terms of territorial focus, both the Objective 1 and Convergence Programmes contain defined geographies of interest. In O1, the primary initial focus was within local administrative geographies with flexibility to adopt a region-wide perspective where the nature of the need or scale of intervention made it more appropriate. The same flexibility is inherent within Convergence although the spatial unit is now sub-regional rather than local.

As far as policy integration is concerned, O1 required development of local action plans for all spatial geographies identifying local needs and the range of interventions suited to address them. Although project selection was ultimately undertaken by the managing authority, and direct submission was not prohibited, applicants were encouraged to submit applications to local partnerships for initial approval. Thematic interventions were catered for through separate structures.

Convergence adopts a slightly different approach. Applications are guided by a series of Strategic Framework documents designed in conjunction with local and regional partners. Some are spatial in nature and some are thematic, but the latter cross-reference to spatial areas. As the spatial unit is now sub-regional, links between sub-regional and local areas are addressed through Specialist, (formerly Spatial) European Teams (SETs). Thematic interventions are again catered for through separate structures.

As for the final element, since O1 required local partnerships to be formed in order to draft local action plans and to filter proposed interventions, the formation of local partnerships was a clear initial goal as well as a means through which to channel project proposals. Convergence requires partners to assist in the process of defining intervention frameworks, but not on a local scale and with no direct role for local

partnerships in scrutiny or delivery. As such, the nature of Programme level partnerships has evolved towards being a tool, they are temporary structures that gather to agree and revise the strategic direction of the Programme.

More details on each of these elements, the nature of their origins, the rationale for their construction and stakeholder perspectives on their role and value, is contained in the following sections of the case study.

1 Executive summary

West Wales and the Valleys presents something of a unique case study environment. In the first instance, there was no such spatial entity prior to 1998 when Eurostat agreed a reconfiguration of NUTS2 areas in Wales. Although parts of Wales had received a variety of EU funds prior to 1999, Objective 1 funding was only secured when the new West Wales and Valleys area fell within eligibility criteria.

Secondly, the designation of Objective 1 status for the 2000-06 programming period coincided with the emergence of the National Assembly for Wales (NAW) and represented a fundamental change to the overarching political context within Wales. With devolved legislative powers, O1 funding provided a series of immediate high profile political challenges and opportunities.

Thirdly, the delivery models adopted for 2000-06 and the 2007-13 Convergence Programme vary markedly. The O1 programme was anchored to local administrative areas with emphasis on partnership extended via the introduction of the 'three-thirds' principle by the National Assembly, mandating a seat at the partnership table for the social and voluntary sectors. The Convergence programme operates at a different spatial level and with much less emphasis on formal partnership structures. The very different approaches provide an interesting and informative background against which to review LDA approaches.

Design of the O1 Programme was intrinsically organic and bottom-up in nature. Fifteen local area partnerships (corresponding to local administrative areas) were formed to develop action plans and to act as initial scrutiny vehicles for applicants. While project proposals could always be submitted directly to the managing authority, applicants were encouraged to submit proposals to the local partnerships before progressing to central assessment. Broader thematic proposals were assessed via regional partnerships. This architecture was, however, altered mid-way through the programme period with the requirement to submit proposals through local partnerships set aside.

Stakeholder opinions as to the merits of the O1 structures vary. One set of views see the arrangements to have been a principled attempt to embed LDA within the programme and report the partnership structure as providing accountability and transparency. Other views are that the arrangements were overly bureaucratic, time consuming and encouraged a plethora of small-scale project proposals.

Our assessment is that direct LDA activities constituted close to 20% of the O1 ERDF resource. Analysis suggests that performance profiles for these activities have been variable. Community based initiatives are generally reported to have achieved most OP targets, including that for gross jobs created. This is offset, however, by weaker performance in terms of social economy and other local development measures. Overall, while targets for physical development and assistance to organisations, groups and individuals appears to have been addressed well, job generation has been below

expectations - only one of the four OP gross jobs targets in LDA related measures has ultimately been achieved. The appropriate emphasis to be placed on job creation within assessment of LED structures is, of course, a matter of debate and intrinsic difficulty in making projections in this area may be responsible for much of the disparity between forecasts and outcomes.

The 2007-13 Convergence Programme is substantially different from O1. One of the primary objectives has been to impose a radical shift in project development, scaling-up applications in terms of size, quality and collaboration. Partners come together to design/update a series of Strategic Frameworks (spatial and thematic), documents that are used to guide project applicants, but no formal partnerships exist beyond the PMC. The application process is web-based, directly to the managing authority, which works with applicants to develop and improve proposals. There are a number of other innovations including a very different procurement protocol whereby delivery bodies are frequently determined by open tender procedure.

The substantial change to O1 structures, embodied in Convergence, has inevitably created frustration on the ground. The downgrading of local partnership structures is viewed by many stakeholders as having primarily been a political decision rather than an evidenced-based response to emerging issues. The lack of local ownership, or sense that project proposals are being tested for local 'fit' is source of concern, as is an implied lack of transparency, and the introduction of novel procedures has proved challenging. There is also, however, a recognition that some aspects the Convergence regime are beginning to prove their worth.

Our assessment is that direct LDA activities within the Convergence Programme represent around 12% of the available ERDF resource, a reduction relative to O1. Absorption rates for these activities lag behind other forms of intervention though comparison is difficult in the light of match-funding issues following widespread government expenditure reductions and a general expectation that such activities are traditionally slow to get off the ground.

Evidence on performance in LDA activities is generally mixed. Forecasts for physical development and assistance to groups or organisations generally match or better OP targets but gross jobs forecasts are lower than anticipated – a feature common (at this point in time) to other non-LDA interventions.

The case-study has, of necessity, been required to review LDA structures within the context of existing monitoring and performance indicators and few of these are ideally suited to reflecting the 'essence' of an LDA philosophy. Capturing the subtleties of capacity building and community development within LDA strategies is somewhat difficult within the context of such indicators and it may well be that the latter do not, ultimately, present an appropriate prism through which to assess achievement and sustainability,

2 Context related features

West Wales and the Valleys is one of two NUTS2 areas that cover Wales, a region of the United Kingdom. It has an area of 12,400km^2 with approximately 1,150km of coastline and a population of some 1.89m persons, close to two-thirds of the total population in Wales. Comprising 15 local authorities, the area is diverse in terms of social and economic structure.

The Valley authorities in the south contain many small urban centres that developed alongside the iron, coal and steel sectors but suffered as the industries declined in economic significance through the second half of the 20th Century. The western and northern authorities are generally more rural in nature and economic activity is more geared more towards agriculture and services than production.

West Wales and the Valleys received Objective 1 funding between 2000 and 2006 and has remained eligible to receive Convergence funding between 2007 and 2013.

2.1 Socio Economic development

Eurostat data (for 2008) place the value of the West Wales and the Valleys economy at approximately €35bn (current market prices) or 53% of Wales as a whole. This converts into a figure of €18,400 per inhabitant compared to €21,900 for Wales and €29,600 for the UK.

In Purchasing Power Standards (PPS) terms, GDP per capita in West Wales and the Valleys was 77% of the EU-27 in 2000 and 71% in 2008, in contrast to 92% and 85% for Wales and 119% and 115% for the UK at the same points in time.

In practice, per capita values (relative to the EU average) for the UK, Wales and West Wales and the Valleys have been drifting downwards since 2004. The West Wales and Valleys profile does not fade as quickly as that for Wales and the UK, drifting after 2005 rather than 2004, but falls relatively fast in common with the other areas thereafter and on into the start of the recession.

Indexing per capita GDP from 1997 onwards shows that the West Wales and the Valleys profile drops away from the EU average at first, but broadly mimics the trend of the latter for a number of years before diverging more sharply after 2006.

In common with many small area geographies, the Valleys areas experience notable out-commuting flows that make interpretation of GDP trends complex, and use of GDP is often debated as an appropriate of economic vitality, but use of in-situ data suggests that there is as yet little evidence of a significant turnaround in the economic performance of the West Wales and Valleys economy and some indication of potential deterioration through the recession period.

Indexed GDP Per Capita (PPS Base): 1997-2008
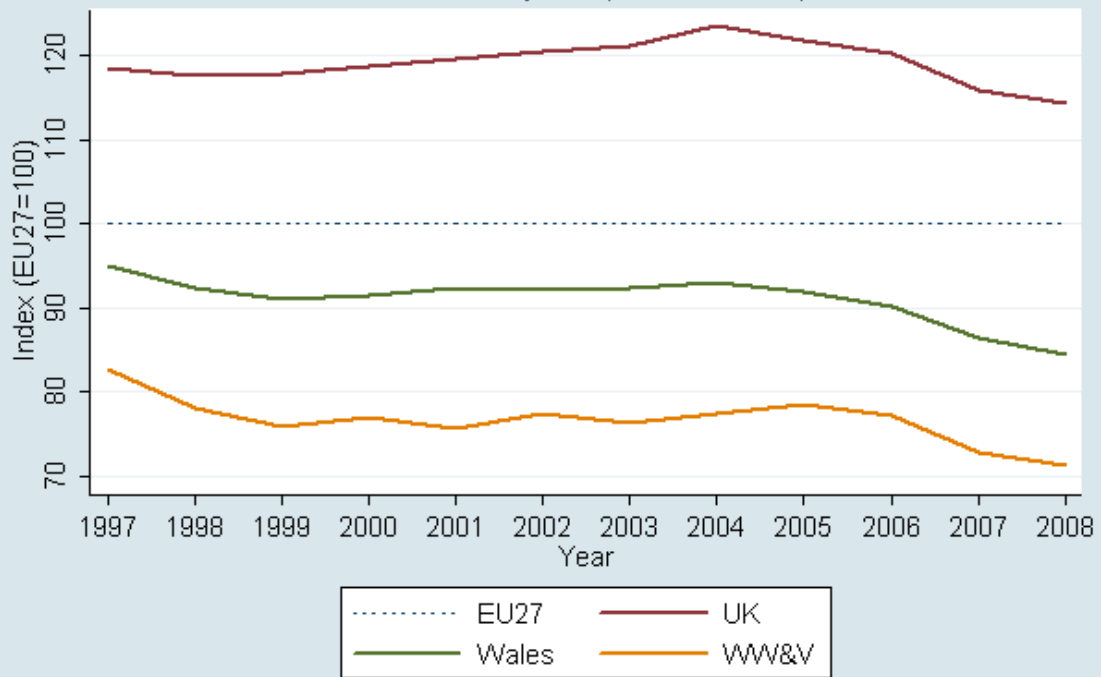
Source: Eurostat

Indexed GDP per Capita (PPS Base): 1997-2008
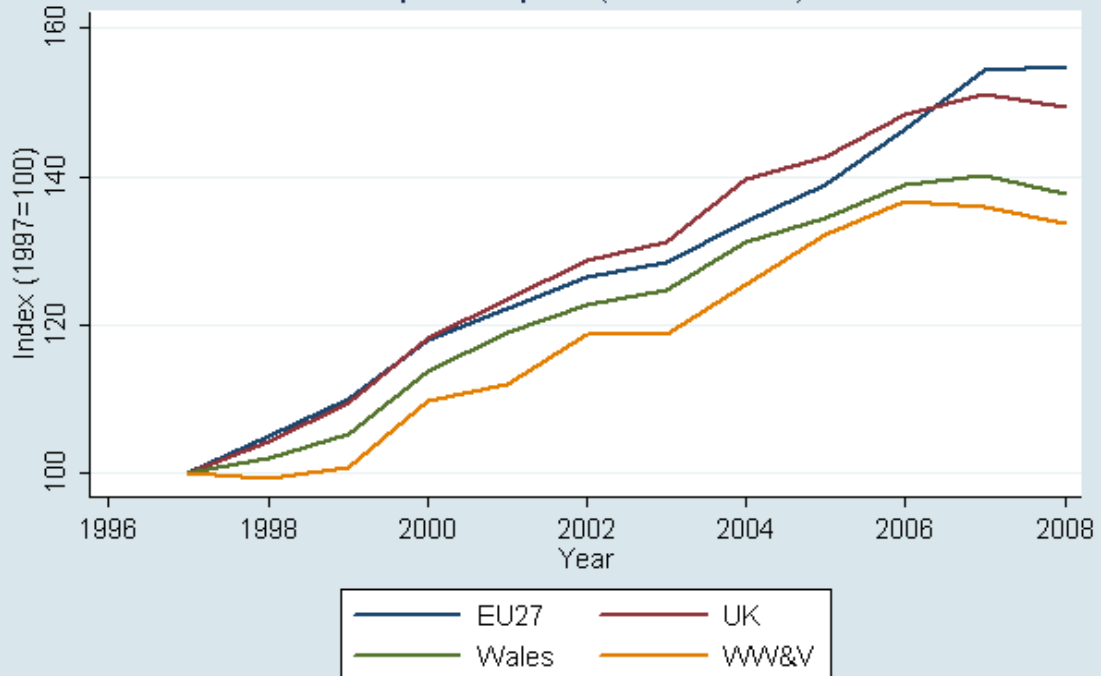
Source: Eurostat

Table 2.1: Socio-economics features of the Region

	West Wales & Valleys			UK			EU		
	2000	**2006**	**2010**	**2000**	**2006**	**2010**	**2000**	**2006**	**2010**
Total Population (m)	1.85	1.88	1.89	58.89	60.58	62.26	482.77	493.21	501.11
Male (m)	*0.896*	*0.914*	*0.926*	*28.69*	*29.69*	*30.64*			
Female (m)	*0.957*	*0.967*	*0.970*	*30.20*	*30.89*	*31.62*			
Population >65 (%)	18.0	18.5	19.4	15.8	15.9	16.6	15.6	16.8	17.4
Male (%)	*15.4*	*16.4*	*17.6*	*13.5*	*14.0*	*14.8*			
Female (%)	*20.4*	*20.4*	*21.1*	*17.9*	*17.9*	*18.3*			
Education Level (Level 4+)	23.1	25.8	30.9	26.6*	31.0	35.8	-	-	-
Male (%)	*21.6*	*23.3*	*27.6*	*26.3**	*29.6*	*33.7*	-	-	-
Female (%)	*24.9*	*28.7*	*34.7*	*26.9**	*32.6*	*38.1*	-	-	-
GDP per Capita (€ PPS)	14,700	18,300	17,900	22,700	28,500	28,700	19,100	23,700	25,100
Activity rate: 16-64 (%)	68.4	70.3	70.6	75.4	75.7	75.5	68.5	75.0	71.0
Male (%)	*75.5*	*75.4*	*75.9*	*82.8*	*82.3*	*81.7*	*77.2*	*82.8*	*77.6*
Female (%)	*61.5*	*65.3*	*65.3*	*68.1*	*69.2*	*69.4*	*59.7*	*66.5*	*64.4*
Employment Rate: 16-64 (%)	63.5	66.4	63.8	71.2	71.6	69.5	63.7	69.6	64.1
Male (%)	*69.4*	*70.6*	*67.0*	*77.8*	*77.5*	*74.5*	*72.7*	*77.4*	*70.0*
Female (%)	*57.8*	*62.4*	*60.5*	*64.7*	*65.8*	*64.6*	*54.8*	*61.9*	*58.2*
Unemployment Rate (15+) (%)	7.0	5.5	9.2	5.6	5.4	7.8	9.0	8.4	9.6
Male (%)	*7.9*	*6.4*	*10.9*	*6.1*	*5.7*	*8.6*	*7.9*	*7.7*	*9.6*
Female (%)	*6.1*	*4.4*	*7.2*	*5.0*	*4.9*	*6.8*	*10.3*	*9.2*	*9.6*
Net Migration (000)	+5.7	+6.9	-	+158	+198	+198	+1,858	+1,604	+0.854

-: Not Available; *: 2009, Sources: Eurostat, Office for National statistics (ONS)

In terms of spatial balance, around 20% of West Wales and Valleys GVA is generated in South West Wales and Gwent Valleys with Bridgend and Neath Port Talbot each accounting for a further 16%. This contrasts with Gwynedd and the Isle of Anglesey, which contribute 7% and 3% respectively and scrutiny of spatial patterns shows that, since 2000, there has been a drift of GVA creation towards Swansea and (to a lesser extent) South West Wales, away from Gwent Valleys, Bridgend and Neath Port Talbot and Central Valleys.

The structure of the economy is heavily weighted towards services. GVA profiles show that agriculture and mining together account for just 1% of total GVA[1]. Manufacturing accounts for some 17% with services broadly accounting for the remainder - the most prominent sector activities being public services (29%) and business services (15%).

Comparison of GVA share since 2000 indicates a relatively substantive loss of 7.5% points in manufacturing primarily offset by a 3.5% point gain in business services and a 3.6% point gain in public services. Over the same period, agricultural GVA declined from 1.9% of the total to just 0.3%.

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[1] Office for National Statistics (ONS): http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14650.

Activity and employment rate indicators (Table 2,1) are generally in line with those for the EU-27 but are low within the context of the UK. Activity rates are generally within 1% point of the former but some 5% to 7% points lower than those for the latter. While both male and female rates are notably lower than UK comparators, male rates are also lower than the EU-27 average and female rates are marginally higher.

The same broad picture is evident in terms of employment rates but the gender differentials with the EU-27 average are much more pronounced - male rates are substantively lower than the EU average while female rates are substantively higher. These patterns are reflected in unemployment profiles with West Wales and Valleys rates higher than those for the UK, though not as high as for the EU-27, and female rates lower than for males.

A clear gender differential also exists in terms of the proportion of the population qualified to tertiary education level. As in the UK, a higher proportion of West Wales and the Valleys females are qualified to this level than males but all figures are lower than in the UK, again by a notable margin.

Allied to these economic patterns is a defined ageing of the population base. The proportion of the population aged 65+ in West Wales and the Valleys is higher than the UK average and, as elsewhere, is increasing. Population estimates suggest that the share of 65+ females is now around 21% compared to 18% in the UK with males representing close to 18% compared to fewer than 15% in the UK.

Taken together, the evidence shows an economy that, over the last decade, has struggled to keep pace with other parts of the UK or Europe, has levels of activity and employment that remain depressed relative to the UK, if not EU-27 comparators, and that are reflected in unemployment profiles with lower cohorts of the higher level qualified and growing dependency rates.

2.2 Institutional and political characteristics

There has been extensive change to the overarching political context within Wales over the last decade. In particular, a referendum on proposals to establish a Welsh Assembly was held in September 1997, approved by a narrow margin and came into being via the Government of Wales Act 1998.

The Act provided for a 'First Secretary' to be elected by the Assembly, with powers delegated from the Assembly and onto appointed Ministers. In July 2002 the Assembly Government established an independent commission to review the powers and the electoral arrangements for the Assembly. In its wake, the UK Government introduced a structure that allowed the National Assembly to pass laws in specific areas subject to the grant of powers by Westminster.

The relevant Act removed the status of the National Assembly for Wales as a single unitary body and replaced it with three elements (1) The National Assembly, able to make new laws in devolved areas (2) The National Assembly Commission, a body that

provides support functions to the Assembly and (3) The Welsh Assembly Government (WAG), a separate executive, including the First Minister and Deputy Ministers.

Until the second half of the 1990s, secretariat functions for European Funding were located in the Welsh Office, a department of UK government located in Wales. In 1997, responsibilities were transferred to a freestanding executive - the Welsh European Programme Executive (WEPE) but restructured once more as an executive agency of the National Assembly - The Welsh European Funding Office (WEFO) – in 2000. Ultimately, WEFO was subsumed within the Assembly in 2004 but has effectively operated as the Managing Authority for the O1 and Convergence programmes.

A single Programme Monitoring Committee (PMC) oversees both the Convergence and (East Wales) Competitiveness interventions in Wales with all-Wales ERDF and ESF sub-committees. As detailed in the OP, it comprises 24 members, plus a chair, of which 10 are experts selected by the Welsh Assembly Government following an open, competitive process. The other Members include 3 from different WAG departments, 2 from local government, 2 from education, 2 from employment support and trades unions, 2 from the voluntary and social economy sectors and 1 each from the private sector, Environment Agency (or Countryside Council for Wales) and the Commission for Human Rights and Equality. The European Commission, and other bodies, participate in an advisory capacity.

The PMC (while covering two spatial areas) is broadly similar to PMC used in the West Wales and Valleys O1 Programme. This had 18 members (plus Chair) sourced using the 'three thirds principle' (discussed in the following section) with equal numbers from the public, social and voluntary sectors alongside eight specialist statutory advisors and four European Commission advisors.

3 The use of LDA in the region: Telling the story

Regional Policy in the United Kingdom has its origins in the inter-war depression of the 1920s and 1930s. The concept of spatial targeting assistance, while limited, was born in this era when South Wales was designated as one of four Special Areas. Throughout most of the next 50 years, various forms of regional policy initiatives were adopted and amended in an attempt to rebalance the differential economic and growth performance between the southern regions located around London and the more peripheral regions of the UK. Parts of Wales were invariably eligible for some form of support and, for a period around the mid 1960s, much of Wales was defined as a Development Area or Special Development Area. While the regional policy stance of the UK government moved increasingly towards selective as opposed to automatic support in the late 1970s and 1980s, regional intervention was still viewed as an important component of the competitiveness agenda.

Over this entire period, the process of area designation, design and implementation of regional policy was typically centralised within government ministries. Local authorities served to influence aspects of development through the planning system but did not, typically, have access to substantive funds for economic development. Nevertheless, the creation of the Welsh Office, in the mid 1960s, provided an opportunity for delivery of UK government policy to be coordinated in Wales itself and the establishment of the Welsh Development Agency (WDA) in the mid 1970's provided a primary body for regional industrial and economic development.

The emergence of CSF and Structural Funds in the late 1980s and early 1990s encouraged a major realignment of regional policy perspectives and practice. With increasing emphasis on partnership approaches, alongside measures intended to strengthen the role of regional and local bodies, it became evident that access to such funds would mandate less centralised direction.

The CSF frameworks for Industrial South Wales in the 1989-93 programme period, along with a RECHAR initiative, an Integrated Development Operation and Operational Programme for rural areas became the first EU investments in Wales. The 1994-96 Industrial South Wales Objective 2 and the 1994-99 Objective 5b programmes followed. Each adopted the now standard Programme Monitoring Committee (PMC) structure, chaired by the Welsh Office with a range of partners including the Commission, local authorities, the private sector and other bodies. A Secretariat in the Welsh Office was responsible to government for administration and financial accountability and resource was allocated through competitive bidding with project appraisal set against selection criteria designed and agreed by the partnership.

The 1994-96 Industrial South Wales O2 programme was followed by another approved O2 intervention for 1997-99 covering the same broad area, along with Objective 3 and

Objective 4 resource and a series of additional initiatives including RECHAR II, RESIDER II, LEADER II, SME Wales, URBAN, KONVER, PESCA, RETEX[2].

It is clear that movement away from centralised control, and towards more localised perspectives and practice was primarily linked to the processes and procedures connected to the introduction of Structural Funds. There were, in addition, other features of the Wales context that were to extend this transition.

In the first instance, secretariat functions for Structural Funds were transferred from the Welsh Office to the Welsh European Programme Executive (WEPE) in 1997. This was a free standing executive incorporated as a company limited by guarantee, but without shareholders or share capital, and effectively operated in the public interest with board membership reflecting the main beneficiary sectors of EU funds in Wales. The intention here was to demonstrate independence, impartiality and transparency to all interest groups.

Secondly, although no part of Wales was eligible for receipt of Objective 1 support in the 1994-99 programming period, this situation altered when configuration of the Welsh NUTS2 areas was amended. Originally, Wales contained two NUTS2 areas that reflected an underlying north/south spatial perspective. One of the consequences was the masking of low GDP areas in West Wales and the Valleys areas. In 1998, Eurostat agreed to the reconfiguration of the NUTS2 areas according to an east/west perspective. With a GDP per capita profile below the relevant regulatory threshold, the new West Wales and the Valleys area thereby qualified for Objective 1 in the 2000 to 2006 programme period.

In addition to this, and as noted in the previous section, access to Objective 1 resources coincided with extensive change to the wider political context within Wales via the establishment of the Welsh Assembly. One consequence was a policy hiatus as the Assembly sought to define strategies appropriate to the new governance arrangements and perspectives at the same time as it was required to develop the Objective 1 OP. In practice, the Objective 1 SPD was developed prior to the National Economic Development Strategy (NEDS) that had been intended to provide the strategic framework for the O1 Programme in Wales.

The coincidence of such events gave immediate and very public prominence to the O1 programme, emphasised by the presence of Assembly Members on the Programme Monitoring Committee (PMC). Moreover, there was direct and public debate as to whether appropriate match-funding might be available.

One of the by-products, however, was a high level of consultation with public, private and third sector stakeholders on the priorities for intervention and the emergence of a very organic, bottom-up LDA approach with two cross-sector partnerships – the West Wales and the Valleys partnerships - directed to produce a needs assessment of their

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[2] RECHAR II (economic and social conversion of coal mining areas); RESIDER II (economic and social conversion of steel industry areas); LEADER II (rural development); SME Wales (SME Development); URBAN (urban regeneration); KONVER (economic and social conversion of defense industry areas); PESCA (diversification of fisheries sector); RETEX (diversification of textiles & clothing sectors).

respective areas and with sector representatives contributing to drafting the SPD. The initial SPD contained six priorities (excluding Technical Assistance) and 37 Measures with individual financial allocations[3].

The National Assembly also ended the role of WEPE, establishing an executive agency to exercise all previous WEPE functions. The Welsh European Funding Office (WEFO) became accountable for all elements of European Structural Funds in Wales but was very different from WEPE in that it was an agency and part of the infrastructure supporting the Assembly government.

This, on the other hand, was balanced by a very decentralised delivery structure involving 15 local (authority area) partnerships, 10 regional partnerships and 4 strategy partnerships. It was intended that the local partnerships would develop local action plans (LAPs) to direct resources to areas of need and opportunity, monitor progress in implementation, identify gaps in provision, assist in project development and promote the programme.

The regional partnerships were essentially thematic in focus and tasked to develop a regional strategy within their area of expertise, assist in project development, evaluate and recommend projects to strategy partnerships as well as identify gaps in provision and liaise with local partnerships. The strategy partnerships – defined in terms of business, community, rural and human assets - were given overall responsibility for ensuring delivery.

The programme was also to be delivered in accordance with the three-thirds principle adopted by the National Assembly. This required equal representation of the public, social and voluntary sectors in Structural Fund partnerships along with a gender balance requirement that at least 40% of members be female and an expectation that ethnic and disabled groups would also be represented.

Discussions with stakeholders reveal variable opinions as to the effectiveness of the O1 Programme structures. There is a strand of opinion that upholds the arrangements in place to have been a principled attempt to embed an integrated LDA spine within the O1 Programme. This view generally sees the overarching partnership structure as providing accountability and transparency. The other strand of opinion upholds the arrangements to have been overly bureaucratic, time consuming and encouraging a plethora of small-scale (and sometimes duplicate) project proposals.

The 2003 Mid Term Evaluation (MTE) noted the value placed on partnership by participants but expressed concern that the 'bottom up' LDA approach might have encouraged a passive rather than proactive intervention stance and might have constrained capacity to achieve strategic momentum or transformation[4]. It also noted that while partnerships played an important role in project development, they became detached and unclear about their post approval role. Similarly, it appeared that not

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[3] Some Measures were later merged.

[4] CRF Research Ltd (2003) Mid-term Evaluation of the Objective 1 programme for West Wales and the Valleys.

insignificant amounts of time were being invested in inter-partnership consultation adding to delays in approval and considering issues beyond their designated remit.

Ultimately, the MTE suggested that the PMC should review the role and structure of partnerships with regional partnerships accruing the functions of the strategy partnerships balanced by stronger integration between local and regional partnerships with some local partnerships merging to operate more effectively at sub-regional level.

In practice, and before the MTE was published, WEFO completed an internal review that recommended substantive change in structures. During 2004, the regional and strategy partnerships were abolished and replaced by six Thematic Advisory Groups. The requirement for project applicants to submit initial project proposals through a local or regional partnership before proceeding to a full application was also removed. In due course, the executive agency status of WEFO was revoked as it was subsumed within the Assembly Economic Development and Transport Department.

In retrospect, many stakeholders see this period as something of a watershed and a forward indication of a more centralised approach if Convergence funding was to be forthcoming. Some express the view that the bottom-up LDA approach encouraged a successful participative culture and (inevitably) resulted in a large volume of smaller-scale projects that revealed monitoring and management capacity shortfalls in WEFO. Others are more accepting of the inherent difficulties associated with large project volumes and the practicalities of delivery in the context of a complex partnership infrastructure.

More generally, stakeholders are keen to stress the role of politics in determining intervention frameworks. They point to a change of government, rather than evidence-based evaluation of performance, as the genesis of adjustments made part way through O1 and for what was to become a very different approach in the 2007-13 period. The role of the media, emphasising the profusion and complexity of partnership structures, is also acknowledged as a contributory factor but once it was confirmed that there would be continued eligibility for Objective 1 funding, it became clear that a return to the 2000-06 protocol was unlikely.

Preparation of the 2007-13 OP was organised through an External Stakeholders Group described as a 'representative' partnership and a series of five workstream groups followed by a public consultation with regional events. With 5 Priorities and 10 Themes, stakeholders and other relevant bodies were brought together to develop thematic and spatial 'Strategic Frameworks' (SFs) intended to set out the strategic perspectives through which projects would be selected for approval and supported via coordinators.

All of the SFs were integrated with the Wales Spatial Plan, development of which became a statutory duty for the Assembly in 2004. Adopting fuzzy boundaries to negate the limitations of administrative areas, six plan areas were defined across Wales, many of which coincided with parts of West Wales & the Valleys. Spatial European Teams (SETs) were established to help coordinate the spatially driven SFs and to assist thematic SF coordinators with partnership engagement at regional and local level.

4 Main interventions using LDA

4.1 Regional strategy: analyzing objectives

West Wales and the Valleys displays the characteristics often associated with a convergence region. As reflected in the Section 2 data overview, low GDP per capita alongside low activity and employment rates, as well as a skills gap, is indicative of an area facing economic challenge. The 2000-06 Objective 1 OP is very clear about the nature of this challenge - it states that low per capita GDP, and consequent designation as an O1 programme area, stems from a combination of two factors

- structural dependence on relatively low value added activities and, in some cases, relatively low productivity within locally important sectors; and

- a relatively low proportion of the population which is in employment, in many areas partly as a result of relatively high unemployment, but more generally because of low economic participation rates.

Both of these are consistent with aspects of the data reported in Section 2 above but SPD evidence also points to a differential profile within the Programme area with low GDP per capita in the Valleys areas linked more to inactivity while that in West Wales is linked more to low productivity performance.

Within this context, other corroborating commentary points to concentration of activity in lower value-added sectors, low business R&D spend & ICT development, low business densities, skills deficits, low quantity and poor quality of industrial and commercial floorspace, transport constraints and energy supply limitations.

These are all issues that are subsequently addressed in the O1 strategy through six defined priorities focusing on development of the SME base, the knowledge based economy, community economic regeneration, developing people, rural development and natural resources and infrastructure development.

Despite the fact that the SPD was (due to the political change underway) drafted prior to 'A Winning Wales', the national economic development strategy of the assembly government, the ambition and intervention strategy of the O1 OP was not inconsistent. Indeed, the Winning Wales documentation cross references the O1 programme and also notes the MTE view that the latter should be used a vehicle for higher-level strategy delivery.

In many ways the priority structure of the O1 programme replicates earlier initiatives. The 1989-93 Industrial South Wales CSFs contained actions focussed on industrial infrastructure, communications, business development, environment, tourism and R&D/vocational training with ERDF primarily directed at physical infrastructure. Likewise, the 1994-96 Objective 2 programme had actions that focussed on the Valleys and disadvantaged communities, industry and business, development of knowledge

based industries and tourism while the successor 1997-99 programme had priorities devoted to community economic regeneration, valleys investment, indigenous SME potential and increasing SME innovative capacity.

As for the broader West Wales area, the interventions between 1989 and 1993 focussed on improved communications to address peripherality, improving economic infrastructure and the environment, industrial initiatives, tourism and human resource development. The 1994-99 Objective 5 Programme, in turn, was structured around three priorities, business development, development of tourism and countryside development and community development.

Nevertheless, discussion of the strategy in the 2000-06 OP provides a coherent overview as to the way in which these interventions will be tailored to address the defined weaknesses of the programme area. The discussion also makes reference to the need for patterns of intervention to reflect varying conditions across the area and to the fact that certain actions will be spatially targeted. While the latter is somewhat broad-brush in nature, the approach implicitly encourages an integrated suite of activities coordinated to reflect differential spatial need. This LDA perspective is later reinforced by the design of local action plans and the local partnership delivery infrastructure.

The 2007-13 Convergence OP provides a consistent message as to the nature of the underlying West Wales and Valleys economic challenge. It states that approximately 50% of the GVA per capita gap with Wales can be explained by lower value-added per job, a further 25% is explained by a low jobs to employment ratio (partly reflecting out-commuting) and the remainder is explained by a low employment rate. In the west and north, low value added per job dominates while the jobs to employment ratio and employment rate (particularly) are more dominant in the valleys areas. This latter feature supports the assessment in the O1 analysis and corroborating commentary points to much the same set of features as previously but adds the inability to benefit from agglomeration effects

For this Programme, the issues are addressed through five priorities (setting technical assistance aside) that are consistent with the (then) economic development strategy "Wales: A Vibrant Economy" (W:AVE) intended to set the framework for Structural Funds focussing on the knowledge based economy, business competitiveness, strategic infrastructure, attractiveness of the business environment and sustainable communities.

That the priorities are similar to the O1 Priorities was probably inevitable given the consistency of the underlying challenge identified in both OPs. One difference to the O1 OP, however, was the attempt to provide greater spatial focus through specific reference to Spatial Plan areas.

The 2004 Wales Spatial Plan provided a 20-year horizon for sustainable development (subject to review) taking account of location differences and requiring local, regional and national coordination of development activities. Five such areas were identified, a number of which lay within the West Wales and Valleys area, and three Priorities were explicitly identified as suitable for coordination with the Spatial Plan Area groups

overseeing intervention (developing strategic infrastructure, creating an attractive business environment and building sustainable communities)

The intention to adopt an integrated and spatially coordinated intervention strategy was subsequently reinforced by the fact that thematic Strategic Frameworks cross-referenced spatial plan areas, the drafting of specifically spatial Strategic Frameworks and the introduction of Spatial European Teams (SETs) to help SF coordinators secure the involvement of partnerships (local, regional or national). The fact that the SET outreach function was housed in 15 local authorities also provided pan-area coverage.

A priori, while the structure is very different from that under O1, there is again a sense that the thinking is to address underlying programme area weaknesses by integrating project activities in a way that best matches sub-region/local needs. The primary difference with the Convergence structure, on the other hand, is that there is substantially less local determination of activity. As noted elsewhere in the study, all project applications are made directly to WEFO, bypassing local bodies/structures, before being centrally assessed and approved. Instead of being at the heart of the programme, directly linking objectives and delivery through project scrutiny and decision-making, local activism is tasked with coordinating partner engagement, project collaboration, signposting and aftercare.

Table 4.1 reports the level of Community resource invested in both the 2000-06 and 2007-13 Programmes to address these issues, alongside the resource invested/to be invested in LDA - the total amounts are equivalent to some €1,934m in the former and €1,250m in the latter. LDA activities are assessed as representing some 19.5% of the ERDF quantum in 2000-06 and 11.8% in 2007-13.

Table 4.1: Total West Wales and The Valleys and Total LDA/Territorial Allocation for the 2000-06 and 2007-13 Programmes

Priority axes	2000/06 (€)	2007/13 (€)
ERDF	1,163,011,000	1,250,378,189
Of which: LDA (€)	226,222,000	147,000,019
Of which: LDA (%)	19.5	11.8
ESF	615,220,000	833,585,460
EAGGF	133,000,000	-
FIFG	22,715,500	-
Total	1,933,946,500	2,083,963,649

Sources: Operational Programmes: 2000-06, 2017-13

4.2 Mapping ERDF interventions using LDA

The O1 strategy contained six priorities, as defined in Section 4.1. Table 4.2 shows that, including technical assistance, total programme funding was defined as €3,341m

with the EU contribution equivalent to some 58% and two priorities included LDA type activities.

Table 4.2: West Wales and the Valleys 2000-06 Objective 1 ERDF Operational Programme, priority axis allocations.

Priority axes	EU funding (€)	National funding (€)	Total funding (€)	EU funding (%)
Developing and expanding the SME Base:	460,431,000	391,637,600	852,068,600	54.0
Developing Innovation and the Knowledge Based Economy	314,389,000	185,428,000	499,817,000	62.9
Community Economic Regeneration	**169,429,000**	**70,186,122**	**239,615,122**	**70.7**
Developing People	511,790,000	353,626,400	865,416,400	59.1
Rural Development and the Sustainable use of Natural Resources	**225,935,500**	**209,181,000**	**435,115,500**	**51.9**
Strategic Infrastructure Development	226,790,955	172,437,833	399,228,788	56.8
Technical Assistance	25,181,045	24,670,045	49,851,090	50.5
Total 2000-2006	1,933,946,500	1,407,167,000	3,341,112,500	57.9

Source: Operational Programmes: 2000-06

The Community Economic Regeneration priority contained three ERDF funded Measures. These focussed on partnership and community capacity-building, regeneration of deprived areas through community-led action and support for the Creation and Development of Businesses in the Social Economy. Moreover, funding was spatially targeted at deprived communities defined in accordance with the Assembly sponsored Welsh Index of Multiple Deprivation (WIMD). Some of the activities in the priority lay at the heart of the LDA paradigm and included:

- encouraging participation of local people in a wide range of community activities as a step towards future economic engagement.

- enabling voluntary and community groups to fully participate in partnerships that place communities at the centre of regeneration initiatives and supporting the work of agencies who provide a catalyst for community-centred development;

- supporting:

    o community led initiatives which help address local economic, social or environmental problems and their underlying causes;

    o community led projects which help improve the local physical environment and provide openings for future economic development;

- developing new businesses within the social economy and encouraging sustainable growth in employment and income among businesses within the social economy;

- providing business advice for social economy organisations that increase employment or provide economic benefits.

- providing communities with access to alternative finance.

One area of contention, in terms of implementation, occurred when the Assembly introduced a separate domestic regeneration initiative, Communities First. This also targeted areas using the WIMD but the list of areas did not completely overlap with those for Priority 3 generating some confusion on the ground and establishing a competitive situation for skilled and experience community regeneration staff.

The Rural Development and Sustainability of Natural Resources Priority contained measures directed at promoting local economic development and support for recreational opportunities and management of the natural environment. The former was spatially targeted at rural areas and included activities to:

- promote a wider range of interaction and mutual learning among firms of all types to help rural enterprises tackle information gaps, working where possible, with universities;

- increase access to mainstream urban-based services and export markets by networking or use of special facilitators;

- promote alternative employment by providing an attractive location for businesses;

- encourage further tourism to local centres;

- encourage the development of growth nodes based on local competitive advantage; and

- develop greater economic opportunities for young skilled people in the area to reduce out migration.

The second measure was also spatially targeted at all rural counties, certain wards in the mainly urban counties and all river systems and coastal zones. Activities included covered:

- promoting integrated planning, management and monitoring of economic activity on the coast;

- sustaining and enhancing the qualities of coastal land, beaches, and the sea, and the supported wildlife;

- improving riverine fisheries through habitat restoration and creating new stillwater fisheries to meet increasing recreational demand;

- enhancing visitor experience at nature reserves through visitor management and interpretation, and enhance opportunities for visitors to enjoy Welsh wildlife;

- enhancing opportunities for walking and riding along strategic and other walking and riding routes in rural Wales.

For the 2007-13 Programme, issues are addressed through five priorities (setting technical assistance aside) consistent with the then economic development strategy "Wales: A Vibrant Economy" (W:AVE) intended to set the framework for Structural Funds.

Table 4.3 indicates that, including technical assistance, total programme funding is defined as €2,175m with the EU contribution again equivalent to some 58% though overt LDA activities are located primarily in Priority 5.

Table 4.3: West Wales and the Valleys 2007-13 ERDF Convergence Operational Program, priority axis allocations.

Priority axes	EU funding (€)	National funding (€)	Total funding (€)	EU funding (%)
Building the Knowledge Based Economy	313,878,019	244,709,467	558,587,486	56.2
Enterprise and Business Finance	192,778,000	190,072,990	382,850,990	50.4
Transport and Strategic Infrastructure	341,823,802	247,810,005	589,633,807	58.0
Energy and the Environment	229,898,349	156,402.059	386,300,408	59.5
Building Sustainable Communities	**147,000,019**	**65,995,723**	**212,995,742**	**69.0**
Technical Assistance	25,000,000	20,259,046	45,259,046	55.2
Total 2007-2013	1,250,378,189	925,249,290	2,175,627,479	57.5

Source: Operational Programmes: 2007-13

The Building Sustainable Communities Priority is intended to support integrated approaches to long-term regeneration that will benefit the most deprived communities and develop vibrant economies. The first theme (Physical Regeneration), with PMC endorsement for spatial targeting of 80% of the resource on 44 settlements, focuses on:

- integrated regeneration of towns and villages by physical improvements (eg landscape and access improvements, redesigning unsafe open landscapes and the rehabilitation of public spaces) to the urban fabric and the wider natural and built heritage within the broader Spatial Plan framework; and

- developing and delivering effective ways of engaging local communities and developing local networks with the aim of finding and implementing local solutions for regeneration activity.

The second theme (Community Economic Development) focuses on:

- support for new or improved services/facilities identified as part of a local regeneration strategy where there is clear market failure and to include community-led finance initiatives, financial and debt advisory services and initiatives tackling barriers to employment and community transport;

- support for community-led initiatives that build sustainable, vibrant communities through addressing environmental issues and making places more attractive to live and work;.

- organisational development and out-reach services (not covered by Priority 2) to encourage emerging social enterprises and community organisations to address issues of sustainability and generation of economic outcomes.

- finance initiatives to encourage investment in social and community enterprises, with the potential for sustainable growth, to move away from grant dependency and towards trading activity and sustainability;

- activities that promote a vibrant cultural life, i.e. engaging communities and promoting social inclusion through cultural and heritage activities, for example community festivals and events, community cultural centres, multi-media activity, and community arts projects.

5 Effectiveness of interventions co-financed by ERDF

5.1 Outputs and results

The Objective 1 Programme was broad in nature with six Priorities and over thirty Measures. Table 5.1 details end-Programme performance for the LDA activities refined in the last section. It shows the original OP targets and reported achievements.

Most achievements comfortably exceed their OP targets. Outputs such as the number of community groups and initiatives assisted, persons involved in planning and developing strategies and partnerships, social enterprise premises development, SMEs receiving support and marketing and promotion events, are reported as having been substantially in excess in excess of targets.

In practice, performance within the Regeneration of Deprived Areas through Community-led Initiatives Measure appears to have been among the strongest. Virtually all outputs and results targets were achieved, including that for gross jobs created. The Partnership and Capacity Building Measure displays the same characteristics, but measure level performance for social economy support is reported as having been identifiably weak.

Here, outputs in terms of community enterprises receiving support and Community enterprises receiving support led by women, disabled persons and ethnic minorities finished between 80% and 90% down on target though premises development was double the original target. Associated results are mixed with jobs safeguarded close to target but most other indicators well down, including gross jobs created

Indeed, three of the four gross jobs indicators reported in Table 5.1 are lower than their targets, and by some 50% to 60%. This pattern of relatively good achievement in output indicators matched by low jobs generation result indicators is not confined to West Wales and the Valleys, but does demonstrate the difficulty in guiding interventions towards job creation in LDA frameworks.

The appropriate emphasis placed on job creation within assessment of LDA structures is, of course, a matter of debate and the intrinsic difficulty in making projections in this area may be responsible for much of any disparity between targets/forecasts and outcomes. More generally, it might be argued that existing monitoring frameworks and indicators struggle to reflect the 'essence' of LDA strategies and that further refinement is required before they are suited to the task.

Table 5.1: West Wales and the Valleys 2000-06 Objective 1 Programme, physical performance profile

P3M2: Partnership & Capacity Building	OP Target	Achieved
Outputs Community groups assisted (number)	600	10,041
Persons involved in planning/developing strategies, partnerships, community initiatives (number)	7,200	51,770
Results		
Community development initiatives supported (number)	110	2,629
Community initiatives active after 2 years (number)	82	1,910
P3M3: Regeneration of Deprived Areas through Community-Led Initiatives	**OP Target**	**Achieved**
Outputs		
Community groups assisted (number)	1,900	4,829
Persons involved in planning/developing strategies, partnerships, community initiatives (number)	7,200	13,179
Community services/owned assets supported (number)	300	1,321
Inter-agency partnerships/regeneration initiatives supported (number)	150	1,104
Community environmental appraisals (number)	200	304
Derelict/contaminated land improved (ha)	1,000	947
Results		
Community projects supported (number)	660	4,978
Community development initiatives supported (number)	110	184
Community initiatives active after 2 years (number)	82	103
Community environment enhancements supported (number)	500	908
Gross jobs created in supported projects (number)	1,100	1,328
Community assets owned by local groups after 2 years (number)	225	1,154
P3M4: Support for the Social Economy	**OP Target**	**Achieved**
Outputs		
Premises developed for social enterprises (m^2)	15,000	32,607
Community enterprises receiving support (number)	5,700	1,186
Community enterprises receiving support led by women, disabled persons or ethnic minorities (number)	2,850	291
Results		
Turnover increase if assisted enterprises (£)	187,000	147,530
Gross jobs safeguarded (number)	1,000	974
Gross jobs created (number)	1,900	1,007
Gross new social enterprises established (number)	600	269
Community assets owned by supported enterprises (number)	300	941
P5M6: Promoting Local Economic Development Countryside Management	**OP Target**	**Achieved**
Outputs		
Existing SMEs receiving support/advice/information (number)	3,950	4,670
New SMEs receiving support/advice/information (number)	600	1,485
Marketing & promotion events supported (number)	30	851
Local facilities improved (number)	20	569
Results		
Gross jobs created (number)	2,000	890
Gross jobs safeguarded (number)	990	1,950
Gross new businesses	200	314

P5M8:Support for Recreation Opportunities and Management of the Natural Environment	OP Target	Achieved
Outputs		
Coastal management schemes supported (number)	25	26
Km of river habitats improved (number)	450	513
Visitor initiatives supported (number)	140	154
Inland fisheries protected (number)	41	110
Results		
Gross new jobs created (number)	800	288
Gross safeguarded job (number)	1,350	1,901

Source: WEFO

The (draft) 2010 Annual Implementation Report (AIR) for the 2007-13 Programme shows that 109 projects had been approved by the end of 2010 and €928.8m of ERDF funds had been committed. Of this total, LDA activities account for €132.5m, or 14%.

More recent detail on the funding profile is available through monitoring reports submitted to the PMC. The most recent set of published documentation covers the period to May 2011 and shows the number of approved projects rising to 116 with commitment of £800.7m or €936.8m[5]. Within this total, ERDF commitment for the Building Sustainable Communities priority is reported to be 92% of the OP target.

The WEFO website provides a summary of project activity through to August 2011. This amends approvals to 120 and shows ERDF commitments rising to £807.2m or €944.5m[6]. The Building Sustainable Communities commitment profile does not change.

Table 5.2 provides a summary of absorption rates which, as might be expected, display considerable variation. The Enterprise and Business Finance priority is significantly more advanced than any other with a spend profile close to 50% of allocation. Transport and Strategic Infrastructure spend is running at about 25% but even this shows substantially more progression than other priorities. Indeed, the Building Sustainable Communities priority is the least advanced - although grant commitments are over 90%, the ERDF absorption rate is running at less than 10%.

One possible reason for the implementation lag may relate to match funding. The 2010 AIR reports issues in securing match funding for projects, the nature of which intensified in the light of expenditure constraints following the Autumn 2010 UK Comprehensive Spending Review and knock-on effects to the Assembly Targeted match Funding (TMF) Scheme. This is a resource available as a 'last resort' in circumstances where all other sources of match funding have proved fruitless.

While the implication is that LDA interventions may come under increasing delivery pressure as the programme period progresses, stakeholders do not appear particularly perturbed by this pattern of events. They anticipate that LDA type activities are 'back-end loaded' and that the profile will gain momentum over time.

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[5] Using an exchange rate of £1:€1.17.

[6] Ibid.

Table 5.2: West Wales and the Valleys 2007-13 Convergence Programme, absorption profile

Priority	Total Allocation (€m)	ERDF Allocation (€m)	ERDF Spend (€m)	ERDF Absorption rate (%)
Building the Knowledge Based Economy	560.9	315.0	39.0	12.4
Enterprise and Business Finance	282.6	148.7	70.8	47.6
Transport and Strategic Infrastructure	699.5	390.9	91.1	23.3
Energy and the Environment	386.7	230.0	32.8	14.2
Building Sustainable Communities	238.8	159.2	13.0	8.2
Technical Assistance	20.1	13.1	2.8	21.4
Total	2188.6	1256.9	249.4	19.8

*Source: June 2011 PMC Programme Monitoring report, converted at exchange rate of £1: €1.17.

Table 5.3 details physical performance to May 2011 showing original OP targets, end of programme forecasts and progress across a range of output and result categories for the Building Sustainable Communities and Creating an Attractive Business Environment priorities.

The first noticeable aspect of the profiles is the degree of variation between end of programme forecasts[7] and initial OP targets. It is not uncommon for such variation to exist in the middle of a programme and one would anticipate greater stability and coherence between the two towards the latter stages.

Table 5.3: West Wales and the Valleys 2007-13 Convergence Programme, physical performance profile

Building Sustainable Communities	OP Target	End Programme Forecast	Progress May 2011
Outputs			
Individuals assisted to set up new social enterprise (number)	50	115	-
Individuals financially supported to set up new social enterprise (number)	25	8	-
Land developed (ha)	15	24	2
Organisations assisted (number)	200	847	122
Organisations financially supported (number)	100	189	33
Physical improvement schemes (number)	30	34	-
Results			
Enterprises accommodated (number)	50	152	1
Gross jobs created (FTE)	6,200	1,057	72
Investment Induced (£m)	3.0	3.5	0.2
Jobs accommodated (number)	150	628	6
People accessing services (number)	100,000	36,699	3,170
Premises created or refurbished (m^2)	10,000	58,370	122
Social enterprises created (number)	30	130	2

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[7] These are projections based on the pattern of outcomes to date. They provide a simple basis for comparison over time but differences with OP targets should be expected to decline as a programme Progresses. As such, care in interpretation and comparison is required.

Creating An Attractive Business Environment	OP Target	End Programme Forecast	Progress May 2011
Outputs			
Initiatives developing the natural and historic environment (number)	21	81	7
Managed access to countryside or coast (Km)	100	578	-
Results			
Visit Numbers	750,000	2,371,487	26,286

Source: WEFO: PMC Reports

Consistent with the evidence of absorption, it appears that physical performance in LDA activities is mixed. The gross jobs forecast for the Sustainable Communities priority is some 80% lower than the OP target and yet the overall programme level forecast is marginally higher than the OP target. Analysis, however, shows that this is not a specific LDA issue – the feature is common across all but the Improving Competitiveness priority where the forecast exceeds the OP target by 140% and offsets the projected deficit in all other priorities. In practice, a substantial degree of caution is required in interpretation as differential lead-in times make comparison difficult and variations between forecasts and targets may diminish as the programme progresses.

More generally, stakeholders express a range of views as to whether LDA type interventions have responded appropriately to local needs and problems. In a literal sense, there are some views that the Objective 1 Programme had a true integrated framework with partners contributing directly to OP content, local needs identified through local action plans, project proposals assessed against such plans and crosschecked against broader thematic frameworks.

Among this group, there is a belief that the O1 modus operandi made ERDF intervention more effective than would otherwise have been the case, particularly in terms of engaging groups traditionally outside the economic development professionals. Indeed, those of this persuasion often express a sense of local ownership and determination that they believe has dissipated within the Convergence Programme.

While the latter nominally provides a mechanism for achieving a similar overarching structure – Strategic Frameworks are both thematic and spatial – the OP is interpreted by some as having been drafted far more centrally than previously. Likewise, there is no reported sense of local 'fit' or local ownership as all project applications are developed, assessed and approved centrally with very limited referencing to local partner perspectives.

The countervailing view is that such comments are natural in an environment where a decision is taken to move towards a more strategic delivery and implementation framework but that a local dimension remains within the Programme but are more strategically focused and do not bring with them the management and administrative costs that are associated with the O1 model.

It is said that the same level and type of activity can be carried out under either model – the same set of intermediaries or sponsors can be supported and the same range of beneficiaries assisted - but there are subtle differences in terms of perceptions and ownership and careful calculations are required as to the advantages and disadvantages of decisions relating to structure.

The decision to move away from the structures established in the 2000-2006 period, on the other hand, does provide a context within which to assess other LDA dimensions. It is clear from discussions with stakeholders that the O1 programme supported substantive capacity development of both individuals and organisations.

It is, for example, reported that the practicalities of establishing and sustaining partnership structures on an everyday basis has left a legacy in terms of expertise on the ground. The experience of engaging with groups that traditionally operate beyond the 'horizon' of regeneration practitioners (aided by the Assembly 'three thirds' principle), the need to form a common perspective of local need and assess the suitability of project applications are all skills identified by those that worked within the O1 programme.

Those stakeholders that have gone on to work within the Convergence programme identify a clear benefit to the experience gained in the 2000-06 period. Capability in terms of joint working, development and management of projects and attending to financial planning and audit requirements is much more extensive than would have been the case without O1.

This is also the case for stakeholders that are operating in different environments such as the Rural Development Programme. The latter is viewed as having benefited directly from the capacity developed during the O1 timeframe. Inevitably, however, there are those that developed such skills but are no longer using them due to the restructuring of the Convergence programme.

5.2   Sustainability of ERDF interventions using LDA

Views on sustainability and resilience in the wake of LDA interventions are also, not surprisingly, mixed. Virtually all stakeholders acknowledge the role played by Structural Funds in initiating participative and collaborative milieu. There is no doubt in minds that the resource provided an impetus to the LDA approach adopted within the O1 period, and to the development of new skillsets and capacities, but it is also clear that the onset of O1 coincided with substantial adjustment to wider governance arrangements within Wales and that it is the combination of both circumstances that led to the O1 model.

It is recognised that Structural Funds resources are a key inducement to many aspects of strategy development and delivery, but there is a degree of uncertainty as to the extent to which practices and structures would be maintained without the glue that binds together many of the participating 'agents'. The uncertainty does not relate to

knowledge of 'how' to design and deliver LDA type interventions but as to whether the absence of resource would diminish the incentive to maintain cooperative partnership mechanisms. For example, some stakeholders report that the new approach adopted for 2007-13 has resulted in the dissolution of some partnerships formed under the O1 programme. In addition, there is some concern that a 'centralisation agenda' has tended to diminish local political interest in the development process with potential implications for future participation.

There are also positives. There is, for example, some evidence that the O1 Programme provided sufficient 'headroom' for some organisations to demonstrate their capacity to operate in development forums and to subsequently attract non-ERDF funding to continue aspects of their business model. A particular example of this is referenced in the project case study attached to this review[8]. In addition, as noted above, some of the capacity developed during the O1 period has been transferred successfully to different circumstances such as the RDP, providing evidence of a tangible, sustained benefit.

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[8] WCVA Community Capacity Building.

6 Actors and Process Design

Structural Fund interventions are complex undertakings that weave a web of relationships between European, national, regional and local actors. They involve multilevel network governance and operate with a series of formal and informal relationships across and within levels. This section investigates the interrelationships between actors through feedback collated as part of the visit programme that underlies the case study. Individuals were asked to signify the relative importance of actors defined on a list common to all of the case study areas.

In practice, those interviewed were asked to distinguish between what they perceived to be central, secondary and irrelevant actors in terms of finance provision, promotion and coordination of the programme and the extent to which they mobilised other relevant resources (legal, political, knowledge, human). This process was designed to provide perspectives on both programming and implementation phases but focussed only on the 2007-13 period.

The analysis of actors is followed by an assessment of process design which reviews the nature of procedural arrangements, the role of partnerships in intervention strategies, contract and administrative procedures and monitoring systems.

6.1 Actor Profiles

A. Financing

The process identifies four actors that are consistently defined as central in the programming phase for 2007-13. These are the primary administrative bodies of the Commission, national ministries, the managing authority and, to a lesser degree, local authorities. Of the other bodies only universities play a nominal additional role. This contrasts with the profile of secondary actors where only universities and regional agencies emerge as contributors, though both with weak profiles.

Overall, the pattern suggests a fairly centralised approach to finance support within the programming period with limited bodies on the periphery of the process. Analysis of patterns in the implementation phase does, however, show some change.

- while the primary central actors (Commission, national ministries, local government, managing authority) all remain at least as prominent, there is a significant rise in the frequency of local authorities, indicating that these bodies have come much more to the fore;

- a similar pattern exists for the more peripheral central actors (universities, public institutions, private firms and NGOs. These also become more prominent but universities much more so than the others.

The profile of secondary actors inevitably reflects the change in central actor classification but the increasing prominence of universities and private firms is notable.

As might be expected, the implementation phase broadens the range of actors contributing financial support. The increasing prominence of local authorities, universities and private sector firms confirms that local funding partners play a fundamental role in intervention strategies.

B. Promotion

Asked to identify the prominence of promoters during the programming phase, those interviewed point to the same set of four central actors as in the case of finance - the Commission, national ministries, the managing authority and local authorities. There is, on this occasion, little to distinguish the prominence local authorities from the managing authority and national ministries but the profile of the Commission is a less extensive than the others.

Unlike the case of finance, there is also a tail of other actors that are identified as playing a central, if less pronounced, role. These include universities, MEPs and AMs and NGOs. Not surprisingly, actor involvement is notably less centralised in promotion than finance.

There are some differences in pattern when the implementation phase is considered. These do not affect the primary central actors but universities and NGOs are identified as becoming more prominent and MEPs/AMs less prominent. There is, in addition, some suggestion that research centres, local councilors, private firms and trade unions play a nominal role as opposed to no notable presence in the programming phase.

As previously, the profile of secondary actors inevitably reflects the change in central actor classification. Nevertheless, many of those defined on the tail of the central group are identified as secondary bodies. Universities, MEPs, NGOs, AMs, local councillors and trades unions have greater prominence as secondary actors than central actors during the programming phase. Chambers of commerce and employer organisations also have a secondary presence during programming.

The prominence of many secondary actors tends to fade with progression to implementation. For some, this accords with their promotion to the role of central rather than secondary bodies. For others, however, there is no corresponding extension of role. Chambers of Commerce and employer organisations become less involved in promotion.

It is not surprising that the prominence of actors changes between programming and implementation. AMs, for example, maybe less likely to become actively involved in implementation due to the need to remain impartial during the allocation process. In contrast, bodies such as NGO's and trade unions play an role in ensuring that take-up of opportunities is maximised.

It is also somewhat interesting to note that chambers of commerce and employer organisations are not only accorded a modest secondary actor promotion role in the

programming period, they fade significantly in the implementation phase. This may simply reflect the very direct relationship between the managing authority and sponsors embodied in the 2007-13 Programme.

C. Coordinating

In contrast to the finance and promotion results, while the same four actors remain important for coordination (the Commission, national ministries, the managing authority and local authorities) there is more variation during the programming phase. The managing authority is defined are notably more prominent than the other three and the Commission notably less so. The universities, and to an even lesser degree NGOs, are also identified as being less central

The analysis of implementation profiles reveals that both local authorities and national ministries are accorded greater prominence during implementation. Universities and NGOs also become more identifiable in coordination activity while private sector organisations, research centres and trade unions attain a presence not evident in the programming evidence.

Scrutiny of secondary actor profiles is less revealing than in the other cases. Some of the bodies identified as central actors are also identified as moderately prominent secondary actors, but not many and weakly so. Only in the case of NGOs does the secondary actor profile match its central actor profile during programming and remain as prominent during implementation. There is, on he other hand, some suggestion that the managing authority emerges to provide a coordination role.

D. Other Resources

Six prominent central actors are reported to bring other resource to the Convergence programming phase. National ministries top the list followed by local authorities and, less prominently, universities, the Commission, consultants/professionals and the managing authority. It is not surprising that the primary central actors appear once more in this category as they sit at the core of programme development and bring with them substantial additional capability, expertise and knowledge.

Neither is it surprising to see consultants and professionals listed among the group. It is not unusual to 'buy-in' consultancy expertise as part of OP development. There is some suggestion that regional agencies contribute to the programming phase but prominence is weak.

Analysis of implementation illustrates limited change. Most of the central actors maintain or extend their prominence with the exception of consultants/professionals which subside to a significant degree and any sign of regional agencies fades. Research centres emerge but are very weak in prominence.

Secondary actor profiles are again less revealing. In terms of the programming phase, only NGOs and employer organizations are identified as contributors and both weakly so. Both these bodies fade during implementation and are replaced by regional agencies, MEPs, universities and consultants/professionals.

E. Network Overview

In addition to patterns of prominence, a network analysis of connectivity is undertaken. This seeks to assess patterns of interaction, alongside prominence, across all four of the domains included in the review.

In terms of the programming phase, it is clear that the managing authority operates at the hub of the network with links to what are identified as the other major domain actors (local authorities and national ministries), primary financing actors (EU Commission) and other secondary actors. As such, the network is dominated by bureaucrat actors, with less extensive roles for politicians, special interest groups and experts.

The implementation network, as might be expected from earlier sections, is somewhat different. Both the managing authority and local authorities now operate at the hub of the network. National ministries remain important but are less central to the process than in programming and the Commission has a less direct role. Other notable changes include the emergence of other pubic institutions and the much more central role played by universities. Despite the latter, the process predominantly revolves once more around bureaucrat actors.

6.2 Process Design

A. Procedural Design

There exist substantive process and procedure differences between the O1 and Convergence frameworks. The O1 approach, with the requirement for local strategies and action plans (alongside thematic and overall strategy partnerships) delegated initial decisions regarding project mix and level of integration to local partnerships.

Although applications for funding could always be made directly to WEFO, and WEFO would ultimately decide upon the merits of all proposals, applicants were generally encouraged (where deemed appropriate) to submit projects to local partnerships for scrutiny and assessment of fit with local plans. This protocol was, however, substantially weakened mid-way through the programme.

The Convergence approach has been to replace the 'local' perspective directly via Spatial Strategic Frameworks which are primarily sub-regional rather than local in nature, or indirectly via spatial cross-referencing within thematic SFs, with Spatial European Teams (SETs) providing coordination between local and regional interests, and with decisions as to project mix and integration determined centrally.

The concept of SETs provides an interesting approach to the issue of how to coordinate different spatial tiers in a more centralised, strategic approach to delivery. Their introduction implies that the complexity of adjusting the Convergence programme away from the localised perspectives evident in O1 was recognised at the outset and that an attempt was made to balance the competing tension between strategic momentum and

spatial interest. This is evident in the fact that he function of the SETs was defined to cover several roles, including[9]:

- support for thematic framework co-ordinators to secure involvement of partnerships at local/regional/national levels;

- encouraging and facilitating collaboration in planning and project development, supporting project development in collaboration with WEFO and providing ongoing support for project sponsors within the region;

- engaging partnerships and other (national, regional and local) stakeholders in the development and periodic review of spatially driven frameworks and spatial input to the periodic review of thematic frameworks;

- providing an interface between Strategic Framework Coordinators and relevant partnerships and engaging with Framework teams in the ongoing monitoring and evaluation of project activity;

- maintaining links, co-ordination and coherence with other programmes to avoid duplication and add value, maintaining links between SETs and working together on cross boundary interventions;

- providing, with WEFO, early advice on project ideas, as well as project development, and providing a communications interface to promote Framework interventions.

Despite the use of SETs, the Convergence process ultimately bypasses local bodies and organisations. Applications are made directly to WEFO where they are assessed for fit with the SFs and with decisions determined without cross-reference to local partners/bodies. This does not mean that WEFO takes no account of local conditions and needs but there is very limited direct consultation with local organisations.

That said, there is no a priori reason to anticipate that one or the other approach (O1 or Convergence) will lead to a more effective set of projects and activities. There is little suggestion, for example, that a high quality project designed to address the fundamental challenges of the area would not progress under either variant.

More generally, the O1 MTE was positive about the application of selection criteria to project assessment. It reported the use of such criteria in a number of local partnerships though there were also instances where less objective protocols were observed. As far as stakeholders are concerned, the O1 process is seen to have been relatively transparent. This contrasts with a more mixed view of the Convergence era where project assessment and selection criteria are less visible.

The MTE also revealed varying views about the intrinsic value of the local strategies with positive responses offset by comments about occasional vagueness and lack of focus. On the other hand, similar stakeholder commentary also emerges with regard to some of the Strategic Frameworks tasked to direct project applications within the

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[9] Spatial European Teams are now called Specialist European Teams following an evaluation of SETs.

Convergence programme. In particular, many report that the political impetus behind the Wales Spatial Plan has dissipated and encouraged less focus on the spatial element of the Programme. Indeed, the Evaluation of SETs completed at the end of 2010 provides additional evidence that initial vision regarding spatial integration has not been fulfilled[10]. In particular, it reports that the engagement envisaged between the Spatial and SFs has not materialised.

This, in fact, mirrors aspects of the process evaluation undertaken on behalf of WEFO and published in the first half of 2011[11]. It reports that 'the spatial sections of the Thematic Strategic Frameworks have not played a significant role in informing the spatial location or coverage of projects, while the five Spatial Strategic Frameworks have overall, played a useful but modest supportive role in channeling funding within the Spatial Plan areas'[12]. There is additional concern that some Frameworks may have been designed around large projects that were at an advanced stage of development or were continuation projects, that they have proved to be less of a strategy driver than anticipated and adds reports that sponsors see the SFs as 'documents of their time'[13].

Allowing for these comments, one of the primary objectives of the Convergence era has been to impose a radical shift in project development; scaling-up applications in terms of size and quality, and requiring more extended collaboration. This is evident from the much more 'hands-on' role taken by WEFO in project development. Stakeholders appear to have been nervous about the capacity and experience of WEFO to operate effectively in this role – the process evaluation notes the steep learning curve faced by some Project Development Officers (PDOs). Some of that nervousness remains evident but others report noticeable improvement in the quality of advice and support available, a view supported by the recent Customer Insight Survey[14].

B. LDA Interventions and partnership

That so very different approaches have been taken in successive programming periods provides a source of some interest to the debate about the role of partnership in LDA approaches.

The circumstances that encouraged a devolved, local partnership role in the O1 period have been outlined elsewhere. The fact that the SPD had been structured with direct partner input and was being implemented (in part) through a visible local partnership structure served to embed Structural Fund interventions in a local community context. Stakeholders refer to a series of positive outcomes from this process such as a sense of local ownership and engagement, development of local solutions to local needs and promotion of more extensive knowledge of the EU and Structural Funds.

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[10] WEFO (2010) 'Spatial European Teams Evaluation'.

[11] Old Bell 3 et al (2011), 'The Effectiveness of Implementation in the 2007-13 Structural Funds Programming Peiod'.

[12] Ibid, p48.

[13] Ibid.

[14] Databuild (2010) 'WEFO Customer Insight Study'.

Evidence, on the other hand, shows that the process was not free from problems. The MTE reports on the practical difficulties of establishing functioning partnership with delays in guidance a contributing factor. The imposition of common deadlines for strategy documents meant that local and regional (thematic) strategies could not be cross-referenced. Local partnerships did not necessarily have the expertise to evaluate the impact of regional projects and friction with regional partnerships contributed to delay. The secretariat services for many partnerships were provided by local authorities generating some concern about impartiality. A focus on process led some partnerships to concentrate on issues such as eligibility at the expense of assessing potential impact and it is suggested that lack of collaboration between local partnerships might have inhibited larger and more innovative projects.

Some of these issues undoubtedly contributed to the decision to revise the initial partnership framework mid-way through the O1 period and to consider an alternative approach for 2007-13, though many stakeholders point to a simple, more direct political decision. Local partnerships no longer play a central role, removing local determinism and accountability. Partners play a role in the design and update of the Strategic Frameworks but only remain actively involved if they are collaborators in a project application and/or delivery.

The important question is whether this revised process, downgrading local partnership structures, has served to enhance project quality, impact and outcomes? There is, as yet, no formal evidence through which to answer this question.

The recent evaluation of implementation methods confirms that the SFs have been important in guiding deliberations over project applications though they also appear (inevitably) to have become less important as fund commitments have increased with evidence of limited partner engagement in consultations for their revision.

Consistent with stakeholder commentary, the report points to frustrations regarding delays in approval and to the fact that the timeframe can exceed that observed under O1, though this disregards the very different process at hand during 2007-13. The move towards increased collaboration, likewise, appears not to have been trouble free. The evaluation notes that joint working arrangements are frequently cited as a major cause of delays in the development of projects and that while the impression of greater strategic focus is provided by fewer overall projects, many of the large projects effectively comprise a large number of smaller delivery agents. As such, the risk of duplication, an issue in O1, may have been reduced though not eradicated.

C. Contracts and administrative procedures.

A significant change between the O1 and Convergence models was the shift toward procurement and the transfer of programme management downwards to project sponsors.

Applicants for Convergence funding were directed towards WEFO Guidance on Sponsorship, Partnership, Procurement and Grants (SPPG). This pointed to the expectation that, while 'in-house' project delivery was not excluded, sponsors should

seek to commission third party delivery via open tender procedures. In other words, delivery agents were encouraged to compete, through a tender bid process, to win the contract for delivery. An amended version was subsequently released in early 2010 with revised guidance on Sponsorship and Delivery models released in October 2010.

Some stakeholders have misgivings about this change in that they have witnessed delays in driving projects forward. Part of this is put down to the need to secure the acumen required for outsourcing but part is also put down to the timing of, and confusion about, publication of the initial SPPG guidance. A number of instances are reported whereby sponsors had started collaborative working that had to be radically altered, if not abandoned, as a consequence.

The evaluation of implementation methods talks of one project whereby delivery agents had shared intellectual property only to become tender competitors at a later stage and another where a third sector organisation, in pursuing a continuation project, had been obliged to make internal staff redundant due to outsourcing requirements.

Indeed, the evaluation suggests that while some clarity has emerged over time, project applicants viewed the status of procurement proposals as ambiguous after the SPPG guidance was published with concerns that advice was not always coherent or consistent. It is suggested that the change restricted the ability of sponsors to engage and consult with key stakeholders in case this undermined the transparency of the procurement process with the result that the quality of proposals may have suffered.

It remains too early to assess the overall impact of the procurement arrangements but there are some positive messages to set beside the problems noted. It appears to be the case that the arrangements are making sponsors much more focused as to outcomes and value for money considerations. There is evidence that payment by results (PBR) mechanisms are being explored and the process evaluation suggests that several sponsors are able to identify improvements in delivery quality with many becoming more sophisticated in terms of market testing and establishing panels from which to invite appropriate suppliers.

D. Monitoring systems

Monitoring procedures for the O1 programme were typical of Structural Funds frameworks for the period with systems in place to generate quarterly monitoring returns detailing spend progress against financial profile and physical performance.

In retrospect, however, it is clear that a number of relevant issues were emerging early in the Programme. The MTE, for example reports that the involvement of local and regional partnerships with monitoring and evaluation was 'patchy' with lack of clarity about who had responsibility for monitoring and evaluation, very limited contact between members of partnership secretariats and project staff, post approval, and ambiguity in WEFO's view on whether this was a task that partnerships should undertake.

Some stakeholder recollections are that WEFO was positively unwilling for partnerships to perform this role with the result that information flows to partnerships

were less than robust and often subject to delay. Yet the MTE also reports that contact between WEFO and projects was limited to formal monitoring returns, with formal responsibility for the project passing from the desk officer to the payments team at project approval.

Stakeholders report that matters improved over time but the information loop remained an area of concern and it is difficult to get a sense that impact evaluation was an issue of core importance for many projects within O1. Interestingly, while project sponsors seemed unaware of any formal evaluation requirements the vast majority appear to have been aware of audit requirements and had already established audit protocols.

The 2007-13 M&E framework, thinking which began to evolve while O1 was still in progress, has a dedicated Research, Monitoring and Evaluation (RME) team within WEFO and is supported by an Evaluation Advisory Group (EAG) established to oversee evaluation activity and to provide technical advice as well as a Technical Sub Group (TSG) to undertake work on behalf of the RME.

The 2007-13 M&E framework is clearly more robust than that under O1. This is somewhat inevitable given the centralisation of the Programme but the availability of support for project sponsors is far more detailed than was previously the case. There is, for example, monitoring end evaluation guidance that details the purpose of M&E activities, the type of information that will be required and advice with regards to evaluation planning. Likewise, there is detailed guidance on the specification of indicators that will be used to assess performance.

All project sponsors are required to undertake or commission project evaluations with the extent of the exercise commensurate with project scale, agreed as part of the project development process and with associated outlay defined as an eligible cost. It is mandatory for all project sponsors receiving more than £2m of grant for a single project to commission external evaluation by independent contractors.

On the evaluation front, a number of informative studies have been commissioned and undertaken. These have included a(n):

- customer insight study to assess external views of processes and procedures;

- impact evaluation feasibility study to examine the potential for assessing net programme impacts through quasi-experimental methods;

- evaluation of the Spatial European Teams; and

- evaluation of Programme Implementation to examine the effectiveness of Strategic Frameworks, Cross-cutting Themes and Communications.

7 What works and doesn't work

This final section takes broad overview of how Structural Funds have operated in the context of West Wales and the Valleys, focussing on the actor network, institutional and administrative capacity, internal partnership working and monitoring and evaluation. It seeks to highlight both the positive and negative features that have been associated with implementation of policies since 2000.

A. *The actor network*

In many ways, the nature of the agent or partnership structures that evolve is a by-product of broader decisions about levels of devolved powers and decision-making and the administrative framework that is required to facilitate delivery. Not all types of agent structures are consistent with all types of delivery mechanisms and trying to 'force' incompatible entities together will, ultimately, lead to some form of institutional failure.

LDA approaches must be sensitive to, and reflect, the very particular circumstances of the area in which they are to be applied. In West Wales and the Valleys, for example, it was clear from early discussions about O1 that the intent would be to promote local solutions to local challenges. A number of mechanisms were thereby employed to engage and secure the commitment of relevant actors and stakeholders. In particular, the:

- opportunity to design local strategies detailing the specific issues facing local economies, and plans for the way in which O1 interventions could address such issues, was a means of securing participation;

- the ability to scrutinise project applications gave a sense of local empowerment and ownership even though ultimate approval decisions were taken elsewhere and funding and compliance regulation remained within the remit of the managing authority;

- fact that the number of local plans (and partnerships) matched the number of local authorities was a means of encouraging political as well as development cooperation;

- initial arms-length position of the managing authority, from government, gave it a degree of credibility and transparency;

- use (initially) of indicative allocations to local partnerships provided visible evidence as to the potential benefits available to local communities.

In the end, however, the devolved partnership approach was set aside. Other than referencing the role of politics in directing this change, observations that might be made about this course of action would probably refer to fact that the:

- decision to overlay local partnerships with thematic partnerships, or perhaps more so the potential for partnerships to cross-refer on projects, generated confusion about roles and responsibilities and project delays;

- necessity to have, and reliance upon, delayed guidance from the managing authority for operating protocols may have helped compliance at the expense of inducing delay and may have stifled innovation;

- process encouraged introspection and limited spatial perspective within some partnerships, constraining collaborative projects over larger geographies;

- emergence of large numbers of small-scale projects generated significant management burdens, severely complicated monitoring and evaluation and may not have had the strategic impact originally envisaged within the OP.

The Convergence approach is much more centralised with no local oversight or accountability. Some stakeholders, while positive about the role that the Assembly played early in the O1 period, take the view that its new standing was reflected in the desire to acquire both economic and political capital which made a move towards centralisation of delivery somewhat inevitable.

B. Institutional and administrative capacity

Whatever the nature of the LDA approach adopted, there is little prospect of the intended objectives being attained if there is insufficient capacity – within key individuals, institutions and the administrative framework – to deliver approved schemes and projects.

An important, and possibly unique, element in extending capacity within West Wales and the Valleys was the way in which O1 coincided with the changing political landscape of Wales. The emergence of the National Assembly brought a newly invigorated political dimension to delivery of O1 with the scale of the latter proving an attractive opportunity for public debate.

This not only raised public awareness significantly but also coincided with a decision to impose the 'three-thirds principle' for partnerships, ensuring that a range of actors would play an active role in the development arena.

The latter feature was a key element that helped to bring third sector bodies much closer to the development arena than they had been previously. It allowed many of them, operating as intermediaries to smaller community groups, to demonstrate that they were capable of operating as full partners in complex regeneration environments and lead the community development agenda.

This approach, with the 'offer' of funding support matched by enforced representation within all partnership structures, shows that devolved structures can be supported by actions from the centre. Adopting the former does not imply that there is no potential role for core actors.

Stakeholders express concern about the current Convergence approach in that it does not offer much in the way of capacity development. Direct negotiation between the

managing authority and project sponsors/collaborators regarding projects means that there is a very limited 'audience' to observe the process with the result that experience is being accumulated by a narrower group of individuals/bodies than was the case under O1.

As such, there is a risk that those individuals/bodies will be in a much better position for within future bidding schemes, will be in a stronger negotiating position vis-à-vis potential collaborators and will generally have a much greater probability of success.

C. Internal partnership working

An important feature of the West Wales and Valleys case is the presence of a preceding series of externally funded interventions. Although smaller in scale than O1 and Convergence, an understanding of the role and requirements of network frameworks was embedded within regeneration and policy-making perspectives. Each layer of funding provided experience that extended the capacity of those involved and often, thereby, their institutions. By the time O1 arrived, the concept of seeking coordination of activities and purpose through partnership structures was not deemed to be unusually demanding.

On the other hand, the decision to operate through a complex, overlapping series of partnerships may, ultimately, have been too ambitious. There is often a substantive gap between the design of structures on paper, as part of the OP, and their effective introduction on the ground. The retrospective view of some stakeholders is that matters were just not thought through sufficiently and that something as simple as a 'role-play' event or exercise might have served to identify some of the pitfalls that eventually emerged.

The Convergence programme, in contrast, limits the actions of non-PMC partners to assistance in the design and updating of investment frameworks. Indeed, the role of a high-level scrutiny body such as a PMC, with specified roles and responsibilities, protocols and sanctions, is generally accepted, in principle, as a basis for ensuring balanced oversight of programme interventions and a source of stability. Nevertheless, a number of stakeholders also express concern about the degree of political direction given to the managing authority. With very limited time to appraise circulated documentation, the PMC is reported as rarely overturning advisement given in papers.

D. Monitoring and Evaluation

M&E activity is backbone of programme implementation. It provides a series of project and programme feedback loops that play a key role in the implementation process and yet is often accorded less importance that it deserves and demands.

The West Wales and Valleys case, like many others before it, demonstrates the significance of constructing a viable, functioning management system that can deal with the 'front-end' of expenditure claims and reimbursements as well as the 'back-end' of performance. In practice, it is rare that a monitoring and payments system does not come in for criticism.

Devolved partnership frameworks are inevitably data hungry. Local partners are both visible and accountable but feel impotent if they cannot identify what is happening on the ground.

Some stakeholders feel that it is in the M&E environment that the 'true nature' of the West Wales and Valleys O1 Programme was revealed. Their view is that the delivery framework was ultimately flawed as it was never intended for local partnerships to undertake any extended M&E activity. In other words, this was not a task that was deemed expedient for local groups to perform. Hence, there was limited guidance for partnerships with regard to the task, limited information feedback and a consequent lack of focus. Others simply put it down to the typical problem of putting in place mechanisms that operate effectively on the ground. The Convergence Programme appears to have learned much from the O1 experience, though the significant change in structure means that the presence of similar difficulties is less directly visible.

In terms of broader evaluation, most stakeholders are positive that the procedures put in place represent a significant improvement compared to O1. Many, in fact, feel that something of a void remains in regard to the performance of the O1 programme as a whole. They broadly accept the value of detailed scrutiny exercise such as the MTE, and while the latter was updated to a relatively late point in time, they do not get a sense of closure that comes from having a traditional end-of-period overview. They also feel that the requirement to publicly account for performance on a regular basis, though AIRs, represents a positive step. Overall

- full and effective systems specifications are a pre-requisite for any programmes that entail an LDA component, especially with local devolvement or delegation, and require up-front investment;

- providing timely performance data serves to define the reputation and credibility status of project leaders/partnerships but there is a danger that failure to offer adequate feedback will undermine the credibility of delivery partners just as much as negative performance;

- delivery partnerships that are not provided with adequate monitoring information may lose focus and drift apart;

- provision of detailed guidance about the purpose of M&E, the role that project sponsors/leaders play in it and what they can expect to receive from it, should be available at the outset of programmes and not at a later stage.

E. Overview

Ultimately, there are a series of key features to LDA approaches and networks that combine to determine the overall functionality and longevity of those networks. These include:

- a vision for development that not only reflects local needs and aspirations but is consistent with the 'objective function' of those charged with delivering wider strategy imperatives;

- securing and maintaining the participation of local actors that have the capacity to design and deliver high quality projects that make a difference both locally and in the broader sub-region/region;

- introduction of administrative structures that are consistent with decisions regarding the extent of devolved powers and decision-making and that are armed with safeguards to ensure appropriate probity and compliance;

- clear assignment of roles and responsibilities, effective communications mechanisms and a basis for informing on performance that is both timely and of sufficient detail.