

# Final Report

## Interim Evaluation of the UK PESCA Community Initiative

*prepared for*

the

**UK PESCA Programme Monitoring Committee**

*by*

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and  
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# 1. Introduction

## 1.1 Introduction

**Nautilus Consultants** and **Ekos Ltd** were jointly commissioned to undertake an Interim Evaluation of the UK PESCA Community Initiative, commencing at the beginning of December 1997.

Reporting arrangements include delivery of an Interim Report for mid-February (completed), a Draft Final Report by mid-April (this document), and a Final Report by mid-May (following receipt of comments from the UK PESCA Evaluation Steering Committee). The consultants will present their findings to the UK PESCA Monitoring Committee in mid-June.

In the following pages we present the findings of the Evaluation, based on our researches, our interviews with a wide range of individuals associated with the PESCA Initiative, and information provided by MAFF, the UK PESCA Secretariats, and PESCA administrators at the local level.

## 1.2 Background to the PESCA Community Initiative

The PESCA Community Initiative was announced in July 1994, to run from 1994 to 1999. The total (European-wide) contribution to the initiative from Structural Funds was set at ECU 250 million, at 1994 prices. Of this amount, 125 MECU (half the fund) was allocated to Objective 1 regions.

Distribution of these funds is covered by rates of contribution defined in the Structural Funds Regulations; these also set out the different eligibility criteria for ERDF, ESF and FIG. Where a national application concerns areas under several Objectives (1, 2 5(b)), expenditure for each Objective must be shown separately.

The Commission Decision of 20th June 1995 approved the Integrated Operational Programme for the UK, and granted Community assistance to a maximum amount of 37.42 MECU at 1995 prices. This amount was sub-divided on the basis that a maximum of:

6.09 ECU million was for use in Objective 1 areas, and

31.33 ECU million was for the areas outside Objective 1, of which 25.59 ECU million was for Objective 2 and 5b areas.

These amounts were granted for the implementation of the programme for the "PESCA Community Initiative" for the United Kingdom for the period 1st November 1994 to 31 December 1999. An additional 5.87MECU is due to be awarded to the UK PESCA programme from the Commission's reserve. Ministers have already agreed how this additional funding should be apportioned between the territorial sub-programmes; this was announced by the DTI's Secretary of State on 3<sup>rd</sup> July 1996. However, no decisions have been made on how this additional PESCA funding should be split by fund as Departments have decided to await the outcome of the Interim Evaluation.

## 1.3 Evaluation methodology

### 1.3.1 Collation of data

In undertaking the evaluation the consultants have utilised a combination of approaches involving:

- collation of appropriate data from diverse sources;
- face to face interview – using both questionnaire formats and prompt sheets;
- telephone interview – using both Computer Assisted Telephone Interview (CATI) questionnaire formats and prompt sheets;
- convening of / attendance at various focus group meetings.

Background research has been undertaken throughout the course of the study, concentrating on the collation of documentation from the regional secretariats, and analysis of progress to date - procedures in use, selection criteria applied, eligibility, and projects approved.

### **1.3.2 PESCA Project database**

A project database has been compiled based on information generated from the background research exercise. This provides a basic data listing comprising:

- project titles,
- basic details on dates and money,
- coding on measure / activity and project type,
- coding on degree of completion of the project,
- expected project outputs and impacts.

### **1.3.3 Interviews at programme level**

At the programme level, background research has focused on face to face meetings with the key administrators of the PESCA Initiative. Interviews have been held at national, regional (England, Wales, Scotland and Northern Ireland) and local levels.

Given the distributed structure of PESCA Programme administration in the UK, attention has also been given to the operation of Local Area Groups and their equivalents. All interviews have been conducted on the basis of prompt sheets.

### **1.3.4 Interviews at project level**

To facilitate background research and discussion of peoples' experiences of the PESCA Initiative, a number of focus group meetings were arranged. These were held with:

- the Highlands and Islands Technical Board (local representatives and SO);
- representatives of six projects funded under the Grampian PESCA Programme;
- council officials and fishery industry representatives for the South West of England;
- members of the Yorkshire and Humberside Local PESCA Group.

### **1.3.5 Case studies**

Drawing from the database on all projects approved up until 31<sup>st</sup> December 1997, 50 projects were selected for more in-depth examination. These provide a representative sample of:

- the projects funded under each of the measures and activities;
- the geographic spread of project approvals;
- approved projects, by size and type.

For each of these fifty projects, a more in-depth examination was undertaken, based on an extended questionnaire format, completed from details held in project administrative files and the responses to questions directed to individuals closely associated with each project.

The material so collated, combined with the information held on all approved projects in the evaluation database, has informed our overall assessment of the programme and its implementation.

## 2. Review of the Operational Programme

### 2.1 Policy context - official journal notice

The official notification of the PESCA Programme was published in the Official Journal in July 1994 (OJ No. C 180/1 1.7.94). As with other Community Initiatives, the OJ Notice presented the aims and objectives of the Programme, the underlying rationale, and various procedures and criteria to be adopted. **Annex 2** provides extracts from the Official Journal announcement, aspects of which are discussed below.

The rationale for the Programme stemmed from the fact that *“the fishing industry is engaged in far-reaching changes which compel it to seek new directions, new forms of development and new measures involving the various parties concerned”*

These changes included:

- over-capacity of the fishing fleets,
- excessive debt levels of firms,
- restrictions placed on certain fishing techniques,
- the implementation of the European Economic Area and the possible enlargement of the Union, and
- the setting of Community standards for hygiene, product quality and safety on board fishing vessels.

The OJ Notice provides clarification of the underlying rationale where it states that - *“because of its extremely fragmented nature, with the exception of Objective 5(a) - Fisheries, the fisheries sector and areas dependent on it have the greatest difficulty in benefiting from Community structural assistance. Only a specific, targeted measure, implemented at the level of those involved in economic activity, can meet its need.”*

This statement is the fundamental rationale for the PESCA Programme. It is an admission that, even though the majority of fishing communities are in Objective 1 and 5b Programmes, they have problems in benefiting from assistance. The implication is that PESCA will be judged on its ability to deliver support **direct to fishing communities**. There is also a commitment within the statement to **delivery at the very local level**, i.e. not regional, which is how most other Community Initiatives have been developed.

The OJ Notice further states that *“the aim of PESCA is to enable the fisheries sector to carry out changes successfully and help it to cope with the attendant social and economic consequences and to contribute to the diversification of the areas concerned by developing job-creating activities”*.

The text implies a **hybrid approach** seeking to both develop the threatened sector, and also to diversify the economy. This is different to the other sectoral Community Initiatives such as Rechar and Retex, which were overwhelmingly about the diversification of the local economy. It should be noted that in many parts of the UK PESCA was perceived as a purely fishing initiative, rather than a hybrid, and this perception raised expectations of what PESCA could and should deliver. MAFF has stated that it deliberately avoided “playing up” the fishing dimension, although there is no doubt that the limited actions and funds available for fishing businesses have been a source of disappointment.

The importance of targeting the fishing community is emphasised in the identification of beneficiaries who were to include *“other collective bodies, whether public or private, directly affected by change in the sector e.g. fishing co-operatives, groups of fishing firms or fishermen, non-profit-making associations; and fishermen and others working in the fisheries sector”*. There is a clear intent to channel as large a proportion of resources as possible to those **directly involved in the industry**.

Eligible measures were to include:

- diversification of activities in the eligible areas (including the development of fishing ports to accommodate new activities);
- business services (including assistance for managing the restructuring of firms in the sector);

- maintenance or creation of jobs (including retraining or extending the vocational qualifications of fishermen); and
- financial engineering.

These measures are all standard Structural Fund measures and appear in some shape or form in all Programmes. The point to note is that **wherever possible standard Structural Fund measures have been linked direct to the fishing community**, even where the primary aim was the diversification of the local economy. The unique feature of PESCA is that it seeks to attract interest and projects from quarters of the fishing communities that would not normally seek to access Structural Funds.

The eligible measure devoted exclusively to the fishing industry was to include “*specific projects of a general and/or transnational nature in the fisheries sectors: including productive investment in the sector; aid for the improvement of productivity and rationalisation of work; diversification and conversion of firms in the sector, particularly towards maritime tourism; adaptation of the products of firms in the sector to meet market opportunities*”

The outstanding feature of the text was the **emphasis on productive investment, productivity and adaptation to market (i.e. the markets for fish and fishery sector inputs) opportunities**. This re-enforces the earlier point of the hybrid programme, with the emphasis on developing a thriving industry, rather than exclusively dealing with diversification of the local economy.

The OJ Notice also made provision for a number of delivery mechanisms including global grants to bodies established in the area; direct involvement of the economic and social partners; networking of management bodies for exchanges of information and experience; and the financing of specific projects. Again, the recognition that the need to channel aid directly to fishing communities may require **alternative approaches** appears to have been recognised.

The PESCA OJ Notice sets out a framework for the delivery of a sectoral Community Initiative which had taken into account a number of special factors. As a result the PESCA programme was set the task of:

- developing a hybrid programme to include strengthening the sector while at the same time supporting diversification; and
- delivering support at the local level, direct to communities, with the option to use a variety of delivery mechanisms.

## 2.2 The operational programme document

### 2.2.1 Overview

The PESCA Operational Programme Document presents a very short overview of the fishing industry, presenting key statistics on the number of boats, fishermen, people involved in processing, and ancillary employment. The overview is less than three pages long, although much more detail is provided in the sub Programme strategies. That the UK Programme so clearly lacks national focus or, put another way, so clearly emphasises the regional and local focus of the programme, relates in part to the process by which the Operational Programme was put together.

In line with the bottom-up approach under-pinning the PESCA Initiative, and encouraged by the Commission, Territorial departments were requested by MAFF to prepare and submit stand alone sub-programmes, based on a canvassing of grass roots demand. This goes to explain why the sub-programmes are very different, and why inconsistencies exist between sub-programmes. For example some sub-programmes exclude what in retrospect might be considered fundamental components, such as:

- appropriate levels of funding for programme management and administration,
- funds for PESCA facilitation, and

By not seeking to establish a uniformity of approach from the outset, MAFF sought to conform to the under-lying intent of the PESCA Community Initiative, and it is as a result of this that such a diversity of

delivery structures are incorporated within the UK Programme. This has substantially added to the administrative complexity of the programme, but has greatly enhanced the local relevance of the sub-programmes – matters that are addressed elsewhere in this report.

It was only at a late stage in programme preparation that the Commission requested that the programme be pulled together as a single UK Operational Programme. The short introduction to the submission was a late response to this request. In the event, subsequent to this request, further modification of the Operational Programme was required, such that the programme was not finally endorsed until June 1995. Nevertheless, the territorial orientation of the programme remained intact.

## 2.2.2 Strategy and Measures

Although entitled Strategy, the OP immediately presents an outline of the measure activities, after repeating the aim of PESCA presented in the Official Journal Notice.

The OP states that *“eligible measures under the programme have been left as wide as possible, consistent with the terms of the Commission’s notice. Details of the types of measures to be implemented are contained in the sub Programmes for England, Northern Ireland, Scotland and Wales”*.

The OP then presents a series of nine bullet points which can be broken down into three broad categories - general business and economic development, re-structuring within the fishing industry and diversification away from fishing.

The section concludes with the remark *“the above list is indicative and by no means exhaustive”*. It is not clear why a more definitive list of measures has not been presented, through for example, collecting all of the actions envisaged in the sub Programmes. The difficulty with this general approach is that it provides no guiding framework for the sub Programmes. In addition, the sub Programmes themselves become the key part of the document, and this could present problems if the sub Programmes themselves are poorly specified.

As has been described above, the national overview and regional sub Programmes have been developed entirely independently, and compiled into one document with no or limited editing to increase coherence. In practice, this has presented the PMC, MAFF, and regional and local PESCA administrators with the impossible task of seeking coherent interpretation and application of a complex Community Initiative across five markedly different sub Programmes.

MAFF has pointed out that the decision to present only general measure activities was deliberate, and was designed to allow the maximum flexibility to regional and local groups – a further reflection of MAFF’s positive stance to encourage a bottom-up focus to the Programme. This allowed the sub-programmes to develop regionally specific plans, rather than to adopt a universal, formulaic approach. This is similar to the approach adopted in a number of the LEADER II Operational Programmes.

This section of the OP also states that: *“An important aspect of this Programme is competition for available funds, leading to increased value for money. Competition to maximise value for money is already the principle on which Structural Funds grants are decided in the OP”*.

While this has been true of some Structural Fund programmes, there are a considerable number of cases where there has been no or little competition, and this applies to both small and large scale Programmes - i.e. Community initiatives and Objective 2. It is not clear if a competitive environment will be appropriate in the context of the PESCA programme. This text was a standard UK clause, apparently inserted without taking account of its relevance to the particular Programme, and it reflected the policy of the Government at that time. In practice, projects submitted for approval have successfully passed through a number of both formal and informal sectoral and community filters, such that the number of projects presented for approval is no longer a reflection of the demand for PESCA funding.

## 2.2.3 Financial Tables

The OP presents detailed financial tables outlining the various sources of support. The total EU support of 37.42 MECU is made up of 22.0 MECU from ERDF, 7.1 MECU from ESF and 8.3 MECU from FIG. The amount of support from FIG is very modest (especially given the build up the

Programme received). Considering the number of areas to be supported, the numbers involved in fishing and fish processing (44,000 in England alone), an additional sum of circa 8.3 MECU to directly aid fishing is unlikely to make a significant impact. A reserve fund of 5.87 MECU is available should it be required.

The strength of Sterling in relation to the ECU has increased considerably during the first half of the PESCA programme and added to the difficulties experienced in its financial management. An exchange rate of £1 to 1.5ECU has been used in this report, unless otherwise stated; £1 to 1.5ECU is the exchange rate at the time of producing this report and that used by the majority of bodies involved.

**Table 2.1 - PESCA Financial Table (MECU)**

	Total	Public	EU Tot	ERDF	ESF	FIFG	Nat	Priv
<b>England</b>	41.6	34.7	18.5	11.1	3.7	3.7	16.2	7.0
<b>Wales</b>	1.5	1.4	0.7	0.5	0.1	0.1	0.7	0.1
<b>Scotland non 1</b>	27.3	25.8	12.2	8.0	2.4	1.8	13.6	1.5
<b>Scotland Obj 1</b>	11.5	8.8	4.4	1.3	0.6	2.5	4.5	2.7
<b>N. Ireland</b>	2.7	2.4	1.7	1.1	0.3	0.3	0.7	0.2
<b>Total</b>	<b>84.7</b>	<b>73.1</b>	<b>37.4</b>	<b>22.0</b>	<b>7.1</b>	<b>8.4</b>	<b>35.7</b>	<b>11.5</b>

There are a number of differences between the make up of the various sub Programmes, notably:

- the FIFG component of the Welsh Sub Programme is 71,000 ECU (less than £50,000);
- the Scottish Objective 1 Sub Programme has a very high proportion of its total EU support from FIFG i.e. 2.535 MECU out of a total of 4.361 MECU;
- the Scottish Objective 1 sub Programme has the highest proportion of private sector finance.

The financial tables then go on to break down each of the funds into a number of areas, with allocations against each. The ERDF measure is broken down equally between business support, renovation of infrastructure, tourism, financial engineering and other eligible projects. No rationalisation for the breakdown has been presented. It is not clear what outputs and impacts these activities are expected to deliver, and what account was taken of each component's job creation potential in allocating finance.

The ESF and FIFG measures have also been broken down, with 70 per cent of FIFG support allocated to "*other eligible projects*". Again, the rationale for the allocation to components of the measure is not clear, and does not appear to be linked to the delivery of outputs and impacts.

**English Sub Programme** - the English sub Programme presents a series of tables covering key economic data before providing pen portraits of the eligible areas (although there is considerable variation in the information provided). The sub Programme then outlines ERDF, ESF and FIFG measures (with the ERDF measure incorporating business support services, renovation of infrastructure, tourism, financial engineering and other eligible projects).

A point to note is that the ESF measures contains scope points which identify beneficiaries beyond the fisheries sector (which is in contrast to the Konver Initiative where only ex-defence employees are eligible). Thus final beneficiaries include "the workforce SMEs wish to recruit". The objective of the measure is the maintenance of jobs in fishing, and the creation of jobs outside fishing, including support for others in the eligible area who have lost their jobs or are threatened with redundancy.

The FIFG measure outlines a series of activities, but omits reference to productive investment and aid for the improvement of productivity, both of which are specifically mentioned in the Official Journal. This reflected MAFF's intention that these activities should be funded through mainstream FIFG, rather than through PESCA (where the FIFG support would support additional activities).

**The Welsh Sub Programme** - The Welsh sub Programme presents a series of economic indicators and a detailed review of the fishing dependent areas. The sub Programme then presents six priorities by which PESCA will be implemented in Wales - productive investment; financial engineering; other projects of general scope to the fishing industry; maintenance and creation of jobs; diversification of activities; and support for business services. This approach presents a more conventional approach to planning, compared to the ERDF catch all approach used in the English sub Programme.

**The Scottish Non Objective 1 Sub Programme** - The Scottish Non Objective 1 sub Programme presents detailed economic indicators and pen portraits of the eligible areas. The sub Programme will be delivered through ERDF, ESF and FIFG measures. The ERDF measure is a catch-all including business development sites and premises, and tourism.

The FIFG measure includes “*the development of new products and techniques aimed at cost reduction, diversification and value added, assistance to businesses to develop and introduce quality control and assurance, and other eligible projects*”. This sub Programme has a widely specified FIFG measure with scope to directly assist current fishing activities.

The sub Programme also commits to delivering PESCA funded support through local organisations. Local PESCA Working Groups are to be established for each area, led and managed by a nominated local organisation. This is in line with the objective stated in the Official Journal Notice.

**The Scottish Objective 1 Sub Programme** - The Scottish Objective 1 sub Programme is the best written of the sub Programmes, with a clear analysis and thoroughly developed strategy. The text presents the concept of the permanently dependent zones, i.e. areas where fishing will always play a prominent part in the local economy.

The sub Programme clearly articulates the hybrid nature of PESCA stating that a twin track approach will be adopted (Strategic Statement 4) with the aim of “*roughly retaining the present number of people in fishing in the condition where they spend at least part of their time in fishing as a source of income*”. This is the clearest articulation of the objective of assisting the fishing community to remain in the industry, in addition to efforts to diversify the local economy.

The other feature of the sub Programme is the commitment to deliver PESCA funded activities through a series of local partnerships, in line with the objective outlined in the Official Journal. There is also a commitment to establishing a Regional Group, to involve local PESCA Groups as well as national industry bodies.

The sub Programme presents financial allocations for each of the local groups as well as summary action plans. The local groups are delivering PESCA through essentially six measures - diversification, business services, maintenance and creation of jobs, financial engineering, general of transnational projects in the fisheries sectors, and productive investment in the sector. As with the other Scottish sub Programmes the FIFG element has been widely specified, with the implication that aid will be channelled directly to fishing businesses.

**The Northern Ireland Sub Programme** - The Northern Ireland sub Programme presents an overview of the economic data and links with other spatial strategies. The four themes which emerged from consultation included “*restructuring within the industry to sustain employment in a more sustainable industry*”.

The sub Programme is delivered through three measures - one for each fund - with the ERDF measure a catch all including business support services, improvement of infrastructure, promotion of tourism, financial engineering and other eligible projects. Although the need to sustain employment was a central theme of the Northern Ireland sub Programme the PESCA measure appears more narrowly defined than in other sub Programmes.

## 2.3 Conclusion

The PESCA OP is a “bottom up” document with only a very general framework provided at the national level. Much more detail is provided at the sub Programme level, although there is considerable variation in approaches. The most developed sub Programmes are in Scotland, where the commitment to local delivery groups is well developed. A feature of the Scottish Programmes is the

commitment to the hybrid approach, which the Highlands and Islands describes as a dual track approach.

The PESCA OP is similar to a number of the LEADER Operational Programmes, where the emphasis and detail are contained in the sub regional or local plans. While this is a legitimate approach to the development of the Programme, there remains a need to aggregate up from the bottom, to ensure that the main Programme document has clearly defined objectives, indicators and targets against which progress can be measure at the Programme level. By current standards the PESCA OP is insufficiently detailed at the national level, with insufficient information presented in relation to overall targets for the Programme and sub Programme.

The financial tables indicate variation in the fishing component of the sub Programmes. The financial tables also indicate that the sums of money available will be very small (even smaller at the local group level). No account appears to have been made for the increased costs (in proportionate terms) of delivering locally based Programmes.

### 3. Management and Implementation - Programme Level

#### 3.1 Composition of the PESCA Programme Monitoring Committee

The Operational Programme outlines the arrangements for the establishment of the Programme Monitoring Committee (PMC). As is usual, with the exception of the EU representation, the composition of the PMC is determined by the Member State. The PESCA PMC comprises representatives of the EU and Government Departments. The Government Departments represented are:

- MAFF,
- Department of Trade and Industry (DTI),
- the Department of the Environment & Transport (DETR),
- the Department for Education and Employment (DfEE),
- the Welsh Office,
- the Scottish Office,
- the Northern Ireland Office, and
- one representative for the Government Offices in the Regions.

The Commission is represented by:

- DG XIV (Fisheries),
- DG XVI (Regional Affairs) and
- DG V (Employment and Social Affairs).

This is an unusual composition, as all the other UK Programmes have representatives from the social and economic partners involved in the implementation Programme. MAFF suggests the basis for this decision was that the UK PMC is involved with UK issues and does not set the supplementary criteria under which the sub-programmes, regional criteria, strategies and priorities for using PESCA funding are set and operate. It was therefore considered that local partners should be represented on the appropriate Objective 1, 2 or 5b Monitoring Committees and/or local PESCA Groups at which level such issues were considered and where they would be able to make a more meaningful contribution.

If the PESCA Monitoring Committee were run along similar lines to those of other UK Programmes, it would involve the addition of:

- two or three representatives of the fishing industry,
- one or two representatives from public sector economic development agencies (on a representative basis), and
- one representative from a further or higher education institute.

The benefit of this more inclusive approach is that it allows all sections of the wider partnership an opportunity to participate in the management of the Programme. In other Programmes, eligibility and other difficulties have been discussed at an early stage in PMC meetings, and there has been direct feedback from the PMC to the lead department chairing the PMC. It also allows the partners to hear directly the views of the Commission, particularly in relation to eligibility issues.

#### 3.2 PMC Responsibilities

The responsibilities of the PMC are outlined in the Operational Programme document. These include a range of tasks which cover the setting out the operational procedures for the selection of projects, organising and examining the interim assessment, and proposing the allocation of indexation monies.

The document also states that *“The Monitoring Committee ensures compliance with regulatory provisions, including those relating to eligibility of the measures and projects...compliance with other*

*Community policies.” The PMC also “proposes any steps to speed up the implementation of the Programme,” and “prepares and deliberates on any proposal to amend the Programme.”*

Given the importance of these tasks to the successful implementation of the Programme, the absence of key partners from the PMC is all the more surprising.

### 3.3 The Secretariat Function

The role of the Secretariat is outlined in the Operational Programme document where it states that *“The Monitoring Committee shall be assisted by a permanent secretariat responsible for all preparation and documentation relating to monitoring, reports, agenda and summary record of meetings...in principal shall be available three weeks before the date of the meeting.”*

This function has been carried out by MAFF. As such, MAFF has responsibility for the co-ordination and administration of the Programme, including monitoring and financial progress and the preparation and distribution of PMC papers.

To date, however, insufficient attention has been paid to the financial monitoring, and a more accurate up-to date picture will be required for future PMCs. The establishment of standard financial reporting procedures at the PMC level has been hampered by the late, and then slow, start-up to the Programme, with relatively few projects approved prior to mid-1997. This is no longer the case and, though the monitoring of financial progress involves the co-operation of a wide range of organisations, greater discipline will be required with respect to this task in the future.

Changes to practices and procedures for future PMCs are required as a means of enabling the Secretariat to provide appropriate financial and monitoring papers in advance of PMC meetings. These changes will, however, require the co-operation of the Government Departments, Regional Offices and Territorial Departments.

### 3.4 Role of the Central Departments

There is an overlap of the responsibilities between MAFF, as Programme Managers, and the other Departments holding lead responsibility for individual funds. The three funds making up the PESCA Initiative are handled by the normal lead Departments - FIG by MAFF, ESF by DfEE, and ERDF by the DTI. Of particular relevance to the PESCA Programme, however, the DTI has been the lead Department in a number of other geographically focused Community Initiatives i.e. KONVER (for defence dependence), RETEX (for textiles) and RECHAR (for coalfield areas). As such, the DTI has the most experience of any Department in running such Structural Fund Programmes.

Given the weight of this experience, one would expect to see indications of the application of this in what is a collaborative Programme. It is unclear, however, as to how much communication there is between the national Departments, and between the national Departments and the Territorial Departments, on the running of the Programme. Thus, while the DTI and DfEE are responsible for two out of three Funds involved in the PESCA Initiative, their respective responsibilities for the provision and presentation of information to the PMC remains unclear.

On the whole, ERDF and ESF are administered as generic Structural Funds, with limited need to take account of the PESCA dimension. This has made the role of the two Departments more straightforward as, for both ERDF and ESF, there are relatively few eligibility problems, and there exist a considerable number of local organisations with experience in administering both funds. In contrast, FIG is a relatively new Fund, has many unique features, and the administration of the main FIG Programme, and even more so the FIG component of the PESCA Programme, has been fraught with difficulties of interpretation and application. These Departmental divisions are further exemplified in the English sub Programme. Here, the Regional Government Offices are responsible for administration of ERDF and ESF funding, but the Regional Service Centres of MAFF are responsible for the administration of FIG funding. Although the Departments are meant to work closely together, they are often physically separate (sometimes being located in different towns).

It is difficult to escape the conclusion that PESCA is generally viewed as solely a MAFF responsibility, whereas MAFF is but the lead party in a collaborative Programme. Evidence of this is apparent in that there appears to be little sense of partnership between MAFF, the other Government Departments and

the Territorial Departments. Further, whilst there is substantial expertise within the Government Departments and Territorial Departments on Programme management and implementation, this experience does not appear to have influenced the management of the Programme to date. A more collaborative, supportive approach from all of the Departments should be an objective for the remainder of the Programme.

### 3.5 Role of the European Commission Departments

The lead department of the European Commission is DG XIV, which is *chef de fil* for the Programme, and solely responsible for FIFG. DG XVI is responsible for ERDF, and DG V for ESF. In practice, DG XIV is closely involved in the Programme, with DG XVI and DG V very much in the background. These circumstances are similar to those found in the LEADER Programme, where DG XVI is lead department.

DG XIV has provided guidance and advice in relation to FIFG interpretation when required, although MAFF had to seek clarification of a number of fundamental eligibility issues before the FIFG element of the programme could start. The areas where clarification was necessary have been particularly complex and the difficulty in resolving them led to a significant delay in Programme implementation.

In addition to the above, the ability of the European Departments to influence and contribute to the Programme has been limited by the irregularity of PMC meetings.

### 3.6 Conclusions and Recommendations

The PESCA Programme faced a number of difficulties even before the PMC was established. The delay in the start to the Programme, the raised expectations about the nature of the Programme and the extent of assistance available have adversely affected people's perceptions of the Programme. The choice of management arrangements, along with other factors (such as eligibility problems), have further compounded and exacerbated these difficulties.

The decision to have an exclusively Government Department PMC is unusual and has been to the disadvantage of the Programme. There has, as a result, been no national forum, involving all interested parties, for the discussion of issues or the resolution of problems. As a consequence MAFF has often been viewed in a negative light, even though its officers have sought to act in a positive and supportive manner.

In the initial constitution of the PMC, and during its subsequent deliberations, we understand that positive decision was taken not to broaden representation on the PMC. The basis for this decision was that the UK PESCA Monitoring Committee is involved with UK issues and does not set the supplementary criteria under which the sub-programmes operate. It was therefore considered more appropriate for local partners to be on Objective 1, 2, or 5b Monitoring Committees and/or Local PESCA Groups. The inclusion of a wider constituency within the PMC would undoubtedly subject Central Departments to greater external scrutiny, but could result in the more timely resolution of problems, and the facilitation of improved two-way transfer of information between the PMC and local delivery organisations. On balance we feel that a widening of PMC membership would yield positive results.

At the most recent PMC it was agreed that the newly established National PESCA Forum should nominate one representative to join the PMC. This is a welcome step, but insufficient. It is recommended that the National PESCA Forum should nominate two representatives to be members of the PMC, and that two representatives from the fishery industry should also be nominated. In the latter instance, given the relative allocation of resources, one representative should come from a Scottish based organisation (see Section 8 -**Recommendation 1**).

Wales, Scotland and Northern Ireland are using intermediary bodies to support a number of local PESCA groups, or to implement the sub-programme. It is recommended that these three organisations (the Welsh European Programme Executive Ltd., Highlands & Islands Enterprise, and Newry & Mourne Enterprise Agency) are given observer status at the PMC.

Although widening of the membership of the PMC should lead to better communications (in both directions) the number of groups involved, coupled with their geographical spread, acts against the

easy exchange of information. The PMC is a remote body and there is little appreciation of what it actually does. Many people are, however, interested in the work of the PMC, and some of its deliberations and decisions impact at a local level (although it may be some time before the “message” reaches all of those involved).

It is important that as much information as possible is distributed to the widest constituency as possible, and not only to Government Office staff and other officials. It is recommended that the PMC minutes are written up and distributed (for information only) to the **members** of each Local PESCA Group. This will allow people to be kept up to date, and facilitate feedback to PMC meetings through its members (see Section 8 – **Recommendation 11**).

The financial data presented to the PMC requires to be improved, and should follow a more standard format. Key data relate to the funds **committed**. These have been defined as relating to projects where the sponsors are in receipt of a grant offer letter (see Section 8 – **Recommendation 2**).

As there can be a significant delay between a project being approved by a Group, and the issue of a grant offer letter, there is merit in presenting a further set of tables which aggregate figures for approved projects still awaiting a grant offer letter.

The practice of incorporating pipeline projects in such tables should be discontinued. Instead, written reports should be tabled for each sub Programme, at which anticipated schemes or projects could be mentioned in commentary. Each report should cover, at a minimum:

- financial progress by measure,
- numbers of projects appraised and approved,
- Programme related issues, and
- future developments.

A number of other recommendations relevant to Programme management are presented in Chapter 8. These additional recommendations have been influenced by the current rate of financial progress, which is examined in Chapter 5.

## 4. Management and Implementation – Sub Programmes

### 4.1 Introduction

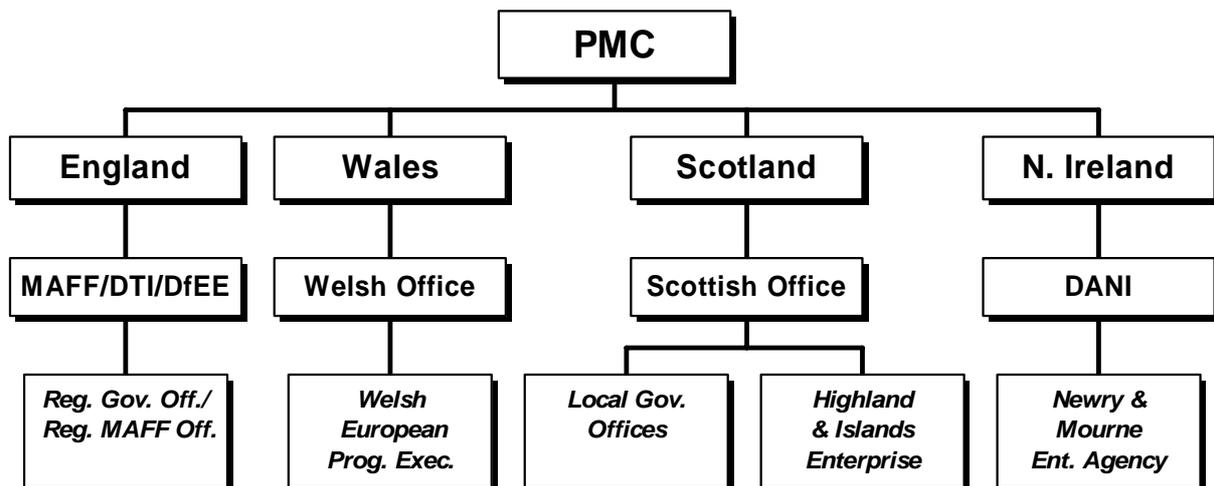
In line with the regional origins and orientation of the UK PESCA Programme, management and administration of the programme has been focused at the sub-programme level, with programme co-ordination facilitated through the Programme Monitoring Committee (PMC).

MAFF is the lead Department, with overall responsibility for programme implementation, and specific responsibility for management and administration of the FIG component of the programme. The DTI and DfEE hold specific responsibilities for management and administration of the ERDF and ESF components of the programme respectively.

At the sub-programme level, responsibility for programme co-ordination, management and administration rests with the territorial authorities. In each case, however, responsibility for delivery of each sub-programme has been devolved still further to regional organisations.

This devolved programme management structure is shown in **Figure 1**.

**Figure 1 – Organisational Structure of UK PESCA Programme**



From this starting point, the regions have approached the administration and delivery of PESCA in a number of different ways.

### 4.2 Delivery Models

A variety of delivery models for the PESCA Programme are in place. Administering the programme is a dynamic process and in some regions the delivery model has changed or is in the process of being changed. Such changes are being undertaken on the basis of experience in the delivery of the programme during the early phases of the Initiative, both on the basis of first hand experience, and on the basis of the experiences of others.

The most basic model is where the administrative body (GO or local council) has dealt with every stage of the programme using existing staff and organisational structures in place through other programmes. In this instance, committees or working groups have been created to approve the projects. This is the system employed in the Scottish Borders, South East England, North West England, East Midlands and Yorkshire and Humberside.

The Government Office South East (GOSE) is in the process of altering its approach to delivering the PESCA programme. It is now taking a more local approach with each Travel to Work Area (TTWA) of

Thanet, Hastings and Brighton having a facilitator. This stems from concern in the GOSE that the small amount of PESCA funding available relative to other programmes has meant that it has been afforded low priority by the administration, and that this has impacted on the level of PESCA approvals. It is the intention that local facilitators will be more focused on PESCA than GOSE can be, and that they will be better placed to stimulate interest and applications.

The East Midlands has a similar problem with the scale of funding apportioned to PESCA. The PESCA programme (with a fund of just £80,000) is an anomaly in the region, with the TTWA of Boston being the only eligible area. In the East Midlands there are seven other initiatives operating with the smallest of these having a budget of half a million. No structure has been created for PESCA beyond convening meetings with interested parties to suggest one or more suitable projects.

**Figure 2** gives examples of the variations to this basic model. **Type A** differs from the basic model with the provision of preview applications before a full application is submitted. This model has been adopted by Government Office for the North East in an attempt to avoid unproductive expenditure of time and effort by both applicants and assessors.

**Type B** shows the appointment of a PESCA facilitator as central to the progression of the programme. The facilitator generally works solely on the PESCA programme and takes over the promotion, assistance to applicants and initial assessment of applications. This is the situation in the Grampian and Fife/Tayside regions (though Grampian combines this with a distributed Local Area Group (LAG) structure – with LAGs for Aberdeen, Peterhead, Fraserburgh and Buckie). The Eastern region has recently appointed a PESCA facilitator with a strong fisheries background in an attempt to encourage more applications from the catching sector.

The South West PESCA region in England has adapted this model with the creation of a company, South West PESCA Ltd., which has been charged with managing the programme. Financial limits have been set below which applications are approved by written procedure (£15,000 for ERDF & ESF, £10,000 for FiFG) while larger projects have to be formally endorsed by the regional PESCA Working Group. South West PESCA Ltd. is responsible for scoring most applications, although a project sponsor may request that assessment is carried out by the Government Office, GOSW, for confidentiality reasons. Monitoring is carried out by the Monitoring Sub Committee and an Advisory Board meets to review the application of PESCA in the region with reports produced by SW PESCA Ltd.

GOSE's adaptation to its delivery model has been to use more locally based facilitation services. Facilitators for each TTWA have volunteered their services from local councils (Hastings and Brighton) or, in the case of Thanet, the Harbour Master is acting as facilitator. In this situation, the individuals do not work solely on PESCA and do not receive funding from PESCA to do so. The role of the local facilitators is to promote the programme and give encouragement and advice to potential applicants.

**Type C** delivery model is another attempt to promote PESCA at a local level. In the Highlands and Islands the existing distributed structure of the Highlands & Islands Enterprise Network has been utilised, with budgetary allocations made to each of the eight relevant Local Enterprise Companies (LEC). Each LEC has established a Local PESCA Group (LPG) as the mechanism for selecting projects for funding. The relevant LECs are (with apportionment of funding is shown in brackets):

1. Argyll (18.9%)
2. Caithness & Sutherland (24.0%)
3. Lochaber (5.3%)
4. Orkney (8.0%)
5. Wester Ross (6.1%)
6. Shetland (12.3%)
7. Skye & Lochalsh (8.3%)
8. Western Isles (17.0%)

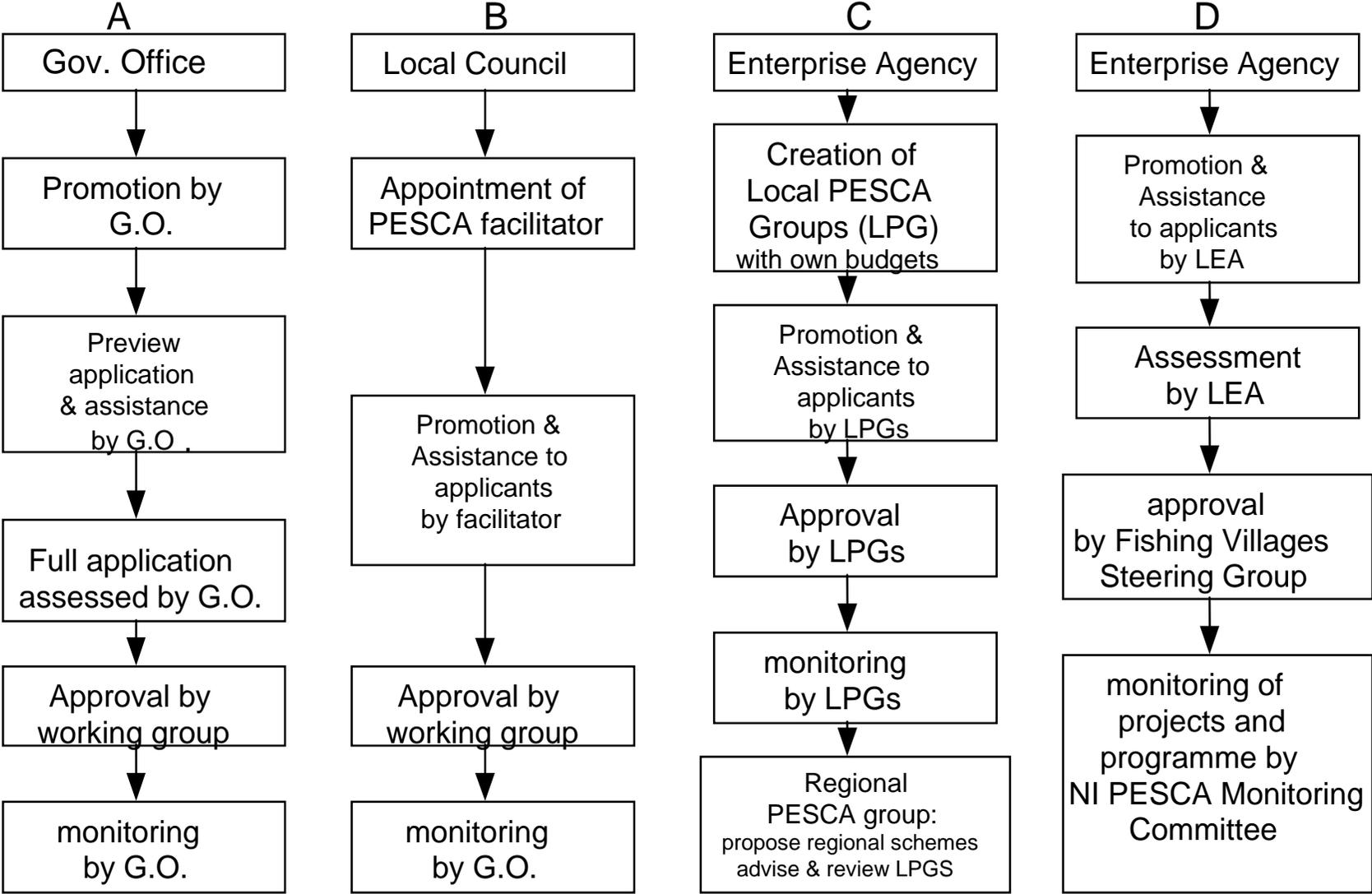
In addition, a Regional PESCA Strategy Group has been established to assess any region-wide projects. A Technical Group has also been established to review eligibility and other technical issues. This has proved to be very successful and has clarified a number of complex issues, as well as facilitating the exchange of ideas.

In the South West of Scotland a local PESCA Group has also been established; this however is run by South Ayrshire Council though it covers the entire PESCA area for the region.

The Department of Agriculture for Northern Ireland (DANI) has given Newry & Mourne Enterprise Agency the task of administering PESCA in the region; the **Type D** model. The Northern Ireland Sub Programme is monitored by the NI PESCA Monitoring Committee consisting of representatives from Central Government, the EU and industry representatives. The Fishing Villages Steering Group (FVSG) consists of representatives of industry and statutory bodies and is responsible for assessing project applications under PESCA and ensuring co-ordination of initiatives in the fishing ports.

Despite a large number of projects being approved in principle, the requirement of a detailed economic evaluation (needing to be independent in the case of projects over £50,000) has meant that only a handful of projects have made it through the full process to date.

Figure 1. Examples of delivery models for PESCA



### 4.3 Role of Local Groups

The role of local groups within the implementation of the PESCA sub-programme differs, along with the delivery model in use, from region to region. Generally, local groups act as the first filtering mechanism for projects. Their close association with many of the applicants aids promotion of the programme and assists applicants with queries either directly or by passing them on to the regional secretariat.

The slow progress of the programme during its initial period of implementation has caused disaffection in some groups. In the first instance, commencement of the programme was delayed until June 1995, when the UK PESCA Operational Programme was approved by the Commission. Further delays were experienced as the complex issues of the management and administration of the Programme at national and regional levels were tackled. Difficulties were then identified with respect to the interpretation and legality of eligibility criteria for FIGF funded projects under the PESCA Programme, and it was only in November 1996 that the Commission issued a clarification on this matter.

Early rejection of applications and, in some cases, requests to re-submit projects that had already been approved at the LPG level, caused some LPG members to withdraw from such groups. In most cases, such occurrences have been the result of differences in the interpretation of such guidelines as have been available, the inexperience of LPGs and local administrators in assessing eligibility, or the absence of clear guidelines on eligibility.

Local groups have also reported that attempts to increase the flow of applications from the catching sector have been hampered by confusion in the minds of industry members between the PESCA Initiative being a programme for the fishing industry and it being a programme for economic diversification within fishery dependent communities. Further confusion has arisen as a result of different regional policies governing the approval of projects involving modernisation of fishing vessels – it is sanctioned in Scotland, but not elsewhere.

The line between those applying for PESCA funding for projects and those involved in the approval process is often blurred. In some cases this has drawn criticism that the process is not always impartial. In general, however, the workings of LPGs have been informed yet impartial, and the commitment of LPG Chairs and members under often trying circumstances, and most commonly on a voluntary basis, should be recognised.

In areas where the fishing industry remains healthy and buoyant, fishing industry representation on LPGs has been strong. With such structures in place, it can be argued that most fishery related applications have already been through a fishery industry filter before being presented to the LPG for consideration. Thus the number of projects submitted to LPGs may not, on its own, be a fair reflection of demand and competition for PESCA funding. In the same way, it could be inferred that projects presented for approval have been sanctioned by the fishery industry / fishery dependent community in some form or other.

## 4.4 Promotion, Application and Selection Criteria

### 4.4.1 Promotion

A number of measures have been taken to promote PESCA. Many regions have or are producing a leaflet to be distributed to interested parties. This has been done to outline the broad aims and criteria of the programme in a simplified form to attract more interest from those unfamiliar with applying for funding. In many instances local promotion of the Programme, and particularly regarding projects funded under FIGF, has high-lighted the relevance of the Programme to individual fishermen, individual fishery industry businesses, and fishermen's organisations. It became apparent, however, that few direct applications from this quarter were likely to comply with eligibility criteria, undermining the credibility of the Programme in the minds of many industry members. As a result, PESCA secretariats had to rapidly back-track on their promotional efforts, and leaflets are now not usually distributed beyond members of working groups, local authorities, fishermen's associations, etc. The poor level of project approvals under Measure 3 is arguably a result of this confusion over the

relevance of the Programme to fishery interests. Regions have taken different actions to stimulate project submissions, following these early difficulties.

Regions such as the South East of England have decided to act more locally, after only limited response to early promotions. By asking local authorities at the district level to promote the scheme, they feel that the local community will pay more attention. In the South East, arts groups have become involved, seeing PESCA as a further opportunity for funding. Being more experienced in fund raising than the fishing community, the arts community in this region has identified project forms involving local diversification and tourism as a means of meeting PESCA eligibility criteria. The Government Office (GO) in this region feels that PESCA is a small budget programme relative to others, and accepts that allocation to such groups may well generate greater local economic benefit than allocation of such small levels of expenditure to fishery interests.

Seminars and focus groups have been used in some regions, such as Grampian and the South West. These have been promoted most commonly in areas where a facilitator has been appointed to make arrangements. Grampian region has used a number of promotional tools with varying degrees of success. Local papers and local radio have run features on the programme but, due to the very specific nature of the selection criteria, such features have often been of too general a nature to be productive promotional avenues. This again has led to some disillusionment amongst those applying for funding. Grampian has therefore been more cautious in recent promotional work, substantially revising its business plan and presenting it as the primary reference document for the programme in that region. The business plan contains full details of the selection criteria to be used, and focuses on the types of project that are most likely to conform with eligibility criteria, thus reducing the likelihood of the submission of unsuitable projects. The seminars conducted in this and other regions have also been viewed as productive, with queries concerning the Programme being answered immediately, and thus adding to community awareness.

#### **4.4.2 Application**

With stringent selection criteria, a lengthy and detailed application procedure is an inevitable consequence. In addition, however, the Programme tends to favour application by public agencies – as a means of complying with eligibility criteria, and as a result of their familiarity with the associated administrative procedures. This has been productive with respect to completing applications for ERDF and ESF funding, where there is considerable in-house experience from other programmes. This does, however, present problems with respect to FIG applications, where a wide range of forms are in use, where there is limited public agency experience with the fund, and where applications are more likely to come from private individuals and companies.

Assistance from facilitators or local groups is essential to prevent applications from individuals being disadvantaged through a lack of experience in completing these types of form (an aspect alluded to in the OJ notice of the initiative). Nevertheless, it is down to the skill and experience of the assessors as to whether they are influenced unreasonably by the use of the right phraseology relating to the underlying merit of the project.

Whilst existing ERDF and ESF forms have been found suitable to the requirements of the PESCA Programme, in most instances new forms have had to be developed with respect to applications for FIG funding under the PESCA Programme. In the Highlands and Islands of Scotland, however, standard Enterprise Agency formats have tended to be used at LPG level. These formats are sometimes at odds with the detail provided in standard ERDF and ESF forms, and the FIG forms generally used in the English sub Programme, but are often considered more suited to the scale and nature of the projects being presented. In an effort to bridge the gap between these systems, some LECs have devised simplified mainstream ERDF, ESF and FIG formats. The lack of standardisation in this respect is peculiar in such a Programme. It has also complicated the task of monitoring Programme progress.

To prevent disappointment, applicants in many regions are asked to complete a preview form. In the North East region, the preview application consists of a one page form to be completed by the applicant, giving basic details of the proposed project. This was developed to avoid time being wasted by the applicant and the assessor with poor quality applications. South East region is now developing a preview form on the basis of these experiences.

Other regions ask for a full application to be submitted immediately, and view a preview form as merely increasing the workload for administrators. Eastern region used preview forms for Objective 5b, but these were phased out and administrators there feel that the assessment of full applications is more productive.

The majority of secretariats hold bidding rounds with a call for applications to be submitted before closing dates. These generally relate to the date of PESCA working group meetings. The number of bidding rounds held per region has varied from two to as many as nine so far. Some regions have found that, due to the small numbers of applications, they are able to assess applications submitted at any time.

#### **4.4.3 Selection Criteria**

The selection criteria used by the secretariats are based on those set by the UK PESCA Monitoring Committee. There are also supplementary criteria set by the Government Bodies that take account of sub-programme criteria and departmental policy; plus there may be further supplementary criteria set by the Local PESCA Groups. Criteria are used by experienced assessors as a scoring tool rather than a 'make or break' outcome. In the case of the Highlands and Islands of Scotland, preference has been given to the specific assessment of project submissions by experienced Enterprise personnel, without specific recourse to the use of a scoring system. This has been criticised by the Scottish Office as an insufficiently transparent selection process, and HIE has been requested to come up with a modified system. In Northern Ireland, projects that make it through a scoring system are, in most cases, submitted to specific economic appraisal before final approval is given.

Regions operating with smaller PESCA budgets have expressed a feeling that the selection criteria are geared to a situation where there is more competition for funding. Eastern region has given the example that projects under the PESCA scoring system only reach medium priority, whereas the same project would score as high priority under Objective 5b selection criteria. Some regions have expressed concern that the selection criteria favour areas where the scale of fisheries interests is greater, for example in the South West of England and the Grampian region of Scotland. These criticisms may be due to the misconception that criteria are "handed-down" by MAFF; this is not so. MAFF have prepared outline criteria, but these are subject to local modification. Criteria used in the assessment of the quality of PESCA applications have generally been criticised as being too rigid. With regard to FIGG applications, confusion over interpretation of eligibility criteria, combined with the need in Lowland Scotland to obtain explicit State Aid approval, has meant that most LPGs and local administrators have found this the most difficult and frustrating component of the programme to manage.

### **4.5 Other Local Management and Administrative Arrangements**

#### **4.5.1 Facilitators and decentralisation**

There has been a general move by administrators to decentralise the implementation of the PESCA programme from its outset, in line with the bottom-up delivery mechanism indicated in the Operational Programme. This has been specifically intended to increase interest in the programme from communities to whom the Initiative has been targeted. For the scale of budget allocated at the regional and sub-regional levels this has, however, also brought with it high administrative burdens. Despite this, in other areas the bottom-up approach has clearly resulted in improved infrastructures and decision-making capacities at community level.

#### **4.5.2 Gate Keepers**

In some areas PESCA has adopted very localised delivery mechanisms, with one locally based lead body responsible for organising the local group and undertaking management and implementation. This is similar to some of the LEADER models and combines giving one organisation a leading role, counter-balanced by the influence of a local group.

A danger in this approach is the role of the co-ordinator or lead organisation as the gate keeper of information. For local Groups to work, and for individual members to be effective, access to

information is essential. In this regard, the distribution of information to all Group members, rather than using co-ordinators to “disseminate” or distil the information transmitted to group members, may be more appropriate (see Section 8 – **Recommendation 11**).

### 4.5.3 Information exchange

A national forum for PESCA administrators has now been established, building on the model developed for Lowland Scotland. Many administrators in England, in particular, had expressed interest in a greater exchange of information and experience between PESCA groups (see Section 8 – **Recommendations 2 & 11**). The forum is considered to provide a timely and potentially cost-effective means of information exchange, and a mechanism for reducing administrative costs through efficiency savings.

Those regions with very small PESCA budgets have, however, mentioned that such a forum could tie up scarce resources, negating the potential for efficiency gains from associating with such a structure.

There has also been a call for greater sharing of experience and information on a transnational basis. A budgetary allocation for such exchange is held by DG XIV, and transnational initiatives are now being progressed by the UK PESCA Forum.

### 4.5.4 Development Resources

The PESCA Programme involves a new group of actors as far as Structural Funds are concerned, many of whom are unfamiliar with the technical procedures relating to eligibility, grant rates, application procedures. In addition, PESCA is targeting groups who may not be used to developing projects, and may require additional assistance in fully developing their ideas.

The consequence of this is that PESCA is likely to require additional resources for project development work in addition to the time needed to administer funds. Again, the problem primarily relates to the scale of resources available.

The problem is compounded by the community focus of PESCA. Only two other Community Initiatives have such a focus – the LEADER and Urban Programmes. The other Community Initiatives and Structural Fund Programmes are very much driven and delivered by institutional organisations, and in many areas are merely an extension of the Objective 2 and 5b Partnerships. PESCA’s emphasis on local delivery differs from other initiatives, but this is not adequately reflected in the allocation of funds within the UK Operational Programme.

It would seem appropriate to determine the necessary level of development support necessary to implement local programmes, irrespective of whether this requires 5 or 10 per cent of resources, rather than to hope that somehow development resources will be found to deal with such an innovative delivery structure.

## 4.6 Conclusions and Recommendations

1. The management of the PESCA sub-programmes in many regions has altered structure and continues to do so in an attempt to achieve full allocation of funds to high quality projects. This has resulted in delays to the actual implementation of the programme.
2. Delivery models for the PESCA programme are variable. The success of a given model is dependent on the priorities of the personnel involved which relates to the funding levels for a region. Delivery models must be assessed in each region, taking into account a region’s specific situation. This internal assessment can be carried out as part of an action plan covering the remainder of the programme (see Section 8 – **Recommendations 7 & 9**)
3. There has been a move towards involving local groups to a greater extent.
4. Initial regional and local marketing of the programme as a fund for fishermen was misleading in many cases and resulted in the fishing industry’s loss of faith in the programme. This has been difficult to recover from. Creating clear and concise material to explain the aims of PESCA and suggest suitable projects would increase public awareness. Correct promotion of the programme

5. will increase the number and quality of applications. This will be facilitated by recommended improvements in information exchange (see Section 8 – **Recommendation 11**).
6. Application procedures are off-putting to private sector applicants and/or those unfamiliar with Structural Funds without assistance being provided. Using preview forms and/or giving a high level of assistance to applicants would increase the number of individuals applying.
7. Selection criteria have been found by some regions to be too rigid. Such regions may not fully understand that they are at liberty to change the selection criteria to suit local conditions, as long as they meet the core criteria established at the national level. Using assessors with experience from other objectives ensures that the scoring procedure is used as a tool for the selection of projects, rather than as a mechanical process.
8. The establishment of the UK PESCA Forum is considered to provide a structure with the potential to significantly reduce regional and local administrative burdens through achievement of efficiency gains.

## 5. Financial Progress

### 5.1 Introduction

Whilst the PESCA Programme was intended to operate over a five year period, from 1995 to 1999, the delayed approval of the UK Programme meant that the first projects were not approved until early 1996. In many regions, delivery arrangements were not finalised until later in 1996.

The overall effect has been that the majority of financial approvals to date occurred during 1997 with, in many cases, the greater proportion of projects being approved in the latter half of 1997 and early 1998. To reflect this, below we report on the most up to date position for each sub Programme.

To ensure consistency of analysis, financial commitments are reported up to 31 December 1997. In addition, where information has been accessible, data on approvals pending from 1997, or approvals made in the first three months of 1998, are presented in separate tables, allowing the remaining balance of funds to be identified.

### 5.2 Financial Allocations

For the purposes of our report, financial allocations across all three measures have been converted to sterling equivalents using an exchange rate of £1=1.5ECU. At the outset of the Programme in 1996, ECU allocations were converted into sterling at a rate of £1=1.196ECU. The effect of the fluctuation in the exchange rate, therefore, has been to reduce the overall sterling value of the PESCA Programme by approximately 25 per cent. Where appropriate, the implications for commitment levels for each sub Programme and, in particular, each regional Programme are identified.

For accounting purposes specific and absolute rules apply for dealing with fluctuating exchange rates. For management purposes, however, a more rough and ready approach needs to be taken. It is essential that decision-making is based on a realistic appreciation of the sterling funds available, both retrospectively and in the future, primarily so as to avoid future surprises with respect to under- or over-expenditure. For immediate purposes the 1:1.5 conversion rate is appropriate. For the remainder of the programme, however, it may be necessary to utilise a slightly more sophisticated exchange rate tracking and forecasting system (see Section 8, **Recommendation 14**).

The UK PESCA Programme received a financial allocation of 37.4 MECU (£24.9M), covering the period 1995-1999. The allocation was split between the three funds as follows:

- ERDF- £14.637M;
- ESF - £4.742M; and
- FIG - £5.568M.

The financial allocations to each sub Programme are presented in **Table 5.1**.

**Table 5.1 Financial Allocations<sup>1</sup> by Sub Programme (£M)**

	England	Scotland Obj 1	Scotland Non-Obj 1	Northern Ireland	Wales	Total
<b>ERDF</b>	7.383	0.835	5.317	0.747	0.354	14.637
<b>ESF</b>	2.461	0.383	1.597	0.230	0.071	4.742
<b>FIFG</b>	2.461	1.690	1.198	0.172	0.047	5.568
<b>Total</b>	<b>12.304</b>	<b>2.907</b>	<b>8.112</b>	<b>1.149</b>	<b>0.473</b>	<b>24.947</b>

*Source: PESCA UK Operational Programme 1995-1999<sup>1</sup> Exchange Rate £1=1.5ECU*

The English sub Programme is by far the largest, accounting for almost half of the UK Programme allocation. The other substantial Programme in financial terms is that for the non-Objective 1 areas in Scotland, with an allocation of £8.1m. The remaining three sub Programmes are relatively modest, particularly that for Wales, with an allocation of only £473,000 between three funds over five years.

Nationally, the split between Funds is on the following basis:

- ERDF – 59%,
- ESF – 19%,
- FIFG – 22%.

This split is broadly followed by each of the sub Programmes, with the exception of the Scottish Objective 1 area where the breakdown is:

- ERDF – 30%,
- ESF – 14%,
- FIFG – 57%.

A much larger emphasis is placed in this area on activities which directly assist the fishing sector.

### 5.3 Financial Commitment by Fund

At the end of 1997, approximately £7.5M of the UK PESCA allocation had been committed to 198 projects (**Table 5.2**). This represents 30 per cent of the revised financial allocation. At the interim assessment stage, it would be reasonable to have expected a commitment level of around 50 per cent - reported PESCA commitments fall some way short of this benchmark. A further £3.7M would have needed to be committed to achieve this level of progress.

**Table 5.2 Financial Commitments at 31/12/97**

Fund	Allocation <sup>1</sup>	Commitment	% Committed	No. Projects	Average funding amount
ERDF	14,637,000	5,617,294	38	99	56,740
ESF	4,742,000	1,432,083	30	58	24,691
FIFG	5,568,000	786,307	14	68	11,563
<b>Total</b>	<b>24,947,000</b>	<b>7,835,834</b>	<b>31</b>	<b>225</b>	<b>34,826</b>

*All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU*

Of the three Funds, commitment has been highest in the ERDF measure, with more than £5.5M committed – 38 per cent of the allocation. As ERDF accounts for almost 60 per cent of the overall allocation, progress in this Fund is key to the successful delivery of the Programme.

A slow rate of progress is evident with respect to ESF projects, with only 30 per cent of the budget committed. Given that ESF operates more on an annual cycle, the level of ESF activity will effectively have to double in the last two years of the Programme if the ESF allocation is to be fully committed.

Commitments from the FIFG fund have been very low with only 14 per cent of expenditure committed; a substantial balance of approximately £5M remains to be committed. Given that the average FIFG grant to date is approximately £11,000, a crude calculation indicates that a further 450 project approvals of this scale would be required to fully commit the allocation. This represents a significant challenge for the Programme.

### 5.4 Financial Commitments

#### 5.4.1 UK Programme Commitments

Financial commitments at the end of 1997 are outlined in **Table 5.3**. For the UK Programme, 30 per cent of the allocation has been committed to 198 projects across the three measures (the fourth measure only applies in the Scotland Objective 1 sub Programme; other PESCA regions fund Animateurs through ERDF under Measure 1).

Of the five sub Programmes, greatest progress is reported in Northern Ireland where 62 per cent of the allocation has been committed. This may reflect a number of factors including a relatively small allocation, higher intervention rates due to Objective 1 status and limitation of the application of the programme to the ports of Kilkeel, Analong, Ardglass and Portavogie, and their two TTWAs.

Only modest progress has been made in the delivery of the English sub Programme, with 24 per cent of the budget committed. The contribution of individual Government Office regions to this performance is discussed below.

Close to half of the allocation had been committed by the end of 1997 in the sub Programme for Lowland Scotland. This represents a reasonable performance, particularly given the substantial overlap between the PESCA eligible areas and Objective 2 and 5(b) Programmes.

In contrast, the commitment level in the Highland & Islands sub Programme has been very low, with only 17 per cent of the budget committed to projects. Having to resolve problems with advance funding in this region, as well as the late creation of a technical group (August 1997) to provide expertise in project assessment, has caused delays. Substantial progress will be required in the remainder of the Programme if a significant underspend is to be avoided.

**Table 5.3 Programme Commitments at 31/12/97**

Sub-Prog/Region	Allocation <sup>1</sup>	Commitment	per cent Committed	No. Projects	Average funding level
England	12,304,000	2,986,884	24	66	45,256
Scotland	11,020,000	4,140,693	38	139	29,789
Objective 1	2,907,333	489,238	17	62	7,891
Non-Objective 1	8,112,667	3,651,315	45	77	47,420
Northern Ireland	1,149,333	708,257 <sup>2</sup>	62	20	35,413
Wales	473,333	-	-	-	
<b>TOTAL</b>	<b>24,947,000</b>	<b>7,835,834</b>	<b>31</b>	<b>225</b>	<b>34,826</b>

All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU <sup>2</sup>Commitments to February 1998

No monies have yet been committed or approved to projects in the Welsh PESCA sub Programme. A restructuring of the delivery system for this sub Programme is now in place, but serious concerns still exist about the ability of the local agency to achieve full commitment of funds by the end of 1999. This is complicated further by the choice not to establish one or more Local PESCA Groups.

#### 5.4.2 ERDF Commitments

Financial commitments under measure 1 are outlined in **table 5.4** below.

**Table 5.4 ERDF Commitments at 31/12/97**

Sub-Prog/Region	Allocation <sup>1</sup>	Commitment	% Committed	No. Projects	Average funding level
England	7,382,667	2,164,738	29	25	86,590
Scotland	6,152,000	3,141,073	51	62	50,662
Objective 1	834,667	108,168	13	15	7,211
Non-Objective 1	5,317,333	3,032,905	57	47	64,530
Northern Ireland	747,333	311,483	42	12	25,957
Wales	354,667	-	-	-	
<b>TOTAL</b>	<b>14,637,000</b>	<b>5,617,294</b>	<b>38</b>	<b>99</b>	<b>56,740</b>

All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU

ERDF commitments in the English sub Programme account for 29 per cent of the revised allocation, somewhat below the Programme average of 38 per cent. With the sub Programme containing

indicative allocations to nine Government Office areas, this level of commitment is disappointing, especially given the breadth of the ERDF measure and the experience of partners with this Fund.

There is also limited evidence of competition for ERDF funds. The modest approval rate to date is a reflection of the relatively low priority accorded to PESCA, particularly where significant monies for ERDF projects are available through Objective 2, 5(b) or other Community Initiatives.

Within Scotland, 57 per cent of the ERDF allocation has been committed to 47 projects in the sub Programme for Lowland Scotland. In spite of the delayed implementation of PESCA, a more than adequate number of applications had been presented in the 1996/97 period. A degree of competition has been identified for ERDF monies, with local partnerships seeking to approve projects providing direct benefits to the identified fishery dependent communities. Using solely the data on commitments, the sub Programme is making satisfactory progress towards fully utilising the ERDF allocation.

In contrast, a very low level of commitments has been reported in the Highlands and Islands sub Programme, with only 5 per cent of the allocation committed to nine projects. Very few projects have been brought to application stage during 1996/1997 and a significant increase in activity will be required to commit the allocation by the end of 1999, despite ERDF accounting for only 30 per cent of the total budget.

In Northern Ireland, a third of the ERDF allocation had been committed by the end of 1997. A significant number of conditional approvals had been made during 1997, subject to detailed economic appraisal. These approvals are incorporated in the analysis on ERDF approvals below.

The full commitment of the ERDF allocation by the end of the Programme period is dependent on the performance of the English sub Programme, which has almost half the UK allocation, but a very low commitment level. This said, due to the nature of the measure a few large projects can quickly increase the commitment level, and some regions are currently developing major tourism projects for support. It is expected that the ERDF commitment level in England will have increased significantly by the end of 1998.

### 5.4.3 ESF Commitments

**Table 5.5** outlines ESF financial commitments by sub Programme. With the exception of Northern Ireland, where the revised allocation has been exceeded, in none of the sub Programmes has commitment been more than a third of their ESF allocations. The difficulties in designing and delivering training courses for (ex) fishermen have been identified as a key explanation for the relatively slow progress in ESF expenditure.

**Table 5.5 ESF Commitments at 31/12/97**

Sub-Prog/Region	Allocation <sup>1</sup>	Commitment	% Committed	No. Projects	Average funding level
England	2,461,000	576,510	23	18	32,028
Scotland	1,980,000	597,303	30	36	16,592
Objective 1	382,667	71,180	19	13	5,475
Non-Objective 1	1,597,333	526,123	33	23	22,875
Northern Ireland	230,000	258,270	112	4	64,568
Wales	71,333	-	-	-	
<b>TOTAL</b>	<b>4,734,000</b>	<b>1,432,083</b>	<b>30</b>	<b>58</b>	<b>24,691</b>

*All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU*

At the current rate of progress full commitment of ESF is unlikely. The level of activity would have to double in the last two years of the Programme for all ESF resources to be committed. The scope for transfer of resources between sub Programmes is also limited (see Section 8 – **Recommendations 3 & 4** proposing a re-profiling exercise). Only Northern Ireland appears to require additional support, and any transfers would be modest in relation to the sums available in the larger sub Programmes. Considerable additional promotion/guidance and animation will be required if the Programme is to

commit its ESF resources. **Recommendation 9** in Section 8 proposes the development of regional ESF action plans to target ESF commitment.

#### 5.4.4 FIG Commitments

**Table 5.6 FIG Commitments at 31/12/97**

Sub-Prog/Region	Allocation <sup>1</sup>	Commitment	% Committed	No. Projects	Average funding level
England	2,460,000	245,636	10	23	10,680
Scotland	2,888,000	402,167	14	41	9,809
Objective 1	1,690,000	309,890	18	34	9,114
Non-Objective 1	1,198,000	92,287	8	7	13,184
Northern Ireland	172,000	138,504	80	4	34,626
Wales	47,000	-	-	-	
<b>TOTAL</b>	<b>5,568,000</b>	<b>786,307</b>	<b>14</b>	<b>68</b>	<b>11,563</b>

*All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU*

Of the three Funds, the FIG element has exhibited the slowest progress, with only 14 per cent of the UK budget committed to fisheries projects at the end of 1997 (**Table 5.6**). With the exception again of Northern Ireland, progress in all sub Programmes has been very modest.

The timing of the interim evaluation has coincided with a significant increase in the rate of approval of projects under this measure in a number of regions. Factors constraining the delivery of the FIG element, including a lack of clarity and understanding on FIG eligibility had been at least partially resolved towards the end of 1997. The data on commitments up to the end of 1997, therefore, do not present a wholly accurate picture of progress. Data on financial approvals at the end of March 1998 are presented in Section 5.5 below.

Nevertheless, greater progress on the FIG element, could have been reasonably expected by the end of 1997. A number of issues have been identified to explain the slow level of FIG commitments, including problems with eligibility, and overlap with other Programmes for fisheries.

A much more strategic approach will need to be taken to project initiation, assessment, approval and implementation. This will require substantial additional resourcing of support, promotion and facilitation, much improved information exchange with regard to interpretation and eligibility criteria. Improvements specific to FIG are proposed in Section 8 – **Recommendations 7, 8 and 11**)

### 5.5 Financial Approvals by Fund, March 1998

In many regions, a number of PESCA projects have been recommended for approval in the first three months of 1998, thereby reducing the remaining funds available in each of the three measures. To present the most up to date assessment of the “current state of play”, these approvals have been added to the data for financial commitments.

Taking into account recent approvals, a total of 41 per cent of the UK PESCA allocation has now been allocated to 272 projects (**Table 5.7**). More than half of ERDF monies has now been allocated, suggesting that the measure will be fully utilised. 35 per cent of the ESF allocation has been approved, although the “actual” approval figure may be somewhat less when under-spends from current projects are taken into account. The concern about the likelihood of ESF has, therefore, not been altered by the up-dated figures.

**Table 5.7 Project Approvals by Fund at 31/3/98**

Fund	Allocation <sup>1</sup>	Approval	% Approved	No. Projects	Average funding level
ERDF	14,637,000	7,561,595	52	129	58,617
ESF	4,742,000	1,637,582	35	63	25,993
FIFG	5,568,000	1,147,185	21	80	14,340
<b>Total</b>	<b>24,947,000</b>	<b>10,346,362</b>	<b>41</b>	<b>272</b>	<b>38,040</b>

All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU

The up-dated FIFG commitments show an increase from 14 per cent at December 1997 to 21 per cent at March 1998. While this increase is significant (albeit from a low base), 79 per cent of the budget remains to be approved before the end of 1999. This will require a major effort by virtually every local Group in the UK.

## 5.6 Financial Approvals by Sub Programme

### 5.6.1 UK Programme Approvals

**Table 5.8** outlines the current position regarding PESCA financial approvals against the revised allocations. These data are based on the latest available information from PESCA Secretariats.

**Table 5.8 Project Approvals By Sub Programme**

Sub-Prog/Region	Allocation <sup>1</sup>	Approved	% Approved	No. Projects	Average funding level
<b>England</b>	<b>12,304,000</b>	<b>4,067,728</b>	<b>33</b>	<b>80</b>	<b>50,847</b>
Eastern	1,056,000	116,630	11	8	14,579
East Midlands	78,000	-	-	-	
North East	1,447,000	250,921	17	11	22,811
North West	697,000	435,868	62	6	72,645
South East	566,000	188,500	33	11	17,136
South West	2,687,000	1,120,263	42	24	56,013
Yorkshire/Humber	5,705,000	1,955,728	34	20	97,786
<b>Scotland</b>	<b>11,060,000</b>	<b>4,949,373</b>	<b>45</b>	<b>155</b>	<b>31,931</b>
<b>Objective 1</b>	<b>2,907,000</b>	<b>489,238</b>	<b>17</b>	<b>62</b>	<b>7,891</b>
<b>Non-Objective 1</b>	<b>8,153,000</b>	<b>4,460,135</b>	<b>55</b>	<b>93</b>	<b>47,958</b>
Grampian	5,433,000	2,661,596	49	35	76,046
Fife / Tayside	893,000	752,400	84	20	37,620
Borders	934,000	608,252	65	28	21,723
SW Scotland	893,000	437,887	49	10	43,789
<b>Northern Ireland</b>	<b>1,149,000</b>	<b>1,499,387</b>	<b>130</b>	<b>40</b>	<b>37,485</b>
<b>Wales</b>	<b>473,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>24,986,000</b>	<b>10,516,488</b>	<b>42</b>	<b>275</b>	<b>38,242</b>

All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU

For the English sub Programme as a whole, the approval rate has increased to 33 per cent with £4.1M approved to 80 projects. Two regions, North West and South West, have above average approvals, 62 per cent and 42 per cent respectively. In the North West, the majority of the ERDF budget, which is relatively small, was approved in one application round. In the South West, the approval of two substantial ERDF schemes - for a Business Development Fund and a series of Maritime Festivals - has boosted progress. It should be borne in mind, however, that the overall approval rate would fall to 35 per cent if the costs of South West PESCA Ltd were excluded from the analysis.

At the other extreme the North East and Eastern regions have approved only 17 per cent and 11 per cent of their allocations respectively. The limited progress in the North East and Eastern regions is a source of concern, given their relatively large financial allocations. Whilst there have been no project approvals in the East Midlands, the region has the smallest allocation in the English sub Programme, so that only a small number of projects are required to utilise the budget of £78,000.

In the Lowland Scotland sub Programme, more than half of the PESCA allocation has now been approved to 93 projects. Substantive progress has been made against each of the four regional allocations (Fife/Tayside, Grampian, Borders and South West).

The PESCA allocation to Grampian amounts to £5.4M, or 22 per cent of the UK Programme budget. That commitment of 49 per cent of budget for this region has been achieved to date is very positive, but that there has been substantial under-commitment under measure 2, and no commitment under measure 3 gives cause for concern. An FIFG scheme has been submitted for State Aid clearance, which will go some way to achieving commitment under this measure, but there remain concerns about the capacity of the region to commit under measure 2.

Considerable progress has been made on financial approvals in the Highlands and Islands sub Programme in the past six months, although from a very low base. 15 per cent of the budget has now been allocated, although activity has been dominated by projects in the Western Isles and Skye & Lochalsh. Progress in the other Local PESCA Groups covering Argyll and the Isles, Caithness and Sutherland, Ross and Cromarty, Lochaber, Orkney and Shetland, has been much more modest.

The poor level of commitment in Argyll and the Isles and in Caithness and Sutherland is of particular concern, given that between them they have been allocated 30 per cent of the sub Programme budget. Further, the high proportion of the sub Programme budget allocated to Measure 3, coupled with the low average spend per FIFG project, means that administrative costs relative to this particular component of the sub Programme are particularly high. But, more worryingly, the region would have to approve in the order of 160 FIFG projects between now and the end of 1999 to fully commit its FIFG allocation.

The PESCA sub Programme in Northern Ireland has approved (subject to economic appraisal) £1.7M to 40 projects, which represents an over-commitment of 53 per cent against the revised allocation. A substantial overbid situation, therefore, requires resolving.

### 5.6.2 ERDF Approvals by Sub Programme

The level of ERDF approvals in the English regions is generally higher than the average for the three measures as a whole (**Table 5.9**). In the South East region, for example, 44 per cent of the ERDF budget has been approved, as against only 33 per cent for the combined three measures. For many organisations, the scope of ERDF fits most closely with local priorities for economic development activities. Nevertheless, poor levels of commitment in the Eastern and North East English regions is of concern.

A little over £3M has now been approved in the English sub Programme to 35 projects – this represents 41 per cent of the revised allocation as against 29 per cent committed at the end of 1997. Although the overall pace of approvals has accelerated somewhat, £4.4M still remains to be approved. Amongst the regions, the approval rate has increased markedly in the South West, whilst limited, if any, new approvals were recorded in Eastern region and the North East.

The approval level for ERDF monies in the Highlands and Islands is also low, partly reflecting co-financing constraints on public sector sponsors. Conversely, the small financial ERDF allocations for each of the LEC areas may act as a constraint to future applications for capital schemes.

In Lowland Scotland, two-thirds of the ERDF budget has now been approved to projects. In the Fife/Tayside area, approvals now exceed the revised allocation. New applications have created a substantial over-bid situation. The other three areas appear to be on course to approve their ERDF allocations.

**Table 5.9 ERDF Approvals at 31/3/98**

Sub-Prog/Region	Allocation <sup>1</sup>	Approved	% Approved	No. Projects	Average funding level
<b>England</b>	<b>7,382,000</b>	<b>3,015,578</b>	<b>41</b>	<b>35</b>	<b>86,159</b>
Eastern	633,333	39,172	7	4	9,793
East Midlands	46,333	-	-	-	
North East	869,333	112,262	13	5	22,452
North West	418,000	354,000	85	2	177,000
South East	339,333	151,000	44	7	21,571
South West	1,612,667	890,009	55	10	89,001
Yorkshire/Humber	3,422,333	1,469,135	43	7	209,876
<b>Scotland</b>	<b>6,177,000</b>	<b>3,830,651</b>	<b>62</b>	<b>70</b>	<b>54,723</b>
<b>Objective 1</b>	<b>834,000</b>	<b>108,168</b>	<b>13</b>	<b>15</b>	<b>7,211</b>
<b>Non-Objective 1</b>	<b>5,343,000</b>	<b>3,722,483</b>	<b>70</b>	<b>55</b>	<b>67,682</b>
Grampian	3,561,000	2,340,458	66	25	93,618
Fife / Tayside	585,000	587,650	100	12	4,897
Borders	612,000	395,375	65	11	35,943
SW Scotland	585,000	399,000	68	7	57,000
<b>Northern Ireland</b>	<b>733,000</b>	<b>840,367</b>	<b>114</b>	<b>25</b>	<b>33,615</b>
<b>Wales</b>	<b>333,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>14,625,000</b>	<b>7,686,596</b>	<b>53</b>	<b>130</b>	<b>59,128</b>

*All financial figures in £. <sup>1</sup>Exchange rate: £1 = 1.5ECU*

There would appear to be a case for transferring ERDF monies from the Eastern and North East English regions to other English regions or to other sub Programmes, unless substantial progress has been achieved by the end of this year. On a similar note, there is a strong case for the transfer Objective 1 ERDF resources from Scotland to Northern Ireland unless the Highland and Islands commitment rate increases substantially in the near future. In Section 8, **Recommendations 3 & 4** propose the re-profiling of expenditure within each sub-programme and local groups are made aware of this exercise as soon as possible to allow them time to demonstrate their ability to increase commitment levels.

### 5.6.3 ESF Approvals by Sub Programme

The level of ESF approvals is generally below that for ERDF, partly reflecting the availability of funds for training in other EU Programmes, and partly the smaller pool of potential project sponsors (**Table 5.10**). The difficulties in the delivery of training courses to fishing communities (where formal training is not a priority for many individuals) have clearly played a part in the relatively poor progress on ESF approvals to date.

Overall, 35 per cent of the ESF allocation has now been approved to 68 projects. Given the wide scope for ESF schemes, i.e. not limited to beneficiaries solely from the fishing sector, and the potential for multi-annual approvals, an approval rate at this stage of 45-50 per cent could have reasonably been expected.

Within the English sub Programme, the North East region has made most progress (in contrast to the position on ERDF), with 44 per cent of their ESF budget approved. The slowest spending region (excluding East Midlands) to date is the South West, where only 17 per cent of the budget has been approved. To date, development and animation activity in the South has concentrated on facilitating ERDF and FIG applications.

A divergence on ESF approvals is apparent in the Lowland Scotland sub Programme. Whilst the Borders and Fife/Tayside have approved 81 per cent and 77 per cent of the ESF allocations respectively, the rate is 30 per cent in Grampian and only 22 per cent in South West Scotland. The available evidence from both Grampian and South West Scotland suggests that the ESF measure is likely to underspend. In contrast, an overbid for ESF monies exists potentially within the Fife/Tayside area.

**Table 5.10 ESF Approvals by Sub Programme at 31/3/98**

Sub-Prog/Region	Allocation 1	Approved	% Approved	No. Projects	Average funding level
<b>England</b>	<b>2,461,000</b>	<b>709,892</b>	<b>29</b>	<b>20</b>	<b>35,495</b>
Eastern	211,000	42,394	20	2	21,197
East Midlands	15,000	0	0	0	
North East	289,000	126,264	44	4	31,566
North West	139,000	48,086	35	2	24,043
South East	113,000	21,500	19	2	10,750
South West	537,000	98,633	18	2	49,317
Yorkshire/Humber	1,141,000	373,015	33	8	46,627
<b>Scotland</b>	<b>2,006,000</b>	<b>716,545</b>	<b>36</b>	<b>44</b>	<b>16,285</b>
<i>Objective 1</i>	<i>400,000</i>	<i>71,180</i>	<i>18</i>	<i>13</i>	<i>5,475</i>
<i>Non-Objective 1</i>	<i>1,606,000</i>	<i>645,365</i>	<i>40</i>	<i>31</i>	<i>20,818</i>
Grampian	1,070,000	321,138	30	10	32,114
Fife / Tayside	176,000	136,353	77	7	19,479
Borders	184,000	148,987	81	11	13,544
SW Scotland	176,000	38,887	22	3	12,962
<b>Northern Ireland</b>	<b>200,000</b>	<b>256,270</b>	<b>128</b>	<b>4</b>	<b>64,068</b>
<b>Wales</b>	<b>67,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL</b>	<b>4,734,000</b>	<b>1,637,582</b>	<b>35</b>	<b>68</b>	<b>24,082</b>

There is little scope for the transfer of ESF monies within the English sub Programme, with no region likely to require additional resources. There is also no requirement for a transfer to the Scottish non Objective or Welsh Programmes. This places the emphasis on the final two years in increasing activity through promotion, animation etc.. There is a case, however, for the transfer of Objective 1 ESF monies from Scotland to Northern Ireland.

#### 5.6.4 FIG Approvals by Sub Programme

Slow approval of FIG monies has affected all regions within the UK PESCA Programme, with £1.1M of the budget approved (**Table 5.11**). The pace of FIG approvals has, however, accelerated in the past six months. In comparison to an overall commitment of 14 per cent at the end of 1997, 20 per cent of the budget has now been approved.

A significant proportion of this improvement, however, can be accounted for by the inclusion of substantial FIG approvals (subject to economic appraisal) in Northern Ireland. Data from the PESCA Secretariat indicates the revised allocation of £200,000 has been substantially exceeded, with project approvals totalling £402,750. As with the other two measures in the Northern Ireland, clarification is needed as to how this imbalance in approvals versus allocations will be resolved.

The position on FIG approvals in the other UK sub Programmes is much less positive. In the Lowland Scotland sub Programme, only £92,287 has been allocated to seven FIG applications across the four areas. In Grampian and South West Scotland, no FIG projects have been approved. Based on the experience in other regions, a substantial under-spend appears likely unless additional animation is undertaken.

In the Highlands and Islands, 19 per cent of the FIGG allocation has now been approved. As the FIGG element accounts for 60 per cent of the sub Programme allocation, the area faces a considerable challenge to fully commit the FIGG monies.

**Table 5.11 FIGG Approvals by Sub Programme at 31/3/98**

Sub-Prog/Region	Allocation <sup>1</sup>	Approved	% Approved	No. Projects	Average funding levels
<b>England</b>	<b>2,467,000</b>	<b>342,258</b>	<b>14</b>	<b>28</b>	<b>12,224</b>
Eastern	211,293	35,064	17	3	11,688
East Midlands	15,627	-	-	-	
North East	289,432	12,395	4	2	6,198
North West	139,533	33,600	24	3	11,200
South East	113,221	16,000	14	2	8,000
South West	537,402	131,621	25	13	10,125
Yorkshire/Humber	1,140,984	113,578	10	5	22,716
<b>Scotland</b>	<b>2,871,000</b>	<b>402,177</b>	<b>14</b>	<b>41</b>	<b>9,809</b>
<b>Objective 1</b>	<b>1,667,000</b>	<b>309,890</b>	<b>19</b>	<b>34</b>	<b>9,114</b>
<b>Non-Objective 1</b>	<b>1,204,000</b>	<b>92,287</b>	<b>8</b>	<b>7</b>	<b>13,184</b>
Grampian	802,000	0	0	0	
Fife / Tayside	132,000	28,397	22	1	28,397
Borders	138,000	63,890	46	6	10,648
SW Scotland	132,000	0	0	0	
<b>Northern Ireland</b>	<b>200,000</b>	<b>402,750</b>	<b>201</b>	<b>11</b>	<b>36,614</b>
<b>Wales</b>	<b>67,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>5,605,000</b>	<b>1,147,185</b>	<b>20</b>	<b>80</b>	<b>14,340</b>

All financial figures in £m. <sup>1</sup>Exchange rate: £1 = 1.5ECU

Substantial FIGG funding remains to be committed, and there is scope for transfer within or between sub Programmes. The PESCA Programme will not be judged a success unless the fishing dimension is delivered as effectively as the other aspects of the Programme. As with ESF, substantial additional activity is required to ensure the success of this element of the Programme.

The current FIGG approval rate in the English sub Programme of 14 per cent is also a major concern. Whilst greater numbers of projects have been approved over the last three months, unless a major acceleration occurs in the next year a large proportion of the FIGG allocation appears unlikely to be taken up. Given that the FIGG element of PESCA provides its uniqueness in facilitating direct support to strengthen the fishing sector, it is a major concern that this measure has made such modest progress.

## 5.7 Issues of Concern

### 5.7.1 Financial Progress of the UK Programme

The latest available data indicate that the ERDF measure appears likely to fully commit its allocation. On ESF, under-spends in existing projects are likely to mean that the actual approval level is less than the reported 35 per cent. An under-spend on the ESF allocation, therefore, is inevitable, unless steps are taken to significantly increase activity.

The increased pace of FIGG approvals has taken the overall approval rate to 21 per cent. In many regions considerable animation and development has been undertaken, the results of which are now feeding through in new applications. The region which is furthest ahead in terms of approvals, the South West, still has 75 per cent of the FIGG allocation remaining. The experience of the South West is instructive; despite considerable efforts by South West PESCA Ltd to animate PESCA to the fishing sector, including holding meetings with fishermen in all the major ports, only modest progress has been achieved.

A lack of resources for promotion and animation, therefore, provides only part of the explanation for the current position on FIGF approvals. Other factors include:

- high initial expectations of PESCA by the fishery sector, which have not been met in reality, resulting in negative perceptions and a degree of scepticism of the Programme;
- a lengthy delay between the initial launch of PESCA and the Programme becoming operational, by which time interest within the fishing sector had waned;
- a lack of clarity and understanding of the scope of FIGF under PESCA, and its relationship with ERDF measures and other fisheries initiatives; and
- the financial framework for FIGF projects in England, with a ceiling on total project costs of £25,000 for capital investments in fish processing & marketing and fishing port facilities (above which projects are first considered for funding by the Objective 5a grant schemes) and £60,000 for setting up aquaculture units is restricting the uptake of PESCA FIGF funding.
- having to obtain Fisheries State Aid clearance for Scotland from the Commission.

A strong rationale remains, however, for additional resources to be allocated to promotion and animation of the Programme. Experience of PESCA to date suggests that without significant promotion, and the use of individuals with knowledge of how the fishing sector works, FIGF applications are unlikely to come forward in sufficient number to utilise the financial allocation.

Whilst the number of FIGF applications is anticipated to increase in 1998, an under-spend remains a strong possibility. Substantial additional resources for animation and development are needed to further extend the number of FIGF applications. The level of concern with the FIGF measure is such that additional promotion and animation at the national level may also be appropriate.

## 5.7.2 Financial Progress by Sub Programme

### England

Within the English sub Programme, the latest ERDF position indicates that 41 per cent of the allocation has been approved. ERDF approvals in two regions, Eastern and North East, are relatively low and further clarification is needed. Based on the data available, a limited number of regions are capable of accommodating additional ERDF monies should these become available.

The spread of ESF approvals between regions is more uniform, with 29 per cent of the allocation approved across the sub Programme. Of those regions where only modest progress has been made, both the South West and Eastern region retain considerable ESF allocations. As only 4 and 2 projects have been approved in each region respectively, substantial numbers of applications are needed if a significant under-spend is to be avoided. Increased activity is required in every region.

Only 14 per cent of FIGF monies have been approved in the sub Programme; each region faces a considerable challenge to generate sufficient numbers of fisheries projects to commit the allocation.

### Scotland Objective 1

Despite a number of recent project approvals, 83% of the total budget remains to be allocated. Activity needs to be encouraged in those LEC areas where limited progress has been made to date. Overall performance to date has been disappointing, and resources may have to be re-allocated between LECs to ensure full commitment. Additional activity is required by every LEC in regard to FIGF and ESF.

### Scotland Non-Objective 1

This is one of the more successful sub Programmes with 55% commitment. The FIGF measure remains the main source of concern, although progress has been delayed by the need to obtain state aid approvals for fisheries schemes. Additional animation is needed in the South West and Fife/Tayside areas to generate FIGF applications.

### Northern Ireland

The revised financial allocations (which include projects that have been provisionally approved, pending successful economic appraisal) have been exceeded in all three measures in the PESCA

Programme in Northern Ireland causing a commitment level of 130% overall. Further clarification is needed as to how the reduced allocation in sterling terms is being managed relative to the project approvals. Additional resources may be required, and the sub Programme is high in areas where the other non-Objective Programmes are low. A re-allocation of resources from the Scotland Objective 1 Programme to the Northern Ireland Programme is a possibility (involving, in relative terms, minimal administrative constraints). Another avenue to be explored at a later date might be the drawing down of Reserve funding to support additional expenditure within the Northern Ireland Programme.

### **Wales**

Whilst the Welsh sub Programme has a relatively small financial allocation, some activity could have been expected by this stage. As it is, no financial commitments have been shown to date. It is anticipated that the involvement of the new Welsh European Programmes Secretariat will enable a number of projects to be approved. Nevertheless, there remain concerns that the centralised and catch-all structure of the Welsh Programme may not be able to deliver full commitment of funds by the end of 1999.

## **5.8 Conclusions**

Given the level of monies involved, the broad scope of potential activities, and the wide geographical spread of eligible areas, an approval rate of 50 per cent in each of the three PESCA measure could have reasonably been expected at this stage in the Programme. Only the ERDF measure meets this criterion, with substantial monies remaining in both the ESF and FIG measures. An under-spend on the ESF and FIG measures is likely unless substantial remedial action is taken.

In general, PESCA has not been accorded a high priority by the partner institutions associated with administering and delivering the Programme. In the main this has been occasioned by the low level of financial allocations made to partner organisations (relative to other Community Initiatives). Coupled with the high administrative (and financial) burden placed on local secretariats relative to the size of the Programme, this has acted as a disincentive to the deployment of sufficient staff resources to ensure the successful implementation of the Programme. Deployment of dedicated animateurs, paid in part from PESCA allocations, has improved matters somewhat. In combination with the delayed implementation of the Programme, the result has been relatively modest progress in financial terms. Experience to date suggests that without substantial staff resources devoted to PESCA, minimal progress is likely to result. Even in areas with dedicated PESCA resources, a variety of constraints mean that considerable additional effort is needed to generate a reasonable number of projects.

The poor financial progress in relation to both ESF and FIG applies across all sub Programmes and local Groups, with the exception of Northern Ireland. There is therefore little scope to use financial re-profiling within or between sub Programmes to ensure full commitment. Given that ESF and FIG each represent circa 20 per cent of total funds, and that both activities are central to the delivery of the objectives of the Programme, there is no justification for requesting the transfer of ESF or FIG to ERDF. As a consequence, substantial efforts are required to increase activity in respect of both of these funds to ensure a successful Programme.

## 6. Forecast Outcomes

### 6.1 Introduction

The overall aim of the UK PESCA Programme, identified in the Operational Programme, is:

*“to enable the fisheries sector successfully to tackle the necessary adjustments, to help it cope with the attendant social and economic consequences and to contribute to the diversification of the areas concerned by developing job-creating initiatives”*

The Operational Programme, however, did not contain any quantified targets for activities, outputs and impacts, either for the UK Programme as a whole or for each of the sub Programmes. Rather, the Operational Programme included a number of output and impact indicators which would form the benefits from PESCA projects. An assessment of the outcomes from PESCA is, therefore, carried out somewhat in a vacuum, with no targets against which progress, either forecast or achieved, can be measured.

In a small number of sub-regions, quantified targets were established by local partners as part of the preparation of a local PESCA delivery plan e.g. Fife/Tayside in the Lowland Scotland area. The setting of quantified targets should have been undertaken for all sub Programmes at the planning stage (see Chapter 8, **Recommendation 13**).

The delayed implementation of the Programme has meant that the majority of projects approved to date, are either not yet physically complete or have been completed only recently. At this stage, any commentary is largely limited to an assessment of forecast outcomes, drawn from estimates made by project sponsors at the application stage. Based on project data compiled as the basis for this evaluation, and on the results of more detailed investigation of 50 projects, only a small proportion of projects have yet delivered forecast outcomes.

Any analysis is also complicated by the relatively small nature, in financial terms, of many PESCA projects - particularly FIFG projects. Aggregation of individual project outcomes will constitute the main method by which Programme benefits can be determined, given the difficulties of applying a top-down approach to assessing the impact of the PESCA Initiative.

In common with other Structural Fund Programmes, the aggregation of outcomes by project in PESCA is complicated by a lack of consistency in the definition and application of indicators, limited consideration of the likely net effects, and the lack of a baseline against which progress can be compared. As outlined above, the presentation of a robust analysis of the benefits from PESCA is further constrained by a lack of quantified output and impact targets.

In recognition of these difficulties, DGXVI is currently preparing a comprehensive framework of core indicators and definitions which will be applied across all the Objective 2 Programmes in the UK. For PESCA, there is a need for MAFF, in conjunction with DTI and DfEE to give greater consideration to the process for reporting outputs and impacts. Implications for the final evaluation are outlined below.

To date, PESCA Secretariats have, in general, focused attention on ensuring the financial progress of the Programme, with modest attention paid to the collation and aggregation of output information. Greater emphasis is now being given by PESCA Secretariats to the monitoring of approved projects.

Even where data have been collated by Secretariats, further problems occur due a number of project sponsors not including quantified targets at the application stage. Further, based on evidence to date, a proportion of approved projects, particularly ESF schemes, may under-perform against the forecast achievement. The aggregate data should, therefore, be treated with caution.

A brief summary of aggregate forecast outcomes is presented in Table 6.1 overleaf. The available data relate primarily to ERDF and ESF projects; the forecast benefits from FIFG projects are not incorporated at this stage. It has also not been possible to link forecast outcomes to expenditure, which would enable value for money comparisons to be made.

**Table 6.1 Forecast activities, outputs and impacts associated with projects approved up to the end of 1997**

	NE England	York. & Humber.	Eastern	South East	SW England	NW England	Northern Ireland	SW Scotland	Highlands & Islands	Grampian	Fife / Tayside	Borders	TOTALS
<b>Activities</b>													
Ha. of environmental improvements	0	0.5	0	0	0	2.2	0	4	41	3	0.6	110	<b>161</b>
No. of harbour facilities upgraded	0	2	0	1	1	0	0	2	0	3	2	3	<b>14</b>
Sqm of industrial premises constructed	550	0	0	0	0	0	0	500	0	0	1500	0	<b>2550</b>
No. of SMEs assisted	0	17	140	0	105	0	10	14	80	1100	64	20	<b>1,550</b>
No. of new start SMEs facilitated	0	0	4	0	0	0	3	14	3	0	0	6	<b>30</b>
No. of training places (employees)	0	na	0	40	60	0	0	33	272	316	214	35	<b>970</b>
No. of training places (unemployed)	0	na	877	0	60	100	1412	260	0	327	850	0	<b>3,886</b>
No. of feasibility studies	4	2	2	4	2	1	0	1	14	0	9	3	<b>44</b>
<b>Outputs</b>													
No. of individs achieving VQs, or units towards	0	na	150	18	60	37	0	0	0	643	300	0	<b>1,208</b>
No. of visitors to new attractions	5,300	na	1,343	0	47275	0	0	195	22,771	176,635	10,700	0	<b>264,219</b>
<b>Impacts</b>													
No. of direct jobs created	107	37	4	1	146	250	14	45	4	893	32	30	<b>1,563</b>
Number of temporary jobs	125	124	0	3	54	0	0	0	0	0	0	0	<b>306</b>
No. of jobs safeguarded	8	30	118	0	236	50	20	32	23	1745	98	0	<b>2,360</b>

## 6.2 Activity Measures

Based on the data in Table 6.1 and a review of the projects approved to date, the following themes arise:

- within the English sub Programme, the balance of ESF courses supported to date appears to favour schemes to train unemployed individuals (some of whom will be ex-fishermen) in the PESCA areas, rather than schemes for existing employees in the fisheries sector; in contrast, the reverse is true in the Scottish sub Programmes, where skills up-grading schemes predominate;
- whilst the scope of ERDF schemes is relatively wide, monies committed to date have focused on activities with a strong link to the fisheries sector and fishing communities e.g. improving facilities at harbours;
- support for projects which contribute to wider economic development objectives e.g. new visitor attractions or new industrial premises do not appear to have featured strongly in the Programme to date; this may change as the pressure increases to fully utilise ERDF allocations before the end of 1999;
- support for the preparation of feasibility studies, primarily examining the position of the local fisheries sector or development of harbour areas has featured prominently in almost all of the PESCA regions; it is anticipated that the results of studies undertaken to date will lead to further PESCA applications in 1998.

## 6.3 Impact Measures

The forecast gross employment impacts, again excluding FIFG projects, for the same regions are as follows :

- jobs created: **1,563**
- jobs safeguarded: **2,360**

First, these figures are likely to significantly under-estimate the employment benefits from projects committed, as a proportion of sponsors are unlikely to have presented employment forecasts at the application stage. Against this, the data represent the gross employment effects presented by applicants, with no account taken of additionality or displacement. The net employment effects of PESCA will be significantly lower than these gross numbers.

## 6.4 Net Effects - Additionality, Displacement and Multipliers

The aggregate gross employment effect of **3,923** jobs implies an EU cost per job of £1,797 based on financial commitments of £7.049m, excluding FIFG expenditure. Taken at face value, the forecast employment effect, if achieved, represents good value. This cost per job figure should, however, be treated solely as an indication of the likely outcome. Notwithstanding this, these gross impacts have to be adjusted for both non-additionality and displacement to determine the net effects.

Our examination of projects approved to date suggests that project sponsors did not present forecasts for the net effects that would result from PESCA support. As only a small proportion of approved projects are physically complete, the scale of non-additionality and displacement is impossible to measure accurately at this stage. A more robust analysis of the net effects of PESCA projects will be appropriate at the final evaluation stage.

Based on our analysis of case study projects, the level of non-additionality appears quite low. 40 per cent of projects were identified as being wholly additional, whilst the remainder were implemented on a quicker timescale or to a higher standard.

The proportion of PESCA benefits that are displaced depends on a number of factors, including:

- project type or activity;

- geographical location of competitors; and
- extent to which markets are growing.

Displacement is also normally assessed at two levels:

- the proportion of benefits displaced locally i.e. within the PESCA area; and
- the proportion displaced at the level of the national economy.

FIFG projects, on average, will display medium displacement at the local level, where the market for fish is not finite as for other products. In contrast, an ERDF marketing project for Maritime Festivals which attracts a significant proportion of visitors from outwith the local area will display a lower level of displacement at the local level.

Based on the types of projects supported to date and our understanding of the relevant local markets, we would estimate that gross impacts would require to be adjusted by a factor of 50-60 per cent to take into account non-additionality and displacement. This factor represents an average across all project types; clearly different project types will display a range of net benefits.

A robust assessment of net benefits also requires to take into account multiplier effects i.e. the knock-on benefits of increased economic activity from PESCA projects. These benefits comprise two components:

- supplier linkages - the value of purchases made in the local economy resulting from the project e.g. the running costs of a visitor attraction
- income multipliers - the consumption expenditures of those employed as a result of the project

The scale of multiplier effects varies considerably by project activity and sector. In relation to supplier linkages, assistance to tourism businesses, for example, is likely to display a larger local multiplier effect than those in technology businesses, where a higher proportion of inputs are sourced from outside the region.

As with additionality and displacement, the assessment of multiplier effects is more appropriate at the final evaluation stage. In order to determine a robust assessment, primary research is required with final beneficiaries - such research is outwith the scope of this interim evaluation.

Using previous evaluation evidence, the scale of combined supplier and income effects is in the range 1.2 to 1.3 i.e. for every 100 net jobs created through PESCA projects, a further 20 to 30 jobs will be created in the PESCA areas through multiplier effects. Given the relatively modest scale, in financial terms, of many PESCA projects, it is likely that any multiplier effects will be similarly modest.

## 6.5 Environmental Considerations

Along with other Structural Fund Programmes, PESCA has a commitment to ensure that environmental considerations are taken into account with regard to programme implementation. Given the diverse nature of Structural Fund areas, from picturesque rural villages to large industrial towns such as Hull and Peterhead, the interpretation of environmental considerations is devolved to local Group level.

Although local groups involve the local authority (responsible for planning permission), and other organisations with an indirect interest in the environment, a specialist environmental organisation is not always involved. Local Groups should give consideration to the involvement of a specialist environmental agency both to examine projects and to suggest environmental projects that PESCA could support.

Standard practice in dealing with environmental concerns in geographical Programmes involves a mixture of:

- Confirmation that the project has no negative environmental impacts; and/or
- The identification of positive environmental features; and/or

- An environmental mark awarded within the scoring framework for project appraisal.

In practice these procedures do not provide a rigorous assessment of environmental impact and many applicants regard them as a tick box exercise, a routine element of the application and appraisal procedure. This said, the majority of projects are relatively small scale and many of the ESF and ERDF revenue projects are regarded by project sponsors as environmentally neutral.

There appears to be closer scrutiny of environmental concerns in relation to larger ERDF capital projects and in relation to FIFG projects. In the case of FIFG the involvement of MAFF ensures a greater concern for and awareness of environmental issues. This also applies to many of the project sponsors involved with FIFG and the nature of FIFG projects that are more likely to have environmental implications.

Section 7 gives a breakdown of projects by sub measure, discussing the types of project being supported by PESCA. A large number of projects have been categorised as environmental improvements through ERDF funding. Most involve renovations to the built environment rather than new developments and can therefore be considered to be positive environmental impacts. It is also the case that such projects are subject to the environmental safeguards associated with gaining planning permission. Other projects to increase local revenue from tourism are also dependent on avoiding negative environmental impacts.

Overall the impact of projects supported by PESCA on the environment has been positive. Predominantly, it has been the built environment that has benefited rather than the natural environment. The limited monitoring and reporting of impacts so far suggests, however, that the environmental impacts attributed to PESCA (whether positive or negative) are underestimated. The extent of reporting on environmental considerations are currently dependent on the priorities of the sub Programme managers. It is hoped that the adoption of a consistent and uniform data collection procedure (Section 8, **Recommendation 2**) and the establishment of quantified targets for projects (**Recommendation 13**) will allow a clearer picture of the environmental impacts to develop in the second half of the programme.

## 6.6 Implications for the Final Evaluation

A detailed analysis of the benefits generated by PESCA will be appropriate at the final evaluation stage, when monies will be fully committed and the effects from approved projects can be more readily identified and measured. In order to prepare for the final evaluation, the following actions are needed:

- quantified targets should be set for activities, outputs and impacts for each Measure in each local PESCA delivery area; these targets can then be aggregated to provide a set of overall targets for each of the sub Programmes ( Section 8, **Recommendation 13**);
- greater scrutiny of forecast outcomes is needed at the application stage; our research identified a number of examples where the forecast achievements were wholly unrealistic; it is important that the forecast benefits presented are credible, relative to the proposed expenditure; and
- all project sponsors should be encouraged to present an employment target for their project, wherever possible; it is important that the range of physical activities supported by PESCA can be converted into economic impacts.

## 7. Analysis of Commitments by Sub measure

### 7.1 Overview

The UK Operational Programme document divides each fund by sub measure and allocates

- equal amounts of ERDF money to sub measures 1a, 1b, 1c, 1d & 1e,
- a 60:20:20 split for ESF sub measures 2a, b & c and
- FIFG allocates funds according to a 34 per cent Promotion/marketing, 66 per cent Other Projects split.

Two per cent of total Community funding has been allocated to Measure 4 – Technical Assistance. ECU 20,000 has been drawn from each of ESF and FIFG contributions. ECU 693,000 has been drawn from the ERDF contribution. Sixty per cent of the ERDF amount has been allocated to Objective 1 regions – primarily to meet half the costs of management and administration of the Objective 1 Programme for the Highlands and Islands of Scotland.

To date there has been no formal draw down of funds under this Measure, but the PMC has agreed to meet the costs of the Mid-term Evaluation from this budget line.

In Scotland, the Highlands and Islands PESCA Programme document divides its full allocation according to six measures. These are:

1. Diversification
2. Business Service
3. Maintain/ create jobs
4. Financial Engineering
5. Fisheries Projects
6. Productive Investment

In addition, the Highlands and Islands region allocates a proportion of the PESCA Programme funds to regional management by HIE, and regional PESCA projects, plus a smaller separate allocation set aside for monitoring.

To remain consistent with the other UK regions, projects approved in the Highlands and Islands region have been allocated to the most appropriate sub measure in the following analysis.

On this basis, commitment to date, by measure and sub measure, are shown below in Table 7.1.

### 7.2 ERDF

There are marked differences in activity between ERDF sub measures. The “Indicative financial tables” in the Operational Programme document give an equal funding allocation to the five sub measures in ERDF. This is not reflected in the projects supported in the first half of the Programme.

Interpretation of projects differs somewhat between areas causing projects such as seafood promotions to fall in to 1a, 1c or 1e. Such projects have also been funded under FIFG.

#### 7.2.1 1a - Business Support Services

An extremely diverse list of projects is supported under 1a. Approximately two thirds of the 34 projects presented support diversification into non-fishing related activities. The remaining third has used funding to improve local support industries such as processing, or to promote local fisheries. Both have the intended impact of increasing the value of local fisheries.

#### 7.2.2 1b - Renovation of Infrastructure

The average size and funding amount for a project under 1b is around four times that for the other sub measure types. The great majority of sponsors are public bodies, often using PESCA as one of several funding sources for environmental improvements. From interviewing the regional secretariats, it is apparent that in some areas many other potential projects are waiting in the wings. Action being

taken on these large-scale infrastructure projects is dependent on the agreed priorities of the monitoring committee or regional secretariat.

**Table 7.1 Division of PESCA funding between sub measures.**

<i>Fund</i>	Measure and sub measure	No. projects	Total costs	PESCA funding	% funding
<b>ERDF</b>	1a - Business support Av.costs / funding	34	£3,082,649 £90,666	£1,330,494 £39,132	43%
	1b - Renovation of infrastructure Av.costs / funding	25	£10,028,604 £401,144	£3,202,964 £128,119	32%
	1c - Promotion of Tourism Av.costs / funding	37	£4,126,809 £111,535	£1,177,728 £31,830	29%
	1e - Other Eligible Projects Av.costs / funding	9	£605,376 £67,264	£269,462 £29,940	45%
	<b>all ERDF Av.costs / funding</b>	<b>105</b>	<b>£18,446,784 £175,684</b>	<b>£6,179,729 £58,855</b>	<b>34%</b>
<b>ESF</b>	2a - Vocational training Av.costs / funding	42	£2,635,133 £62,741	£1,217,029 £28,977	46%
	2b - Guidance counselling Av.costs / funding	11	£709,085 £64,462	£243,649 £22,150	34%
	2c - Employment support Av.costs / funding	2	£10,700 £5,350	£5,400 £2,700	50%
	<b>all ESF Av.costs / funding</b>	<b>55</b>	<b>£3,482,122 £63,311</b>	<b>£1,517,204 £27,586</b>	<b>35%</b>
	<b>FIFG</b>	3a - Promotion & Marketing Av.costs / funding	20	£944,229 £47,211	£396,045 £19,802
3b - Other eligible projects Av.costs / funding		49	£1,725,198 £35,208	£568,440 £11,601	33%
<b>all FIFG Av.costs / funding</b>		<b>69</b>	<b>£2,716,638 £39,372</b>	<b>£984,287 £14,265</b>	<b>36%</b>
<b>PESCA Av.costs / funding</b>		<b>229</b>	<b>£24,645,543 £107,622</b>	<b>£8,681,221 £37,909</b>	<b>35%</b>

Some regions have deferred large 1b projects to prevent funds being committed that could support future ERDF projects. Others are keen to commit funds and therefore approve such projects in eligible areas. Regions, such as the North East, have commented that infrastructure must be improved before diversification can occur, and therefore feel justified in allocating more funds to this sub measure.

In many of the eligible areas, the poor state of infrastructure could commit PESCA allocations many times over. A strategic plan relating to sub measure type priorities may therefore need to be included for regions beginning to experience competition for remaining funds.

### 7.2.3 1c - Promotion of Tourism

This sub measure type has the largest number of projects approved through ERDF. Eight projects are maritime festivals or other community events. Five other projects are funding museums.

Ten projects labelled under the 1c sub measure type are feasibility studies and infrastructure improvements with a tourism slant. A feasibility study of a local harbour could be placed under 1a, 1b, or 1e, but given a tourism focus it falls under 1c. The infrastructure improvements under this sub measure type all target tourism as the reason behind the improvements (sign-posting for example).

### 7.2.4 1d - Financial Engineering

At present there are no projects coming forward under sub measure 1d (Financial Engineering). Promotion of this type of project has been lacking in every region due to the majority of local delivery organisations not fully understanding the types of project this sub measure could support. In this situation, the regional secretariat could be provided with specific examples, from other Programmes, of successful projects under this sub measure type. The beneficiaries through PESCA would differ, but the structure of such financial engineering projects would not be markedly different.

### 7.2.5 1e - Other eligible projects

Five of the nine projects labelled under this category are PESCA management projects. The Highlands and Islands is the only region to have a separate management allocation. The action taken by many regions is to use ERDF money for PESCA management as ERDF has the largest allocation and the least explicit eligibility criteria.

The remaining four projects are studies on varying subjects (grey seals, quay-side redevelopment, shellfish marketing, fish marketing) which could equally be funded by other ERDF sub measures, or indeed FIGG.

## 7.3 ESF

The ESF divisions are labelled "Maintenance of Jobs in Fishing and Creation of Jobs Outside Fishing". The ESF allocation has been provided with 60 per cent for Vocational Training Schemes, 20 per cent for Guidance, Counselling Projects and 20 per cent for Employment Support sub measures.

### 7.3.1 2a - Vocational Training Schemes

Despite the 60 per cent indicative allocation, 2a projects account for 76 per cent of ESF projects and 80 per cent of ESF monies committed so far.

The split between training for work outside fishing and additional training for fishermen is 50/50, but the larger projects in general are those outside fishing. This is due to the training provided for fishermen being very specific in terms of beneficiaries (i.e. local fishermen) making the number of those eligible smaller than for non-fishing related training where beneficiaries can be anyone in the TTWA.

Most training for fishermen focuses on improved health & safety and seamanship standards in the industry, with a handful of projects aimed at improving fishing skills (e.g. flume tank visits). Training outside of fishing is again divided evenly between schemes to assist ex-fishermen exclusively and schemes to assist the wider community. A number of ESF projects under-spent as a result of poor take-up.

Certain regions such as Yorkshire and Humberside have a high number of training schemes for fishermen. Others such as the South West and Tayside/Fife regions have mostly supported training schemes outside fishing.

Few projects have emerged as a direct result of training needs analysis carried out under sub measure 2b. It is anticipated that with more studies being completed, training can be targeted for the

individual communities and the number of potential beneficiaries estimated more accurately. The level of under-spend should consequently decrease and result in improved value for money.

### **7.3.2 2b - Guidance, Counselling Projects**

Most projects under 2b are skills' assessments showing the cautious approach of regions such as the North East (3 out of the 11 projects) and the lack of skills studies in these areas previously. The delayed start to many regional Programmes has meant that the impact of sub measure 2b studies on the number of projects funded through sub measure 2a is minimal.

### **7.3.3 2c - Employment Support Sub Measures**

Only two projects have been allocated to this sub measure, both from the Highlands & Islands region. The interpretation of sub measure 2c by most regions has caused them not to allocate any projects under this sub measure. It can be argued that any ESF project is an employment support sub measure and therefore eligible.

## **7.4 FIFG**

The two types of project under FIFG funding are:

- Promotion and Marketing of Fish (34 per cent funding)
- Other Eligible Projects (66 per cent funding)

The number of projects allocated under each sub measure is proportionate to the allocation split.

### **7.4.1 3a - Promotion and Marketing of Fish**

Northern Ireland and the Highlands & Islands account for 13 of the 20 approved projects. This demonstrates the belief that such investment in these areas will add value to existing fisheries. Other projects under 3a are studies to assess whether promotional campaigns would be worthwhile for that particular region.

The current trend to increase the value of fisheries through the association of the region with a high quality of product is more open to some regions than others. Yorkshire & Humberside region, with a fleet which tends to exploit very mixed fisheries in the North Sea, might find it difficult to establish such a quality image. The Northern Irish and Highlands & Islands regions having large nephrops fisheries would be more able to develop a quality product for export sales.

### **7.4.2 3b - Other Eligible Projects**

Of the 49 projects approved under this sub measure, 19 are expansions of local processing businesses. The small-scale processing industry as a whole has suffered from lack of investment and competition from large-scale businesses as well as struggling to reach more rigid EU hygiene standards. The impact of the majority of these expansions is therefore safeguarding the current workforce. The catching and processing sectors are interdependent; the loss of one will tend to encourage relocation of the other.

Twelve projects have assisted investigations into creating new fisheries in the area, such as fisheries for whelks, nephrops (Western Isles), squat lobster (Wester Ross), squid, oysters and mussels (Northern Ireland). This would suggest the potential to diversify into other fishing activities in the Highlands & Islands and Northern Ireland.

Five projects are directly assisting local fisheries management, three of which involve lobster V-notching projects. Such schemes are associated with those areas supporting local inshore fleets. Such is the case in areas of Northern Ireland, the Highlands and Islands, the Wash and East Anglia.

## 8 Conclusions and Recommendations

### 8.1 Introduction

This first section presents our conclusions on the UK PESCA Programme at this interim stage. For a variety of reasons, some of which have been outlined in earlier chapters, the UK PESCA Programme has been characterised by a number of problems. In spite of some improvement in the financial progress of PESCA in the last six months, unless substantial remedial action is undertaken, the Programme will not commit its financial resources or meet its wider objectives.

This conclusion takes account of the difficulties involved in this particular Programme, and it is reasonable to state that, for a number of reasons, this is the most difficult of the UK geographical Programmes to deliver.

Three very different objectives make up the PESCA programme; assisting fishing dependent communities to develop other industries, assisting fishermen to diversify away from fishing and assisting the ongoing process of consolidation & restructuring within the fishing industry. A fisherman would not necessarily view these as complementary objectives. In spite of this perception by sections of the fishing industry, the three different funds and Government Departments involved are clearly addressing these different objectives; local agencies have the task of delivering them under one programme.

The result is a programme that has different priorities specific to the region and is therefore taking different directions in the UK as a whole. So far it cannot be concluded that this is a negative aspect; indeed, a programme with the flexibility to prioritise according to local needs should be a welcome innovation to those charged with implementing it. Without adequate management, monitoring and resources, however, overall value for money and lasting positive impacts cannot be guaranteed.

PESCA is a programme that has suffered from the differing perceptions of its objectives between those who conceived it (the Commission), those given the task of delivering it (regional bodies) and those it could assist (fishermen & fishing communities). The Commission developed PESCA to ease the socio-economic impacts of the inevitable decline in the fishing industry. For those involved in fishing, there is nothing inevitable about the industry's decline.

As well as polarised viewpoints between the Commission and fishermen, there is often little agreement within the fishing industry. The industry is going through a period of significant restructuring as a means of re-establishing economic stability under conditions of changing economics, changing technologies and changing political pressures. From this highly charged starting point, the priorities of PESCA have been interpreted differently by many involved.

Foremost, the perception of sections of the fishing industry of PESCA as a Programme that provides funds to assist individuals to leave the industry, rather than help strengthen the existing fishing effort, has meant a sceptical, and often hostile, reception for PESCA amongst fishing communities. The politicisation of many issues affecting the fisheries sector, and fishing communities, has impacted negatively on the delivery of PESCA. This is unlike any of the other sectoral Community Initiatives that also contain elements designed to help an industry under threat, such as KONVER.

On a more positive note, there are a large number of people involved at all levels who remain committed to ensuring the success of the PESCA Programme. If sufficient remedial action is taken now, this commitment can be used as a base to ensure the successful delivery of PESCA.

The recommendations made in the following sections have been labelled as 'key recommendations' in some cases. These are considered to be priority measures for improving the delivery of PESCA.

## 8.2 Operational Programme

The Operational Programme is a bottom-up Document influenced by the desire to maintain flexibility at the sub Programme level. In this regard, the PESCA OP is similar to LEADER Operational Programmes.

Our investigations indicate that the design and implementation of the programme complies with Community rules. In particular, design and implementation conform to Community rules on competition, fishery policy, the Financial Instrument for Fisheries Guidance, and the State Aids Guidelines.

The major omission in the Operational Programme is the absence of Programme level indicators and targets. There is a need to produce Programme level targets for each of the three Funds and this should be carried out in consultation with the sub Programmes (see **Recommendation 13**).

With this exception, no other changes are required to the Programme Document. The allocation of support between the three Funds is reasonable and there is no justification for changing these proportions.

## 8.3 Programme Monitoring Committee (PMC)

The PMC has an unusual composition, in that its original membership is exclusively Government Departments and the Directorates-General of the European Commission. There have been no representatives from either the fishing industry or the local economic development agencies involved in the PMC. This has not been to the benefit of the management of the Programme. This has left many at the regional and local levels of Programme management and delivery with the perception that the PMC is detached from the delivery of PESCA at a local level. The view is that its members have only a limited appreciation of the difficulties experienced "on the ground" by those trying to generate sufficient numbers of quality projects. Although the UK PESCA Forum has recently been allocated a PMC place, additional changes are required to involve a wider range of partners (see **Recommendation 1**).

The PMC has not played the pro-active role required of it in the running of the Programme to date. Given the low commitment levels in relation to FIFG and ESF, there will be a need for much closer monitoring of Programme progress in the future. The PMC will be required to meet more frequently, and to be much more critical and interventionist in the remainder of the Programme period. There is a need for a more active and assertive management of the UK Programme to ensure that resources are fully committed.

The PESCA Monitoring Committee should meet frequently between now and the end of the Programme. The provisional dates for the bi-annual PMC meetings of June 1998, November 1998, April 1999 and October 1999 should be considered a minimum.

### Recommendation 1 (key recommendation):

**It is recommended** that additional representation is provided on the UK PMC to further inform the direction of the Programme. This should be as follows:

- the UK PESCA Forum - 2 places;
- representatives of the fishing industry - 2 places; and
- a representative of the further education sector and industry training associations - 1 place.

## 8.4 Sub Programme and Local Delivery Arrangements

### 8.4.1 Use of Facilitators

The small budget associated with the PESCA Initiative, relative to other Structural Fund Programmes and Initiatives, is such that in many cases budget administrators at regional and local levels are

unable, or disinclined, to give the PESCA Programme the level of priority that it clearly requires to facilitate budget commitment. At one and the same time, the administrative burden that such regional and local PESCA budget holder organisations shoulder tends to be disproportionate to the scale of budget being administered. It is further evident that in many regions responsibility for PESCA has been transferred from one officer to another – in some instances several times – with the loss, to some degree, of experience built up in the administration of PESCA.

Experience to date has shown that even with dedicated staff resources and individuals with expertise in the workings of the fishing sector, as well as the operations of local economic development agencies, considerable efforts are required to ensure even modest financial progress. For some – Western Isles, Grampian and South West England – the funding of a PESCA facilitator has proved a cost-effective measure in over-coming some of the above problems. It has also clearly resulted in improved rates of project submissions and approvals:

- as a result of backstopping Local PESCA Groups,
- as a result of providing support, guidance and assistance to those submitting project applications,
- as a result of being accessible, and
- as a result of being on top of the day to day aspects of PESCA administration.

In other regions the use of a facilitator is not explicit (not funded out of the PESCA budget) but nevertheless responsibility for the PESCA Programme is held by an officer dedicated to the task – Northern Ireland.

Other regions have now moved to, or are considering moving to, the use of a dedicated PESCA officer of one form or another – HIE, Eastern England, South East England – and this is considered to be productive. These are all positive moves in the progress of the PESCA Initiative, and are likely to prove important in achieving full commitment of funds under the Programme.

There are other regions, however, where the use of dedicated personnel in this context may not be appropriate. This may be due, for example, to the small budget allocation involved, the ease with which projects have been forthcoming, or the particular role of members of Local PESCA Groups in encouraging and handling project applications. Nevertheless, it is appropriate that the PMC and Regional Secretariats re-examine this issue. Such re-examination should assess the extent to which the design and focus of local delivery structures is constraining budget commitment under the Programme, and issue guidance as to how cost-effective improvements in this area might be achieved.

#### **8.4.2 Programme Management**

It is apparent at a number of levels in the delivery of the PESCA Initiative that efforts are concentrated more on the administration of the Programme, and less on the management of the Programme. This is not an unusual state of affairs in the early phases of Programme implementation, but is one that needs to be urgently addressed if full commitment under the Programme is to be achieved.

Indicative of this state of affairs is the fact that project related management data are only available (in general) at the local level. Indeed, even at the local level, little management information (as would be used in Programme monitoring and evaluation) is available in collated form, but has to be specially extracted from project files and administrative databases. This means that oversight structures – such as regional and national managers, and the PESCA Monitoring Committee – deal almost exclusively with consolidated financial data, without great insight into the qualitative dimensions of the Programme. At the regional and local levels it means that administrators are poorly equipped to take a strategic view of the progress and management of the Programme.

#### **Recommendation 2 (key recommendation):**

It is recommended that consistent and uniform management data is collated regionally and at Programme level. A number of simple standard management information formats should be utilised as the medium for collating management, rather than administrative, information on projects, and on Programme progress. In this way, standard project data can form an annex to the quarterly returns submitted to the national secretariat, and to the PESCA Monitoring Committee.

At the project level, a standard form should be completed at project approval stage, and updated at regular intervals throughout the life of the project. At such time as the project has been completed, the project officer would be expected to sign-off on the project by completing the form with data on project outputs, outcomes and impacts. As well as feeding into the regional and national Programme monitoring system, these forms would provide the basis for ex-post evaluation of the Programme.

These forms are distinct from any forms currently used with respect to project submission and approval, though they do not necessarily record information that is not already available in the system. What they achieve is a consolidation and standard presentation of such data in a format that is suited to easy transmission and interpretation for strategic management purposes.

At the regional level, the information held in such forms would be consolidated into formats suited to regional management and reporting requirements, and so forth. Assuming there is no contravention of the Data Protection Act, some of all of such information could be consolidated into a national Programme database. Such information could be made available in raw or analysed form to PESCA officers throughout the UK. This would keep them abreast of progress under each of the PESCA measures, sub measures and initiatives, and inform them of the types of project being implemented elsewhere in the UK. Such information exchange could be facilitated through the national and regional secretariats, or through something like the UK PESCA Forum, or through a service provider tasked with facilitating such information exchange (c.f. the LEADER Programme Observatory).

Annual Reports for the years 1995 and 1996 have been submitted to the European Commission. Though brief (during these two periods the only projects that were approved under the Initiative related to ESF funding) they are adequate to the task and comply in all necessary respects with EC requirements. The Annual Report for 1997 is yet to be finalised. Given the considerable progress achieved relative to earlier years, a more substantial document will be expected.

## 8.5 Financial Progress

The UK PESCA Programme has not secured the expected level of financial commitment, and in the case of ESF and FIG the commitment level is very low. At March 1998, the approval levels were ERDF 52 per cent, ESF 35 per cent, and FIG 20 per cent. Whilst the number of project approvals has accelerated in many regions in recent months, at the current pace of spend it appears very unlikely that the FIG or ESF allocations will be fully committed by the end of the Programme period.

ERDF finance is likely to be fully committed by the end of the Programme. The commitments levels for the other two funds are very low (and this applies across sub Programmes and Local Groups, with the one exception of Northern Ireland). There is therefore limited opportunity to transfer resources between Programmes or groups. This conclusion influences both the recommendations for further action, and the allocation of the Reserve.

The two most successful sub Programmes are Northern Ireland, where additional resources are required, and to a lesser degree, the Scottish non-Objective 1 sub Programme. Even in this latter case, however, a very high ERDF commitment level is accompanied by very modest progress on FIG, although a number of FIG schemes are currently awaiting State Aid approval. Both the English and the Scottish Objective 1 sub Programmes have disappointing commitment levels, and more importantly, some local Groups have committed exceptionally low levels to date.

With less than two years of the Programme remaining, there is a need for an urgent examination of what is required to ensure that the financial allocations in each of the three measures are fully utilised. In our view, a more pro-active and strategic approach to the delivery of ESF and FIG monies is required, combined with changes to existing rules governing the scope of project applications. There is also need for additional guidance, promotion and publicity material. Our recommendations are as follows:

### Recommendation 3 (key recommendation):

**It is recommended** that a re-profiling exercise takes place at the November PMC, following consultation exercises co-ordinated by MAFF. Departments responsible for sub-Programmes should consult local Groups to discuss current and likely commitments. Following this exercise, a re-profiling of expenditure within each sub Programme should be produced.

MAFF should convene a meeting of the five sub-Programmes, and propose a re-profiling between sub-Programmes. These papers should be presented to the November PMC for approval.

**Recommendation 4:**

**It is recommended** that local groups are made aware as soon as possible that a re-profiling exercise will take place in the autumn, and that Groups with low commitment rates are likely to lose funds. Similarly, Groups that have, or can attain, a high commitment level, and can demonstrate that they are likely to commit additional funds, will be able to “bid” for additional funds at this time. Groups should be informed, however, that performance in relation to FIGF and ESF influences the decision to award additional ERDF resources.

**Recommendation 5 (key recommendation):**

**It is recommended** that the Reserve is allocated and is allocated to the five sub Programmes in proportion to their original allocations. It is recommended for four of the sub Programmes (England, Wales, Scotland non Objective 1 & Scotland Objective 1) the reserve is allocated solely to ERDF. It is recommended that for Northern Ireland, the Reserve is allocated to each of the three funds in proportion to the original allocations for the sub Programme. When the Reserve is allocated to local Groups, account should be taken of the proportion of FIGF which has been, and is likely to be, committed (see **Recommendation 4**). Proposals to allocate the Reserve at the sub Programme level should be considered by the November PMC. This should be done through the form of a separate paper that reports on the allocation of the Reserve to individual groups, and on the performance of regions in with respect to the FIGF component of the Programme.

**Recommendation 6:**

**It is recommended** that sub Programme managers identify those local Groups with very low levels of activity across all funds, and enter into negotiations with them to ensure, where feasible and appropriate, that increased resources are made available in support of improved Programme performance.

As outlined above, the principal challenges for the Programme relate to the full utilisation of the ESF and FIGF allocations. The following actions are proposed:

**Recommendation 7 (key recommendation):**

**It is recommended** that each local Group is required to develop a FIGF Action Plan, detailing progress to date, current and future implementation arrangements, future promotion and publicity plans and forecasts of likely spend. It is recommended that these Action Plans should be summarised to produce an overall sub-Programme FIGF Action Plan and presented to the PMC. Action Plans would not require approval of the PMC, and due to the urgency of the situation, Groups would be expected to implement Plans immediately.

**Recommendation 8:**

**It is recommended** that MAFF provides brief guidance on what an Action Plan should encompass, including staff resources, marketing plans etc.. It is also recommended that MAFF present such a document at a special workshop and that this forum is used both to impress upon people the urgency of the situation, and to exchange ideas or examples of good practice. Where an Action Plan, in any of the regions, is deemed insufficient to ensure the successful commitment of FIGF resources, MAFF and the relevant Territorial Departments should meet with the Group to strengthen the Action Plan.

**Recommendation 9 (key recommendation):**

**It is recommended** that each local Group is required to develop an ESF Action Plan, detailing progress to date, current and future implementation arrangements, future promotion and publicity plans and forecasts of likely spend. It is recommended that these Action Plans should be summarised to produce an overall sub-Programme ESF Action Plan and presented to the PMC. As with FIGF Action Plans these would not require the approval of the PMC, and

due to the urgency of the situation, Groups would be expected to implement Plans immediately.

**Recommendation 10:**

**It is recommended** that DfEE, in consultation with MAFF, provides brief guidance on what an Action Plan should encompass, including staff resources, marketing plans etc.. It is also recommended that DfEE present the guidance at a special workshop and that this forum is used both to impress upon people the urgency of the situation, and to exchange ideas or examples of good practice. Where an Action Plan, in any of the sub-Programmes, is deemed insufficient to ensure the successful commitment of ESF resources, DfEE and the relevant Territorial Department should meet with the Group to strengthen the Action Plan.

**Given the urgency of the situation, recommendations 6 to 10 should be completed by the end of September 1998 at the latest.**

## 8.6 Selection, Appraisal and Eligibility

With limited, if any, competition for funds under PESCA at the level of Local PESCA Groups, selection criteria have generally not been required to establish priorities amongst large numbers of quality applications. Rather, scoring criteria have been used to guide the decision-making processes of Local PESCA Groups. Whilst selection criteria have been criticised as being too rigid, there does not appear to be perceptions of large numbers of poor quality projects being approved as a result of the inability of the scoring system to differentiate between projects. In many cases, projects identified as being of poor quality, or not adequately addressing the scope of the Programme, are filtered out prior to a full application being made. At this stage, there does not appear to be a requirement for changes to the agreed selection criteria.

A lack of clarity and understanding of eligibility issues, particularly on FIFG activities, has been a key feature of the Programme to date. Feedback from a number of regions highlights an *ad hoc* approach to resolution of eligibility issues, with often a lack of consistency in interpretation between regions or sub-Programmes.

**Recommendation 11:**

**It is recommended that** MAFF ensures that more data to local Groups on what FIFG can be used for, and what projects have been approved. This would be facilitated by Recommendation 2; the provision of consistent management data by the regions. The increased exchange of information is an important development for the Programme, and should not be considered a "frill". It is not necessarily important that MAFF itself carry out the role, nor is the medium particularly important. Rather, it is the efficiency and effectiveness of the service that is the priority. Any new initiative that is under-resourced will only further alienate people, and the contracting out of this service to a specialist agency would be advised.

The agreed financial framework for FIFG projects under PESCA has caused difficulties for both those attempting to apply and those charged with approving projects under this measure.

**Recommendation 12:**

**It is recommended that** consideration is given to increasing the maximum ceiling for capital investments in fish processing, marketing and fishing port facilities and for the setting up of aquaculture units to £150,000.

## 8.7 Assessing Performance

The lack of quantified targets for the UK PESCA Programme, and for each of the sub-Programmes (with the exception of the economic appraisal process used in Northern Ireland), is a significant weakness, with no benchmark against which progress can be measured. Whilst a small number of local PESCA groups have established their own targets, the approach to performance monitoring has been *ad hoc*, with little consistency between regions. In a climate of limited staff resources, it is understandable that attention has been focused on progress on financial commitments.

Additional action, however, is required to ensure that an assessment can be made of the PESCA Programme's achievement of the aim outlined in the Operational Programme.

**Recommendation 13 (key recommendation):**

**It is recommended**, as outlined in Section 8.2, that local PESCA Groups establish quantified targets for each of the three measures, where they have not already done so. This task should be supported by the relevant Departments issuing guidance on the key indicators which applicants and local Groups are required to report to ensure effective monitoring and evaluation. The guidance should include clear definitions of the indicators to ensure consistency of reporting. The new DGXVI guidance for Objective 2 areas may provide a useful starting point.

Delivery Organisations are working on a variety of allocation figures and exchange rates. This has caused some regions to over-commit before updated figures were made available and therefore request the indicative allocation in £ sterling. In contrast, others have improved their commitment rates on paper by making periodic exchange rate adjustments to ECU allocations.

**Recommendation 14:**

**It is recommended that** delivery organisations use one exchange rate tracking and forecasting system that will allow figures to remain consistent from sub-programme to LPG level. This, in conjunction with **Recommendations 2 & 13**, will assist more accurate monitoring of performance.

**Recommendation 15:**

**It is recommended that** the appropriate Government Departments should review the need for existing restrictions on how PESCA funding can be used. This is in the light of experience and/or demand for PESCA funding and developments in UK fisheries policy since the PESCA programme was approved.

## 8.8 Concluding Remarks

For a variety of reasons, the PESCA Programme in the UK has got off to a troubled start and as a result, progress to date has been limited, particularly in relation to ESF and FIG. There is little profit in dwelling on the past, as apportioning blame would not change the situation. Instead there is a need for all sections of the partnership to increase their efforts in the remaining 18 months of the Programme. This includes the need for:

- the lead Department to more actively manage the overall Programme and to provide additional support and guidance to ensure that local groups can be more effective;
- sub Programme managers to re-allocate resources to the more successful groups, while providing additional guidance and support to Groups lagging behind; and
- Local PESCA Groups to increase their efforts, particularly in regard to ESF and FIG, and to discuss with sub Programme managers key constraints to successful implementation, with a view to identifying pragmatic solutions.

There are no simple solutions for the difficulties facing the PESCA Programme. Only a significant increase in effort will lead to all elements of the Programme being successfully implemented. There is sufficient interest and commitment within the wider partnership to achieve this, but it requires each level of the management and implementation system to provide encouragement and practical support in a spirit of real collaboration.