

Guidance on Economic Appraisal in the 2014-2020 ESIF Programmes.

(A) GENERAL.

Requirements in respect of Economic Appraisal flow from the agreed procedures for public expenditure in Northern Ireland. Public Expenditure within EU Funding Programmes is subject to the same controls and procedures as other public expenditure, except where specific derogations or delegated limits have been authorised by the appropriate Division within the Department of Finance and Personnel.

(B) THE 2014-2020 ESIF REGULATIONS.

The Common Provisions Regulation (EU 1303/2013)¹

Article 4(8) requires the Commission and the Member State to *respect the principle of sound financial management in accordance with Article 30 of the Financial Regulation*, which states:

Article 30 Principles of economy, efficiency and effectiveness

1. Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

2. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency concerns the best relationship between resources employed and results achieved.

The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

3. Specific, measurable, achievable, relevant and timed objectives shall be set for all sectors of activity covered by the budget. The achievement of those objectives shall be monitored by performance indicators for each activity, and the information referred to in point (e) of Article 38(3) shall be provided by the spending authorities to the European Parliament and the Council. That information shall be provided annually and at the latest in the documents accompanying the draft budget.

4. In order to improve decision-making, institutions shall undertake both *ex ante* and *ex post* evaluations in line with guidance provided by the Commission. Such evaluations shall be applied to all programmes and activities which entail significant spending and evaluation results shall be disseminated to the European Parliament, the Council and spending administrative authorities.

5. The Commission shall be empowered to adopt delegated acts in accordance with Article 210 concerning detailed rules on *ex ante*, mid-term and *ex post* evaluations.

Article 101 contains requirements for analysis of proposals for Major Project Applications.

Article 106 requirements for analysis of Joint Action Plans.

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1303>

(C) RESPONSIBILITIES AND PROCESSES

Responsibility for drawing up guidance for the conduct of economic appraisal specific to their programme lies with the Programme Managing Authority. Such guidance must conform to the guidance published by the Department of Finance and Personnel at www.dfpni.gov.uk/eag.

Without prejudice to the requirement to comply with DFP guidance in full, Managing Authorities are encouraged to pay particular attention to:

- Proportionality of effort. The effort that should go into it and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in view. Decisions on small expenditures need relatively little appraisal, while those with major spending implications may require significant resources to be devoted to appraisal.
- Avoidance of unnecessary delays. It is good practice to advise those applying for assistance, from the outset, regarding the appraisal and approval procedures that will be necessary, the timescales that these may require, and the help that is available to them. Scheme documentation for applicants should contain this type of information.
- The gathering of information at an early stage, as part of the application process. For example the application form may require details of:
 - project management, sustainability and risks,
 - direct and indirect costs over the project period,
 - outputs to be achieved,
 - arrangements in place for match funding and
 - copies of previous audited accounts

To promote consistency of approach for beneficiaries, Managing Authorities shall share draft guidance with the Member State Authority (DFP), other ESIF Managing Authorities and Northern Ireland Departments through the channel of the Core Implementation Group, the EU Steering Group and/or other coordination structures established for the purpose.

The Programme Audit Authority shall be consulted in the preparation of guidance and its view shall be taken into consideration by the Managing Authority.

Completed guidance shall be published for the information of current and potential beneficiaries.

(D) EXCEPTIONS

As guidance for Territorial Cooperation programmes has to be mutually agreed by participating member states, it may not always match national guidance. However, participants in the coordination structures should seek the maximum consistency possible in the interest of simplification and synergy.