

## **Guidance Note 12**

# **General Guidance on the Implementation of Development Path Analysis in Northern Ireland Structural Funds Programmes 2007-2013**

## **Background**

In preparation for the 2000-2006 programming period the European Commission commissioned Ecotec Consulting to develop systems for assessing and monitoring the environmental impact of structural funds programmes. One of the principal techniques developed by Ecotec was entitled Development Path Analysis (DPA). This technique was employed by Northern Ireland for the monitoring of the environmental impact of the 2000-2006 Structural Funds Programmes and a number of the Community Initiatives.

The Environmental Working Group of the 2000-2006 NI Community Support Framework recommended that the use of DPA should be continued in the monitoring of the 2007-2013 programmes in Northern Ireland. It was also recommended that DPA should be simplified to make path selection easier and that the rationale for path selection should be recorded and maintained. This paper includes general guidance on the implementation of DPA during the 2007 – 2013 programming period and now includes a flow chart to help determine the correct DPA path for each project. A revised project Categorisation Form and examples of the types of project in each of the DPA paths for the ERDF, ESF, Peace III and Interreg EU Programmes are included as appendices to this guidance note.

The remainder of this guide is divided into the following sections.

### **Overview of DPA:**

A brief statement of what DPA is, why it is being used and who is supposed to be using it.

### **The Development Paths:**

Descriptions of each of the six development paths under DPA and general descriptions of projects within each path.

### **When and How to Apply DPA:**

Instructions for Implementing Bodies on how and when to apply DPA in the structural funds process.

## **Appendix A:**

Project categorisation form for DPA and examples of projects in each of the DPA paths for the 4 EU Programmes.

### **Overview of DPA**

#### **What it is**

DPA is a tool that helps to transform patterns of economic and social development. In the past, it was often the case that development was pursued at the expense of the natural environment. Many now realise that, if it is to be sustainable, development must go hand in hand with environmental protection.

Within the Northern Ireland structural funds programmes, DPA is the main tool for helping to guide the region toward a more environmentally sustainable path of development. It is also the main tool for monitoring the extent to which this transformation is taking place.

#### **Where it came from**

During the 2000-2006 programming period the European Commission felt a need to offer regions various tools for helping to integrate the horizontal principle of environmental sustainability into their programmes.

DPA is one of the tools recommended by the European Commission.

#### **Who it's for**

The **European Commission** has a responsibility to make sure that every region in receipt of structural funding has a system in place to monitor environmental impacts of the funding and to promote more sustainable activities. Therefore, the European Commission will be reviewing DPA results and will use the data to inform the design of future programmes.

The **Managing Authorities** for the Northern Ireland programmes have a responsibility to monitor outcomes of the funding, including environmental

outcomes. They also have a responsibility to report on these outcomes to the European Commission. DPA results will, therefore, be reviewed regularly at detailed and programme levels.

The **Environmental Working Group**, a sub-group of the NI Competitiveness and Employment Monitoring Committee, advises all Monitoring Committees including Peace III and Interreg IV on environmental matters. As with the European Commission, the Environmental Working Group seeks to ensure that the systems for monitoring environmental impacts are in place and are working properly.

**Implementing Bodies** have a responsibility to promote and monitor environmental sustainability at measure and project levels. Therefore, Implementing Bodies will apply DPA to each project that is received under their measure, consider DPA results during project selection, and monitor DPA results at measure level.

## **The Development Paths**

DPA is based on an assumption that certain patterns of development, or “development paths,” are more environmentally sustainable than others and that regions have choices about which path to pursue. The tool recognises six development paths.

**Path A:** Actions that promote activities that simply meet environmental regulations.

**Path B:** Actions that clean up the mess from past activities or actions that promotes physical regeneration.

**Path C:** Actions that put in place environmental infrastructure to reduce the negative environmental impact of development activities.

**Path D:** Actions that help organisations to meet increasing environmental standards.

**Path E:** Actions that improve the resource efficiency (“eco-efficiency”) of existing activities.

**Path F:** Actions that support, as well as encourage, new types of activity or behaviour using fewer environmental resources, or producing less pollution, than existing activities in the area.

The objective of the tool is to help shift activity away from Path A and toward activity under Path F. Path A is activity that simply meets minimum environmental regulations and, therefore, makes a minimal contribution to environmental sustainability. Path F makes a significant contribution; it is activity that pursues environmental protection at the same time as it pursues economic and social development. The paths in between are paths that mitigate the impact of existing activity in some way.

Each project within the structural fund programmes is allocated into one of the development paths. The budgets of the projects are then added together to give a profile of the amount of funding committed under each path.

The assessment and allocation process – when and how to assign projects to development paths – is described later. Before turning to that a fuller description of each of the paths is included below.

### **Path A: Simply meeting environmental regulations**

The simplest way to understand Path A is to think of it as “business as usual.” Ask yourself, does this project do anything different or unusual that helps to protect the environment? If the answer is no, then the project probably falls under Path A.

Path A includes projects that meet minimum environmental regulations. While important, meeting these regulations is not enough to ensure environmentally sustainable development.

Path A also includes every day activities, such as delivering training or developing cross-border networks, even if these activities are not subject to any kind of environmental regulation. These activities should be included under Path A if they do not involve any special effort to minimise or improve the impact of the activities on the environment.

It is important to recognise that activities under Path A are going to have varying degrees of impact on the environment. Some of these impacts are going to be very small. DPA is not about capturing the degree of impacts (though, of course, this factors into the selection of paths); rather, DPA is about capturing the degree to which new, less environmentally damaging behaviour is being encouraged.

Moreover, even small impacts can be significant when added together.

### **Path B: Cleaning up the mess**

The environment has suffered from human activity. Industrial emissions, extensive vehicular travel, intensive farming, high household consumption, etc have all contributed to degrading air and water quality and to compromising the environments on which animal and plant life depends. Path B covers projects that help to clean up this mess.

Path B also covers regeneration activities. Regeneration activities directly improve the overall quality of the natural and built environment and indirectly encourage people to take pride in their environment and to keep it clean.

The scale of the effort under Path B will vary significantly. Cleaning up an oil spill will have a huge impact on the wildlife living along the coast. Cleaning up the premises of a community centre will have a small impact on the people and wildlife in the area. It is the **type** of activity and not the scale of the effort that matters in selecting a path.

### **Path C: Environmental infrastructure**

Path C covers projects that put in place infrastructure that allow people to carry on with their every-day activities but with less damage to the environment. They might be projects that increase the capacity of current infrastructure or that introduce new infrastructure with a higher quality output.

An important question to ask under Path C, indeed under all of the paths, is not whether the project eliminates environmental damage altogether (although eliminating damage should be the goal ultimately). Rather, the question is whether the project makes a significant improvement to the baseline situation.

### **Path D: Helping organisations**

Path D addresses businesses or other organisations that have had a particularly hard time meeting environmental regulations. Sometimes the

cost of the initial investment in better technologies or processes can be high, which can put off a business even if the longer-term payoff would make the investment financially worthwhile. Or sometimes a business or industry simply does not know how to go about satisfying a particular regulation. Activities under Path D are ones that help these businesses to understand and meet environmental regulations and standards. Typically, these are small to medium-sized businesses, which require extra help.

### **Path E: Resource efficiency**

One way of improving the impact of human activities on the environment is to improve the efficiency of the resources we use to support those activities. Everything we do requires resources in some form or another: water, energy, air, wood, minerals, etc. Often these resources are non-renewable (i.e. in finite supply), and even where they are renewable, the resources are in a degraded state once we are finished with them. Path E covers projects that try to improve the efficiency with which resources are used.

### **Path F: New behaviour**

Path F is for activities that involve changing the way we behave so that our behaviour has a less damaging or a positive effect on the environment. Thus,

Path F is the flip side of Path A.

Path F can also cover projects that involve environmental research, since the results from this research can support the rationale for new behaviour.

## Flow chart to assist with the allocation of projects to pathways

**Path A:** Does the proposed project simply carry out normal business activities that simply meet minimal environmental regulations and makes a minimal contribution to environmental sustainability?

**EXAMPLES** to help decide if it is a Path A project:

Projects that just meet the minimum environmental regulations;

Projects that result in “business as usual” with no improved environmental features;

Training that does not incorporate energy efficiency or waste reduction measures; and

Supporting business growth without insisting on the incorporation of a degree of energy efficiency or waste reduction measures.

If YES, then a Path A project.

If NO, move to Path B

**Path B:** Does the project *clean up a mess* created by human activity or undertake actions that promote physical regeneration?

**EXAMPLES** to help decide if it is a Path B project:

Regeneration of a run down disadvantaged urban/rural area/locality;

Re-establishment of a fishery on a contaminated river;

Collecting and recycling of “waste materials;”

Planting indigenous trees in deforested areas; and

Training which includes project work to clean up run down areas’

If YES then a Path B project.

If NO, move to Path C

**Path C:** Does the project *put in place environmental infrastructure* to reduce the negative impact of development activities or which enables people to carry on with their day to day activities but with less damage to the environment?

**EXAMPLES** to help decide if it is a Path C project:

Water management projects, waste management projects;

Infrastructure to generate electricity from wind, water, biomass etc;

Introduce walking and cycle tracks; and

Introduce infrastructure that reduces travel, Broadband to isolated SMEs.

If YES then a Path C project.

If NO, move to Path D

**Path D:** Does the project *provide environmental assistance or guidance* or support organisations that can advise businesses on how to meet current or new environmental regulations?

**EXAMPLES** to help decide if it is a Path D project:

Support to industry networks that can advise members on how to satisfy environmental regulations; and

Environmental standards training programmes.

If YES then a Path D project.

If NO, move to Path E

**Path E:** Does the project result in *an improvement in the efficiency of use of environmental resources*, such as water, coal, gas, fuels, wood or minerals (eco-efficiency)?

**EXAMPLES** to help decide if it is a Path E project:

Energy saving technologies (sensor controlled lighting);

Using recycled materials as a high proportion of inputs to the business;

A business locating on a Brown field rather than a Greenfield site;

Improving the skills of those in the recycling industry;

Manufacturing resource efficiency equipment;

Training courses for workers in the environment sector. Waste management workers; and

Cross border collaboration projects that result in a saving in environmental resources

If **YES**, then a Path E project.

If **NO**, move to Path F.

**Path F:** Does the project involve a ***change in environmental behaviour*** that supports, as well as encourages, new types of activity or behaviour using fewer environmental resources, or producing less pollution, than existing activities in the area?

**EXAMPLES** to help decide if it is a Path F project:

Environmental research projects, e.g. investigations on other forms of renewable energy; and

Using renewable sources of energy only

If **YES**, then a Path F project.

If **NO**, start at Path A again and go through the Path descriptions, including those in the appendix for the specific EU Programme, to decide on the most appropriate path.

## Handling Uncertainty

It may not always be clear which path is the most appropriate. A project may be an activity that both puts in place environmental infrastructure and encourages new forms of behaviour, for instance. Or a project may have various stages or components that could be associated with different paths.

Another complexity is knowing how much to expect from projects. It may not be clear what degree of change in behaviour is needed to enable a project to be categorised as Path F rather than Path A, or how much clean up or efficiency is needed to merit being categorised as Path E or B.

What follows are a few pointers to help you.

- ✓ Decide what “business as usual” is and how much change is reasonable to expect at this stage for your particular sector, area or group.
  
- ✓ Weigh up the different kinds of activities and impacts associated with a project, and use reasonable judgement to arrive at an overall DPA. Consider both direct and indirect impacts. Direct impacts are those that are closely related to the activity in question. Indirect impacts are the consequences of the activity further down the line. An example is a training session, where the manner in which the training is delivered will have a direct impact and where the subject of the training, which will encourage a certain kind of behaviour after the training is completed, will have the indirect impact.
  
- ✓ Consult any sustainable development strategies for your organisation or sector, as well as environmental objectives for your measure as identified in the programme documentation. Your organisation may also have developed in-house experts in environmental sustainability that you can consult.

- ✓ Ensure consistency at least across your own measure, and record the reason for your decision. (Procedures for recording reasons are described in Section 4.)
  
- ✓ Focus on the **type** of the activity rather than the **scale**.

### **When and How to Apply DPA**

This section of the guide explains how and when Implementing Bodies should be applying DPA. It should be read in conjunction with Appendix A, which is the project categorisation form that every Implementing Body should be using to record its DPA scores.

### **During Project Selection**

Implementing Bodies must apply DPA to every project that is submitted under their measure. Projects must be assigned to the development path that most closely matches the type of activity the project represents.

During assignment, consider both the *direct* and *indirect* environmental impacts that are likely to result from the activity. This will help you to arrive at a reasonable judgement about the most appropriate path.

Each project should be given only *one* path, and this path must reflect the balance of activities carried out under the project and their attendant environmental impacts.

The path should be recorded on the project categorisation form for DPA (Appendix A) along with a description of the project including project objectives and expected outputs along with a statement of your *rationale* for selecting that particular path. The statement of rationale is an important record, and it needs to be fulsome enough to make sense to anyone that might need to refer to it later.

The DPA assignment should then form part of the information that is considered during project selection. Environmental sustainability is included in the scoring sheet that the selection panel uses to allocate marks; the DPA assessment may inform the selection panel.

Once selection decisions have been made, enter the DPA paths promptly into the central monitoring database. The scoring sheet should be filed carefully with the rest of the documentation for that project.

### **For Monitoring**

The budgets of the various projects can be added together at priority level to show how much funding has been committed under each development path. The profile that is created is your DPA result, and Implementing Bodies need to be thinking about whether or not the result is satisfactory.

If you are not satisfied with the DPA result, then you should be thinking about how the priority might be redesigned to attract more projects from a different path. For instance, you might decide to increase the profile of environmental sustainability in promotional material or to offer ideas to prospective applicants for more environmentally sustainable projects.

In other words, you should be using the DPA result to monitor regularly the degree to which your priority, or the part for which you are responsible, is helping to shift economic development toward more environmentally sustainable development.

### **Summary of steps for applying DPA**

In summary, there are three main steps to applying DPA:

1. When applications are received, assign each project into path A, B, C, D, E or F using the project categorisation form. Consider the DPA paths at the time of project selection.

2. Once selections have been made, enter the DPA paths for all projects into the central monitoring database and file the project categorisation forms with the rest of the project documentation.
3. Monitor your DPA results at priority level and consider whether the results are satisfactory. If they are not, consider ways of adjusting the design of the priority to attract more applications that correspond to the desired path(s).

#### **EUROPEAN DIVISION**

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## Appendix A: Project Categorisation Form

### Development Path Analysis – project categorisation form

Project applicant Name: .....

Project applicant Number: .....

Using the project details supplied during the application process, please assess the likely impact of the project on the environment and assign the project according to the development path to which it most closely corresponds.

A.

B.

C.

D.

E.

F.

**Description of project including objectives and expected main project outputs:**

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**Rationale for selecting the environmental development path for this project:**

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Signed.....

Date.....

## **Appendix B. Examples of the types of projects within the environmental pathways for the four EU programmes.**

The Environmental Working Group commissioned a consultant to look into the accuracy of a sample of project DPA scores across the ERDF, ESF, Peace and Interreg EU programmes. Below, as a guide, are examples of projects from each programme and their respective DPA pathway.

The information for all of the projects in the sample plus the information recorded on the Systems 2007 Database for projects allocated to a DPA pathway B to F which were not in the sample was used to provide examples of projects which would be allocated to each of the DPA pathways by EU Programme.

### **ERDF**

The ERDF programme aims to promote investment in the development of a knowledge based, innovative, and business friendly region. The examples of the types of projects in each DPA pathway are provided below. It is worth noting that, within the consultant's sample range, no examples were found for Path B "projects that clean up a mess and regeneration of run down areas" or Path D "helping existing organisations on issues relating to the environment".

Examples of ERDF projects in the DPA environmental pathways

<b>Path A</b>	Improving the competitiveness of the business without any different impact on the environment than before the introduction of the project.
<b>Path B</b>	
<b>Path C</b>	Broadband to small and medium sized enterprises
<b>Path D</b>	
<b>Path E</b>	Manufacturing of wind turbines Developing the skills of staff at recycling plants

	<p>New processes that result in saving of eco resources</p> <p>Manufacture of more fuel efficient products, i.e. engines</p> <p>Manufacture of rainwater water collection systems, solar energy panels</p> <p>Environmental audits</p> <p>Programmes which have as their objective to help businesses become more resource efficient and have less negative impact on the environment</p>
<b>Path F</b>	<p>Assessment of other forms of renewable energy, e.g. marine sources of energy</p> <p>Development of renewable energy targets</p>

## ESF

The overall strategic aim of the Northern Ireland Social Fund (ESF) programme 2007-2013 is to reduce economic inactivity and increase work skills. Examples of training and development projects which could have a DPA Path A, B, D, E and F are provided below. It is most unlikely that examples of training projects would be Path C “put in place environmental infrastructure.”

### Examples of ESF projects in the environmental DPA pathways

<b>Path A</b>	Training/development programmes which have no focus on environmental issues
<b>Path B</b>	Training programmes which include project work relating to the clean-up of run down areas
<b>Path C</b>	
<b>Path D</b>	Environmental standards training programmes
<b>Path E</b>	Training courses for workers in the environment sector to manage the environment more effectively, e.g. waste management workers, recycling industry workers, farmers, foresters
<b>Path F</b>	Training programmes which change the way in which work is carried out and results in less damage to the environment

### PEACE III.

The main aims of the PEACE III Programme are to reinforce progress towards a peaceful and stable society and to promote reconciliation by assisting operations and projects which help to reconcile communities and contribute towards a shared society for everyone. Examples are provided for projects which should be allocated to DPA Paths A, B and C. It is very unlikely that any Peace projects would have a DPA Path, D “helping existing organisations on issues relating to the environment”, Path E “*focusing* on environmental resource efficiency issues “or F “*focusing* on changing behaviours which have a less damaging impact on the environment”.

Examples of Peace projects in the environmental DPA pathways

<b>Path A</b>	Cross community, cross border, and intra community reconciliation activities which have no impact on the environment
<b>Path B</b>	Urban and rural regeneration projects to help the reconciliation process for people in areas affected mostly by the Troubles or/and in disadvantaged areas
<b>Path C</b>	Regeneration which results in people carrying out their day to day activities but with less damage to the environment, e.g. River Foyle Foot Bridge
<b>Path D</b>	
<b>Path E</b>	
<b>Path F</b>	

## **INTERREG.**

Interreg IVA is a Structural Funds Programme which seeks to address the economic and social problems which result from the existence of borders between Northern Ireland, Border Region of the Republic of Ireland and Western Scotland. Examples of the types of project which would have DPA pathways A, C, E, and F are provided below. No examples for DPA Path B “cleaning up a mess or regeneration of an area” or Path D “ helping existing organisations on issues relating to the environment “ were found amongst the projects in the Systems 2007 database. However, it is possible that projects could be allocated to Path B such as collaborative cross border actions to re-stock previously polluted cross border rivers and regeneration of cross border localities.

Examples of Interreg projects in the environmental DPA pathways

<b>Path A</b>	Funding for local enterprise agencies University research/educational programmes without an environmental focus
<b>Path B</b>	Cross border environmental regeneration programmes, e.g. restocking a previously polluted cross border river; restoring native woodlands
<b>Path C</b>	Provision of infrastructure that impacts positively on the environment, e.g. introduction of or improvement of marine crossings; improved cross border telecommunications and energy distribution
<b>Path D</b>	
<b>Path E</b>	Collaborative programmes which result in greater resource efficiency such as those that result in fewer miles to be travelled to benefit from public services, e.g. cross border agreements to use closest health services
<b>Path F</b>	Research projects about services infrastructure in border regions and alternative sources and distribution of energy