

Special EU Programmes Body (SEUPB)

Mid Term Evaluation of the INTERREG IVA Programme

Final Report

October 2013

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1 EXECUTIVE SUMMARY

1.1 Introduction

In January 2013, RSM McClure Watters were appointed by the Special EU Programmes Body (SEUPB) to undertake a mid-term evaluation study of the INTERREG IVA Programme (INTERREG IVA or the Programme) for Northern Ireland, the Border Region of Ireland and Western Scotland.

A summary of the INTERREG IVA Programme is provided below, highlighting it has been allocated €256 million “*To support strategic cross-border co-operation for a more prosperous and sustainable region*” and that it is structured across 2 priorities (plus a programme of technical assistance) and 4 themes.

Table 1.1: Summary of INTERREG IVA

Objective	To support strategic cross-border co-operation for a more prosperous and sustainable region
Total Funding (€m) of which ERDF	€256 €192
Priorities	Co-operation for a more prosperous cross-border region Co-operation for a sustainable cross-border region Programme Technical Assistance
Themes	1.1: Enterprise 1.2: Tourism 2.1: Collaboration 2.2: Infrastructure 3.1 Technical Assistance

The INTERREG IVA Programme is structured in a considerably different way than the previous INTERREG IIIA Programme, which was implemented between 2000 and 2006. Key features of the previous INTERREG IIIA Programme compared to the existing INTERREG IVA Programme are detailed below:

Table 1.2: Comparison between INTERREG IIIA and INTERREG IVA

INTERREG IIIA	INTERREG IVA
The Programme was limited to the Border region of Ireland and Northern Ireland	Programme includes West Coast of Scotland, Border Region of Ireland and Northern Ireland (excluding Belfast)
Allocated funding of €183million	Budget is €256million
SEUPB Managing Authority 22 Implementing Bodies	SEUPB Managing Authority 1 Implementing Body, SEUPB with a staff complement for 2 Programmes of 62
4 Priorities (including Technical Assistance)	3 Priorities (including Technical Assistance)
420 Projects funded	85 ¹ projects approved to date (by the relevant Steering Groups) with a total level of commitment ² of €219million

1.2 Terms of Reference and Study Approach

The overarching purpose of the study is to review the performance of the Programme to date and to establish the progress made towards achieving the objectives set out in the Operational Programme. The study will also be used to make recommendations on the direction and structure of any future INTERREG VA Programme.

The Terms of Reference set the following key requirements for this evaluation:

- Analyse the effectiveness of the Programme in achieving the objectives, aims and related targets and indicators, as outlined in the Operational Programme;
- Review the relevance of existing performance indicators and make recommendations accordingly;
- Analyse the efficiency and effectiveness of programme administrative functions, including delivery structures, project assessment, financial flows project management, monitoring and evaluation, achievement of annual financial targets and make recommendations accordingly;
- Identify any major risks to the programme in the remainder of its implementation phase and make recommendations accordingly;

¹ 85 projects have been approved by the Steering Committee with 73 issued Letters of Offer

² Commitment figure represents projects with status Letter of Offer Issued, Letter of Offer Accepted and Completed.

- Draw conclusions on the programme's efficiency, effectiveness and impact; and
- Make recommendations for the direction and structure of the future funding period 2014-2020 and potential INTERREG VA Programme, taking into consideration:
 - The lessons of the current programme;
 - The Europe 2020 objectives; and
 - The draft European Union (EU) Territorial Co-operation (ETC) regulations.

In response to the terms of reference the evaluation was delivered using the following key stages/activities:

Table 1.3: Description of Activities

Stage	Description of Activities
Stage 1: Project Initiation/ Planning	The output of this stage was the Inception Report which provides the basis for implementation/ management of the remainder of the assignment.
Stage 2: Desk Research & Consultation with Key Stakeholders	<p>Stakeholder interviews were conducted with two groups:</p> <ul style="list-style-type: none"> • Strategic Stakeholders who have an overview of the operation of the Programme to date and identification of possible scenarios for the subsequent INTERREG VA Programme. • Operational Stakeholders who have an overview of the implementation of the Programme to date and identification of recommendations for post-funding sustainability. <p>A total of 27 key stakeholder interviews were carried out at this stage. These interviews were conducted either face-to-face or by telephone. Additional focus group meetings (x 2) with project partners based in Scotland were agreed at the Project Initiation Meeting and subsequently delivered.</p> <p>In addition, RSM McClure Watters undertook benchmarking across three regions, namely: Ireland/Wales INTERREG Programme; Lowlands and Uplands ERDF Programme in Scotland; and North East of England ERDF Programme.</p>
Stage 3: Review of Programme Information	<p>We reviewed inputs, outputs, results and impacts at the project, thematic and programme levels. Our approach included:</p> <p>Interrogation of all actual/anticipated expenditure and impacts held centrally on System 2007 and also reliance on the following publications:</p> <ul style="list-style-type: none"> • Annual Implementation Review;

Stage	Description of Activities
	<ul style="list-style-type: none"> Steering Group Minutes; and Progress Reports. <p>The review of the previous information allowed us to report at the project, theme and programme level against each of the following headings:</p> <ul style="list-style-type: none"> Geographic spread; Defined target groups; Partner involvement; Area of intended impact; Achievement of N+2 targets; Expenditure outside the eligible area; and Impact against each of the four cross cutting themes: <ul style="list-style-type: none"> Equality; Sustainable Development; Impact on Poverty; and Partnership.
Stage 4: Case Study Development	8 Case studies of funded projects were completed which discussed the implementation of the Programme to date and the subsequent impact of their respective interventions.
Stage 5: Analysis and Report Development	<p>We used the outputs of the preceding stages to develop a draft document comprising the following sections:</p> <ul style="list-style-type: none"> A free standing summary of the conclusions and recommendations that is suitable for publication and distribution to a wide audience; An explanation of the methodology used including details of data sources and original research undertaken; Chapters which correspond to the objective, including: <ul style="list-style-type: none"> Rationale and Assessment of Need; Effectiveness of Programme Priorities; Relevance of existing indicators; Application and Cross Cutting Themes; Efficiency and Effectiveness of programme funding; Sustainability of Projects; Detailed conclusions; Detailed recommendations; and Data sources and details of study questionnaires used.

1.3 Conclusions and Recommendations

Table 1.4 overleaf provides a summary of the key conclusions and recommendations emanating from our analysis. These are presented under headings reflecting the study's Terms of Reference.

Table 1.4: Summary of Conclusions and Recommendations

Terms of Reference Requirement	Key Conclusions	Recommendations
Effectiveness against Targets	Effectiveness against Targets: <ul style="list-style-type: none"> There are 73 live or completed projects, all but 1 have reported outputs/results; 60 projects have recorded at least some progress to date; 36 of the 46 programme indicators are used, 5 are judged as not being relevant (and 4 are to be made redundant), 5 are global indicators; and Cumulative targets are significantly higher than those identified in the Operational Programme. 	<ul style="list-style-type: none"> NISRA to undertake a review of the Project up to 1 year after commencement to further scrutinise initial assumptions; Case officers to routinely review the project specific indicators to assess progress and ultimate results/impacts; Cross cutting themes to be routinely monitored at Project Level; and The current suite of performance indicators are either be augmented or a separate Programme wide study be commissioned to assess impact on Poverty;
Relevance of Existing Performance Indicators/Monitoring Framework	Relevance of Existing Performance Indicators/Monitoring Framework: <ul style="list-style-type: none"> Performance indicators capture the outputs and results of all projects; Performance indicators capture the core activity of projects and the definitions are easily understood; 512 unique indicators are reported on which do not inform SEUPB's formal report, but could be used to provide wider interpretation of impact/results; 	<ul style="list-style-type: none"> Possible performance indicators to be considered for the measurement of poverty include: <ul style="list-style-type: none"> Number of participants living in (% to be agreed) most deprived super output areas; Number of participants who are unemployed or those in receipt of Disability Living Allowance; and Number of participants with no qualifications. The following performance indicators have been judged to be redundant and should be removed from the Operational Programme:

Terms of Reference Requirement	Key Conclusions	Recommendations
	<ul style="list-style-type: none"> There is no formal consultative method for revision of initial assumptions on performance indicators; and Limited use of cross cutting themes to aid implementation/ assess impact. 	<ul style="list-style-type: none"> Number of householders who switch to take up renewable energy methods of production; Number of businesses who switch to take up renewable energy methods of production; Per cent of electricity demand met from indigenous renewables; and Reduction in per capita emissions of CO2. The following performance indicators should replace those removed from the Operational Programme: <ul style="list-style-type: none"> Research/datasets produced (Proposed target: 144); Knowledge transfer/ information dissemination events held (Proposed target: 66); Attendees at knowledge transfer/Information dissemination events held (Proposed target: 1,610); and Datasets/research used to inform policies/environmental agency processes/renewable energy processes (Proposed target: 7).

Terms of Reference Requirement	Key Conclusions	Recommendations
<p>Achievement of Annual Financial Targets</p> <p>Review of Administration Functions</p>	<p>Achievement of Annual Financial Targets</p> <ul style="list-style-type: none"> As at 31 December 2012, €256 million or 85% of the allocation has been committed, 41.6% had been spent; The Programme is still ahead of its N+2 target, however over €150 million of expenditure needs to be incurred before June 2015; and There is a Medium Risk of the Programme not reaching its N+2 target. <p>Review of Administration Functions</p> <ul style="list-style-type: none"> Recognition of importance of Scottish National Contact Point; The Programme does not generate match funding from non-Governmental sources (exception of Scotland); Enhanced need for technical expertise: <ul style="list-style-type: none"> Range of activities supported under the Programme (more and varied Themes): Steering Groups are used for decision making purposes rather than providing specialist input; and Staff do not have an opportunity to become subject experts. 	<p>To address the risk of not reaching N+2 target:</p> <ul style="list-style-type: none"> Continue to monitor the potential impacts of currency fluctuations; Undertake a robust review of those Projects under the Approved heading to be delivered within Programme period (See Risk Slide); and Review projects that (due to budget) have a scale of de-commitment which could impact Programme; <p>To offset the need for technical assistance:</p> <ul style="list-style-type: none"> A more prescriptive Operational Programme should be developed which will provide more detail on: <ul style="list-style-type: none"> Strategic fit with other policy initiatives; Indicative Activities; Detailed descriptions of eligible/ineligible expenditure; Detailed descriptions of performance indicators; and Timing of call. Implementation of an 'advisory group' approach to the selection of members for respective steering groups; and Programme staff should be ring fenced (as far as possible) to working within specific sectors.

Terms of Reference Requirement	Key Conclusions	Recommendations
Assessment of Administration Functions – Audit, Procurement, Publicity and Match Funding	<ul style="list-style-type: none"> The assessment and approval/selection process is in excess of the approved period for appraisal and agreement of the letter of offer; The extended assessment process had initially curtailed interaction between Project Promoters and Programme staff, however this has been rectified through 30+ training events on audit, procurement and publicity; Working relationships between jurisdictions has been established. There is also greater understanding of the working of the Programme and as a consequence there is an opportunity for a more detailed Operational Programme. 	<ul style="list-style-type: none"> SEUPB should explore the possible implications on assessment process (including change of match funding arrangements).
Key Risks	<p>A risk of programme wide de-commitment, resulting from:</p> <ul style="list-style-type: none"> Insufficient projects being approved under Theme 1.1 (Low Probability of occurring /Medium Impact); Currency fluctuations (Medium Probability/High Impact); High number of projects which have not accepted their Letter of Offer i.e. at approval stage ((Medium Probability/High Impact) 	<ul style="list-style-type: none"> Early allocation of funds to other Themes. On-going routine monitoring of Programme exposure to currency fluctuations. Review of all projects at the Approval Stage (as well as those other projects which have the potential to de-commit planned expenditure) and ensure that project can be completed within remaining programme period.

Terms of Reference Requirement	Key Conclusions	Recommendations
	Reduction of project specific evaluation budgets. (Medium Probability/Medium Impact)	Impact/Result review meetings to be undertaken by NISRA and subsequent monitoring to be undertaken by an SEUPB Case Officer.
Assessment of Programme Effectiveness and Impact	<ul style="list-style-type: none"> • Efficiency: <ul style="list-style-type: none"> - Notable gains in staff to budget ratios when compared to previous Programme period. • Effectiveness: <ul style="list-style-type: none"> - There is planned activity across all Priorities and the Programme has still the potential to meet N+2 objective; and - The current Programme is delivering larger and more strategically important projects. • Impact: <ul style="list-style-type: none"> - It is still too early to measure impact, but the Programme has identified robust performance indicators, that if achieved will ensure overall effectiveness and sustainable impact. 	

Terms of Reference Requirement	Key Conclusions	Recommendations
Future Direction of the Programme	<ul style="list-style-type: none"> The inclusion of Scotland has brought new ways of working/networks- this needs to be continued; The Operational Programme should have primacy in mitigating impact of jurisdictional boundaries (infrastructural gap); There is now an opportunity for a more prescriptive Operational Programme to be developed and consequently more reliance to be placed on the application process; The existing programme is overly segmented (when compared to other Operational Programmes), need for more focus and reduction in number of priorities; Collaboration should be a new cross cutting theme; and Match funding should not automatically come from Accountable Departments. 	

2 INTRODUCTION & BACKGROUND

2.1 Introduction/Scope of This Report

In January 2013, RSM McClure Watters were appointed by the Special EU Programmes Body (SEUPB) to undertake a mid-term evaluation study of the INTERREG IVA Programme (INTERREG IVA or the Programme) for Northern Ireland, the Border Region of Ireland and Western Scotland.

The following section provides an overview of: our Terms of Reference; the Programmes aims, objectives and delivery structures; the approach adopted to carry out the evaluation; and the structure of this report.

2.2 Terms of Reference

The overarching purpose of the study is to review the performance of the Programme to date and to establish the progress made towards achieving the objectives set out in the Operational Programme. The study will also be used to make recommendations on the direction and structure of any future INTERREG VA Programme.

The Terms of Reference set the following key requirements for this evaluation:

- Analyse the effectiveness of the Programme in achieving the objectives, aims and related targets and indicators, as outlined in the Operational Programme;
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- Identify any major risks to the programme in the remainder of its implementation phase and make recommendations accordingly;
- Draw conclusions on the programme's efficiency, effectiveness and impact; and
- Make recommendations for the direction and structure of the future funding period 2014-2020 and potential INTERREG VA Programme, taking into consideration:
 - The lessons of the current programme;

- The Europe 2020 objectives; and
- The draft European Union (EU) Territorial Co-operation (ETC) regulations.

2.3 Programme Background

2.3.1 Programme Aims, Objectives, Priorities & Themes

The Operational Programme for the INTERREG IVA Programme identifies the primary aim of the current Programme as being:

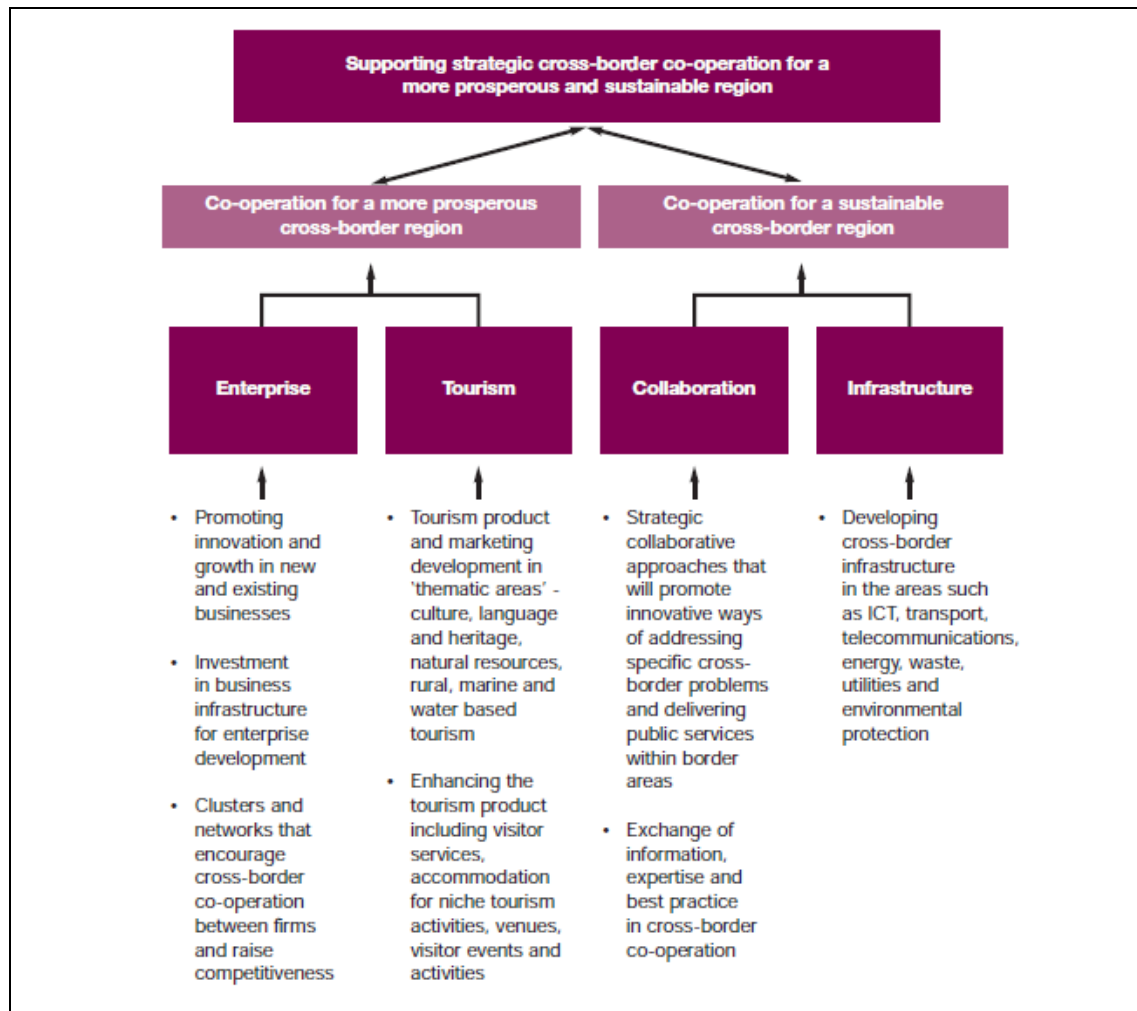
“To support strategic programme co-ordination for a more prosperous and sustainable region,”

The Programme has the following Priorities:

- Priority 1: Co-operation for a more prosperous Programme region: this Priority aims to diversify and develop the economy of the eligible region by encouraging innovation and competitiveness in enterprise and business development, and promoting tourism;
- Priority 2: Co-operation for a sustainable Programme region: this Priority aims to support activities that promote Programme co-operation in policy development and improve access to services - to improve the quality of life for those living in the eligible area; and
- Priority 3: Technical Assistance.

The chart below illustrates how the overall structure of the INTERREG Programme 2007-2013:

Figure 2.1: Structure of INTERREG IVA Programme



Source: INTERREG IVA Operational Programme

The Programme aims to promote added value in a number of ways that include:

- Providing additional financial support to address the infrastructural gap³ and broader economic and social disadvantage in the eligible region;
- Facilitating co-operation which promotes networks and knowledge sharing; and
- Promoting integrated development and delivery which creates synergies and identifies common solutions to programme problems.

³ Infrastructural gap is the market failure arising from the degree of disconnect to services caused by an institutional boundary or border.

Although not envisaged in the original Operational Programme the following Sub Priorities Themes were created, including:

- 2.1D: Enterprise Collaboration; and
- 2.1E: Tourism Collaboration.

These new Themes were developed to address issues related primarily to the infrastructural gap across the eligible region, in particular to develop strategies and new ways of working (collaborations) which the existing Enterprise and Tourism themes were considered not sufficiently able to address.

2.3.2 The Eligible Area

The INTERREG IVA Programme is targeted at the following eligible NUTS III areas:

- Northern Ireland: North of Northern Ireland; East of Northern Ireland; West and South of Northern Ireland;
- Ireland: the Border consist of the six necklace counties along the border with Northern Ireland, i.e., Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo;
- Scotland: Lochaber, Skye and Lochalsh, Arran and the Cumbraes, Argyll and Bute, Dumfries and Galloway, East Ayrshire and North Ayrshire mainland and South Ayrshire.

In addition, in accordance with Article 21(1) of Regulation (EC) No 1080/2006, in the context of enhanced cross border cooperation and in duly justified cases, operations or part of operations may be located in adjoining NUTS III areas. Such operations are subject to an upper limit of 20% of the Programme. The adjoining eligible areas are Northern Ireland (i.e. Belfast and Outer Belfast) and the Eilean Siar (Western Isles).

All Programme expenditure must be defrayed in either:

- Ireland/Northern Ireland;
- Ireland/Scotland/Northern Ireland; or
- Adjoining NUTS III areas- subject to a 20% cap.

2.3.3 Programme Implementation

In accordance with Article 14 of Council Regulation (EC) No 1080/2006, the Special European Union Programme Body is required to deliver the following functions:

- Designation of authorities;
- Monitoring and evaluation;
- Financial management and control;
- Implementation arrangements;
- Publicity; and
- Adherence to EU policies (competition, sustainable development and equality).

Figure 2.2 (on page 23) identifies the roles and responsibilities within SEUPB in the delivery of the Programme, including:

The Joint Technical Secretariat

SEUPB's Joint Technical Secretariat (JTS) is the Implementing Agent for INTERREG IVA. The JTS has a dual role in the administration of the Programme in terms of project management and financial management:

- Programme Support Unit; and
- Financial Control Unit.

JTS takes the lead in coordinating project assessment and ensuring that all official processes and criteria are adhered to. In addition the JTS are responsible for:

- Preparing and issuing calls including preparing detailed guidance documents and updating the website;
- Conducting admissibility checks of applications submitted;
- Preparing Outline Business Cases (OBCs) and Full Business Cases (FBCs) with input from Accountable Departments;
- Overseeing Value for Money reviews or Economic Appraisals and ensuring that any conclusions feed into the decision to recommend a project for approval or rejection;
- Organising Steering Committee meetings and preparing papers for all projects to be considered;
- Making a presentation to Steering Committee for each project being considered;
- Informing Project Promoters of the outcome of the Steering Committee by issuing letters of offer or debriefing projects on reasons for rejection; and
- Ensuring that pre-contract checks are carried out.

Managing Authority

The Managing Authority has primary responsibility for the correctness of management and implementation of those operations under the Operational Programme financed by Structural Funds (Article 60 of the General Regulation). It is responsible for gathering reliable information and for ensuring that proper accounts are kept, that the operations are correct and that Community rules are complied with.

The Managing Authority has established internal controls to ensure sound financial management of EU co-financed expenditure. The tasks of financial management and general management of the Operation Programme are carried out by separate sections/units within the Managing Authority. The Managing Authority ensures that the Beneficiaries are fully informed of their responsibilities in relation to financial management of EU co-financed expenditure. It also ensures compliance with Community rules in relation to public procurement. Subject to any guidance from the Certifying Authority, the Managing Authority undertakes appropriate spot checks of source documentation supporting payment claims which are co-funded before authorising each expenditure claim and forwarding it to the Certifying Authority.

Corporate Services Directorate

Corporate Services provides financial services to other aspects of the organisation through a Programme Financial Unit (PFU), these being segregated at Manager level (accountant level) from Certifying Authority functions (see Figure 2.2 on page 24).

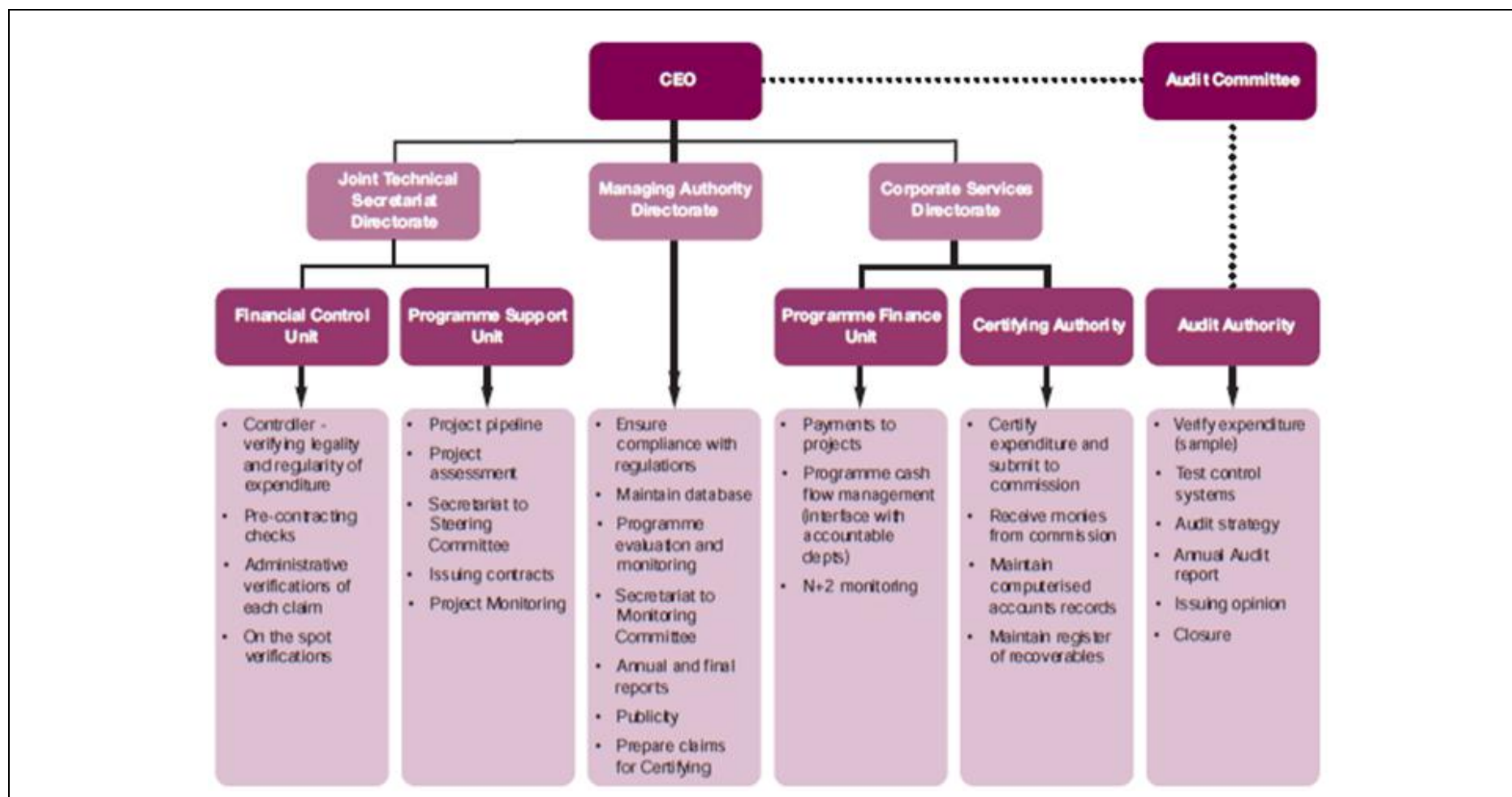
Audit Authority

The role of the Audit Authority is detailed in Article 62 of Council Regulation (EC) No 1083/2006 and includes the following functions:

- Ensuring that audits are carried out to verify the effective functioning of the management and control system of the Operational Programme;
- Ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
- Presenting to the Commission, within nine months of the approval of the Operational Programme, an audit strategy covering the bodies which will perform the audits referred to under the first two bullet points and including:
 - The method to be used;

- The sampling method for audits on operations; and
- The indicative planning of audits to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period
- Submitting to the Commission, by 31 December each year from 2008 to 2015, an annual control report. This report will set out the findings of the audits carried out during the previous 12 month period and report on shortcomings found in the systems for the management and control of the Programme;
- Issuing an opinion, on the basis of the control and audits that have been carried out under its responsibility, as to whether the management and control system function effectively. This will provide a reasonable assurance that statements of expenditure presented to the Commission are correct and that the underlying transactions are legal and regular;
- Submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned; and
- Submitting to the Commission by 31 March 2017, at the latest a closure declaration (assessing the validity of the application for payment of the final balance, and the legality and regularity of the underlying transactions covered by the final statement of expenditure) which shall be supported by a final control report.

Figure 2.2: INTERREG IVA - Roles and Responsibilities within SEUPB



Source: INTERREG IVA Operational Programme

SEUPB provides secretariat functions for the following Standing Committees:

Steering Committees

There are two Steering Committees in INTERREG IVA and are constituted on a Programme basis to reflect the principles of partnership and have the necessary technical expertise and independence to assess operations for funding. The Steering Committees are responsible for selecting projects and are supported by the Joint Technical Secretariat. The role and the structure of the Steering Committees are described below:

- Steering Committee 1- Priority 1: Co-operation for a more prosperous cross border region; and
- Steering Committee 2- Priority 2: Co-operation for a sustainable cross-border region.

Each steering committee is administered by the Joint Technical Secretariat who ensured that membership was representative of the eligible region and which mirrored that of the Monitoring Committee. The Composition of the Steering Committees are as follows:

Table 2.1: Composition of Steering Committees

Sector/Organisation	Number for Priority 1	Number for Priority 2
Chair (SEUPB)	1	1
Member State (Department of Finance and Personnel (Northern Ireland, Department of Public Expenditure and Reform (Ireland) , and Scottish Government)	3	3
Accountable Departments	2	2
Local Representation	4	4
Social Partners	3	4
Cross Cutting Themes	1	1
Total	14	15

Source: INTERREG IVA Operational Programme

Prior to a Steering Committee meeting, members will be provided with all relevant documents, including the Full Business Case for each project over £500k and the Outline Business Case and Value for Money Assessment for projects less than £500k, that have been recommended for approval⁴.

The Steering Committees appraise all applications taking into account comments from Accountable Departments, outcomes from any Economic Appraisal/VfM assessment, the assessment outline of the INTERREG IVA Programme and the process report (including indicative scoring) from the Joint Technical Secretariat

Monitoring Committee

The Monitoring Committee is in charge of supervising the Programme and its overall task is to ensure the quality and effectiveness of the Programme's implementation. The Monitoring Committee meets at least twice per year.

Accountable Government Departments

There is representation from Accountable Government Departments from both Northern Ireland and the Republic of Ireland for each of the Priorities supported under INTERREG IVA.

The main role of the Accountable Departments is to assess/critically review projects, as per the agreed assessment process, and to provide funding (up to 100%)⁵. For this reason, the Departments carry out their own internal assessments of projects put forward by SEUPB for approval. They also provide an additional level of quality assurance to the process in terms of reviewing value for money (VfM) assessments/ project economic appraisals.

Departments can also act as Lead Partner (see Section below for description of responsibilities) such as DETI and Department of Communication, Energy and Natural Resources in the Republic of Ireland for project Kelvin), where this is the case, the project assessment process is greatly simplified/shortened as internal approvals for these projects will have been sought as part of the process of developing the projects for submission.

⁴ 29th November 2012 NIGEAE was updated to reflect the current de minimis public expenditure level of £1million.

⁵ Accountable Departments in Northern Ireland and Ireland provide both budget cover and cash for all payments within their allocated themes or sub themes (ERDF and match funding) and therefore retain accountability for these monies (100%). Programme funding is provided ERDF 75% and 25% match funding.

The Department of Finance and Personnel is the only Northern Ireland Department which has vested a degree of delegated authority⁶ to SEUPB (and its appraisal process), up to £1million. All other Departments still retain their own approvals process.

Although there is Scottish representation on the two Steering Committees and the Monitoring Committees, Scottish Government Departments do not have Accountable Department status but do consult their own policy divisions to ensure strategic fit. We have been informed that this is because they do not formally provide match funding (unlike their Northern Ireland and Republic of Ireland counterparts).

Project Lead Partner/Promoter

The Lead Partner forms the link between Projects and the Programme. As the INTERREG IVA Programme was envisaged to be more “strategic” and have larger scale projects, accordingly the role of the Lead Partner has been enhanced to include the following actions:

- Develop and administer a Partnership Agreement;
- Ensure the implementation of the entire Operation (project);
- Ensure the verification (100%) of all partner spend and key outputs; and
- Be responsible for the transferring the ERDF contribution to all partners.

The Lead Partner is responsible for the division of tasks and co-ordination of activities among project partners. It is the responsibility of the Lead Partner to deliver on the overall objectives of the Operation including budget spend, verification, procurement, publicity, actions and activities, outcomes and delivering within the Programme timeframe.

Given the enhanced responsibilities, it was envisaged that Lead Partners would be primarily from larger scale organisations in the wider Public Sector (Government Departments, Agencies, Universities and Colleges), which had both the capacity and cash flow to support such a function. Feedback from SEUPB identified a number of constraints amongst Lead Partners which had to be remedied through the provision (by SEUPB) of training workshops on topics such as procurement, marketing/promotion and eligibility of funding.

⁶ Until recently, DFP seconded two qualified economists to SEUPB to undertake economic appraisals and preparation of formal casework notes across all of the Priorities. DFP now undertakes parallel processing between SEUPB contractor economists and Departmental economists.

National Contact Point (Scotland)

The National Contact Point (NCP) is a central Scottish resource, hosted by Scottish Europa (under a service level agreement) and based in Glasgow. The role of the NCP is to engage directly with stakeholders, provide support and sign post funding opportunities for Scottish partners.

Other Delivery/Support Structures

Other structures which support the delivery of the Programme, but are not a formal part of the Programme's structures include:

- Case Work Committees

In the case of projects under the Enterprise and Tourism themes all projects are submitted to a departmental casework committee for consideration. This is standard internal practice for the Department of Enterprise, Trade and Investment (DETI) when granting funding to any project. Any outstanding issues will be addressed at this stage and a final decision on Accountable Department approval will be made. This decision, along with any necessary conditions will be used to finalise the FBC ready for the Steering Committee.

It is only DETI which operates a case work committee approach. Even after approval has been granted by the DETI Case Work Committee, due to delegated authority limits, all projects above £1 million threshold need subsequent approval from DFP⁷.

- Cross Border Partnerships

There are five Cross Border Partnerships, including:

1. Irish Central Border Area Network (ICBAN);
2. East Border Region (EBR);
3. North West Region Cross Border Group (NWRCBG);
4. Councils of the Metropolitan Area (COMET); and
5. North East Partnership (NEP).

⁷ This reflects the 2012 changes in NIGEAE, DFP (Supply) has an approval limit of £2million for EU expenditure.

Their original role under INTERREG IVA was to coordinate the production of Multi Annual Plans (MAP) for their relevant areas, as well as be responsible for the role of Lead Partner. Although MAPs were produced by each of the Cross Border Partnerships, what was produced was considered to be more 'strategic in nature' and was not sufficiently detailed for subsequent appraisal. As a result, the previous theme applications that were developed and submitted by the Cross Border Partnerships were withdrawn and individual applications were resubmitted for each project under the respective themes. Although the MAP's were not utilised in the current Programme, reliance was placed on their findings and a number of local authority projects were supported (See Appendix V for list of MAP projects).

2.4 Changes in Delivery Structures/Processes from the last Programme

The structure of the INTERREG IVA Programme is considerably different from the previous INTERREG IIIA Programme. SEUPB was the Managing Authority for INTERREG IIIA, which was implemented between 2000 and 2006. Key features of the previous INTERREG IIIA Programme compared to the existing INTERREG IVA Programme include:

Table 2.2: Comparison between INTERREG IIIA and INTERREG IVA

INTERREG IIIA	INTERREG IVA
The Programme was limited to the Border region of Ireland and Northern Ireland	Programme includes West Coast of Scotland, Border Region of Ireland and Northern Ireland (excluding Belfast)
Allocated funding of €183million	Budget is €256million
SEUPB Managing Authority 22 Implementing Bodies	SEUPB Managing Authority 1 Implementing Body (Joint Technical Secretariat, SEUPB) with a staff complement for 2 Programmes (PEACE and INTERREG) of 62 ⁸ .
4 Priorities (including Technical Assistance)	3 Priorities (including Technical Assistance)
420 Projects funded	85 projects approved to date (by the relevant Steering Groups) with a total level of commitment of €219million

⁸ We have not included staff employed in the Cross Border Bodies as they are not responsible for the administration of the overall Programme, they are responsible for the delivery of specific projects. The Cross Border Bodies do however receive separate financial support to provide general management (promoting the INTERREG programme and cross border collaboration within their respective jurisdictions) in addition to funding they receive as Lead Partner for specified projects.

The new Programme is operating across a wider geographical area than the previous programme. Although the inclusion of Scotland has brought with it new opportunities, in terms of new partners and ways of working, these opportunities have also added to the complexity of the delivery of the Programme. It has also highlighted differences in emphasis in relation to Governance, Economic Appraisals and the role of match funding (This is explored further in Section 6.5).

In addition, the Programme is delivering a larger budget but using fewer staff for its subsequent implementation. (N.B. although exact figures for those formerly employed in the 22 Implementing Bodies and SEUPB under INTERREG IIIA are not readily available, we have been advised by consultees that it was in excess of the 62 staff who currently administer the two existing Programmes: PEACE III and INTERREG IVA, but not including staff employed in the Cross Border bodies).

At its implementation, there was an intention that INTERREG IVA would be much more strategic in approach and with each Project having a greater impact. It is our contention that this is the case as the average size of supported Project under INTERREG IIIA was €518k as opposed to €2.5million under INTERREG IVA (As this is a Mid Term Evaluation we are not in a position to compare overall impacts of both programmes).

2.5 Evaluation Methodology and Report Structure

The evaluation involved the following key stages:

Table 2.3: Evaluation Methodology and Report Structure

Stage	Description of Activities
Stage 1: Project Initiation/Planning	The output of this stage was the Inception Report which provides the basis for implementation/ management of the remainder of the assignment
Stage 2: Desk Research & Consultation with Key Stakeholders	Stakeholder interviews were conducted with two groups: <ul style="list-style-type: none"> Strategic Stakeholders who have an overview of the operation of the Programme to date and identification of possible scenarios for the subsequent INTERREG VA Programme. Operational Stakeholders who have an overview of the implementation of the Programme to date and identification of recommendations for post-funding sustainability.

Stage	Description of Activities
	<p>A total of 27 key stakeholder interviews were carried out at this stage. These interviews were conducted either face-to-face or by telephone. Additional focus group meetings (x2) with project partners based in Scotland were agreed at the Project Initiation Meeting and subsequently delivered.</p> <p>In addition, RSM McClure Watters undertook benchmarking across three regions.</p>
Stage 3: Review of Programme Information	<p>We reviewed inputs, outputs, results and impacts at the project, thematic and programme levels. Our approach included:</p> <p>Interrogation of all actual/anticipated expenditure and impacts held centrally on System 2007 and also reliance on the following publications:</p> <ul style="list-style-type: none"> • Annual Implementation Review; • Steering Group Minutes; • Progress Reports. • The review of the previous information allowed us to report at the project, theme and programme level against each of the following headings: <ul style="list-style-type: none"> • Geographic spread; • Defined target groups; • Partner involvement; • Area of intended impact; • Achievement of N+2 targets; • Expenditure outside the eligible area; and • Impact against each of the four cross cutting themes: <ul style="list-style-type: none"> - Equality; - Sustainable Development; - Impact on Poverty; and - Partnership.
Stage 4: Case Study Development	<p>8 Case studies were completed which discussed the implementation of the Programme to date and the subsequent impact of their respective interventions.</p>
Stage 5: Analysis and Report Development	<p>We used the outputs of the preceding stages to develop a draft document comprising the following sections:</p> <ul style="list-style-type: none"> • A free standing summary of the conclusions and recommendations that is suitable for publication and distribution

Stage	Description of Activities
	<p>to a wide audience;</p> <ul style="list-style-type: none">• An explanation of the methodology used including details of data sources and original research undertaken;• Chapters which correspond to the objective, including:<ul style="list-style-type: none">- Rationale and Assessment of Need;- Effectiveness of Programme Priorities;- Relevance of existing indicators;- Application and Cross Cutting Themes;- Efficiency and Effectiveness of programme funding;- Sustainability of Projects;- Detailed conclusions;- Detailed recommendations; and- Data sources and details of study questionnaires used.

The following table provides an overview of the structure of the remainder of this report, highlighting how it relates to the evaluation's Terms of Reference.

Table 2.4: Structure of the Report

Section		Terms of Reference Requirements
2	Introduction and Background	Confirmation of the Terms of Reference and describing the core support functions of the Priority and the changes to implementation from the previous funding period.
3	Strategic Context	Consideration of emerging strategy and make preliminary recommendations for the direction and structure of the future funding, taking into consideration: The Europe 2020 objectives; and, the draft ETC regulations.
4	Review of Financial Progress	Identify any major risks to the programme in the remainder of its implementation phase and make recommendations accordingly
5	Review of Performance Management	<p>Analyse the effectiveness of the Programme in achieving the objectives, aims and related targets and indicators as outlined in the Operational Programme;</p> <p>Review the relevance of existing performance indicators and make recommendations accordingly;</p> <p>Analyse the efficiency and effectiveness of Programme Administrative functions including delivery structures, project assessment, financial flows, project management, monitoring and evaluation, achievement of annual financial targets and make recommendations accordingly; and</p> <p>Identify any major risks to the programme in the remainder of its implementation phase and make recommendations accordingly.</p>
6	Benchmarking	A benchmarking study was carried out between INTERREG IVA and comparable programmes operating in Scotland (Lowlands and Uplands Scotland), the North of England and between (Cross Border) Ireland and Wales.
7	Consultation Findings	This section records the views of Stakeholders and Partners as regards the efficiency of programme administrative functions, including delivery structures, project assessment, financial flows, project management, monitoring and evaluation and achievement of annual financial targets

Section		Terms of Reference Requirements
8	Case Studies	This section provides an insight into the operation of the Programme and the likely impact of the particular project.
9	Conclusion and Recommendations	<p>Draw conclusion on the Programme's efficiency, effectiveness and impact; and</p> <p>Make recommendations for the direction and structure of the future funding period 2014-2020 and potential INTERREG VA Programme, taking into consideration:</p> <p>The lessons of the current programme; The Europe 2020 objectives; and, the Draft ETC regulations.</p>

3 STRATEGIC CONTEXT

3.1 Introduction

The purpose of this section is to assess (for their continuing validity) the strategic and socio economic factors which determined the development of the Programme prior to 2007, the implementation of the Programme and finally identify any emerging policies which will influence the subsequent development of INTERREG V. Consequently this section is structured as follows:

- Review of Existing and Emerging Policy/Strategies at a National and Regional level;
- Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis of the Eligible Area; and
- Review of Emerging EU Policy.

3.2 Review of Existing Key National and Regional Strategies

Table 3.1 (Page 37) details key national/regional strategies that are currently relevant to the implementation of the Programme.

This table highlights that the priorities and subsequent implementation of the INTERREG IVA Programme reflect relevant strategies in each of the three jurisdictions. Where there has been a divergence, this relates to two areas:

- Geographical prioritisation; and
- Investment in infrastructure.

In terms of geographical prioritisation, key Investment Strategies have specified locations where investment should take place, however, the INTERREG IVA Programme has taken a sectoral approach which, due to the 'clustering' of key sectors in key geographies, has meant that investment has been delivered in the appropriate areas.

In previous Programmes there was significant investment in core infrastructure (such as Cross Border road linkages), this expenditure has been refocused onto a number of capital projects aimed at supporting key sectors across the entirety of the zone (in particular, telecommunication). This is in keeping with the priority of the Programme, which was to support strategic programme co-ordination for a more prosperous and sustainable region and not augment regional specific infrastructural investment.

Finally, although investment and economic development strategies on the island of Ireland do allude to the other jurisdiction, national strategies only prescribe specific interventions for their own jurisdiction. There is no detailed description of proposed cross border activities, as these are in essence considered to be 'ultra vires'. The lack of detail is further exacerbated by the inclusion of Scotland, which before its inclusion in the Programme had very little exposure to cross border cooperation with the island of Ireland. Although the 'infrastructural gap' related to the impact of the Border is recognised in the Operational Programme, the gap does not focus in emerging strategy documents in each of the three jurisdictions. Therefore the importance of the Operational Programme as the only detailed Cross Border Strategy document must be recognised by the Accountable Departments and recognition accorded to its strategic aims and proposed actions.

3.3 Socio Economic Review

Table 3.2 (Page 32) identifies headings used within the socio-economic review contained within the ex-ante evaluation for the 2007 INTERREG IVA Operational Programme, coupled with an update on current relevant issues.

Table 3.1: National/Regional Strategies

Name of Strategy	Description	Assessment of Strategic Fit with INTERREG IVA	Emerging Priorities
National Strategic Reference Framework in Northern Ireland, Ireland and Scotland	<p>The National Strategic Reference Framework (NSRF) set the overarching strategic framework for the Regional Competitiveness and Employment Structural Funds Programmes in Northern Ireland and Ireland over the 2007-2013 programming period.</p> <ul style="list-style-type: none"> The central aim of the programme is to enhance the competitiveness of the region, by: Increasing investment in research and development and promoting innovation; Promoting enterprise and entrepreneurship; and improving accessibility and protecting and enhancing the environment. Scotland has the following (comparable) priorities, including: supporting innovation and entrepreneurship; promoting community regeneration; supporting rural development; progressing into sustainable employment; and progressing through sustainable employment; and improving access to lifelong learning. 	<p>There are key complementarities between the NSRF and the INTERREG programme, particularly in regard to themes such as entrepreneurship, sustainable development, regeneration and rural development and these have been implemented through Priorities 1 and 2.</p>	<p>Emerging priorities are reflected in the UK National Reform Programme 2012 and Ireland National Reform Programme 2012 which are discussed at the end of this section.</p>

Name of Strategy	Description	Assessment of Strategic Fit with INTERREG IVA	Emerging Priorities
Economic Vision for Northern Ireland	This was the Northern Ireland Government's economic development strategy. The Vision set how Northern Ireland could become a high value added, highly skilled, creative, innovative and enterprising economy, able to compete globally and to provide greater opportunities for employment and wealth creation. The framework emphasises the importance of improving competitiveness, removing barriers to employment and creating a larger, more dynamic private sector in order to increase productivity and living standards.	In Priority 1 and 2, the Programme has supported initiatives related to the following topics: growing employment across key sectors; <ul style="list-style-type: none"> enhancing productivity; supporting investment in world class infrastructure for key sectors; promotion of the science, technology and innovation agenda across key sectors; and enhance connectivity. 	The Economic Vision has been superseded by the Economic Strategy for Northern Ireland, which aims to achieve economic growth through strengthening competitiveness with a focus on export growth. There is however a growing recognition of the need to promote exporting to indigenous SMEs across all sectors.
The Investment Strategy for Northern Ireland	The Investment Strategy was launched in December 2005 and pledged sustained government investment in a modern public infrastructure in Northern Ireland over a ten year period between 2005 and 2015. It includes investment in public transport, roads water and sewerage and energy infrastructure to deliver economic returns and environmental benefits.	The INTERREG IVA Programme has focused support on telecoms and for renewable energy. The INTERREG IVA Programme unlike previous programmes has not supported investment in public transport, roads, water and sewerage.	A second Investment Strategy for Northern Ireland was developed in 2012 and reflects the Northern Ireland Executive's priorities including: Growing a Sustainable economy and investing in the future; Creating opportunities, tackling disadvantage and improving well-being; Protecting our people, the environment and creating safer communities; and Building a strong and shared community.

Name of Strategy	Description	Assessment of Strategic Fit with INTERREG IVA	Emerging Priorities
Regional Development Strategy for Northern Ireland 2025	The Regional Development Strategy for Northern Ireland 2025 seeks to strengthen economic and social cohesion by enhancing external linkages and internally by helping to foster patterns of development which will assist community cohesion. The Regional Development Strategy has significant spatial overlap and shares similar strategic objectives, with the National Spatial Strategy for Ireland. This overlap is specifically in relation to the key strategic programme linkages between Letterkenny and Derry and Dundalk and Newry.	Activity has been directed towards the areas listed, however unlike Operational Programmes in other jurisdictions there has not been a process of geographical prioritisation in relation to these key areas.	The present strategy is still in place along with the same priorities.
Review of Public Administration	The Review aims to cut the number of local authorities operating in Northern Ireland from 26 down to 11 by 2015. In addition a number of responsibilities will be transferred from central Government to local Government including: energy, roads, planning and economic development.	The collaboration theme was in part developed to enhance the exchange of best practice between local authorities across the region. The collaboration theme has funded a number of projects including SPACEial (which aimed to enhance cross border strategic planning / economic development).	The Review of Public Administration is scheduled to be enacted by 2015. The transfer of economic development powers may impact on the delivery of any future Programme, as there may be a multiplicity of different business support functions operating from each of the 11 councils in addition to those delivered by Invest NI.

Name of Strategy	Description	Assessment of Strategic Fit with INTERREG IVA	Emerging Priorities
The National Spatial Strategy for Ireland 2002-2020	The National Spatial Strategy for Ireland 2002-2020 sets out a twenty year planning framework that will provide strategic guidance for a range of government policies. The strategy is structured around gateways and hubs, as follows: Gateways in the Border Region include: Letterkenny, Sligo and Dundalk; and Hubs in the Border Region include Cavan and Monaghan towns.	Activity has been directed towards the areas listed, however unlike Operational Programmes in other jurisdictions there has not been a process of geographical prioritisation in relation to these key areas.	The National Spatial Strategy for Ireland is still in place.
Framework for Economic Development in Scotland (FEDS)	The Scottish Government replaced the previous FEDS strategy just prior to the Programme period with Smart Successful Scotland (which was in turn 'refreshed in 2004') It has three principal objectives: Encompassing the physical, human and electronic infrastructure; Dynamic competitiveness in Scottish Enterprises; and Economic policies and programmes to secure the social, regional and environmental objectives.	Activity has been directed towards Scottish Enterprise's priority sectors.	Framework for Economic Development in Scotland has been replaced by the Scottish Government's Economic Strategy, which has the following priorities: <ul style="list-style-type: none"> • Supportive Business Environment; • Transition to a Low Carbon Economy; • Learning, Skills and Well Being; • Infrastructure, Development and Place.

Name of Strategy	Description	Assessment of Strategic Fit with INTERREG IVA	Emerging Priorities
Investment Strategies in Scotland	The Infrastructure Investment Plan Building a Better Scotland provided a framework for spending up until 2008 when it was superseded by the National Planning Framework which provided a framework for key infrastructure investments and economic development and was further augmented by the National Transport Strategy.	Activity has been directed towards supporting key strategies rather than key geographies. The INTERREG IVA Programme has supported activity across the following strategic aims of the National Planning Framework.	<p>The National Planning Framework is currently being updated and it is expected to continue to address the following issues:</p> <ul style="list-style-type: none"> • Connectivity • Needs of Renewable Energy Sector • Provision of infrastructure for Priority Industries; • Areas in need of regeneration.

Table 3.2: Socio Economic Review – Comparing Ex Ante Evaluation to Current Situation

Issue	Ex-Ante Description	Fit with the INTERREG IVA Programme	Current/Emerging Issues
Economic growth and productivity	Both Northern Ireland and the Border Region are relatively fast growing areas but have low levels of GVA (GNP) per head compared with their national averages. Western Scotland has both slower growth in jobs and lower productivity.	The Programme has sought to address the absorptive incapacity of indigenous SMEs and thereby encourage productivity. In addition the Programme has sought to promote exporting (primarily to continental Europe).	The recent economic crisis has hit productivity across the eligible region. In terms of productivity per head of the population, NI has been around 15-20% below the UK average since 2003. This is as a result of NI's historically low labour market participation rates, an industrial structure which has an under representation of higher value added sectors such as finance and business services and relatively low productivity. The picture is similar for the Western Scotland where labour productivity lags the UK by around 30%. Labour productivity in the Border Region of Ireland also lags the State average by about 30%. There is still a demand to encourage investment in innovation and the promotion of export markets.
Labour market conditions	When the Programme was constituted employment was growing rapidly across the region.	INTERREG IVA is an ERDF supported programme, it is therefore not focused on training support. Programme support has been focused on developing and sustaining jobs in SMEs through export promotion and investment in innovation.	Labour market conditions across the eligible area have worsened significantly. This is particularly true in relation to youth unemployment (the under 25s) with an increasing trend towards migration. Youth unemployment in NI increased by 147% from 7,705 claimants in January 2008 to 19,090 claimants in August 2012, in Western Scotland there was an increase of 44% over the same period. However, in the Border area of Ireland, the number of persons on the live register aged 25 years and under has remained largely unchanged over the period January 2009 to November 2012. There has been a marked increase in migration. There is a need to ensure the retention of this key demographic group across the eligible area.

Issue	Ex-Ante Description	Fit with the INTERREG IVA Programme	Current/Emerging Issues
Sectoral employment	A high dependence on agriculture, traditional manufacturing and the public sector.	The Programme has sought to diversify the regional economy into emerging sectors such as digital media, renewable energy and tourism.	The recession has exacerbated the dependence on the public sector due to the loss of jobs in traditional manufacturing and construction. There is a continuing demand for investment in growth sectors such as digital media, renewable energy and tourism.
Education	Northern Ireland had the highest level of school leavers without qualifications (28% as opposed to 19% in Scotland and 18% in the Border Area). Both Northern Ireland and the Border region have much lower levels of population trained to third level (15.8% and 16.3% respectively) compared to 26.4% in Scotland.	The INTERREG IVA is not a training programme, support has been provided to the third sector to encourage the commercialisation of knowledge and which has brought with it enhanced opportunities for apprenticeships and 'on the job' training.	The recession has had a disproportionate impact on young people, with many of the under 25's not having an opportunity to gain employment related to their qualifications, this has led to a displacement of the lower skilled/unskilled from the labour market.

Issue	Ex-Ante Description	Fit with the INTERREG IVA Programme	Current/Emerging Issues
Innovation and the knowledge economy	Despite a strong focus on innovation in recent years, gross expenditure on Research and development in Scotland, Ireland and Northern Ireland remains low. While research expenditure in the higher and further education sector in Scotland and Northern Ireland compares favourably with the UK, EU and OECD levels, R&D expenditure in business and government institutes is well below UK and international levels. Expenditure in Ireland was growing but still remains under EU and OECD levels.	The INTERREG IVA Programme has sought to encourage the development of knowledge transfer between the higher and further education sectors and indigenous businesses, in particular seeking to address the absorptive incapacity/reticence to engage of SMEs.	The eligible region continues to lag in terms of investment in innovation and the knowledge economy and the situation has been exacerbated by the impact of the recession. In particular the ability of SMEs to finance investment in innovation/R&D.

Issue	Ex-Ante Description	Fit with the INTERREG IVA Programme	Current/Emerging Issues
Enterprise and entrepreneurship	Analysis shows that the levels of enterprise and entrepreneurship in the eligible region are below the average for the UK and Ireland. Enterprise and entrepreneurial area also increasingly being linked to network capacity and activity. Networks and clusters help firms to achieve critical mass and economies of scale and compete in larger more diverse and more competitive markets than they could if they were to continue to act alone.	The Programme has provided support both to a number of business start-up interventions and also to initiatives which have aimed to develop business linkages/collaborations across the eligible region.	In terms of entrepreneurial activity, NI has fewer business start-ups than any other region in the UK. This has deteriorated in the context of the economic downturn. Business start-ups (as a percentage of business stock) was 8% in 2010 compared with 10% in 2007. Scotland has also experienced a similar trend with the number of business start-ups (as a percentage of business stock) falling from 13% in 2007 to 10% in 2010. In the Border area of Ireland the number of enterprise births fell over the period 2006 to 2010 (16,700 enterprises were born in 2006, this dropped to 11,200 in 2010). There is therefore a need to encourage business start-ups and given the scale of many of the new companies there is a need to encourage more networking and the development of collaboration.
Tourism	Visitor numbers in the eligible area was lower than in the rest of the UK and Ireland. It was	The Programme provided capital support to a number of interventions aimed at encouraging	Although the region has invested heavily in venues and activities, there is a need to ensure the continued sustainability of this investment through enhanced promotion and developing the business skills of owners.

Issue	Ex-Ante Description	Fit with the INTERREG IVA Programme	Current/Emerging Issues
	also more prone to seasonality and had less spend per head.	more out of state visitors and prolonging both their stay and the length of the tourism sector.	
Infrastructure and communications Environment and Energy	Historically the UK and Ireland have depended on landfill as the main route for waste disposal and the shift towards increasing recycling has been slow. In terms of technological infrastructure, Northern Ireland has 100% broadband availability (unique in Europe). Only 40.5% of householders in the Border, Midlands and Western NUTS II Region had an internet connection.	Although the Programme has sought to move away from supporting large scale infrastructural investment, there has continued to be investment in renewable energy which has provided alternative uses for waste management. The Programme has invested heavily in Project Kelvin which has sought to build on the broadband coverage across the eligible region by ensuring that speed of access is maintained.	No significant emerging issues.

Issue	Ex-Ante Description	Fit with the INTERREG IVA Programme	Current/Emerging Issues
Programme operation	co- The border areas in Northern Ireland, Western Scotland and Ireland share a number of common features with other peripheral borders across the European Union where social and economic development are impacted on by isolation and fragmentation. In the Border area towns and markets were cut off from their natural hinterlands. There is also limited evidence as to the amount of trade/movement of people across the eligible area.	The Programme, through the collaboration theme has sought to develop new working relationships across the eligible region.	As cited earlier, there is a continuing need to encourage collaboration and networking to develop a critical mass across businesses of all sectors to compensate for the peripherality of the region and the lack of scale of individual enterprises.

3.4 Emerging EU Strategy/Policy

The following section profiles key EU strategy/policy that will frame part of the context in which any future INTERREG Programme will be developed.

The findings of the review are summarised in the table below (See Appendix VI for more detailed analysis):

Strategy	Implications
A Strategy for Smart, Sustainable and Inclusive Growth: Communication from the Commission 2020-Brussels, (2010)	This Strategy complements the primary aim of the current INTERREG IVA Programme to achieve an economically sustainable region. INTERREG will provide continued support to sectors such as business and tourism to encourage economic growth. It will support co-ordinated policy development between Northern Ireland, the border region of Ireland and Western Scotland to develop better access to services to promote employment growth. The Programme further supports the environmental and poverty objectives of the Strategy in the implementation of cross-cutting themes.
A Digital Agenda for Europe: Communication from the Commission to The European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions. Brussels, (2010)	To support this Strategy INTERREG IVA has placed emphasis on the development of ICT and R&D to promote further business interaction and allow isolated areas to compete on a level footing. INTERREG has also recognised the need to develop integrated policy and infrastructure across borders to allow the regions to take advantage of economies of scale which have previously been missed.
An Integrated Industrial Policy for the Globalisation Era, European Commission 2010	This initiative sets out the following key actions for European industrial competitiveness: <ul style="list-style-type: none"> • Competitiveness proofing i.e. analysis of the impact on competitiveness of all policy proposals; • Fitness checks - of existing legislation aiming at reduction of the cumulative effects of legislation so as to cut the costs for businesses in Europe; • Making it easier for SMEs to access credit and help their internationalisation; • A strategy to strengthen European standardisation; • More efficient European transport, energy and communication infrastructure and services to serve European industry;

Strategy	Implications
	<ul style="list-style-type: none"> • A new strategy on raw materials for sustainable supply and management of domestic primary raw materials; • Increasing sector-specific performance, in such areas as advanced manufacturing technologies, construction, bio-fuels and road and rail transport, particularly in view of improving resource efficiency; • Actions to improve framework conditions and support innovation in energy-intensive industries; • Reporting on Europe's and Member State's competitiveness, industrial policies and performances on an annual basis; and • The emerging strategy for INTERREG V should be consistent with the key actions identified above.
First Annual Convention of the European Platform against Poverty and Social Exclusion (Oct 2011)	<p>This convention provided the basis for the inclusion of 'poverty' as a cross-cutting theme within INTERREG IVA, and identified the following indicative activities:</p> <ul style="list-style-type: none"> • Introduction of regular monitoring and reporting of child poverty in the EU to meet the Europe 2020 Strategy's poverty headline target; • Regular reporting at EU level; • Develop better indicators; • Develop an implementation programme (next Trio Presidencies); • Enhanced mutual exchange and learning; • Acknowledge richness of practices and knowledge; • Provide adequate education and training for professionals; • Scale up, transfer and disseminate best practices; • Investment of funds and resources in preventing and tackling child poverty; • Better use of the Structural Funds (current and next multi-annual financial framework); and • The emerging strategy for INTERREG V should be consistent with the key actions identified above (which are obligatory).
European Commission's Resource Efficient Europe	<ul style="list-style-type: none"> • Boost economic performance while reducing resource use; • Identify and create new opportunities for economic growth and greater innovation and boost the EU's competitiveness;

Strategy	Implications
	<ul style="list-style-type: none"> • Ensure security of supply of essential resources; and • Fight against climate change and limit the environmental impacts of resource use.
EU Territorial Co-operation (ETC) Regulations	<ul style="list-style-type: none"> • The INTERREG Programme can choose up to four thematic objectives from the following menu of eleven: • Strengthening research, technological development and innovation; • Enhancing access to and use and quality of, information and communication technologies; • Enhancing the competitiveness of small and medium sized enterprises; • Supporting the shift towards a low carbon economy in all sectors; • Promoting climate change adaptation, risk prevention and management; • Protecting the environment and promoting resource efficiency; • Promoting sustainable transport and removing bottlenecks in key network infrastructures; • Promoting employment and supporting labour mobility; • Promoting social inclusion and combating poverty; • Investing in education, skills and lifelong learning; and • Enhancing institutional capacity and an efficient public administration.

3.5 Summary

The preceding sections highlight that:

- Relevant National strategies (in relation to economic development, energy, culture and transport) provide clear guidance as to the efficacy for and detail behind proposed interventions to address specified constraints for their own jurisdiction and also identify the importance and merits of cross border –cooperation. However, they are not sufficiently prescriptive of the

nature and type of interventions necessary to address the impact of the Infrastructural Gap⁹;

- Having been devised by Government in all three jurisdictions, greater reliance should be placed on the Operational Programme in confirming the rationale and type of intervention necessary to address the impact of jurisdictional boundaries (i.e. impact of the infrastructural Gap); and
- The economic recession has brought with it a need for short/medium term assistance to the unemployed and to businesses. The need for this support will reduce when the European market has returned to growth.

The importance attached to key sectors identified in the Europe 2020 reflects common constraints and opportunities related to employment; education, research and innovation; social inclusion and poverty reduction and climate/energy in each of the three regions and will be on-going into the next Programme period;

It is considered essential that any emerging Programme is cognisant of:

- the needs of the Digital agenda (in particular developing Cross Border Collaboration and the development of critical mass in peripheral regions);
- the needs of manufacturing as the lynch-pin of European industrial competitiveness;
- the application of Social Innovation, including:
 - Promotion of a long term approach and sustainable financing of research, pilot projects, monitoring and evaluation of existing and new innovation; and
 - Strengthen innovators and administrations' capacity for evaluation of social innovations. Ensure social innovation is a key element in EU Structural Fund Policy.
- The focus of any future Programme will on up to four thematic priorities, selected from the following prescribed list of eleven themes identified above; and
- Projects will include bilateral (North/South) or trilateral (North/South/Scotland) partners and also those in adjoining NUTS III areas (subject to a 20% cap) who will cooperate in all of the following activities: joint development, joint implementation, joint staffing and joint financing.

⁹ Infrastructural Gap is the market failure arising from the degree of disconnect to services caused by an institutional boundary or border.

4 REVIEW OF FINANCIAL PROGRESS

4.1 Introduction

This section reviews proposed and actual expenditure for the INTERREG IVA Programme and its composite measures up to the 31st December 2012.

4.2 Analysis of Applications and Approvals

The table below provides an overview of the 355 applications made to the Programme as of the 31st December 2012, reflecting:

- Number of applications withdrawn;
- Number of applications rejected at the appraisal stage;
- Number of letters of offer accepted;
- Number of approved projects; and
- Number of completed projects.

Table 4.1: Progress of Applications (December 2012)

Application / Project Details	Number	Percentage
Number of approved projects	12	3%
Number LoO Accepted	71	20%
Number Completed	2	1%
Number of projects terminated	2	1%
Number of projects Withdrawn	68	19%
Number Rejected	190	53%
Number Acknowledged	8	2%
Number MIS ¹⁰ Submitted	1	0.3%
Number of projects Under Appraisal	1	0.3%
Total Number of Applications	355	100%

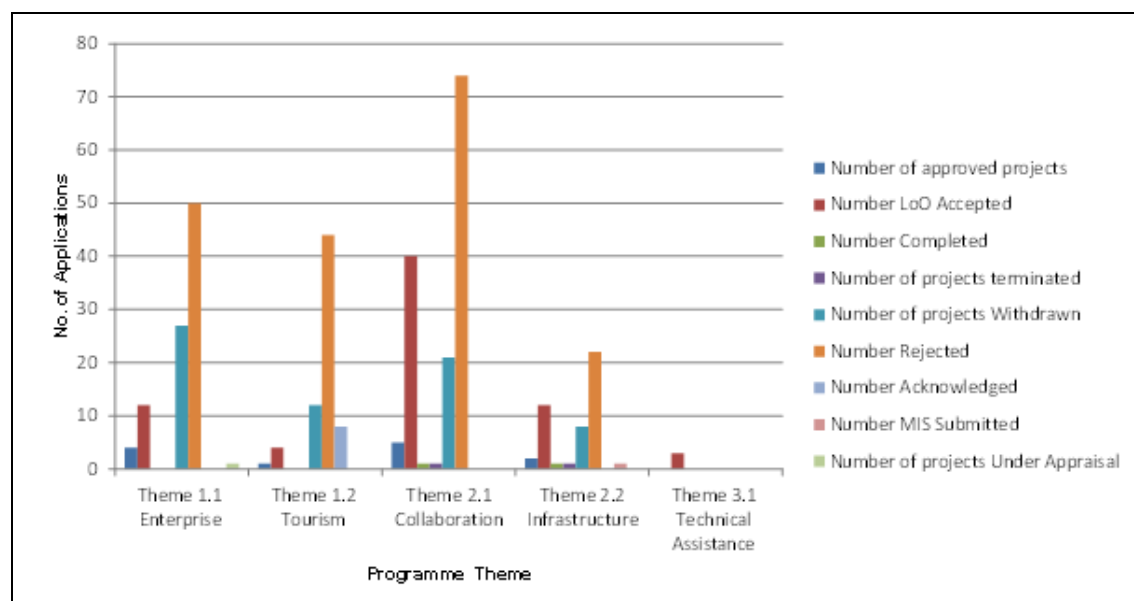
The table above shows that of the 355 applications, the largest proportion, (53%) were rejected. A total of 68 applications were withdrawn, while 2 were terminated. Of the 85 applications that have been approved, 71 represent

¹⁰ Management Information System (MIS)

LOOs issued and accepted, 2 represent completed projects and 12 represent approved projects¹¹.

The figure below provides a breakdown of the status of all applications by theme:

Figure 4.1: Status of All Applications to INTERREG IVA by Theme



This shows that Theme 2.1 – Collaboration, represents the highest number (n=46) of applications that have been approved (i.e. 40 LOOs issued and accepted, 1 completed project and 5 approved projects). However, this theme also had 52% of applications rejected. It is our contention that the high rate of rejection can be placed at the innovative/untried nature of many of the submissions (i.e. a large number were seeking to pilot new working relationships) and therefore did not have sufficient evidence of potential impact and/or post funding sustainability.

Theme 3.1 – Technical Assistance issued 3 Letters of Offer, all of which related to the delivery of services on behalf of SEUPB.

¹¹ When a project is approved by the Steering Committee, the JTS issues a letter of intent to fund, which outlines next steps. This can either be that the project will be forwarded to the relevant accountable department for approval, or where the Accountable Department has already granted approval the note will highlight the intention to carry out an eligibility for funding check. The Letter of Offer is only issued following Accountable Department approval (where required) and a satisfactory Eligibility for funding check being granted.

The INTERREG IVA Programme however does mark a move towards more strategic/larger impacting projects and with the consequence that a greater number of 'smaller/less strategic projects' are likely to be rejected¹². SEUPB has sought to mitigate the risk of high rejection rates through the development of a new two phased application process, focused on enhanced use of information sessions and opportunities for networking between potential partners with the aim of improving quality of applications and reducing the processing times for submissions.

4.2.1 Overview of Financial Progress

The table below provides a snapshot of financial progress as of 31 December 2012. The total funding allocated to the programme was €256m of which 85% has been committed and 41.6% spent.

Table 4.2: Progress of Spend (December 2012)

Overall Programme Progress	
Budget ¹³	€256,029,824
Level of Commitment ¹⁴	€218,983,355
Level of Spend ¹⁵	€106,605,573

Figure 4.2 and Table 4.3 below compares total award allocated under each Theme against total commitment, as a whole at 31st December 2012. It is clear that four of the Themes are nearly fully committed¹⁶ (1.1, 1.2, 2.1 and 3.1) and that Theme 2.2 is presently overcommitted:

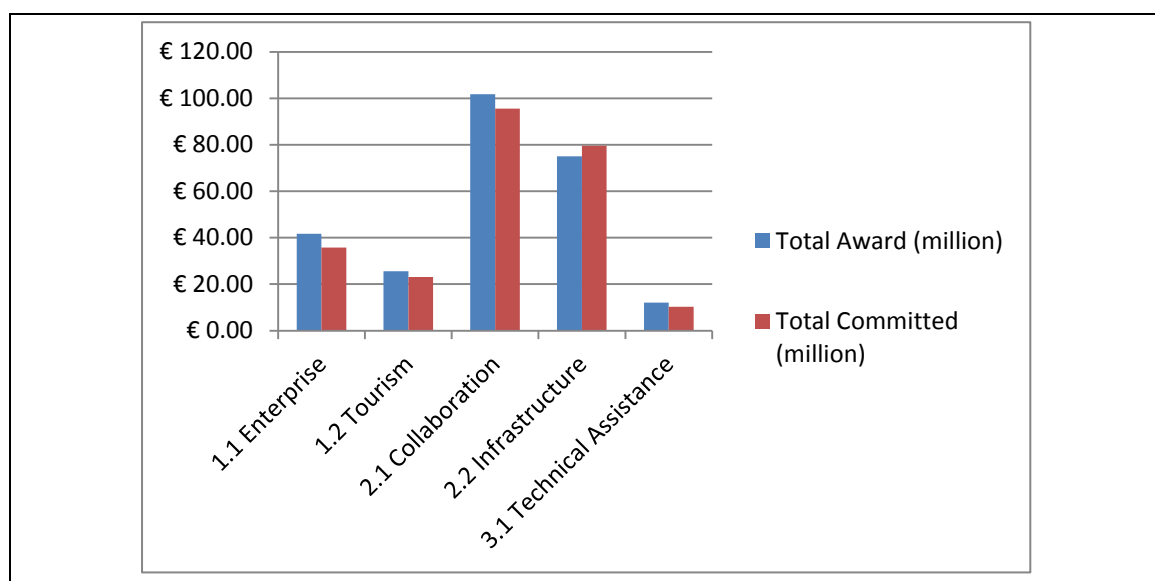
¹² The highest rate of rejections was in revenue projects which aimed to be supported under the Collaboration Theme and which tended to have a smaller overall budget than projects supported under other themes (circa €1.1million compared to €2.5million).

¹³ Budget for the Operational Programme

¹⁴ Level of commitment relates to all funds which have been confirmed through a Letter of Offer

¹⁵ All defrayed expenditure.

¹⁶ That they have either accepted a Letter of Offer or that the Project has been approved by the Steering Committee (but letter of offer has not yet been agreed).

Figure 4.2: Progress of Financial Commitment

All subsequent tables will be using the definition of commitment as detailed in Footnote 19.

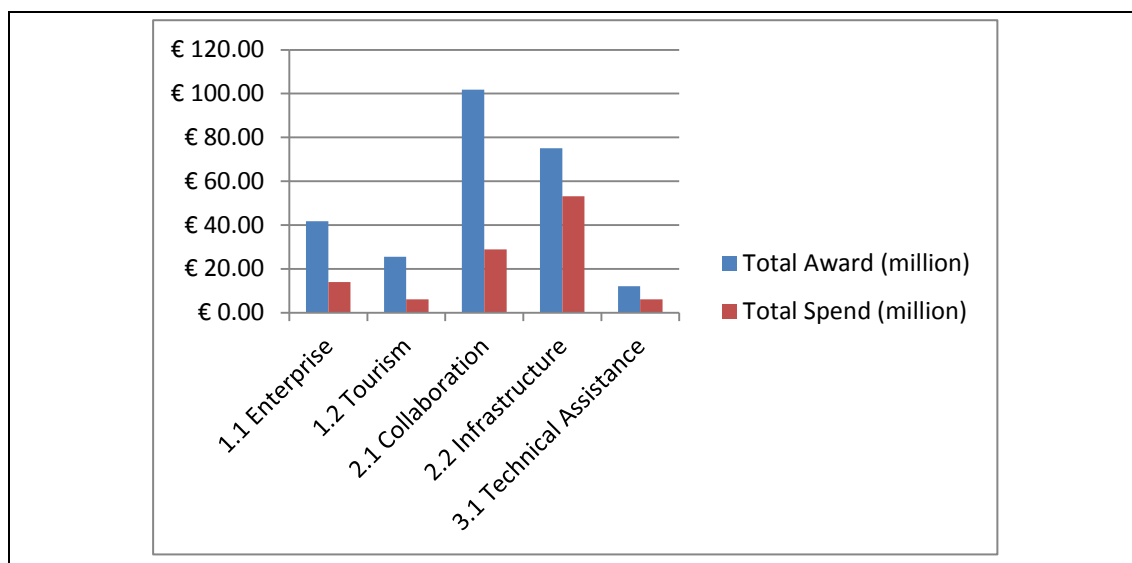
Table 4.3: Progress of Financial Commitment by Theme

Theme	Total Award (million)	Total Committed (million)	Percentage
1.1 Enterprise	€ 41.70	€ 35.80	86%
1.2 Tourism	€ 25.50	€ 23.10	91%
2.1 Collaboration	€ 101.80	€ 95.50	93%
2.2 Infrastructure	€ 75.00	€ 79.60	106%
3.1 Technical Assistance	€ 12.10	€ 10.30	85%

In terms of expenditure a total of approximately €106m had been spent at the end of December 2012, representing 42% of total allocation. The remainder of the allocation is to be spent by June 2015.

At this stage in the Programme, a commitment level of less than 90% could have significant implications for N+2 both at a Theme level and across the entire Programme unless remedial action is put in place. As identified above, Theme 1.1 and 3.1 fall under this category.

The figure below (and Table 4.4.) compares total award allocated under each measure against spend, highlighting that progress with spend varies considerably across each measure.

Figure 4.3: Progress on Financial Spend**Table 4.4: Progress Financial Spend by Theme**

Theme	Total Award (million)	Total Spend (million)	Percentage
1.1 Enterprise	€ 41.70	€ 14	33%
1.2 Tourism	€ 25.50	€ 6	24%
2.1 Collaboration	€ 101.80	€ 27.61	28%
2.2 Infrastructure	€ 75.00	€ 52.97	71%
3.1 Technical Assistance	€ 12.10	€ 6.04	50%

4.2.2 Priority 1, Theme 1

Table 4.5: Current Commitment and Expenditure level in Theme 1.1 Enterprise (at 31st December 2012)

Description	Analysis
Value of Theme	€41,700,000
Projects approved	16
Commitment	€35,764, 243
% Commitment	85.77%
Expenditure	€14,108,229
% Expenditure against allocation	33.8%

Source: System 2007 (up to 31st December 2012)

Overall, this indicates that there is €5.94m of funding presently unallocated for the Theme, which will necessitate either another call for Projects, the use of reserve projects or viring funds to another Theme.

4.2.3 Priority 1, Theme 2

Table 4.6: Current Commitment and Expenditure level in Theme 1.2 Tourism

Description	Analysis
Value of Theme	€25,470,000
Projects approved (no)	5
Commitment (to 31st December 2012)	€23,089,822
% Commitment	90.65%
Expenditure	€5,869,772
% Expenditure against allocation	23.05%

Source: System 2007 (up to 31st December 2012)

Total expenditure to date accounts for 23.05% which leaves only two years to offset €17.22m of the theme expenditure to reach the total existing commitment level of €23.1m.

‘The Gobbins’ and ‘Sliabh Liag Project’ had experienced delays caused by access rights, which have impacted on the theme’s spend profile. During the period of the evaluation, these constraints have been addressed, however, a further €2.4million remains to be committed under this heading.

4.2.4 Priority 2.1 Collaboration

Table 4.7: Current Commitment and Expenditure level in Theme 2.1 Collaboration

Description	Analysis
Value of Theme	€101,799,864
Projects approved (no)	46
Commitment (to 31st December 2012)	€94,942,398
% Commitment	93.26%
Expenditure	€27,608,060
% Expenditure against allocation	27.12%

Source: System 2007 (up to 31st December 2012)

The theme consists of 46 projects, which have been delivered through a number of subthemes and have been analysed in detail in Appendix II.

The Theme remains at a commitment level of 93.26% meaning that circa €7million remains to be committed. The following sub themes: Enterprise and Tourism collaboration account for the greatest degree of potential delay to expenditure with two projects in particular (North West Regional Science Park and Narrow Water Bridge) accounting for €32 million. We have received confirmation from SEUPB that preliminary delays to the North West Regional Science Park Project (due to procurement and land ownership) have been resolved. However, although the Narrow Water Bridge project has received consent from the Department of Finance and Personnel (DFP), a recent procurement exercise brings into question the ability of this project to be delivered within (its €17million) budget. We are concerned that the Narrow Water Bridge Project cannot be delivered within the eligible period and that the money will need to be reallocated.

4.2.5 Priority 2, Theme 2

Table 4.8: Current Commitment and Expenditure level in Theme 2.2 Infrastructure

Description	Analysis
Value of Theme	€75,000,000
Projects approved (no)	15
Commitment (to 31st December 2012)	€79,645,178
% Commitment	106.19%
Expenditure	€52,975,342
% Expenditure against allocation	70.63%

Source: System 2007 (up to 31st December 2012)

The Infrastructure theme has been overcommitted by 6.19% against total allocation. To date it has achieved 70.63% of expenditure against allocation and we have been assured by Programme staff that the remaining projects are well advanced and will not face any obvious construction related constraints.

Further detailed analysis for each of the following sub themes: Infrastructure-Environment, Infrastructure – Roads, Infrastructure – Energy and Infrastructure – Telecoms is contained in Appendix II.

4.2.6 Priority 3, Theme 1

Table 4.9: Current Commitment and Expenditure level in Theme 3.1 Technical Assistance

Description	Analysis
Value of Theme	€12,060,000
Projects approved (no)	3
Commitment (to 31st December 2012)	€10,338,200
% Commitment	85.72%
Expenditure	€6,044,172

Source: System 2007 (up to 31st December 2012)

The Technical assistance budget has achieved 148.11% of its projected N+2 expenditure to 31 December but the overall expenditure is still at 50.12% against total allocation. 14.28% remains unallocated. Given the scale of underspend in a number of the other themes, SEUPB has been prudent in not committing the full technical assistance budget meaning that there is still funding available to meet Programme administration requirements.

4.3 Achievement of N+2

In the table below we have identified the cumulative N+2 targets and expenditure achieved for the Programme, which illustrates that SEUPB is still ahead of its N+2 target, but at a declining rate.

The Programme has been largely 'backloaded' with over €150million to be incurred before June 2015. To date, Programme staff have largely been focused on project pipeline development and assessment activities, however there is now an opportunity for staff to be redeployed to assist Lead Partners in advising on project delivery and mitigating the risk of any possible constraints to delivery (and possible negative impact on spend profile).

We have reviewed the spend profiles of individual projects and the expenditure as profiled can be delivered within the Programme period. However, such optimism must be couched against three potential areas of risk, namely:

- the exposure the Programme has to currency fluctuations (particularly that a large number of projects are denominated in sterling) and any fall in the value of sterling could have negative implications on N+2;
- the impact of large scale decommitments (such as Narrow Water Bridge); and

- there remains a large number of Projects (12 out of 86) which are at the approved stage and still to incur expenditure amounting to circa €41.1million.

For these reasons, we believe that there is a **medium risk** of the Programme not reaching its N+2 target.

Table 4.10: Analysis of Cumulative N+2 against Programme Expenditure

	2009	2010	2011	2012	2013	2014	2015
Annual N+2 Target	N/A	€20.4m	€40.7m	€42.0m	€43.4m	€44.6m	€65.0m
Cumulative N+2 Target	N/A	€20.4m	€61.1m	€103.1m	€146.4m	€191.0m	€256.0m
Cumulative Expenditure achieved	€17m	€46.4m	€ 66.6m	€106.6m	0	0	0
Surplus (carry over) / Deficit	€17m	€26.0m	€5.5m	€3.5m			

4.4 Summary

The above sections highlight that total commitment across the five themes sums to €243.8 million, however 4 out of 5 themes have not been totally committed. Overall only 41.64% of total expenditure has been incurred.

Whilst the Programme is still ahead of its N+2 target, over €150million needs to be incurred before June 2015. It is essential that Programme staff are redeployed to activities that will ensure project delivery and expenditure is effectively managed/controlled.

We have reviewed the spend profiles of individual projects and the expenditure as profiled can be delivered within the Programme period. However, such optimism must be couched against three potential constraints, namely:

- we are conscious of the exposure the Programme has to currency fluctuations (particularly that a large number of projects are denominated in sterling) and any fall in the value of sterling could have negative implications on N+2;
- the impact of large scale decommitments (such as Narrow Water Bridge); and

- there remains a large number of Projects (12 out of 86) which are at the approved stage and still to incur expenditure amounting to circa €41.1million.

For these reasons, we believe that there is a medium risk of the Programme not reaching its N+2 target.

It is recommended that SEUPB continue to monitor the potential impacts of currency fluctuations (as is currently the case), and also undertake a robust review of the ability of those Projects under the 'Approved' Heading to be delivered within the remaining Programme period. SEUPB should also review those projects (which due to their budget) have a scale of decommitment which could impact across the entire Programme. Although viring of monies may be an option, there may still be a need for a final call for Projects in order to offset the need to decommit funding from the Programme as a whole.

5 REVIEW OF PERFORMANCE MANAGEMENT

5.1 Introduction

Within this section we have profiled:

- an overview of Performance Management processes/activities utilised by the programme; and
- The results of a review of Performance Management indicators and performance to date.

5.2 Process of Performance Management

The following description of the Programme performance management process was garnered through interviews with SEUPB and NISRA representatives and is summarised as follows (a more complete version identifying the recent enhancements to the process is detailed in Appendix IV).

At the project submission stage, the Promoter reviews the Operational Programme and identifies in their proposal the performance indicators they will report against (usually via SMART objectives):

- A preliminary assessment and scoring exercise is carried out by the relevant Steering Committee and if selected, the Proposal is submitted for detailed economic appraisal (if above the £500,000 threshold¹⁷). As part of the appraisal process, the Appraiser (as per the reviewed protocol) reviews the SMART objectives against the following criteria:
 - To ensure the compliance of the Performance Indicators with the Operational Programme; and
 - To assess the value for money and timeliness of delivery of the Project using the Performance Indicators.

Once the appraisal is completed, it is submitted to the JTS, for the relevant Steering Committee¹⁸, who decide on whether the particular project is to be supported. If it is supported, a letter of offer is drafted, which outlines both the spend profile of the Project and key performance indicators. Following receipt of the Letter of Offer, NISRA meets with the Promoter to further develop the

¹⁷ On 29th November NIGEAE was updated to reflect de minimis public expenditure limit of £1million

¹⁸ The relevant Steering Committee approves the Project (in conjunction with the Accountable Departments).

monitoring indicators¹⁹ through an iterative drafting process; ensure that all relevant Programme level indicators the project can contribute to are included; and to ensure that all targets are robust and understood by the Lead Partner and project partners (from this point on there is no direct contact between NISRA with the Lead Partner). Indicators are signed off by the Lead Partner in consultation with project partners to ensure all relevant parties are content;

Once the Letter of Offer has been signed, the JTS profiles the performance indicators on System 2007²⁰ (subject to confirmation by both NISRA and the Promoter). The Letter of Offer also stipulates the reporting period and frequency of reporting all relevant performance indicators by the Lead Partner;

As per the Letter of Offer, the Promoter (Lead Partner) directly inputs onto System 2007 their performance on an on-going basis (as and when outputs and outcomes occur). Each submission is then to be reviewed for accuracy by the appropriate case officer from the JTS; and

On a biannual basis (twice a year), NISRA reviews System 2007 in order to prepare a report for the Programme Monitoring Committee against the performance indicators detailed in the Operational Programme. Finally, NISRA also collates information from System 2007 to inform the Annual Implementation Report for submission to the European Commission.

In summary, following the Letter of Offer being issued, NISRA works with the Promoter to confirm performance indicators and targets, thereafter the Promoter (Lead Partner) is responsible for profiling their own progress on System 2007; with SEUPB routinely sense checking what is submitted. In the following section, we will assess the content and robustness of the information submitted.

5.3 Review of Performance Management

This section examines the progress of the 60 approved projects that have reported activity (to date) using the key performance indicators defined in the Operational Programme (OP). During the interrogation of data (supplied by SEUPB) it was noted that many of the projects have unique target indicators (i.e. not specified in the Operation Programme).

¹⁹ The amount of time expended by NISRA is dependent on the quality of performance information previously developed by the Promoter in their original submission and also by the subsequent economic appraisal.

The table below provides a breakdown of the total number of indicators as set out by the Operational Programme and unique indicator by Priority and Theme.

Table 5.1: Summary of indicators by theme

Number of Indicators per Theme	Number of indicators stipulated in the OP	Total Unique Indicators ²¹	Total Number of Indicators ²²
Priority 1: Co-operation for a more prosperous Programme region:			
Output ²³	3	21	
Result ²⁴	5	62	
Impact ²⁵	8	27	
Total 1.1 Enterprise Indicators	16	110	126
Output	2	4	
Result	1	17	
Impact	4	4	
Total 1.2 Tourism Indicators	7	25	32
Priority 2: Co-operation for a sustainable Programme region			
Output	2	67	
Result	4	143	
Impact	2	46	
Total 2.1 Collaboration	8	256	264
Output	4	24	
Result	7	56	
Impact	3	21	
Total 2.2 Infrastructure	15	101	115
Total number of indicators	46	492	538

Source: System 2007 (up to 31st December 2012)

²¹ Unique indicators refers to indicators not specified in the Operational Programme that are currently being recorded against on System 2007.

²² Total number of indicators refers to the total number provided in the current dataset.

²³ Output indicators relate to activity and are measured in physical or monetary units, for example, length of road constructed, number of firms financially supported etc..

²⁴ Result indicators relate to direct and immediate effect on beneficiaries brought about by a programme. They provide information on changes to, for example, the behaviour and capacity of performance of beneficiaries. They can be tangible (reduction in journey times, number of successful trainees, etc) or financial (leverage of private sector resources, decrease in transportation costs, etc).

²⁵ Impact indicators refer to the consequences of the programme beyond the immediate effects. There are two types of impact: specific impacts are those effects occurring after a certain lapse of time but which are directly linked to the action taken and the direct beneficiaries; while global impacts are longer terms effects affecting a wider population and may not be capable of being disentangled from wider effects beyond the particular programme.

For each theme there are a number of output indicators (activity), result indicators (direct and immediate effect of a Programme) and impact indicators (consequences of the programme beyond the immediate effect on beneficiaries).

As shown in the table below there are in total 538 indicators, including 127 output indicators, 294 result indicators and 117 impact indicators.

Table 5.2: Summary of indicators by stage

Number of Indicators by stage	Total Number of Indicators	Total Indicators stipulated in the OP	Total Project Specific Indicators (Not Specified in the OP)	Programme Indicators (with no reports to date)
Output	127	11	116	0
Results	294	17	277	4
Impact	117	18	99	1
Total number of indicators	538	46	492	5

Source: System 2007 (up to 31st December 2012)

Note: As some stipulated indicators from the Operational Programme have not been recorded against in the current dataset and additional unique indicators have been added.

For each Priority, we will assess in the subsequent paragraphs the achievement against output, result and impact against Indicators from the Operational Programme (which SEUPB is contractually obliged to deliver on behalf of the European Commission). We also note that the System 2007 database contains project specific indicators which are used to deliver progress against key milestones for specific projects (project specific management information) but are not directly attributable to the delivery of the targets for the Operational Programme.

5.4 Priority 1 Theme 1 – Enterprise

Theme 1.1 ‘Enterprise’: The allocation for Enterprise is €41.7m and it aims to ‘provide support to new and existing businesses to promote innovation, encourage competitiveness and create a more sustainable economic base. In particular, this Priority will support a number of significant developments in the North/West area’. This element of the Priority has three key areas of support:

- Business support: Promoting innovation and growth in new and existing businesses;
- Investment in business infrastructure: for enterprise development; and
- Networking: Clusters and networks that encourage cross-border co-operation between firms and raise competitiveness.

As of the end of December 2012, 16 projects were approved under this Theme, indicators have been agreed with 14 of the projects.

5.4.1 Output Indicators

Table 5.3: Output Indicators

Programme Indicator	Programme Target ²⁶	Cumulative Project Targets ²⁷	Achievement (end Dec 12 ²⁸)
No. of businesses assisted	200	2,682	1,487
No. of incubation units developed	3	3	0
No. of networking projects supported	15	19	12

Source: System 2007 13.03.13

Given the cumulative project targets, the number of businesses assisted is expected to surpass the set Programme target, and currently 55 per cent of the cumulative project target has been achieved. Although, the cumulative project target for the development of incubation units has reached the programme target, no achievement has been recorded against this indicator on the database. The cumulative project target regarding number of networking projects supported has now surpassed the Programme level target for this indicator (19 and 15 respectively). Achievement on the database for the number of networking projects supported shows that 63 per cent of the project target has been reached.

We note that the cumulative target for two of the indicators is greater than the Programme target. This situation could be further exacerbated if the as yet uncommitted funds are directed to Projects aimed at addressing these targets.

²⁶ Programme Target – target as set out in the Operational Programme.

²⁷ Cumulative Project Target – summation of all Projects reporting against this target who have accepted their Letter of Offer.

²⁸ Achievement to date.

In light of the aforementioned comments, it is recommended that the Operational Programme target for the following indicator is amended to reflect the cumulative project target which is the actual level of activity anticipated:

- *Number of businesses assisted (current OP target: 200 revised OP target: 3,000).*

5.4.2 Result Indicators

Table 5.4: Results Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
per cent of assisted businesses developing new products	40	5	59.5 businesses which equates to 4%
per cent of assisted businesses developing new processes	40	12	77.4 businesses which equates to 5%
per cent increase in sales in supported businesses resulting from sales and marketing activities	10	4 projects contributing to this indicator so far - nature of indicator does not permit an aggregated target to be calculated at this stage	Some achievement reported but aggregated achievement cannot be calculated at this stage
M ² floor space constructed/refurbished	18,000	17,831	0
No. of businesses collaborating on a cross-border basis as a result of participation in networks	200	916	110

Source: System 2007 13.03.13

As can be seen from the table above, in most cases, the cumulative project targets currently established have not yet reached the targets set at the Programme level. Achievement recorded on the database shows that 4 per cent of assisted businesses have developed new products and 5 per cent have developed new processes. 110 businesses are collaborating on a cross border basis as a result of participation in networks, compared with cumulative project targets of 916.

Given the low level of cumulative project targets presented above, it is anticipated that two of the targets (% of assisted businesses developing new products and % of assisted businesses developing new processes), will not be met. This seems at odds with the 2,682 businesses recorded as having been assisted. However, feedback from NISRA states that the targets are no longer reflective of the contributing projects and their aims²⁹.

5.4.3 Impact Indicators

Table 5.5: Impact Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
per cent of assisted businesses entering new markets, both domestic and international	20	19	346 businesses which equates to 23%
Increase in firms' turnover after 2 years of receiving support	No target set	10 projects contributing to this with varying individual targets - nature of indicator does not permit an aggregated target to be calculated at this stage	Some achievement reported but aggregated achievement cannot be calculated at this stage
per cent of new firms still in existence after 2 years of receiving support	80	2 projects contributing to this indicator; one has a target of 65 per cent and the other has not yet set a target	0
per cent turnover in assisted businesses coming from exports after 2 years	5	5 projects contributing to this indicator - nature of indicator does not permit an aggregated target to be calculated at this stage	Some achievement reported but aggregated achievement cannot be calculated at this stage

²⁹ Whilst the Project Promoters envisaged that the targets for these indicators were relevant at the Programme development stage, the nature of the projects applying for funding was not consistent with these expectations. A number of projects are providing a different type of support to businesses (i.e. not related to developing new products or processes), others are assisting businesses to further develop existing products and/or processes, which again are not consistent with the Programme level indicators, and some projects have difficulty separating out products and processes. This difference in the type of activities has led to the difference in Programme and cumulative project level targets.

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
No. of new jobs created	50	631.5	229
per cent of floor space that has been bought or rented by firms after 2 years	75	82	0
No. of businesses occupying floor space	20	35	0
per cent cross-border networks still in existence after 2 years	40	59	0

Source: Systems 2007 13.03.13

Four of the impact indicators (Number of new jobs created, number of businesses occupying floor space, percentage cross border networks still in existence after 2 years and percent of floor space that has bought or rented by firms after 2 years) under this theme have targets that are expected to be surpassed by the cumulative contribution of the projects. Several of the indicators have targets that do not lend themselves to calculating an aggregated project target at this time, but they do, however, have several projects that have committed to contribute to the Programme level target. The table above shows that all indicators have projects contributing to their targets, but to date only two have information recorded on the database that can be reported at an aggregated level.

Currently 23 per cent of assisted businesses have entered new markets and 229 jobs have been created (which exceeds the Programme level target but is 36 per cent of the cumulative project targets).

In light of the aforementioned comments, it is recommended that the Operational Programme for the following indicator is amended to reflect an enhanced level of activity:

- *Number of new jobs created (Current OP target: 50, proposed OP target: 600).*

5.5 Priority 1 Theme 2 – Tourism

Theme 1.2 ‘Tourism’: The allocation for Tourism is €25.47m and it aims to ‘support the development of tourism products that will attract domestic and overseas visitors and contribute towards improving the performance of the tourism industry in the eligible region. In particular, a focus will be placed on encouraging projects which develop tourism activities and broaden the tourism season. In addition, support will be provided to promote the tourism product of the region through tailored marketing approaches’. (p48)

Indicators have been agreed with four projects under Tourism Theme – Lough’s Agency, SailWest, NEP Gobbins/Sliag Liag and ICBAN Border Uplands.

This element of the Priority has two key areas of support:

- Tourism product and marketing development in ‘thematic areas’ - culture, language and heritage, natural resources, rural, marine and water based tourism; and
- Enhancing the tourism product including visitor services, accommodation for niche tourism activities, venues, visitor events and activities.

5.5.1 Output Indicators

Table 5.6: Output Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
No. of new products developed/existing products enhanced	10	96	11
Tourism marketing/brand products completed	10	7	1

Source: System 2007 13.03.13

The table above illustrates that the cumulative project target for Number of new products developed/existing products enhanced is being surpassed by a magnitude of 9 times. The cumulative target for tourism marketing/brand products completed has not yet been met (however there is still available funding to meet this target). To date, one tourism marketing/brand has been completed and 11 new products developed/existing products enhanced.

In light of the aforementioned comments in relation to the cumulative project target for Number of new products developed/existing products enhanced the following revision is recommended:

- *Number of new products developed/existing products enhanced (current OP target: 10, Proposed OP target: 90).*

5.5.2 Result Indicators

Table 5.7: Result Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
per cent increase in visitors to supported facilities	5	4 projects contributing to this indicator	0

Source: Systems 2007 13.03.13

All projects are contributing to the target of 5 per cent increase in the number of visitors to supported tourist facilities. However, these projects are at an early stage of implementation and no achievement has been recorded.

5.5.3 Impact Indicators

Table 5.8: Impact Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
per cent of new tourism products/facilities still in existence after 2 years	80	100	0
per cent increase visitors to eligible area in Apr-Sep	10	To be collected centrally ³⁰	N/a
per cent increase visitors to eligible area in Oct-Mar	5	As above	N/a
Increase in average length of stay	n/a	As above	N/a

Source: Systems 2007 13.03.13

³⁰ These indicators are taken from sources external to project monitoring (e.g. surveys and administrative systems) at a global level; so while it is possible that projects activities may contribute to the overall achievement of these indicators, it is not possible to set individual targets at a local level as it will not be consistent with the Programme level indicator

Three of the four impact indicators under the tourism theme have targets that require information to be collected from various sources other than project lead partners in order to measure progress. For the remaining indicator of 80 per cent of new tourism products/facilities to still be in existence after 2 years, the projects are at too early a stage of their implementation to report achievement.

5.6 Priority 2 Theme 1 - Collaboration

Theme 2.1 'Collaboration': The allocation for Collaboration is €101.8m and it aims to 'promote programme co-operation and the exchange of expertise, information and best practice between public bodies and other relevant stakeholders. In particular, the Priority will fund strategic collaborative approaches that will promote innovative ways of addressing specific programme problems, delivering services within border areas and promoting sustainable communities. Attention will also be placed on developing programme research services that can improve the evidence base and quality of comparable information to assist spatial planning and policy making. In addition, networks involving stakeholders in other EU Member States will be supported to encourage the sharing of best practice across the EU for developing innovative responses to programme co-operation.

Indicators have been agreed for 42 projects under the Collaboration theme. 25 of these are under the Public Sector Collaboration sub-theme; 9 are under the PSC enterprise sub-theme; 5 projects are under the rural development sub-theme; 2 are under PSC tourism sub-theme and 1 is under the Health and Social Care sub-theme.

This element of the Priority has two key areas of support:

- Strategic collaborative approaches that will promote innovative ways of addressing specific cross- border problems and delivering public services within border areas; and
- Exchange of information, expertise and best practice in cross-border co-operation.

5.6.1 Output Indicators

Table 5.9: Output Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
No. of cross-border projects supported	16	59	49
No. of strategic local authority initiatives supported	24	17	12

Source: System 2007 13.03.13

The Programme level target for the number of cross-border projects supported has already been greatly exceeded and 83 per cent of the cumulative project target has been achieved to date. The cumulative project target for the number of strategic local authority initiatives supported has yet to meet the Programme target, and current achievement is at 71 per cent of the cumulative project target.

In light of the aforementioned comments in relation to the cumulative project target for the number of cross border projects supported, the following recommendation is made to increase the target:

- *Number of cross border projects supported (Current OP target: 16, Proposed OP target 60).*

5.6.2 Result Indicators

Table 5.10: Result Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
No. of beneficiaries of supported cross-border services	1,600	182,310	9,941
per cent of research projects completed	100	100	6 out of 15 research projects which equates to 40%
No. of conferences and seminars held	24	156	221
No. of attendees at conferences and seminars held	960	12,500	8,593

Source: System 2007 13.03.13

Comparisons of the cumulative project targets with the Programme targets shows that all of the Programme targets under the Collaboration theme of Priority 2 will be met or surpassed if projects reach their individual targets. To date, there have been close to 10,000 beneficiaries of supported cross-border services, with 221 conferences held and 8,593 attendees at those conferences. In addition, 6 research projects have been completed.

It is noted in the table above that the cumulative project targets for a number of results are significantly higher than the Operational Programme target, it is therefore recommended that the following amendments are made:

- *Number of beneficiaries of supported cross border services: (Current OP target: 1,600, Proposed OP target: 180,000);*
- *Number of conferences and seminars held: (Current OP target: 24, Proposed OP target: 190)*
- *Number of attendees at conferences and seminars held: (Current OP target 960, Proposed OP target: 8,500).*

5.6.3 Impact Indicators

Table 5.11: Impact Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
per cent of innovative cross-border projects still in existence 2 years after the end of the Programme	80	9 projects are contributing to this indicator- nature of indicator does not permit an aggregated target to be calculated at this stage	0
No. of solutions to cross-border problems addressed through joint action	24	72	47

Source: System 2007 13.03.13

Both impact indicators have projects contributing towards the targets and achievement has been recorded against one, where 47 solutions to cross-border problems have been addressed through joint action which surpasses the Programme level target and is 65 per cent of the way towards meeting the cumulative project target.

It is too early to assess the impact indicator for Theme 2.1 'cross-border projects in existence two years after the end of the Programme'. The second indicator shows that achievement of 'solutions in relation to cross-border problems', which have been addressed through joint action' have been successful. Current achievement against the cumulative target suggests the target will be achieved.

It is noted in the aforementioned table that the cumulative project target for the number of solutions to cross border problems addressed through joint actions is higher than the operational programme target, it is therefore recommended that the Operational target be increased:

- *Number of solutions to cross border problems addressed through joint action (Current OP Target: 24, Proposed OP Target: 70).*

5.7 Priority 2 Theme 2 – Infrastructure

Theme 2.2 'Infrastructure': The allocation for Infrastructure is €75m and it aims to 'support a number of selected programme infrastructure projects in the areas of telecommunications, transport, energy and utilities and the environment. In particular, the Priority will develop ICT telecommunication networks to enhance the level of connectivity in the region, develop and upgrade transport networks (road, rail and sea), support programme approaches to address issues of environmental protection and develop alternative energy sources to reduce carbon emissions and improve the environment. Investment in programme infrastructure will improve access to services and business opportunities for those living in the eligible area.

Indicators have been agreed for 12 projects under the Infrastructure theme – BioMara, ISLES, Project Kelvin, Freshwater pearl mussel measure, INIS Hydro, DOLMANT, ANSWER, GESI North, Invasive plants, HELP project, CB Regional Infrastructure Development Schemes (CBRIDS) including an extension, and IBIS project.

5.7.1 Output Indicators

Table 5.12: Output Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
Km of roads upgraded, restored or built	3	7.2	28.3
No. of renewable energy projects and energy efficiency projects assisted	10	2 ³¹	3
No. of environmental projects funded	5	8	0
No of telecommunications projects funded – telecommunication line/infrastructure installed	2	1	0

Source: System 2007 13.03.13

The indicator for roads upgraded, restored or built has one project which has a target of 7.2km, over twice that of the OP target. If projects meet their individual targets, it is expected that the number of environmental projects funded will be surpassed, and the remaining two (the number of renewable energy/energy efficient projects and telecommunication project) are not yet expected to reach the Programme level targets set. Currently, two project targets have been met under this theme. The kilometres of road that has been upgraded, restored or built has surpassed both the Programme level target and the cumulative project target. Two renewable energy/energy efficiency projects have been assisted meeting the current project level target but falling short of the Programme level target of 10.

5.7.2 Result Indicators

Table 5.13: Result Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
Increase in traffic flow of vehicles/freight after 1 year	Tbc	No projects contributing to this indicator yet	0
Reductions in journey times (mins)	Tbc	One project is contributing to this indicator with a target of 33 per cent	0

³¹ 2 refers to operations, however there are 4 subsidiary projects

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
No. of renewable energy sources created/developed	6	1	0
No. of households who switch to take up renewable energy methods of production	250	No projects contributing to this indicator yet	0
No. of businesses who switch to take up renewable energy methods of production	150	No projects contributing to this indicator yet	0
per cent reduction in time taken to transmit data between North America and the North West	25	1 project contributing to this with individual target of 25 per cent	0
percentage point increase in the take up and use of Broadband by business	5	No projects contributing to this indicator yet	0

Source: System 2007 13.03.13

Most of the results indicators under this theme do not yet have projects contributing towards their associated targets. 2 of these indicators have yet to have Programme level targets set, as per the definitions in Annex B of the Monitoring and Evaluation Plan (these targets were to be agreed once it was clear what projects were being funded as baseline figures could only be developed once the specific roads to be improved were identified).

Three indicators with projects contributing to them are: the number of renewable energy sources created/developed (1 out of a Programme target of 6 currently expected), the reduction of time take to transmit data between North America and the North West (1 project contributing with a target of 25 per cent - matching the Programme level target) and the reduction in journey times (1 project contributing with a target of 33 per cent).

It was originally envisaged that there would be a higher number of renewable energy projects supported under this Priority, however these projects were not forthcoming. Two Result indicators (Number of householders who switch to take up renewable energy methods of production and number of businesses who switch to take up renewable energy methods of production) were developed to capture anticipated benefits, however these particular results indicators are not reflective of submitted activity and it is recommended that the following modifications to the Operational Programme are implemented:

Removal of the following redundant indicators:

- Number of householders who switch to take up renewable energy methods of production; and
- Number of businesses who switch to take up renewable energy methods of production.

In consultation with key stakeholders it is recommended that the following result indicators are adopted into the Operational Programme:

- Research/datasets produced (Proposed target: 114)
- Knowledge Transfer/information events held (Proposed target: 66); and
- Attendees at knowledge transfer/information dissemination events held (Proposed target: 1,610).

5.7.3 Impact Indicators

Table 5.14: Impact Indicators

Indicator	Programme Target	Cumulative Project Targets	Achievement (end Dec 12)
Reduction in number of accidents after 2 years	Tbc	No projects contributing to this indicator yet	Tbc
per cent of electricity demand met from indigenous renewables	12	To be collected centrally ³²	Tbc
Reduction in per capita emissions of CO ₂ (tonnes)	0.5	As above	Tbc

Source: System 2007 13.03.13

There are no projects as yet contributing towards the target of a reduction in the number of accidents after 2 years (as a baseline could not be developed until all roads being improved under this Theme were identified).. The other two impact indicators require information to be collected centrally from sources other than project lead partners in order to measure progress.

³² These indicators are taken from sources external to project monitoring (e.g. surveys and administrative systems) at a global level; so while it is possible that projects activities may contribute to the overall achievement of these indicators, it is not possible to set individual targets at a local level as it will not be consistent with the Programme level indicator

Following feedback from key stakeholders it is noted that none of the three impact indicators is likely to record project activity. Consequently a new impact indicator has been developed. The following actions are recommended:

- The following indicators are to be considered redundant and removed from the Operational Programme:
 - Percent of electricity demand met from indigenous renewable; and
 - Reduction in per capita emissions of CO2 (tonnes).
- The following impact indicator should be added to the Operational Programme:
 - Datasets/research used to inform policies/environmental agency processes/renewable energy processes (Cumulative Project target: 7).

5.8 Cross Cutting Themes

A key element of the Operational Programme is delivery against the following four cross cutting themes of:

- Equality;
- Sustainable Development;
- Impact on Poverty; and
- Partnership.

It was noted that none of the four cross cutting themes were analysed at the Project level.

The on-going monitoring of cross cutting themes is a European funding requirement. In other regions (most notably Wales), it assists in ensuring that when projects are being implemented that they are correctly targeting interventions towards appropriate groups (i.e. it identifies if any groups are being excluded or over represented).

Further discussions with SEUPB and NISRA highlighted the following mechanisms for assessment of the four Cross Cutting Themes:

- Equality – participant monitoring forms are recorded at project level for all Section 75 groups, however this information (for reasons of confidentiality) is only reported at Programme level;
- Sustainable Development – projects are assigned one of 6 development paths for measuring environmental sustainability at the assessment stage,

however no further information was recorded over the duration of the Project;

- The method of impacting on poverty is reported through the application form and scored at the assessment stage, however there is no on-going reporting of outputs/results carried out either at the Project or Programme level; and
- Partnership is assessed at the project assessment stage (i.e. through joint development, joint delivery, joint staffing and joint funding), but no further assessments on partnership at a later stage are made.

Cross Cutting Themes are not analysed (at a Project level) throughout the implementation of a project; rather they are reviewed as eligibility criteria at the assessment stage and reported against only at Programme level.

It is our contention that enhanced use should be made of the cross cutting themes from two perspectives:

- To aid implementation; and
- To assess impact/results.

At present, individual project promoters are not held to account as to how they are delivering their project against each of the four cross cutting themes. It is not possible to discern at the project level whether it continues to comply with the assumptions in the assessment form as to the degree of joint delivery, the sustainable path it is following, any impact on poverty and whether it is accessible to all Section 75 groups.³³

The performance indicators for the Programme do not record any output or impact against poverty (job creation is recorded but this does not fully address activities related to poverty). It is recommended that the following performance indicators could be used to assess impact against the poverty cross cutting theme, including:

- Number of participants living in (% to be agreed) most deprived super output areas;
- Number of participants who are unemployed or those in receipt of Disability Living Allowance; and
- Number of participants with no qualifications.

³³ It is noted that the project selection Guidance Note states “*Projects must show due regard for the need to promote equality of opportunity and adherence to the equality legislation in relevant jurisdictions.*”

NISRA currently collates information (except for poverty) derived from reports/feedback forms from each project on the cross cutting themes. However it aggregates this information across the Programme, rather than analysing at a project or theme level.

Although the INTERREG IVA Programme is primarily orientated towards achieving economic and social goals, the cross cutting themes (particularly the sustainability theme) potentially provides a useful mechanism in ensuring that environmental factors are considered for all submitted project ideas as well as providing a tool for the assessment of overall environmental impact (both positive and negative).

It is recommended that the cross cutting themes are analysed for each project (using the information already collated).

5.9 Summary

The above section highlights that:

- There are 46 programme level indicators in total, of this 5 are global indicators which Lead Partners do not directly report against. Of the remaining 41 the following 4 do not have any projects committed to contributing towards them and have been classified as being redundant, namely:
- Number of households who switch to take up renewable energy methods of production;
- Number of businesses who switch to take up renewable energy methods of production;
- Percent of electricity demand met from indigenous renewable;
- Reduction in per capita emissions of CO2

We assume that the reason that these indicators are not being used is a result of:

- That Project Promoters are either not choosing to use these performance indicators or that they are being recommended not to use them (because they are potentially viewed as not being relevant/fit for purpose);
- Of the 36 indicators which have had projects commit to them, activity has only been reported against 23. Of the remaining 13, approximately half, relate to long term impact indicators that cannot be reported against at this stage. We have noted that in a number of cases, the cumulative target is

significantly higher than that listed in the Operational Programme, which would suggest:

- The target was set too low in the Operational Programme;
- The Projects have been more efficient/effective than was first envisaged (and we would assume that there is a need to review preliminary assumptions) or the nature or activities of projects successfully applying for funding have been different to anticipated; and
- Target has been surpassed, which queries the need for further funding of Projects under the Theme.

It is recommended that the following indicators be added to the Operational Programme:

- Research/datasets produced (Proposed target: 144);
- Knowledge transfer/information dissemination events held (Proposed target: 66);
- Attendees at knowledge transfer/Information dissemination events held (Proposed target: 1,610);
- Datasets/research used to inform policies/environmental policies/environmental agency processes/renewable energy processes (Proposed target: 7)

An additional 512 unique indicators (which are not specified in the Operational Programme) are being reported against. Due to their project specific nature, they have purposely not been used to assess overall programme performance. The assessment of project progression is primarily assessed through analysis of expenditure and N+2 targets. We recognise that the use of spend can be a useful proxy of assessing progress at the early stages of a project and although the project specific indicators do not directly contribute to the KPIs cited in the Operational Programme (and which SEUPB is held to account against with the European Commission), they do provide a method for assessing progress. The use of project specific indicators (and if reviewed on a regular basis) can provide a wider interpretation of the impact/results of the project rather than relying on the 46 core indicators.

It is recommended that the case officers routinely review the project specific indicators to assess progress and ultimate results/impact;

- Our analysis, which relates solely to the 46 indicators from the Operational Programme, highlights that:
 - In terms of progress on results, no performance has been reported against the infrastructure heading, however other thematic headings have recorded progress, including the Enterprise and Tourism Themes, which have nearly reached their overall target value;
 - In terms of progress on impacts, no performance has been reported against the infrastructure heading. However other thematic heading have recorded some performance.

During the consultation exercise it was noted that NISRA undertakes a detailed review of Project outputs, results and impacts with the Promoter, before the Letter of Offer is agreed. Although this is a useful exercise, we believe that there is a need for a follow up review by NISRA, particularly as projects change over time and that it also takes a period of 'bedding in' by the Promoter before they can readily assess the true outputs, results and impacts of their Project (and also discuss reporting with their Partners). It is therefore recommended that NISRA undertake a review of the project with the Promoter between six months and one year of project commencement.

Cross Cutting Themes are not analysed (at a Project level) throughout the implementation of a project, rather they are reviewed as eligibility criteria at the assessment stage and reported against only at Programme level.

It is our contention that enhanced use should be made of the cross cutting themes from two perspectives:

- To aid implementation; and
- To assess impact/results.

At present, individual project promoters are not held to account as to how they are delivering their project against each of the four cross cutting themes. It is not possible to discern at the project level whether it continues to comply with the assumptions in the assessment form as to the degree of joint delivery, the development path for environmental sustainability it is following, any impact on poverty and whether it is accessible to all Section 75 groups (although uptake by section 75 group is measured through the section 75 monitoring forms issued by project promoters to project participants).

The performance indicators for the Programme do not record any output or impact against poverty (job creation is recorded but this does not fully address activities related to poverty).

It is recommended that the Cross Cutting Themes are analysed for each Project (using information already collated).

6 BENCHMARKING

6.1 Introduction

The following section benchmarks the INTERREG IVA Programme for Northern Ireland, the Border Region of Ireland and Western Scotland against:

- The Ireland/Wales INTERREG IVA Programme (2007-13);
- Scottish Lowlands and Uplands ERDF Programme (LUPS) (2007 – 13); and
- North East of England ERDF Programme (2007-2013).

The aim of the benchmarking process is to inform an assessment of the efficiency and effectiveness of programme administrative functions against broadly comparable programmes delivered in other jurisdictions. In order to inform this assessment, where possible, we have obtained information on:

- Operational Programme³⁴:
 - Number of Priorities;
 - Size of budget;
 - Average size of Project/Operation;
 - Role of Collaboration/Strategic Nature of Projects (used as proxy for prescriptive nature/ degree of complexity of Programme);
 - Cross Cutting Themes; and
 - Match Funding.
- Programme Delivery Structures/Resourcing
 - Application and assessment processes (including use of independent appraisals and duration of appraisal process); and
 - Financial and Physical Performance.

Information has been sourced from the following documents:

- Relevant Operational Programmes;
- Most recent Annual Implementation Report (for Programme); and
- Recent Evaluations.

³⁴ We sought information as to error rates but this was not readily available across the other regions.

6.2 The Ireland/Wales INTERREG IVA Programme

6.2.1 Programme Overview

The Programme operates across Ireland (Co. Meath, Dublin, Wicklow, Wexford, Waterford, Carlow, Kilkenny, South Tipperary; also Cork and Kerry as adjacent areas) and Wales (Gwynedd, Isle of Anglesey (Ynys Mon), Conwy, Denbighshire and South West Wales).

The cross border region is centred on the main sea routes between Ireland and Wales and the main access points for Irish goods to Britain and European markets and vice versa i.e. the central corridor of Dublin/Dun Laoghaire and Holyhead and the southern sea corridor of Rosslare/New Ross/Waterford and Fishguard/Pembroke Dock/Milford Haven. The ports are of strategic importance and form vital links across the sea border.

The Programme involves co-operation between the more economically advanced part of Ireland including the national capital, Dublin, and the western more rural areas of Wales which are at the periphery of economic development and excludes the capital city, Cardiff.

The Programme is worth over €70.3million with €52million of that available in ERDF grant support and has the following aims:

- Improving the overall economic, environmental and social wellbeing of the Ireland/Wales co-operation area;
- Achieving a more cohesive, balanced and sustainable development of the area; and
- Contributing to the greater competitiveness of the region and that of the EU in a globalised world.

To address these aims the Programme has two Priorities, each containing two themes:

- **Priority 1: Knowledge, Innovation and Skills for Growth:**
 - Theme 1: Innovation and Competitiveness; and
 - Theme 2: Skills for Competitiveness and Employment Integration.
- **Priority 2: Climate Change and Sustainable Regeneration:**
 - Theme 1: Climate change and Sustainable Development; and
 - Theme 2: Sustainable Regeneration of Communities.

There is also a separate Technical Assistance Priority.

The Programme has two Cross Cutting Themes (which are not reported against in the AIR):

- Equal Opportunities; and
- Sustainable Development.

6.2.2 Programme Delivery Structures

In March 2006 the Welsh European Funding Office met with the Department of Finance and the Southern and Eastern Regional Assembly and it was agreed that in the interests of partnership that the role of Managing and Certifying Authority would be transferred to Ireland for the new programming period. The Irish authorities agreed that the Southern and Eastern Regional Assembly would take on these roles. Although there is representation of both Governments on the Monitoring Committee (see below), the Programme does not have the same role for Accountable Departments in the assessment of projects outside of the Monitoring/Steering Committees.

6.2.2.1 Joint Technical Secretariat

The Joint Technical Secretariat is based in Waterford, with a Welsh contact point based within the Welsh Assembly. We have reviewed the responsibilities of the JTS and are identical to those delivered by the JTS in SEUPB.

In addition, development officers were established in both jurisdictions to assist in the process of project development and advise applicants on the preparation and implementation of projects.

The Joint Technical Secretariat has 10 staff out of a total staff complement for the Programme of 21. For 2011, staff costs amounted to £588,988 out of a total budget (including consultancy costs, travel and subsistence and publicity and communications) of £831,168 some 70% of total costs.

6.2.2.2 Steering Committee

The Steering Committee is responsible for the selection of projects for funding. It should be noted that the Steering Committee is comprised mainly of sectoral experts for Programme Priorities. This strengthens the selection process and helps to ensure complementarity as they provide expertise in the areas such as

innovation, training, employment, climate change, the environment and community development.

Theme Leaders were appointed from within the Steering Committee membership. The Theme Leader reviews each grant application at an early stage following the closure of the call and provides comments to the JTS regarding quality issues from a sector specific view point. There is a particular emphasis on addressing the complementarity with other funding instruments.

6.2.2.3 Monitoring Committee

The Monitoring Committee reviews funding decisions (regarding operations) made by the Steering Committee. Reviews progress against expenditure (N+2 targets) and the key performance indicators of the Programme and has the authority to revise the composition of the Priorities.

The Monitoring Committee is comprised of representatives from:

- The Managing Authority;
- The Department of Finance (RoI);
- The Welsh Assembly Government;
- Regional and Local Government;
- The Environment Sector;
- Social Partners; and
- The Commission's Representation.

6.2.3 Performance to Date

The following table provides further details of the nature/funding of projects delivered by the Programme.

Table 6.1: Performance of Wales/Ireland Programme

Role of Collaboration/Strategic Nature of Projects	All Projects have both Welsh and Irish Partners.
Match Funding	Yes, minimum of 25% from partners (other public, community and voluntary sectors)
Average size of project/ operation	€900,000

Application Process	<p>On average 10 months from Project submission to agreement of Letter of Offer. Project appraisal is carried out through use of a detailed Application form (encompassing the ten steps of an economic appraisal) which is scrutinised by the JTS and used for funding decisions by the Steering Committee. There is no use made of a separate economic appraisal. Technical assistance relates solely to specialist input in scrutiny and project design.</p> <p>The Welsh European Funding Office (WEFO) is the managing authority for the Programme and has been granted financial accountability by the Welsh and Irish Governments. However, the Certifying Authority rests with a regional assembly in Ireland.</p>
Expenditure to date	<p>At the end of 2011 the Programme had 41 approved projects which were worth 97% and 99% of the overall programme grant allocation for Priorities 1 and 2 respectively. The AIR stated that this should provide the programme with a sufficient platform to meet its N+2 obligations for its remaining lifetime (In 2011, JTS exceeded its N+2 target for the year by €700,000).</p>
Review of Performance to date	<p>There are 27 output indicators and 15 result indicators listed across the four themes. Not all performance indicators are reported against and a number of targets (as of 2011) have already been exceeded.</p>

6.3 The Lowlands and Uplands Scotland ERDF Programme

6.3.1 Programme Overview

Lowlands and Uplands Scotland ERDF Programme³⁵ operates entirely in Scotland and has eight aims:

1. Increasing the regional benefits of a strong higher and further education sector;
2. Improving RTD and innovation across the region;
3. Increasing the low numbers of people becoming entrepreneurs;
4. Addressing the development bottlenecks for new and growing businesses;

³⁵Scotland, for the purposes of the structural funds is divided into two areas Lowlands and Uplands Scotland Programme (the focus of this study) and Highlands and Island Scotland. In addition, funding for European Regional Development Funding and European Social Funding is administered separately

5. Improving the indigenous enterprise development of the most disadvantaged urban communities;
6. Improving the ability of disadvantaged urban communities to access economic growth in the areas of opportunity;
7. Increasing the diversification of the rural economy into new activities while supporting sustainable competitiveness of traditional industries; and
8. Improving key support services to underpin the sustainability of rural economic development.

The overall budget for the ERDF Programme is €375million of which:

- Priority 1: Research and Innovation; €92million or 25%;
- Priority 2: Enterprise growth: €122million or 33%;
- Priority 3: Urban Regeneration; €101million or 27%;
- Priority 4: Rural Development: €51million or 14%; and
- Priority 5: Technical Assistance €9million or 2%.

The Programme has three Cross Cutting Themes, namely: Equal Opportunities; Environmental Sustainability; and Social Inclusion.

6.3.2 Programme Delivery Structures

The Managing Authority of the Programme is the Scottish Government through the Lowlands & Uplands Scotland ERDF Team within the European Structural Funds Division. The Certifying Authority of the Programme is the Scottish Government through the Certifying Authority Team within the European Structural Funds Division (with the same address as the Managing Authority). Certification is undertaken by a unit within the Department that is functionally independent from the Managing Authority. Its tasks are set out in Article 61.

6.3.2.1 Joint Technical Secretariat

Functions of the Joint Technical Secretariat are delivered by a number of bodies including:

- Intermediate Administration Body (such as East of Scotland European Partnership- whose functions have subsequently been subsumed back into the Scottish Government);
- Strategic Delivery Body (such as Scottish Enterprise) and

- Community Planning Partnerships which is delivered through local authorities throughout the region.

Each of these delivery arms is responsible for the administration of a key priority, i.e. Scottish Enterprise administers Priority 1 Research and Innovation, whilst the local authorities through the Community Planning Partnerships administer Priority 3- Urban Regeneration.

6.3.3 Steering Committee

The function of the Steering Committee in Scotland is undertaken by Advisory groups (for each Priority). Membership of the advisory groups reflects expert knowledge, including key regional partners and Scottish Government policy officials and will be chaired by the Managing Authority.

6.3.4 Monitoring Committee

The Programme Monitoring Committee (PMC) is responsible for monitoring the implementation of the Programme and a single PMC oversees both the ERDF and ESF programmes, ensuring greater strategic overview in specific project decisions but also in the overall use of Structural Funds for the region.

The PMC membership is drawn from representatives reflecting the key sectoral and sub-regional interests in the programme, including the economic, environmental and social partners chaired by the Scottish Government.

6.3.5 Performance to Date

The following table provides further details of the nature/funding of projects delivered by the Programme.

Table 6.2: Performance to date of Lowlands and Uplands Scotland Programme

Role of Collaboration/Strategic Nature of Projects	Projects maybe multi-partner (within the same sector).
Average size of project/ operation	Less than €1million.
Match Funding	Yes, a range of co-financing rates between 40-50% from promoters (from the public, community and voluntary sectors).
Application Process	On average 9 months from Project submission to agreement of Letter of Offer. Project appraisal is carried

	out through use of a detailed Application form (encompassing the ten steps of an economic appraisal) which is scrutinised by the JTS and used for funding decisions by the Steering Committee. There is no use made of a separate economic appraisal. Technical assistance relates solely to specialist input in scrutiny and project design.
Expenditure to date	As of May 2012, the overall level of ERDF grant committed to date is £314,199,602 and ERDF grant to the value of £151,612,701 have been processed and passed to the Managing Authority for payment to sponsors. There is currently an over-commitment of £7,551,435 ERDF grant of the original allocation
Review of Performance to date	There are 24 output indicators and 27 results indicators listed across the four priorities. Not all performance indicators are reported against and a number of targets (as of 2012) have already been exceeded.

6.4 The 2007-13 North East ERDF Programme

6.4.1 Programme Overview

The North East ERDF Operational Programme (NEOP) 2007-13 has some £325m1 of ERDF resources. The North East is the smallest region outside of London in terms of area, stretching 100 miles north-south from Berwick-upon-Tweed to Darlington. It has a high proportion of land within national parks and areas of outstanding natural beauty, has the lowest population, at 2.6 million (2008), of the English regions and has experienced the slowest rate of growth for the past decade.

The 2007-13 North East ERDF programme has the following core objectives:

- The creation of 3000 new businesses, with at least 15% in disadvantaged areas;
- The creation/safeguarding of 28,500 gross jobs with at least 10% in disadvantaged areas;
- An increase in R&D expenditure as a percentage of regional GVA to 0.2%
- Assisting 2,850 business to improve environmental management and energy efficiency;
- Generating a £1.1billion increase in regional GVA; and

- Generating a sustainable uplift in regional GVA per annum equivalent to 3% of the 2004 level.

The Programme has two Priorities: each containing three themes:

- Priority 1: Enhancing and Exploiting Innovation; and
- Priority 2: Business Growth and Enterprise.

There is also a separate Technical Assistance Priority. The overall budget for the ERDF Programme is £325million. The Programme has three Cross Cutting Themes, including:

- Environmental Suitability;
- Equality and Diversity; and
- Reducing Spatial Disparities.
- Programme Delivery Structures

Until the abolition of the Regional Development Agencies in England, One North East was the Managing Authority and Certifying Authority for the ERDF programme. However, these authorities have been transferred to the Local Enterprise Partnership for the North East of England.

6.4.1.1 Joint Technical Secretariat

Functions of the Joint Technical Secretariat are delivered by the ERDF secretariat made up of 31 ERDF staff and embedded across the relevant Local Enterprise Partnership. This includes a core secretariat as well as officers embedded across other departments (e.g. Delivery, performance management and finance). The secretariat manages the Programme for the region, including administering the PMC and PEG groups, managing project development, appraisal and post contract monitoring processes, reporting on progress and delivering communications/marketing for the programme (Due to the integration of responsibilities across the Local Enterprise Partnership it is not possible to discern attributable costs).

6.4.1.2 Steering Committee

The function of the Steering Group in the North East of England is undertaken by the Programme Executive Group, which consists of nine members, including four local authority representatives (one from each sub region) and a single representative from the Government Office, universities, the private sector and the voluntary and community sector. This is a sub group to the PMC and

meets at least six weekly, though it has recently shifted to monthly meetings. The group has an operational management role, monitoring programme progress on spend and outputs, cross cutting themes, project and programme evaluation and communications. It refers issues upwards to the Programme Monitoring Committee for confirmation.

6.4.1.3 Monitoring Committee

The Programme Monitoring Committee consists of 20 members with representatives from local authorities in each of the sub regions, universities and colleges, the private sector, the voluntary and community sector, the regional Government office and the European Commission. The Committee meets a maximum of three times per year and has a strategic governance role for the programme with responsibility for ensuring targets are met and redirecting the work of the programme as and when required.

6.4.1.4 Performance to Date

The following table provides further details of the nature/funding of projects delivered by the Programme.

Table 6.3: Performance to date of the North East of England Programme

	North East of England ERDF Programme ³⁶
Role of Collaboration/Strategic Nature of Projects	Projects maybe multi-partner (within the same sector).
Average size of project/operation	Less than €1million (Minimum threshold for projects of £500,000).
Match Funding	Yes, a minimum of 25% (most coming from other public sector sources).
Application Process	On average 8 months from Project submission to agreement of Letter of Offer. Project appraisal is carried out through use of a detailed Application form (encompassing the ten steps of an economic appraisal) which is scrutinised by the JTS and used for funding decisions by the Steering Committee. There is no use made of a separate economic appraisal. Technical assistance relates solely to specialist input in scrutiny and

³⁶ The North East is the smallest region outside of London in terms of area, stretching 100 miles north-south from Berwick upon Tweed to Darlington.

	North East of England ERDF Programme ³⁶
	project design.
Expenditure to date	At the end of 2011 the Programme had 76 approved projects amounting to £214million. However there remained £111million of uncommitted expenditure. It was noted that there had been a particularly low take up of funds from the community/voluntary sector who were unable/unwilling to use the Programme due to the £500,000 threshold.
Review of Performance to date	There are five key programme targets reflecting the objectives identified above, impacts have been measured against all five.

6.5 Key Observations

Arising from a review of information relating to the above programmes, the following key points are noted:

Review of Operational Programme/Assessment of complexity

- There is a degree of variation in the level of detail contained in the reviewed Operational Programme (OP) for each Programme area, ranging from the highly prescriptive OP's for the Scottish (LUPS) and North East of England ERDF Programmes through to more descriptive approach used within Ireland/Wales Programme area and the Ireland/Scotland/Northern Ireland Programme area. Unlike the OP's for Scotland (LUPS) and the North England (which are operating within one jurisdiction) in the OP's for the two INTERREG IVA Programmes, because of the need for Cross Border Cooperation there is more of a need for flexibility in interpretation. However, all of the Operational Programmes do identify key Priorities and respective indicative activities, outputs and outcomes, the only difference being the degree of prescriptiveness as to ineligibility (i.e. none of the OP's has a Cross Border Theme or has Collaboration as a Priority);

Number of Priorities

- The Scottish Programme has the most Priorities (5), whilst the Welsh and English Programmes have only 3 each (including technical assistance in both instances. The rationale for the increased number of priorities in Scotland is the separation of delivery (i.e. to Intermediate Administration Bodies, Community Planning Partnerships and Strategic Delivery Bodies). The Ireland/Scotland/Northern Ireland Programme is unique in terms of

composition of themes covering a wider range of possible interventions than the other operational programmes (in particular a collaboration theme);

Size of Budget

- In terms of budget, the Ireland/Scotland/Northern Ireland Programme is comparable to that in Scotland and the North of England, but is approximately two and half times the size of the Ireland/Wales Programme;

Average Size of Project/Operation

- The Ireland/Northern Ireland Programme has an average project size in excess of €2.5million, approximately twice the size of the average project size of the other three Programmes;

Use of Cross Cutting Themes

- Three of the Programmes (including the Ireland/Scotland/Northern Ireland Programme) do not record either in their AIR or in the mid-term evaluation progress at either the Programme or project level on cross cutting themes. The North of England augments its performance indicators through detailed reporting against cross cutting themes (However the Welsh do collate this information in a separate Cross Cutting Themes report).

Match Funding

- The Ireland/Scotland/Northern Ireland Programme is the only one which has (for Ireland/Northern Ireland projects) 100% funding, i.e. there is no requirement to seek external match funding. The other three Programmes insist on match funding in a range from 25- 45%;

Programme Delivery Structures

- There are a number of notable differences between the Ireland/Scotland/Northern Ireland Programme and the other three Programmes including:
 - In the Ireland/Scotland/Northern Ireland programme, decision making is carried out in the two Steering Groups, elsewhere the Steering Groups provide a specialist advisory role; and
 - In the Ireland/Scotland/Northern Ireland programme, because they match fund, the Accountable Departments can reject projects before

they reach the Steering Group and, subject to threshold levels³⁷, require an economic appraisal to be completed.

- In both of the INTERREG Programmes, the JTS is based in one country, whilst a National Contact Point is based in the other region to coordinate responses;
- In each of the three benchmark regions, Programme Managers/Development Managers are sector specialists. However in the Ireland/Northern Ireland Programme, due to the range of Priorities (and associated sectors selected) it is not presently possible for staff to be sectoral experts (i.e. possessing in-depth technical knowledge related to specific sectors);
- The Ireland/Wales Programme has the smallest staff complement, of 21, this compares to 31 for the North of England Programme. The staffing complement for the Scottish Programme is difficult to identify due to the different delivery mechanisms used (Scottish Government is the Managing Agent for 4 Operational Programmes). SEUPB has a total staff complement of 63 and administering two separate Cross Border Programmes (and being responsible for all JTS and Managing Authorities) seems to be broadly proportionate in terms of headcount to the other Programmes;

Application and assessment process

- As a proxy of the efficiency of the assessment process, we have reviewed the duration of the appraisal process. It is noted that the Ireland/Scotland/Northern Ireland Programme has the most extended assessment process of the four regions, i.e. it is the only one in excess of 12 months. This is largely attributable to existing governance arrangements and Accountable Department requirements for full Green Book Appraisals for projects over the £500k. All of the other regions utilise a detailed application form and do not utilise separate economic appraisals.

Performance

- In terms of performance, all four Programmes utilise comparable performance indicators. Although the number of performance indicators varies in accordance to the number of Priorities in each of the Programmes, it is noted that in all four, outputs have been reported against, however results/impacts are still outstanding. We were not able to assess whether the Programmes captured any additional management information (apart

³⁷ Over £500,000 or considered high risk

from cross cutting themes) to the core performance indicators mandated for use by their respective Operational Programmes.

6.6 Concluding Remarks

In general, the Ireland/Scotland/Northern Ireland largely compares favourably to the other three programmes, however there are marked differences in the following areas:

- The application and assessment process in the INTERREG IVA Programme averages approximately 12 months compared to 9 months in the other jurisdictions;
- The Ireland/Scotland/Northern Ireland Programme does not generate as much match funding as the other comparators and has therefore a higher reliance on the Accountable Departments to address gaps;
- Cross cutting themes are not presently reported against in the Ireland/Scotland/Northern Ireland programme;
- There is an enhanced need to rely on external technical assistance (economic, environment, technical aspects of projects) in the Ireland/Scotland/Northern Ireland programme due to the following reasons:
 - Range of activities supported under the Programme (more and varied themes);
 - Steering Groups are used for decision making purposes rather than providing specialist input; and
 - Programme Staff do not have an opportunity to become subject experts (again due to the range of themes covered).

In order to mitigate against the risk of having to further rely on specialist technical support, it is recommended that SEUPB adopt the following options:

- Adopt the 'advisory group' approach to the selection of members for respective steering groups; and/or
- Programme staff should be ring-fenced to working with specific sectors, thereby enhancing their knowledge and experience of the sector.

7 CONSULTATION FINDINGS

7.1 Introduction

This section presents key findings emerging from stakeholder consultation that was undertaken between February 2013 and April 2013. A total of 27 stakeholders were consulted. Appendix I provides a list of the individuals consulted and a copy of the topic guide used.

This section highlights key findings emerging from the consultation exercise (i.e. those findings that have emerged most frequently during the consultation process). These views have helped inform some of our subsequent conclusions and recommendations. These have been categorised under the following headings:

- Programme Need;
- Support Provided;
- Monitoring, Evaluation and Publicity;
- Programme Benefits and Sustainability; and
- Future Project / Programme Development.

Appendix VII provides further detail on the consultation responses, including anonymised quotes.

7.2 Programme Need

Our analysis of stakeholder responses highlights:

- That the majority of stakeholders view the INTERREG IVA Programme, its constituent Priorities and indicative activities to be of relevance to the evolving needs of the eligible region;
- That, despite the jurisdictional and physical boundaries associated with the region, there has been an increasing awareness of a high degree of commonality across the region in terms of social and economic need. This need has been exacerbated by the impact of both the recent economic recession and a highly restricted public expenditure environment across the three jurisdictions;
- The need for, and particular importance of, the Collaborative Theme in encouraging the development of new pilot working arrangements and the exchange of best practice. Many of these collaborative working arrangements are still at an early stage, but it is our contention that they

promise to bring significant returns by utilising economies of scale, particularly in relation to public sector collaboration, and the creation of critical mass in relation to sector specific initiatives (energy, creative industries, transportation, knowledge transfer among others); and

- That the Collaborative Theme was also important in encouraging the Scottish involvement, allowing a number of infrastructure/strategy development projects to be developed.

7.3 Support Provided

The Stakeholder consultation highlights:

- That the new Programme took longer to ‘bed down’ than was originally envisaged, particularly in relation to the project selection and approval processes;
- That there are differences in the way that programme governance and management principles are viewed/applied within each jurisdiction and in particular in relation to the prescriptiveness/flexibility allowed by the Operational Programme and the application of HM Treasury “Green Book” Economic Appraisal guidance;
- That the majority of stakeholders considered the current assessment process to be protracted (i.e. as a result of the NI Governments interpretation/application of HM Treasury “Green Book” Economic Appraisal guidance); and
- Consequently there was a need for further adaptations to assessment process to reduce the time taken to appraise and select projects; greater clarity with regards to the type of projects/activities the Programme will fund; and more support for organisations to understand the process and what is required from project applicants.

7.4 Monitoring, Evaluation and Publicity

In terms of the monitoring and evaluation process, it was noted that the Monitoring Committee worked well. A small number of stakeholders identified a number of areas where improvements could be made, namely:

- That there was an over emphasis on financial spend and that this was viewed as being retrospective and did not allow for planning of future activity. As a result, it is recommended that there should be more focus on the use of the targets for each Theme and whether they have been or will be achieved;

- The completion of comprehensive quarterly reports was viewed as being very resource intensive. It was suggested that bi-annual reports would be more beneficial and would not undermine the effectiveness of reporting; and
- Members of Monitoring Committee noted that they had a good overview of the Programme but did not have a clear understanding of how individual Projects were progressing and what they were achieving. It is recommended that more attention is paid to discussing individual project progression and success.

In relation to the management and use of the performance monitoring system, it was noted that:

- the performance indicators detailed within the Operational Programme provide a useful mechanism for recording progress and impact; but
- there was insufficient guidance in the Operational Programme relating to performance indicator definition.

It is recommended that the Operational Programme for INTERREG V provide more detailed definitions of performance indicators.

The majority of consultees were positive about publicity at both a programme and a project level, highlighting a high level of coverage across a range of media.

7.5 Programme Benefit and Sustainability

In relation to programme benefit and impact, respondents noted that:

- there have been a number of large projects which were described as having 'significant impact' within local areas, particularly infrastructure projects;
- many of the successful projects would not have received funding without INTERREG IVA and that the Programme has encouraged cooperation and collaboration among organisations that would not have otherwise worked together; and
- The Cross Border element of the Programme was described as being a key benefit of the programme as it developed networking opportunities for organisations North and South of the Northern Ireland/Ireland border.

In relation to sustainability:

- the project selection and appraisal process placed a very strong emphasis on post project sustainability and that most projects had clear exit strategies. The only Theme where sustainability could be an issue going forward is the Collaboration Theme, where new working relationships and pilot approaches to delivery were being developed, but there were concerns about post funding sustainability unless Government/s took up the option of mainstreaming; and
- the extent of lasting sustainable change is influenced by the type of project established i.e. capital projects are more likely to have a lasting legacy. A small number of respondents noted that the relationships that have been built up and the skills/knowledge gained will be expected to last.

7.6 Future Project / Programme Development

Stakeholders were asked about their views on the direction and structure of the Programme during any future funding period. An analysis of responses highlights:

- That although it was recognised that the 'Collaboration Theme' could not be included in any future INTERREG Programme due to ETC guidelines, respondents highlighted that it should be included as a cross cutting theme, augmenting the existing cross cutting theme of joint development/joint delivery, thereby providing a more strategic approach to what are classified as existing operational imperatives;
- the importance of the Programme as a means of encouraging access to other cross border/transnational programmes (other INTERREG and potentially Horizon 2020), particularly for small and medium sized enterprises;
- that respondents suggested that the following sectors/themes should be the focus for any future Programme, including:
 - Tourism (revenue support for SMEs);
 - Environment;
 - Research and Innovation;
 - Energy and Climate Change; and
 - Labour Market and Training.

8 CASE STUDIES

8.1 Overview

In order to gain a further insight into the views of project promoters, beneficiaries and/or project partners, we have developed case studies for eight projects funded by INTERREG IVA.

Where possible/applicable, our approach to each case study has involved the following:

- Review of project information (e.g. Theme, scale of funding and jurisdictional mix);
- An interview with the Project Promoter/Lead Partner;
- A focus group with project beneficiaries; and
- Interviews with project partners.

Case studies have been selected taking the following into account:

- Theme funded under;
- Type of intervention;
- Stage of completion;
- Northern Ireland, Border region and Scotland representation;

The table below provides an overview of each project selected for case study analysis and of the primary research informing the case studies. The remainder of this section provides a summary of key issues emerging from the case studies (and which have influenced the development of our thinking in relation to proposed conclusions and recommendations). Each case study aims to identify project/beneficiary views on the following issues:

- Programme Rationale/Need;
- Programme Implementation;
- Programme Benefits/Impacts; and
- Future Development of the Programme.

Each case study is presented in full in Appendix III.

Table 8.1: Overview of Case Studies

Project Name	Project Description	Primary Research Informing Case Study
Sail West	<p>Funded Under: Theme 1.2</p> <p>Funding Amount: €7million</p> <p>Project Start/ End Dates: July 2009/ Sept 2014</p> <p>Project Aim(s): a strategic marine tourism initiative which seeks to grow the existing marine tourism industry and increase linkages across the partner area (Northern Ireland, the Republic of Ireland and Scotland).</p>	Review of Project Information Interviews with Project Partners.
Spatial Planning Initiative	<p>Funded Under: Theme 2.1</p> <p>Funding Amount: €1.7million</p> <p>Project Start/End Dates: Jan 2009/Dec 2014</p> <p>Project Aim(s). The project was managed by ICBAN and proposed to address the need for a coordinated set of future investment priorities for the ICBAN region and develop working linkages to promote greater collaboration in respect of economic development and planning.</p>	Review of Project Information Interviews with Project Partners. N.B. a Focus Group approach was deemed not to be appropriate, as Project did not have clearly identifiable beneficiaries.
Ireland, Northern Ireland, Scotland Hydrographic Survey Project (INIS Hydro)	<p>Funded Under: Theme 2.2A</p> <p>Funding Amount: € 4million</p> <p>Project Start/End Dates: Nov2010/Sept 2013</p> <p>Project Aim(s): The Project aims to provide a high resolution seabed baseline data set for over 1,400 square kilometres of seabed off the coast of Ireland, Northern Ireland and Scotland using state of the art multibeam echosounder equipment to the most rigorous international standards. On completion of survey operations, the data will be made available for free download via the internet.</p>	Review of Project Information Interviews with Project Partners. N.B. a Focus Group approach was deemed not to be appropriate, as Project did not have clearly identifiable beneficiaries.

Project Name	Project Description	Primary Research Informing Case Study
Tradelinks II	<p>Funded Under: Theme 1.1</p> <p>Funding Amount: €7.6million</p> <p>Project Start/End Dates: July 2008/Ongoing</p> <p>Project Aim(s): Provision of a wide-ranging suite of business support measures aimed at addressing barriers to cross border trade. Provision of a framework for a co-ordinated approach to support micro enterprises and owner managed businesses based in Northern Ireland and the border counties of The Republic of Ireland</p>	Review of Project Information Interviews with Project Partners.
Putting Patients, Clients and Families First	<p>Funded Under: Theme 2.1</p> <p>Funding Amount: €31million</p> <p>Project Start/End Dates: July 2009-ongoing</p> <p>Project Aim(s): The Department of Health, Social Services and Public Safety (DHSSPS) is the lead partner on the project which is implemented in conjunction with the Department of Health and Children (DoHC), facilitated by Co-operation and Working Together (CAWT). The overall aim of the project aim is to work in partnership to improve the health and social well-being of residents living in the INTERREG IVA area by delivering a range of specialist, targeted, accessible and sustainable cross-border health and social services.</p>	Review of Project Information Interviews with Project Partners.
Project Kelvin	<p>Funded Under: Theme 2.2 Infrastructure</p> <p>Funding Amount: €29million</p> <p>Project Start/End Dates: Feb 2008/June 2011</p> <p>Project Aim(s): The Project, delivered in partnership between the Department of Enterprise, Trade and Investment (NI) and the Department of Communication, Energy and Natural Resources in the Republic of Ireland, aimed to provide the North West of the island of Ireland with a direct international telecommunications link to North America and improved connectivity with Europe. In</p>	Review of Project Information Interviews with Project Partners. N.B. a Focus Group approach was deemed not to be appropriate, as Project did not have clearly identifiable beneficiaries.

Project Name	Project Description	Primary Research Informing Case Study
	addition it aimed to both improve the speed of connectivity (latency) and to ensure the cost of international connectivity in the North West is competitive with the cost in major UK cities and Dublin.	
Ireland/Northern Ireland Cross Border Co-operation Observatory (INICCO)	<p>Funded Under: Theme 2.1</p> <p>Funding Amount: €1.7million</p> <p>Project Start/End Dates: June 2009- March 2012</p> <p>Project Aim(s): The Project proposes to transform the Centre for Cross Border Studies (the “CCBS”) into a regional observatory for cross-border co-operation in Ireland and Europe which will undertake policy research and development that will provide national and regional governments with evidence-based solutions for cross-border problems in areas including the economy, spatial planning, health and education.</p>	<p>Review of Project Information</p> <p>Interviews with Project Partners.</p> <p>N.B. a Focus Group approach was deemed not to be appropriate, as Project did not have clearly identifiable beneficiaries.</p>
The ISLES Project	<p>Funded Under: Theme 2.2B</p> <p>Funding Amount: €1.5M</p> <p>Project Start/End Dates: July 2009/December 2012</p> <p>Project Aim(s):</p> <ul style="list-style-type: none"> Establish a credible marine resource that could be developed post 2020 comparable with technology maturity and market expectations for scale and timing. Develop realistic credible concepts for an ISLES transmission network within the context of future offshore and onshore transmission capacity, environmental considerations, available technology cost and potential supply chain limitations 	<p>Review of Project Information</p> <p>Interviews with Project Partners.</p> <p>N.B. a Focus Group approach was deemed not to be appropriate, as Project did not have clearly identifiable beneficiaries.</p>

8.2 Key Findings

8.2.1 Programme Rationale/Need

Discussion Topics

Views on the rationale for the INTERREG IVA Programme? How has the programme evolved within the 2007-13 period?

View are the needs the programme is intended to address and do you think the programme remains relevant to the needs of the eligible area (i.e. Northern Ireland, the Border Region of Ireland and Western Scotland) and its named target beneficiaries (i.e. existing and start-up businesses, Educational and training organisations, Public Bodies, Research Organisations, Public, Private and social partner organisations involved in networks with stakeholders in other EU Member States)?

8.2.2 Key Points Noted:

There was a high degree of agreement amongst those interviewed as part of the case studies that the principal rationale for INTERREG IVA was to encourage cross border cooperation and this was reflected in the Operational Programme. All respondents stated that the present Operational Programme was very flexible as to how it could be interpreted and that it was very easy to read. All respondents felt that the Operational Programme did not place any obstacles in what they planned to deliver, either in terms of location, partners and indicative activities. Respondents pointedly mentioned the Collaboration Theme as being an essential tool in establishing new working relationships across what in essence was a new region. These newly established working relationships should be further strengthened in any subsequent Programme period.

8.2.3 Programme Implementation

Discussion Topics

- What are your views on the efficiency and effectiveness of programme administrative functions and delivery structures?
- Have you any suggestions on how the implementation structures/processes associated with the programme might be improved?
- What are your views on the effectiveness of the monitoring and evaluation of the programme?
- What are your views on the relevance of the targets and indicators used at a Programme level?
- What are your views on the implementation and recording of impact of the cross cutting themes, namely: Equality; Sustainable Development, Partnership and Impact on Poverty?

8.2.4 Key Points Noted:

Efficiency and effectiveness of programme administrative functions

Application Process

Two of the respondents stated that they were amongst the first projects that received funding from under the Programme. When asked about how they had identified partners to work with in other regions, they stated that for them it was obvious who their Partners should be (as they were comparable organisations in the other jurisdiction/s). It was perceived by a number of the respondents that the Programme had a built in advantage for Irish/Northern Irish organisations as they were on the same island and in many circumstances already had established relationships. There was a recognition of the importance of the Scottish National Contact Point in helping to develop partnerships across the region and also of the Cross Border Bodies (two of the seven case studies were delivered by Cross Border bodies). However, all respondents did feel that there was a need for more upfront networking events which could be used to both inform potential participants of the process and identify and develop partnerships.

All respondents noted the length of the application process and that there was limited communication from when a Project proposal was submitted, when an appraisal was completed and finally when a decision was communicated to them.

In addition, all respondents stated that the entire application process often went over one calendar year and so impacted on two financial years. This was particularly troublesome for projects which involved Scottish or English Partners and who needed to have match funding. The prolonged application process meant that match funding was left unused in year one and they had to explain this underspend to their respective Board/Parent Government Body. This meant that financial commitments had to be transferred between different years.

One respondent felt it was unfair that only Scotland had to deliver match funding and questioned the additionality of the process.

Five of the eight respondents stated that there was a need for more upfront training with regard to internal processes such as System 2007. However, once they had submitted their first claims through System 2007 they felt more at ease with the process and that it was not a difficult tool to use, but upfront training

would have overcome their initial qualms (this was particularly the case with those Lead Partners not based in Northern Ireland).

However, respondents noted that over the duration of the Programme period SEUPB has produced a number of Guidance notes which Lead Partners can draw reliance on when preparing claims.

All respondents noted a degree of disconnect between Case Officers and the Audit team and felt that there should be enhanced channels of communication between the two sections. In particular they found that they were often asked for the same information by different teams on a number of different occasions.

In terms as to how the implementation of the Programme could be improved, one respondent noted that receiving the letter of offer earlier in the process would be useful as it was (in one instance) sent 15 months after the project was due to start.

Procurement

There was a perception that Northern Ireland Lead Partners could avail of the services of the Central Procurement Directorate in order to advise them of procurement issues, however those operating outside of Northern Ireland did not have access to a similar service³⁸. SEUPB had latterly delivered some training on procurement, but this was in many instances too late for them to avail of. Procurement was viewed as the major constraint to the delivery of tripartite projects, as it potentially involves three separate procurement exercises.

Publicity

In terms of publicity, one respondent noted that SEUPB internal project documentation is published to a high degree and is now advertised via social media. However, all respondents find it difficult to encourage newspapers to report on their events/conferences organised as part of their project.

All respondents stated that they had received good advice from the communications team, however their own promotional budgets were constrained.

³⁸ We were informed that partners in Scotland could access procurement information via the Scottish Government portal. Lead Partners based in Ireland may avail of CPD assistance for capital project.

Effectiveness of the monitoring and evaluation of the programme

It was highlighted that there is an emphasis on quantitative based targets (i.e. agreed performance indicators) and that the qualitative aspects of the projects i.e. building of relationships are not captured.

Respondents also made reference to the fact that SEUPB have set a limit of £6,000 for external evaluations which in their view *“limits the actual comprehensiveness of any evaluation”*.

Implementation and recording of impact of the cross cutting themes

All respondents stated that they did not explicitly report against cross cutting themes, rather these maybe reported against through their Project specific indicators and picked up through the Post Project Evaluation.

8.2.5 Programme Benefits/Impacts

Strengths of the Programme

Respondents were asked to comment upon the main impacts/results of the Programme to date. All respondents noted that the major contribution to date has been the establishment of new working relationships and operating in new geographies. In particular, four of the respondents stated that the networking element on a cross border basis has been a real strength as it broke down barriers and formed relationships:

“Some of our member councils have never worked close together until now. It's filtering in across other departments as well”.

“We need to see how we can work together and share services and this initiative looks at that. Looking at the bigger picture has been a very positive step”.

“Scotland was a huge benefit – it has taken a lot of the parochialism out of it; and It has gotten much more strategic in its implementation, all be it slowly”

In terms of the extent to which benefits will last respondents noted that the relationships and networking have been strongly developed and will continue once funding ceases:

“There are relationships now strongly built. Everybody knows each other. If we closed right now the telecoms, the roads, the tourism would all want to carry on even if there wasn't funding for it”.

“We would see the spatial planning as a beginning, not as an end upon itself. That will then inform our work for the next 10, 15 years”.

All respondents noted that their individual projects were moving towards completion and that all outputs have either been delivered or would soon be achieved. Although the Programme had facilitated extensive knowledge transfer and enhanced collaboration, the real impact of these learning benefits would often not be felt within the Programme period, but over the next three to five years, given the strategic nature of the projects. However, apart from the successful delivery of all outputs, is the continued robustness of the partnerships which have been developed and a number of which have sought further funding from other Cross Border/Transnational Programmes across Europe.

Appendix III provides a summary (where possible) of recorded inputs, outputs and impacts for each of the Case Studies. This clearly illustrates that at present only outputs are being recorded. Even though two of the Projects have been completed, the anticipated impacts have not yet been realised. It is expected that these will be realised within the next two years (without the need for any additional funding).

8.2.6 Future Development

Key Points Noted in relation to the continuing fitness of purpose and direction and structure of any future funding included:

- The need to ensure greater additionality through the enhanced use of match funding:

“If INTERREG is going to continue funding primarily public projects then I think they will really struggle. If it was going to change to be more geared towards private sector then they could maybe start to implement match funding”.

- The need to focus on key sectors which address the key market failures facing the region – infrastructural gap and coordination failures;
- continued involvement of Northern Ireland, the Republic of Ireland and Scotland in the Programme;

Two respondents noted that it was important to support the ‘Europe of flows’³⁹ approach, funding those sectors which encourage cohesion and the development of a critical mass which in turn will allow the region to compete. Suggested themes included: the emerging blue (marine) economy; renewable energy; and addressing the loss of young people from the region.

Two of the respondents highlighted that the future Programme should augment national strategies and focus support on traditional indigenous SMEs, who are the mainstay of the economy across the sector, but don’t have the growth potential to attract other forms of support.

8.3 Concluding Remarks

The case studies were conducted with participants across the full range of Themes and included projects of variable scale, sector and geography. However, despite the purposive sampling of projects, it was noted that the case studies also highlighted a number of issues that were also consistently raised during the wider Stakeholder and Partner consultation exercise, namely:

- The protracted duration of the appraisal/assessment process not only caused pressures (for Scottish partners) in terms of match funding, but in all reported instances put excessive pressure on emerging partnerships. In addition, the respondents noted that the protracted assessment process also meant that it was only recently that the case officers and Project Promoters had started to engage (and in a number of instances this was viewed as being too late in the process);
- The need for additional guidance in relation to issues related to procurement, publicity and System 2007 (however respondents did note that in the last twelve months SEUPB has delivered over 30 workshops on the identified themes); and
- in order to provide a more detailed picture of the impact of the Programme, the need for relevant non-Operational Programme indicators (i.e. selected ‘project specific’ indicators) to be used in conjunction with Operational Programme indicators.

There was recognition of the importance of the Scottish National Contact in helping to develop partnerships across the emergent region. However all respondents did feel that there was a need for more upfront networking events

³⁹ Europe of flows relates to the interaction between regions, including not only transport links, but new collaborations and working relationships;

(prior to calls) which could be used to both inform potential participants of the process and identify and develop partnerships.

Perhaps the biggest concern expressed by Project Promoters was the lack of support, primarily at the early stages of the Programme, in relation to issues such as procurement, publicity and audit in their role as Lead Partner, but we note that as part of the assessment process, all successful Project Promoters assured SEUPB as to their ability to deliver these core functions (which would be expected as most Lead Partners are large scale, experienced Project Managers).

9 CONCLUSIONS AND RECOMMENDATIONS

This section details the conclusions and recommendations emanating from our analysis. These are presented under headings reflecting the study's Terms of Reference.

9.1 Effectiveness in Achieving Targets /Indicators Conclusions

9.1.1 Effectiveness against Operational Programme Targets

There are in total 73 live or completed projects presently supported under the INTERREG IVA Programme. Only one of these projects is not reporting outputs or results on the performance monitoring system (System 2007). This is due to an omission on the part of the Promoter.

Of the remaining 72 projects, 60 have recorded at least some progress to date, in the form of key deliverables. There is also activity being reported against all objectives and aims across all of the Priorities. We believe that this not only illustrates the effectiveness of these specific Performance Indicators (as they reflect the activities of the Project) and the aims and objectives identified in the Operational Programme, but also of the Performance Monitoring system.

However, we note that Lead Beneficiaries are contributing towards 36 of the 46 indicators stipulated in the Operational Programme, whilst a further 5 do not currently have any projects contributing to them as project activities have not yet been of direct relevance to them, and the remaining 5 are global indicators which come from sources other than Lead Partners.

In a number of cases, the cumulative target is significantly higher than that listed in the Operational Programme, which would suggest:

- The target was set too low in the Operational Programme;
- The Projects have been more efficient/effective than was first envisaged (and we would assume that there is a need to review preliminary assumptions);
- The nature of the projects that applied for funding were somewhat different than originally envisaged; or
- Target has been surpassed, which queries the need for further funding of Projects under the Theme.

As noted above, projects have committed to report against 36 of the 46 Programme level indicators. Activity has already been recorded against 23 of these indicators, with most of the remaining indicators measuring impacts. As would be expected at this stage in the project lifespan, most of what has been reported relates to outputs and results (key delivery milestones), as it is still too early to be able to assess impact.

9.1.2 Relevance of existing performance indicators and the wider monitoring and evaluation framework

On reviewing the key performance indicators identified in the Operational Programme, against other regions (through benchmarking against three other regions) and through stakeholder consultation, we conclude that the monitoring and evaluation framework (and its composite performance indicators) are considered generally fit for purpose for two reasons:

- They capture the outputs and results of all projects (bar one completed Project); and
- All respondents stated that they were satisfied that they reflected the core activity of their project and were easily understood.

However the review identified a number of performance indicators which were considered to be redundant (and should be removed from the Operational Programme) as well as a number of replacements. These are highlighted in the following recommendation section.

The review of System 2007 identified that an additional 512 unique indicators (which are not specified in the Operational Programme) are reported against. However, these indicators do not inform SEUPB's formal report to the European Commission, rather they are collated as project specific management information.

The assessment of project progression is primarily assessed through analysis of expenditure and N+2 targets. We recognise that the use of spend can be a useful proxy for assessing progress at the early stages of a project, however, useful management information is not being used and could potentially provide a wider interpretation of the impact/results of the project rather than relying on the 46 core indicators.

We believe that there is also a need to augment the existing system of setting targets, at present there is no formal consultative mechanism directly involving NISRA for revision/further scrutiny of initial assumptions.

When interrogating System 2007, it was noted that none of the four cross cutting themes were analysed at a Project level. Following discussions with NISRA and SEUPB it was identified that cross cutting themes (on a project basis) were scored at the initial assessment stage and that progress was measured for 3 of the 4 Cross Cutting Themes (Poverty was not included) at the Programme level. Our benchmarking activity has highlighted that other Programmes, most notably the North East of England ERDF Programme routinely monitor and report on progress against Cross Cutting Themes.

It is our contention that enhanced use should be made of the cross cutting themes from two perspectives:

- To aid implementation; and
- To assess impact/results.

At present, individual project promoters are not held to account as to how they are delivering their project against each of the four cross cutting themes. As such it is not possible to discern at the project level, whether it continues to comply with the assumptions in the application form and assessment report as to the degree of joint delivery, the developmental path for environmental sustainability it is following, any impact on poverty and whether it is accessible to all Section 75 groups (although uptake by Section 75 group is recorded by project and reported on at Programme level).

Given the economic nature of the Programme, we suggest that that the current suite of performance indicators be augmented through the inclusion of additional measures that capture outputs or results against poverty (job creation is recorded but this does not fully address activities related to poverty).

Recommendations

It is recommended that:

- NISRA undertake a review of the Project with the Promoter between six months and one year after project commencement to provide further scrutiny of initial assumptions;
- the case officers routinely review the project specific indicators to assess progress and ultimate results/impact;
- cross cutting themes are routinely monitored at not just the Programme level, but also the Project level (using information already collated); and
- the current suite of performance indicators be augmented through the inclusion of additional measures that capture outputs or results against

poverty or that a separate Programme wide study is commissioned to assess their particular impact. Possible performance indicators to be considered for the measurement of poverty include:

- Number of participants living in (% to be agreed) most deprived super output areas;
- Number of participants who are unemployed or those in receipt of Disability Living Allowance; and
- Number of participants with no qualifications.
- The following performance indicators have been judged to be redundant and should be removed from the Operational Programme:
 - Number of householders who switch to take up renewable energy methods of production;
 - Number of businesses who switch to take up renewable energy methods of production;
 - Per cent of electricity demand met from indigenous renewables; and
 - Reduction in per capita emissions of CO2.
- The following performance indicators should replace those removed from the Operational Programme:
 - Research/datasets produced (Proposed target: 144);
 - Knowledge transfer/information dissemination events held (Proposed target: 66)
 - Attendees at knowledge transfer/Information dissemination events held (Proposed target: 1,610); and
 - Datasets/research used to inform policies/environmental agency processes/renewable energy processes (Proposed target: 7).

9.2 Efficiency & Effectiveness of Programme Administrative Functions

The underlying message of the mid-term evaluation is that a considerable distance has been covered in terms of learning and developing new working relationships within the INTERREG IVA Programme. The inclusion of an additional jurisdiction, Scotland, not only expanded the eligible area and increased the number of potential partners, it also brought with it a degree of cultural change across all jurisdictions. This is evidenced in both the administration of the Programme and also in the development and delivery of specific projects.

9.2.1 Achievement of Annual Financial targets & Assessment of Financial Flows

The total funding allocated to the Programme is €256million, as at 31st December 2012, 85% of the allocation had been committed⁴⁰ and 41.6% has been incurred.

In terms of expenditure, a total of approximately €106m has been spent as at the end of December 2012. The remainder of the allocation is to be spent by June 2015.

Whilst the Programme is still ahead of its N+2 target, over €150million needs to be incurred before June 2015. It is essential that Programme staff are redeployed to activities that will ensure project delivery and expenditure is effectively managed/controlled.

We have reviewed the spend profiles of individual projects and the expenditure as profiled can be delivered within the Programme period. However, such optimism must be couched against three potential constraints, namely:

- we are conscious of the exposure the Programme has to currency fluctuations (particularly that a large number of projects are denominated in sterling) and any fall in the value of sterling could have negative implications on N+2;
- the impact of large scale decommitments (such as Narrow Water Bridge); and
- there remains a large number of Projects (12 out of 86) which are at the approved stage and still to incur expenditure amounting to circa €41.1million.

For these reasons, we believe that there is a **medium risk** of the Programme not reaching its N+2 target.

It is recommended that SEUPB continue to monitor the potential impacts of currency fluctuations (as is currently the case), and also undertake a robust review of the ability of those Projects under the 'Approved' Heading to be delivered within the remaining Programme period. SEUPB should also review those projects (which due to their budget) have a scale of decommitment which could impact across the entire Programme. Although viring of monies may be an option, there may still be a need for a final call for Projects in order to offset the need to decommit funding from the Programme as a whole

⁴⁰ 85% Commitment relates to all projects with issued letters of offer.

In our assessment of the financial flows (in and out of the Programme) we note that there are two principal issues that have impacted upon the process.

The first issue relates to delays to the Programme caused by the appraisal process⁴¹. To date, Programme staff have largely been focused on supporting the project assessment and appraisal process, however there is now an opportunity for staff to be redeployed to core functions of assisting Lead Partners with Project delivery and ensuring robust spend profiles.

The second issue relates to managing the cash flow from a wide range of match funders/ Accountable Departments. Although SEUPB has robust financial operations in place, the management of funds from multiple sources creates a significant degree of complexity and there has been an issue in relation to sourcing match funding which has caused significant delays to Project implementation.

9.2.2 Administration Functions/Delivery Structures

We reviewed the delivery structure of the INTERREG IVA Programme against the three other regions (North of England ERDF Programme, Lowlands and Uplands Scotland ERDF Programme and Ireland/Wales INTERREG Programme) and note the following issues:

- In general the Ireland/Scotland/Northern Ireland Programme compares favourably to the other three programmes in terms of overall delivery of its respective Programme;
- The application and assessment process in the Ireland/Scotland/Northern Ireland is more protracted (averaging 12 months as opposed to 9 months);
- The Ireland/Scotland/Northern Ireland Programme does not generate match funding from non-Governmental sources as the other comparators, and as such has therefore a higher reliance on the Accountable Departments to address gaps;
- Cross cutting themes are not presently analysed at a project/Theme level in the Ireland/Scotland/Northern Ireland programme;

⁴¹ The project selection and appraisal process is an element of the Programme agreed by the Northern Ireland Executive, Irish Government and Scottish Government. The appraisal process is an agreed element of the administration of the Programme and reflects the application of HM Treasury and Department of Finance and Personnel Guidance for NI Government Departments. The Irish Government applies its own guidance/rules relating to expenditure appraisal.

- There is an enhanced need to rely on external technical expertise (economic, environment, technical aspects of projects) in the Ireland/Scotland/Northern Ireland programme due to the following reasons:
 - Range of activities supported under the Programme (more and varied themes);
 - Steering Groups are used for decision making purposes rather than providing specialist input; and
 - Programme Staff do not have an opportunity to become subject experts (again due to the range of themes covered).

9.2.3 Assessment of Administration Functions – Assessment of Approval Process

Through analysis of the benchmarking results and the stakeholder consultation the following issues are noted:

- the assessment and approval/selection of projects is in excess of the approved period for appraisal and agreement of Letter of Offer⁴²; and
- there was a recognition of the importance of the Scottish National Contact Point and the Cross Border Bodies in helping to develop partnerships across the newly established eligible area.

9.2.4 Assessment of Administration Functions – Audit, Procurement, Publicity and Match Funding

The following key issues were raised in the stakeholder consultation process:

- Although it is recognised that the application of prescribed procurement processes is required to ensure adherence with legislation, value for money, promotion of equality of opportunity and sustainable development, procurement has been identified many stakeholders as being a major issue, both in terms of the need to undertake separate procurement exercises in each of the three jurisdictions and in terms of a limited level of access to advice. However, respondents did note that SEUPB had recently delivered procurement training exercises; and

⁴² Respondents stated that the assessment/selection process was in excess of a year in duration. This means that it does not comply with the EC Financial Memorandum 12/795 (which highlights a 6 month appraisal period and 3 months for letter of offer), and also potentially jeopardised match funding arrangements (as Partners needed to tie up money over 2 financial years).

- The Ireland/Northern Ireland/Scotland Programme does not presently have an incentive to source match funding from other sources than the Accountable Departments (apart from Scottish Partners).

In mitigation, the following issues are noted:

The key point in terms of the administration of the Programme, was recognition of a cultural difference in terms of concepts such as Governance, role of the assessment process and match funding. There was a divide between those who believed that good Governance was dependent on the development and general acceptance of a robust core strategy document: the Operational Programme (which is highly detailed in terms of Priorities, Indicative Activities and performance indicators) and those who favoured an appraisal and audit approach. Although the latter group recognised the importance of the Operational Programme, they welcomed that it was a relatively flexible document in terms of interpretation. This was viewed as being essential given the expansion of the eligible area to include Scotland. As a consequence of this flexibility of interpretation, there was a consequent need for enhanced due diligence through the use of an extended assessment (appraisal) process (than would be case in the other jurisdictions).

However, going forward it was agreed that working relationships between the jurisdictions had been established and as a consequence there was now an opportunity to redress the balance between a more detailed Operational Programme and a proportionately reduced assessment process.

It was also noted that the extended assessment process had initially curtailed interaction between the Project Promoters and Programme Staff, a situation which has only recently been addressed with the completion of the final call (and subsequent twelve month assessment/appraisal process) and the redeployment of case workers to direct interaction with projects and the roll out of a number (over 30) of training events on issues related to procurement, publicity and audit.

Although only Scottish partners were obliged to independently source their own match funding during the current Programme, there was recognition by Stakeholders and Partners across the three jurisdictions as to the need to change the existing match funding process, whereby Irish and Northern Irish based partners do not automatically have to deliver match funding.

Stakeholder feedback and best practice from other regions indicates that for organisations to be able to source (non-Government Department) match funding the following pre-requisites must be put into place:

- A revised assessment process in which decisions are made quicker (not as at present where a number of appraisals ran into a second financial year, necessitating the respective organisations to ring-fence the sum for a second year; and
- That there are published call dates agreed at the start of the Programme period, so that partnerships have sufficient time to be developed and to source match funding.

The Stakeholder consultation exercise identified that the sourcing of match funding from other (non-central Government) sources may lessen the role of the Accountable Departments in the assessment of projects and potentially reduce the duration of the appraisal process.

Recommendations

It is recommended that in the next funding round a more 'prescriptive' Operational Programme is developed which will provide more detail on the following items:

- Strategic fit with other National and regional initiatives;
- Indicative Activities;
- Detailed descriptions of Eligible/ineligible expenditure;
- Detailed descriptions of performance indicators; and
- Timing of Calls.

SEUPB should explore the possible implications on the assessment process of changing the match funding arrangements with the Accountable Departments.

SEUPB should actively explore with Central Government stakeholders other opportunities to reduce the project assessment process (e.g. increasing thresholds associated with Economic Appraisals/Full Green Book Economic Appraisals⁴³).

In order to mitigate against the risk of having to further rely on specialist technical support, it is recommended that SEUPB consider adopting the following:

- Implementation of an 'advisory group' approach to the selection of members for respective steering groups; and/or

⁴³ Although on 29th November 2012 NIGEAE was updated to reflect the current de minimus public expenditure level of £1million, it is our contention, evidenced by the swifter approval process for projects submitted under the Collaboration themes (where SEUPB had delegated authority up to £1million), that enhanced delegated authority across all themes would speed up the approvals process.

- Programme staff should be ring-fenced to working with specific sectors, thereby enhancing their knowledge and experience of the sector.

9.3 Key Risks

The main areas of risk associated with the future delivery of the Programme (including assessment of probability and likely impact) are:

Table 9.1: Key Risks

Key Risk	Cause	Probability	Impact	Recommended Mitigation Activities
A risk of programme wide decommitment	Insufficient projects being approved under Theme 1.1	Low	Medium	Early allocation of funds to other Themes.
	Currency fluctuations and high number of projects which have not accepted their Letter of Offer (at approval stage) and/or have the potential to de-commit significant expenditure.	Medium	High	On-going routine monitoring of Programme exposure to currency fluctuations. Review of all Projects at the Approval Stage (as well as those other projects which have the potential to de-commit planned expenditure) and ensure that project can be completed within remaining Programme period.
Risk of inadequate reporting of impact/results of Programme	Reduction of project specific evaluation budgets.	Medium	Medium	Impact/Results Review meetings undertaken by NISRA and subsequent monitoring by Case Officer in SEUPB

9.4 Assessment of Programme Efficiency, Effectiveness and Impact

We have reviewed the existing Ireland/Scotland/Northern Ireland to the previous INTERREG IIIA Programme and also to the Ireland/Wales, North East of England and Scotland programmes and found that in terms of staff to budget ratios, the Programme has become more efficient in its delivery. In particular, the existing Ireland/Scotland/Northern Ireland Programme has instigated a number of operational changes (most notably the move to a centralised JTS function) which has enhanced the overall efficiency of the Programme (a reduction in delivery staff budget compared to operational budget).

In terms of effectiveness, there is planned activity across all Priorities and the Programme still has the potential to meet N+2 objective, which will necessitate even tighter programme management on the part of SEUPB. Although it is still too early to assess overall impact it must be noted that when compared to the previous INTERREG IIIA Programme, the current Programme is delivering larger and more strategically important projects (assessed in terms of budget and number of partners) The Programme has identified robust performance indicators, that if achieved will ensure overall effectiveness. In addition, the Project Promoters have identified project specific performance indicators which if used appropriately will provide a wider description of the economic and social impact of the entire Programme.

9.5 Future Direction of the Programme

Our stakeholder consultation exercise has highlighted that:

- The inclusion of Scotland has brought significant benefits to the Programme both in terms of new ways of working and new collaborations and this should be carried on into the new Programme. In short, Projects should continue to include bilateral (North/South) or trilateral (North/South/Scotland) partners and adjoining NUTS III areas who will cooperate in all of the following core activities: joint development, joint implementation, joint staffing and joint financing;
- Having been devised by Government in all three jurisdictions, greater reliance should be placed on the Operational Programme in confirming the rationale and type of intervention necessary to address the impact of the jurisdictional boundaries (i.e.. the impact of the infrastructural gap);
- The present Programme has been praised for its 'openness to interpretation', however this flexibility has come at the cost of enhanced due diligence through use of appraisal and audit. Going forward a more prescriptive

Operational Programme should offset the need for large elements of routine due diligence;

- When compared to other benchmarked regions, the Programme is viewed as being too segmented/having too many Priorities and Themes, which has added to the complexity of the management of the Programme. Going forward, it is anticipated that any new Programme should reduce the number of Priorities and focus on those which have a significant impact on the economy of the region, including (as highlighted by stakeholders and a number of which could be cross cutting):
 - Tourism (although this could be channelled through revenue support to the sectors' SMEs);
 - Environment;
 - Research and Innovation;
 - Energy and Climate Change; and
 - Labour Market and Training.
- Respondents noted the usefulness of the 'collaboration theme' in the INTERREG IVA Programme and stated that although it was not possible to include it in any future INTERREG Programme due to ETC guidelines; and
- There is a recognition that match funding should not automatically come from the Accountable Departments, instead greater reliance should be placed on Promoters to find alternative sources of funding.

APPENDIX I: STAKEHOLDER CONSULTATION LIST & DISCUSSION GUIDE

Organisation	Name
EU Commission and Accountable Departments	
EU Commission	Maria Josè Duval Tedin
Department of Environment, Community and Local Government (DECLG) (IRL)	Sarah O'Halloran
Department of Jobs, Enterprise and Innovation (DJEI - Ireland)	Gerry Wrynn
	Ailish Looby
Department of Health and Children (DOHC – Ireland)	Louise Kenny
Department of Communication, Energy and Natural Resources (DCENR - Ireland)	John Rice
	Bob Hanna
Department of Transport, Tourism and Sport (Ireland) DTTAS	Bernard O'Shea
Department of Finance and Personnel (DFP) (NI)	Steve Clements
	Maura Young
	David Lynch
	Dominic McCullogh
Department of Enterprise, Trade and Investment (DETI – NI)	Paul Brush & Andrew Winter
Department of Health, Social Services and Public Safety (DHSSPS – NI)	Sean Mulhern
Department of Agriculture and Rural Development (DARD – NI)	Shane McKinney
Department of Regional Development NI	Billy McLarnon
Implementing Bodies & Working Group representatives	
NISRA	Carly Gordon
	Edel Hendry
Environmental Working Group	Peter Archdale
Social & Economic Partners	
Border Regional Authority	Caroline Brady
BMW Regional Assembly	Gerry Finn
SOLACE NI	Liam Hannaway
Irish Rural Link	Seams Boland
Joint Business Council	Brian Callanan
Scotland	
West of Scotland Colleges Partnership	Dugald Craig
Scottish Government	Melissa Mackin
Scotland Europa	Lesley Cannon

Areas for Discussion

Programme Rationale/Need

The INTERREG IVA Programme (2007-13) for Northern Ireland, the Border Region of Ireland and Western Scotland is a European Union supported Structural Funds Programme which seeks to address the economic and social problems which result from the existence of borders. The overall objective of the INTERREG Programme is to support strategic Programme co-operation for a more prosperous and sustainable region. The programme is delivered through two priorities.

- Priority 1: Co-operation for a more prosperous cross-border region; and
 - Priority 2: Co-operation for a sustainable cross-border region.
- a) What are your views on the rationale for the INTERREG IVA Programme? How has the Programme evolved within the 2007-13 period?
 - b) What in your view are the needs that the Programme is intended to address and do you think the Programme and/or your project(s) remain relevant to the needs of the eligible area (i.e. Northern Ireland (excluding Belfast), the Border Region of Ireland and Western Scotland) and its named target beneficiaries?

Support Provided

Did you go through the project selection process? If yes, what are your views on the project selection process, including the support provided in the development of projects? Have you any suggestions for improving the selection process? In what aspects and how could better support be provided in the development of projects?

- a) What are your views on the on-going Programme and project support? Please identify areas of strength and areas for improvement?
- b) How useful are the Guidance Notes/documentation?

Programme and/or Project Implementation

1. What are your views on the efficiency and effectiveness of the *Programme* administrative functions and delivery structures?
 - a) What are your views on the efficiency and effectiveness of *your project(s)* administrative functions and delivery structures?
 - b) Have you any suggestions on how the implementation of the *Programme* might be improved?
 - c) Have you any suggestions on how the implementation of *your project(s)* might be improved?
 - d) What are your views on effectiveness of the monitoring and evaluation of the Programme?
 - e) What are your views on the relevance of the targets and indicators used at a *Programme* level?
 - f) What are your views on the relevance of the targets and indicators used at *your project(s)* level?
 - g) How well are you able to measure the impact of *your project(s)* activities? Are there any constraints that limit your ability to measure the impact of *your project(s)* activities?
 - h) What are your views about publicity, both at *Programme* and *Project* level?
 - i) What are your views on the implementation and recording of impact of the cross cutting themes, namely: Equality; Sustainable Development; Partnership; and Impact on Poverty?

Areas for Discussion
Programme Benefits/Impacts
<p>1. What would you say are the main strengths of the <i>Programme</i> and <i>your project(s)</i> to date?</p> <p>a) How would you rate the following aspects of the <i>Programme</i> in terms of their importance (very important, quite important, neither/no, not very important, not at all important):</p> <ul style="list-style-type: none"> - Socio-economic development of the area; - Sustainable development of the area; - Opportunity for networking/making contacts on a cross-border basis; - Shared knowledge/expertise; - Greater cross-border cooperation on policy development; and - Opportunity to improve skill-base among SMEs <p>b) In your view has the <i>Programme</i> and/or <i>your project(s)</i> had an impact on the target beneficiaries or target area? If so, to what extent?</p> <p>c) To what extent is the <i>Programme</i> moving toward achieving the objectives as set out in the Operational Programme (i.e. supporting strategic cross-border co-operation for a more prosperous and sustainable region)? Are there any other factors that may impinge on the achievement of this objective?</p> <p>d) To what extent can the changes (or benefits/impacts) be expected to last after the <i>Programme</i> and/or <i>your project(s)</i> has been completed?</p> <p>e) Would your <i>project(s)</i> have happened without financial assistance from the Interreg IVA Programme? If yes, to what extent?</p>
Policies
<p>1. How relevant are the programme's objectives in relation to evolving needs and priorities at a national and EU level?</p> <p>a) Do you know if the programme complemented and enhanced in any way the effect of other related domestic or EU policies? If yes, how?</p>
Future
<p>1. What are your views on the sustainability of <i>your project(s)</i> and the ability for these to operate after the completion of this programming period? Are there any factors that may impinge on sustainability of <i>your project(s)</i>? Could you project become self-sustaining (i.e. not require future funding)?</p> <p>a) What are your views on the continuing fitness of purpose for the <i>Programme</i>? Any areas of future need emerging?</p> <p>b) Do you have any suggestions on the direction and structure of any future funding period 2014-2020 and potential INTERREG VA Programme? Are there any gaps in provision or outstanding issues that could be addressed in a future Programme?</p>
Benchmarking
<p>1. Can you identify any other programmes which are similar to INTERREG IVA? And if so, how do you think INTERREG IVA compares in its performance?</p> <p>a) Have you any other comments you would like to make about the <i>Programme</i> and/or <i>your project(s)</i>?</p>

APPENDIX II: DETAILED ANALYSIS OF THEMATIC SPEND

1 ANALYSIS OF PROGRAMME COMMITMENT AND EXPENDITURE

Total allocation to the INTERREG IVA Programme over 2007-13 amounts to €256m. The table below provides a summary, by Theme, of the progress to date within the INTERREG IVA Programme.

At 31st December 2012, approximately €260.9m has been committed equating to 95.22% of the total allocation. Just under half has been achieved in expenditure at €106.6m.

Table 2: Summary of commitment and expenditure for Programme

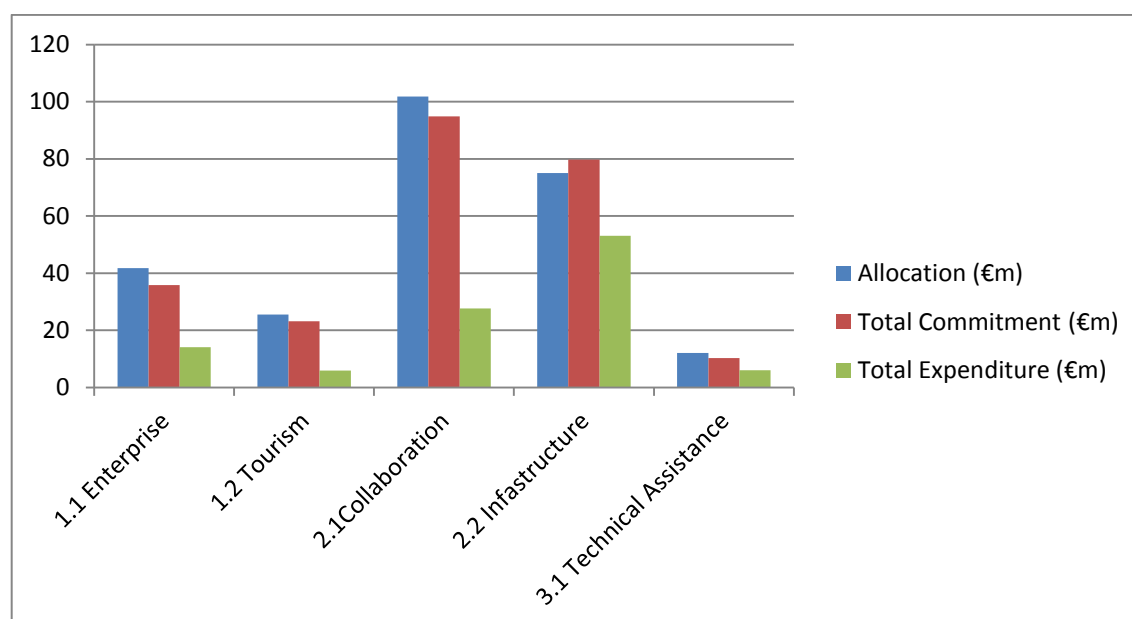
Priority / Theme	Allocation (€m)	No Projects approved	Total Commitment at actual/ forecast rate (%)	Total Cumulative Expenditure (€m)	% Committed	% Expenditure
1.1 Enterprise	€41.7m	16	€35.8m	€14.1m	85.77%	33.83%
1.2 Tourism	€25.47m	5	€23.1m	€5.9m	90.65%	23.05%
2.1 Collaboration	€101.8m	46	€94.9m	€27.6m	93.26%	27.12%
2.2 Infrastructure	€75.0m	15	€79.6m	€53m	106.19%	70.63%
3.1 Technical Assistance	€12.06m	3	€10.3m	€6.0m	85.72%	50.12%
Programme Total	€256.03	86	€243.8m	€106.6m	95.22%	41.64%

Source: System 2007 (up to 31st December 2012)

The table above (and graph below) illustrates an excess of €4.6m above the Programme allocation for theme 2.2. - infrastructure. It is anticipated that there may still be a degree of slippage in expenditure which may mean that the Programme will meet its expenditure requirements by June 2015.

However the themes enterprise, tourism and collaboration have only accounted for expenditure of 33.83%, 23.05% and 27.12% against respectively themes. There is a risk that they will not meet their N+2 target. This risk is compounded by a cumulative under-commitment of €15.17m against total allocation of the three themes, identifying a significant risk of a shortfall in expenditure or considerable pressure to encourage additional commitment before June 2015.

Figure 1: Overall Programme Allocation, Commitment and Expenditure



1.1.1 Priority 1, Theme 1

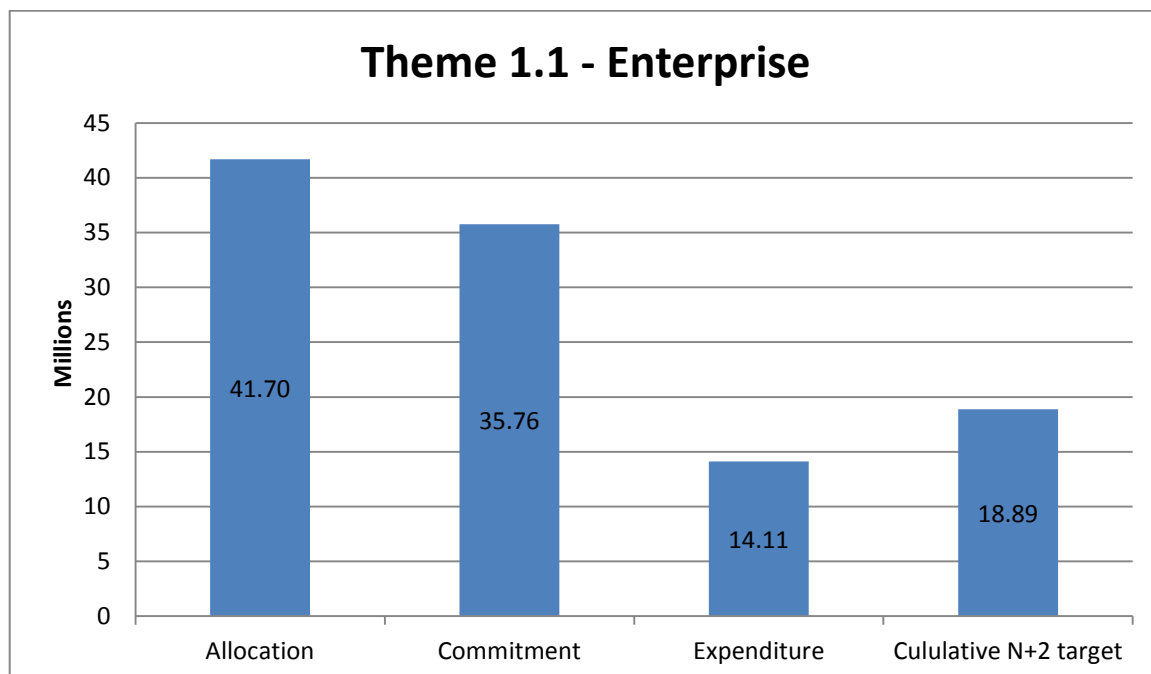
Table 2: Current Commitment and Expenditure level in Theme 1.1 Enterprise (at 31st December 2012)

Value of Theme	€41,700,000
Projects approved	16
Commitment	€35,764, 243
% Commitment	85.77%
Expenditure	€14,108,229
% Expenditure against allocation	33.8%
Cumulative N+2 target	€ 18,889,497
% of N+2 achieved	74.7%

Source: System 2007 (up to 31st December 2012)

The table above (and graph below) shows that as of December 2012 only 74.7% of the cumulative N+2 target was achieved for the Enterprise Theme and resulted in a shortfall of €4.78m. In addition the Theme has €5.94m which remains to be allocated suggesting a possible risk of decommitment.

Figure 2: Current Commitment and Expenditure level in Theme 1.1 Enterprise (at 31st December 2012)



Source: System 2007 (up to 31st December 2012)

1.1.2 Priority 1, Theme 2

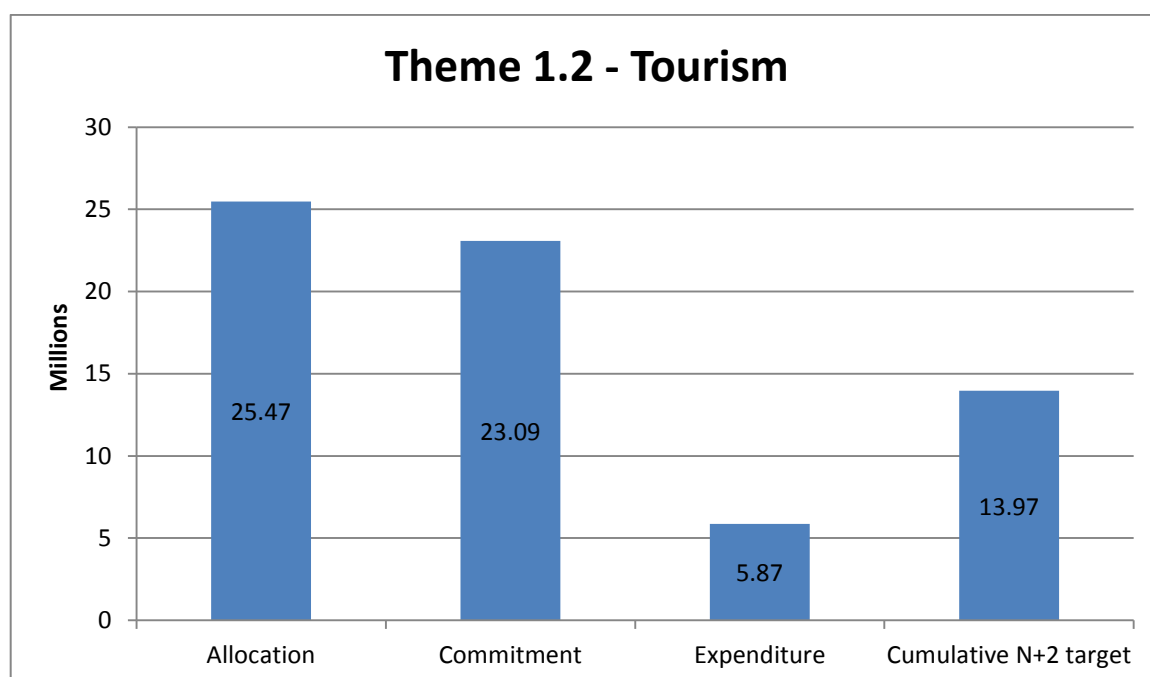
Table 3: Current Commitment and Expenditure level in Theme 1.2 Tourism

Value of Theme	€25,470,000
Projects approved (no)	5
Commitment (to 31 st December 2012)	€23,089,822
% Commitment	90.65%
Expenditure	€5,869,772
% Expenditure against allocation	23.05%
Cumulative N+2 target	€13,973,900
% of N+2 achieved	42.01%

Source: System 2007 (up to 31st December 2012)

There remains €2.4m which needs to be committed. Of the committed spend of €23.1m, total expenditure to date accounts for only 23.05% of theme allocation. There is a significant risk of underspend under this Theme.

Figure 3: Current Commitment and Expenditure level in Theme 1.2 Tourism



Source: System 2007 (up to 31st December 2012)

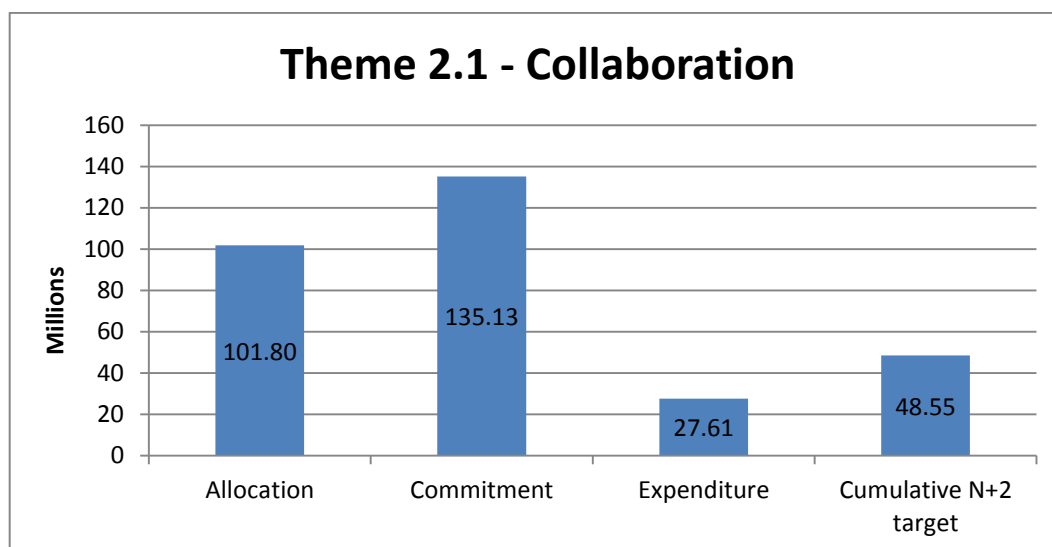
Table 4: Current Commitment and Expenditure level in Theme 2.1 Collaboration

Value of Theme	€101,799,864
Projects approved (no)	46
Commitment (to 31st December 2012)	€94,942,398
% Commitment	93.26%
Expenditure	€27,608,060
% Expenditure against allocation	27.12%
Cumulative N+2 target	€48,547,965
% of N+2 achieved	56.87%

Source: System 2007 (up to 31st December 2012)

At the level of the Theme, there is still approximately €6.7m which needs to be committed. There is currently a 43.1% underspend as against cumulative N+2 targets at December 2012.

Note: No statistics were available on cumulative N+2 for sub-themes.

Figure 4: Current Commitment and Expenditure level in Theme 2.1 Collaboration

Source: System 2007 (up to 31st December 2012)

Table 5: Current Commitment and Expenditure level in Theme 2.1 Collaboration –Health (at 31st December 2012)

Value of Theme	€30,000,000
Projects approved	1
Commitment	€29,517,162
% Commitment	98.39%
Expenditure	€14,736,393
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	49.12%

Source: System 2007 (up to 31st December 2012)

The spend profile for the sub-theme health (Collaboration) shows a commitment of 98.39% of the total allocation for this sub-theme and it has achieved almost 50% of the total commitment as of December 2012. This suggests a low risk of under-spend at project level by June 2015.

Table 6: Current Commitment and Expenditure level in Theme 2.1 Collaboration – Rural Development (at 31st December 2012)

Value of Theme	€10,000,000
Projects approved	6
Commitment	€10,872,098
% Commitment	108.72%
Expenditure	€1,635,291
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	16.35%

Source: System 2007 (up to 31st December 2012)

This theme has presently a commitment level of 108.72%, however spend to date accounts for 16.35%. We have concerns about both the level of overcommitted and the low level of expenditure to date. Although one will largely mitigate against the other, there is still a risk to the N+2 target with so much activity being backloaded to near the end of the Programme period.

Table 7: Current Commitment and Expenditure level in Theme 2.1 Collaboration – Public Sector Collaboration (at 31st December 2012)

Value of Theme	€28,299,824
Projects approved	23
Commitment	€24,217,937
% Commitment	85.58%
Expenditure	€10,949,757
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	38.69%

Source: System 2007 (up to 31st December 2012)

To date only 85.58% of funds have been committed, in addition, 38.69% of committed funds had been spent. There is a significant risk of this Theme not meeting its N+2 target.

Table 8: Current Commitment and Expenditure level in Theme 2.1 Collaboration - Enterprise Collaboration (at 31st December 2012)

Value of Theme	€28,300,000
Projects approved	12
Commitment	€24,355,937
% Commitment	86.06%
Expenditure	€217,167
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	0.77%

Source: System 2007 (up to 31st December 2012)

There is currently an under commitment of €3.9m against the value of the theme. To date the theme has spent less than one percent (€217,167) of total committed funds. We are concerned by the low levels of spend and that an additional €3.9m remains unallocated.

Table 9: Current Commitment and Expenditure level in Theme 2.1 Collaboration - Tourism Collaboration (at 31st December 2012)

Value of Theme	€5,200,000
Projects approved	3
Commitment	€5,979,266
% Commitment	114.99%
Expenditure	€69,452
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	1.34%

Source: System 2007 (up to 31st December 2012)

The table above illustrates that the Theme is overcommitted, however only 1.34% has been spent to date. There is a significant risk that the Theme will meet its N+2 target.

Looking at the overall Collaboration Theme suggests that there is a significant risk of an underspend.

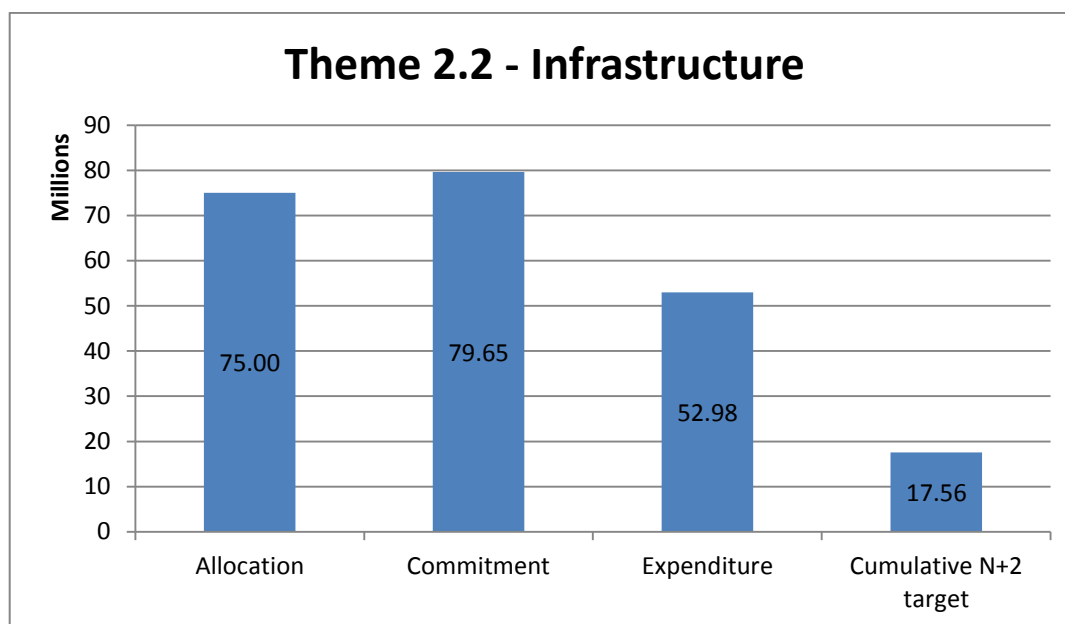
1.1.3 Priority 2, Theme 2

Table 30: Current Commitment and Expenditure level in Theme 2.2 Infrastructure

Value of Theme	€75,000,000
Projects approved (no)	15
Commitment (to 31st December 2012)	€79,645,178
% Commitment	106.19%
Expenditure	€52,975,342
% Expenditure against allocation	70.63%
Cumulative N+2 target	€17,560,122
% of N+2 achieved	301.68%

Source: System 2007 (up to 31st December 2012)

The theme is presently overcommitted by 6.19% of the total value of the theme. In addition, it has also reached 301.68% of cumulative N+2 target indicating that it has made considerable progress to achieving total commitment. However, such a high multiple of the N+2 target either indicates poor profiling or exceptional circumstances. This level of (unplanned) upfront expenditure minimises the risk to final N+2 targets even allowing for the usual slippage in infrastructure projects. We are still concerned regarding the over commitment against the theme of €4.64m.

Figure 5: Current Commitment and Expenditure level in Theme 2.2 Infrastructure

Source: System 2007 (up to 31st December 2012)

The following tables provide a further breakdown by sub-theme within theme 2.2 Infrastructure. According to the table below Environment has only spent 53.74% of its N+2 target. In addition, we are concerned by the high level of over commitment against the theme €8m or 140%.

Table 41: Current Commitment and Expenditure level in Theme 2.2 Infrastructure - Environment

Value of Theme	€20,000,000
Projects approved (no)	8
Commitment (to 31st December 2012)	€28,128,047
% Commitment	140.64%
Expenditure	€10,747,642
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	53.74%

Source: System 2007 (up to 31st December 2012)

Similarly the table below shows a 124.53% commitment to the Energy sub-theme with over 50% of N+2 achieved and is also expected to reach total allocation.

Table 52: Current Commitment and Expenditure level in Theme 2.2 Infrastructure - Energy

Value of Theme	€10,000,000
Projects approved (no)	4
Commitment (to 31st December 2012)	€12,453,450
% Commitment	124.53%
Expenditure	€5,336,680
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	53.37%

Source: System 2007 (up to 31st December 2012)

Sub-theme Roads and Transport (below) have committed over 94% of the allocated theme expenditure, with over €7m (of €10m) being spent. We consider this target to be relatively low risk.

Table 13: Current Commitment and Expenditure level in Theme 2.2 Infrastructure – Roads and Transport

Value of Theme	€10,000,000
Projects approved (no)	2
Commitment (to 31st December 2012)	€9,419,391
% Commitment	94.19%
Expenditure	€7,246,730
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	72.47%

Source: System 2007 (up to 31st December 2012)

Telecoms and ICT however have already met their total commitment to date, considerably reducing risk for the primary theme Infrastructure at project level. However at programme level there is still €5.1m to be committed before the Programme end date.

Table 64: Current Commitment and Expenditure level in Theme 2.2 Infrastructure – Telecoms/ICT

Value of Theme	€34,741,791
Projects approved (no)	1
Commitment (to 31st December 2012)	€29,644,290
% Commitment	84.70%
Expenditure	€29,644,290
% Expenditure against allocation	-
Cumulative N+2 target	-
% of N+2 achieved	84.70%

Source: System 2007 (up to 31st December 2012)

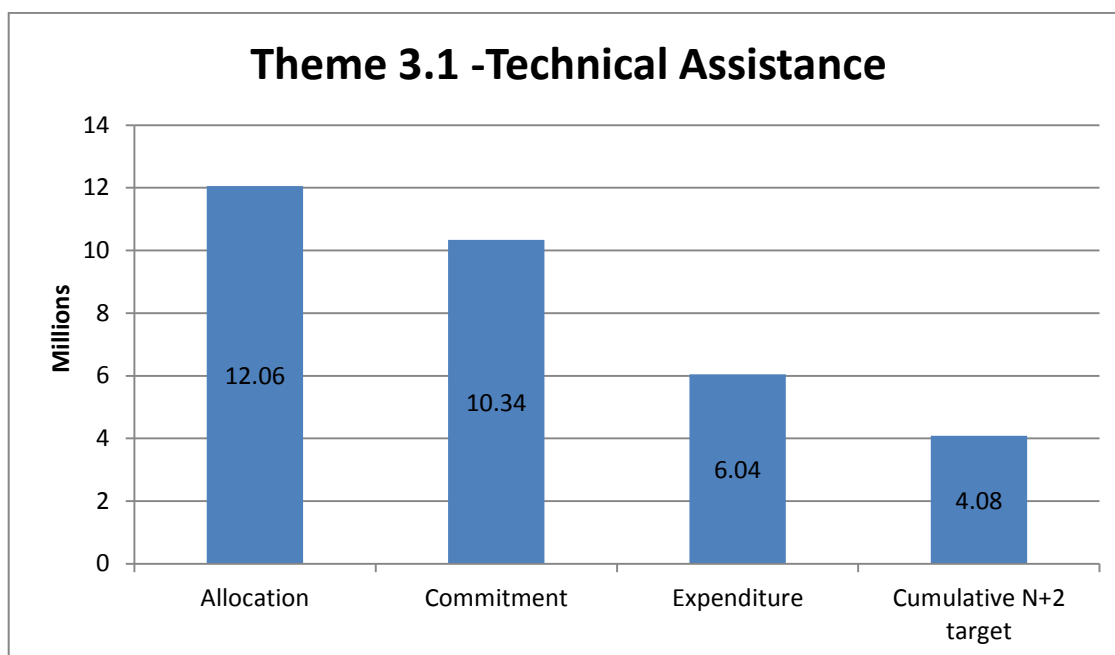
Finally the theme Technical Assistance has already achieved 148.11% (€6.04m) expenditure at the cumulative N+2 target. At project level there is minimal risk that total commitment will not be achieved.

1.1.4 Priority 3, Theme 1

Table 75: Current Commitment and Expenditure level in Theme 3.1 Technical Assistance

Value of Theme	€12,060,000
Projects approved (no)	3
Commitment (to 31st December 2012)	€10,338,200
% Commitment	85.72%
Expenditure	€6,044,172
% Expenditure against allocation	50.12%
Cumulative N+2 target	€4,080,873
% of N+2 achieved	148.11%

Source: System 2007 (up to 31st December 2012)

Figure 6: Current Commitment and Expenditure level in Theme 3.1 Technical Assistance

Source: System 2007 (up to 31st December 2012)

APPENDIX III: CASE STUDIES

1 CASE STUDY – INIS HYDRO

1.1 Introduction

The Ireland/Northern Ireland/Scotland Hydrographic Survey Project 'INIS Hydro' was funded under INTERREG IVA, Priority 2, Theme 2: Environment. The Project was led by the Maritime and Coastguard Agency and had the following partners:

- Agri-Food and Biosciences Institute;
- Geological Survey of Ireland;
- Irish Marine Institute;
- Northern Lighthouses Board (Scotland);
- Scottish Association for Marine Science; and
- United Kingdom Hydrographic Office.

The Project sought to provide a high resolution seabed baseline data set for over 1,400 km² of seabed in the Republic of Ireland, Northern Ireland and Scotland using state of the art multibeam echosounder equipment to the most rigorous international standards. On completion of survey operations, the data will be made available for free download on the internet.

The Project directly employed one person who was the Project Manager.

1.2 Project Need

The respondents stated the waters between island of Ireland and Scotland had not been robustly surveyed since 'plumb and line survey work in the mid nineteenth century. The Project therefore sought to deliver a robust underway survey of both national and international waters which necessitated collaboration between statutory bodies operating in all three jurisdictions, something which had not been previously achieved. In addition, the Project also provided access to skilled personnel and state of the art equipment, which all partners have shared between them in order to provide a consistent approach to underwater surveys.

The Project sought to foster close working relationships between partner organisations through the development and implementation of a standardised seabed survey specification as well as the sharing of good practice between the partners. The seabed survey specification is to be made freely available to other organisations in the Republic of Ireland and the UK and so encourage future sharing of seabed data between different organisations and will inform a

second European funding application of conducting a European wide seabed survey specification.

The project comprised of the following activities:

- 1,406 km² of seabed baseline data set developed;
- outreach visits to 3 schools (total of 300 pupils contacted);
- dataset made available free online
- 2 conferences to 15 key stakeholder organisations of which 1 at start and 1 at end
- 6 presentations to local community groups with 150 attendees in total;
- 1 publication developed;
- strong working relationships developed between existing regional operators of seabed mapping sonars.

The objectives of the Project were:

Objective	Progress
To provide a detailed hydrographic survey specification that can be utilised by all project partners during and after the INIS Hydro project.	Completed
To obtain, for the first time, comprehensive multibeam bathymetry data in areas of identified strategic importance	Completed
All seabed survey operations to be undertaken between 1 April 2011 and 31 March 2013.	One remaining to be completed. Minor delay caused by stormy conditions during the survey period. Resources were swapped to other survey areas. There was no impact on spend profile.
In addition to seabed depth data, the surveys shall obtain ground truthed, geocoded backscatter data for the surveyed areas.	One remaining to be completed.
To make available and proactively disseminate up to date seabed mapping data (including information on bathymetry, habitat type and environmental conditions) to stakeholders, key end users and the public.	Actioned for all completed areas surveyed.
To contribute to meeting the requirements of the Marine Bill (UK), the Sea Change Strategy (Republic of Ireland) and the integrated Maritime Policy for the European Union	Completed.

The respondent noted that delivery of the Project is very much constrained by local weather conditions. Through good relationships with the other partners they were able to direct resources to those places less affected by weather conditions (or other hold ups). Although one survey area remains to be completed this has not had an impact on overall costs.

1.3 Support Provided

The respondents noted that they found the Operational Programme very easy to interpret and that it was sufficiently flexible to meet their highly specialised needs. It permitted them to undertake all the activities they needed to complete.

It was noted that an application was submitted in July 2009, but that they had still not received any information until April 2010. This meant that they had went into a second financial year. The respondent noted:

“As we moved into the second financial year, we were worried whether our partners would still have access to their match funding.”

The particular respondent noted that during the application process they did not receive any updates from SEUPB and were unsure as to the progress of their report. The lack of information on progress also caused some mild strain amongst the other promoters as they asked how they could help to overcome constraints but this was not forthcoming.

The respondent was asked how they had went about developiong their proposal. They stated that it was an upgrade of an earlier INTERREG IIIA Project and that the INTERREG IVA Programme provided them with the opportunity to work with additional partners based in England and Scotland. They also mentioned that the selection of partners was obvious as they merely contacted their counterparts in other jurisdictions. The respondent recognised that this was not an option open to all Project promoters and noted that networking events might be an option to identify and develop new partnerships. The respondent noted that she had subsequently been made aware of a number of Networking events organised by SEUPB and thought that these were a good idea. She went on to add that these should be extended to cover a range of information sessions (This issue is further discussed in the next section).

1.4 Project Implementation

The respondent noted that when they finally received their Letter of Offer and it was agreed, the level of communication with SEUPB increased. First NISRA had a meeting to discuss performance indicators, but there was also a number of visits from audit to assess the eligibility of spend. Although there was now regular contact, the respondent noted that this was merely people checking their work, she had initial problems related to a number of issues:

- Procurement;
- Systems 2007; and
- Eligible funds.

In terms of procurement, this led to some delay as the respondent was confused by the different procurement regimes in each of the other jurisdictions. She had previous experience of procurement herself in England, but was concerned that she might be misinterpreting procurement practice. The respondent stated that there was no-one available who she could ask. The respondent felt that an introductory talk followed up by printed guidance notes would cover this issue.

The respondent next commented on the use of System 2007. She stated that she was simply told that she had to submit all claims and performance monitoring via the system. Although there was some guidance notes, these were not sufficiently detailed and after a couple of tries, she did manage to use the systems (and since then has found that it is relatively easy to use). However the bottom line was that she had a degree of reticence in using the system which could have been largely offset by a training workshop and follow up guidance notes.

Linked to System 2007 and the claims process is a continuing misunderstanding of what constitutes eligible expenditure. Until recently there was no definitive guidance notes describing what was eligible. In fact rather than jeopardising a number of claims, the respondent and her partners had 'under claimed, principally in relation to travel and subsistence as they were uncertain as to its eligibility. They have subsequently found out that it was eligible. It is this issue of lack of clarity which continues to cause minor irritation with the process (and between partners). There is a need for greater clarification as to the claims process and what eligible expenditure is.

The respondent wanted it noted that she recognises that it is a learning process for all and has identified significant improvements in the administration of the Programme and that most of her minor irritations have been addressed through greater clarification. However, she did feel that there was very much an audit driven culture in the administration of the Programme. These were Government bodies and recognition/reliance should in part be placed on their existing ability to deliver.

The respondent also noted that she had a very limited promotional budget to inform the general public (and particularly the business and academic communities) of the findings of the Project. Even though there were two conferences, there was a need to not only promote the findings of her surveys but also the role which Europe (and the other partners) had in delivering the Project.

1.5 Benefits / Impacts

Although noted at the start, the respondent stated that the most important benefit of the Programme was that it brought together new partners who have now a proven track record in collaboration and have produced tangible results through the implementation of a comprehensive survey of the seabed (the first since the middle of the nineteenth century). The respondent stated that she did not believe that the partners would have worked together without the catalyst of the INTERREG Programme. As well as new partners, the project delivered knowledge exchange of best practice and use of new technology and developed a consistent approach to undersea surveying across each of the jurisdictions.

As the project is offering its survey findings free to the public (through open access via the internet), it is difficult to assess the wider economic impact. The respondent did note the significant investment the University of Ulster has put into subsea activity (a number of new posts have been created with the expectation of a number of new spinouts). However the real impact of the Project will not be felt for a number of years, particularly in relation to greater uptake of the blue economy. This Project provides the means for companies to assess the scale of opportunity, it will take other forms of support before real economic development will materialise.

However, one immediate impact of the Project, is that the Promoter is now very keen to examine opportunities for further subsea investigation across Europe. They hope to use the INIS Hydro project to illustrate the benefits of such an

approach and will be approaching other INTERREG programmes (as it is more likely to focus on the North Sea) and potentially Horizon 2020.

1.6 Future

In terms of any future INTERREG funding, the message from the respondent is to ensure that there is sufficient training available to cover issues such as procurement, System 2007 and the claims process. The respondent is above all grateful for the support she received from INTERREG IVA.

2 CASE STUDY – SAIL WEST

2.1 Introduction

The Sail West project aims to develop and improve links between Northern Ireland, the Republic of Ireland and Scotland. It is a strategic marine tourism initiative, which seeks to grow the existing marine tourism industry and increase linkages across the partner area through improved infrastructure, strategic marketing and knowledge and industry networks.

The total cost of the Project was €8million of which €7million was funded under INTERREG IVA Priority 1.2: Tourism. The Project has 20 Partners across the Republic of Ireland, Northern Ireland and Scotland, including:

- Donegal County Council (Lead Partner);
- Sligo County Council;
- Border Region Authority;
- Carrickfergus Borough Council;
- Coleraine Borough Council;
- Derry City Council
- Larne Borough Council;
- Limavady District Council;
- Loughs Agency;
- Argyll and Bute Council;
- Dumfries and Galloway Council;
- North Ayrshire Council;
- South Ayrshire Council;
- The Highland Council;
- British Waterways Scotland;
- Highlands and Islands Enterprise
- Scottish Enterprise;
- Visit Scotland; and
- Irvine Bay Urban Regeneration Company.

The key objectives of the Project were:

- Attracting new marine leisure visitors from outside the Sail West area;
- Encouraging a greater flow of marine leisure visitors within the Sail West area;
- Encouraging residents to participate in marine leisure activities throughout the sail west area;
- Promoting existing linkages, both cultural and physical among the Sail West regions;
- Creating a branded approach and messaging for use across the 'Sail West' area by all partners;
- Promoting the Sailing waters and marine assets of the area led by Sailing;
- Ensuring that high quality information is available on the area with a focus on its marine tourism assets; and
- Focus attention on the area through events that attract wider interest in marine leisure.

2.2 Project Need

The Project arose out of the recognition of the (existing and potential) scale of the marine tourism sector across the eligible region.

“Just to give you a comparison there are 10,000 births for boats in West of Scotland alone and County Donegal there is one official marina for 200 boats so that market is actually on our doorstep, so it suited the Irish partners to work with their Scottish counterparts to grow the market and hopefully incremental growth from Scottish tourism as well”.

The partners came together in 2007 and they got seed money from PEACE to develop a strategy and when programme opened they submitted an application supported by the strategy and sought £10million for a combined marketing and capital investment programme. The funding was to develop a comprehensive maritime proposition which would combine a marketing strategy to promote the entire region (and the creation of a new brand Malin Waters) as well as investment in marine facilities to ensure a consistency of service (and appearance) across the entirety of the zone.

2.3 Support Provided

The Project took over a year to go through the appraisal and selection process and a Letter of Offer was signed in January 2010 for a programme including 10 capital schemes and a marketing programme to be delivered over 3 years and ending in October 2013.

“But it’s not just about sailing, it’s about surfing, diving and water sports and additional infrastructural builds”.

The respondent states that:

“SEUPB were supportive in that that was one of the projects that they selected. It was the first or second project approved so it was one of those early runners”.

They also noted that the delay had an impact on relationships between partners (particularly those in Scotland) and there was a concern that match funding could be jeopardised.

Finally the lack of information during the selection process was raised as an issue:

“In INTERREG 3 project promoters could go and present to the steering committee and ask question about the validity of their projects now it’s entirely up to SEUPB’s interpretation. So once the application leaves your desk - that’s it until you get a Dear John letter, so there was no communication”.

“I think what they have done at the end of the programme is called for a 3 stage process to manage expectation – where in their last call, they had 90 applications and 10 got through to stage 3, I think it cuts a lot of unnecessary stuff out, and I would be all up for that. I’m sure others would too, but in my opinion it’s about how transparent that process is and I think a lot of people would agree that, that stage 2 was far from transparent”.

2.4 Project Implementation

The respondent noted that the major issue they faced was in relation to procurement:

“There is one project, which is a capital project in Donegal; we faced a year delay on public procurement, so SEUPB have agreed an extension just for that one element of the project”.

The respondent stated that much of this could have been addressed if they had had an upfront training event to alert them to the potential pitfalls of such exercises. They had to draw on the resources of the Partner agencies rather than SEUPB or outside bodies.

“However procurement has possibly been the biggest problem in that there is no official body offering support to help with the implementation of procurement which is very technical. More recently they have commissioned CPD to do this in Northern Ireland and ROI but there is nothing at all in Scotland and this needs to be rectified”.

There were concerns expressed by the respondent as to the role and responsibilities of the Lead Beneficiary (Partner):

“In INTERREG 4, SEUPB are passing a lot of the responsibilities onto the Lead Partner. They are responsible for any flaws or short comings etc. So as a project manager I’m trying to push all of the projects over the line to support them in a practical fashion, what’s the best thing to do, geeing them on, but at the same time I have to account for everything so I have to put a disclaimer on the end of all my emails saying this is just commentary. Even though Donegal is the Lead Partner a lot of the project is taking place in Scotland and yet the entire onus is on Donegal as Lead Partner”.

The respondent stated that the role of the Lead Beneficiary was not that explicit at the start of the process, however further guidance notes and workshops have been delivered and he is now fully aware of what it entails. The respondent stated that although they now were better informed as to the process, they often felt swamped by the administrative requirements; consequently less time could be afforded to the value adding/imaginative side of project development, particularly for a project which was so involved in changing the perceptions of an area and market sector.

The issue of match funding was considered by the respondent to be a key indicator of commitment between partners and believes that it should be applied across the three jurisdictions:

“The 100% funding for NI and ROI partners in my experience EU funding just means that there is no commitment from the partners. If you get it, well sure - who cares if it disappears sort of thing. There has been so much money floating about for the last 7 years that people expect the money to appear”.

In terms of publicity, the respondent stated that they believe that the Programme level publicity budget should be increased:

“I’d say we are one of 1 or 2 projects that have a specific marketing budget. We work well with their Communications teams and we have been featured in their newsletter and we have toured with them as a case study. But their communications team have been very helpful and very quick at getting back to us”.

2.5 Benefits / Impacts

The respondent stated that they were content with the majority of the output related performance indicators, however they felt it was much harder to measure (using performance indicators alone) the real impact of such a Project. They also felt it was too early in the process to assess such impact:

“We like to think it has reached the beneficiaries – the indicators set out in the LOO are pretty much on target but not without difficulties I can assure you. There is a lot of bureaucracy involved in this project, I mean I was involved in INTERREG 3 as well and it’s worse than INTERREG 3”.

“A lot of the targets are quite easy to measure – have you built X, Y and Z and you got so many hits on your websites, but there are a lot of intangibles like how many bed nights have you got across ROI, NI etc which is hugely difficult. But I think we have achieved a huge a lot.

SEUPB are now asking us, well what sort of impacts have there been, but this past year was out first full year– so how can we measure it when there hasn’t really been any impact yet”.

2.6 Future

The respondent stated that the Programme should continue to incorporate Scotland:

“Scotland was a huge benefit – it has taken a lot of the parochialism out of it and the Programme has become much more strategic in its implementation, all be it slowly”

In terms of future sectoral priorities:

“There is a big problem for the likes of us in the future in that tourism isn’t apparently going to be under the new INTERREG Programme. However the link between Ireland and Scotland and that shared sea area needs to be further exploited”.

In terms of match funding:

“If INTERREG is going to continue funding primarily public projects then I think they will really struggle. If it was going to change to be more geared towards private sector then they could maybe start to implement match funding”.

3 CASE STUDY – THE IRELAND/NORTHERN IRELAND CROSS BORDER CO-OPERATION OBSERVATORY

3.1 Introduction

The Ireland/Northern Ireland Cross Border Co-operation Observatory (INICCO) was funded to the sum of £1.4million under INTERREG IVA Priority 2 Co-operation for a sustainable cross border region, Theme 1: Collaboration: Public Sector Collaboration. The Project aimed to transform the Centre for Cross Border Studies into a regional observatory for cross border cooperation in Ireland and Europe and aimed to undertake policy research and development that would provide national and regional governments with evidence based solutions for cross border problems in areas including the economy spatial planning, health and education.

The Project Promoter and Lead Partner is the CCBS. Supporting partners include the International Centre for Local and Regional Development, Co-operation Ireland, the Institute of Public Health, InterTradeIreland, the University of Ulster, the Letterkenny Institute of Technology and the Chartered Institute for Public Finance and Accountancy.

There were 2 phases to the project in CCBS, namely:

- INICO 1 – 2009-2012

In INICO 1 there were, “5 very separate projects on Health, economy, spatial planning, citizens planning and impact assessment”.

Phase one was much more research based (along with ICLRD (The International Centre for Local and regional Development). In Phase One ICLRD were running one of the 5 projects under INICO - which was on spatial planning. In Phase Two ICLRD and CCBS applied to SEUPB jointly.

“ICLRD and CCBS had always worked parallel to each other and there is overlap in that I (Andy) sit on the Board of ICLRD and John Driscoll director of ICLRD bases himself in CCBS offices when he’s in Ireland – so the relationship was simply formalised this time”.

- INICO 2 – 2013-2015

In the First Phase they feel they tried to put the 5 projects together “as a *linked research package so there were some synergies*”.

In Phase Two “Each of the 5 projects has led to a follow up project in phase 2” and they have tried to be more strategic in linking the projects together, but this time with a different methodology – **The Impact Assessment Tool** (“*This is a tool to help to develop a Cross-border project*” - developed in the first phase but implemented in the second phase).

3.2 Project Need

The need for the Project was assessed by the respondents to be able to provide robust evidential based research to identify and then develop workable solutions for problems/constraints caused by the land border between Northern Ireland and the Republic of Ireland.

3.3 Support Provided

The respondents were asked to describe to support provided by SEUPB and the nature of their working relationship:

“It is quite a bureaucratic process and you really have to be on your game to keep up with the paperwork. They are very big on compliance; quite understandably they are an EU organisation”.

“So because of that we haven’t had the conflicts a lot of other projects might have had. They have called upon us to do different things, and as I say, they commissioned us to run 3 workshops, so it’s always been a good mutual relationship”.

“Direct face to face meetings outside of regular project contacts - we would meet SEUPB officials at least every six months or so, just to talk about things generally, usually things about our projects.”

“We found it helpful to have a line to the senior people to have a chat every so often, to discuss further strategic direction, rather than purely operational issues with the relevant Case Officer.”

“A few years ago the SEUPB staff was experienced, they knew the region they were dealing with very well, they knew which projects were faking it and which weren’t. They knew which projects just didn’t have the capacity

and needed more help. In fairness to the ones in there now their training is probably all on finance and compliance and they don't have time, the experience or even the remit to do that for projects. This is part of the controversy – people are applying to the wrong projects, they are coming up against things they don't know how to deal with because that support has not been there.”

3.4 Project Implementation

The respondent made the following comment regarding the application process, which took over a year to complete:

There was a big disjunction between phase one of the application process using this new methodology – identifying the need for change and who was involved – to suddenly getting through that hoops, getting through round one and then being faced with the DFP's requirement of appraisals plans.

The respondent noted that the increase in responsibilities on the part of the Lead Beneficiary compared to INTERREG III. They also stated that because of their experience of the previous funding rounds they felt that they had a clear understanding of the administrative needs of the Programme.

The respondent noted that the amount of supporting information provided by SEUPB had increased over the duration of the Programme and that this was to be welcomed.

3.5 Benefits / Impacts

The respondents noted that the majority of indicators were output related, they did not assess impact. In addition, they also noted that the Programme, whether through a lack of funding for publicity or just a weakness in the performance management system were not identifying key learning benefits:

“There are some real good news stories. Other EU countries could benefit from some of the projects but this isn't publicised. One of their projects SCOTEC has done a lot of work on education across the border but they are small money – if INTERREG could provide a link for bigger funding so other countries with similar problems could benefit and communicate about the issues and about what has been done so far, I think that would be huge”.

As a result of the Project an **Impact Assessment Tool** (“This is a tool to help to develop a Cross-border project” - developed in the first phase but implemented in the second phase) was developed.

This was applied by the SEUPB themselves in the first phase of their application procedure last year and the Centre was commissioned to run some workshops for new applicants for the last round of INTERREG. All 91 projects involved in this round of INTERREG from 2013-2015 had to use the toolkit. As a result of using the Impact Assessment tool, a 2 phase process was introduced by SEUPB, meaning that only those projects which passed the first phase (13 out of 91) progressed to the second and the development of a comprehensive business plan. This has also been taken up by INTERACT who are the support structure for all the EU Territorial Co-operation Programmes”.

However, the respondents noted that it was still too early to report any impacts from their research studies.

3.6 Future

The respondents noted the following:

The following points were noted by the respondents:

“More interaction on a cross-border basis on health and education and environmental projects”

“They should have had a mainstreaming strategy, they talk a lot about this and how projects would become mainstreamed after the Programme, but at this stage it’s too late in INTERREG”.

4 CASE STUDY – TRADELINKS 2

4.1 Introduction

The Tradelinks 2 programme was funded under Interreg IVA, Theme 1.1 (Enterprise) and was awarded €7,648,910. The programme aims to provide a wide-ranging suite of business support measures which are aimed at addressing barriers to trade by providing a framework for a co-ordinated approach to support micro enterprises and owner managed businesses based in Northern Ireland and the border counties of The Republic of Ireland

The Tradelinks II project is designed to support businesses displaying 'entrepreneurial flair', but which do not have access to a continuous programme of company development, to become more sustainable and competitive and to generate greater added value, earnings and wealth within their host communities.

4.2 Project Need

Respondents noted that the Tradelinks programme was originally established as a result of studies/research which indicated that the needs of the micro-enterprise sector (<10 employees) are different to other larger business and that generally mainstream support did not facilitate them as it focused more on manufacturing and tradable services, which a lot of micro-enterprises do not fall under.

The programme also fitted in with the need that a lot of micro-enterprises were very dependent on their local market and did not engage in cross-border trade due to lack of resources of concerns over currency, insurance requirements, tax regimes, banking requirements etc. The main objective of the programme was to obliterate those misconceptions and overcome any hurdles so that micro-enterprises could engage in cross-border activity.

"We then wanted to a degree to hand hold them through the process of increasing / starting cross border activity. That in itself generally required them to develop their business and make improvements".

Respondents agreed that the Tradelinks 2 project remains relevant to the needs of the eligible area and its named target beneficiaries, particularly given the current economic climate. It was noted that this was evident within the interim period between Tradelinks 2 and the next phase of Tradelinks as there were three business within the Newry area who were interested in participating

in the programme, however because they did not receive the support in time they are no longer operating.

4.3 Project Interventions

The following section provides an overview of the range of interventions developed in order to deliver the Tradelinks 2 programme.

- **Stage 1** – A full business assessment is carried out which will establish the client company's profile of employment, sales and turnover, production/delivery capacity, market penetration, growth potential and the company's specific aims and objectives in relation to cross border trade. A business improvement plan is then developed which identifies the strengths and weaknesses of the business. Recommendations are then made in order to address any weaknesses.
- **Stage 2** - Given constraints in time and budgets, approximately three of the most significant weaknesses within the business are targeted and agreed with the client. This enters them into the next stage of the programme.
- **Stage 3** – There are three elements within this stage of the programme.
 - Address identified weakness by providing expertise mentoring.
 - Produce a market entry plan which identifies potential opportunities for the business with at least two of those to be hard contacts.
 - The final element is called linkage support. This involves taking one of the identified opportunities and helping the client to achieve the maximum benefit through providing mentoring support e.g. helping the client prepare for the initial meeting, attending the initial meeting or helping them with some follow up work.

On completion of the programme an end appraisal is undertaken for each business. The appraisal identifies the benefits accrued by the client by comparing their baseline position, as identified in the assessment, to their position on completion of the programme. All clients are then monitored six months, 12 months and 24 months after completion of the programme to monitor a range of business development criteria including; increase/decrease in home market sales, increase/decrease in cross border sales and increase/decrease in employment levels.

4.4 Support Provided

Respondents were asked for their views on the project selection process and identified that they received a number of questions regarding their application which made them feel that their application had not been read. It was suggested that when an application is submitted a meeting should be held with SEUPB and the accountable bodies to explain from start to finish what your programme is about.

“It is demoralising that you have put so much time and effort into putting an application together and it’s as if nobody has even scanned it. Some of the questions are so obvious that it is clear people hadn’t read the application”.

In terms of the support provided in the development of projects, respondents identified that SEUPB have been very supportive. However, the respondents noted that they would like more flexibility with regards to managing budgets.

“We have 30 partners on our project. I think all SEUPB should be concerned about from the expenditure point of view is how we manage the overall budget figure. How it is split amongst the 39 partners should not really interest them”.

“Our overall view of SEUPB is that they are very supportive. I think this issue about having to sub create partner budgets and then to be monitoring those has created work for themselves that they don’t need to have done. They are only doing what they have to do but it also puts a bit of a hurdle in our way as well”.

Respondents also noted that it would be useful if you could make amendments to budgets when required.

“The limitation is that you can only change your budget once a year and it has to be in quarter 2. I can understand why SEUPB don’t want a request every month from somebody but it would be useful if you could change it when you need to”.

4.5 Programme / Project Implementation

Respondents were asked if they have any suggestions on how the implementation of the programme might be improved. It was reported that it takes too long to approve funding as it took two years to get Tradelinks 2 approved. It was also noted that during this period there were businesses in need of help and support and subsequently could no longer operate due to the time delays in approving the funding. Also, the project has 39 partners, some of which lost patience and laid staff members off.

“The Tradelinks application took 2 years which is far too long. And the sad thing is your sitting there knowing there are companies out there that need the support. It was frustrating. However, we don’t feel that that falls on SEUPB shoulders at all”.

“The time element had a lot of significance. Businesses that we knew would like to be on the programme we know some of them have gone in the meantime. We have 39 partners and we know some of them run out of patience and have to lay staff off”.

Respondents were asked to identify if they have any suggestions on how the implementation of their project might be improved. It was agreed that the project worked so well particularly from the delivery perspective. However, it was noted by the respondents that they would like more flexibility with regards to selecting the best mentor for a particular company.

“We don’t have that flexibility but is not SEUPB’s fault. It’s an EU issue. It is not acknowledging that local expertise and local understanding of what the company needs and who’s the best mentor isn’t taken into account really”.

In terms of the relevance of the targets and indicators used at a programme level and at a project level, respondents noted that some are relevant and some are not. Respondents noted that when they submitted their application they looked closely at the targets SEUPB set in order to set their own targets.

“We very much considered SEUPB’s own operating manual which set out the targets that they have set and therefore it seemed reasonable that if they have a target to create x number of jobs then that should be a target of ours”.

“I think basically 95% of targets and objectives set are sensible. I would tweak one or two but is no more than that”.

Respondents noted that there were no constraints that limit their ability to measure the impact of their projects activities because they have a very good management information system which was developed through experience of working on Tradelinks 1.

“In Tradelinks 2 we monitor our clients 6, 12 and 24 months after they completed the programme so our management information system flags that if a business is due their 6 month monitoring to date. On tracking and monitoring we are fine.”

In terms of publicity, it was noted that at a programme level SEUPB do their best to get the message across, however most people on the streets would not know who SEUPB where or what the Interreg programme is.

“You put it in every piece of headed paper, you refer to it in any PR advertising, work that we do, and networking events, but I don’t really think the clients take it in”.

In terms of publicity requirements at a project level, the respondents noted that these are not an issue and that SEUPB are very good at making you aware of what you need to do.

“We know the significance of it but I’m not sure if people are fully aware that it is Interreg money, more interested in fact they are getting support”.

4.6 Benefits / Impacts

Respondents agreed that the programme offers *“bespoke, useful, effective, beneficial support to the clients which benefits them greatly.”* Under Tradelinks 2, 300+ new jobs were created. The networking element of the programme was also highlighted as being extremely beneficial for the clients.

“We are on target for 300+ jobs which is very good in the current climate”.

“It’s been really nice to go out and meet the companies that are benefiting from what has been provided. The Interreg programme from that aspect has provided funds that have been really well utilised. It is amazing from that perspective”.

Respondents were asked to what extent the benefits of the programme are expected to last and agreed that the 300 jobs will be sustained. The experience clients have gained throughout the process will be sustained as well as the range of networks established.

"We have 39 partners in the north and south. So the advantage of a company coming in to the programme is an automatic network. It is not all island but it is probably the programme with the largest network in the whole country".

"Generally we find that when we monitor a business after 12 months they have now created 2 new jobs and have now increased sales by 100,000".

"I think also because it is bespoke mentoring and you are actually going in and giving them the information they really need it creates sustainability".

Respondents questioned the reasons why the programme is not mainstreamed given its success to date.

"Based on what people have said to us the view would be the programme has been that successful why is it not mainstreamed. We became victims of our own success".

Respondents agreed that the project would not have occurred on the same level/scale in the absence of financial assistance.

"You maybe could have run something locally if you had have went to your local councillor but it wouldn't have been a 12 county programme. It might have just been Newry. So it wouldn't have happened on the same level".

4.7 Future

Respondents were asked if they have any suggestions on the direction on and structure of any future funding period 2014-2020 and potential Interreg VA programme. Respondents noted that their interest is to support the micro enterprise sector / SME's as they believe from their network perspective that there is strong justification for support and development of SME's particularly the micro enterprise sector.

"89% of businesses in NI are micro enterprises and there would be a similar figure in the south. We supported 500 companies on Tradelinks 2 which is about 1% of the number of companies. The recognition of the importance of the indigenous microenterprise sector is becoming more relevant".

5 CASE STUDY – PROJECT KELVIN

5.1 Introduction

Project Kelvin was funded under INTERREG IV A Theme 2.2 Infrastructure. The Project received financial support of €29million and operated from Feb 2008 to June 2011. The Project was delivered in partnership between the Department of Enterprise, Trade and Investment (NI) and the Department of Communication, Energy and Natural Resources in the Republic of Ireland. The Project aimed to provide the North West of the island of Ireland with a direct international telecommunications link to North America and improved connectivity with Europe. In addition, it aimed to both improve the speed of connectivity (latency) and to ensure the cost of international connectivity in the North West is competitive with the cost in major UK cities and Dublin.

5.2 Project Need

Prior to the investment in Project Kelvin, Northern Ireland did not have its own direct access to a Trans -Atlantic Cable (operating between North America and the UK and Ireland). A cable came via Dublin, but the quality and speed of the services once it was accessed in Northern Ireland and the Border Counties was viewed as being of lower quality. The economic rationale for the Project arose out of the realisation that if Northern Ireland and the Border Counties of Ireland are to expand their economies they will need to attract more foreign direct investment. In particular the financial services sector and key high tech/science sectors were to be targeted and feedback from companies has stated that they need reliable, fast and affordable internet access. It was noted that an existing Trans-Atlantic Cable was accessible from the North Coast and that a cable interconnector could 'tap in' and land the information on the North County L'Derry Coast. Project Kelvin provided the funding to lay the cable and also to install 8 points of presence across the eligible region which would enable access to other telecoms providers.

5.3 Support Provided

Although the respondents noted that they had not been in place when the Project was being developed and delivered they noted that there were a number of issues which delayed the implementation of the project: Procurement and State Aid. However, these are significant issues for any telecoms project and the entire exercise took about a year to progress, at a time when the Programme was in the early days of being implemented.

Unlike most other Projects supported under INTERREG IVA, the Priority was ring fenced for the use of Project Kelvin. The respondent said that this illustrates how well the INTERREG Programme was in alignment with the emerging telecoms strategies (and FDI strategies) in both Northern Ireland and the Republic of Ireland. As such there was not the same need to apply for funds, however the Project was still subject to appraisal and the due diligence of SEUPB and respective Government Departments.

In terms of support provided by SEUPB, this related to the provision by the Promoter of routine updates of progress and the completion of quarterly claims forms. This was very much a project which could only be delivered by the relevant telecoms branches in both jurisdictions.

5.4 Project Implementation

The respondent noted the particular circumstances of the project, that the funds had been in essence ring fenced for them, and that the day to day management of the Project were delivered by a specialist team in both Telecoms branches North and South. The Project was delivered on time and in budget.

However, the respondent noted that there maybe could have been more publicity as to the benefits to FDI and indigenous companies of Project Kelvin, but that maybe the role of the relevant development agencies rather than SEUPB.

In terms of the objectives of the Project:

- To provide the North West with a direct international telecommunications link to North America and improved connectivity with Europe;
- To improve the speed of connectivity (latency) between the North West and both North America and Europe;
- To ensure the cost of international connectivity in the North West is competitive with the cost in major UK cities and Dublin;
- To improve the resilience of the telecommunications infrastructure throughout the island of Ireland;
- To increase competition in the telecommunications market; and
- To encourage private sector investment in telecommunications infrastructure.

All the above objectives have been achieved as will be demonstrated in the next section.

5.5 Benefits / Impacts

The respondents noted that Northern Ireland and the Border Counties now had the best internet provision in Western Europe and had a Foreign Direct Investment proposition tailored to meet the needs of the financial sector from North America. This proposition was likely to last over the life time of the equipment (up to 15 years).

The fundamental are in place and the Project has delivered the following:

- 60 Live Circuits (majority at 1 gigabit – 10 gigabits)
- Currently 21 businesses are making direct use of Kelvin network including a number of significant multinationals operating in:
 - Telecoms;
 - Business process outsourcing;
 - Social networking;
 - Financial services;
 - HR and financial management software;
 - Equity markets; and
 - Web commerce.
- Kelvin capacity is also being used indirectly by local businesses through resellers (who have invested in their own capacity) including NEW, Tibus and Novosco.

The respondent noted that they had anticipated a much more significant impact on FDI in the financial services sector but that the recent recession had reduced demand in that area. However the proposition will still be attractive when the FDI market re-establishes itself.

5.6 Future

In terms of the future INTERREG Programme, the respondent was unsure as to whether there would be the same need for ring-fencing a budget solely for telecoms issues. He did mention the need to continue to enhance the connectivity across the eligible region and to build upon the new working relationships across jurisdictions.

APPENDIX IV: AMENDED ASSESSMENT PROCESS

Amended assessment process

The following table provides a detailed assessment of the original application process, before identifying recent revisions:

Original Process	Revised Approach
<p>Stage 1- Application Submissions</p> <p>The JTS of SEUPB offer project development support at pre-application stage through individual meetings with the potential promoters, project developmental workshops and project surgeries (In Scotland, this supportive role before and during the application process is fulfilled by the NCP). This support introduces projects to the Programme, its associated Priorities and Themes and the criteria a project has to meet to be eligible for funding.</p> <p>A call for applications is prepared by the JTS including producing documentation and updating the website and issued with a strict cut-off date for submissions.</p> <p>The first stage after receipt of an application by JTS is the admissibility checks⁴⁴.</p> <p>The admissibility checks should take around two weeks to complete and if the project meets all the criteria specified it then progresses to the next stage. If the project is</p>	<p>Pre-application support was amended in July 2010 with the introduction of pre-application meetings, project developmental workshops and project surgeries. These are all intended to help potential applicants decide if the Programme is relevant to them and to make Project Partners aware of the criteria they have to meet.</p> <p>SEUPB has also released a document to accompany the changes to pre-application support entitled Clarifications on Project Assessment and Approval Process⁴⁵. It sets out a timetable in relation to the assessment process and contains a list of future calls. The timetable of calls is also available online and updated regularly so that potential applicants can plan for their applications well in advance.</p> <p>In January 2012, SEUPB initiated a new 2 stage approval process. Prior to the announcement of the revised process, SEUPB undertook a number of workshops across the eligible region to inform potential participants of the requirements of the new process and</p>

⁴⁴ The basic criteria that must be satisfied before an application is accepted and can be processed along the following process:

Application submitted on time; Both parts A and B are submitted and complete; Project activity is eligible as identified by the ERDF regulation 1080/2006 and in line with the INTERREG IVA Operational Programme; The Lead Partner is a public body and meets the criteria of Lead Partner as set out in Article 20 of Regulation 1080/2006; Application includes partner cost budgets; Partnership meets the minimum requirements for cross border working and the role of each partner is outlined to ensure a true cross border partnership project; The application provides evidence of co-operation in at least two of the following four areas: joint development, joint implementation, joint staffing and joint financing, If applicable, match funding is in place; There is sufficient information included in the budget to allow for a value for money assessment to be carried out (i.e. if estimates are provided without supporting evidence, it is not possible to carry out a VFM assessment). Supporting rationale and benchmarked figures should be provided. If a capital build project, the project should follow the Checklist for Large Scale Capital Projects.

⁴⁵ http://www.seupb.eu/Libraries/INTERREG_IVA_Documents/IIVA_Paper_20100816_modifications_to_project_assessment_and_approval_process_1.sflb.ashx;

Original Process	Revised Approach
<p>found to be inadmissible the JTS informs the Lead Partner</p>	<p>revised timeframe for delivery:</p> <ul style="list-style-type: none"> • Stage 1: Submission of an abbreviated Project Ideas template (of between 5-10 pages). 91 Short form templates were submitted and reviewed by JTS of SEUPB, thereafter a shortlist of 15 projects was identified and requested to develop a detailed business case. This process was anticipated to take up to 4 weeks: and • Stage 2: Development of detailed business case. The Promoters of shortlisted projects were asked to complete a more detailed application form and supporting documents, covering the key areas necessary for both SEUPB's assessment process and any subsequent economic appraisal. This process was anticipated to take up to 4 weeks.
<p>Stage 2- Outline Business Case and Assessment Report</p> <p>The OBC is a document summarising the full application and includes the initial views of the JTS on the project (preliminary consideration of suitability of Lead Partner, cost analysis and possible alternatives). Although it is a brief document, it includes sufficient information for Accountable Departments to provide initial comments on the potential and suitability of the application, highlighting any likely strengths and weaknesses. The OBC takes between 2-4 weeks to produce and the relevant Departments then have a further 2 to 4 weeks to provide comments.</p> <p>These comments then feed into the assessment report which is produced by the JTS. The report takes 2-4 weeks to prepare and provides an indicative score for the application against stated criteria⁴⁶.</p>	<p>SEUPB agreed a timeframe and template for the submission of comments from the Accountable Departments.</p> <p>In addition, SEUPB augmented the assessment process through commissioning additional technical assistance to address internal capacity constraints related to specialist knowledge of specific subject areas (including; specific sectoral demand energy advice, procurement etc).</p> <p>The augmented assessment report was then submitted (where appropriate) for economic appraisal.</p>

⁴⁶ Programme criteria includes: contribution to overall Programme objectives (30%), contribution to specific priority and theme objectives (30%), general selection criteria (40%); efficiency and

Original Process	Revised Approach
<p>If the indicative score is less than 58%, the application will be recommended for rejection and forwarded to the Steering Committee for consideration for rejection. If they are rejected by Steering Committee the project partners will receive a debriefing by the JTS detailing the reasons for rejection and will have the opportunity to either reapply, addressing any issues or to use appeals procedures if they feel there is a basis.</p>	
<p>Stage 3 – Economic Appraisal or Value for Money Assessment: If the proposal is for less than £500k, a robust internal, to SEUPB, VfM assessment is carried out in line with the Northern Ireland Guide to Expenditure, Appraisal and Evaluation (NIGEAE) and submitted to Accountable Departments for consideration. Following a positive outcome from the Accountable Departments to application will then be submitted to the Steering Committee with a recommendation for approval.</p> <p>Projects meeting the 58% cut off which are applying for funds of £500k or more progress to Full Business Case (FBC). The FBC consists of the completed application form, the assessment report with indicative scoring, an independent and quality assured Economic Appraisal, a Business Plan for commercially orientated projects and a pre-contract check. This process can take a minimum of 6 weeks to complete. The assessment report may be re-scored according to the outcome of the Economic Appraisal and it is at this point where only projects scoring 65 or over are recommended for approval. If the EA deems that a project is not value for money it will be</p>	<p>On commissioning consultants to deliver the economic appraisals, SEUPB put in place the following innovations:</p> <ul style="list-style-type: none"> • Submission to consultants of detailed business cases, augmented by comments/guidance from Accountable Departments and additional technical advice; and • Protocol with Consultants detailing agreed timeframe for delivery, consultation with Project Promoters and key stakeholders and traffic light template for subsequent economist comments.

effectiveness (value for money/added value and need for project) and contribution to cross cutting themes (equality and sustainable development)

Original Process	Revised Approach
recommended for rejection at this stage. The Accountable Departments North and South scrutinise the FBCs to form a view on the value for money of a case and provide a final decision on Accountable Department approval including any conditions that must be applied. This can take at least 6 weeks to complete.	
Stage 4: DETI Casework Committees (See earlier information)	In 2011, SEUPB received delegated authority from DFP to 'sign off' projects with expenditure up to £1million.
Stage 5 – Steering Committee: The relevant papers will be circulated to Steering Committee members and there will be 2 weeks to consider the final FBC and prepare for the Steering Committee meeting. The JTS present the project at the meeting and field any questions either for immediate response or if necessary to request further information from the project. In the latter case, the committee will defer any final decision until they have the full information. Deferred projects will then be considered at the next relevant Steering Committee meeting, where they could either be decided on immediately or deferred again if further detail is required and so on, until a final decision can be reached. Therefore the three possible Steering Committee outcomes are approved, rejected or deferred. The Steering Committee has the final say on the outcome of an application.	There were no amendments to this stage.
Stage 6 – Letter of Offer – When an application is approved by the Steering Committee the JTS will notify the project partners within 4 weeks via a letter of offer (LOO). The LOO will also detail any specific conditions of offer that the Steering Committee or Accountable Departments have deemed necessary.	There were no amendments to this stage.
Stage 7 – Response from project to LOO: When a successful applicant receives their LOO they can either decide to accept the	There were no amendments to this stage

Original Process	Revised Approach
<p>LOO and its associated conditions or withdraw the project. Project partners are required to respond to the LOO within 2 weeks of issue.</p>	

APPENDIX V: ANALYSIS OF MAP'S

Partnership Name	Theme				Total projects
	1.1	1.2	2.1	2.2	
COMET	0	0	3	0	3
EBR	0	0	13	1	14
ICBAN	4	1	3	0	8
NWRCBG	0	0	8	0	8
NEP	1	1	3	0	5
Total projects	5	2	30	1	38
*Includes projects with application statuses: Approved, LOO Issued, LOO Accepted and Completed					

Partnership Name	Theme				Total Eligible Costs (€)
	1.1	1.2	2.1	2.2	
COMET	.	.	1,864,225.84	0.00	1,864,225.84
EBR	.	.	32,841,875.48	85,182.57	32,927,058.05
ICBAN	5,620,228.54	3,183,804.00	3,695,954.69	0.00	12,499,987.23
NWRCBG	.	.	19,870,508.31	0.00	19,870,508.31
NEP	939,688.75	6,320,800.03	3,150,354.80	0.00	10,410,843.58
Total Eligible costs (€)	6,559,917.29	9,504,604.03	61,422,919.12	85,182.57	77,572,623.01
*Includes projects with application statuses: Approved, LOO Issued, LOO Accepted and Completed					
Note: There is one COMET project under Theme 2.1 that is Terminated with a total commitment amount of €406,634.25 which has been excluded from tables above.					

APPENDIX VI: EMERGING EU STRATEGY

EMERGING EU STRATEGIES

A Strategy for Smart, Sustainable and Inclusive Growth: Communication from the Commission 2020 - Brussels, (2010)

Europe 2020 is the European Union's growth strategy for the ten year period up until 2020. The Strategy identifies key interventions to address constraints and opportunities in the following areas, including: employment; education, research and innovation; social inclusion and poverty reduction and climate/energy.

The European Commission has identified the following targets for 2020:

- 75 % of the population aged 20-64 should be employed;
- 3% of the EU's GDP should be invested in R&D;
- The "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right);
- The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree; and
- 20 million less people should be at risk of poverty.

To achieve this the European Commission put forward seven flagship initiatives to encourage prompt development in the areas of; finance, education, digital communication, renewable energy, competitive business development (particularly of SMEs) and up skilling the labour market.

The Commission sets out to replace short-term unsustainable aid and this involves the following steps:

- As one of the biggest expenditures, sectorial support schemes would be removed as early as possible;
- Short-term unemployment support would be phased out when GDP has stabilised and employment is beginning to grow;
- Financial support for businesses will remain available until normalised; and
- Support for the financial sector (with particular emphasis on government guarantee schemes) will remain available until the financial system is verified as stable.

This Strategy complements the primary aim of the current INTERREG IVA Programme to achieve an economically sustainable region. INTERREG will provide continued support to sectors such as business and tourism to encourage economic growth. It will support co-ordinated policy development

between Northern Ireland, the border region of Ireland and Western Scotland to develop better access to services to promote employment growth. The Programme further supports the environmental and poverty objectives of the Strategy in the implementation of cross-cutting themes.

A Digital Agenda for Europe: Communication from the Commission to The European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions. Brussels, (2010)

The Digital Agenda for Europe sets out the key role of Information and Communication Technologies (ICT) in allowing Europe to meet the 2020 objectives outlined in the European Growth Strategy.

Specifically the Agenda highlights areas for improvement in ICT to provide maximum potential in the following areas:

- Health care;
- Efficient transport;
- Cleaner environment;
- Media opportunities; and
- Easier access to public services and cultural content.

20% of Europe's productivity growth is directly attributed to the ICT sector and a further 30% is attributed to ICT investments. Projections suggest that by 2020 almost all digital content and applications will be delivered online. The following seven areas have been identified as the most significant obstacles.

- Fragmented digital markets and a lack of interoperability - Fragmented markets and regulatory barriers across Europe are currently stymieing the open access and commercial awareness countries such as America are benefiting from due to a lack of cross border interoperability. Similarly inconsistent standards and lack of coordination between authorities means Europe is not using the digital services and devices to their maximum potential;
- Rising cybercrime and risk of low trust in networks – New development online are not being utilised due to a lack of faith or trust in current networks. Crimes such as child abuse and identity theft and regulations based around private data must be dealt with to provide reassurance. Privacy and security concerns, by insufficient internet access, insufficient usability, by lack of relevant skills or by lack of accessibility for all;

- Lack of investment in networks –investments in high speed internet connections will be essential for the future economy;
- Insufficient research and innovation efforts - an insufficient number of SMEs are utilising researchers to develop innovative solutions to constraints; and
- Lack of digital literacy and skills a dwindling number of ICT professionals are producing a knock on effect whereby there are fewer new entrants studying for qualifications in ICT.
- Missed opportunities in addressing societal challenges – climate and environment change, ageing population, rising health costs, developing more efficient public services and integrating people with disabilities. This stimulates demand for higher speeds and capacity, which in turn creates the business case for investments in faster networks. The deployment and take-up of faster networks in turn opens the way for innovative services exploiting higher speeds.

To support this Strategy INTERREG IVA have placed emphasis on the development of ICT and R&D to promote further business interaction and allow isolated areas to compete on level footing. INTERREG has also recognised the need to develop integrated policy and infrastructure across borders to allow the regions to take advantage of economies of scale which have previously been missed.

An Integrated Industrial Policy for the Globalisation Era, European Commission 2010

The aforementioned strategy is the European Commission's approach to industrial policy and is characterised as follows:

- Continuing to apply a tailor made approach to all sectors and, at the same time, coordinating European policy responses as the concept of national sectors in the context of globalisation is fading away;
- Considering the whole value and supply chain, from access to energy and raw materials to after sale service and the recycling of materials. As some parts of this chain are outside the EU, all industries must have a 'globalisation reflex; and
- Regular reporting by the Commission on the EU's and EU countries' competitiveness and industrial policies and performance.

In response the Policy recognises the importance of manufacturing and SMEs, including:

Manufacturing is currently providing employment to one of every four jobs in the private sector within the EU and another one out of four in associated services; as such manufacturing is the priority sector to achieving economic stability. To remain competitive this must go hand in hand with developments in ICT.

With SMEs making up the majority of industrial businesses in the EU, the report identifies the need to put them at the centre of new EU industrial policy. In a similar vein to the 'European Commission's Resource Efficient Europe', high demand for resources such as raw material which are in short supply will mean industrial development be dependent on the EU's ability to compete and co-operate on an international level, with those who may provide essential links in the supply chain process. Additionally, industrial policy will need to be considered in relation to the impact on cost, price and innovative competitiveness and how they would fit with all other policies e.g. transport, energy, environmental or social and consumer-protection policies.

If the industrial policy is successful it will result in increased jobs, growth and competitiveness for a more sustainable EU.

This initiative sets out the following key actions for European industrial competitiveness:

- Competitiveness proofing i.e. analysis of the impact on competitiveness of all policy proposals;
- Fitness checks - of existing legislation aiming at reduction of the cumulative effects of legislation so as to cut the costs for businesses in Europe;
- Making it easier for SMEs to access credit and help their internationalisation;
- A strategy to strengthen European standardisation;
- More efficient European transport, energy and communication infrastructure and services to serve European industry;
- A new strategy on raw materials for sustainable supply and management of domestic primary raw materials;
- Increasing sector-specific performance, in such areas as advanced manufacturing technologies, construction, bio-fuels and road and rail transport, particularly in view of improving resource efficiency;
- Actions to improve framework conditions and support innovation in energy-intensive industries;

- Reporting on Europe's and Member State's competitiveness, industrial policies and performances on an annual basis; and
- The emerging strategy for INTERREG V should be consistent with the key actions identified above.

First Annual Convention of the European Platform against Poverty and Social Exclusion (Oct 2011)

The First Annual Convention of the European Platform against Poverty and Social Exclusion highlighted the need for social inclusion in all European Member States to be a focus of attention in all EU funded projects, to ensure anti-poverty targets will be reached by 2020. The convention also outlined the necessity and methods of including those groups which are particularly isolated and increasingly vulnerable to poverty including older generations and young people outside of education or employment. This convention provided the basis for the inclusion of 'poverty' as a cross-cutting theme within INTERREG IVA, and identified the following indicative activities:

- Introduction of regular monitoring and reporting of child poverty in the EU to meet the Europe 2020 Strategy's poverty headline target;
- Regular reporting at EU level;
- Develop better indicators;
- Develop an implementation programme (next Trio Presidencies);
- Enhanced mutual exchange and learning;
- Acknowledge richness of practices and knowledge;
- Provide adequate education and training for professionals;
- Scale up, transfer and disseminate best practices;
- Investment of funds and resources in preventing and tackling child poverty;
- Better use of the Structural Funds (current and next multi-annual financial framework); and
- The emerging strategy for INTERREG V should be consistent with the key actions identified above (which are obligatory).

European Commission's Resource Efficient Europe

This is one of the flagship initiatives supported under the Europe 2020 Strategy and aims to support a shift towards a resource efficient low carbon economy to mitigate the impact of a projected 30% population increase by 2050. The strategy also highlights the role of technology to aid resource efficiency will provide new employment opportunities and encourage EU trade. Areas which will need to be covered include (energy, industrial, agricultural and transport systems, and changes in behaviour as producers and consumers) to develop policies, as such a resource efficient economy would:

- Boost economic performance while reducing resource use;
- Identify and create new opportunities for economic growth and greater innovation and boost the EU's competitiveness;
- Ensure security of supply of essential resources; and
- Fight against climate change and limit the environmental impacts of resource use.

EU Territorial Co-operation (ETC) Regulations

The EU Territorial Co-operation (ETC) Regulations propose a number of important changes to the way cohesion policy is designed and implemented. It proposes that programmes should concentrate funding on a smaller number of priorities which are better linked to the 'Europe 2020 Strategy'. The focus of programmes will be on results, with better monitoring of progress towards agreed objectives and simplified delivery. The draft provisions governing the preparation of the INTERREG V Operational Programme include the following⁴⁷:

- "The eligible area for the INTERREG V Programme will include those areas of Northern Ireland, the Border Region of Ireland and Western Scotland that are eligible under the current INTERREG IVA Programme";
- "The selection of a limited number of thematic objectives for the programme. The INTERREG Programme can choose up to four thematic objectives from the following menu of eleven:
 - Strengthening research, technological development and innovation;

⁴⁷ Source: Consultation information document 2014-2020, SEUPB

- Enhancing access to and use and quality of information and communication technologies;
 - Enhancing the competitiveness of small and medium sized enterprises;
 - Supporting the shift towards a low carbon economy in all sectors;
 - Promoting climate change adaptation, risk prevention and management;
 - Protecting the environment and promoting resource efficiency;
 - Promoting sustainable transport and removing bottlenecks in key network infrastructures;
 - Promoting employment and supporting labour mobility;
 - Promoting social inclusion and combating poverty;
 - Investing in education, skills and lifelong learning; and
 - Enhancing institutional capacity and an efficient public administration.
- This aims to improve the strategic focus of programmes and to ensure added value and better results”;
 - “Programmes may also include options for a specific emphasis on sustainable urban development and/or integrated territorial investment”;
 - “Projects will include bilateral (North / South) or trilateral (North / South / Scotland) partners who will co-operate in all of the following ways: joint development, joint implementation, joint staffing and joint financing. This is a change to the current provisions which state that projects only need to fulfil two of these criteria”;
 - “Options for delivery of elements of the programme include: community led local development and/or joint action plans”;
 - “The Programme will include a performance framework, which will outline milestones to be achieved during the programme lifetime. This will ensure that results can be assessed”;
 - “Payments to programmes from ERDF may be linked to the achievement of agreed milestones”;
 - “Eligibility rules will be fixed for the programme as a whole and national rules will only apply in the absence of such rules”; and
 - “The de-commitment rule will be set as N+3 i.e. money profiled by EU has to be spent and certified within 3 years, in other words the 2014 budget must be spent and certified by 2017”.

APPENDIX VII: CONSULTATION RESPONSES

1 CONSULTATION FINDINGS

1.1 Introduction

This section presents key findings emerging from the key stakeholder consultations that were undertaken between February 2013 and April 2013. The table below provides an overview of the 27 stakeholders who contributed to the process (Refer to Appendix I for a list of stakeholder names and a copy of the topic guide used).

Key findings emanating from consultations are categorised as follows:

- Programme Need;
- Support Provided;
- Programme / Project Implementation;
- Programme Benefits / Impacts; and
- Future Project / Programme Development.

For ease of analysis and reference, the proportions used to quantify responses in this section are described using the following terms i.e.

Table 1.1: Proportions used to quantify responses

Term	No. of stakeholders
All	27
Almost/nearly all	19-26
A majority	13-18
A significant minority	6-12
A few/a small number	1-5

For the purpose of confidentiality, responses have been anonymised and the findings have been presented to reflect common themes and illustrative verbatim quotes.

1.1.1 Programme Need

Stakeholders were asked their views on the rationale for the INTERREG IVA Programme and how the programme has evolved within the 2007-13 period

The majority of respondents felt that they now have a better understanding of the INTERREG IVA programme and its processes, and highlighted that the rationale of the programme is still relevant as it targets areas in greatest need of intervention. The importance of cross-border collaboration was highlighted as key and an important element of the programme.

“The rationale is definitely still relevant and possibly even more so with the economic downturn as there are some areas that are even more fragile and isolated”.

The view expressed by five respondents was that the programme has evolved quite well, and that the addition of the Scottish border regions has added value to the programme.

“In general it has been observed that there have been synergies between Scottish coastal regions and Irish and Northern Irish coastal regions, particularly Donegal”.

It must be noted that at the start of the Programme, there was a perception that it mainly related to the needs of the island of Ireland, with a number of Themes inaccessible to Scottish Partners, in particular: Telecoms. However, the ‘Collaboration theme was seen as been especially important to encouraging Scottish involvement as there was a degree of flexibility in interpretation and a number of infrastructural/strategy development interventions could be developed. Respondents noted that the collaboration theme provided a useful mechanism for developing pilot projects and new working relationships which could be subsequently developed/mainstreamed in any follow up programme.

The majority of respondents stated that the programme and/or their projects remain relevant to the needs of the eligible areas i.e. Northern Ireland, the border region of Ireland and Western Scotland and its named target beneficiaries.

“The programme is aligned for the needs for the future of the region and the beneficiaries”.

Whilst respondents agreed that progress has been made there is still a need for the programme to address deprivation issues in the border regions and in Scotland.

1.1.2 Support Provided

Stakeholders were asked their views on the project selection process and on-going programme / project support.

The majority of respondents agreed that the assessment and approval/selection of projects was a lengthy and cumbersome process, and that there was a lack of information/communication with regards to the status of the applications.

"There should be a greater effort to review the approval process. The length and complexity of approving projects in my opinion is the programmes main weakness."

"All parties would agree that the approval process was too long and bureaucratic and needs to be shortened."

"I think from the development of the application until I got the letter of offer was over a year. It's a slow, arduous process"

"I talked with a couple of people in SEUPB and there was certainly support going through the application stage, but really it stopped after that, and then it was the notification that you were through. Once the application has been submitted it just went dead. I understand they have to go through lots of approval stages, but just an update of where we are with the process would be good".

Four respondents reported that in the initial application stage of the programme, it was unclear what precisely the programme was going to fund which in turn "opened the door" for a number of applications/projects that there was no need/demand for, or perhaps they were duplicating existing provision.

"My view is that SEUPB were a bit too vague and a bit too general. Nobody knew what precisely the programme was going to fund so that opened the door for a bunch of applications that proved difficult to get through the hurdles. The language used was a bit more general than it could have been. Need to be clear about the types of activities they want to fund. SEUPB got more strategic towards the end and knocked

down many of the worst applications. There was a willingness in the two stage process to get rid of the bad projects quickly".

"I think it undoubtedly proved to be a complicated and time-consuming process. I wouldn't entirely blame the structures. Those themselves may have worked if everyone had brought forward well-developed projects with clear value for money and clear demarcation from what was already offered. That wasn't happening. There was a lot of time needed to prove they weren't reproducing existing provision and so on. It is quite convoluted but that's largely due to the nature and quality of applications".

A few respondents noted that in terms of the application process, the two-tiered approach worked well as it removed projects that did not meet the selection criteria.

It was also noted that there was a difference in interpretation as to what Governance meant in different jurisdictions. Respondents stated that in other territorial/INTERREG programmes, there is much more detail placed in the Operational Programme, thereby agreeing upfront priority interventions and locations, strict timeframes for delivery/calls and eligibility of funding. However, the INTERREG Programme had an Operational Programme which was open to interpretation, no set dates for Thematic Calls and a strong reliance on verification.

In terms of improvements, the following points were made by the majority of consultees:

- Timescales with regards to selecting projects needs to be shorter.
- There is a need for greater clarity with regards to the type of projects/activities the programme will fund
- More support for organisations to understand the process and what is required from project applicants i.e. more scope for online question and answer facilities where applicable and "more specialist assistance on steering committees," where individuals with appropriate qualifications could offer expert advice.

Four respondents commented on the guidance notes highlighting that they were very helpful and referred to them frequently. However, a few of the respondents felt that the guidance notes could be shorter and more straightforward. In terms of other sources of information, two respondents noted

that the SEUPB website contained a significant amount of information which was very helpful.

1.1.3 Programme / Project Implementation

Stakeholders were asked their views on the effectiveness of the programmes administrative functions; delivery structures and the monitoring and evaluation of the Programme.

1.1.4 Administrative Functions / Delivery Structures

The general consensus amongst the consultees was that programmes administrative requirements are too bureaucratic and time consuming. However, it was noted that the simplification of claims to include 'flat rates' has made considerable differences to time delays.

"General administration is too bureaucratic, and whilst I couldn't praise SEUPB's co-operation highly enough, the whole process took too long."

"SEUPB needed to take a step back and look at the process from the roots up and develop a clear administration processes. They need to start with a blank sheet of paper".

A few respondents felt that the projects are micromanaged and that the completion of quarterly reports is very time consuming which would discourage small organisations from making an application.

"I'm involved in a range of programmes: this project if I allowed it would take up 90% of my time with the need for quarterly reports. I just feel that it is just heavily over managed".

"SEUPB are an excellent organisation, no doubt. However, they have a tendency to micromanage. In one hand I'm lead partner and accountable for everything. If that's the case I feel they should let me manage the project. I'd like more freedom to get on with managing a project with less intervention from SEUPB".

Respondents were asked to comment upon how the implementation structures / processes associated with the programme might be improved. Three respondents noted that explaining the process to potential applicants and managing expectations would be beneficial in terms of alleviating frustrations and improving the quality and timeliness of submissions.

Two respondents noted that organisations should be given the opportunity to present to the Steering Committee, particularly for technical projects, in order to benefit from direct interaction; clarify the projects and to match the aims and outputs with those of the programme.

Two respondents cited that there should be better communication channels amongst different bodies and clearly defined roles for all individuals involved and to share learning experiences. One respondent felt that SEUPB should outline what information they require, when it is required and why.

1.1.4.1 Monitoring and Evaluation

In terms of the monitoring and evaluation of the programme, consultees noted that the Monitoring Committee generally seem to work well. However, a few consultees noted that there is an over emphasis on financial spend while others felt that the monitoring of the programme is more of a tick boxing exercise. One respondent noted that the completion of comprehensive quarterly reports is very resource intensive. It was suggested that bi-annual reports would be more beneficial and would not undermine the effectiveness of reporting.

A minority of consultees recommended that a more in-depth look at how projects are progressing at monitoring committee meetings should be undertaken, in order to gain a greater sense of any issues and how they can be resolved.

"Presenting current projects at monitoring meetings could provide information on current problems faced by other projects and give the opportunity for those with experience of similar problems to share advice".

"There should be a rebalanced emphasis towards looking at problems and issues as a measure to improve monitoring as a whole".

Respondents did not appear to have any issues with regards to recording the impact of the cross-cutting themes.

"Monitoring and evaluation the whole has been good, and that in relation to the cross-cutting themes the partnership is well implemented."

"We have no problem with the cross cutting themes. We addressed them in the application"

Four respondents commented on the targets and indicators used at a project and programme level and identified that they are relevant and fulfil the criteria. However, a minority of consultees noted that there are too many indicators some of which are not relevant to particular projects. It was suggested that they could be more streamlined or perhaps simplified.

"The over-arching targets and indicators are relevant but the targets should be more specific"

"The changing economic climate is a factor which has altered the relevance and importance of some of the targets, however some remain relevant. For example, poverty is now much more relevant as a result of the recession"

"There is room for improvement with regards to targets and indicators as some are not meaningful, and the data is not always fully populated. It would be beneficial to define less indicators, but more meaningful ones."

"There had been a few issues with targets and indicators in terms of finding meaningful indicators in some stages of the process. Future programmes need to look at these very closely"

Respondents were largely positive about publicity at both a programme and project level highlighting that projects have received coverage via the media, press-releases, magazines and websites.

"All the projects had launches which included online magazines, local newspaper articles and a monthly magazine which kept people informed about up and coming developments. I feel that publicity was utilised as well as it could have been"

"I think the publicity has been impressive. Every project gets a lot of air-time, launch events. Everything is well done and they have a great team in SEUPB to achieve that"

"SEUPB are very vigilant in making sure that projects give due recognition to the programme as required by the EU rules"

"Publicity at both levels appears to be good, incorporating press-releases, magazines, websites, and so on at the programme level."

Project launches have appeared to receive high profile coverage by the media.

1.1.5 Programme Benefits / Impacts

Stakeholders were asked to outline the main strengths of the Programme and their projects and the extent to which the programme and/or their projects has had an impact on target beneficiaries

Respondents noted that there have been a number of large projects which were described as having 'significant impact' within local areas particularly infrastructure projects. As a whole, it was noted that INTERREG IVA has had 'noticeable' impacts, in both scale and permanency; however, it was also felt that some of the benefits are more difficult to measure than others.

The majority of respondents noted that there are many projects that would not have received funding without INTERREG IVA and that the programme has encouraged cooperation and collaboration among organisations that would not have otherwise worked together. The cross border element of the programme was described as being a key benefit of the programme as it developed networking opportunities for organisations north and south of the border. A few respondents also reported that some of the projects developed have the potential to keep operating and expand beyond the life of the programme.

"The programme enables public bodies to work in a collaborative manner to develop the economy and infrastructure in their area. It also has a significant impact in terms of collaboration amongst organisations and individuals and in terms of learning from one another and sharing resources".

"The primary strength of the project is the attention to an area of the island that would otherwise not get the focus"

"The main strength of the programme is the cross-border nature as it provides networking opportunities and develops communication that we might not have done just as often".

"There would have undoubtedly been some very significant partnerships that would not have happened otherwise and these deliver benefits over the long-term."

"The main strength of the programme is that it opens up the idea that groups can work together. It also establishes some really interesting ideas which have the potential to broaden beyond INTERREG"

The majority of respondents agreed that their projects, particularly the larger projects, have had an impact on the target areas or beneficiaries.

"Infrastructure projects have had impacts on the local areas and the targeted beneficiaries, particularly on the larger scale projects in which the impacts are longer-lasting."

"Participants have benefited from skills building and facilities have been built which have benefited the community".

"There have definitely been improvements made to rural communities and rural businesses. Project Kelvin introduced high speed broadband internet connection to the area, which allowed smaller and more isolated businesses to compete with bigger business on a level footing, and to remain up to date with changes and developments".

In terms of the extent to which the benefits/impacts are expected to last after projects have been completed, consultees noted that the extent of lasting sustainable change is influenced by the type of project established i.e. capital projects will have a lasting legacy. Four respondents noted that the relationships that have been built up and the skills/knowledge gained will be expected to last.

"Impacts such as training/skills and mentoring will always remain, facilities will last so long as there is funding to maintain them but changing mind-set will last more than anything else".

"There are a number of key projects which will leave lasting benefits. The programme has facilitated useful co-operation with public bodies and that future cross-border projects will be encouraged".

"A lot of the activity that we are undertaking has begun to mainstream so there is already a legacy"

Respondents were asked to rate a number of aspects of the programme in terms of their importance; the results are provided below. (Please note that not all organisations/respondents answered this question).

- Socio-economic development of the area;
- Very Important (n=9, base=11⁴⁸);
- Quite Important (n=2) ;
- Sustainable development of the area;
- Very Important (n=7);
- Quite Important (n=2);
- Neither/ No (n=2);
- Opportunity for networking/making contacts on a cross-border basis;
- Very Important (n=8);
- Quite Important (n=3);
- Shared knowledge/expertise;
- Very Important (n=7);
- Quite Important (n=4);
- Greater cross-border cooperation on policy development;
- Very Important (n=4);
- Quite Important (n=4);
- Neither / No (n=2);
- Not Very Important (n=1);
- Opportunity to improve skill-base among SMEs;
- Very Important (n=5);
- Quite Important (n=2);
- Neither / No (n=3), and;
- Not Very Important (n=1).

It is clear that all respondents rated the 'socio-economic development of the area'; 'opportunity for networking/making contacts on a cross-border basis' and 'shared knowledge / expertise' as very important or quite important aspects of the programme.

Respondents were asked to comment on whether they felt their projects would have happened without financial assistance from the programme. The majority of respondents reported that their projects would not have been implemented without funding, whilst a few respondents noted that their projects would have taken place but not to the same extent.

⁴⁸ Represents 11 organisations

"Not to the same extent. Very little would have happened without the money. It's not a lack of political will anymore; it's pressure on national budgets".

Respondents were asked to what extent the programme is moving towards achieving the objectives as set out in the Operational Programme i.e. supporting strategic cross-border co-operation for a more prosperous and sustainable region. Five respondents agreed that the programme is moving towards achieving these objectives.

"The programme is still relevant to its stated goals, and with the EU 2020 strategy."

One respondent cited that "the fact that it is the fourth iteration of the programme shows that cross-border co-operation is important and that it is working. However, the economic factors associated with the recession had the potential to impede the achievement of the original objectives".

One respondent felt that it is difficult to comment on whether the programme is achieving the objectives set out in the operational programme as some projects have started later than others.

1.2 Future Project / Programme Development

Stakeholders were asked about their views on the sustainability of their projects; the continuing fitness of purpose for the programme and suggestions on the direction and structure of any future funding period and the potential INTERREG VA Programme.

1.2.1 Project Sustainability

With regards to the sustainability of projects, it was noted that some projects will be sustainable as they will continue to be funded by government departments / statutory organisations. One respondent stated that the cross-border aspect added value to the programme, and that developing the maturity of cross-border collaboration contributed to sustainability however, a few respondents identified that not every project will be sustainable.

1.2.2 Future Programme Direction / Structure

In terms of the direction and structure of any future programme, two respondents identified that transport should continue to be a key aim of INTERREG VA in terms of giving people the mobility for work and pleasure.

"A reliable and clean transport system will encourage people to use it and that's a government and EC objective. Transport fits the overall EU target of helping economic regeneration. The commission now sees transport as a major driver of the economy. Social deprivation and employment are areas to look at but again these are based on economics and transport helps to fulfil that".

"Areas such as transport, accessibility, service delivery, energy supply and even how climate change will be dealt with in the future will all need to be taken into consideration in the future if these communities are going to be sustainable and continue to be productive".

One respondent identified that sustainable urban development should be considered in a future programme e.g. connectivity between urban centres like Derry, Lifford and Strabane would enable these towns to develop cross-border linkages and trade. These larger urban areas could then be encouraged to act as engines for economic growth.

Another respondent cited that any future INTERREG programme should *"deal with the big policy issues such as rural isolation, the ageing population, and the impact of the economic climate."* Two respondents felt that a key aim should be to help SME's adopt to change and to develop innovation / technology to promote a sustainable economy.

"Most multinational organisations won't come to the areas, because they are too isolated or there aren't sufficient employees available. So emphasis needs to be placed on SME's".

Two respondents suggested that in the future SEUPB should be more specific with regards to the type of applications that can apply. They also noted that SEUPB should consider the possibility of applicants bringing some of the funding to the table. One respondent reported that project applicants should contribute some money to their project if they believed it would be sustainable in the long term.

"I would imagine that applicants would pay for the projects in the future if they saw value in it. Going forward, the idea that it shouldn't be 100% government funded is a good idea. If people aren't prepared to pay something, you must question whether it's worth doing. Going forward the idea is that applicants would have to pay a small percentage of the total money to the table, and that could prove their commitment ".

The majority of respondents agreed that the programme is fit for purpose and that there is a need for it to continue.

"There is absolutely a need for the programme to continue, because cross-border collaboration, whilst it's happening across a range of business areas, is still in infancy. With the pressure on national budgets at the minute, growth in collaboration can only happen with the assistance of EU money".

Respondents noted that the following sectors/themes should be the focus for any future Programme, including:

- Tourism;
- Environment;
- Research and Innovation;
- Energy and Climate Change; and
- Labour Market and Training.

Respondents noted that the usefulness of the 'collaboration theme' in the INTERREG IVA Programme and stated that although it was not possible to include it any future INTERREG Programme due to ETC guidelines, it should be included as a cross cutting theme, (augmenting the existing cross cutting theme of joint development/joint delivery by providing a more strategic approach to what are classified as existing operational imperatives.

In addition, respondents noted the importance of the Programme as a means of encouraging access to other cross border/transnational programmes (other INTERREG and potentially Horizon 2020), particularly for small and medium sized enterprises.