

Southern and Eastern Regional Operational Programme



Supporting and Enabling Dynamic Regions



EU Regional Policy 2007-2013



2007-2013



Ireland's EU Structural Funds Programmes 2007 - 2013

Co-funded by the Irish Government and the European Union



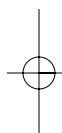
EUROPEAN REGIONAL DEVELOPMENT FUND

SOUTHERN & EASTERN
Regional Assembly



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Chapter 1

Introduction

1.1 Background

The regionalisation arrangements negotiated by the Irish authorities back in 1999 in the context of the Agenda 2000 Agreement, saw the designation of the country into two Regions for Structural Funds purposes. These new Regions, which were established in 1999¹, are:

- (a) the Border, Midland and Western (BMW) Region which qualified as Objective 1 status for Structural Funds for the full period to 2006.
- (b) the Southern and Eastern (S&E) Region which qualified for a six-year phasing-out regime for Objective 1 up to the end of 2005, and for part of the region to 2006.

The specific designation of the two Regions was part of the process of achieving more balanced regional development, in that it enabled a clear focus on the key issues facing each of the Regions and allowed for a differentiation and targeting of policies in a manner which recognises their key attributes and needs. In particular, it highlighted the differentiation in the level and rate of development between the more prosperous S&E Region and the BMW Region and has thus emphasised the priority which was afforded to the latter Region in terms of investment and development.

As articulated for the first time in the National Development Plan 2000-2006², the Government's objective for regional policy is to achieve balanced regional development in order to reduce the disparities between and within the two Regions and to develop the potential of both to contribute to the greatest possible extent to the continuing prosperity of the country. Policy to this end was to be advanced in parallel with policies to ensure that development is sustainable, with full regard to the quality of life, social cohesion and conservation of natural and cultural heritage.

This policy of pursuing balanced regional development continues and has been built upon by the publication of the National Spatial Strategy (NSS) in November, 2002. Furthermore, for the 2007-2013³ programming period the division of the country into the existing two Regions remains unchanged, with each Region having a separate Operational Programme. However, unlike the 2000-2006 period where there was full integration of the Community Support Framework within the National Development Plan, in the new programming period 2007-2013 the EU Co-financed Structural Fund Programmes are to be separate to the National Development Plan 2007-2013 although the financial allocations for the Operational Programmes are provided for in the NDP's overall financial envelope.

1.2 Legal Basis

Council Regulation (EC) No. 1083/2006 provides the legal basis for Structural Fund Programmes for the new programming period 2007-2013. Under Article 3 of this Regulation there are to be three Objectives under which Structural Funds are to be delivered.

Objective 1, hereafter called the 'Convergence Objective' is targeted at NUTS II⁴ Regions which have a Gross Domestic Product (GDP) per capita which is less than 75% of the EU25 average.

Objective 2, entitled 'Regional Competitiveness & Employment' Objective potentially covers all other Regions within the EU not eligible under Objective 1.

Objective 3 deals with Territorial Co-operation and replaces the former Interreg Community Initiative.

¹Local Government Act, 1991 (Regional Authorities) (Establishment) Order, 1999. S.I. No. 226 of 1999.

²National Development Plan 2000-2006, Government of Ireland, Dublin, 1999.

³National Spatial Strategy, Government of Ireland, Dublin, 2002.

⁴NUTS stands for 'Nomenclature des Unites Territoriales pour Statistiques', and is the EU method of spatial classification of the Union territory into territorial units/regions.

Based on regional GDP figures, neither of the Irish Regions is eligible under Objective 1. Accordingly the Southern & Eastern Region and the Border Midland & Western Region are now eligible to receive Structural Funds under the Regional Competitiveness Employment Objective (Objective 2).

As is set out in the National Strategic Reference Framework⁵ The Irish Government has decided that Ireland's Structural Fund allocations are to be delivered by way of two Regional Operational Programmes (one respectively for the S&E and BMW Regions) and which will be co-financed by the European Regional Development Fund (ERDF), and one National European Social Fund co-financed Programme for Employment & Human Resources Development.

This Operational Programme is for the entire NUTS II Southern & Eastern Region and covers the period 2007 to 2013. The Programme has been developed in accordance with the General and the ERDF Regulations, and in particular Article 37 of the General Regulation⁶ which specifies the required content of Regional Competitiveness Operational Programmes.

1.3 Composition of Region

The Southern and Eastern NUTS II Region comprises the following constituent five NUTS III Regional Authority areas and their respective Counties/Cities.

Regional Authority Area Counties/Cities

Dublin Region	Dublin City, Dún Laoghaire–Rathdown, Fingal, South Dublin
South-East Region	Carlow, South Tipperary, Waterford City and County, Wexford, Kilkenny
South-West Region	Cork City and County, Kerry
Mid-West Region	Clare, Limerick City and County, North Tipperary
Mid-East Region	Kildare, Meath, Wicklow

A map of the Southern and Eastern Region detailing the constituent regional and local authority areas is set out here.



⁵National Strategic Reference Framework, Government of Ireland, 2007.

⁶Council General Regulation, No. 1083/2006 & ERDF Regulation No. 1080/2006

1.4 Partnership and Consultation in the Preparation of the Programme

The Managing Authority undertook an extensive consultation process to assist in the preparation of the Operational Programme and in the identification of priorities and candidate interventions for inclusion in the Draft Programme during the first half of 2006. This process included meetings with Government Departments and State Agencies, consultation with the Regional OP Monitoring Committee, Regional Assembly Members, Regional Authorities, Local Authority Managers, Local Development Bodies and representatives from the Region's Higher Education Institutions.

The preparation of this Operational Programme has benefited from:

- The outcomes of the S&E Regional Needs Analysis completed by Fitzpatrick & Associates for the Regional Assembly in 2006;
- Consultations with local, regional and national agencies and higher education institutions;
- Discussions with Government Departments and the implementing agencies that operate under their remit;
- A wide range of EU and national studies and reports and the evaluations of the Programmes funded under the NDP/CSF 2000-2006;
- Discussions with the EU Commission services; and
- Submissions made during the formal consultation phase.

The Operational Programme will be complemented by detailed implementation plans to be prepared for each intervention.

Following the preparation of the Draft Programme, the Managing Authority carried out a further process of consultations. The Draft Operational Programme, together with the Environmental Report prepared in compliance with the Strategic Environmental Assessment Directive, were put out for formal public consultation during the month of January 2007. Public advertisements were placed in the national press, advising the public of the consultation process and the availability of the programme documents on the Managing Authority's website. During this consultation phase a total of 17 written submissions were received, and these have been taken into consideration by the Managing Authority in finalising the OP. A full list of the organisations which made submissions is provided in Annex 7.

Following the preparation of the Draft Programme, the Managing Authority placed notices in the national press, advising the public of the consultation process and the availability of the programme documents on the Managing Authority's website. In addition, and in accordance with Article 11 of the General Regulation, regarding the engagement of appropriate partners in the preparation of Operational Programmes, the Managing Authority circulated draft copies of this Operational Programme and Environmental Report, prepared in compliance with the SEA Directive, to the following:

- All relevant Departments and Intermediary Bodies;
- Elected members of the S&E Regional Assembly;
- S&E Regional OP Monitoring Committee, including social partner representatives and Advisors;
- Heads of Public Bodies represented on the Operational Committee of the S&E Regional Assembly;
- Environmental Authorities specified in the SEA legislation;
- Regional Authorities;
- Local Authorities;
- Department of Finance and its Central Expenditure Evaluation Unit;
- Other Managing Authorities; and
- Horizontal Interests: Gender, Equality, Social Inclusion.

A full list of the organisations with whom meetings were held during the programme preparation and of the submissions received is provided in Annex 7.

1.5 Structure of Operational Programme

This Operational Programme has been designed under eight chapters, together with a number of Annexes. Following this introductory chapter, Chapter 2 deals with the demographic and environmental profile of the Region and the results of the SWOT⁷ analysis. This is followed by Chapter 3 which covers the policy context, both EU and National, for the Programme and sets out the development strategy for the OP, having taken into consideration the regional needs and the policy context. Chapter 4 identifies and explains the Priorities and Themes under which the Programme is to be delivered. Chapter 5 deals with the financial plans and sets out the financial profile break-down of allocations across the Priorities. Chapter 6 deals with matters relating to complementarity with other Programmes/Funds, while Chapter 7 deals with the Horizontal Principles. Finally Chapter 8 sets out all the detailed procedures for the implementation of the Operational Programme.

⁷ SWOT is short for 'Strengths, Weaknesses, Opportunities & Threats'.

Chapter 2

Regional Profile and SWOT Results

2.1 Introduction

As part of the process of preparing the 2007-2013 Regional Operational Programme, a comprehensive Needs Analysis was carried out for the Region by a team of external consultants. This provided a useful input to the preparation of an economic, social and environmental profile and a SWOT analysis for the Region. These are set out in the succeeding sections of this Chapter. Critically, the Needs Analysis also helped provide a valuable rationale and underpinning to decisions on those key areas of activity which the Operational Programme will focus on in the 2007-2013 period and are the subject of succeeding Chapters. The statistics used in this Chapter are the latest available as of the time of writing.

2.2 Demographic Profile

As [Table 1](#) highlights, the S&E Region had an estimated population of just over 3 million people in 2005, or 73% of the total estimated State population of 4.1 million. In total, the Region has a land area of 36,414 sq. kilometres, which accounts for 53% of the area of the State. The Region, although divided between urban and rural areas, is characterised by a predominantly urban population concentrated in a relatively small number of centres. Data in [Table 1](#) indicate that the Region's population density is significantly higher than the State average. The S&E Region's population grew by 13% between 1996 and 2005, with the largest increase being in the Mid-East at 28% over the period. Apart from the Mid-East, the other regions have growth rates similar to the S&E Region as a whole.

TABLE 1: Demographic Statistics

	State	S&E Region
Population (mn) % Total	4.12	3.01 (73%)
Area (Sq km) % Total	68,895	53%
Urban : Rural	58% : 42%	68% : 32%
Pop Density (per Sq Km)	53	73
Major Urban Centres	5	4
Towns over 10,000	23	16
Towns (5,000 – 10,000)	26	18

Source: CSO Census of Population, 2002 and CSO Regional Population Estimates, 2005

[Table 2](#) below gives a population projection profile at NUTS III level as far as the year 2021. Up to the end of the Regional Operational Programme period (2013), a steady increase in the population of the Greater Dublin Area (GDA) is projected, with the Mid-East's share of the total S&E population of the Mid-East increasing and the share represented by Dublin staying roughly the same over the period.

The shares of the S&E Region's population represented by the Mid-West and the South-West are projected to fall and that of the South-East is predicted to stay roughly the same over the period. Population growth in the Mid-East is expected to be above the national average with an estimated increase of 30% between 2002 and 2013. Dublin's population is expected to increase to 1.3 million. The S&E Region as a whole is expected to have a population of just below 3.4 million in 2013, an increase of approximately 18% from 2002.

TABLE 2: NUTS III Population Projections to 2021 (000's)

Region	2002	2006	2010	2013	2021
Dublin	1,123	1,186	1,261.8	1,318.3	1,440
% share of S&E	39%	38.8%	38.8%	38.9%	38.8%
Mid-East	413	458.7	504.1	538.0	623
% share of S&E	14.3%	15.0%	15.5%	15.9%	16.8%
GDA	1,535	1,644.7	1,785.9	1,856.3	2,063.0
% share of S&E	53.3%	53.8%	54.3%	54.8%	55.5%
Mid-West	340	355.1	371.1	383.1	410
% share of S&E	11.6%	11.6%	11.4%	11.3%	11.0%
South-East	424	450.7	475.6	493.8	537
% share of S&E	14.7%	14.7%	14.6%	14.6%	14.5%
South-West	580	609.1	637.1	658.2	705
% share of S&E	20.2%	19.9%	19.6%	19.4%	19.0%
S&E	2,880	3,058.5	3,249.7	3,391.4	3,715
% share of S&E	100%	100%	100%	100%	100%

Source: CSO Regional Population Estimates, 2005

The proportion of the population in the 15-64 age group in the State (broadly the working age population) has increased significantly in all regions since 1996, while the proportion of young dependents declined and that of old age dependents stayed roughly the same. CSO projections to 2013 suggest that 15-64 year olds will constitute about 67% of the total population (a lower proportion than currently), and that the proportion of over 65's will increase to about 12%. The effects of an ageing population will soon become evident in the Region, as in other Regions of the EU. Due to changes in birth rates over the last five decades the number of older people in Ireland and in the S&E Region will continue to increase. The problems associated with the 'pension's time bomb' have not affected the Region as forcefully as other EU Regions yet, but pressures will inevitably appear in time.

Table 3 gives a breakdown of the main components of the CSO's population projections to 2021 at a NUTS III level. For the S&E Region as a whole, while natural increase accounts for the largest part of the projected population, external migration (from outside the State) also represents a very significant component of the increases to 2021. In the Dublin region, it is projected to have an even stronger impact on overall population growth than natural increase in the period 2002-2021. For the GDA, external migration over the period is projected to be 284,000, not far below the projected figure for natural increase of 298,000. The S&E Region as a whole is projected to have external migration of the order of 392,000 and a natural increase of 479,000 between 2002 and 2021. External migration from outside the State will play an increasingly important part in the Region's evolving demographic profile in the coming years.

TABLE 3: Components of Regional Population Projections to 2021

Region	Population 2002	Natural Increase	Internal Migration	External Migration	Population 2021	Total Increase
Dublin	1,123	197	-112	232	1,440	317
Mid-East	413	101	58	51	623	210
GDA	1,535	298	-54	284	2,063	528
Mid-West	340	50	-4	24	410	70
South-East	424	59	20	35	537	114
South-West	580	72	2	50	705	124
S&E	2,880	479	-36	392	3,715	835
State	3,917	633	0	520	5,070	1153

Source: CSO Regional Population Projections 2006-21, 2005

2.3 Economic and Social Profile

2.3.1 Economic Overview

At a glance, the socio-economic indicators in Table 4 highlight the dominant position of the S&E Region in the State as a whole.

TABLE 4: Socio-Economic Indicators

	Year	State	S&E	BMW
Population (mn)	2005	4.12	3.0	1.1
Employment (000's)	2005	1,952.0	1,450.8	501.2
Unemployment rate	2005	4.4	4.3	4.7
Disposable income per capita (state = 100)	2004	100	102.5	93.2
GVA per person (state = 100)	2004	100	109.9	72.7

Source: CSO

In 2004, the total Gross Value Added (equivalent to GDP) in the S&E Region was €105,916 million, 81% of national output in that year. Some caution has to be taken when using GVA figures which relate to 'where' output is produced, and does not relate to where the people who produce it reside. Also, as GVA captures 'output produced', it will not reflect (as does GNP), income repatriated abroad as profits/dividends, the latter a strong feature of the economies of the GDA and the South-West in particular.

While recognising the caveats associated with GVA per capita data, in the S&E Region as a whole, it was at just below 110% of the national average GVA per capita in 2004. With regard to output per capita convergence at EU level, the State exceeded the EU27 average in 2004, at 141.5%. The S&E Region was at 155% while within the Region, Dublin and the South-West were 88% and 73% respectively above the EU27 average. The Mid-East and the South-East regions, however, were 104% and 115% of the EU27 average.

2.3.2 Labour Force and Productivity

Employment

As shown in Table 5, employment in the S&E Region was 1.5 million in 2006, constituting almost 77% of the national total. This had grown by 57.7% since 1996, just over the national increase of 53.1%. Within the Region, and based on where people live rather than where they work, the GDA dominates employment, with 40.8% of all employment. Dublin alone accounts for 38.5% of all employment. The South-West (which includes Cork City) accounts for a further 19% of all employment, giving the GDA and the South-West a combined share of nearly 75%. The balance is relatively evenly divided between the other regions.

Regarding employment growth, the S&E Region 1996-2006 average rate of 57.7% was exceeded in the Mid-East (which grew at 91.4%) and the South-East (at 57.9%). The rate of employment growth was lowest in Dublin at 45.1%. However, when interpreting these trends it is important to bear in mind that Dublin had the highest increase in the absolute number of people employed, up by 150,200, and part of the reason for the lower rate of growth was the fact that Dublin was starting from a higher base. In addition, employment figures from the CSO's QNHS relate to where people live rather than where people work and part of the rapid rate of increase in employed people living in the Mid-East reflects an increase in the number of people working in Dublin but living in the Mid-East.

TABLE 5: Employment Levels

	1996	2006	% Share 2006	% Change
Dublin	415.1	602.2	38.5%	45.1%
Mid-East	133.6	229.0	14.6%	71.4%
GDA	548.7	831.2	53.1%	51.5%
Mid-West	113.8	173.2	11.0%	52.2%
South-East	135.8	214.4	13.7%	57.9%
South-West	194.1	296.7	19.0%	52.9%
S&E	992.4	1,515.4	100%	57.7%
State	1,328.5	2,038.6	76.8%	53.5%

Source: CSO, QNHS 2006 and LFS, Data Dissemination Service

Unemployment

Unemployment levels in the country have fallen very substantially over the last ten years. At national level, it fell by 7.7 percentage points between 1996 and 2006. Both the national and the S&E Region's rate was 4.2% in 2006. Table 6 below shows the dramatic decline in unemployment rates in all regions over the last decade. The national long-term unemployment rate in 2006 was 1.4% for both the S&E Region and the State, a fall of 5.2 and 5.5 percentage points respectively from 1996. While unemployment rates remain low, long-term and youth unemployment remain matters of concern on an economic and social level. Also, significant pockets of high unemployment persist in several urban and rural areas throughout the Region.

TABLE 6: ILO Unemployment Rate (%)

	1996	2006	% Points Change
Dublin	12.3	4.5	-7.8
Mid-East	10.4	3.3	-7.1
GDA	11.8	4.0	-7.8
Mid-West	9.0	4.6	-4.4
South-East	12.5	5.4	-7.1
South-West	11.8	3.8	-8.0
S&E	11.6	4.2	-7.4
State	11.9	4.2	-7.7

Source: CSO, QNHS 2006 and LFS, Data Dissemination Service

Participation Rates

In 2006, the labour force participation rate was 63.5% in the S&E Region, just above the 63.0% for the State. All NUTS III regions within the S&E Region have seen an increase in participation rates between 1996 and 2006. Dublin has the highest participation rate, 65.2% in 2006.

Table 7 shows male and female participation rates in 1996 and 2006. In the S&E Region in 2006, the female participation rate was 52.6% and for males, 73.0%, both just below the national averages. Although the Region's female participation rate still significantly lags behind the male rate, it has increased gradually in recent years and is now proportionately higher among the younger female age cohorts.

TABLE 7: ILO Participation Rates

	1996	2006	% Points Change
Total			
Dublin	57.3	65.2	7.9
Mid-East	57.9	61.7	3.8
Mid-West	51.8	63.4	11.6
South-East	52.5	61.6	9.1
South-West	52.6	61.5	8.9
S&E	55.1	63.5	8.4
State	54.5	63.0	8.5
Males			
Dublin	69.4	74.4	5.0
Mid-East	72.6	76.5	3.9
Mid-West	66.1	72.7	6.6
South-East	66.5	72.1	5.6
South-West	66.6	71.5	4.9
S&E	68.4	73.0	4.6
State	68.1	73.2	5.1
Females			
Dublin	46.6	56.5	9.9
Mid-East	43.3	53.8	10.5
Mid-West	37.5	53.9	16.4
South-East	38.4	51.1	12.7
South-West	38.8	51.6	12.8
S&E	42.4	52.6	10.2
State	41.4	52.9	11.5

Source: CSO, QNHS 2006 and LFS, Data Dissemination Service

Productivity

The last column in Table 8 below gives a measure of regional labour productivity. It uses GVA. This is not a measure of income accruing to people living in a region but rather a measure of the value of goods and service produced within a region. As such it provides a good measure of the productivity of a region but should not be confused with income.

The figure for Dublin (€90,122 per person employed) exceeds the corresponding value for Mid East (€51,392) by over 75%, the main reason being the highest levels of production in Dublin which is supported by a sizeable proportion of the population residing in the latter region working in Dublin. Within the S&E Region, the South-West region, at €89,860, is substantially above the national and regional average, and above the GDA figure, due presumably to the high concentration of chemical/pharmaceutical industries in the Cork area. The other two NUTS III regions (South-East, Mid-West) are broadly similar.

Between 1995 and 2004, average labour productivity nationally rose by 3.5% per annum in real terms. However, this is heavily driven by the performance of the hi-tech multi-national sector. If that sector is excluded, the annual average productivity rise is 1.1% and in a number of sectors is actually negative.

TABLE 8: Regional Output and Employment, 2004

	GVA €mn	Employment (000's)	GVA/Emp. (€)
BMW	25,509	469	54,390
S&E	105,916	1,367	77,480
Dublin	49,567	550	90,122
Mid-East	10,484	204	51,392
Dublin + Mid-East	60,050	754	81,812
Mid-West	10,467	157	66,669
South-East	11,675	192	60,807
South-West	23,723	264	89,860
State	131,427	1,836	71,583

Source: CSO, County Incomes and Regional GDP, 2005 and 2006

Hours Worked

In 2002, the majority of people in the State worked between 40 and 44 hours per week, with 22% of people working 45 hours and over per week. The S&E Region followed the same broad trend as the State. The South-East and South-West were slightly different from the other NUTS III regions in that the majority of workers worked 45 hours and over. Lack of historical data means that it is not possible to assess trends over time in the number of hours worked.

Tables 9 and 10 indicate the regional breakdown for educational attainment and entrance levels to higher education. While third level entry and attainment rates have increased in recent years in the S&E Region, there remains significant sub-regional disparities. Compared with some of our EU partners, the Region's performance also lags behind. As major drivers of labour productivity, educational attainment and skills acquisition will continue to play an important part in stimulating further growth and development in the Region in the coming years.

TABLE 9: Percentage of Population 15+ by Level of Education Gained, 2002

Highest level of qualification Achieved	S&E	State	Dublin	Mid-East	Mid-West	South-East	South-West
3rd Level	27.7	26.0	33.5	27.2	23.3	19.8	25.5
Upper Secondary	29.5	29.1	28.7	31.3	30.6	29.5	29.4
Lower Secondary	22.3	22.7	19.2	23.1	23.8	26.7	23.8
Primary Level (incl. no formal education)	20.4	22.2	18.7	18.5	22.3	24.0	21.3

Source: CSO Census Volume 7 2002

TABLE 10: Admission Rates to Higher Education by S&E I, 2004

	2004 New Entrants ¹	Size of Age Cohort	Admission Rate (%) ³
Dublin	7,931	15,618	50.8%
Mid-East	3,715	6,749	55.0%
Mid-West	3,844	6,892	55.8%
South-East ²	3,009	5,712	52.7%
South-West	5,492	9,132	60.1%
S&E	23,991	44,103	54.4%
BMW	10,021	17,764	56.4%
State	34,012	61,868	55.0%

Source: ESRI/Fitzpatrick Associates Survey of HEI 2004/2005 and CSO Census of Population 2002

¹ Excludes 1,885 New Entrants from other countries.

² Due to the unavailability of separate data for North and South Tipperary, "Tipperary" has been included in the Mid-West region and excluded from the South-East (Its inclusion/exclusion does not alter the results significantly)

³ A NUTS III admission rate is calculated by dividing the number of new entrants (CAO and Non-CAO) with permanent address in a I region by the average of the number of 17-19 year olds from a NUTS III region (i.e. number of 17, 18 and 19 year olds divided by three)

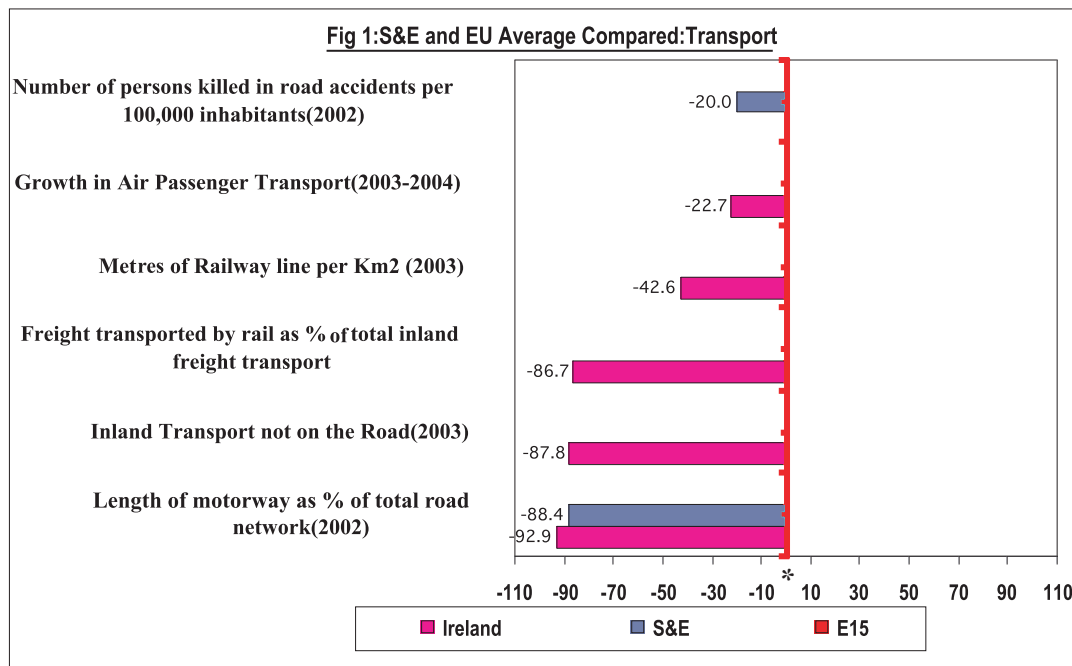
2.3.3 Transport

The transport sector, one of the key components of the Region's infrastructural network, has seen considerable growth in recent years. Under the 2000-2006 NDP, there has been considerable investment in road-building and other improvements to the public transport infrastructure aimed at removing bottlenecks to economic growth and development. Necessary expenditure on national and regional airports and on port development during the 2000-2006 period has also helped improve the infrastructural base. However, much remains to be done. Car sales and car usage have increased substantially over the 2000-2006 period, resulting in both positive and negative impacts regionally. This is reflected in figures for total annual purchases of new vehicles increasing by 112% in 2005 compared with 1995. From a positive point of view, personal mobility and choice has improved people's quality of life, but this has been counterbalanced by negative congestion and pollution effects. The negative environmental aspects of increased car usage are discussed in Section 2.4.2 below.

Air transport usage has also increased substantially over the period, leading to the need for infrastructural improvements in the sector to cope with the rising demand. In terms of its role in attracting and retaining mobile investment (both foreign and domestic) and for wider 'quality of life' reasons, good transport infrastructure is vital in achieving the Region's economic and social development goals. Overall, the transport picture in the Region is one of considerable past progress and continued Government financial commitment to improving the network further in the interests of overall regional development.

Figure 1 below shows the S&E Region’s performance on a number of transport indicators compared with the EU average. It can be seen that on almost every indicator, the S&E Region lags behind the EU average, pointing to the considerable scope for further development in the Region’s transport infrastructure.

FIGURE 1
Figure 1: S&E and EU Average Compared: Transport



*Note: The vertical line at 0 represents the EU 15 average. Accordingly, where the S&E/Ireland data measurement is to the left of 0 it reflects a trend below the EU15 benchmark while a measurement to the right of 0 reflects a trend ahead of the EU15 average. However, for growth in air passenger numbers, the line represents the EU25 average.

Source: Eurostat

The issue of commuting times has been a concern over recent years, especially in the Mid-East where 26% of the working population are travelling between 15 and 29 miles each day. According to the CSO, in 2002, the majority of people in the State and in the S&E Region travelled less than half an hour to work, although a recent study by the ESRI, revealed that people spend on average 1.17 hours travelling on weekdays.

2.3.4 Energy

Being an important cost input in the industrial, commercial, residential, transport and agricultural sectors, energy performs a vital economic role in the Region. Energy prices and usage have clear and significant implications for the Region’s competitiveness. Furthermore, with anticipated restructuring of the electricity industry in the near future, the economic and social impact of energy issues on the Region are expected to be significant in the coming years.

Because of the way energy production and distribution is organised in Ireland, there is a dearth of level data for the sector. However, given the size and significance of the Region, national trends give a good reflection of the Regional picture. Table 11 gives a good picture of Ireland’s current main energy sources and changes in the energy mix over time. Clearly, fossil fuels take up an overwhelming part of Ireland’s primary energy consumption with coal, oil, gas and peat making up over 96% of total consumption in 2005. While the relatively ‘dirtier’ fossil fuels of coal and oil make up a smaller proportion of total consumption than in 1985, they still contribute considerably to total consumption. In light of Ireland’s commitments to emission reductions under the Kyoto Agreement and growing environmental concerns generally, the further examination of sustainable energy options are gathering pace in the Region. Of concern too, is Ireland’s dependence on imported energy, chiefly oil and gas, which together make up almost 80% of total domestic consumption. High and volatile international oil and gas prices and security of supply concerns simply reinforce the need for a continued serious examination of sustainable energy options, in particular renewable energy sources.

TABLE 11: Ireland's Total Primary Energy Requirement- % of Total Consumption

	1985	2005
Oil	48.4	57.4
Peat	18.0	5.0
Natural Gas	19.8	22.3
Coal	13.1	11.7
Renewables	0.7	2.5
Electricity Imports	0	1.1

Source: CSO

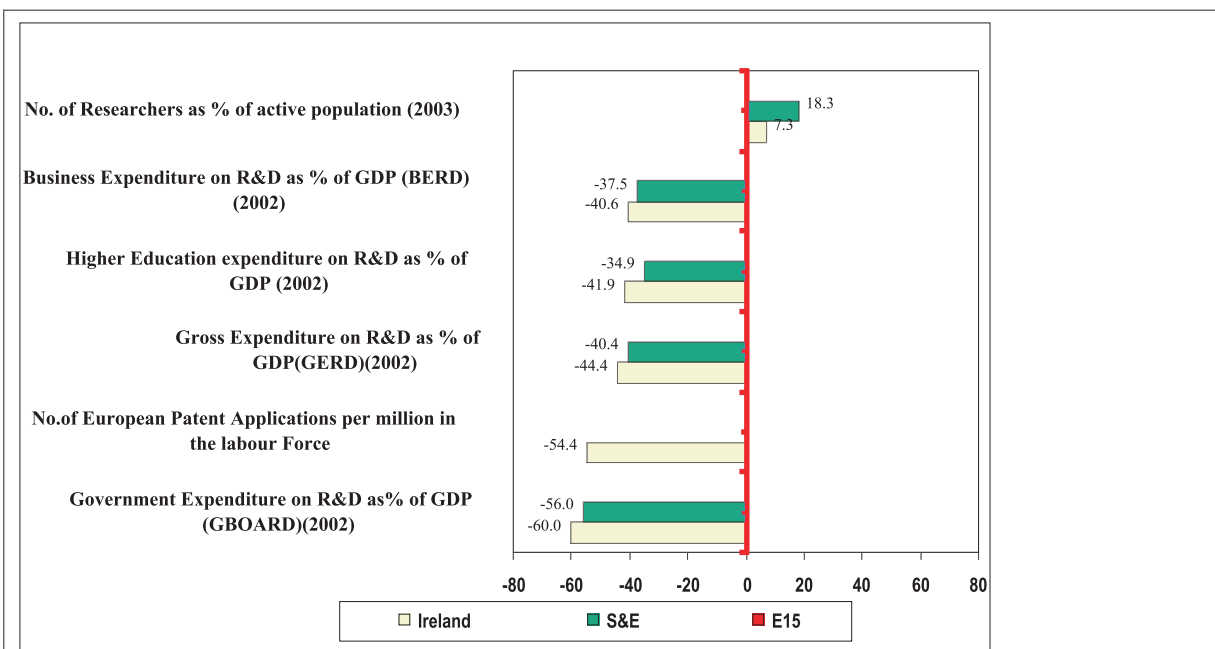
2.3.5 Research, Technological Development and Innovation (RTDI)

In terms of achieving the Region's 'knowledge economy' objectives, RTDI plays a critical role. With six of the State's seven universities and nine of its 14 institutes of technology based in the S&E Region, the Region is well-placed to deliver on the objectives for Ireland under the broad Lisbon Agenda framework.

Despite its many strengths as a Region, compared with the most dynamic EU Regions, the S&E Region is well behind in areas such as numbers of patents, numbers of researchers per capita and government and business expenditure on R&D (GERD and BERD). While the Region has seen its levels of educational attainment rise substantially over the last decade or more, this has not been reflected in big boosts to R&D/innovation in the post-third level R&D sector nor among indigenous Irish firms. This deficit needs to be corrected if the Region is going to compete successfully in a globally more competitive environment. Figure 2 below shows the S&E Region's and Ireland's performance compared with the EU average. In most areas, the Region lags significantly behind the EU average, indicating considerable scope for development if the Region is to contribute to the achievement of Ireland's Lisbon Agenda goals.

Most of the Region's current Business Expenditure on R&D (BERD) is carried out by firms in the multinational sector. Because of the Region's heavy reliance on highly mobile foreign direct investment, greater efforts need to be made to stimulate R&D activity in the indigenous sector over the period of the 2007-2013 Operational Programme. In order to mitigate the Region's exposure to the potential effects of any international economic downturn impacting on multinational firms, greater efforts to stimulate investment in the lagging indigenous R&D sector need to be made. Another challenge is that of dispersing the RTDI efforts spatially across the region. Currently, most R&D is carried out chiefly in foreign-owned firms or in third-level institutions in the larger conurbations, mainly in Dublin. In terms of long-term regional development, more needs to be done to expand the RTDI base in parts of the Region outside the GDA.

Figure 2: S&E and EU Average compared: Research, Technological Development and Innovation



*Note: The vertical line at 0 represents the EU 15 average. Accordingly, where the S&E/Ireland data measurement is to the left of 0 it reflects a trend below the EU15 benchmark while a measurement to the right of 0 reflects a trend ahead of the EU15 average.

Source: Eurostat

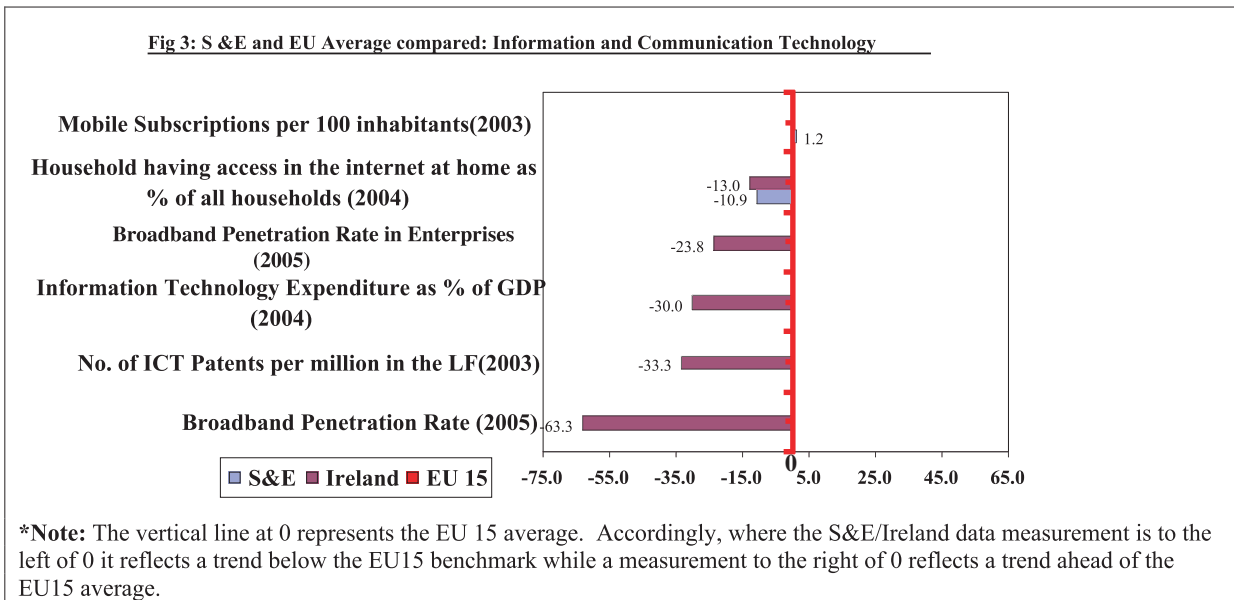
2.3.6 Housing

Accelerating house prices driven by strong housing demand have been a notable feature of the sector in the Region over the last decade. This has resulted in problems of affordability and under-supply in the Region. Large projected population growth (referred to in Section 2.2) will exert pressure on the housing sector, particularly for new entrants to the housing market in the Region over the coming years. This pressure is likely to be particularly severe in the Mid-East Region where the population in 2021 is predicted to be 51% above the 2002 level.

2.3.7 Information and Communications Technology (ICT)

Considerable investment has been made during the 2000-2006 period in enhancing the ICT capacity of the region. This has been achieved both through the normal operation of market forces to meet demand and through such initiatives as the roll-out of the Metropolitan Area Networks (MANS) and the backbone network in the Region. Notwithstanding this investment, Ireland and the S&E Region remain well behind other more dynamic EU Regions in terms of internet access and usage and broadband access (business and domestic). Figure 3 highlights Ireland's lagging position under a number of ICT indicators compared with other EU Member States. This is particularly marked in relation to broadband.

Figure 3: S & E and EU Average compared: Information and Communication Technology

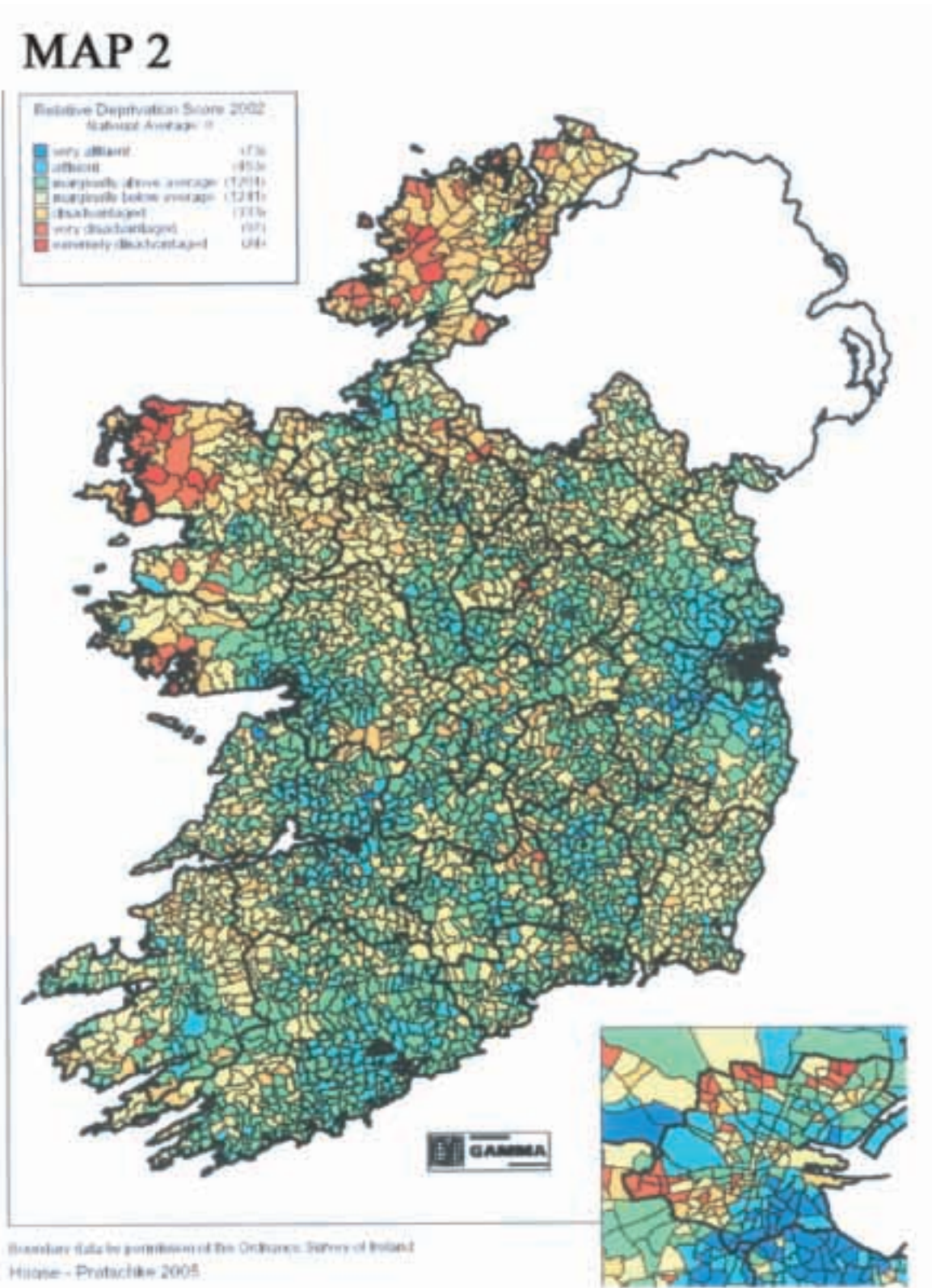


Source: Eurostat

2.3.8 Equality and Inclusion

The EU Survey on Income and Living Conditions 2004 reveals that the percentage of people in Ireland living in consistent poverty (i.e. living in households where the income is less than 60% of the median at an individual level) was 6.8 in 2004. The Survey also shows that a substantially lower proportion (17%) of those living in the S&E Region in 2004 were at risk of living in consistent poverty than those in the BMW (26%) and the State overall (19%). The S&E Region's rate was a slight improvement on 2003, when 18% were at risk of living in poverty. Unemployment figures from the CSO reveal that the current unemployment rate has bypassed the target set for 2005 for Ireland. The seasonally adjusted unemployment figure for Ireland in 2005 was 4.3%. The average unemployment rate in the S&E Region in 2005 was 4.3%, while the BMW was slightly higher, at 4.4%. A 2005 Report entitled "Deprivation and its Spatial Articulation in the Republic of Ireland – New Measures of Deprivation based on the Census of Population, 1991, 1996 and 2002" indicates that the overall level of deprivation in the S&E Region, and the country, fell substantially within the last decade, although the relative change in deprivation (i.e. the relative deprivation of one area compared with the rest of the country within the one time period) was limited. Based on a deprivation index derived using 1991-2002 census data, the Report showed that the S&E Region received both a higher overall and relative affluence score than the BMW in both years. Many of the local authorities with the highest levels of deprivation identified were in the S&E Region, and many of these were in the South-East region, where the highest unemployment rates occur, and the lowest levels of educational attainment.

The study also identified the most deprived areas within each Local Authority. The most deprived areas in the country identified in the study were those already being targeted within the NDP 2000-2006 as requiring substantial investment for improving social inclusion. Many of these areas have the highest unemployment rates in the country. The most deprived urban areas tended to be mainly in the S&E Region, while the deprived rural areas were mainly in the BMW Region. Map 2 shows the overall affluence and deprivation in Ireland in 2002, and shows the deprived “pockets” throughout the S&E Region.



2.3.9 Education and Lifelong Learning

While budgetary constraints continue to impact on the education sector, the role of education in not only improving employment prospects, but in enhancing life skills and quality of life, is widely recognised. This social dimension of education is recognised, for example, in measures under the NDP 2000-2006 to increase take-up of lifelong learning options in line with the strategy and objectives of the Lisbon Agenda. Ireland remains some distance behind other EU Regions in take-up of lifelong-learning options. Other educational issues of importance to the Region from a social perspective are: the persistent problem of early school leavers; educational under-performance particularly among young males and related problems of social disaffection and crime. These issues have been targeted in measures under the 2000-2006 NDP. Further progress still needs to be made under the next Programme period from productivity, a regional development and a social inclusion perspective.

2.3.10 Immigration

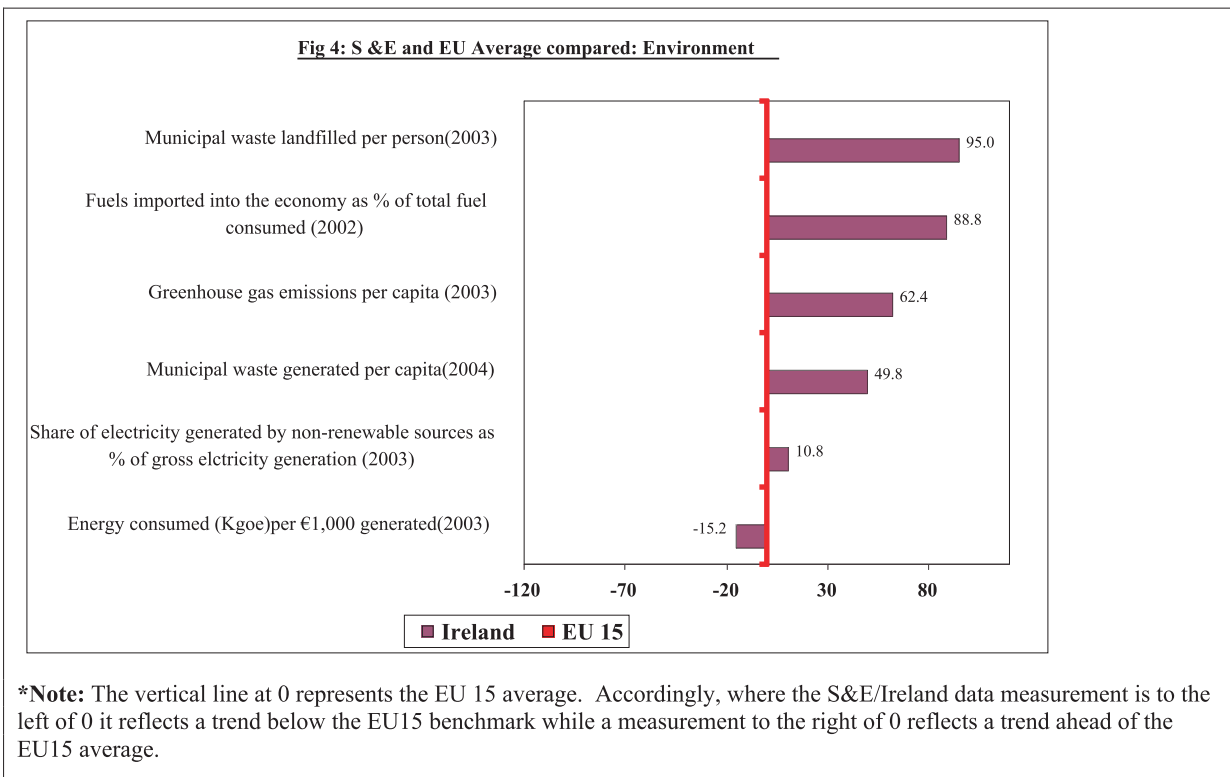
Having moved from being historically a 'net exporter' of people to a 'net importer', Ireland and the Region now face new economic and social challenges. The buoyant economy which has attracted so much foreign labour in recent years has resulted in a considerable shift not only in the economy, but in the socio-cultural profile of the Region. The ESRI's latest Medium Term Forecasts indicate that economic growth is expected to remain buoyant into the medium term, with continued high demand for labour, much of which will continue to be sourced from abroad, mainly from the new EU Member States. Table 3 indicates the important role which external migration is expected to play across the S&E Region in coming years. Given the projected growth in population, migration and the labour force over the medium term, pressure will increase on existing infrastructure to provide housing, schooling and other local services for this increased population. Added to this challenge will be the social dimension of accommodating and assimilating new arrivals through far-seeing social policies in an increasingly multi-cultural Ireland, through, for example, language training and cultural assimilation training. Policies to cope with the challenges of immigration will, therefore, require both a strong economic and social dimension. In this regard Ireland will avail of the Fund for Integration of Third Country Nations to support these policies.

2.4 Environmental Profile

2.4.1 Overview

The impact of a number of environment-related EU directives and public concern over environmental issues has raised the profile of 'environmental sustainability' in the Region in recent years. This has been reflected in the roll-out of a number of measures under the Region's 2000-2006 Operational Programme like waste management, water services and urban and village renewal. Significant progress to date has been made on these measures which are expected to be continued into the 2007-2013 NDP period. An important factor is that good baseline indicators are available from the Environmental Protection Agency (EPA) and Eurostat to assist in the process of planning for the 2007-2013 Operational Programme. Figure 4 below compares the S&E Region with the EU average on a number of environmental indicators. The overall picture emerging is that Ireland, and hence the Region, still has a considerable amount to do to catch up with the EU average in terms of improvements in environmental performance.

Figure 4: S & E and EU Average compared: Environment



2.4.2 Air Quality

Greenhouse Gas (GHG) emissions per capita in Ireland were 62% above the EU (15) average in 2003. According to figures released by the Environmental Protection Agency (EPA) in February 2006, Ireland’s annual emissions of GHG in 2004 rose by 0.45% on 2003 emissions, showing a reversal of the downward trend in emissions over the previous two years. The figures show that in 2004 Ireland’s GHG emissions were 24% higher than in 1990.

Under the Kyoto Protocol, Ireland is committed to limit emissions to 13% above the 1990 level in particular, in the period 2008-12. This highlights the challenges facing Ireland generally and the S&E Region in seeking to comply with Ireland’s Kyoto commitments in a growing economy. The EPA figures show that agriculture is the single largest contributor to overall emissions, at almost 29% of the total, followed by energy (power generation & oil refining) at a little over 23% and transport at 18%. The Kyoto Protocol allows countries to comply with their commitments by a combination of measures including domestic reductions within the country and the purchase of carbon credits. Achieving as much as possible domestically is the most desirable and sustainable route in the long term. Owing to the success of pollution control related to stationary sources, emissions from road traffic shows the largest increase and are now the primary threat to air quality. With increasing rates of population growth, vehicle ownership and usage in the S&E Region, this presents a real challenge for the future.

The transport sector is now the largest single contributor to CO² emissions in Ireland. Table 12 below shows the growth in CO² emissions in transport since 1990 which covers broadly the period of Ireland’s years of substantial economic growth, during which car usage increased substantially. Any future moves to improve air quality will have to focus on the transport sector as a priority.

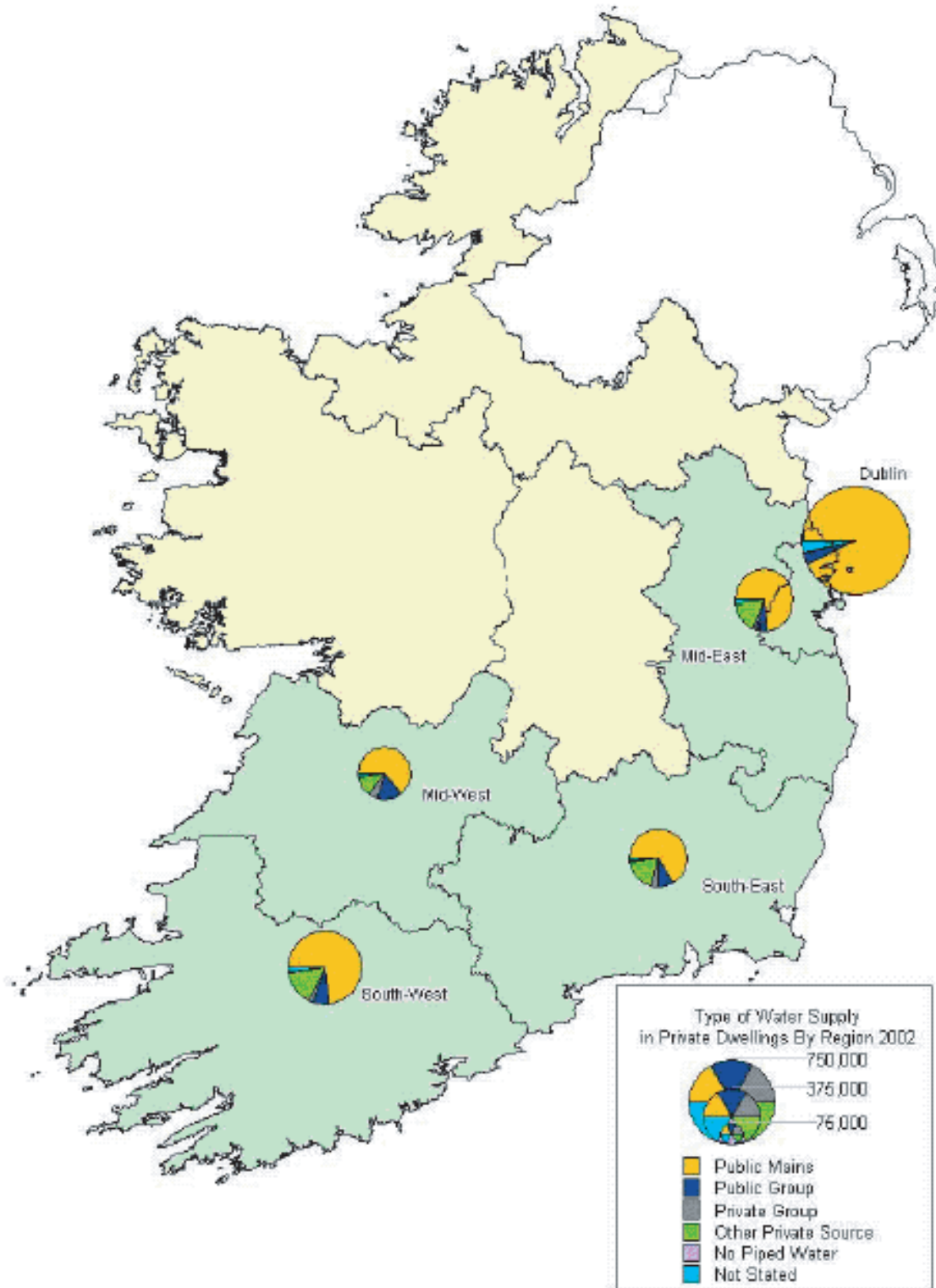
1990	4,642
2003	10,993

2.4.3 Water Quality

According to the Environmental Protection Agency (EPA), there is a need for improved protection of surface waters and ground waters, especially in the context of the Water Framework Directive target of “good status” for all waters by 2015. Maps 3 and 4 below indicate the types of water supply and sewage services in the region.

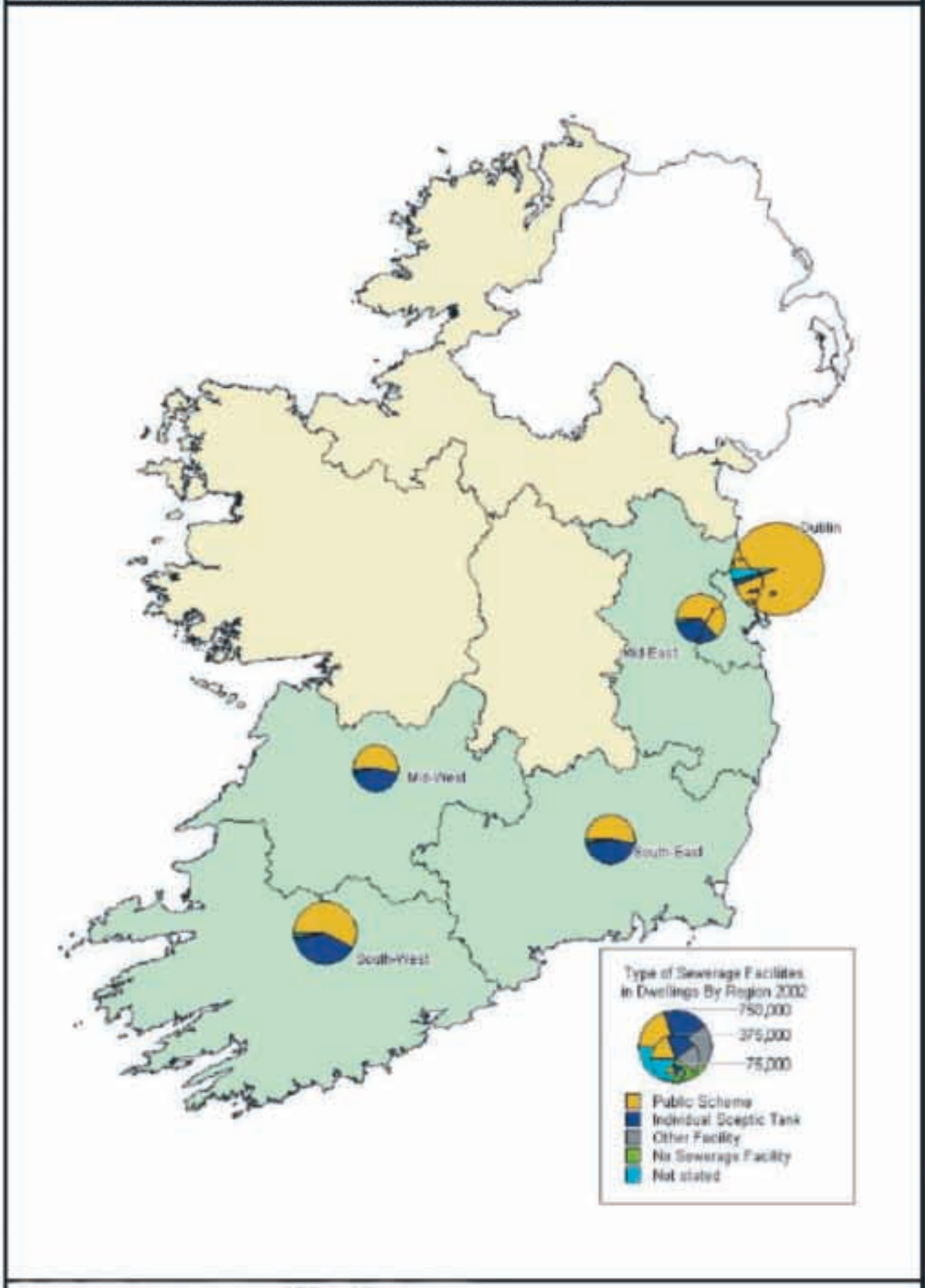
Municipal sewage and diffuse agricultural sources are the main sources of eutrophication. In 2000, total national river channel quality was 70% in satisfactory condition, 17% slightly polluted, 12% moderately polluted and 1% seriously polluted. Total river channel quality has shown slight improvement since then. Quality levels for lakes are considerably better than for rivers, with 85% showing satisfactory conditions. There are diverse pressures on the estuarine and coastal waters environment as a result of human activities leading to impaired quality in some areas.

MAP 3: TYPE OF WATER SUPPLY IN PRIVATE DWELLINGS IN S&E REGION, 2002



SOURCE: CSO CENSUS OF POPULATION, 2002

MAP 4 : TYPE OF SEWERAGE FACILITIES IN S&E REGION, 2002



SOURCE:CSO CENSUS OF POPULATION, 2002

In the S&E Region, the EPA has identified a number of areas within tidal waters which have experienced serious deoxygenation. The quality of bathing water and shellfish waters is generally very good, though the continuing problem of naturally occurring harmful algal blooms constitutes a significant threat to the Irish shellfish industry. Sustainable development in the S&E Region involves achieving environmental, economic and social objectives in an integrated way. Coastal litter also remains a significant problem, but there is anecdotal evidence that the introduction in 2002 of the levy on plastic bags has contributed to a reduction in this occurrence on beaches.

2.4.4 Land

Land use is subject to ongoing change with demand for development purposes continuing to increase. Ireland's land use is predominantly agricultural and the landscape has been altered by nature and by human practices over the centuries. According to 2000 findings, land cover is made up of agricultural areas (66.8%), wetlands (17.1%), forest and semi-natural areas (11.9%), water (2.3%), artificial surfaces (1.9%). Between 1990 and 2000, there was an increase in artificial surface cover across Ireland from 1.5% to 1.9% of total land cover, due mainly to urban growth and infrastructural improvements.

Despite containing most of Ireland's main urban centres, the S&E Region land area is predominantly rural and the countryside has become increasingly important for forestry, recreation and tourism. Good soils are to be found in many well drained parts of the Region. There is pressure on land from land-use changes, e.g. intensification of agriculture, erosion and overgrazing, recreation, disposal of organic wastes to soils, afforestation, industry and urbanisation. The potential for promoting future balance and sustainable growth can now be achieved if an integrated manner exists through the National Spatial Strategy.

2.4.5 Natural Heritage and Biodiversity

Ireland's natural heritage of species and habitats is deemed to be of such importance that 25 species and 60 habitats are recognised by the EU as being in need of special protection. Threats include agricultural practices, forestry, peat extraction, eutrophication of waters, climate change, alien species, land clearance and development.

Under the 2000-2006 Operational Programme, 144 sites comprising some 360,000 hectares in this region received statutory protection under the European Communities (Natural Habitats) Regulations, 1997. 111 of these sites have been formally transmitted to the European Commission as candidate Special Areas of Conservation. The remaining 33 sites are subject to domestic appeal processes. Additionally, under the European Birds Directive, Ireland has designated 46 Special Protection Areas in the Region totalling over 270,000 hectares.

Recent policy measures to protect natural heritage and biodiversity include the publication of the National Biodiversity Plan and the National Heritage Plan. Available evidence suggests that policies and measures have only partially succeeded in protecting natural resources and that shortfalls remain. More progress needs to be made in areas such as coastal zone protection. Many commercially targeted marine fish stocks are in decline and natural resource considerations are not sufficiently integrated into the agricultural, fisheries, forestry and tourism sectors. Also, the lack of a National Biological Records Centre militates against tracking changes in species and habitats over time and the identification of areas in need of conservation.

2.4.6 Waste

Between 2001 and 2004 the total estimated waste generated in Ireland as a whole rose by 15%. The profile of this waste generated is changing and although agricultural organic waste continues to account for the largest proportion of waste, that proportion is reducing from 77% in 2001 to 71% in 2004. The proportion of non-agricultural waste has increased from 24% in 2001 to 29% in 2004. Much of this rise is due to an increase in the quantity of construction and demolition waste which is the greatest generator of non-agricultural waste accounting for 45% of all non-agricultural waste in 2004. Litter continues to be one of the most visible environmental problems experienced across the Region affecting rural, urban and coastal areas and impacting negatively on general quality of life. More than 50% of litter is dropped by passing pedestrians and 22% by passing motorists. While progress has been made in terms of recycling and the seeking of alternatives to landfill, much still needs to be done to bring the Region closer to average EU levels.

Table 13 below gives a good snapshot of national figures on waste generation in Ireland. In the absence of regional figures, the national data gives an indicative picture of the situation in the S&E Region. The figures show that industrial waste makes up the vast majority of total waste generation, with construction having the largest single share. With that sector continuing to grow considerably, there are clear waste management and environmental implications ahead for the Region.

TABLE 13: Waste Generation in Ireland by Principal Sources 2004

Waste Category	Tonnes	As % of total Waste	As % of non-agricultural
Construction and Demolition waste	11,167,599	13.1%	44.5%
Manufacturing waste	5,044,243	5.9%	20.1%
Mining and quarrying waste	4,044,511	4.7%	16.1%
Municipal waste (household/commercial)	3,034,566	3.6%	12.2%
End of life vehicles & scrap metal	491,860	0.6%	2.0%
Hazardous waste	366,291	0.4%	1.5%
Contaminated soil	307,340	0.4%	1.2%
Energy, gas and water supply waste	284,647	0.3%	1.1%
Dredge spoils	238,565	0.3%	1.0%
Drinking water sludges	59,741	0.1%	0.2%
Urban wastewater sludges	42,298	0.0%	0.1%
Sub-total non-agricultural waste	25,081,660	29.4%	100%
Agricultural waste	60,175,025	70.6%	
Total waste	85,256,685	100%	

Source: Environmental Protection Agency

2.5 Overall Context Indicators

In order to facilitate on-going monitoring of changes in the socio-economic context in which the Operational Programme is being implemented, a number of macro context indicators have been identified. These context indicators, which are located in Annex 3, will be monitored annually and will be updated in the Annual Implementation Report.

2.6 Regional SWOT

2.6.1 Regional Strengths and Weaknesses

Having regard to the results of the Regional Needs Analysis, the Region's main strengths, weaknesses, opportunities and threats are identified in this Section.

Strengths:

- Largest and most dynamic component of the Irish economy, including Ireland's key infrastructure and natural and physical assets;
- Residence of much of the Irish labour force, and particularly of its highly-skilled labour force;
- It has the dominant share of hi-tech overseas and indigenous industry and the most productive components of the Irish economy;
- Good recent record of entrepreneurship;
- Strong skills base;
- Much of Ireland's RTDI capacity, accounting for example, for eight out of every ten third level researchers in the country;
- It has many features of a knowledge economy including hi-tech industry base, a high proportion of third level graduates in its population, and a very high level of mobile phone usage.

Weaknesses:

- Emerging physical infrastructure gaps in areas such as energy (especially the over reliance on imported fossil fuels) and seaports, which could constitute a constraint on growth in the period ahead;
- Despite large-scale investment, continued infrastructure inadequacy in other areas such as roads and public transport resulting in hidden costs from congestion, and rising commuting times and distances;
- Rising population and economic activity means that much investment is also devoted to simply standing still rather than necessarily improving;
- Need for improved protection of surface waters and ground waters;
- Weak RTDI base relative to a more mature economy. While improving, Ireland is still behind the EU average in relation to most RTDI indicators. Within the Region, RTDI in infrastructure is also very heavily concentrated in Dublin;
- Unfocused approach to life-long learning;

- A need to increase retention to complete second-level, and a need to develop advanced “fourth level” technological and other academic research and skills.
- With some exceptions, a relatively weak indigenous industry sector, and failure to capitalise fully on some areas of potential strengths such as overseas education, legal services, and entertainment;
- Important gaps in the knowledge economy such as very low levels of uptake of broadband by SME’s, despite recent investment in broadband infrastructure;
- Weaknesses in policy and governance as against what is required in an advanced knowledge economy in such areas as policy coherence and integration, in relation to follow-through and implementation of already agreed policies, and continued rigidities, and obstacles to change in critical areas, e.g. public transport policy, the energy market, and recognition of the role of private third-level education;
- Unbalanced urban structure, with a need to grow the Gateway Cities of Cork, Waterford and Limerick/Shannon, in particular, as vibrant regional growth centres;
- Continued existence in the Region of some of Ireland’s most deprived areas and communities.

2.6.2 Opportunities and Threats

Opportunities and threats can be divided into external i.e. outside the country, and internal, i.e. internal to Ireland or the Region.

External opportunities:

- A broadly benign international economic climate ahead;
- Continued growth in key sectors of interest to Ireland including ICT, pharmaceuticals, financial services, travel and tourism;
- Strong supply of skilled immigrant labour;
- Emerging new sectors which may have opportunities for Ireland, e.g. alternative energies;
- Emerging new technology areas including convergence of existing technologies, most notably nanotechnology, which offer huge potential if Ireland’s readiness is properly addressed.

Internal opportunities:

- Positive demographic “window” over the next 15-20 years when the challenge of an ageing population, while emerging, will still be behind that of many other developed economies;
- Track record and from the recent economic success and transformation;
- Relative smallness on an international scale of both the country and the Region which allows, if advantage is taken of this, a level of policy consensus and coherence that is more difficult in larger and more diverse economies;
- Recent large declines in unemployment and long-term unemployed are an opportunity to focus resources on remaining serious deprivation.

External threats:

- Possible international downturn in economic performance of key markets and, in particular, the medium term threat of the unsustainable current structures of the US economy;
- Disruption in major hi-tech sectors on which Ireland is heavily reliant, and occurrence of a “dot com” type crash in other key sectors;
- Possible adverse external regulatory changes e.g. in relation to corporate profits tax levels or treatment in either the EU or the US;
- Increasing risks of external shocks and change. These could come from such sources as international terrorism, potential pandemics, climate change, and energy shortages. As an advanced small open economy it is especially vulnerable.

Internal threats:

- Complacency about economic success and its assumed continuance, and failure to recognise that it is still relatively recent and relatively narrowly-based;
- Insufficient attention to key underlining requirements, e.g. cost control, good infrastructure and to developing key national strengths;
- Danger of domestic cost pressures from causes such as infrastructural or skills bottlenecks, or inefficiency in sheltered service areas;
- Insufficient rises in productivity resulting in growth of total GDP not being matched by growth in GDP per capita;
- Potential for growth in the economy not being matched by improvements in quality of life;
- Inadequate focus on environmental protection, in all its facets, and danger of losing a traditional advantage;
- Weaknesses in aspects of policy development and governance and a lack of strategic physical planning.

Chapter 3

Policy Context and Programme Development Strategy

This chapter deals with the context within which this Operational Programme has been prepared in terms of the needs being addressed and the strategies and policies in place at EU and national level. The key elements of developments at EU level are the third Cohesion Report (with stronger emphasis placed on the Lisbon and Göteborg agendas), the Community Strategic Guidelines, the new regulatory framework and the financial perspectives. Informing the development strategy at national level is a range of existing and emerging national strategies and plans which cover a broad policy spectrum, including employment, enterprise, science, technology and innovation, agriculture, rural development, spatial planning and economic development. In addition, the development strategy for the Operational Programme has been guided by the preparations for the National Development Plan 2007-2013. The National Strategic Reference Framework provides an overarching structure for the three Operational Programmes and will ensure consistency with Community and National Policies. Following on from this, the chapter examines the key aspects of the SWOT analysis and the needs analysis which are consistent with the requirements of the policies and strategies. The development strategy for the Operational Programme is the outcome of this examination.

3.1 The European Policy Context

The European Commission (the Commission) published its third report on Cohesion entitled “A new partnership for cohesion - convergence competitiveness cooperation” in February 2004⁸. At the same time the Commission made proposals for the Financial Perspectives for the period 2007-2013, coupled with draft Regulations to guide the management and implementation of Structural Funds for the period 2007 – 2013⁹.

These proposals envisaged a Cohesion policy with stronger links to the need for sustainable economic growth in the EU (Lisbon and Göteborg processes) and with the European Employment Strategy, with increased emphasis on competitiveness, employment, and social cohesion. Significant changes were proposed in the method of planning, implementation and management of the Structural and Cohesion funds. An enhanced role for the Council was at the core of the proposals. The adoption of the Regulations by Council following Parliament’s formal agreement/assent provides the basis for planning and implementing the 2007 - 2013 round.

The European Council meeting in December 2005 concluded agreement on the Financial Perspectives 2007 – 2013. Subsequently, the Commission made available indicative financial allocations for all countries and regions for the programming of Cohesion Policy. The allocation for Ireland amounts to €901 million for the period with the ERDF allocation for the Southern & Eastern Region amounting to approximately €146 million.

Preparation of the Southern & Eastern Regional Operational Programme took place in a wider policy and investment context. As preparations advanced on this document other processes were underway in relation to the preparation of other EU co-funded Programmes - a National ESF Employment Programme, a Rural Development Strategy & Programme, and a National Fisheries Programme. In addition, and parallel to these European programmes, was the preparation of the much larger Exchequer-Funded National Development Plan 2007-2013.

3.1.1 Cohesion Policy for 2007 – 2013

The Commission’s strategic approach is to ensure that Cohesion Policy contributes to other Community priorities. To that end, it submitted draft Community Strategic Guidelines for Cohesion Policy (CSG) for adoption by the Council. Each Member State is required to prepare a National Strategic Reference Framework (NSRF) as a reference instrument for the preparation of the operational programmes for the 2007-2013 period. The regulations provide that the NSRF document sets out the strategic orientation for the Structural Funds, the link between Community priorities and national and regional policies, and the priority themes chosen for assistance from the funds and it is on that basis this Regional Operational Programme has been prepared.

⁸ http://europa.eu.int/comm/regional_policy/sources/docoffic/official/reports/cohesion3/cohesion3_en.htm

⁹ COM (2004) 101 – Building our common future, policy challenges and the budgetary means of the enlarged Union

Under the Regulations adopted by Council, Cohesion policy is to be implemented through three objectives. A Convergence Objective replaces the existing Objective 1 and is aimed at EU regions with per capita GDP below 75% of the EU average. Some 78% of resources for Cohesion Policy is to be devoted to this objective and no Irish Region is eligible under this objective.

All EU regions that are not covered by the Convergence Objective, including the Southern & Eastern Region, qualify for Structural Funds under the Competitiveness and Employment Objective. Within this Objective funding is to be concentrated on implementing community policies - Lisbon, Göteborg and the European Employment Strategy – with particular focus on innovation and the knowledge economy, environment and risk prevention, accessibility to services of general interest (broadband, public transport), increasing adaptability of workers and enterprises, and enhancing access to employment.

3.1.2 Lisbon¹⁰

On 2nd February 2005, the Commission proposed a new start for the Lisbon Strategy focusing the European Union's efforts on two principal tasks – delivering stronger, lasting growth and more and better jobs. The institutions of the European Union have begun to turn the new momentum for a re-launch into concrete action since. The European Council of March 2005, as well as the European Parliament and the European social partners, gave full support to the Commission's proposal to re-launch and refocus the Lisbon Strategy.

The goal of the Lisbon partnership for growth and employment is to modernize the EU economy in order to secure the EU's unique social model in the face of increasingly global markets, technological change, environmental pressures, and an ageing population. This strategy is also to be seen in the wider context of the sustainable development requirement that present needs have to be met without compromising the ability of future generations to meet their own needs. The key priorities of Lisbon are:

- Knowledge and innovation for growth,
- Making Europe a more attractive place to invest and work,
- Creating more and better jobs

3.1.3 Göteborg

The Göteborg European Council in June 2001 completed the Lisbon strategy by adding an environmental dimension. Sustainable development was defined as meeting the needs of the present generation without compromising those of future generations, and dealing with economic, social and environmental policies in a mutually reinforcing way. Priorities include combating climate change, ensuring sustainable transport, addressing threats to public health, managing natural resources more responsibly and integrating environmental policy into other Community policies.

3.1.4 Barcelona Objectives

The 2002 Barcelona European Council, which reviewed progress towards the Lisbon goal, concluded that Europe as a whole should aim to reach a target of spending 3% of GDP on R&D by 2010, up from 1.9 % in 2000. They also called for an increase of the level of business funding, which should rise from its current level of 56 % to two-thirds of total RTD investment, a proportion already achieved in the US and in a few European countries.

The Commission in its communication dealing with the Barcelona objective has recognised that strengthening European RTD and innovation systems is essential in realising the Lisbon strategic goal. The role of RTD as a driving force for a competitive economy is linked to RTD investment as well as more efficient ways of using existing resources of physical and human capital (innovations).

The National R&D Action Plan¹¹ Building Ireland's Knowledge Economy proposed that Ireland should aim to reach 2.5% of GNP by 2010, with two-thirds of the increase coming from enterprise. This Action Plan represented the beginning of a more structured approach to building Ireland's National System of Innovation, which the Strategy for Science Technology and Innovation aims to fully realise.

¹⁰Common Actions for Growth and Employment - The Community Lisbon Programme

¹¹Report of the Interdepartmental Committee, Building Ireland's Knowledge Economy, July 2004

3.1.5 Community Strategic Guidelines

The General Regulation¹² makes provision for the adoption by Council of an overarching Strategic Guidelines (CSG) document. This aims at providing Member States with a framework by which national and regional investment programmes supported by Cohesion and Structural Funds can be analysed with respect to the contribution that they make to the Lisbon and Göteborg objectives while allowing Member States to draft programmes in a manner that reflect regional and local situations.

The CSG sets the key priorities for the Structural Funds for the period 2007-2013. These are to promote and encourage innovation, the knowledge economy, enterprise, research and development, and Information Communication and Technology (ICT). Under the CSG, Cohesion Policy is to support the creation of more and better quality employment, and invest in the skill level and adaptability of workers and businesses. It will also support improving the attractiveness of Member States and their regions in order to improve accessibility and the quality and level of services available to their citizens.

The aim of the Regional Competitiveness and Employment Objective is to anticipate and promote economic change by improving competitiveness and attractiveness of regions through a limited range of interventions taking into account the particular development needs identified. The CSG sets out the need for Member States and regions to concentrate on three priorities in order to assess a programmes contribution to the objectives of the Lisbon Community Programme. The three priorities are¹³ :

- Improving the attractiveness of regions by investment in accessibility aiding the provision of adequate quality and level of services, and preserving their environmental potential
- Encouraging innovation, entrepreneurship and the knowledge economy
- Creating more and better jobs through actions by encouraging people into employment or entrepreneurial activity and by improving the adaptability of workers and enterprise.

3.1.6 The Regulatory Framework

The Regulations consist of the General Regulation setting out the common governance framework for Cohesion Policy and the specific regulations for the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund and a Regulation establishing a European Grouping of Territorial Co-operation (EGTC)¹⁴. Finally, there is the Commission Regulation¹⁵ setting out the detailed rules for implementation.

For the Southern & Eastern Region the ERDF interventions have to be consistent with the eligibility criteria for the Regional Competitiveness and Employment Objective¹⁶. This objective is constructed around three broad themes as follows:

◆ Innovation and the knowledge economy.

This first theme focuses on innovation and providing support for the development of the knowledge economy. Actions supported should lead to the creation and strengthening of efficient regional economies. The funds can be used to enhance regional innovation capacities as well as investment in industrial Research & Technological Development (R&TD) and technology transfer. The funds may also be used to promote innovation by supporting inter-firm collaboration and joint R&TD and innovation policies.

◆ Environment and risk prevention.

Under environment and risk prevention, the theme is focused on stimulating investment for the rehabilitation of the physical environment, including contaminated, desertified and brown field sites and land. The funds may also be used to promote the development of infrastructure linked to biodiversity and investments in NATURA 2000 sites, where this contributes to sustainable economic development and/or diversification of rural areas. Funding may also be used to stimulate energy efficiency and renewable energy production, the development of efficient energy management systems and promoting clean and sustainable public transport, particularly in urban areas.

¹²Council Regulation (EC) No 1083/2006

¹³Community Strategic Guidelines page 12

¹⁴ERDF Regulation (EC) No. 1080/2006, ESF Regulation (EC) No. 1081/2006 and EGTC Regulation (EC) No. 1082/2006

¹⁵Commission Implementation Regulation (EC) No. 1828/2006

¹⁶In particular Articles 5 & 8 of the ERDF Regulation

◆ **Accessibility to transport services and information and communication technologies (ICTs), aimed at reducing regional isolation from transport and digital networks.**

The third thematic area for funding is access, to transport and telecommunication services of general economic interest. Funding here in particular should be focused on strengthening secondary transport networks by improving links to TEN-T networks, to regional railway hubs, airports and ports, or to multimodal platforms; by providing radial links to main railway lines; and by promoting regional and local inland waterways, and short-sea shipping. Funding can also be focused on promoting access to, take up, and efficient use of ICT by SMEs by supporting access to networks; the establishment of public Internet access points; equipment; and the development of services and applications, including, in particular, the development of action plans for very small and craft enterprises.

◆ **Sustainable Urban Development.**

Article 8 of the ERDF regulations (EC No1080/2006) provides that the funds can support integrated and sustainable strategies to tackle high concentrations of economic, environmental and social problems affecting urban areas. The strategies should promote sustainable urban development through activities such as;

- Supporting innovation and the knowledge economy;
- Improving the environment and risk prevention;
- Improving access to transport and ICT;
- Strengthening economic growth;
- Rehabilitation of the physical environment;
- Brownfield redevelopment;
- Preservation and development of the natural and cultural heritage;
- Promoting entrepreneurship;
- Local employment and community development;
- Provision of services to the population taking account of changing demographic structures;
- Some limited scope for supporting actions which fall within the scope of Regulation EC No 1081/2006 regarding the European Social Fund.

In effect these four thematic areas provide the template from which Member States and Regions can devise their Operational Programmes based on the identifiable needs.

3.1.7 Promoting Social Inclusion

The Lisbon European Council of March 2000 asked Member States and the European Commission to make a decisive impact on the eradication of poverty by 2010. Building a more inclusive European Union is an essential element in achieving the Union's ten year strategic goal of sustained economic growth, more and better jobs and greater social cohesion.

In March 2006, the European Council adopted a new framework for the social protection and social inclusion process. The Framework provided a new set of common objectives: Three overarching objectives and objectives for each of the three policy areas of social inclusion, pensions and health and long-term care. In relation to social inclusion, the objective stresses the need to make a decisive impact on the eradication of poverty and social inclusion through the improvement of access, the active promotion of social inclusion and by ensuring that policies are well co-ordinated.

This objective of ensuring greater social cohesion is entirely consistent with the Lisbon and Göteborg Agendas as well as the Community Strategic Guidelines. While the European Social Fund will be the primary means of addressing this objective in Ireland, the ERDF will also contribute to social inclusion.

3.1.8 Financial Perspective 2007-2013

The European Council reached agreement in December 2005 on the Financial Perspectives 2007 – 2013. This agreement covered the overall volume of EU funding for Cohesion policy and how this is to be distributed between the newly-defined objectives for the Structural Funds. Subsequently, the Commission made available indicative financial allocations for all countries and regions for the programming of Cohesion Policy actions. The total allocation for Ireland amounts to €901 million of which €293 million is assigned to the Regional Competitiveness and Employment Objective for the Southern & Eastern Region. The Irish Government has determined that the allocation for the Region should be divided equally between the ERDF-supported Regional Operational Programme and the ESF-supported National Employment Operational Programme.

The EU funding available to Southern & Eastern Region under the Regional Competitiveness and Employment objective is small by comparison with the level of Structural Funding which Ireland has received in previous funding rounds. This reflects the increased concentration of cohesion funding on those countries where GDP per capita is lower and the economic progress which Ireland has made in recent years.

The position for the 2007-13 funding round for the Region will be quite different from that which prevailed in previous rounds. The Southern & Eastern Region will see a very large and abrupt fall in ERDF funding from an average of approximately €269 million per annum in the 2000-06 period to under €40 million in 2007. Available ERDF funding will remain constant at that annual level throughout the programming period. This is equivalent to approximately €13 per person per year in the region.

For the Operational Programme, the main issue is whether the very limited funding available ought to be concentrated on a highly restricted number of actions with a view to achieving clearly distinguishable results in the selected areas or whether in view of the legitimate interests and concerns of potential beneficiaries and, indeed, the provisions of the governing regulations and the questions raised by the Commission services in the course of the dialogue which took place while this NSRF was being prepared, the available funding ought to be used to support a wider range of activities. Issues of scale and expectations about what can be delivered at this funding level also arise.

3.2 The National Strategic Reference Framework (NSRF)

The NSRF, which has been prepared by the Department of Finance, outlines the national strategy for allocating the available European Union funding through the three Operational Programmes in Ireland, two Regional ERDF programmes and one national ESF programme. Its central purpose is to provide an overarching structure for the Operational Programmes and ensuring consistency with Community and national policies.

The overall objective of the National Development Plan 2007-2013 is to transform Ireland and promote a better quality of life for all citizens. The strategic objective of the NSRF, is to complement the investment priorities being pursued under the NDP by focusing on niche priorities in line with the Community Strategic Guidelines, ESF/ERDF Regulations and consistent with the recommendations contained in the Ex-Ante Evaluation conducted by the Economic and Social Research Institute on the NDP 2007-2013, the two Regional foresight studies conducted and the extensive consultation process undertaken to prepare the NSRF.

Chapter 4 of the NSRF sets out the strategic priorities for Ireland under the EU Cohesion Policy for the period 2007-13, and for the ERDF this is targeted at two thematic priorities as follows:

- Innovation, knowledge and entrepreneurship; and
- Strengthening the competitiveness and connectivity of the Gateways and Hubs through improved access to quality infrastructure and environmental and sustainable development.

Under the first priority, the NSRF identifies that interventions should be developed to support the implementation of the Strategy for Science, Technology and Innovation 2006-2013. Working in a complementary manner with the NDP 2007-2013 the measures should be designed to focus on improving the capacity of Higher Education Institutes to undertake research, and in the development of Incubation Centres.

It states that regional strategies should concentrate on investing in RTD, innovation and entrepreneurship, applied research and technology transfer infrastructure, ensuring that these investments respond to the economic development needs of the region. This can be done by enhancing technology transfer and knowledge exchange; promoting the development, dissemination and uptake of ICTs within firms, and ensuring that enterprises willing to invest in high added value goods and services have access to finance, including venture capital. It also recommends that interventions be designed to focus on Micro-Enterprise Innovation and Entrepreneurship using the existing County Enterprise Boards as suitable bodies for promoting innovation and entrepreneurship in the Regions. The interventions should be designed in consultation with Enterprise Ireland to ensure a consistent national approach.

The NSRF also suggests that the Operational Programmes should consider interventions that stimulate demand for Broadband, and where appropriate and feasible, interventions that intervene to provide the service in areas where a clear market failure exists.

Under the second priority, the NSRF recommends that the two Regional OP's should design interventions that will address, in a niche and complementary manner to the NDP 2007-2013, those priorities that enhance the attractiveness of the Gateways and Hubs in their Regions. Interventions should concentrate on:

- Integrated urban development, including physical and social regeneration;
- Addressing quality of life issues and making cities and towns more attractive for investment;
- Supporting investments in public transport; and
- Strengthening the accessibility of the wider regions to gateways/hubs and inter-gateway/hub accessibility.

The NSRF further recommends that interventions be designed in line with the NDP 2007-2013 and the Rural Development Fund and other appropriate policy initiatives that may be eligible for support from the EU budget over the course of the 2007 - 2013 funding round, in strengthening the quality of the environment in the Regions, especially measures designed to provide and protect water sources for drinking and improve environmental management in the Regions.

The NSRF also recognises that production of energy from renewable sources along with energy efficiency and conservation measures make a positive environmental contribution by protecting existing environmental assets and decreasing reliance on other harmful energy sources. It therefore recommends that interventions should be designed to promote increased use of renewable sources of energy to help reduce Ireland's dependency on fossil fuels, reduce CO₂ emissions and promote a cleaner environment.

The NSRF outlines the value added that has been gained from the structural funds programmes in Ireland to date and which will continue under the next programming round. These have included the multi-annual programming approach, the focus on priority interventions aligned with clearly defined EU and national objectives, the strengthening of programme monitoring, evaluation and project appraisal mechanisms, exploration of innovative approaches e.g. area-based partnership and pilot initiatives. A particular focus of the 2007-13 programming period will be on niche interventions and pilot initiatives that complement and provide demonstration effects for mainstream NDP initiatives.

3.3 The Irish Policy Context – Other Relevant National Policies and Investment Plans/Strategies

3.3.1 Rural Development National Strategy 2007-2013 and the European Agricultural Fund for Rural Development (EAFRD)

Since the reform of the Common Agricultural Policy, Rural Development is playing an increasingly important role in helping rural areas to meet the challenges of the 21st century. In February 2006 the Agriculture Council adopted EU strategic guidelines for rural development¹⁷. These guidelines set out a strategic approach and a range of options which Member States could use in their national Rural Development programmes.

For Ireland, rural development policy for 2007-2013 will focus on the three axis of measures laid down in the new rural development regulation¹⁸. These involve improving competitiveness for farming and forestry; protection and enhancement of the environment and the rural countryside; and improving the quality of life and diversification of the rural economy. A fourth axis based on experience with the Leader Programme will concentrate on continuing support for locally based bottom-up approaches to rural development.

For each priority, key actions are suggested in the Guidelines. In line with the regulatory requirements, Ireland is preparing a National Strategy Plan for Rural Development on the basis of six community strategic guidelines, which will help to identify the areas where the use of EU support for rural development creates the most value added at EU level and link with the main EU priorities. The Strategy will be consistent with the NSRF and other EU policy initiatives.

3.3.2 European Fisheries Fund

The Commission has published its proposals regarding a European Fisheries Fund (EFF) to operate for the 2007 – 2013 period. Like agriculture, this will not be part of the Structural Funds in the next round.

Four priority axes are proposed:

- measures for the adjustment of the fishing fleet;
- aquaculture, processing and trade of fisheries and aquaculture products;
- measures of collective interest;
- sustainable development of fishing coastal zone.

¹⁷http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2006/l_055/l_05520060225en00200029.pdf

¹⁸http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l_277/l_27720051021en00010040.pdf

3.3.3 National Reform Programme

The National Reform Programme (NRP) presented by Ireland in October 2005 sought to bring together a broad range of policies and initiatives, the implementation of which were aimed to sustain Ireland's strong economic growth and employment performance. The NRP was Ireland's contribution to the re-launched Lisbon Agenda over the period to 2008¹⁹.

The policy priorities for Ireland under this National Reform Programme are under three main headings as follows:

1. Macro-economic policy/guidelines:

- Maintain a stable macroeconomic environment, sustainable public finances, and moderate inflation levels.
- Within this fiscal framework, continue to prioritise public investment in economic and social infrastructure and other growth-enhancing expenditures;
- Ensure that the economy will be in a position to meet anticipated long-run fiscal pressures, including those arising from the ageing of the population.

2. Micro-economic policy/guidelines:

- Promote, protect and enhance competitiveness;
- Increase R&D investment, capacity and output;
- Encourage greater innovation and entrepreneurship across the enterprise sector;
- Continue to address the physical infrastructure deficit, particularly in the transport sector;
- Continue to roll out regulatory reform;
- Support social inclusion and sustainable development.

3. Employment policy/guidelines:

- Continue to achieve higher levels of employment, improved quality and productivity of work, and social cohesion;
- Focus on education and training, including lifelong learning, to develop high skilled, innovative and adaptable workforce for the knowledge economy;
- Ensure an adequate labour supply to meet economy's needs.

Within the NRP, the need to maintain Competitiveness and improve Productivity is paramount. Ireland is committed to the two-pronged approach of sustaining the linkages between our economic performance and our social policy, to achieve a fair, just and inclusive society. The important focus should now be on implementation of key strategic priorities at micro-economic level as far as our national priorities are concerned. In that regard, the NRP has specific commitments in the areas of:

- R&D investment targets up to 2013;
- encouraging greater levels of innovation and entrepreneurship, across the Enterprise Sector, with particular focus on SMEs;
- improving labour supply through intensified measures to address specific target groups in the inactive population.

The NRP is also situated in the context of the Agreed Programme for Government, published by the coalition Government partners in 2002. This set out the overall programme for the subsequent five-year period across the entire policy spectrum and is reviewed annually to report on progress.

The overall strategic approach adopted by the Government for the NRP is as set out in its Agreed Programme for Government. These commitments are aimed at sustaining economic growth and maintaining full employment. To achieve these aims, the Government has committed itself to low inflation, responsible fiscal policies and effective investment policies and also stressed the importance of achieving social equity and ensuring environmental sustainable development as inter-related goals.

The Regional Operational Programme, where a key focus will be on regional competitiveness will be consistent with the objectives of the NRP.

¹⁹COM (2005) 24, Communication of the European Council "Working together for growth and jobs – a new start for the Lisbon Strategy.

3.3.4 The National Development Plan 2007-2013

The National Development Plan 2007-2013 *Transforming Ireland — A Better Quality of Life for All*²⁰ sets out the roadmap to Ireland's future. Within the next seven years, the Irish economy and society will undergo a transformation almost as radical as the changes experienced in the past decade of growth and development.

That transformation will be driven largely by the continuing increase in our population, projected to reach over five million people by 2021. Ireland's economic base will change as we move towards more high value added economic activities and industries, both foreign-owned and indigenous. To optimise our choices for a better long-term future Ireland has set out a roadmap, clearly marking out the landmark challenges we face such as:

- removing the remaining infrastructure bottlenecks that constrain our economic development and inhibit balanced regional development;
- further equipping our children and youth with the skills and education to grasp the opportunities presented to us;
- creating and sustaining high value employment opportunities; and
- redistributing the product of wealth to foster an inclusive society, including adequately catering for those who have already contributed to Ireland's success over previous decades.

The NDP 2007-2013 integrates strategic development frameworks for regional development, for rural communities, for All-Island co-operation, and for protection of the environment with common economic and social goals.

High Level Objectives

The NDP 2007-2013 sets out the key high level objectives of investment for Ireland in the period 2007-2013 they are as follows:

- Promotion of sustainable economic and budgetary stability;
- Promotion of national competitiveness;
- Fostering better balance in regional development with a particular focus on assisting all regions to deliver to their maximum potential;
- Delivery of economic and social infrastructure in an efficient Value for Money Way which improves the quality of life of our citizens;
- Environmental sustainability;
- Promotion of social inclusion; and
- Development of strong cross-border and all island economic and sectoral co-operation

Over the next seven years, the National Development Plan 2007-2013 proposes investment of some €184 billion in Ireland's economic and social infrastructure, the enterprise, science and agriculture sectors, the education, training and skills base of our people and the social fabric of our society that, within a strong and vibrant economy geared to meet the challenges of the future, will deliver a better quality of life for all.

The five Investment Priorities of the Plan are:

	€billion Investment (Current Prices)
Economic Infrastructure	54.7
Enterprise, Science and Innovation	20.0
Human Capital	25.8
Social Infrastructure	33.6
Social Inclusion	49.6
Total	183.7

Funding of its investment relies on domestic resources, produced by the taxpayer and invested in priorities that will generate a real economic return, increasing overall wealth in our society and raising standards of living beyond what they might otherwise be.

Securing value for money for the NDP 2007-2013 investment and monitoring its implementation will be a key priority and essential to the success of the Plan in transforming Ireland.

²⁰ Full details of the Plan can be found on the website www.ndp.ie

The priorities and approach set out in the NDP 2007-2013 are consistent with the ten year social partnership framework agreement — *Towards 2016* — concluded in 2006.

The NSRF is to contribute to the investment priorities being pursued under the NDP 2007-2013 in a niche and complementary manner. It is important to note that the financial allocations for the Regional Operational Programme detailed in Chapter 5 and at Annex 1 are provided for in the NDP's overall financial envelope.

3.3.5 National Spatial Strategy

Ireland's first National Spatial Strategy (NSS) was adopted by the Government in 2002. The NSS represents an important new policy development and defines a long-run spatial development strategy, to which other national policies should adhere. The NSS considers a wide set of factors driving regional development in a modern economy including enterprise development.

The strategy has a 20 year timeframe and aims for a better spread of activities. The NSS calls in particular for a focusing of investment and growth potential around a network of nine competitive, national gateways²¹ (five in the Southern & Eastern Region) supported by a range of other significant urban areas such as an additional nine hubs (five in Region) as well as other large towns in order to drive the development of their wider regions.

The NSS also outlines a set of complementary policies to ensure that the development potential of rural and remoter areas is harnessed to the full to ensure that more balanced development takes place within as well as between regions. *The NSS reinforces the objective of balanced territorial development as a priority policy for the Irish Government and proposes that enhancing the development potential and generating critical mass in key urban centres is linked with the development of the rural hinterlands of the designated urban centres.*

Finally, the NSS also call for a more strategic approach to planning and heads up a hierarchy of spatial plans at national, regional and local levels. The subsequent publication of Regional Planning Guidelines complements and sets a framework for statutory development plans at city and county level.

The NSS is being implemented at three levels. At national level through significant public investment in the areas, such as transport, housing, water services, urban renewal, regional competitiveness and innovation. Additionally, Government departments and their agencies have been embedding the policies contained in the NSS in their programmes and investment activities.

At regional level, the NSS has been further articulated through the adoption of Regional Planning Guidelines (RPG's) by the NUTS III Regional Authorities setting the strategic policy agenda for local authority development plans at city and county levels. The process of implementing these RPG's is ongoing.

At local level, strategic spatial plans for the gateways of Dublin, Cork, Limerick and Waterford are in place. Public investment to underpin key elements of such spatial plans is being put in place. Forfás has published a Gateways Investment Priorities Study which builds on the implementation of the National Spatial Strategy and the overall Gateway approach. Additionally, an important theme running through the NSS is the importance of complementarities and linkage between urban areas and between urban centres and their associated rural regions.

3.3.6 Towards 2016

In June 2006, negotiations between the Government, employers, trade unions and the Social Partners successfully concluded with the completion of *Towards 2016*, the 10-year Framework Social Partnership Agreement, 2006-2015. The overall goal of the new agreement is to achieve the NESC vision of a dynamic, internationalised and participatory Irish society and economy, founded on a commitment to social justice, and economic development that is both environmentally sustainable and internationally competitive. The overriding policy focus and priority of the Agreement is to build a strong economy and society by maintaining a supportive macroeconomic policy framework in order to enhance productivity and competitiveness. The Agreement sets out priorities across a wide range of sectoral areas including the following:

- A commitment to building a knowledge economy, greater investment in human resources and in innovation, particularly around ICT application and use, are critical areas for investment to enhance Ireland's competitiveness.

²¹Dublin, Cork, Galway, Limerick/Shannon, Waterford, Sligo, Dundalk, Letterkenny/Derry, Athlone/Tullamore/Mullingar

- A commitment to building a knowledge economy, greater investment in human resources and in innovation, particularly around ICT application and use, are critical areas for investment to enhance Ireland's competitiveness;
- To mainstream the integration of environmental considerations into policy formulation and to provide for better environmental enforcement;
- Recognition that the communications sector is of fundamental importance to the economy and is an important factor in determining long-term national economic competitiveness through its impact on productivity gains, innovation, balanced regional development, new regional development, new business processes, and new services and applications;
- The need for a modern competitive economy to have reliable, secure and competitively priced energy available to it. Long-term actions and decisions regarding the energy sector must also be sustainable from an environmental perspective in order to provide safeguards for future generations;
- A commitment to implement the Strategy for Science, Technology and Innovation 2006-2013 which provides for the continued development of a world-class research system underpinned by the essential physical and human infrastructure. The strategy proposes mechanisms to 1) ensure that the investment in research is turned into commercial value to the greatest extent possible, and 2) in regard to enterprise, the strategy will set out structures and mechanisms to enhance supports to industry and encourage firms to become more engaged in R&D activity.

3.4 Other National Policies

3.4.1 Enterprise Strategy Report: 'Ahead of the Curve - Ireland's Place in the Global Economy'.

The Minister for Enterprise, Trade and Employment in 2004 established an Enterprise Strategy Group (ESG) to develop a new direction for our enterprise policy agenda. The report was presented on July 7, 2004.

In preparing the report the ESG framed its analysis in the context of a medium term vision of the opportunities for the economy. Arising from Ireland's success in growing indigenous firms and as a profitable location for inward investment, it made a series of key recommendations designed to ensure competitive advantage and to build the conditions essential for strong and sustainable enterprises in Ireland to 2015.

The recommendations concentrate on matching Ireland's established expertise in manufacturing with comprehensive capability in sales and marketing and research and development.

'...firms in Ireland must complement their existing production and operational strengths with new capabilities:

- Developing expertise in international markets to promote sales growth;
- Building technological and applied research and development (R&D) capability, to support the development of high-value products and services²².

3.4.2 Making Ireland's Development Sustainable – Review, Assessment and Future Action.

The aim of the National Sustainable Development Policy, published in 1997, was "*to ensure that economy and society in Ireland can develop to their full potential within a well protected environment, without compromising the quality of that environment and with responsibility towards present and future generations and the wider international community*"²³.

In 2002 'Making Ireland's Development Sustainable'²⁴ was produced by the Department of the Environment, Heritage and Local Government for the Johannesburg World Summit on Sustainable Development. The report examines progress made in the ten years since the Rio de Janeiro Earth Summit. It also sets out broad policy orientations going forward:

- a broad emphasis on eco-efficiency as a means of achieving both environmental and economic objectives,
- the need to engage the interest and attention of individuals in this agenda;
- implementation of the National Climate Change Strategy (2000);
- implementation of the National Biodiversity and National Heritage Plans (2002),
- implementation of the revised National Anti-Poverty Strategy;
- pressing ahead with the catchment-based approach to water quality, including through investment in waste water infrastructure and additional regulations where necessary;
- development of a national strategy to meet the requirements of the Göteborg Protocol and the related EU Directive concerning transboundary air emissions;

²²Enterprise Strategy Report: 'Ahead of the Curve - Ireland's Place in the Global Economy'.

²³<http://www.environ.ie/DOEI/DOEIPol.nsf/wvNavView/Sustainable+Development:+A+Strategy+for+Ireland?OpenDocument&Lang=#11>

²⁴Making Ireland's Development Sustainable – Review, Assessment and Future Action (DEHLG)

- implementing the policy approaches to waste management set out in Government policy statements;
- implementation of a National Spatial Strategy, addressing among other things issues relating to settlement patterns.

In terms of horizontal approaches, the Report highlights the importance of:

- working with the market using economic and fiscal measures and producer responsibility initiatives;
- good quality regulation in the interests of the environment, implementation of the Strategic Environmental Assessment Directive from 2004;
- promotion of Local Agenda 21, including through the County and City Development Board process, research and indicators.

Finally, the Report highlights that Ireland has adopted measures to honour the UNCED commitments on finance for developing countries, by giving a commitment to increase its aid allocation to reach the UN target of 0.7% of GNP by 2007. There is currently a review being carried out of Sustainable Development Strategies at EU level which will most likely result in National Strategies being reviewed over the coming months.

3.4.3 National Strategy for Science, Technology & Innovation²⁵

This major new integrated Strategy for Science, Technology & Innovation was launched by the Government in June 2006, and contains a commitment to significantly increase State investment in this area and demonstrates the commitment of Government to invest heavily in this area in order to advance Ireland's Knowledge Economy.

The Strategy aims for a doubling of postgraduates, with significant numbers of these being utilised by the enterprise sector. There are pressing economic reasons for Ireland to continually enhance its potential in these areas, releasing the results of that research into commercial and industrial application. The Strategy is aiming to ensure more effective commercialisation of the ideas and know how being generated by the Universities and public research institutions and to forge new partnerships between these institutions and enterprise. The Strategy also aims to devote significant resources to supporting enterprise R&D, in both the indigenous and multinational sectors to help companies more than double their spend on research in the period up to 2013. The Strategy also sets out a framework for public sector research, which will enhance enterprise performance and deliver benefits for society as a whole, in agriculture and food, forestry, marine, health, energy and the environment.

The objectives of the Strategy are to be delivered through the concerted efforts of all those involved in the National System of Innovation so as to achieve:

- increased participation in the sciences;
- increased numbers of people with advanced qualifications;
- enhanced contribution by research to economic and social development transformational change in the quality and quantity of research;
- increased output of economically relevant knowledge;
- increased trans-national research activity;
- an international profile for Ireland and greater coherence and exploitation of synergies, nationally and internationally.

3.4.4 National Action Plan for Social Inclusion 2007-2016

The Irish Government launched the National Action Plan for Social Inclusion 2007-2016 in February 2007. The Plan identifies a number of high level strategic goals in priority areas in order to achieve the overall objective of reducing consistent poverty. The targeted actions and interventions are designed to mobilise resources to address long-standing and serious social deficits. They focus on:

- ensuring children reach their true potential;
- supporting working age people and people with disabilities through activation measures and the provision of services to increase employment and participation;
- providing the type of supports that enable older people to maintain a comfortable and high quality standard of living;
- building viable and sustainable communities, improving the lives of people living in disadvantaged areas and building social capital.

²⁵ National Strategy for Science, Technology & Innovation, Government of Ireland, Dublin, 2006.

In view of the very substantial progress achieved in enhancing income support over recent years, these goals place a renewed emphasis on services, activation measures and supporting quality employment. The plan recognises the continuing challenges faced by those in work but on low incomes, as well as the vulnerability of those in households without any employment.

The overall poverty goal is:

- To reduce the number of those experiencing consistent poverty to between 2% and 4% by 2012, with the aim of eliminating consistent poverty by 2016, under the revised definition.

The high level goals, as set out in the attached overview, are aimed at:

- The provision of targeted pre-school education;
- Reducing literacy difficulties and tackling early school leaving;
- Maintaining the combined value of child income support measures at 33%-35% of the minimum adult social welfare payment rate;
- Introducing an active case management approach to support those on long-term social welfare into education, training and employment, with an overall aim of reducing by 20% the number of those whose total income is derived from long-term social welfare;
- Maintaining the relative value of the lowest social welfare rate;
- Continuing to increase investment in community care services for older people;
- Maintaining, and if possible enhancing, the value of the State Pension;
- Increasing the employment and participation of people with disabilities;
- Delivering increased housing output to meet the accommodation needs of some 60,000 new households, the homeless, Travellers, older people and people with disabilities;
- Developing 500 primary care teams to improve access to services in the community, with particular emphasis on meeting the needs of holders of medical cards;
- Developing a strategy aimed at achieving the integration of newcomers in Irish society.

In addition to the high level goals, there are some 154 targeted actions and interventions set out in the Plan designed to ensure that a decisive impact is made on poverty.

3.5 Regional Context

3.5.1 Regional Operational Programmes 2000-2006

The overall objective of the 2000-2006 NDP in relation to regional development is “to achieve more balanced regional development in order to reduce disparities between and within the two Regions (BMW and Southern & Eastern Regions) and to develop the potential of both to contribute to the greatest possible extent to the continuing prosperity of the country”²⁶. As part of the strategy to address this situation two Regional Operational Programmes were developed to complement the three national-level (inter-regional) Programmes.

Under the 2000-2006 Southern & Eastern Regional Operational Programme EU co-financing constituted an important element. Unlike the 2007–2013 round CSF funding, included all four funds; ERDF, ESF, EAGGF and FIFG, with the largest single element of structural funds from the ERDF and was spread across 21 interventions (measures/sub-measures). The CSF element (Structural Funds, National Co-financing and private investment) totals €1.3bn or 27% of the OP as a whole.

An update evaluation of the Mid-Term Evaluation of the Southern & Eastern Regional Operational Programme took place in 2005 in accordance with the EU regulatory requirements. As part of the Update, the evaluators were also asked to present conclusions and recommendations on priorities for potential EU co-funded programmes for 2007-2013 drawing on the experience of the current round and having regard to EU Cohesion and Rural Development focus going forward.

In this regard the evaluators suggested that interventions in the areas of broadband communications, entrepreneurial development, innovation strategies and some environmental measures would be appropriate for co-financing.

²⁶Ireland, National Development Plan 2000-2006, Para 3.19

3.5.2 Lessons from Regional OP 2000-2006

All of the Operational Programmes were subject to a Mid-Term Evaluation of both co-financed and non-co-financed measures and an Update Evaluation²⁷. The Update Evaluation of the S&E Regional OP²⁸ highlighted a number of lessons for future regional programming which, where possible, have been taken account of in preparing this OP. Regarding overall Programme planning and implementation, these included:

- a need for early and proper planning and feasibility assessments where Programmes are new or untried;
- close examination of likely uptake where Programmes are demand-led;
- a need for early planning evidenced by the fact that some of the issues that arose often did not begin to be addressed until the Programme had actually been published and launched; and
- the need, in the case of either new or problematic measures, for very focused and dynamic approach to implementation and a willingness to revisit key parameters if they are proving problematic.

With regard to achieving greater impact and value for money, recommendations included:

- a need for focus on overall objectives and strategies for measures, and a willingness to change the “fine print” if existing mechanisms are failing to deliver on these. It is also important not to jettison important objectives simply because they prove administratively difficult;
- within EU state aid guidelines, an area to consider would be aid rates. If objectives are important and are not eliciting the desired private investor response, an approach would be to adjust aid rates upwards, i.e. to reduce the “price” of participation;
- consideration of new forms of delivery where traditional mechanisms may be over-stretched, e.g. more contracting-out of delivery (as distinct from simply grant provision) to non-governmental organisations in both the private and other non-profit sectors; and
- revisiting the area of indicators, especially impact indicators for the post-2006 period, including earlier and better definition of these, minimising their number, and central support in the task of developing, monitoring and interpreting them at Programme and measure level.

The Managing Authority has had due regard to these recommendations in devising the strategy and priorities for this new programme.

3.5.3 Regional Needs Analysis²⁹

In early 2006 the Southern & Eastern Regional Assembly commissioned a team led by Fitzpatrick Associates to prepare a Regional Needs Analysis³⁰ for the entire Region. The overall study objective was to provide an independent analysis of the investment needs in the Southern & Eastern Region over the period 2007-2013 – the analysis to guide the Regional Assembly in developing the Regional Operational Programme as well as informing its contributions into the preparations of other investment programmes including the NDP 2007-2013 and the Rural Development National Strategy. In presenting their development strategy for the Southern & Eastern Region the consultants’ put forward the following vision for the Region in 2013:

“By 2013 the Southern & Eastern Region should have all the features of a highly developed knowledge economy and society. This will involve continued high levels of sustainable economic performance, matched by a high level of social provision and quality of life, and with economic and social benefits shared widely within the Region spatially and socially”³¹.

As encapsulated in its title, this Regional Needs Analysis is developed around the twin themes of “external competitiveness” and “internal cohesion”:

- “external competitiveness” relates to the national role of the S&E Region as the driver of the overall economy, with its consequent pivotal position in ensuring that the post Celtic Tiger economy remains a growing and competitive one in the global market-place, consolidating Ireland’s position amongst the world’s group of most advanced economies;
- “internal cohesion” relates to ensuring that, alongside overall growth and competitiveness, Regional economic success also provides an appropriate quality of life dividend for the Region’s residents, and that this benefit is shared across the Region spatially and socially.

The Regional Needs Analysis provided an important building block for the preparation of the regional profile and the SWOT analysis for this Programme.

²⁷Farrell Grant Sparks (2003) Mid Term Evaluation of the Southern & Eastern Regional Programme Operational Programme

²⁸Fitzpatrick Associates (2005) Update Evaluation of the Southern & Eastern Regional Programme Operational Programme.

²⁹“External Competitiveness, Internal Cohesion”, S&E Regional Needs Analysis, S&E Regional Assembly, 2006

³⁰The other team partners were Goodbody Economic Consultants, Dublin; Brendan Kearney & Associates, Dublin; and Steinbeis-Europa Zentrum, Stuttgart.

³¹Southern & Eastern Regional Needs Analysis 2007-2013 ‘External Competitiveness, Internal Cohesion’, Fitzpatrick Associates.

3.5.4 Consideration of SWOT Analysis

The SWOT analysis as detailed in Chapter Two pointed to a number of significant issues which have to be taken into consideration in devising a development strategy which is to underpin this Operational Programme. It is generally recognised the S&E Region has very much been the powerhouse of Irish economy over the last decade of the 'Celtic Tiger'. While the strengths of the Region are perhaps reasonably well known, it nevertheless is important to restate them here. However in doing so it is important to be mindful of the fact that many of the apparent strengths may be strengths relative to the rest of the country, but may not be as impressive when compared to other highly competitive economies. This is manifest in many ways, including:

- the fact that it is the home of much of Ireland's key infrastructure and natural and physical assets;
- it is the residence of much of the Irish labour force, and particularly of its highly skilled labour force;
- it has the dominant share of hi-tech overseas and indigenous industry and the most productive components of the Irish economy;
- it has much of Ireland's RTDI capacity accounting, for example, for eight out of every ten third-level researchers in the country.

The SWOT highlighted a number of fundamental structural weaknesses and concluded that in many ways the success of the last decade in economic terms may have exacerbated these weaknesses. These weaknesses include the following:

- the relatively weak RTDI base, particularly when compared to more mature economies, as well as other weaknesses in the skills base of the labour force and in the 'fourth level' educational sector;
- relatively weak indigenous industry sector;
- the continued infrastructural inadequacy in areas such as roads and public transport has resulted in hidden costs from congestion and rising commuting times and distances;
- the significant infrastructural gaps in such areas as energy and broadband roll-out;
- growing environmental pressures, particularly on ground and surface water conditions in region;
- the unbalanced urban structure, with Dublin pre-dominating with the other Gateway cities of Cork, Limerick and Waterford lacking sufficient critical mass to compete effectively on either the national or international stage.

Turning next to the threats, many of those identified are external to Ireland and are thus common to economies operating in the global market place. As such factors like world oil prices, performance of key international economies, potential pandemics etc. are all outside the control of this regional economy. However the point is worth making that given that Ireland operates as a small very open economy, and is disproportionately reliant on the performance of foreign direct investment, it does make both Ireland and the S&E Region particularly susceptible to shocks in the global economy. Finally, the SWOT analysis identified a number of significant opportunities for the Region in the period ahead which are supported by a broadly benign international economic outlook and a ready supply of skilled immigrant labour from the new Member States. These include such factors as a 'positive demographic window' over the next 15-20 years, a rising confidence from the economic successes of the last decade, and the relatively small numbers of the long term unemployed, allowing available resources to be concentrated on the up-skilling of those with the lowest educational and skills levels.

Looking ahead, the Regional Needs Analysis concludes that the medium-term potential of the national and S&E economy is good, inter alia because of these fortunate sets of demographic circumstances. However, for this potential to be realised, the S&E Region will have to achieve high levels of output growth. Population increases, largely through immigration, will create capacity for the regional economy to grow. However, for per capita GDP to grow significantly, labour productivity will also have to rise substantially the contribution of demographic and labour market changes, such as increased participation rates will be small. Productivity improvements will also be key to maintaining external competitiveness.

Following from the analysis of the current situation in the Region, the analysis concludes that the core requirements for the Region going forward boil down to four central ones. They added that these requirements must become the focus of investment and related policy development for the Region over the next programming period:

- **Productivity:** the need for more rapid productivity growth including both a shift in employment to higher growth sectors and productivity increases in all sectors. Without these living standards may not grow in the context of a growing population;

- **Infrastructure Gaps:** existing or potential infrastructural deficits and bottlenecks have the potential to at an extreme constitute physical barrier to growth, (e.g. in the case of port infrastructure) or lead to regulatory difficulties (e.g. in the case of energy), or lead to large scale inefficiencies, hidden costs and reductions to quality of life (e.g. traffic congestion).
- **Asset Management:** better management of infrastructure and other assets, both existing and new. There is a danger, in a period of economic growth, of investing heavily in the creation of infrastructure but being less effective in relation to its management and efficiency. This includes issues of how infrastructure is managed institutionally and also the need for associated investment sometimes of a relatively less expensive nature (e.g. modern traffic lights systems) and maximum use of existing infrastructure (e.g. in relation to rail services using upgraded infrastructure);
- **Flexibility:** greater flexibility in the economy, particularly in those parts which are sheltered from competition be they private or public sector. Much Irish enterprise has been dramatically transformed over the last decade and is now globalised, export oriented and up to best international standards. However, there is a danger that this could eventually be held back by substantial pockets of inflexibility and absence of modernisation in key support services. Examples include public transport provision, energy, healthcare services, aspects of the legal system, aspects of regulated commercial services such as legal services.

3.6 Summary of the Ex-ante Evaluation and Strategic Environmental Assessment

3.6.1 Results of the Ex-ante Evaluation – Managing Authority Response

The Ex-ante Evaluation of the Operational Programme was carried out by FGS Consulting on behalf of the Managing Authority. The Executive Summary of the evaluation which sets out the recommendations of the evaluators can be found at Annex 4 while the full Ex-ante Evaluation can be found on the Managing Authority's website www.seregassembly.ie. Overall, the evaluators assessment of the Operational Programme is positive, in terms of its logical flow, compliance with general requirements and EU/national objectives, drawing lessons from previous programmes and evaluations, consistency and relevance of the strategy to regional needs, appropriateness of the geographic concentration, compliance with equality and environmental requirements and the existence of a strong rationale for the proposed interventions. In practice, the ex-ante evaluation was very much a two-way iterative process and was very helpful for the Managing Authority in preparing the Operational Programme.

The evaluators made a series of recommendations during the course of the evaluation process and these recommendations, where appropriate, were incorporated into the draft Operational Programme prior to the public consultation process. Some of these earlier recommendations, particularly relating to the Chapter 4 Priorities, were held because the relevant text had been revised following separate proposals from potential Implementing Departments and Agencies. This revised text was included in the draft Operational Programme circulated for public consultation and will have been considered by the evaluators in preparing the final Ex-Ante Evaluation Report.

In their final report, the evaluators made a total of 23 recommendations under six headings. Each of the recommendations was considered before the Operational Programme was finalised and a summary of the considerations is set out below.

OP Appraisal and Analysis

The evaluators made four recommendations regarding the content and layout of Chapter 3. The Managing Authority has taken on board each of these recommendations.

Objectives and Internal Coherence

The evaluators made five recommendations to improve and clarify the objectives of the Operational Programme. The evaluators also judged the Operational Programme to be internally coherent. The Managing Authority accepts each of the recommendations including the setting of an overall objective for the Operational Programme.

Policy and Implementation Risks

The evaluators made six recommendations to address potential risks which they consider have the potential to adversely affect the implementation of the Operational Programme. It should be noted however that the authority to impose some of the proposed corrective actions recommended by the evaluators is outside the remit of the Managing Authority. The Managing Authority fully recognizes the rationale for these recommendations and will work closely with the implementing agencies and the national authorities in order to address these risks during the course of the implementation of the Operational Programme. This work will commence immediately with the preparation of the implementation plans.

External Coherence

The evaluators made three recommendations to ensure that Operational Programme is externally consistent with the national, regional and EU policy framework. These recommendations have been accepted and addressed in the text of the Operational Programme.

Expected Results and Impacts

The evaluators made three recommendations to improve the range and scope of performance indicators in the Operational Programme. The Managing Authority considers that the suite of Programme and Priority indicators contained in the Operational Programme complies fully with the requirements of the Regulations. The Managing Authority intends developing, in consultation with Intermediate Bodies and other relevant agencies, a wider range of thematic indicators as part of the detailed implementation plans. These indicators, which will draw on the recommendations of the Ex-ante evaluation and the Strategic Environmental Assessment as well as submissions made as part of the public consultations undertaken, will complement and support the monitoring arrangements for the implementation of the Operational Programme.

Implementation Systems

The evaluators made two recommendations regarding the systems to be put in place for the implementation of the Operational Programme and these have been accepted and addressed by the Managing Authority.

3.6.2 Strategic Environmental Assessment

For the first time in the history of Structural Funds Programmes the Operational Programme was subjected to a Strategic Environmental Assessment - SEA. The SEA Directive was transposed in to law in Ireland in July 2004 and its objective is to provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of specified plans and programmes with a view to promoting sustainable development.

The screening of the draft Operational Programme was carried out by the Managing Authority and the outcome of this was a determination that a Strategic Environmental Assessment be carried out on the Operational Programme. CAG Consultants, in association with FGS Consulting, carried out the Assessment and produced an Environmental Report which was issued for public consultation along with the draft Operational Programme. The results of the application of the SEA process to this Programme and details of how the Managing Authority proposes to address the results are summarised below. A non-technical summary of the Environmental Report is included at Annex 5. Further, in accordance with the SEA Directive, a SEA Statement was published by the Managing Authority following the adoption of the OP by the EU Commission. This Statement is included at Annex 9.

Overall, the SEA process concludes that the Programme is likely to have cumulative positive effects on reducing pollution and greenhouse gas emissions. The SEA also concludes that where potential impacts are difficult to determine, for example on the Sustainable Urban Development Priority, they are more likely to be either positive or broadly neutral.

The evaluators who carried out the second phase of the SEA and produced the Environmental Report made five specific recommendations for amendments to the Operational Programme – each of the recommendations are acceptable to the Managing Authority but, as with the Ex-Ante evaluation, four of the recommendations are more appropriate to be addressed during the implementation phase. Three recommendations propose additional criteria for project selection. The evaluators also recommend the inclusion of specified indicators for monitoring significant environmental impacts. The Managing Authority considers that each of the recommendations will represent very positive contributions to the implementation of the Operational Programme. The Managing Authority is committed to ensuring that the project selection criteria will assess projects on the basis of their compliance and their promotion of sustainable development and the evaluators recommendations are a positive contribution. In addition, the Managing Authority is committed to tracking the impact on the sustainable development Horizontal Principle at implementation level to ensure compliance

with the Regulation. In this regard, the Managing Authority will work closely with the Intermediate Bodies, the national environmental authorities and the EU Commission during the preparation of the implementation plans initially and on an on-going basis over the course of the implementation of the Operational Programme to ensure that appropriate selection criteria and performance indicators, including those proposed by the evaluators, are put in place.

3.7 Determining the Regional Development Strategy 2007-13

Delivering on the challenging vision for the Region in 2013 as set out in the Regional Needs Analysis ³² will entail investments far beyond the level of resources available to the Southern & Eastern Region under the Regional Competitiveness and Employment Objective. It is clear that the National Development Plan 2007-2013 will be the central driver of investment in the Region for the period to 2013. One of the central aims of the new NDP will be to maintain competitiveness within a sustainable economic and budgetary framework. It will also seek to deliver on the development blueprint set out in the National Spatial Strategy. In order to maximise the benefits to the Region it is important to ensure that the investment priorities for the Regional Operational Programme are consistent with and compliment the NDP. Indeed, ensuring that there are complementarities between the NDP and other Plans and the Regional Operational Programme is a key objective of the Managing Authority. In this context, the development strategy being proposed will seek to ensure that the Regional Operational Programme can deliver additional value on investments outlined in the NDP by focussing on investment needs which are not being addressed in the NDP.

The focus of the EU Cohesion Policy and particularly the priorities identified under the Regional Competitiveness and Employment Objective also helped to inform the preparations of the development strategy for the Regional Operational Programme. The Objective places strong emphasis on activities which support the Lisbon Agenda (specifically innovation and the knowledge economy, environment and risk prevention, accessibility to services of general interest (broadband, public transport), increasing adaptability of workers and enterprises, and enhancing access to employment). This emphasis is reinforced by the requirement that 75% of expenditure in “Regional competitiveness and employment” Programmes should be earmarked for actions which support the Lisbon objectives. The objective also prioritises supports for actions linked to the environment and risk prevention and actions to promote sustainable urban development. It is clear that the Regional Operational Programme will have to be consistent with these priorities, with a particular importance attached to activities which address the Lisbon Agenda.

It is the view of the Managing Authority that these priorities, which are also national priorities as outlined in the number of national strategies outlined above, can be supported in the Regional Operational Programme with the assistance of the ERDF.

As indicated earlier, the Managing Authority will seek to maximise the added value of the selected priorities. The Ex-Ante evaluation established that there is a strong rationale for public investment in the priority areas selected and also established that there is consistency with and no overlap or duplication with other co-financed programmes in the region (section 4.5.2 of the Ex-Ante Evaluation). The complementarities with co-financed and exchequer-funded NDP investments are set out in Chapter 6 of the OP. The strategic interventions proposed in this OP provide policy added value in relation to community policies as they are clearly aligned with the priorities set out in the EU Community Strategic Guidelines and with the Lisbon and Gothenberg agendas. The additional resources will add financial value by reinforcing public investment in strategic areas such as innovation, ICT and the knowledge economy, addressing environmental risks and strengthening the urban structuring of the region. Community added value will also be demonstrated through the proposed experimental actions and in the continuation of the EU multi-annual programming approach, embedding of the partnership principle, project appraisal (cost effectiveness) methods and of financial control and monitoring and evaluation arrangements. Innovative partnerships arrangements to develop and deliver aspects of the urban priority and the enhancement of academic-industrial and inter-institutional linkages to raise the research capacity of the region’s institutions will also be attributable to EU financial support. This added value will be made visible to the general population through the Information and Publicity actions described in section 8.8 of this OP and those envisaged in the Communications Action Plan.

The Regional Needs Analysis has highlighted investment needs for the Southern & Eastern Region across a wide range of sectors. Several of these would not be appropriate for support in the Regional Operational Programme because they are not consistent with the priorities of the Regional Competitiveness and Employment Objective (for example social housing, health and agriculture and rural development). Several others were considered but have not been selected because the impact achievable given the level of ERDF available would be minimal (for example, a medium-sized roads or public

³²By 2013 the Region will have the features of a highly developed knowledge economy and society. This will involve continued high levels of economic performance, matched by a high level of social provision and quality of life, sustained by the necessary structural fundamentals, and with economic and social benefits shared widely within the Region spatially and socially.

transport project could potentially absorb much if not all of the funds allocated to the Operational Programme). Conversely, the Managing Authority was anxious to optimise the impact of the ERDF funding by ensuring that the Priorities selected would facilitate positive tangible impacts and would ensure a spatial balance across the Region. In this context, when determining the most appropriate strategy the Managing Authority has also had regard to the potential environmental effects of activities.

The development strategy that the Managing Authority has opted for is one which is consistent with the EU priorities for Regional Competitiveness and Employment, which complements and supports various national policies (including the NSS), is consistent with the development needs of the Southern & Eastern Region and which is additional to investments planned through other Funds and Plans.

Following on from the foregoing the development strategy to underpin this Operational Programme is to focus and concentrate resources on three broad areas. These areas, together with a brief justification for their selection, are set out below:

1. Innovation & The Knowledge Economy

The inclusion of a Priority which specifically addresses the Lisbon objectives is considered by the Managing Authority to be an absolute requirement, having regard to the EU Cohesion Policy and particularly the priorities identified under the Regional Competitiveness and Employment Objective. It is the Managing Authority's intention that assistance and supports would be distributed across the Region. Particular attention will be given to enhancing the Region's RTDI capacity, especially in Higher Education Institutions (HEI's) with under-developed or under-utilised research facilities, and to developing greater synergies between SME's in the Region and the research community. The Priority will also seek to improve the Region's entrepreneurial capacity.

2. Environment & Accessibility

This Priority is intended to be consistent with both the Lisbon and the Göteborg objectives. The Göteborg agenda will be pursued through actions which will seek to improve the quality of the environment of the Region by improving asset and risk management and by supporting the development and exploitation of alternative/renewable energy sources. It is essential that the quality of the Region's environment is maintained for future generations to enjoy so actions will seek to safeguard against the risks inherent in a Region which has experienced, and will continue to experience, rapid growth. Improving ICT accessibility in the Region is of particular concern having regard to the Region's relatively low broadband penetration rates and the low level of ICT usage by SME's. ICT is a cornerstone of the Lisbon agenda and it is considered appropriate to support further public investment in the roll-out of this vital infrastructure across the Region, particularly in the more rural parts where the failure of the market to deliver the infrastructure has been most pronounced.

3. Sustainable Urban Development

The positive contribution urban centres can make to economic growth and job creation is clearly recognized in the Community Strategic Guidelines and the NSS. At the same time they also acknowledge the need to make urban centres more attractive places to live. The need to safeguard our urban centres for future generations emphasizes the need for environmentally sustainable interventions which have the dual advantage of improving the quality of life of residents of urban centres today as well as making the centres more attractive places to invest in. By supporting a bottom-up approach and inviting proposals for investments from individual urban centres, this Priority will also be consistent with the subsidiarity principle. It is intended that actions supported under this Priority will focus on softer interventions designed to make urban centres more attractive and that the Priority should complement the investments in strategic infrastructure which will be delivered through the NDP.

The following chapter outlines the overall approach and objectives of each of the three Priorities, as well as giving details of the specific themes to be pursued under each Priority.

The scale of ERDF available for the Region means that the Programme has selected a number of niche investments under these Priorities. These are designed to address specific issues, consistent with EU and national objectives that will help the region to achieve its twin objectives of international competitiveness and internal cohesion. The scope of these niche investments must be considered in the context of overall Government investments in the S&E Region, particularly under the NDP 2007-13.

The niche strategy approach adopted consisted of identifying specific types of intervention that are focused on, add value to and reinforce the attainment of the strategic objectives defined for the Operational Programme, taking account of the EU, national and regional determinants outlined above and the need to complement other EU-funded programmes and mainstream national initiatives. In priority 1, this is reflected in the focussing of resources in the areas of innovation and the knowledge economy particularly in enhancing the research capacity of the Region. In priority 2, addressing the most pressing environmental risks (water quality and energy efficiency) as well actions to tackle the region's significant broadband infrastructure gap have been selected. In priority 3, strengthening the spatial structuring of the region through focusing on investment in gateways and hubs and accessibility is the focus of investment. The selected interventions will in many instances provide valuable demonstration effects with the potential for mainstream application and in all cases will be accorded high visibility within the region. This is also a pragmatic response to the level of funding available under the OP and the need to prioritise the allocation of financial resources.

Chapter 4

Priorities

4.1 Introduction

This chapter sets out the Priorities which will underpin the implementation of the development strategy which has been outlined. The chapter also contains a detailed justification and rationale for the chosen priorities. The chapter also sets out an overarching objective for the Southern and Eastern Regional Operational Programme 2007-2013.

The Operational Programme has been prepared having regard to the vision for the Region in 2013 outlined in the Regional Needs Analysis. The Operational Programme aims to contribute to the achievement of that vision through strategic investment in key Priorities. The overarching objective for the Operational programme is:

“To contribute to increasing the productivity and competitiveness of the Region, to support sustainable development and to help improve quality of life in the Region through investment in the development of innovation and the knowledge economy, supporting the protection of the environment, sustainable development and the take-up of broadband, and supporting city regeneration and town renewal.”

4.2 Priority 1 – Innovation and the Knowledge Economy

4.2.1 Introduction

Building the knowledge base and innovation capacity of the Region are vital components in ensuring greater competitiveness and ultimately, continued growth and prosperity in the Region. These objectives are firmly set out in the Lisbon Community Programme and will be reinforced in Ireland’s National Strategic Reference Framework. By bringing together the Region’s strong educational assets and its enterprise developments agencies and through the use of targeted financial instruments to address the needs of business, particularly small indigenous firms, these objectives can be achieved.

4.2.2 Priority Objective

To develop further, in accordance with the Lisbon Agenda objectives, the knowledge, R&D, innovation and entrepreneurial base of the Region’s economy and to support collaboration and technology transfer between research institutions and the business sector in order to boost the Region’s growth and competitiveness.

This Priority is divided into three separate but related Themes as follows:

- 1. Development of Region’s RTDI capacity**
- 2. Entrepreneurship in Micro-enterprises**
- 3. Experimental Innovative Actions**

The choice of Themes reflects the importance of ensuring the continued development of the Region’s research and development and innovation capacity as key contributors to the achievement of innovation and knowledge economy objectives and of enhancing the entrepreneurial skills of small firms.

4.2.3 Theme 1 – Development of Region’s RTDI capacity

4.2.3 (i) Introduction/Description

In June 2006, the Irish Government published a national Strategy for Science, Technology and Innovation (SSTI). In broad terms the SSTI sets out the plan to grow Irish research capability as a component of the European Union’s drive to become the most competitive and dynamic, knowledge-driven economic unit in the world. As a component of the SSTI, there are commitments to regional economic development in Ireland. The SSTI acknowledges the concentration of scientific and technological resources in major cities, and the fact that companies in regional locations can find it more difficult to access support for innovation. As part of the Government’s ongoing support for regional economic development, the framework set out by the SSTI will enhance the importance of regional innovation.

The Higher Education Institutions (HEIs), including the Institutes of Technology (IoTs) in particular, represent a major resource in this context. The multi-regional location and openness to working with industry provides a platform upon which real industrial impact can be built. The Strategy further acknowledges that the HEIs can develop into effective technology resources, focused on collaboration with local industry on the basis of strategic and/or applied research and technology development directed at the challenges facing companies. Focus on building up problem solving capabilities will not in itself be sufficient to achieve these objectives. Underpinning strength must also exist which can act as a 'pull' factor for businesses in the region.

As noted in section 2.3.5, innovation and R&D activity among indigenous firms within the Region has to date been limited. The majority of such activity has been carried out by large and highly mobile, foreign-owned companies. In such circumstances, developing a secure, indigenous, innovation and R&D base is vital for the future prosperity of the Region as it faces the many competitive challenges from other parts of the EU and beyond. If the HEIs in the region are to contribute significantly to the attainment of national objectives, investment that will improve the scale and capability of regional research is needed. Investments in underpinning capabilities and infrastructure should complement investments in enhancing the quality of research conducted.

A high quality response to the challenges outlined will require the research community in the colleges to understand the science behind problems, be familiar with research processes and good research management practices, and be comfortable working in the context of an industrial environment. It is in that context that the requirement to strengthen the overall research capability in the regions is set out. The advancement of legislation to bring the IoTs under the ambit of the Higher Education Authority in 2007 is an important step forward in that regard.

4.2.3 (ii) Main Objectives:

- To build on and extend/deepen the regional capacity for undertaking applied research and development relevant to the needs of the enterprises in the region;
- To support the protection of Intellectual Property and stimulate greater levels of technology/knowledge transfer to SME's;
- Identifying and exploiting full range of resources available to the HEIs to achieve overall innovation/R&D goals of the Region;
- Build research infrastructures and core research competencies that are oriented towards the needs of business and enterprise in the regions and the circumstances of the local economy;
- Encouragement of greater inter-HEI collaboration in the interest of regional development.

4.2.3 (iii) Indicative Operations

Supports for new calls for proposals under the Programme for Research in Third Level Institutions will work to achieve the following goals:

- Build underpinning research strength in the regions that is of high quality and of strategic relevance in the regional context;
- Enhance the collaboration and networking across the regional institutions so as to optimise return on investment;
- Strengthen the culture of and training on IP capture and management among research performers at a laboratory level within regional institutions.

The progress made in developing the activities of the incubation/research centres under the Regional Innovation Strategies Measure in the Region's 2000-2006 Operational Programme (€12.4 million had been spent on such centres in the period to end-2005), will be continued under the 2007-2013 Programme. Seven centres will be open by the end of 2006, with the last three in place by the end of 2007. These centres, when fully operational, will provide useful focal points for both incubation and research activities within the Region's IoTs and will complement other RTDI activities in the region. The capital expenditure to date will be augmented to expand their capacity further during the 2007-2013 period. Funding will also cover necessary operational costs over the period, with a particular focus on developing greater linkages between these centres and applied research & technology transfer activities also being carried out in IoTs.

Enterprise Ireland's Applied Research Enhancement (ARE) pilot programme was introduced midway through the 2000-2006 Programme to enhance the applied research capabilities within the Institutes of Technology. Building upon the experience of the programme, it is intended that support will continue to be available to the Institutes in order to collaborate with local industry on the basis of applied research and technology development directed at the challenges facing the industry.

Support under the programme will be based upon:

- Regional commercial relevance;
- Quality of research programme;
- Synergy with institute capabilities;
- Commitment by the Institute;
- Value for money.

It was an important part of the process that the research would be conducted by high quality researchers who would be recruited specifically for the purpose, ensuring additionality to the existing research base. EI will work closely with IoT's to discuss strategic interests in terms of research, and help to define the role that each college seeks to play through its research investment. Colleges will be expected to apply for ARE support but the assessment of the project proposals will be against stated criteria rather than competitive between colleges. In this way it will be possible for each college to participate at the level appropriate to its stage of development.

4.2.4 Theme 2 – Entrepreneurship in Micro-Enterprises

4.2.4 (i) Introduction/Description

The development of the indigenous small business sector will have to play an increasingly important role in sustaining and building on the important economic progress made in recent years in the S&E region. In this context, the promotion of entrepreneurship, encouraging technological adaptation by small businesses and the establishment and expansion of new firms which are innovative and knowledge-based are essential if the region is to raise its productivity levels, create high quality sustainable employment and remain competitive.

A key aspect of this objective is to develop the level of management skills in small businesses within the Region. Small enterprises find themselves at a strong disadvantage in this area compared with larger firms. The core needs of such firms have been broadly identified by state development agencies and by third-level institutions. Much progress has been made to date through the roll-out in the Region, of measures under the 2000-2006 Operational Programme tailored to specific micro-enterprise needs. While these initiatives have reached a large number of the Region's micro-enterprises to date, many still lack the core skills to thrive in a highly competitive commercial environment. It is in an effort to reduce that 'skills and learning' deficit that activities under this Theme will be directed over the 2007-2013 period.

4.2.4 (ii) Main Objectives

Key objectives of this Theme include:

- To stimulate and promote local enterprise culture and entrepreneurship;
- To promote measures that build the management capability in small businesses;
- To assist new business start-ups and the expansion of existing micro-enterprises;

In pursuing these objectives, a particular emphasis will be placed on the promotion of greater innovation, R&D and on enhancing firms' ICT capacity and usage. The role of City and County Enterprise Boards (CEBs) within the Region will be crucial in delivering on these objectives.

4.2.4 (iii) Indicative Operations

The CEBs will seek to maintain and develop their programmes to meet the needs of their client base within the region in line with the foregoing objectives. They will address these needs through a range of targeted measures such as initiatives to foster increased levels of training, mentoring and networking and through the provision of financial assistance.

4.2.5 Theme 3– Experimental Innovative Actions

4.2.5 (i) Introduction/Description

Given the benefits of experimenting with innovative strategies and applying these to mainstream interventions and as innovation is at the centre of the Lisbon Agenda, consideration is being given to including provision for experimental and innovative actions in this Regional Operational Programme. It is intended that the Experimental Innovative Actions Theme should seek to stimulate and promote knowledge transfer and promote innovation in the SME sector in urban and rural areas.

4.2.5 (ii) Main Objectives

The inclusion of this intervention will facilitate an ongoing process of experimentation with new tools and approaches relevant to the current situation in the region. This intervention has the potential to effect positive improvements in the regional innovation system within the framework of this Operational Programme and thus contribute to the achievement of regional, national and EU objectives. It also provides the possibility to mainstream some of the findings which will emerge from the fast-track networks to be set up under the Regions for Economic Change Initiative³³.

4.2.5 (iii) Indicative Operations

Example of the types of actions which might be supported include; identifying and exploiting key technologies, benchmarking and comparative analyses, studies, study visits and exchanges, facilitating new approaches to technology transfer, building regional innovation capacity, mobilising regional actors and improving the effectiveness of linkages between actors in the regional innovation process through participation in new networks.

4.2.6 Beneficiaries under the Priority

The beneficiaries of EU co-financed assistance under this Priority will include:

- Higher Education & Research Institutions and networks of institutions;
- SMEs;
- City & County Enterprise Boards.

4.2.7 Performance Indicators

Class	Indicator	Baseline	Final target
Output	No.of Incubation Centres	8	11
Result	Total employed in Incubation Centres	284	434
	No. of additional researchers employed in the region's HEIs	0	560
Output	No. of training days provided to SMEs	74,294	249,294
	No. of micro-enterprises supported	4,029	8,029
Result	No. of recipients of training in micro-enterprises theme	57,159	141,159 Of which: Male: 56,184 Female: 84,275 Other: 700
	No. of jobs created in micro-enterprises theme	24,858	32,558
	No. of enterprises created in incubation centres	62	108

³³For information see http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/index_en.cfm

4.3 Priority 2 - Environment and Accessibility

4.3.1 Introduction

Sustainable development was defined at the Gothenburg European Council as meeting the needs of the present generation without compromising those of future generations, and dealing with economic, social and environmental policies in a mutually reinforcing way. Priorities include combating climate change, ensuring sustainable transport, addressing threats to public health, managing natural resources more responsibly and integrating environmental policy into other Community policies.³⁴ The aim of the Regional Competitiveness and Employment Objective is to anticipate and promote economic change by improving competitiveness and attractiveness of regions through a limited range interventions taking into account the particular development needs identified.

The past decade has seen unprecedented economic development; GDP per person in the region has increased from well below the EU average to near the top of the range. The population has also grown strongly, especially in Dublin and surrounding counties. Industry and services now account for the bulk of GDP. While the potential pressures on the environment are growing, the means to combat them are keeping pace through a widening range of laws and policies. At international level, there have been developments in relation to controlling greenhouse and acidifying gas emissions and to the protection of air and water quality. Irish people now seem more aware of and concerned with environmental issues than they were a decade ago, and show an increased willingness to act in a manner that benefits the environment.³⁵

The quality of the environment, energy costs and broadband accessibility are important determinants of the quality of life in a locality. Individuals and businesses are attracted to locate in a region where there is a strong emphasis on environmental protection, where broadband is provided at a reasonable cost and in this time of uncertainty of a continued supply of fossil fuels, where there is a concerted programme to generate an indigenous source of renewable energy.

4.3.2 Priority Objective

Much of the investment needs of the region relate to creating and sustaining the preconditions for competitiveness. The key aim of this priority will be to invest in rural water collection and treatment systems, water source protection, renewable energy production and energy conservation and to increase broadband take-up throughout the region in order to contribute to the sustainable development of the Region. This objective will be pursued under three separate themes.

4.3.3 Theme 1 -Environment & Risk Prevention

4.3.3 (i) Introduction/Description

The Community Strategic Guidelines require that future cohesion programmes should seek to strengthen potential synergies between environmental protection and growth. The provision of environmental services such as waste-water management systems, management of natural resources and protection against certain environmental risks, will all have high priority in this context. Scarce resources under the Regional Operational Programme can best be utilised in targeted interventions that support communities, public authorities, and the business sector to realise the enormous benefits that can derive from more sustainable development and a change in attitude towards the environment.

Under environment and risk prevention, funds may be focused on stimulating investment for the rehabilitation of the physical environment, including contaminated, decertified and brown field sites and land. Environmental investments can contribute to the economy in three ways: they can ensure the long-term sustainability of economic growth; they decrease external environmental costs to the economy (e.g. health costs, clean up costs or damage recovery) and they stimulate innovation and job creation. In order to maximise economic benefits and minimise the costs, priority will be given to tackling environmental pollution at its source rather than end-of-pipe solutions.³⁶

The quality of the environment is central to the development of the regional economy and sustainable enterprise, particularly through the tourism and the development of the rural economy. Investment in and protection of environmental assets contributes to this by ensuring long-term sustainability of economic activity. Protecting and nurturing this vital asset is central to improving the quality of life for people and in the attractiveness of the regions as a place to live, recreate and do business. The operations supported under this theme, set out below, are intended to complement investments being made under the Rural Development National Programme (RDNP) 2007-2013 including supports for on-farm waste management and for rural environmental protection measures under Axes 1 and 2 of the RDNP respectively. The operations supported under this theme will not be co-financed by the ERDF.

³⁴ Competitiveness, sustainable development and cohesion in Europe –From Lisbon to Gothenburg.

³⁵ Ireland's Environment 2004, EPA Third State of the Environment Report.

³⁶CSG 4.1.2 To strengthen the synergies between environmental protection and growth.

4.3.3 (ii) Main Objectives:

- To protect ground water sources by identifying value-for-money solutions to the problem of providing waste water collection and treatment systems for small villages;
- Guide and inform policy for the implementation of practical source protection and monitoring programme for raw water sources in the Southern & Eastern Region.

4.3.3 (iii) Indicative Operations

Wastewater Collection and Treatment Systems for small Rural Villages.

Due to poor drainage and lack of porosity in many areas of the region, septic tanks can give rise to serious pollution and nuisance locally. Standard secondary wastewater treatment systems are costly to construct and are generally not suited to village locations. The priority will fund sustainable and value-for-money solutions to the problem of providing wastewater collection and treatment systems for small villages in order to protect ground water sources. Wherever possible wastewater treatment should be designed to be low energy and/or powered by renewable sources and able to cope with changes in weather patterns resulting from climate change. The added value effect of this pilot approach will be the demonstration effects for mainstream waste water treatment systems.

Source Protection Measures for the protection and enhancement of sources used for the abstraction of drinking water.

Providing costly water treatment and disinfection facilities to treat water to the standards required under national and EU legislation³⁷ is unsustainable long-term, unless the policy is expanded to include protection of the source from point and diffuse sources of pollution. End of pipe solutions to the problem of poor quality water is not a sustainable, long-term solution. The active involvement of stakeholders including the local community, farmers, householders, businesses, angling clubs etc, is crucial to the overall success of any source protection project. Source protection schemes will support rural group water schemes in implementing effective and workable measures to protect valuable raw water sources. Activities supported will complement investments being made under axes 1 and 2 of the Rural Development National Programme 2007-2013.

4.3.4 Theme 2 - Renewable Energy

4.3.4 (i) Introduction/Description

The Community Strategic Guidelines identify the need to reduce traditional energy dependence through improvements in energy efficiency and renewable energies. Investments in these fields contribute to security of energy supply for long-term growth, while acting as a source of innovation and providing export opportunities.

The European Commission has recently published a Green Paper on developing a common, coherent European Energy Policy and is now seeking consultation from the public on its contents. This consultation document, A European Strategy for Sustainable, Competitive and Secure Energy, is designed to stimulate ideas on what should be done to deal with practical challenges and problems. The paper outlines 6 priority areas including completing the internal European electricity and gas markets, security of supply, climate change and the security and competitiveness of energy supply.³⁸

The Irish energy market is characterised by increasing demand, scarce indigenous sources of energy, a high dependence on imports for our energy supply and limited interconnection. While the production of renewable energy in the Region is increasing, Ireland is critically dependent on imports of fossil fuels.

Development of the regions requires adequate, reliable and competitively priced energy sources. Significant competitive risks are posed to the regions due to the heavy reliance by enterprise on imported energy. Opportunities exist to develop and exploit the Region's significant renewable energy resources. With rising costs of conventional fossil fuels, renewable energy can become a more economic option and one that meets the accessibility and cost constraints of the enterprise and communities in the region.

Production of energy from renewable sources along with energy conservation measures makes a positive environmental contribution by protecting existing environmental assets and decreasing reliance on other harmful energy sources.

Funding may be used to stimulate energy efficiency and renewable energy production, the development of efficient energy management systems and promoting clean and sustainable public transport, particularly in urban areas.

³⁷ EU Drinking Water Directive (80/778/EEC) and Environmental Directives

³⁸Public consultation on the Green Paper "A European Strategy for Sustainable, Competitive and Secure Energy" Brussels, 8.3.2006 COM(2006) 105 final

4.3.4 (ii) Main Objectives

The efficient use of energy from more sustainable energy sources and the integration of sustainable energy principles into urban development are the principal aims of this Theme. It is designed to assist Ireland in devising and implementing the most effective means to reduce its reliance on imported fossil fuels and their associated greenhouse gas emissions, thus helping to meet Ireland's Kyoto commitments.

The Theme will fund market and technological innovation to help structure a fertile environment for energy efficiency and renewable energy generation. Its promotional component will assist the stimulation of energy efficiency and wider uptake of renewable energy sources. Financial support will be made available through a suite of schemes with clear aims and objectives for the stimulation of energy efficiency, renewable energy production, the development of efficient energy management systems, and for the promotion of clean and sustainable public transport, particularly in urban areas.

The Theme will pilot renewable energy generation demonstrations and focus market interest in energy efficiency, whilst developing and maintaining a supportive institutional framework to ensure continuity of action. It will also focus on the integrated development of best-practice renewable energy and energy efficiency technologies and practices and demonstrate their feasibility and their integration with transport in Sustainable Development Zones.

4.3.4 (iii) Indicative Operations

Investment in the sustainable energy sector during 2007-2013 will focus on the following areas:

1. **Energy efficiency first measures:** The focus is placed on preparatory action which will enable the later stages of, and go beyond the Government formal targets under the Energy Efficiency Action Plan which is required for the Energy Services Directive.
2. **Renewable energy deployment measures:** The primary focus will be on addressing barriers to the large-scale deployment of wind, the emerging potential and deployment of small scale biomass and the integration of bio-fuels, together with preparatory action on ocean energy and deployment of other technologies such as solar and geothermal technologies.
3. **Integration and innovation measures:** Integrating sustainable energy practices and structures into public policies and the development of regional and national infrastructures is the core objective. There will be two sets of activities: the integration of sustainable energy policy measures at a regional and city level, and the smaller-scale piloting, demonstration, and evaluation of sustainable energy technology options, including those in the renewable energy, energy efficiency and urban transport areas.

4.3.5 Theme 3 - Information & Communication Technology Accessibility

4.3.5 (i) Introduction/Description

As set out in this Programme the development strategy is attempting to ensure that the Region does not lag behind its competitors in the provision and take up of ICT. A new opportunity for strategic thinking is provided by the European Commission's i2010 strategy which aims to build a fully inclusive information society, based on the widespread use of information and communication technologies (ICT) in public services, SMEs and households.

Improving the Region's competitiveness in terms of broadband availability, take-up, quality and choice is central to our ability to fully exploit ICT to increase productivity and deliver competitive advantage. All the stakeholders from government to the telecommunications industry to the enterprise base need to be engaged in effecting the change required to improve the Region's broadband performance.

Significant barriers exist to the extension of broadband coverage to the more sparsely populated rural areas. In some of the remote parts of the Region, the economics are so challenging that it is reasonable to assume that the market will not deliver to 100% of the population in the foreseeable future without some form of public sector intervention or support. The deployment of mass-market broadband services is a relatively recent phenomenon and the impact of broadband on economic growth has still to be assessed. Nevertheless, many economists continue to predict significant economic benefits from the proliferation of broadband networks; it has real potential to accelerate the five key drivers of economic growth: enterprise; innovation; competition; investment and skills. Broadband should be particularly beneficial for SMEs in rural areas as it allows businesses to communicate and share information regardless of their physical location. Broadband can

help to strengthen rural communities by making community services more easily accessible and can also help in rural regeneration. Broadband also facilitates more flexible working patterns. Home working or secure corporate tele-working required by major organizations and public sector management is proving to be a major driver of demand, reducing operating costs for commercial and public sector organizations, and reducing the need to commute to urban areas (with significant environmental benefits for the region).

Under the Regional Operational Programme 2000-2006 the Government is addressing infrastructure deficits by part funding private sector infrastructure (local access and backbone) and by constructing State-Owned, open access Metropolitan Area Networks (MANs) in cities and towns nationwide in association with the local and regional authorities and supporting the Community Group Broadband Schemes. Investment will continue under this Programme with emphasis on extending the MANs and addressing the infrastructural deficit experienced in the rural areas of the Region. Funding under this theme will also focus on promoting access to, take up, and efficient use of Information & Communications Technology (ICT) by SMEs. The rate of broadband uptake is dependent on a combination of factors. These include access by the private sector service providers to suitable infrastructure, as well as competition between broadband service providers and demand conditions for broadband in the economy.

4.3.5 (ii) Main Objectives

The low ranking of Ireland in EU and OECD Broadband league tables reflects the late launch of competitive, affordable broadband by private broadband service providers. The objective will be to provide regional centres with choices of keenly priced Information Communication and Technology infrastructures and improve the attractiveness of locations to high value inward investment. The objective will be to increase the rate of broadband uptake, particularly outside the larger urban centres and to ensure the universal availability of high-speed internet access to both enterprise and service users.

4.3.5 (iii) Indicative Operations

The objectives outlined above will be achieved through a range of investments designed to increase the availability, take-up, quality and choice of broadband ICT in order to increase the Region's productivity and deliver competitive advantage. Examples of the kind of operations are set out below.

MANs Extension

Investment under the E-Commerce and Communications Measures of the 2000-2006 Regional Operational Programme is supporting the part funding of private sector infrastructure and the construction of State-owned, open access Metropolitan Area Networks (MANs) in towns and cities nationwide in association with the local and regional authorities.

The MANs consist of high-speed, fibre optic rings linking the main business districts to a co-location centre which house the telecom operators' telecommunications equipment. By making these MANs available to all operators on an open access, carrier neutral basis they are stimulating competition by removing the need for service providers to provide their own networks. While many of the larger cities and towns in the Region will have been provided with MANs facilities under the 2000-2006 Programme, many smaller towns will remain to be provided with such facilities and this will be addressed in this Programme. In addition further enhancements/extensions to existing MANs to increase their attractiveness to service providers and to improve take-up by SMEs are to be undertaken.

Rural Broadband Infrastructure

As noted above, considerable progress has been made in the provision of broadband infrastructure in urban areas. The availability of broadband infrastructure in rural areas lags well behind, and initiatives to address this infrastructural deficit in rural areas will be supported under this Programme.

Demand Stimulation

Analysis contained in the SWOT in Chapter 2 have highlighted that by European standards Ireland is low in broadband penetration, and that even where broadband is available to enterprises and households, the take-up is disappointingly low. In this regard it is notable that a lack of awareness among both residential users and SMEs of the benefits of broadband was recently identified as the single biggest barrier to broadband take-up in Ireland in the Forfás Broadband Benchmarking Study of 2005. Therefore not alone is investment needed to extend the availability of broadband, but under this Programme schemes will also be funded to stimulate demand and to address this lack of awareness. The proposed schemes will complement initiatives which are proposed for SMEs under the Entrepreneurship in Micro-enterprises theme of the Innovation & the Knowledge Economy Priority.

4.3.6 Beneficiaries under the Priority

- Local Authorities;
- Group Water Schemes;
- Private Households;
- Public transport providers;
- Public Bodies;
- Broadband service providers.

4.3.7 Performance Indicators

Class	Indicator	Baseline	Final target
Output	No. of rural water source protection projects supported	0	12
	No. of STEDS projects supported	0	12
Result	Biological Oxygen Demand (BOD) Reduction in protected sources	Not applicable	75%
	Population equivalent served by STEDS schemes	Not applicable	4,200
Output	No. of energy schemes introduced	Not applicable	6
Result	No. of energy efficient/renewable energy buildings supported	Not applicable	900
Output	No. of initiatives to enable broadband infrastructure and service provision	0	3
Result	Additional businesses with broadband available	0	23,125

4.4 Priority 3 - Sustainable Urban Development

4.4.1 Introduction

The critical role of cities and towns in driving economic and social development is well recognised. The Community Strategic Guidelines (CSG) emphasise the contribution of urban centres to growth and jobs and notes that cities can attract investment by offering economic opportunities and a high quality of life. The CSGs also identify the need to consider actions which promote a more balanced, polycentric development between the economically strongest cities and the rest of the national urban network. These points are further developed in the National Spatial Strategy which explicitly recognises that cities and towns must be central elements of any strategy that aims to extend the number of areas successfully attracting investment and bring about more spatially balanced development. The National Strategic Reference Framework notes that good alignment between the spatial frameworks presented in the NSS is essential to ensure that future growth is planned for in a way that supports sustainable growth.

The National Spatial Strategy 2002-2020 is a twenty year planning framework for Ireland designed to achieve a better balance of social, economic, physical development and population growth between regions. It has three key objectives; namely to sustain a better quality of life for people, a strong, competitive economic position and an environment of the highest quality. The Southern & Eastern Region is a predominantly urbanised region (approximately 70% of the population live in towns and cities). The Region contains four of the designated NSS Gateways³⁹ and six of the designated Hubs⁴⁰.

Ireland's economic growth over the last ten years has been largely urban-based and this would be consistent with international experience and thinking. In both the CSG and the NSS, cities in particular are considered essential for growing regions and should not be considered as single centres; this is the cornerstone of the NSS. The NSS also recognises the important complementary role that smaller urban centres can play in supporting the international and national role of the cities while in turn providing a link between the cities and the rural areas of the region.

Forfás⁴¹ has noted that the concept of targeting strategic large urban areas as leaders for growth for the wider regions is well supported by international evidence and is firmly embedded in Government policy through the NDP 2000-2006 and through the NSS.

Having regard to these various factors it is considered appropriate therefore that the Regional Operational Programme should specifically prioritise sustainable urban development in the growth centres identified in the NSS. In addition to the assistance from the European Regional Development Fund and the Exchequer, the Funds may draw from the new financial instrument to support urban development projects called the Joint European Support for Sustainable Investment in City Areas (JESSICA). In addition the three funds established under this Priority will seek to leverage private funding to support the implementation of the integrated investment strategies which are to be prepared.

4.4.2 Priority Objectives

This Priority will seek to enhance the attractiveness of the designated Gateways and Hubs as places to live in, to work in and to invest in. It is intended to complement Priorities 1 & 2 as well as any other investment strategies which are supporting the implementation of the NSS. A central aim will be to support and complement efforts to ensure that the cities and towns maximise their potential. In particular this Priority will complement the substantial investment which is planned under the new National Development Plan in support the objectives of the NSS for urban areas, and in particular the Gateways Innovation Fund.

4.4.3 Introduction/Description

Sustainable urban development involves more than just investment in physical infrastructure. It requires co-ordinated planning and development of the physical environment, the economic base of the urban centre, its knowledge and research capacity and culture and leisure infrastructure. By definition these activities require a co-operative approach to development of various sectoral interests within and between the designated centres. The actions to be supported will be required to demonstrate such an approach and must also be consistent with the priorities set out in Articles 5 and 8 of Regulation (EC) No 1080/2006. These are as follows:

- Supporting innovation and the knowledge economy;
- Improving the environment and risk prevention;

³⁹The designated Gateways in the region are Dublin, Cork, Limerick/Shannon and Waterford.

⁴⁰The designated Hubs in the region are Ennis, Kilkenny, Wexford, Mallow and Killarney/Tralee.

⁴¹Implementing the NSS: Gateway Investment Priorities Study; Forfás & associates

- Improving access to transport and ICT;
- Strengthening economic growth;
- Rehabilitation of the physical environment;
- Brownfield redevelopment;
- Promoting clean urban transport;
- Preservation and development of the natural and cultural heritage;
- Promoting entrepreneurship;
- Local employment and community development;
- Provision of services to the population taking account of changing demographic structures.

In addition there may be limited scope for supporting actions which fall within the scope of Regulation (EC) No 1081/2006 in the European Social Fund. In this regard, actions which complement the National Action Plan for social Inclusion and to assist in tackling some of the challenges and issues highlighted in the Plan.

There will be three themes under this Priority. Assistance will be provided for actions under these themes based on the submission of proposals by Gateways and Hubs Authorities. Proposals for assistance under each of the themes will be evaluated on a competitive basis and assistance will be provided for actions which are consistent with the Priorities outlined above and which contribute to the goals of the NSS. It will be a requirement that the planning and implementation of investments supported under this Priority should be done on a partnership basis incorporating the inputs of public and private bodies including community groups within the urban centres and beyond, as appropriate.

"European added value will derive from the provision of additional resources to strengthen the urban structure and improve the public transport usage within the Gateways and from a reinforcement of effective spatial planning policies as a means of achieving balanced territorial development. This added value will be made visible to the general population through the Information and Publicity actions described in section 8.8 of this OP and those envisaged in the Communications Action Plan."

4.4.4 Theme 1 – Gateway Challenge Fund

Under this theme, assistance will be available for the 4 NSS Gateways in the Region (Dublin, Cork, Limerick/Shannon and Waterford) for projects which will contribute to enhancing the economic, environmental, social, and/or cultural fabric of the cities. To secure funding, the Gateways will be required to prepare an integrated sustainable development strategy for assistance from the Programme for the period 2007-2013. The strategies should demonstrate proposed actions which will contribute to enhancing the attractiveness of the urban centre and how they can contribute to the city improving its development potential through enhancement of the economic, social and environmental conditions of the city. Individual strategies should be prepared on a partnership basis - co-ordinated by the local authority (or authorities) in the city - and should incorporate the inputs of local/regional development agencies, third level institutions, economic actors and community/voluntary groups in the City and its environs.

4.4.5 Theme 2 – Hub Challenge Fund

Under this theme assistance will be available to the 6 NSS Hubs in the Region (Ennis, Kilkenny, Wexford, Mallow and Killarney/Tralea) for projects which will improve the Hubs economically, environmentally, socially, and/or culturally. Each of the Hubs will be required to prepare an integrated sustainable development strategy for assistance from the Programme for the period 2007-2013. The strategies should demonstrate proposed actions which will contribute to enhancing the attractiveness of the urban centre and how they can contribute to the town improving its development potential. Proposals can comprise single investment projects or a package of projects designed to enhance the economic, social and environmental conditions of the towns.

4.4.6 Theme 3 - Inter-Gateway Co-operation Fund

While the NSS has designated Gateways and Hubs and it sets out a framework for how these centres can be developed it also highlights the importance of linkages which enable places and areas to play to their strengths. The NSS also recognises that through mutually beneficial co-operation, an added value can be realised for regions over and above what would happen if individual places go their separate ways in their promotion and development. The NSS particularly notes that the rapid growth of the main cities and surrounding regions of Cork, Galway, Limerick and Waterford points to their possible role in driving the development of their hinterlands and their combined potential to provide a strong counterbalance to Dublin capable of acting at the national and international levels, both individually and collectively.

The NSS also emphasises that a process of strengthening the critical mass of the existing gateways of provincial cities, both individually and collectively, to complement Dublin's successful national spatial role, offers the most immediate prospects of establishing more balanced patterns of development over the next few years.

These initial ideas contained in the NSS have been elaborated on and deepened in a feasibility study on the 'Atlantic Gateways' completed on behalf of the Department of Environment Heritage & Local Government. This Theme aims to establish greater levels of connectivity and synergies between Cork, Limerick and Waterford (and onwards to Galway in the BMW Region) and through the corridors that link the Gateways across areas such as economic development, physical infrastructure as well as social and cultural development. The basic premise is that by co-operation in relevant areas, the development potential of all of the four Gateways can be enhanced. This enhanced development potential would help to create a higher level of critical mass and a more self-sustaining growth impetus throughout the region. The themes of the linkages or networks must be consistent with the permitted actions set out in 3.1 above.

Proposals for joint actions should be developed on a partnership basis (to be co-ordinated jointly by the Gateways) and should incorporate inputs from public, private and social actors in the gateways and in the connecting corridors. This Theme will also support inter-Gateway collaboration and improvements to inter-city public transport connectivity.

4.4.7 Performance Indicators*

Class	Indicator	Baseline	Final target
Output	No. of Integrated growth centre strategies approved	0	10
	No. of public transport projects supported	0	5
Result	Increased public transport usage in the Gateways	Not applicable	20%

* At least three research studies will be conducted over the lifetime of the OP to measure the impacts of investments in gateways and hubs. Following the first study, which will be completed before the end of 2007, additional result indicators will be developed to track the qualitative and quantitative impacts of the investments in the gateways/hubs.

4.4.8 Beneficiaries/Target Groups under the Priority:

- Local Authorities;
- Telecommunications Providers;
- Public Transport Companies;
- Community & voluntary groups.

4.5 Priority 4 -Technical Assistance

4.5.1 Introduction

Under this Priority, expenditure which is in accordance with Article 46 of Council Regulation (EC) No. 1083/2006 shall be eligible to cover costs incurred by the Managing Authority (or agencies acting on its behalf) in relation to the overall management of the Operational Programme.

4.5.2 Objectives

The overall objective of the Priority is to support the management, evaluation and monitoring of the Regional Operational Programme.

4.5.3 Indicative Operations

Under this Priority the ERDF may, subject to the limits set down in Article 46 (1) (a), support areas such as preparation, management, monitoring, evaluation, information and control activities of the Operational Programme together with activities to reinforce the administrative capacity for implementing the Fund. The following indicative operations will be eligible under this Theme:

- expenditure related to the preparation, selection, appraisal and monitoring of assistance and of operations;
- expenditure on meetings of monitoring committees and of sub-committees relating to the implementation of assistance;
- expenditure relating to audits and on-the-spot checks of operations; and
- expenditure on information actions relating to the Operational Programme. (Publicity for individual Themes under the other Priorities of the OP will be funded from the allocation of the relevant Theme and/or from the budget of the relevant Implementing Agency).

The Technical Assistance Priority will also cover the cost of recoupment of approved costs of the EU Operational Committees of the Regional Authorities (at NUTS III Level). The Technical Assistance priority will cover the appropriate costs of the ERDF Financial Control Unit and other specialist units within the Department of Finance as well as the costs of the management controls undertaken by the Managing Authority. The Priority will be administered by the Regional Assembly under the general control of the Operational Programme Monitoring Committee. Details of the proposed technical assistance and the arrangements for managing the Programme will be approved by the Monitoring Committee.

4.5.3 Performance Indicators

Indicator Class	Indicator	Baseline	Final target
Output	Number of Monitoring Committee Meetings held	0	7
	Number of Evaluations & Studies conducted	0	3
	Verification Audits & Closure audits	0	Annual
	Number of annual publicity events	0	7
Result	% Achievement of Physical and Financial Targets	0	100%

Chapter 5

ERDF Support and Financial Plans

Following agreement by the European Council of the overall financial perspectives for the 2007-2013 period, the European Commission adopted on 4 August 2006 the fixed annual breakdowns of the financial commitments for each Member State for 2007 to 2013. The overall allocation for Ireland for the period is €901.4 million. This allocation is then sub-divided regionally and between the ERDF and the ESF. Accordingly the level of ERDF available for this Operational Programme is €146,603,534. The annualised breakdown of the ERDF allocation is relatively flat increasing slightly year-on-year from €19.72 million in 2007 to €22.21 million in 2013.

Annex 2 of Council Regulation (EC) No. 1083/2006 (the General Regulation) requires that the maximum ERDF co-financing rate applicable for the Southern & Eastern Region is 50% so the national financial allocation must at least match the level of ERDF available. However the aid rate adopted for this Operational Programme is 40% of total public expenditure. As provided for under the Regulations, the Financial Plan for this programme has been constructed on the basis of total eligible public expenditure. On this basis the total co-financed public expenditure under the Programme amounts to €367 million, while the total indicative expenditure planned is €681 million. As the level of public expenditure which is to be co-financed and the co-financing rate proposed are both within the terms of Article 74 of the General Regulation regarding proportionate control arrangements, Ireland has opted to exercise its entitlement to the derogations referred to in Article 26 of Commission Regulation (EC) No. 1828/2006 (the Implementation Regulation) setting out the rules for the implementation of the OP.

As required by Article 37.1(e) of the General Regulation a Financing Plan has been prepared consisting of two tables. The first table gives a breakdown for each year of the total ERDF allocation at programme level. The second table specifies for the whole programming period, for the Operational Programme and for each Priority, the amount of the Community contribution and the national counterparts and the rate of contribution from the Funds. The Financial Plan consisting of these two tables, as required in the Regulation, is provided in Annex 1. A summary of the Financial Plan is provided in the table below for information purposes;

Summary of funding (in Euros)

Class	Community Funding (ERDF)	National Co-funding	Total Eligible Co-funding	Non Co-funded National	Total funding
Priorities	€	€	€	€	€
Innovation and the Knowledge Economy	96,000,000	144,000,000	240,000,000	37,000,000	277,000,000
Environment and Accessibility	26,000,000	39,000,000	65,000,000	150,000,000	215,000,000
Sustainable Urban Development	20,000,000	30,000,000	50,000,000	127,000,000	177,000,000
Technical Assistance	4,603,534	7,396,466	12,000,000	0	12,000,000
Total	146,603,534	220,396,466	367,000,000	314,000,000	681,000,000

In addition, as required by Article 37.1(d) of the General Regulation an indicative breakdown by category of the programmed use of the contribution from the Funds to the Operational Programme is provided in Annex 2. As evidenced by the table above and the breakdown provided in Annex 2, it is not intended that all activities supported under the Operational Programme will be co-financed by the Structural Funds.

Furthermore, Article 9 of the General Regulation requires Member States to ensure that 75% of expenditure for the Regional Competitiveness and Employment Objective (under which Ireland is eligible for Structural Funds) should be concentrated on the Lisbon objectives (namely knowledge and innovation for growth, making Europe a more attractive place to invest and work, and creating more and better jobs). Based on the indicative breakdowns categorised in Annex 2, the Operational Programme concentrates 90% of the total eligible public expenditure on the Lisbon objectives.

The gross public expenditure in respect of operations funded under this Operational Programme (i.e. the Exchequer and Structural funds contribution) will be provided annually in the voted expenditure of the appropriate Government Department and/or Intermediary Body. Payments will ordinarily issue to the Beneficiary Bodies on the basis of certified expenditure returns furnished by them. Beneficiary bodies commission operations and issue payments to final recipients as specified in grant contracts, having carried out transaction checks and on the basis of certified claims.

The respective roles of Beneficiary bodies, Intermediary bodies, the Managing Authority and the Certifying Authority in the certification of eligible expenditure and its recoupment from the EU for the benefit of the Exchequer are set out in section 8.5.

Chapter 6

Complementarity with other Programmes/Funds

6. Introduction

In accordance with Article 9 and 37.1(f) of the Council Regulation No. 1083/2006, the Operational Programme contains information on complementarity with other EU financed programmes in particular with measures financed by the ESF, the EARDF and those financed by the EFF.

The Managing Authority will ensure that structures are put in place with the Managing Authorities of other Programmes to ensure that assistance from the Funds is consistent with the activities, policies and priorities of the Community and complementary with other financial instruments of the Community and that no duplication of effort takes place. In addition, as set out in the NSRF, a national co-ordinating committee is to be put in place under the chairmanship of the Department of Finance and which will have representative from each of the Funds and individual programme Managing Authorities.

6.1 Human Capital Investment Operational Programme (ESF)

The ESF co-financed Operational Programme is being developed at National level around two priorities:

- Training and Education to Improve the Adaptability of the Workforce;
- Participation and activation of the labour force.

These objectives will be pursued under five separate themes:

- (1) **Life Long Learning:** Ireland and the Region's economy requires a well-educated and flexible workforce in order to continue to meet the demands of an evolving, competitive environment and the demands of industrial re-structuring that globalisation continues to bring. This will require an approach to ongoing education and upskilling that can be provided through a strong focus on life long learning initiatives. Ireland is committed to encouraging participation in further education and training and equipping all individuals with the skills needed in a rapidly changing labour market.

The challenge for the ESF will be to upgrade the competencies and qualifications of the workforce (particularly those with low skill levels and in low value added occupations) by providing targeted training and education programmes where necessary. These will need to be broad and flexible and to incorporate gender sensitive and multi-cultural approaches in terms of design and delivery in order to prove accessible to all of those groups that may need to access them.

- (2) **Industrial Re-Structuring:** As well as the broader challenges posed by globalisation, there are more specific areas that are under threat from industrial re-structuring and competition from lower cost economies. These sectors need targeted measures to assist the workers in these industries in obtaining the necessary skills and education levels to enable them to become re-employed as quickly as possible. This requires actions to upskill the employed as well as the unemployed and to seek new and innovative policies and delivery mechanisms.
- (3) **Up-Skilling and Productivity:** The declining flow of new young people into the economy, coupled with the limited scope to increase domestic rates of participation much further, means that more of Ireland's growth in the future must come from increasing the existing workforce's productivity.

Up-skilling is one aspect of increasing productivity. Ireland has significantly increased its expenditure on training for workers in recent years. As it is not possible to identify which exact sector or industry will face the pressure of competition or outsourcing challenges next, a range of activity will be considered for support under this priority.

- (4) **Education:** The education system will continue to play a strong role in this area by providing relevant strategies to improve access and literacy and to tackle other barriers to employment that increasing numbers of workers will face. Central to this priority will be training for those in employment and facilitating access to life long learning. Policy makers and delivery agencies will have to be creative and practically focused in designing and delivering relevant measures. The National Reform Programme has identified some key priorities already being pursued by Ireland in this area such as targeting the low skilled and the low paid for training and further education and the ESF will be used to support such initiatives.
- (5) **Equality:** Educational disadvantage and inclusion issues continue to be priorities for Ireland. There is a need to meet the diverse educational needs of an increasingly multicultural society. In addition, the role of women and older people in the labour force and their different training responses and the greater flexibility required in delivery of training need particular attention.

There is a growing recognition, particularly in the Union, that the provision of quality education and training is central to the creation of a high skills, knowledge and innovation based economy that will underpin sustainable prosperity. Much of the focus of the Southern & Eastern Regional Operational Programme 2007-2013 relates to creating and sustaining the preconditions for competitiveness by contributing to building the knowledge base and innovation capacity of the Region. It is acknowledged that without a well educated, highly trained workforce this cannot be achieved. The Entrepreneurship in Micro-Enterprises Theme will contribute towards enhancing the skills base of the micro-enterprise sector in the Region.

6.2 Seventh Research Framework Programme

The 7th Framework Programme will be carried out to contribute towards the creation of a knowledge-based society, building on a European Research Area. It shall strengthen excellence in scientific and technological research through the following four programmes: cooperation, ideas, people and capacities.

The Framework will provide new impetus to increase Europe's growth and competitiveness, recognizing that knowledge is Europe's greatest resource. The programme will place greater emphasis on research that is relevant to the needs of European Industry, to help it compete internationally, and develop its role as a world leader in certain sectors. It will also for the first time provide support for the best in European investigator-driven research, with the creation of a European Research Council.

A key focus of the Southern & Eastern Regional OP 2007-2013 will be on the Lisbon agenda. Promoting and encouraging innovation, the knowledge economy, enterprise, research and development and Information Communication and Technology (ICT) within the Region are all vital components in ensuring greater competitiveness going forward and are complementary to the overall goal of the 7th Framework.

In particular the Innovation and Knowledge Economy Priority of the OP has two key objectives:

- To develop further, in accordance with the Lisbon Agenda objectives, the knowledge, R&D/innovation and entrepreneurial base of the Region's economy with a view to boosting the Region's growth and competitiveness;
- To integrate and develop fully those Regional assets (educational, R&D/innovation and entrepreneurial) that can contribute to boosting regional growth and competitiveness.

In pursuit of this, for example, Theme 1 – Development of the Region's RTDI capacity, will strive to engender an industry/business orientated research culture in the HEI's which rests favourably with the Framework.

6.3 Rural Development National Strategy/Programme 2007-2013

The Policy surrounding the new European Agriculture Rural Development Fund (EARDF) embraces both farming-specific measures and measures to support the development of the wider rural economy. For the period 2007-2013 the EARDF will not be part of the Structural Funds.

In presenting the proposal for the new fund, the Commission stated that while agriculture and forestry remain the main land users in the EU and still have a valuable contribution to make to socio-economic development, rural development policy needs to place agriculture in a broader context that also takes into account the protection of the rural environment, the quality of produced food, and the attractiveness of rural areas to young farmers and new residents.

In Ireland, rural development policy 2007-2013 will focus on the three major objectives /axes of measures as laid down in the new rural development regulation:

- Increasing the competitiveness of the agricultural sector;
- Enhancing the environment and countryside through support for land management;
- Strengthening the quality of life in rural areas and promoting diversification of economic activities through measures targeting the farm sector and other rural actors.

The priorities for the new programme are outlined under the following axes:

Axis 1: Improving competitiveness of farming and forestry:

Measures aimed at improving human potential
 Measures aimed at restructuring physical potential
e.g. establishing young farmers, modernising farms.

Axis 2: Environment and land management:

Measures targeting the sustainable use of agricultural land
 Measures targeting the sustainable use of agricultural and forestry land
e.g. agri-environmental payments, disadvantaged area payments, forestry supports.

Axis 3: Diversification of the rural economy and quality of life.

Measures linked to diversifying the rural economy
 Measures linked to improving the quality of life in rural areas
 Training, Skills Acquisition and Animation
e.g. support for: micro enterprises and tourism, essential services for the rural population, rural heritage, animation and capacity building for local development.

A fourth implementation axis (LEADER)

Mainstreams the local development strategies developed through a bottom up approach which was previously financed under the LEADER initiative.

The Southern & Eastern Regional Operational Programme 2007-2013 will prioritise investment, through the Environment and Accessibility Priority, in improving the attractiveness of the region, and in particular its more rural parts. This will be done by investing in environment and risk prevention, rural broadband accessibility, and aiding the provision of renewable energy and energy conservation initiatives within a sustainable development framework. All of which complement the efforts of the EARDF.

In addition the targeting in the Regional Programme on the NSS Gateways and Hubs will complement and reinforce the rural NSS policies being pursued under Axis 3 of the National Rural Development Programme. Indeed the NSS spatial structuring policies have been used as a common foundation stone for both ERDF and EAFRD Programmes.

The Managing Authority is to be represented in the monitoring arrangements for Rural Development National Programme.

6.4 European Fisheries Fund (EFF)

Like the EARDF, the European Fisheries Fund (EFF) to operate for the 2007–2013 period will not be part of the Structural Funds. Four priority axes are proposed:

- measures for the adjustment of the fishing fleet;
- aquaculture, processing and trade of fisheries and aquaculture products;
- measures of collective interest;
- sustainable development of fishing coastal zones.

In relation to capacity, the proposals are aimed at giving the Community the means to speed up the elimination of surplus capacity, and, as a major priority, to oversee stock recovery or management plans and other emergency measures in an economically efficient and socially equitable manner. The proposals also aim to strengthen support for the development

and dissemination of fishing techniques that are more compatible with the marine environment and fishing resources, and for investment in selected fishing gear. The continued support for the development of aquaculture is also emphasised.

Support will be provided for measures aimed at maximising the value added of catches and products, and focused in particular at making the greatest possible quantity of products fit for human consumption, and will be targeted at micro and small enterprise. In addition, a range of Human Resource activities aimed at improving the capability, know-how, youth, and gender balance of the fishing workforce will be provided.

The EFF, like the FIFG, is to have a dual role:

- as a financial instrument forming an integral part of the CFP, it is to accompany resource management measures and help adjust the structures of the production sector and the CFP monitoring tools; and
- it is to maintain concern for cohesion vis-à-vis the populations and areas engaged in fishing activities.

The Southern & Eastern Regional Operational Programme will complement the efforts of the EFF particularly through investment targeted R&D, innovation and technological capability and micro enterprises.

6.5 Joint European Support for Sustainable Investment in City Areas (JESSICA) and Joint European Resources for Micro to Medium Enterprises (JEREMIE)

During the preparations of the Operational Programme the Managing Authority considered the potential for utilising two new funding mechanisms. The first of these, JESSICA, or the Joint European Support for Sustainable Investment in City Areas, is an initiative of the Commission in cooperation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB), in order to promote sustainable investment, and growth and jobs, in Europe's urban areas. The second mechanism is a joint initiative of the European Commission, European Investment Bank and European Investment Fund. This initiative, called Joint European Resources for Micro to Medium Enterprises, known by the acronym JEREMIE, enables European Member States and Regions to use part of their structural funds to obtain a set of financial instruments that are specifically designed to support micro and small and medium enterprises. Having considered both initiatives in detail, the Managing Authority did not consider their application in the Operational Programme to be appropriate.

6.6 Demarcation between EARDF, EFF and Regional OP

In the design phase of this Operational Programme, due consideration has been given to avoid duplication of effort between this and other EU co-funded programmes. The programmes have been planned to have complementarity and synergies between them. Consequently there is no overlap or duplication between this Regional OP and the other programmes outlined above. Furthermore, during the implementation phase structures will be put in place by the Managing Authorities of each programme to detail and monitor the demarcation lines and to ensure coordination and complementarity between the Programmes.

The Managing Authority is to be represented on the Committee on Co-ordination of EU funds to be established and chaired by the Department of Finance, as set out in the NSRF. The purpose of the Committee is to address cooperation and demarcation issues between ERDF/ESF, EFF and EAFRD. The role of the Committee will be to put in place, where necessary, appropriate systems to address these issues in the Operational Programmes, and address any implementation issues that may warrant demarcation in the operational programmes and any plans for new programmes to ensure that the Funds are not overlapping.

Further to the above, the following potential areas of risk of overlapping between the ERDF and EAFRD have been assessed by the Managing Authority and it is satisfied that no overlap will arise:

- **Accessibility** – ERDF emphasis will be on public infrastructure e.g., broadband, while EAFRD emphasis in Axis 3 will be on community-based services
- **Renewable energies** –ERDF funding under this OP will support energy-efficient transport, public buildings and commercial premises, renewable energy demonstration projects, sustainable energy zones and innovation schemes. EAFRD support for renewable energies will apply to on-farm energy crop deployment and innovative rural community actions to reduce the local carbon footprint.

- **Natural and cultural heritage** – ERDF supports will assist the restoration and upgrading of natural and cultural heritage sites in designated urban Gateways and Hubs. EAFRD funding is targeted at rural areas, including villages.
- **Urban Renewal** – ERDF will fund interventions solely in the designated Gateways and Hubs, while EAFRD funding is limited to interventions in other smaller towns and villages as well as rural areas.
- **Risk Prevention** – ERDF may support publicly funded and managed (by local authority) source protection and pilot treatment facilities to protect water for human consumption and to prevent risks to public water supplies.
- **The EAFRD programme** provides for on-farm privately co-financed pollution control, on-farm environmental protection and community amenity-type investments along waterways.
- **Broadband** – ERDF funding for broadband will focus on the provision of public infrastructure through the further roll-out of the MANS network and the introduction of a National Broadband Scheme. The EAFRD will be limited in scope to support for local actions to benefit from the availability of broadband infrastructure e.g., through access to public e-services etc.
- **Micro-enterprise** - Support for business creation and development under Axis 3 of the EAFRD co-financed National Rural Development Programme will focus on the economic development of natural resources including rural/agri-tourism and adding value to local produce. It is a requirement, as applied under the 2000-2006 programming period, that a sectoral agreement be put in place between the Local Action Group and the relevant County Enterprise Board. (cf. section 5.3.3 of the NRDP)

6.7 National Development Plan (NDP) 2007-2013

The National Development Plan (NDP) 2007-2013 proposes investment of €184 billion which is to be delivered through 5 Investment Priorities; Economic Infrastructure, Enterprise, Science & Innovation, Human Capital, Social Infrastructure and Social Inclusion. Among the key objectives which underpin the NDP are:

- Tackling structural infrastructure deficits;
- Enhancing enterprise development, Science, Technology and Innovation, working age training and skills provision;
- Integrating regional development within the framework of the National Spatial Strategy;
- Investing in long-term environmental sustainability;
- Realising opportunities for strengthened all-island collaboration;
- Delivering a multi-faceted programme for Social Inclusion;
- Providing value for taxpayer's money.

The Regional Operational Programme has been designed to be both complementary to and synergetic with the National Development Plan. Many of the themes identified in this Programme will complement and augment the much bigger capital programmes to be funded under the NDP 2007-2013. It is important to note that the financial allocations for the Regional Operational Programme detailed in Chapter 5 and at Annex 1 are provided for in the NDP's overall financial envelope. The Managing Authority is to be represented in the monitoring arrangements for National Development Plan.

6.8 Territorial Cohesion

The general regulation (EC) 1083/2006 emphasises the need for territorial characteristics to be taken into account in the preparation of the Operational Programmes. The socio-economic and environmental analysis presented in chapter 2 of this OP sets out the specific characteristics and territorial needs of the S&E Region and of its constituent NUTS III regions. The development of the Operational Programme's strategy and objectives and the selection of the proposed priorities and interventions have taken cognisance of the specific characteristics of the Region and applies the principle of geographical concentration in a number of proposed interventions in order to address specific needs and/or to avail of developmental opportunities, specifically in the following:

- The focussing of the proposed broadband intervention on extending the provision of broadband to (mostly rural) areas that are not currently provided for;
- The targeting of the rural water source protection and village sewage schemes in rural areas where the environmental risk is greatest; and
- The inclusion of an Urban Priority in order to strengthen the capacity of the designated growth centres in the S&E Region to drive the region's competitiveness growth and to counterbalance the spatial imbalances that currently exist in the region.

In addition, the Managing Authority has also been designated Managing Authority for the Ireland-Wales Territorial Co-operation Programme. This dual role will ensure that the Managing Authority is ideally placed to ensure that investments in both Programmes are complementary and avoid duplication and overlap.

Chapter 7

Horizontal Principles

7.1 Sustainable Development & Equal Opportunity

In accordance with Article 16 & 17 of the General Regulation No.1083/2006, the Operational Programme contains information on the steps taken to demonstrate that the objectives of the Funds are pursued in the framework of sustainable development and also to prevent any discrimination on the basis of gender, race or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementing the Funds and, in particular, access to them. Significant learning emerged during the implementation of the NDP/CSF 2000-2006 in relation to the embedding of horizontal principles into the design of operations and resulted in improvements in the quality of meaningful reporting on the impact of the investment programmes. The “Review of Relevance Exercise of the Horizontal Principles” which was an exercise undertaken across the NDP/CSF as a result of recommendations of the Mid-Term Review, resulted in more targeted approaches to the integration of horizontal principles across all Operational Programmes. With the development of specific horizontal principle indicators and a restructuring of the reporting requirement the quality of reporting improved during the course of the Programme. The resultant learning informs the approach to the integration of cross cutting themes into the design of this Operational Programme. The Operational Programme and Priority level indicators will track the impact of the investment under the Programme on the Sustainable Development and Equal Opportunities Horizontal Principles.

7.2 Promoting Sustainable Development

The EU’s Sustainable Development Strategy aims, in tandem with the Lisbon Strategy for growth and jobs, for a more prosperous, cleaner and fairer Europe. Sustainable Development is an overarching concept. The EU Treaty requires the integration of sustainable development into all European policies, so that they contribute in an integrated way to meeting economic, environmental and social objectives.

The EU Sustainable Development Strategy, adopted by the European Council in Gothenburg in June 2001, and renewed in June 2006, aims to reconcile economic development, social cohesion and protection of the environment. Monitoring progress towards this overarching goal is an essential part of the Strategy⁴².

Environmental issues are a key dimension of Cohesion Policy in the 2007-2013 period, while promoting sustainable growth is a cornerstone of the Lisbon and Gothenburg Agenda. For the first time in the history of Structural Funds Programmes the Operational Programme was subjected to a Strategic Environmental Assessment (SEA.). The SEA Directive was transposed in to law in Ireland in July 2004⁴³ and its objective is to provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of specified plans and programmes with a view to promoting sustainable development. The results of the application of the SEA process to this Programme and details of how the Managing Authority proposes to address them are summarised in Section 3.6. A non-technical summary of the Environmental report is included at Annex 5.

While Ireland’s environment is generally of a high standard, pressure on the Irish environment is increasing. These pressures result from rapid economic growth, particularly in the transport and energy sectors, rising population and urbanisation, changing agricultural practices and land use and increased waste generation. Climate change has also significantly added to the pressures on the environment. Awareness and vigilance are needed if this asset is to be protected, and where necessary enhanced, for the benefit and enjoyment of present and future generations. Significant challenges are posed if Ireland is to improve eco-efficiency and maintain a more sustainable approach to development.

The concept of environmental integration is now more fully accepted as a feature of legislation, Government policy and national development programmes; there is greater appreciation of the importance of shared responsibility for the

⁴²Ireland’s Environment 2004, EPA Third State of the Environment Report

⁴³Statutory Instrument No. 435 of 2004 European Communities (Environmental Assessment of Certain Plans and Programmes) Regulations 2004 and Statutory Instrument No. 436 of 2004 Planning and Development (Strategic Environmental Assessment) Regulations 2004

environment on the part of all sectors of society and public access to information in relation to the environment has been extended. In line with this the Council Regulation 1083/06 states that actions taken under the Funds shall incorporate, at national and regional level, the Community's priorities in favour of sustainable development by strengthening growth, competitiveness and employment, social inclusion, as well as protecting and improving the quality of the environment.⁴⁴ The objectives of the Funds are to be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty.⁴⁵ Sustainable development – to meet the needs of the present generation without compromising those of future generations – is a fundamental objective under the Treaties. That requires dealing with economic, social and environmental policies in a mutually reinforcing way. Failure to reverse trends that threaten future quality of life will steeply increase the costs to society or make those trends irreversible.

The commitment to the sustainable development principle both in the design of operations and in the measuring of their impact on the environment is a central underpinning of the Regional Operational Programme.

The development of environmental policy in Ireland and the Region is influenced by EU policy and law. The EU now has more than 140 environmental directives and these provide the framework for Irish law and policy⁴⁶. With headquarters in Co. Wexford, the Environmental Protection Agency (EPA) has primary responsibility for environmental research, planning and guidance, licensing, monitoring and reporting on environmental status and enforcement of environmental law. The Waste Management Act was passed in 1996. In 1997, the Government published "Sustainable Development: A Strategy for Ireland", addressing all areas of Government policy, and economic and societal activity which impacts on the environment. Comhar, the National Sustainable Development Partnership, was established in 1999. Subsequent important developments include the National Climate Change Strategy (2000), the National Biodiversity Plan (2002), the National Heritage Plan (2002) and the Protection of the Environment Act (2003).

The NDP 2000-2006 was framed taking into account the need for balance between environment and development embodied in the concept of sustainable development. Integration of environmental considerations into other policies was then, and still is now, seen as a key means of securing sustainable development especially in terms of the NDP 2007-2013.

The difficulties of adopting, implementing and enforcing effective environmental policies will present challenges for the S&E Region and the country as a whole over the 2007-2013 period. In terms of the broader policy context, the concept of environmental sustainability will remain a "horizontal principle" under the NDP 2007-13. This clearly signals the importance of environmental sustainability at regional programme level and will enhance the integration of environmental considerations into making and implementing policies in general. The Managing Authority is committed to tracking the impact on the sustainable development Horizontal Principle at implementation level to ensure compliance with the Regulation. In addition, the project selection criteria will ensure that the projects will be assessed on the basis of their compliance and their promotion of sustainable development. In this regard, the Managing Authority will work closely with the Intermediate Bodies and the national environmental authorities during the preparation of the implementation plans initially and on an on-going basis over the course of the implementation of the Operational Programme.

7.3 Gender Equality and Broad Equality Grounds

Gender Equality Linking with the EU Lisbon Strategy and with the European Pact for Gender Equality adopted in 2006, the Community Strategic Guidelines require Member States and Regions to pursue the objective of equality between men and women at all stages of the preparation and implementation of Programmes and projects. This may be done through specific actions to promote gender equality as well as by taking careful account of how other projects and the management of the funds may affect women and men (gender mainstreaming).

The Managing Authority is committed to tracking the impact on the Equal Opportunities Horizontal Principle at implementation level to ensure compliance with the requirement. The promotion of gender balance on the monitoring committees will also be supported together with the incorporation of a gender equality perspective at all stages of Programme implementation. These commitments are additional to legal obligations which apply in relation to gender equality. The National Women's Strategy will contain mechanisms to foster gender mainstreaming at all policy formation and implementation levels in the NDP 2007-2013 and under this Programme.

⁴⁴Council Regulation 1083/06 Art. 3

⁴⁵Council Regulation 1083/06 Art.17

⁴⁶Ireland's Environment 2004, Environmental Protection Agency

Gender Equality means that women and men should enjoy the same rights and opportunities and that the different behaviour, aspirations and needs of women and men are equally valued and favoured. Government policy in this area includes a double strategy consisting of a legal framework which provides for equal treatment for women and men and legislative backing for positive action initiatives for women and men including positive action in particular circumstances and commitments to apply a gender equality perspective in all areas (gender mainstreaming). The mainstream approach, gives the responsibility to address gender equality to the lead Department which is responsible for implementing the particular measure/activity.

Broad Equality Grounds

The Council Regulation of 11th July 2006 laying down general provisions for the European Regional Development Fund and the European Social Fund require Member States to take steps to prevent discrimination on the basis of the grounds of gender, race, ethnic origin, religion or belief, disability, age and sexual orientation. It stipulates that accessibility for disabled persons shall be one of the criteria to be observed in defining operations co-financed by the Funds and to be taken into account during the various stages of implementation. The Community Strategic Guidelines further define the prevention of discrimination on the basis of gender, race or ethnic origin, religion or belief, disability, age or sexual orientation as basic principles of cohesion policy and require that these broad equality grounds be incorporated into all levels of the strategic approach to cohesion.

The Equality Authority is an independent body set up under the Employment Equality Act 1998 with an expanded role in relation to the Employment Equality Act 2004 and the Equal Status Acts 2000 to 2004. These Acts outlaw discrimination in employment, vocational training, education, advertising, collective agreements, accommodation, the provision of goods and services and other opportunities to which the public generally have access on nine distinct grounds: Gender, Marital Status, Family Status, Age, Disability, Race, Sexual Orientation, Religious Belief and Membership of the Traveller Community. Progress has been made in pursuing the equality agenda in Ireland. However, inequality continues to persist across all 9 grounds, all areas of service provision and also access to and achievements in the workplace. Inequality is also strongly linked to exclusion, as groups that tend to be subject to inequality also tend to be socially excluded, and have higher levels of deprivation.

The Managing Authority will take appropriate steps to prevent discrimination in relation to the following categories which are protected by equality legislation: Gender, Marital Status, Family Status, Age, Disability, Race, Sexual Orientation, Religious Belief and Membership of the Traveller Community. Intermediary bodies may use positive action, as appropriate, to achieve full equality in practice for these categories in the activity funded under the Programme. In addition, the project selection criteria will ensure as appropriate, that the projects will be assessed on the basis of their compliance with equal opportunity requirements and their promotion of gender equality. Intermediary bodies will be required to incorporate accessibility for disabled persons as a criterion to be observed in co-funded public facilities. This is to be included in project specifications, as appropriate. The Equality Authority, which has a statutory responsibility to promote equality, is available to offer support to intermediary bodies in assessing the impact of their measures on the nine equality grounds and incorporating an equality dimension, as appropriate, in project design and delivery.

7.4 Social Inclusion

Social Inclusion is an important horizontal theme in the Government's priorities. The Community Strategic Guidelines also stress the importance of social cohesion and social inclusion in order to help promote socially inclusive societies and combat poverty.

The strategic framework for social inclusion in Ireland is now being significantly enhanced through:

- the new partnership agreement, Towards 2016;
- the recent National Report on Strategies for Social Protection and Social Inclusion (NSSPI), submitted to the EU in September 2006;
- the new National Action Plan for Social Inclusion (NAP inclusion) which will be published shortly;
- the Social Inclusion and Human Capital Chapters and other relevant elements of the NDP (2007 – 2013).

For the first time, the systems and structures that contributed to the overall strategy for promoting social inclusion will be brought together in an integrated framework that will ensure that economic and social development go hand in hand.

The Operational Programmes will as far as possible incorporate measures to ensure Social Inclusion and minimise the effects of Social Exclusion in the development and implementation of the Operational Programmes. The Managing Authority is committed to tracking the impact of social inclusion at implementation level on relevant operations within the Programme, and will work with the Intermediate Bodies in devising appropriate detailed implementation plans.

Chapter 8

Programme Implementation

8.1 Introduction

In accordance with the provisions of Article 37.1(g) of Council Regulation (EC) No. 1083/2006 this chapter sets out the implementing provisions of the Operational Programme.

8.2 Managing and Monitoring Arrangements

Management of the Operational Programme will be the responsibility of the Managing Authority under the control of the Operational Programme Monitoring Committee. The Managing Authority shall be responsible for managing and implementing the operational programme in accordance with the principles of sound financial management. The implementation of the Operational Programme will be overseen by the Operational Programme Monitoring Committee. The Managing Authority and the Monitoring Committee will carry out their monitoring role with reference to financial and programme indicators

Managing Authority

The Managing Authority for the Southern and Eastern Regional Operational Programme 2007-13 will be the Southern and Eastern Regional Assembly. The responsibilities of the Managing Authority with regard to the management of the operational programme are defined under Article 60 of Council Regulation, and include:

- a) ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply, for their whole implementation period, with applicable Community and national rules;
- b) verifying the delivery of the co-financed products and services and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules, as detailed in Article 13(2) of the Implementation Regulation and in accordance with procedures provided for under Article 74 (2) of the General Regulation, relating to proportional control arrangements;
- c) ensuring that there is a system for recording and storing in computerised form accounting records of each operation under the operational programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation is collected;
- d) ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;
- e) ensuring that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47;
- f) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90;
- g) ensuring that the certifying authority shall receive all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- h) guiding the work of the Monitoring Committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;
- i) drawing up and, after approval by the Monitoring Committee, submitting to the Commission the annual and final reports on implementation;
- j) ensuring compliance with the information and publicity requirements laid down in Article 69;
- k) providing the Commission with information to allow it to appraise major projects; and
- l) chairing and providing the secretariat for the Monitoring Committee.

Monitoring Committee Membership

The Operational Programme Monitoring Committee will be established within three months of the of the Commission decision approving the Operational Programme. Membership of the Monitoring Committee will comprise inter alia representatives from:

- the Managing Authority;
- the Department of Finance;
- Government Departments and Agencies involved in the implementation of the OP;
- the Special EU Programmes Body;
- the Regional Assembly;
- Regional Authorities;
- Each of the four Social Partners Pillars;
- appropriate statutory body(ies) to represent each of the horizontal interests (equal opportunities and sustainable development); and
- Representative of the County & City Managers Association.

The Commission's representation will serve on the Monitoring Committee in an advisory capacity.

In general, membership will be confined to representatives for each of the above interests. Where feasible and appropriate, membership of the Monitoring Committee will additionally contain representatives of implementing agencies and sectoral interests. Gender balance will be promoted on the Monitoring Committee. The Managing Authority will provide the chairperson for the Monitoring Committee.

Monitoring Committee Responsibilities

Under Article 65 of the General Regulation, the Monitoring Committee shall satisfy itself as to the effectiveness and quality of the implementation of EU co-financed expenditure, in accordance with the following provisions:

- a) it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;
- b) it shall periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Managing Authority;
- c) it shall examine the results of implementation, particularly achievement of the targets set for each priority axis and the evaluations referred to in Article 48 (3);
- d) it shall consider and approve the annual and final reports on implementation referred to in Article 67;
- e) it shall be informed of the annual control report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f) it may propose to the Managing Authority any revision or examination of the operational programme likely to make possible the attainment of the Funds' objectives referred to in Article 3 or to improve its management, including its financial management; and
- g) it shall consider and approve any proposal to amend the content of the Commission decision on the contribution of the Funds.

Rules and procedures of Monitoring Committee

Subject to compliance with the principles set out in the foregoing paragraph, and the institutional, legal and financial framework of Ireland, the Monitoring Committee will be responsible for drawing up its own rules of procedure and agreeing them with the Managing Authority in order to exercise its responsibilities in accordance with the general regulation.

The Managing Authority will provide the Monitoring Committee with the information required to carry out its functions. Intermediary bodies will provide physical and financial progress reports covering the reporting period to the Managing Authority and these will be compiled and synthesised by the Managing Authority. Where decisions are required to be made between meetings, the Managing Authority, with the approval of the Monitoring Committee Chairperson may convene additional meetings or request that the decision be made by means of a written procedure.

Regions for Economic Change

In the framework of the Regions For Economic Change initiative the Managing Authority commits itself to:

- a) Make the necessary arrangements to welcome into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;

- b) Allow in the Monitoring Committee the presence of a representative (as an observer) of the network(s) where the region is involved, to report on the progress of the network's activities;
- c) Foresee a point in the agenda of the Monitoring Committee at least once a year to take note of the network's activities and to discuss relevant suggestions for the mainstream programme concerned.
- d) Inform in the Annual Report on the implementation of the regional actions included in the Regions For Economic Change initiative.

8.3 Annual and Final Implementation Report

In accordance with Article 67, the Managing Authority will submit an annual implementation report to the Commission from 2008 onwards within six months of the end of each full calendar year of implementation and by 31 March 2017 a final report on the implementation of the Operational Programme. The report must be examined and approved by the Monitoring Committee before it is sent to the Commission.

Once the Commission has received the report, it shall inform the Member State of its opinion on the admissibility of the annual report. The annual report shall include the following information:

- a) the progress made in implementing the Operational Programme and priorities in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification, using the indicators referred to in Article 37 (1)(c) at the level of the priority axis;
- b) the financial implementation of the Operational Programme, detailing for each priority axis:
 - (i) the expenditure paid out by the beneficiaries included in payment claims sent to the managing authority and the corresponding public contribution;
 - (ii) the total payments received from the Commission, and quantification of the financial indicators referred to in Article 66(2); and
 - (iii) the expenditure paid out by the body responsible for making payments to the beneficiaries;
- c) for information purposes only, the indicative breakdown of the allocation of Funds by categories, in accordance with the implementation rules adopted by the Commission according to the procedure referred to in article 103(3);
- d) the steps taken by the Managing Authority or the Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:
 - i) monitoring and evaluation measures, including data collection arrangements;
 - ii) a summary of any significant problems encountered in implementing the Operational Programme and any interventions undertaken, including the response to comments made under Article 68(2) where appropriate;
 - iii) the use made of technical assistance;
- e) the measures taken to provide information on and publicise the Operational Programme;
- f) information about significant problems relating to the compliance with community law which have been encountered in the implementation of the Operational Programme and the measures taken to deal with them;
- g) where appropriate, the progress and financing of major projects;
- h) the use made of assistance released following cancellation as referred in Article 98(2) to the Managing Authority or to another public authority during the period of implementation of the Operational Programme;
- i) cases where it has been detected that there is a substantial modification under Article 57.

The Managing Authority will ensure that the Annual Implementation Report is presented in a concise and readable format. Where available data provided in the Annual Report will be disaggregated at NUTS III level as appropriate.

Annual Implementation Review

In accordance with Article 68 of the General Regulation, every year, when the annual report on implementation referred to in Article 67 is submitted, the Commission and the Managing Authority shall examine the progress made in implementing the operational programme, the principal results achieved over the previous year, the financial implementation and other factors with a view to improving implementation. Any aspects of the operation of the management and control system raised in the last annual control report, referred to in Article 62(1)(d)(i), may also be examined. After this examination the Commission may make comments to the Member State and the Managing Authority, which will inform the Monitoring Committee thereof. The Member State will inform the Commission of the action taken in response to those comments.

8.4 Implementation

The Intermediate Bodies will be required to ensure effective implementation of their Themes and their full compliance with the Regulation, particularly those concerning financial management control (defined in more detail below), publicity and public procurement.

8.5 Financial Management and Control Arrangements

Without prejudice to the Commission's responsibility for implementing the general budget of the European Union, Ireland shall take responsibility in the first instance for the financial control of assistance.

Financial management and control will involve a series of interlocking certification and verification operations across different tiers of management. In accordance with Article 71 (1) of the General Regulation, within twelve months of the approval of the Operational Programme, the Irish authorities will submit to the Commission a description of the systems, covering in particular the managing and certifying authorities and intermediate bodies, the audit authority and any other bodies carrying out audits under its responsibility. This description will be accompanied by a report setting out the results of an assessment of the setting up of the systems and giving an opinion on their compliance with Articles 58 to 62. The specific roles and responsibilities of these different tiers are outlined in the paragraphs below.

Role of Certifying Authority

The Department of Finance has been designated as the Certifying Authority to certify declarations of expenditure and applications for payment before they are sent to the Commission.

In accordance with Articles 61 and 74(2) of the General Regulation and Article 26 of the Implementation Regulation, the Certifying Authority will be responsible for:

- a) drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
- b) certifying that:
 - i) the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents,
 - ii) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules;
- c) ensuring for the purposes of certification that it has received adequate information from the Managing Authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;
- d) taking account for the purposes of certification of the results of all audits carried out by or under the responsibility of the Audit Authority;
- e) maintaining accounting records in computerised form of expenditure declared to the Commission;
- f) keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union, prior to the closure of the operational programme by deducting them from the next statement of expenditure.

Role of Managing Authority

The Managing Authority will have primary responsibility for the correctness of management and implementation of those operations under the Operational Programme financed by Structural Funds (Article 60). 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 will establish internal controls to ensure sound financial management of EU co-financed expenditure. The tasks of financial management and general management of the Operational Programme will be carried out by separate sections/units within the Managing Authority. The Managing Authority will ensure that the Intermediate Bodies and Beneficiaries are fully informed of their responsibilities in relation to financial management of EU co-financed expenditure. It will ensure compliance with Community rules in relation to public procurement. Subject to any guidance which may issue from the Certifying Authority, the Managing Authority will undertake 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.

Role of Implementing Departments & Implementing Agencies (Intermediate Bodies)

The Intermediate Bodies will be responsible for submitting eligible expenditure in the format (both electronic and hard copy) required by the Certifying Authority to the Managing Authority in order for payment claims to be prepared for submission to the Certifying Authority.

The Implementing Departments/Agencies will be responsible for ensuring that all payment claims for Structural Fund expenditure, submitted by Beneficiaries, are supported by receipted invoices and audit documents, and that a clear audit trail exists. They will also be responsible for ensuring in respect of co-financed operations/projects, that only eligible expenditure actually incurred is submitted to the Managing Authority. The Intermediate Body is responsible for certification of all expenditure incurred by Beneficiaries.

Audit Authority

The ERDF Financial Control Unit, functionally independent of the Managing Authority and Certifying Authority has been designated as the Audit Authority and will be responsible for verifying the effective functioning of the management and control system. The Control Unit will be responsible for random audit checks of Fund-related expenditure within Intermediate Bodies and Beneficiaries. The expenditure audited before the closure of the Operational Programme will be not less than 5% of the total expenditure declared by beneficiaries for operations.

In accordance with Articles 62 and 74(2) of the General Regulation and Article 26 of the Implementation Regulation, the Audit Authority shall be responsible in particular for:

- a) ensuring that audits are carried out to verify the effective functioning of the management and control system of the Operational Programme;
- b) ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
- c) by 31 December each year from 2008-2015:
 - i) submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 months period ending on 30th June of the year concerned in accordance with the audit strategy of the Operational Programme and reporting any shortcomings found in the systems for the management and control of the OP. The first report to be submitted by 31st December 2008 shall cover the period from 1st January 2007 to 30th June 2008. The information concerning the audits carried out after 1st July 2015 shall be included in the final control report supporting the closure declaration referred to below;
 - ii) issuing an opinion, on the basis of the controls and audits that have been carried out under the responsibility of the Audit Authority, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;
 - iii) submitting, where applicable, under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned;
- d) submitting to the Commission at the latest by 31 March 2017 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.

The Audit Authority will ensure that the audit work takes account of internationally accepted audit standards. The diagram at Annex 6 outlines the certification and verification procedures to be put in place and specifies where responsibility lies.

Eligibility of Expenditure

In accordance with Article 56, expenditure shall be eligible for Community support only where incurred for operations decided on by the Managing Authority or under its responsibility, in accordance with criteria fixed by the Monitoring Committee.

New expenditure, added at the moment of the modification of an Operational Programme shall be eligible from the date of the submission to the Commission of the request for modification of the operational programme. The rules on the eligibility of expenditure shall be laid down at national level subject to the exception provided in the ERDF Regulations.

They cover the entirety of the expenditure declared under the Operational Programme. The starting date for the eligibility of expenditure for the Operational Programme is 1st January 2007. Expenditure incurred before then is not eligible for support under this Operational Programme. An operation may not be financed simultaneously by more than one source of EU Funds.

Selection Criteria

As noted above, the Monitoring Committee will consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs. The specific selection criteria for individual themes will be drawn up in consultation with the relevant Intermediate Bodies.

The following principles⁴⁷ will guide the selection process for operations to be financed under this OP:

- Transparency in the process – all potential beneficiaries to be aware of the process and criteria to be used;
- Incorporation of OP objectives into the selection criteria;
- Incorporation of applicable horizontal principles (e.g., sustainability, equality) into the selection criteria;
- Use of competitive selection processes, where feasible;
- Cost effectiveness and value for money;
- Consistency in the appraisal of proposals.

Specifically in priority 3, operations will be selected which address economic, social and environmental issues in the designated growth centres, consistent with the NSS, Regional Planning Guidelines and Gateway Investment priorities.

The Managing Authority will be responsible for ensuring that operations are selected for funding in accordance with the criteria applicable to the Programme.

Beneficiaries

The Beneficiaries will be responsible for ensuring that only actual eligible expenditure incurred, and expenditure which comes under the terms of the project as approved by the Intermediate Body, is submitted. They will be required to ensure that a clear audit trail exists in relation to EU funds and that all claims are supported by receipted invoices or, where this cannot be done, by accounting documents of equivalent probative value.

Irregularity Reporting

Within two months following the end of each quarter, the Certifying Authority will report to the Commission any irregularities which have been the subject of a primary administrative or judicial finding, in accordance with Article 28 of the Implementation Regulation. In addition, any procedures instituted in respect of irregularities previously reported will also be notified within two months of the end of each quarter in accordance with Article 30 of the Implementation Regulation.

Use of Euro

All amounts set out in the Operational Programme, certified statements of expenditure, payment applications and expenditure reports will be denominated in euro. The euro will be used for all grant letters of offer, project approvals, and payment claims in respect of EU co-financed expenditure.

Electronic Data Transfer

The Irish Authorities will provide relevant documentation and information for inputting into the computer system established by the Commission for the purpose of permitting the secure exchange of data between the Commission and the Member State. The Commission and the authorities designated by the Member State and the bodies to which that task has been delegated shall record into the computer system for data exchange the documents for which they are responsible in the format required and update them.

The costs of interfacing between the common computer system for data exchange and the national, regional and local computer systems and any costs of adapting national, regional and local systems to the requirements under the General Regulation will be eligible under Technical Assistance under Article 46 of that Regulation.

⁴⁷These are taken from Fitzpatrick Associates (1999) Review of Project Selection Procedures and Appraisal Techniques in the CSF http://www.ndp.ie/viewdoc.asp?fn=/documents/publications/evaluation/final_csf_duplex.doc

A computerised system is being developed in the Department of Finance for this purpose. The system will be used to monitor all EU co-financed expenditure. Data will be inputted by the Intermediate Bodies and mechanisms are being developed to support data transmission from these bodies. The Irish Computer System is designed to support programming, financial and physical monitoring and the making and monitoring of payments. It is based on a client/server application giving Government Departments and the Managing Authorities access to a central database. All required financial and physical progress information, appropriately codified, including annual reports, to enable the European Commission to fulfill its responsibilities under the Regulations, will be relayed electronically to the Commission by the Managing and Certifying Authorities, as appropriate. The frequency of electronic transmission will conform to the management requirements as agreed between the Commission and the Managing Authority and the Department of Finance.

Receipt of payments

Payments are made by the Commission (who notifies the Certifying Authority) at OP level to the Exchequer Account in the Central Bank. The competent authority for receiving ERDF payments is the Department of Finance.

Payment to beneficiaries

In the case of structural funds, financing is usually transferred via the normal vote accounting system through the intermediary Department/Agency to the beneficiary.

8.6 Compliance with State Aid & Public Procurement rules

The Managing Authority will ensure that operations financed by the Funds, or receiving assistance from the EIB or from another financial instrument, will be in conformity with the provisions of the Treaty, with instruments adopted under it and with Community policies and actions in the field of competition and with procedural and material State Aid Rules applicable at the point of time when the public support is granted. The Managing Authority will ensure that the European public procurement directives are complied with, in respect of the award of contracts for projects funded by European Funds.

8.7 Evaluation

The purpose of evaluations is to improve the quality, effectiveness and consistency of the assistance from the Funds and the strategy and implementation of the Operational Programmes with respect to the specific structural problems affecting the Region while taking account of the objective of sustainable development and of the relevant Community legislation concerning environmental impact and strategic environmental assessment.

Evaluations will be carried out by experts functionally independent of the programme authorities. The results shall be published according to the applicable rules on access to documents. Evaluations will be financed from the budget for technical assistance. The Irish authorities will provide the resources necessary for carrying out evaluations (with the exception of the Ex-Post Evaluation as this will be resourced by the EU Commission), organise the production and gathering of the necessary data and use the various types of information provided by the monitoring system.

Ex Ante Evaluation

An Ex Ante Evaluation of the Southern and Eastern Regional Operational Programme has been carried out. The aim of the Ex-ante evaluation is to optimise the allocation of budgetary resources under the Operational Programme and to improve programming quality. A summary of the actions taken by the Managing Authority to address the evaluators' recommendations is set out in section 3.7, while the executive summary of the Ex-Ante Evaluation is at Annex 4.

Ongoing Evaluation

During the programming period, the Managing Authority will initiate and commission evaluations linked to the monitoring of the Operational Programme, in particular where the monitoring of programmes reveals a significant departure from the goals initially set or where proposals are made for the revision of the Operational Programme. Thematic evaluations may also be undertaken over the lifetime of the Programme. The results shall be sent to the Monitoring Committee for the Operational Programme and to the Commission.

Evaluation is primarily the responsibility of the Managing Authority, who have built up considerable expertise in this field in commissioning various evaluations during the previous programming period. Sufficient financial resources have been provided within the Technical Assistance Priority to facilitate a comprehensive programme of evaluations. Technical advice is available from the Central Expenditure Evaluation Unit within the Department of Finance which has a remit

to promote best practice in the evaluation and implementation of programme and project expenditure across all Government Departments and Public Sector Agencies.

Ex Post Evaluation

Ex-post evaluation will be the responsibility of the Commission in partnership with the Member State and the Managing Authority. The ex-post evaluation will be organised under the general arrangements for the co-ordination of evaluations. It will examine the extent to which resources were used, the effectiveness and efficiency of Fund programming and the socio-economic impact, draw conclusions for the policy on economic and social cohesion, identify the factors having contributed to the success or failure of the implementation of the Operational Programme and identify good practice. It will be completed by 31st December 2015.

Implementing Recommendations of Evaluation

The Managing Authority will consult with the relevant Intermediate Bodies covered by the evaluation recommendations relevant to the Operational Programme as to how they propose to address the recommendations. The Managing Authority will then submit a response paper to the Monitoring Committee for approval, addressing all the recommendations. The Monitoring Committee will exercise its discretion whether to implement the response as proposed or to vary it.

8.8 Information and Publicity

The Managing Authority will be responsible for information and publicity on the Operational Programme in accordance with the following principles;

- The information and publicity measures will be implemented in accordance with the communication plan
- The measures will be aimed at the widest possible media coverage using various forms and methods of communication
- The Operational Programme will be the subject of a major information activity publicising its launch and there will be at least one major information event each year thereafter.
- The Operational Programme will be disseminated widely, with details of the contributions from the Funds, and will be made available to all interested parties.
- Potential beneficiaries will be provided with clear and detailed information on conditions of eligibility, procedures for applying for funding and of eligibility criteria.
- Publicity and information arrangements will involve co-operation with representatives of the Social Partners as well as regional and local authorities and development agencies in order to ensure the widest possible dissemination of the programme.
- Beneficiaries will be made aware of their responsibilities for informing the public about the assistance obtained from the Funds.

The EU logo will be displayed along with the Managing Authority's and the Intermediate Body's logo in all publicity material, application forms, letters of offer or grant approval, as well as on signs for projects as required under the Commission Regulation on implementing the Operational Programme. The Managing Authority will be assisted by the NDP Information Office in developing and implementing their information and publicity strategy for the Operational Programme.

A Communications Action Plan will be drawn up in consultation with the Monitoring Committee, in accordance with Article 2 of the Implementation Regulation, for submission to the Commission within four months of the date of adoption of the Operational Programme. The Plan will set out, inter alia:

The communication plan shall include at least the following:

- (a) the aims and target groups;
- (b) the strategy and content of the information and publicity measures to be taken by the Member State or the Managing Authority, aimed at potential beneficiaries, beneficiaries and the public, having regard to the value added of Community assistance at national, regional and local level;
- (c) the indicative budget for implementation of the plan;
- (d) the administrative departments or bodies responsible for implementation of information and publicity measures;
- (e) an indication of how the information and communication measures are to be evaluated in terms of transparency, awareness of operational programmes and of the role played by the Community.

The Managing Authority will inform the Monitoring Committee of progress in implementing the Communications Action Plan, the information and communication measures carried out and the means of communication used. The Annual Report on Implementation of the Operational Programme shall include examples of information and communication measures for the operational programme taken in implementing the communication plan; the arrangements for the information and publicity measures and, where applicable, the electronic address at which the data may be found; the content of major amendments to the communication plan. The annual implementation report for the year 2010 and the final implementation report shall contain a chapter assessing the results of the information and publicity measures in terms of visibility and awareness of the Operational Programme and of the role played by the Community.

The Managing Authority will, in accordance with the communication plan, ensure that the Operational Programme is disseminated widely, with details of the financial contributions from the Funds concerned, and that it is made available to all interested parties. It will also ensure that information on the financing opportunities offered by joint assistance from the Community and the Member State through the Operational Programme is disseminated as widely as possible.

The Managing Authority will involve in information and communication measures, bodies such as national, regional and local authorities and development agencies; trade and professional associations; economic and social partners; non-governmental organisations; organisations representing business; information centres on Europe and Commission representations in the Member States; and educational institutions, that can widely disseminate information on the Operational Programme.

The Managing Authority will ensure that the information and communication measures are implemented in accordance with the communication plan aiming at the broadest possible media coverage using all suitable forms and methods of communication at the appropriate territorial level. The Managing Authority will designate a contact person to be responsible for information and communication and inform the Commission accordingly.

Beneficiaries will be responsible for informing the public about the assistance obtained from the Funds by appropriate information means. Beneficiaries will also ensure that those taking part in an operation have been informed of that funding. Beneficiaries will provide clear notice to the effect that the operation being implemented has been selected under this Operational Programme co-financed by ERDF.

8.9 Performance and Contingency Reserves

The Irish Government has exercised its authority not to establish a national performance reserve for allocation in 2011, as provided for in Article 50 of the General Regulation. The Irish Government has also decided not to reserve a 1% proportion of the Structural Funds annual contribution to cover unforeseen local or sectoral crises linked to economic and social restructuring, in accordance with Article 51.

8.10 Major Projects

Under Article 12.9 of the ERDF Regulation no major projects are envisaged at this stage under the Programme. However, should this situation change then the required notifications under Article 40 of the General Regulation will be followed.

Annex 1 – Table 1: Financing plans for the Operational Programme Programme financing plan, giving the annual ERDF commitment to the Operational Programme

Operational Programme reference (CCI number): 2007IE162PO002

4.2.7 Performance Indicators

Indicator	Structural Funding (ERDF) 1	Cohesion Fund 2	Total 3=1+2
	€	€	€
2007 In Regions without transitional support	19,719,928.00		19,719,928.00
2008 In Regions without transitional support	20,114,327.00		20,114,327.00
2009 In Regions without transitional support	20,516,613.00		20,516,613.00
2010 In Regions without transitional support	20,926,946.00		20,926,946.00
2011 In Regions without transitional support	21,345,484.00		21,345,484.00
2012 In Regions without transitional support	21,772,394.00		21,772,394.00
2013 In Regions without transitional support	22,207,842.00		22,207,842.00
Total	146,603,534.00	0.00	146,603,534.00

Annex 1 Table 2: Financial plan of the Operational Programme giving, for the whole programming period, the ERDF allocation to the programme, the national public contributions and the rate of reimbursement by priority.

Operational Programme reference (CCI number): 2007IE162PO002

Priority axes by source of funding (in Euros)

	Community Funding (a)	National counterpart (= (c) + (d))	Indicative breakdown of the national counterpart		Total funding (e) = (a)+(b)	Co-Financing rate (f) = (a)/(e)	For Information	
			National Public funding (c)	National private funding (d)			EIB contributions	Other funding ⁴⁸
Priorities	€	€	€	€	€			€
Innovation and the Knowledge Economy	96,000,000	144,000,000	144,000,000	0	240,000,000	40%	0	37,000,000
Environment and Accessibility	26,000,000	39,000,000	39,000,000	0	65,000,000	40%	0	150,000,000
Sustainable Urban Development	20,000,000	30,000,000	30,000,000	0	50,000,000	40%	0	127,000,000
Technical Assistance	4,603,534	7,396,466	7,396,466	0	12,000,000	38%	0	0
Total	146,603,534	220,396,466	220,396,466	0	367,000,000	40%	0	314,000,000

⁴⁸Including national private funding where priority axes are expressed in public costs.

Annex 2 - Indicative breakdown of the Community contribution by category in the Operational Programme as required by Article 37.1(d) of the General Regulation

Commission reference No: **2007IE162P0002**

Name of the programme: Southern & Eastern Regional Operational Programme

Date of the last Commission decision for the Operational Programme concerned:

Dimension 1: Priority Theme Dimension

Priority	Code	Amount
Priority 1	01	66,000,000
	02	10,000,000
	08	20,000,000
Priority 2	43	10,000,000
	15	16,000,000
Priority 3	61	10,000,000
	52	10,000,000
Priority 4	85	3,000,000
	86	1,603,534
Total		146,603,534

Indicative Lisbon breakdown of the Community contribution by category

Commission reference No: 2007IE162PO002

Name of the programme: **Southern & Eastern Regional Operational Programme**

Dimension 1: Priority Theme Dimension

Priority	Code	Amount
Priority 1	01	66,000,000
	02	10,000,000
	08	20,000,000
Priority 2	43	10,000,000
	15	16,000,000
	52	10,000,000
Total		132,000,000

Dimension 2: Form of Finance Dimension

Priority	Code	Amount
Priority 1	01	91,000,000
	02	5,000,000
Priority 2	01	26,000,000
Priority 3	01	20,000,000
Priority 4	01	4,603,534
Total		146,603,534

Dimension 3: Territorial Dimension

Priority	Code	Amount
Priority 1	01	86,000,000
	05	10,000,000
Priority 2	01	9,000,000
	05	17,000,000
Priority 3	01	20,000,000
Priority 4	00	4,603,534
Total		146,603,534

Annex 3 – Monitoring - Performance and Context Indicators

Performance Indicators by Priority⁴⁹

Priority 1 - Innovation and Knowledge Economy

Class	Indicator	Baseline	Final target
Output	No.of Enterprises in Incubation Centres	13	16
	No. of training days provided to SMEs	74,294	249,294
	No. of enterprises supported	4,029	8,029
Result	Total employed in Incubation Centres	125	275
	No. of additional researchers employed in the region's HEIs	0	560
	No. of recipients of training	57,159	141,159
			Of which: Male: 56,184 Female: 84,275 Other: 700
	Jobs created	24,858	32,558

Priority 2 - Environment and Accessibility

Class	Indicator	Baseline	Final target
Output	No. of rural water source protection projects supported	0	12
	No. of STEDS projects supported	0	12
	No. of energy schemes introduced	Not applicable	6
	No. of initiatives to enable broadband infrastructure and service provision	0	3
Result	Biological Oxygen Demand (BOD) Reduction in protected sources	Not applicable	75%
	Population equivalent served by STEDS schemes	Not applicable	4,200
	No. of energy efficient/renewable energy buildings supported	Not applicable	900
	Additional businesses with broadband available	0	23,125

⁴⁹ In devising these indicators regard was had to the Commission's Working Paper on Indicators, and where appropriate, the selected indicators have utilised to the greatest extent possible the 'Core Indicators' identified in this paper.

Priority 3 – Sustainable Urban Development*

Class	Indicator	Baseline	Final target
Output	No. of Integrated growth centre strategies approved	0	10
	No. of public transport projects supported	0	5
Result	Increased public transport usage in Gateways	0	20%

* At least three research studies will be conducted over the lifetime of the OP to measure the impacts of investments in gateways and hubs. Following the first study, which will be completed before the end of 2007, additional result indicators will be developed to track the qualitative and quantitative impacts of the investments in the gateways/hubs.

Priority 4 - Technical Assistance

Indicator Class	Indicator	Baseline	Final Target
Output	Number of Monitoring Committee Meetings held	0	7
	Number of Evaluations & Studies conducted	0	3
	Verification Audits & Closure audits	0	Annual
	Number of annual publicity events	0	7
Result	% Achievement of Physical and Financial Targets	0	100%

Context Indicators				
Category	Indicator	Baseline Value	Reference Year	Source
Macro-economic	GDP/Capita, S&E Region	35,727	2004	CSO (2007)
	Total Employment in S&E Region	1,539,800	2006	CSO (2006)
	Gross Output per person person engaged in Industry in S&E Region	385,575	2004	CSO, Census of Industrial Production (2006)
Priority 1	Innovation Activity Rate, S&E Region	52.2%	2002-2004	Forfás Innovation Survey (2006)
	Entrepreneurial Activity Rate in Ireland	9.8%	2005	National Competitiveness Council, Global Entrepreneurship Monitor (2006)
Priority 2	Average Drinking water compliance level in S&E Region	96.4% (national)	2004	Environmental Protection Agency (2005)
	Energy Efficiency in Building stock in Ireland	Tbd	tdb	Sustainable Energy Ireland
	% of Businesses with Broadband in Ireland	48%	2003	National Competitiveness Council, Eurostat Eurostat Info Society (2006)
Priority 3	Population of Gateways and Hubs	Gateways: Dublin 1.12m Cork 123,062 Limerick 54,023 Waterford 44,594	2002	CSO, Census of Population (2004)
	Public Transport Usage	Tbd	tdb	Department of Transport

Annex 4 – Ex-ante Evaluation Executive Summary

Executive Summary

1. Introduction

This is the Executive Summary of the Ex-ante Evaluation of the Southern and Eastern Region Operational Programme (OP) 2007-13. This Evaluation will feed into the process of planning and preparation for the OP. This Evaluation was prepared by FGS Consulting on behalf of the Southern and Eastern Regional Assembly. A Steering Group with representatives from the Southern and Eastern Regional Assembly guided the Evaluation.

This Executive Summary presents the Evaluators overall assessment of the OP and our recommendations. Section 2 reviews the structure and content of the draft OP and compares it to the requirements of the Commission's General Regulation. Section 3 presents a summary of key recommendations and points made during the course of the evaluation to the Managing Authority before the production of the draft OP that was circulated on 5th January. It also presents our judgements on the draft OP against the six key evaluation issues. Finally, Section 4 presents our recommendations to the Managing Authority on the draft OP circulated on the 5th of January 2007⁵⁰.

2. Programming Content

The Southern and Eastern Regional Operational Programme 2007-2013 is structured as follows:

- **Chapter 1 General Introduction:** This chapter details the background and the legal basis for the OP, sets out a definition of the Region, and outlines the structure of the Operational Programme (3-4 pages);
- **Chapter 2 Regional Profile and SWOT:** contains a description of the Region's strengths and weaknesses and provides demographic, economic and social, and environmental profiles of the S&E Region (25 pages);
- **Chapter 3 Policy Context and Development Strategy:** reviews key EU and national strategies and policies which are important both in the genesis of the OP and in understanding its nature and content. At the EU level this involves Cohesion policy, Lisbon, Gothenburg, Community Strategic Guidelines, Regulatory Framework, National Strategic Reference Framework; at the national level: the National Development Plan, Towards 2016, National Spatial Strategy and other national policy documents. This chapter also provides the Development Strategy setting out an overall vision and strategy for the region, the objectives and strategy of the OP, and the main priorities and their justification; and discusses the results of Ex-ante Evaluation report and the Environmental Report as part of the SEA process (20 pages);
- **Chapter 4 Priorities:** presents Priorities 1-4 under the OP namely 'Innovation and the Knowledge Economy', 'Environment and Accessibility', 'Sustainable Urban Development', and 'Technical Assistance'. This Chapter also sets out the Themes under the three main or non-technical assistance Priorities providing an introduction/description, a set of objectives, indicative operations and indicators for each (15 pages);
- **Chapter 5 ERDF Support and Financial Plans:** discusses the contribution of ERDF to the Programme;
- **Chapter 6 Complementarity with other Programmes/Funds:** indicates the complementarity of the OP with other EU co-financed programmes affecting the Region, and with EAFRD and EFF co-financed activities (10 pages);
- **Chapter 7 Horizontal Principles:** discusses the commitment of the Managing Authority to addressing the Horizontal Principles of equality and sustainable development requirements in the OP (7 pages);
- **Chapter 8 Implementation:** this chapter describes the implementation provisions, as well as management, and monitoring and evaluation arrangements, and reporting plans including management arrangements; monitoring and evaluation systems; financial management and control systems; information and publicity; data collection, storage and exchange systems; project selection systems; implementation plans (10 pages).

The Operational Programme (OP) has a logical flow. The logic of the OP flows from regional analysis and policy context to development strategy and priorities and indicators to relationships with other investment programmes to implementation arrangements.

The draft OP also embraces the key change between the 2000-2006 period and the 2007-2013 programming period, namely the more strategic approach to programming. With the key focus being on establishing a clear and coherent policy response which underpins the achievement of EU objectives and tackles the particular challenges and needs of the region. In this context the OP is a more strategic document than in the previous programming period and it does not contain a detailed description of measures, the main focus is placed on the description of the strategy and priorities. In this regard the length of the chapter on regional profile and SWOT results is somewhat long but overall the length of the chapters in the OP is generally of appropriate size.

⁵⁰Financial tables were provided separately to the Evaluator following the submission of the first version of this report.

The draft OP addresses most of the programming content elements as required in the EU General Regulation 2006 Article 36. The exception relates to details of planned spend and to indicators.

Figure 1: Programming Contents Required for ERDF Funded OPs 2007-2013

Programme Contents	Addressed?	Chapter in OP
1. An analysis of the situation of the eligible area or sector in terms of strengths and weaknesses and the strategy chosen in response (drawing primarily on available data)	Yes	Chapters 2 and 3
2. A justification of the priorities chosen having regard to the Community Strategic Guidelines on cohesion, the national strategic reference framework, as well as the results from the ex ante evaluation	Yes	Chapters 3 and 4
3. Information on the priority axes and their specific indicators and targets for achievement	Partially	Chapter 4
4. An indicative breakdown by category of the programmed use of the contribution of the Funds;	Yes	Chapter 5
5. A financing plan containing two tables: i) a table breaking down for each year, the amount of the total financial appropriation envisaged for the contribution from each Fund	Yes	Chapter 5
ii) a table specifying, for the whole programming period, for the operational programme and for each priority axis, the amount of the total financial appropriation of the Community contribution and the national counterparts and the rate of contribution from the Funds	Yes	Chapter 5
6. Information on complementarities with measures financed by the EAFRD and those financed by the EFF, where relevant	Yes	Chapter 6
7. The implementing provisions for the operational programme, including: i) designation by member state of all entities stipulated in Article 58, or, if the member state exercises the option provided for in Article 73, the designation of other bodies and procedures in accordance with the rules laid down in Article 73	Yes	Chapter 8
ii) a description of monitoring and evaluation systems	Yes	Chapter 8
iii) information about the competent body for receiving payments made by the Commission and the body or bodies responsible for making payments to the beneficiaries	Yes	Chapter 8
iv) a definition of the procedures for the mobilization and circulation of financial flows in order to ensure their transparency	Yes	Chapter 8
v) the elements aiming at ensuring the publicity and the information of the operational programme as referred to in Article 68	Yes	Chapter 8
vi) a description of the procedures agreed between the Commission and the Member State for the exchange of computerised data to meet the payment, monitoring and evaluation requirements laid down by the regulation	Yes	Chapter 8
8. An indicative list of major projects within the meaning of Article 38 which were expected to be submitted within the programming period for Commission approval	Yes	Chapter 8

Source: Adapted from the EU General Regulation, Article 36 and the Southern and Eastern Regional Operational Programme 2007-2013

3. Evaluation Issues

This Evaluation examined the draft OP against a series of issues as outlined in the evaluation Terms of Reference and in line with the Commission's guidance paper on Ex-ante Evaluations.

As part of the Ex-ante Evaluation the Evaluators made a range of suggestions and comments for improvement of the OP before the production of the draft OP that was circulated on 5th January. As required by the Terms of Reference a summary of key recommendations and points made during the course of the evaluation are presented in Figure 2.

Figure 2: Summary of Recommendations Made During the Evaluation Process – Prior to Publication of Draft Operational Programme

1. **Intra-regional commentary:** The Ex-ante Evaluators recommended the insertion of additional intra-regional commentary (i.e. focusing on issues within the Southern and Eastern Region) where relevant in the Regional Profile and SWOT Results chapter;
2. **Gateways and Hubs:** The Ex-ante Evaluators recommended insertion of brief text and perhaps a map stressing the role and location of the gateways and hubs under the NSS in the Region;
3. **Productivity:** The Ex-ante Evaluators recommended that a greater emphasis be given to recent productivity trends in the region, especially of indigenous firms;
4. **Equality and discrimination:** Given the detailed level of data analysis presented in the Regional Profile and SWOT Results chapter the Ex-ante Evaluators recommended that section 2.3.14 Equality and Inclusion include a short commentary on perceived discrimination in Ireland using data from the CSO's QNHS;
5. **Irish and EU policy context:** The Ex-ante Evaluators recommended that an earlier draft of Chapter 3 Policy Context separate out the discussion of EU policy context and Irish national and regional policy context;
6. **Logical flow of the EU context:** The Ex-ante Evaluators recommended that an earlier draft of the OP present the discussion of the EU policy context in an order that clearly reflects the logic of EU policy development, i.e. from Lisbon and Gothenburg to the Community Strategic Guidelines and to National Strategic Reference Framework;
7. **Strategy development process:** The Ex-ante Evaluators recommended that an earlier draft of the OP add a section to explain how the regional development strategy was determined;
8. **Clarity and coherence of objectives and coherence:** The Ex-ante Evaluators recommended that an earlier draft of Chapter 4 Priorities amend the specification of objectives with a view to making the coherence of objectives clearer;
9. **Detail of descriptions:** The Ex-ante Evaluators made a number of recommendations on earlier drafts of the OP to increase the level of detail that was provided, especially in relation to possible areas for investment.

The remainder of this report presents our judgement on the draft OP issued on 5th January. Financial details were provided to the Evaluator following the submission of the first version of the this Ex-ante report. The first version of this report included the following recommendation. 'We recommend that the Managing Authority include financial details of projected spend in the Operational Programme (as soon as the Managing Authority is a position to do so) in order to comply with the Commission's Programming content requirements and in order for the External Evaluators to comment on some final issues under their Terms of Reference.' Our overall assessment is a positive one and Figure 3 summarises our views in relation to the five key evaluation areas and it shows where we have made additional recommendations.

Figure 3: Summary of Judgements on Evaluation Areas and Draft OP Dated 5th January

1. Appraisal of Socio-Economic Analysis and Relevance of Draft Programme to Need

A detailed needs analysis was undertaken as part of the preparation of the OP with an appraisal of the socio-economic situation and SWOT analysis. The relevance of the strategy and programme objectives to the identified needs. The OP strategy draws on the regional needs analysis and is clearly focused on achieving EU objectives.

Some additional recommendations in Section 4.

2. Rationale of the draft OP and its Internal Consistency

There is a clear public intervention rationale for possible investment areas. It is unlikely that an alternative policy would be more likely to achieve the programme's objectives more effectively, although it is important to note that there is scope for flexibility in precisely what is funded under certain themes. The overall thematic and geographical concentrate appears broadly appropriate. The OP is internally consistent, although a number of recommendations are made to improve this further. In addition, we make further recommendations in relation to minimising potential policy risks.

Some additional recommendations in Section 4.

3. Appraisal of Coherence with Regional/National Policies/Community Strategic Guidelines

The OP is externally coherent with the priorities within the National Strategic Reference Framework, National Reform Programme, the Community Strategic Guidelines, and the NDP 2007-2013. Our assessment is that SEA Directive requirements were appropriately addressed. At an overall level equality between men and women and non-discrimination issues have been appropriately taken into account, although there is some scope to improve this further. In addition, given the strategic nature of OP this will need to be factored into future implementation, monitoring and evaluation arrangements as appropriate.

Some additional recommendations in Section 4.

4. Expected Results and Impacts

The indicators that are identified (and their causality) are broadly appropriate, nevertheless, a number of additional indicators are recommended to expand the number and coverage of indicators. Priority or OP level indicators are not provided, and recommendations are made in this regard. The indicators proposed appear manageable and usable (in line with the EU Commission's draft Working Paper on Indicators) provided of course they are collected and reported by Intermediate Bodies are required.

Some additional recommendations in Section 4.

5. Implementation Systems

The details provided in relation to implementing provisions for managing, monitoring and evaluating the programme seem appropriate. And the information provided in relation to partnership arrangements, publicity and procedures for the exchange of computerized data are in line with ERDF regulations. A number of recommendations are made in relation to the future role of Evaluation. Some additional recommendations in Section 4.

Some additional recommendations in Section 4.

4. Recommendations

OP Appraisal and Analysis

We noted in Section 3 that we judge the OP to be based on a systematic needs analysis, and the OP objectives are clearly related to underlying needs. In order to improve the readability of Chapter 3 we make the recommendations below.

1. We recommend that for simplicity and for clarity that the Section headings '3.6 Regional Development Strategy 2007-2013', Section '3.6.1 Determining the Regional Development Strategy 2007-2103' and Section 3.6.2 'Development Strategy' be changed to one single two point heading called '3.6 Determining the Regional Development Strategy 2007-2103', all of the existing text can remain.
2. We recommend that the location of the Section '3.6 Regional Development Strategy 2007-2013' be moved to the start of Chapter 4 and be the first Section in Chapter 4, with knock on consequences for the number of existing sections in Chapter 4.
3. We recommend that the Section '3.7 Results of the Ex-ante Evaluation and Strategic Assessment' be placed as an Annex as its current location interferes with the logical flow of the document.
4. We recommend that the Managing Authority add a brief discussion to Section '3.5.1 Regional Operational Programmes 2000-2006' to reflect the lessons learned during the programming period.

Objectives and Internal Coherence

As discussed in Section 3 we judge the objectives of the draft OP to be clearly stated and articulated. We also judge that the structure of objectives within the OP is internally coherent. Nevertheless, in order to improve on the clarity and relevance of two of the overall Priority objectives we make a number of detailed recommendations below.

5. We recommend that the two objectives for Priority 1 Innovation and the Knowledge Economy be reduced to one objective, and in addition that the objective be extended to reflect the intended role for technology transfer between research institutions and businesses. This would involve substituting the two current objectives of '*To develop further, in accordance with the Lisbon Agenda objectives, the knowledge, R&D/innovation and entrepreneurial base of the Region's economy with a view to boosting the Region's growth and competitiveness*' and '*To integrate and develop fully those Regional assets (educational, R&D/innovation and entrepreneurial) that can contribute to boosting regional growth and competitiveness.*' with the single objective below:

'To develop further, in accordance with the Lisbon Agenda objectives, the knowledge, R&D, innovation and entrepreneurial base of the Region's economy and to support collaboration and technology transfer between research institutions and the business sector in order to boost the Region's growth and competitiveness.'

6. We recommend that the objective for Priority 2 Environment and Accessibility be more sharply stated. This would involve replacing the current objective of '*to improve the attractiveness of the region by investment in the environment and risk prevention, broadband accessibility and aid the provision of renewable energy & energy conservation initiatives within a sustainable development framework.*' with the following objective:

'To invest in rural water collection and treatment systems, water source protection, renewable energy production and energy conservation and to increase broadband take-up throughout the region in order to contribute to the sustainable development of the Region.'

7. We recommend that the Managing Authority consider setting an overall objective for the OP taking into account the objectives that the Managing Authority has set for the three Priorities. A possible overall objective could include something along the following lines:

'To invest in the development of innovation and the knowledge economy, to support the protection of the environment, sustainable development and the take-up of broadband, and to support city regeneration and town renewal in order to contribute to increasing the productivity and competitiveness of the Region, to support sustainable development and to help improve quality of life in the Region.'

8. We recommend that the text in Section '4.1.5 Theme 3 Experimental Innovative Actions' includes the same sub-headings as the other 'Themes' to ensure consistency, i.e. that the sub-headings 'Introduction/Description', 'Main Objectives' and 'Indicative Operations' be incorporated into the text in the Section.
9. We recommend that the text discussing the 'Indicative Operations' under Section '4.2.4 Theme 2 Renewable Energy' be made more specific and be made more in line with the description of likely activities provided throughout the remainder of the OP.

Policy and Implementation Risks

10. We recommend that the Managing Authority develop detailed implementation plans with the Intermediate Bodies as soon as possible, and that these plans build on the lessons from the 2000-2006 Regional Operational Programmes and the lessons, more widely, from the 2000-2006 programming period.
11. We recommend that in addition to more detailed implementation plans (as per recommendation 10) that the Managing Authority undertakes 'additional work' that will support the drawn-down and early start of 'new' activities. Additional work may include, more detailed planning of relevant selection criteria, rough estimates of the 'desirable' number and size of projects/activities to be funded along with networking and promotion to potential beneficiaries.
12. In addition to recommendations 10 and 11 above we recommend very close monitoring of applications, approvals and spend, and appropriate responses from the Managing Authority in the first twelve to eighteen months of operations to ensure that delivery is in line with plans and in line with forecast spend.
13. We recommend that the Managing Authority, Intermediate Bodies, relevant Government Departments and Agencies develop very clear processes and procedures to reduce and avoid potential overlap and duplication with both other EU co-financed investments, with activity under the NDP 2007-2013 and activity in the private sector.
14. We recommend that the presence of 'pilot' and more innovative interventions be retained within the programme even though initial spend on these activities might be slower to 'take-off' than on the more 'established' activities. In addition, processes will need to be put in place at project selection, delivery, monitoring and evaluation level to ensure that the added risks from these projects is effectively managed.
15. We recommend that the funding of activities (measures) remains flexible within Priorities over the period of the programme. In addition, we recommend that the Managing Authority operates a 'stick and carrot' approach to funding, whereby 'good' performance can result in increased funding and 'bad' performance can result in reduced funding.

External Coherence

As noted in Section 3 we judge that the OP is externally consistent with national and regional policy in Ireland and with EU policy, and that it is also consistent with the ERDF Regulation requirements in relation to sustainable development and equal opportunities. Nevertheless, we make a number of recommendations to improve the readability of Chapter 7 Horizontal Principles and to provide greater clarity in relation to the commitments to the Horizontal Principles.

16. In order to improve the readability of Chapter 7 Horizontal Principles we recommend the:
 - a. The Managing Authority should merge the current versions of Section '7.1 Horizontal Principles of Sustainable Development and Equal Opportunities' and Section '7.2 NDP/CSF 2000-2006' into one Section called 'Sustainable Development and Equal Opportunities'. And create a clear link at the end of the section with the other sections that follow;
 - b. The Managing Authority should merge the current versions of Section '7.3 Sustainable Development', Section '7.3.1 Introduction' and '7.4 Environmental Policy Development' into one Section called '7.2 Promoting Sustainable Development' and reduce and integrate the current text;
 - c. The Managing Authority should merge the current versions of Section '7.5 Equal Opportunity' and Section '7.6 Equal Opportunity Policy Development' into one Section called '7.3 Promoting Equal Opportunities' and integrate the current text.

17. In order to provide more clarity on the commitments to Sustainable Development in Chapter 7 we recommend the Managing Authority indicates how it has responded to the recommendations contained in the Environmental Report as part of the SEA process with regard to text changes and in relation to the future monitoring of the OP.
18. With regard to Equal Opportunities in Chapter 7 the draft OP currently provides a clear indication that ‘the project selection criteria will ensure that the projects will be assessed on the basis of their compliance and their promotion of equal opportunity’ (page 83). The OP also notes that ‘The Managing Authority is committed to tracking the impact on the Equal Opportunities Horizontal Principle at implementation level to ensure compliance with the Regulation’. We recommend that the Managing Authority provide additional detail of what it intends to do in this regard.

Expected Results and Impacts

19. We recommend that the Managing Authority define, as soon as possible, an appropriate set of OP and Priority level indicators to address the Commission’s requirements.
20. We recommend that the Managing Authority extends the set of activity (measure) level indicators included in the draft Operational Programme taking into account the detailed suggestions in Chapter 5 of this Evaluation. The extended set of indicators should be agreed with Intermediate Bodies along with baseline data (where it exists for non-new areas) and targets should be set and agreed with Intermediate Bodies as soon as possible.
21. Based on the outcome from the two recommendations above the Managing Authority should ensure that any additional steps required are taken to ensure a full indicator system is developed to comply with the Commission’s requirements.

Implementation Systems

The draft OP provides a detailed description of the role that subsequent Evaluations will have over the lifetime of the programme. We make two detailed recommendations.

22. The Managing Authority should clarify further, by liaising with the Department of Finance, the role that the Central Evaluation Unit in the Department of Finance will play. For example, whether or not the Central Evaluation Unit will have a representative serving on the Monitoring Committee in an advisory capacity.
23. The Managing Authority should insert the text ‘(with the exception of the Ex-post Evaluation as this will be resourced by the European Commission)’ in into the last sentence in the second paragraph of Section 8.7 as high lighted in bold below:

‘The Irish authorities will provide the resources necessary for carrying out evaluations (**with the exception of the Ex-post Evaluation as this will be resourced by the European Commission**), organise the production and gathering of the necessary data and use the various types of information provided by the monitoring system.’ (page 91)

Annex 5 – Strategic Environmental Assessment – Non-Technical Summary

The following is a non-technical summary report which describes the results of the Strategic Environmental Assessment (SEA) of the Southern and Eastern Regional Operational Programme 2007-2013.

Introduction

This report describes the results of the Strategic Environmental Assessment (SEA) of the Southern and Eastern Regional Operational Programme 2007-2013

In simple terms, SEA aims to identify the potential environmental impacts of the Programme and ensure that they are addressed within the Programme itself.

The SEA process

The Regional Assembly is legally required to undertake the SEA by the European SEA Directive. The requirements are described in the Directive, and in Guidance produced for Ireland. The key stages are:

SEA Stage	Where found in report
Setting the context for the appraisal by identifying other relevant plans and programmes	Section 4 and Appendix 1
Developing a set of environmental objectives (appraisal framework).	Section 5
Collecting baseline information about the area, and identifying environmental problems	Section 6 and Appendix 2
Testing the likely effect of the Programme on the environmental objectives.	Section 7 and Appendix 3
Monitoring the environmental effects of the Programme	Section 8

The Operational Programme

Ireland receives funds from the European Union under a system of “Structural Funding Programmes”. These programmes provide money for specific purposes. The Irish Government has decided that this money will be spent through two Regional Operational Programmes. The Southern and Eastern Region Operational Programme 2007-13 describes how the funds will be allocated in the Region.

- The Programme lists four “priorities” which describe the purposes the funding will be used for in the Region. The priorities describe the kind of projects which will be funded and are broken down into separate “themes”.

The likely significant effects of the Programme

The process of testing the priorities looked at the most important or significant effects of the priority on the SEA objectives. In some cases changes were suggested to reduce these effects. These are summarised below

Programme as a whole

An initial review of the whole Programme showed that several of the themes supported by the Programme are likely to have a positive or neutral impact on the SEA objectives. Other impacts depend on whether or not new businesses and other economic development projects supported are required to take account of issues such as biodiversity, sustainable design, water use and waste production. The Programme should therefore outline criteria for making decisions on funding. These criteria should include the issues covered in the SEA objectives.

Each Priority and Theme of the Programme was appraised to determine its likely significant environmental impacts. The conclusions are summarised below.

Each Priority and Theme of the Programme was appraised to determine its likely significant environmental impacts. The conclusions are summarised below.

Priority 1

Theme 1 – Development of the Region’s RTDI capacity

This Theme has specific aims, to enhance the research capacity of the region and to enhance the transfer of knowledge to the Region’s SME’s. These aims and the associated actions are compatible with the SEA objectives. No recommendations are made in respect of this theme.

Theme 2 – Entrepreneurship in micro-enterprises

This Theme has specific aims, to stimulate local enterprises and to enhance the capabilities of small businesses, both new start-ups and existing micro-enterprises. These aims and the associated actions are compatible with the SEA objectives. No recommendations are made in respect of this theme.

Priority 2

Theme 1 – Environment and Risk Prevention

The theme has a specific aim, namely to protect groundwater supplies and to enhance treatment of wastewater in smaller settlements in Ireland. These aims and the associated actions are compatible with the SEA objectives. One suggested change is that the wording be amended to encourage the use of low energy solutions to wastewater treatment.

Theme 2 – Renewable Energy

The theme addresses one of the most important environmental challenges facing Ireland and the wider world, namely the need to reduce the carbon intensity of the energy we produce and consume. As such the impact of the actions outlined in the theme will be to reduce impacts on the environment. It is understood that indicators are being developed for this theme. Clear targets and indicators to help measure progress would help strengthen the actions.

Theme 3 – Information and Communication Technology Accessibility

Greater use of ICT may help reduce the need to travel and thus cut greenhouse gas emissions and pollution. Other impacts are hard to determine.

Priority 3

Theme 1 – City Regeneration

The overall impact of this theme depends on the nature of the projects supported. However the actions to be supported address a range of issues that will potentially have a positive impact on biodiversity, reduction in pollution, reduction in transport impacts and greenhouse gas emissions, and protection of cultural heritage. The cities will be required to prepare an integrated sustainable development strategy. This strategy should address the issues covered by the SEA objectives.

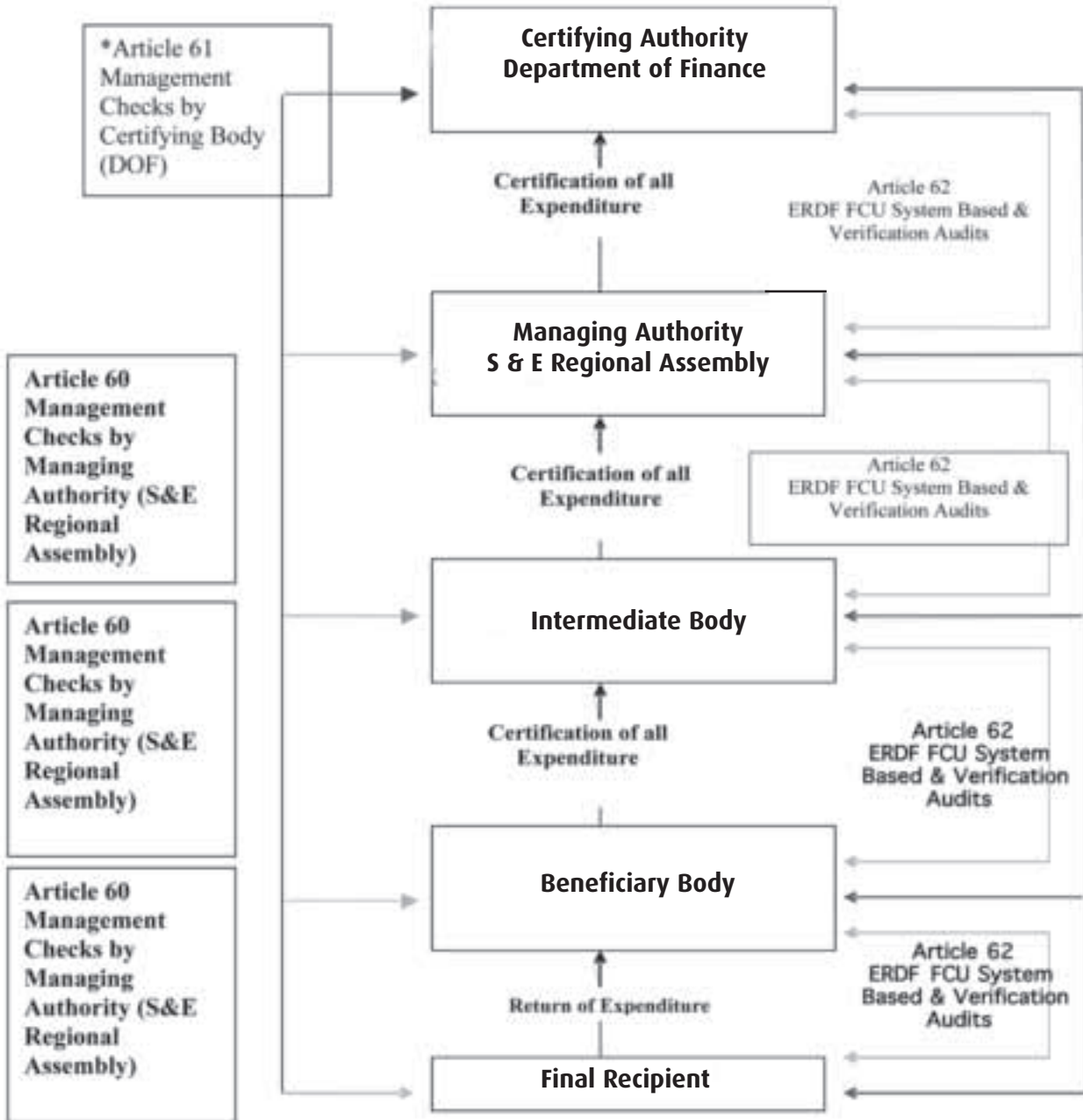
Theme 2 – Town Renewal

The conclusions for theme 2 mirror those for theme 1, as both themes are identical in their scope. As with theme 1, the overall impact of this theme depends on the nature of the projects supported. However the actions to be supported address a range of issues that will potentially have a positive impact on biodiversity, reduction in pollution, reduction in transport impacts and greenhouse gas emissions, and protection of cultural heritage. The towns will be required to prepare an integrated sustainable development strategy. This strategy should address the issues covered by the SEA objectives.

Priority 4 – Technical Assistance

This Theme aims to support the management, evaluation and monitoring of the Regional Operational Programme. These aims and the associated actions are compatible with the SEA objectives. No recommendations are made in respect of this Priority.

Annex 6 – ERDF Financial Flow Chart



*Council Regulation (EC) No 1083/2006

Annex 7 – Southern and Eastern Regional Operational Programme 2007 – 2013 and Environmental Report of the Strategic Environmental Assessment - Meetings held during the programme development and responses to Public Consultation Process

Meetings were held with the following during the programme development stage:

- S&E Regional Assembly
- CEOs of County Enterprise Boards
- County Managers in the S&E Region
- Department of Communications, Marine and Natural Resources
- Department of Community, Rural and Gaeltacht Affairs
- Department of Education and Science
- Department of Enterprise, Trade and Employment
- Department of Environment, Heritage and Local Government
- Department of Finance
- Department of Transport
- DG Regio, EU Commission
- Enterprise Ireland
- Environmental Protection Agency (EPA)
- Forfás
- Council of Directors of the Institutes of Technology
- Higher Education Authority
- Iarnród Éireann
- IDA Ireland
- National Roads Authority
- Sustainable Energy Ireland

Public Consultation, January 2007 Submissions Received⁵¹

1. Codema (City of Dublin Energy Management Agency)
2. Combat Poverty Agency
3. Comhar
4. Cork City Council
5. Department of Agriculture & Food
6. Department of Communications, Marine & Natural Resources
7. Department of the Environment, Heritage & local Government
8. European Anti Poverty Network Ireland
9. Equality Authority
10. Irish Rural Link
11. Mid West Regional Authority
12. Mr. Peter Fegan
13. Mr. Paul McDonald
14. NDP/CSF Gender Equality Unit, Department of Justice, Equality and Law Reform
15. Office for Social Inclusion
16. South Tipperary County Development Board
17. Waterford County Council (on behalf of Waterford County Development Board)

⁵¹All of the submissions received related to the draft Operational Programme, and no comments were received relating to the SEA Environmental Report.

Annex 8 – Glossary of Terms

BOD	Biological Oxygen Demand
CEBs	County Enterprise Boards
CSO	Central Statistics Office
DSL	Digital Subscriber Line
EARDF	European Agriculture and Rural Development Fund
EC	European Commission
EFF	European Fisheries Fund
EIB	European Investment Bank
EPA	Environmental Protection Agency
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIOP	Economic and Social Infrastructure Operational Programme
ETS	Emissions Trading Scheme
EU	European Union
EU 15	European Union 15 Member States prior to May 1st 2004 Accession
EU 25	European Union 25 Member States including states post 1st May 2004
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GNP	Gross National Product
GVA	Gross Value Added
HEI s	Higher Education Institutions
ICT	Information Communication Technology
IoTs	Institutes of Technology
MANs	Metropolitan Area Networks
NDP	National Development Plan
NDP/CSF	National Development Plan and the EU Community Support Framework
NESC	National Economic and Social Committee
NSRF	National Strategic Reference Framework
NSS	National Spatial Strategy
NUTS Regions	Nomenclature of Territorial Statistical Units – a system of classification of regions across the EU used by the European Commission.
NUTS 11	The BMW and S&E are the NUTS II Regions in Ireland for Structural Funds purposes.
NUTS 111	The NUTS III regions are Dublin, Mid-East, Mid-West, South-East, South-West, Border, Midland and West Region
OECD	Organisation for Economic Co-operation and Development
OP	Operational Programme
PRTL I	Programme for Research in Third-Level Institutions
R&D	Research & Development
RPGs	Regional Planning Guidelines
RTDI	Research, Technological Development and Innovation
RTI	Rural Transport Initiative
SEA	Strategic Environmental Assessment
SEI	Sustainable Energy Ireland
SFI	Science Foundation Ireland
SMEs	Small and Medium Sized Enterprises
STEDS	Septic Tank Effluent Drainage System
SWOT	Strengths, Weaknesses, Opportunities and Threats

Annex 9 - SEA Statement for the Southern & Eastern Region Operational Programme

1. Introduction

An Environmental Report, pursuant with Article 12 of S.I. 435 of 2004, was prepared in respect of the Southern & Eastern Region Operational Programme (S&E OP). In accordance with Article 13, Public Consultations on both the S&E OP and on the Environmental Report were undertaken for a calendar month, which commenced on 4 January 2007. Pursuant to Article 16 this SEA Statement summarises how the SEA Process influenced the preparation of the S&E OP.

In particular this statement summarises how:

- environmental considerations have been integrated into the programme

- the Environmental Report and any submissions and observations received thereon in response to the public consultation, have been taken into account during the preparation of the programme

- the reasons for choosing the programme in light of the other reasonable alternatives dealt with, and

- the measures decided upon to monitor the significant environmental effects of implementation of the programme.

2. Review of the regulatory requirements for an SEA and how these requirements have been addressed.

Set out below is a table summarising the regulatory requirements for conducting an SEA and what actions the Managing Authority has taken to meet those requirements.

Dir. Article	Relevant requirements	What has been done?
Article 3: Scope	Determine whether a plan or programme requires an environmental assessment	The OP was screened to determine whether a SEA was required, using EPA Guidance. This process determined that an SEA was required.
Article 4: General obligations	Carry out the environmental assessment during the preparation of a plan or programme and before its adoption.	The SEA was undertaken alongside the production of the draft OP.
Article 5: Environmental report	<p>Prepare an environmental report in which the likely significant effects on the environment of implementing the plan or programme are identified, described and evaluated (Annex 1 of the Directive lists the information that must be included).</p> <p>Consult the relevant authorities when deciding the scope and level of detail of the information that must be included.</p>	<p>An Environmental Report was prepared and published on the Managing Authority website and made available at the Managing Authority Offices in Waterford, as part of the consultation on the draft OP . The Report included a table (section 2.1) showing where the information listed in Annex 1 of the Directive has been provided. The designated environmental authorities were consulted on the scope of the report alongside discussions on the screening process. A series of emails, telephone calls and a meeting were held with the Environmental Protection Agency. The Departments of Environment, Heritage and Local Government and Communications, Marine and Natural Resources were consulted in writing.</p>
Article 6: Consultations	Give the relevant authorities and the public an early and effective opportunity within appropriate time frames to express their opinion on the draft plan or programme and the accompanying environmental report before its adoption.	A consultation was launched on the Environmental Report and draft OP in January 2007 by the placement of advertisements in the national papers. The documents were made available on the Managing Authority website and at the Managing Authority offices in Waterford for a period of four weeks. Information was provided on how to comment. The environmental authorities were consulted directly by post.

Dir. Article	Relevant requirements	What has been done?
Article 7: Trans-boundary consultations	Consult another Member State where a plan or programme is likely to have significant environmental effects on that Member State.	The Managing Authority determined that the OP is not likely to have significant trans-boundary effects, particularly since the region does not border Northern Ireland.
Article 8: Decision making Article 9: Information on the Decision	Consider the environmental report and any consultation comments during the preparation of the plan or programme. Make the following information available to the environmental authorities and the public once the plan or programme is adopted: <ul style="list-style-type: none"> • The final plan or programme • A statement summarising how environmental considerations have been addressed, and the environmental report and consultation comments have been taken into account • Proposed monitoring measures. 	The Operational Programme does take account, where appropriate, of the Environmental Report. No comments were received from the consultation process.. When approved the OP will be the subject of an official launch and will be published and made available on the Managing Authority website. The Environmental Report notes that a SEA Statement will be produced (section 2.4). The statement will summarise how environmental considerations have been addressed, and how the environmental report and consultation comments have been taken into account. The Environmental Report notes (section 8.2) that the detail of the proposals for OP monitoring will be included in the SEA Statement.
Article 10: Monitoring	Monitor the significant environmental effects of the implementation of the plan or programme in order to identify at an early stage unforeseen adverse effects, and to be able to undertake appropriate remedial action.	The Environmental Report contains a monitoring framework (section 8.2). Further detail of the proposed OP monitoring is included in the SEA Statement.

A review of the whole Programme showed that several of the themes supported by the Programme are likely to have a positive or neutral impact on the SEA objectives. Other impacts depend on whether or not new businesses and other economic development projects supported are required to take account of issues such as biodiversity, sustainable design, water use and waste production. The SEA concluded that the Programme should therefore outline criteria for making decisions on funding. These criteria should include the issues covered in the SEA objectives.

The Environmental Report documents the detailed assessment which was carried out on the areas of intervention proposed under the Programme. Each Priority and Theme of the Programme was appraised to determine its likely significant environmental impacts. The conclusions are summarised below.

Priority 1**Theme 1 – Development of the Region’s RTDI capacity**

This Theme has specific aims, to enhance the research capacity of the region and to enhance the transfer of knowledge to the Region’s SME’s. These aims and the associated actions are compatible with the SEA objectives. No recommendations were made in respect of this theme.

Theme 2 – Entrepreneurship in micro-enterprises

This Theme has specific aims, to stimulate local enterprises and to enhance the capabilities of small businesses, both new start-ups and existing micro-enterprises. These aims and the associated actions are compatible with the SEA objectives. No recommendations were made in respect of this theme.

Priority 2**Theme 1 – Environment and Risk Prevention**

The theme has a specific aim, namely to protect groundwater supplies and to enhance treatment of wastewater in smaller settlements in Ireland. These aims and the associated actions are compatible with the SEA objectives. One suggested change was that the wording be amended to encourage the use of low energy solutions to wastewater treatment.

The Managing Authority has incorporated this change into the text of Priority 2.

Theme 2 – Renewable Energy

The theme addresses one of the most important environmental challenges facing Ireland and the wider world, namely the need to reduce the carbon intensity of the energy we produce and consume. As such the impact of the actions outlined in the theme will be to reduce impacts on the environment. The SEA concluded that clear targets and indicators to help measure progress would help strengthen the actions.

The Managing Authority will incorporate this suggestion into the text of Priority 2 following consultation with the Intermediate Body.

Theme 3 – Information and Communication Technology Accessibility

Greater use of ICT may help reduce the need to travel and thus cut greenhouse gas emissions and pollution. Other impacts are hard to determine.

Priority 3**Theme 1 – City Regeneration**

The overall impact of this theme depends on the nature of the projects supported. However the actions to be supported address a range of issues that will potentially have a positive impact on biodiversity, reduction in pollution, reduction in transport impacts and greenhouse gas emissions, and protection of cultural heritage. The cities will be required to prepare integrated sustainable development strategies. The SEA concluded that these strategies should address the issues covered by the SEA objectives.

This issue is addressed in section 4 below.

Theme 2 – Town Renewal

The conclusions for theme 2 mirror those for theme 1, as both themes are identical in their scope. As with theme 1, the overall impact of this theme depends on the nature of the projects supported. However the actions to be supported address a range of issues that will potentially have a positive impact on biodiversity, reduction in pollution, reduction in transport impacts and greenhouse gas emissions, and protection of cultural heritage. The towns will be required to prepare integrated sustainable development strategies. The SEA concluded that these strategies should address the issues covered by the SEA objectives.

This issue is addressed in section 4 below.

Priority 4 – Technical Assistance

This Theme aims to support the management, evaluation and monitoring of the Regional Operational Programme. These aims and the associated actions are compatible with the SEA objectives. No recommendations were made in respect of this Priority.

3. Summary of recommendations of the Environmental Report

The following are the suggested changes to the Draft Operational Programme identified by the assessment carried out by the consultants and set out in the Environmental Report.

Operational Programme Introductory Text - Recommendation for change to the text

The Programme, in its introductory sections, needs to outline certain criteria that will be used to assess funding decisions under all Themes of the Programme. These should include:

- Efficiency in energy use
- Ability to adapt to climate change
- Encouragement of more sustainable transport modes
- Protection and enhancement of biodiversity
- Efficiency of resource use
- Positive impact on health and well-being
- Avoidance of pollution
- Protection of cultural heritage and landscape

This issue is addressed in section 4 below.

It is accepted that, as is mentioned in Section 8.1 of the Operational Programme, these issues are dealt with under current European funding guidelines to some extent. However, this is the strongest opportunity to manage the environmental impacts of the Programme, and it is strongly recommended that the Programme set in place a formal system to ensure that all projects funded by the Programme meet these criteria. This system will also need to include project level advice, support and monitoring to ensure that the projects are effective in reducing the negative impacts and maximising the positive ones.

This issue is addressed in section 4 below.

Priority 2 – Environment and Accessibility

Theme 1 – Environment and Risk Protection - Recommendations for changes to this theme

The wording of the policy should be amended to read ‘The priority will fund sustainable and value-for-money solutions to the problem of providing wastewater collection and treatment systems for small villages in order to protect ground water sources. *Wherever possible wastewater treatment should be designed to be low energy and/or powered by renewable energy sources and able to cope with changes in weather patterns resulting from climate change*’

The Managing Authority has incorporated this change into the text of Priority 2.

Theme 2 – Renewable Energy - Recommendations for changes to this theme

The inclusion of targets and indicators for this theme should be considered. Possible targets could include ‘to reduce the carbon intensity of the economy’ or ‘to install x MW of renewable energy capacity.’

The Managing Authority will incorporate this suggestion where appropriate into the text of Priority 2 following consultation with the Intermediate Body.

Priority 3 – Sustainable Urban Development

Theme 1 – City Regeneration - Recommendations for changes to this theme

That the text of the theme is amended by requiring the cities' sustainable development strategies to address among other issues:

- Efficiency in energy use
- Ability to adapt to climate change
- Encouragement of more sustainable transport modes
- Enhancement of biodiversity
- Efficiency of resource use
- Positive impact on health and well-being
- Avoidance of pollution
- Protection of cultural heritage and landscape

This issue is addressed in section 4 below.

Theme 2 – Town Renewal - Recommendations for changes to this theme

As with theme 1, that the text of the theme is amended by requiring the towns' sustainable development strategies to address among other issues:

- Efficiency in energy use
- Ability to adapt to climate change
- Encouragement of more sustainable transport modes
- Enhancement of biodiversity
- Efficiency of resource use
- Positive impact on health and well-being
- Avoidance of pollution
- Protection of cultural heritage and landscape

This issue is addressed in section 4 below.

Monitoring Arrangements - Overview

The SEA directive requires that *Member States shall monitor the significant environmental effects of the implementation of plans and programmes in order, inter alia, to identify at an early stage unforeseen adverse effects, and to be able to undertake appropriate remedial action.* Monitoring is included within Task 3.4 in the Guidance.

Monitoring Framework

In order to meet the requirements of the Directive, monitoring should be able to measure the significant effects of the Programme itself. However, this raises some practical issues:

- The indicators included in the baseline data are affected by a much wider range of activities than the Operational Programme itself;
- There are significant lead times in establishing trends in these indicators;
- There is in any case a lack of data at a regional level for many of the indicators;
- Because of lack of information on the type of projects which will arise from priority 3 in particular, it will be difficult to define indicators to measure their impacts.

However it is possible to identify a number of indicators to measure the direct positive environmental impacts of projects supported under priority 2. Some of these have been included as Programme monitoring indicators. They are:

- Population equivalents served by central collection & treatment systems in a catchment area
- Biological Oxidation Demand (BOD) reduction
- Improvement in water quality (baseline data is available for all proposed water sources)
- Reduction in the use of chemical treatment for GWS
- MW of renewable energy capacity installed

It is more difficult to define indicators to measure negative impacts. However, there is an opportunity to use the project approval system and monitoring system to require projects to identify and monitor their environmental impacts. This could be done using a two stage process:

- In the application process, require projects to identify potential negative and positive environmental impacts by completing a checklist which includes the criteria mentioned in 7.4 above. This may require some support and guidance.
- In the monitoring process, require projects to report on relevant environmental impacts, and actions they have taken to manage significant impacts.

The information from this process would then provide proxy indicators to measure the overall impacts of the project.

The following indicators could be used:

- Percentage of projects identifying positive environmental impacts;
- Percentage of projects identifying negative environmental impacts;
- Percentage of projects that have identified negative environmental impacts taking appropriate actions to manage them.

The proposed monitoring framework, incorporating these indicators, is shown in the table below.

Proposed framework for monitoring significant environmental impacts

Proposed indicator
• Population equivalents served by central collection & treatment systems in a catchment area
• Biological Oxidation Demand (BOD) reduction
• Improvement in water quality (baseline data is available for all proposed water sources)
• Reduction in the use of chemical treatment for GWS
• MW of renewable energy capacity installed
• Percentage of projects identifying positive environmental impacts
• Percentage of projects identifying negative environmental impacts
• Percentage of projects that have identified negative environmental impacts taking appropriate actions to manage them.

4. Consideration by the S&E Assembly of the SEA recommendations

Overall, the SEA process concluded that the Programme is likely to have cumulative positive effects on reducing pollution and greenhouse gas emissions. The SEA also concluded that where potential impacts are difficult to determine, for example on the Sustainable Urban Development Priority, they are more likely to be either positive or broadly neutral.

The consultants who carried out the ex-ante evaluation concluded that the Managing Authority had met the requirements of Directive 2001/42/EC, or has made appropriate arrangements to do so (in the cases of Articles 8, 9 and 10).

The evaluators who carried out the second phase of the SEA and produced the Environmental Report made five specific recommendations for amendments to the Operational Programme – each of the recommendations are acceptable to the Managing Authority but, as with the ex-ante evaluation, four of the recommendations are more appropriate to be addressed during the implementation phase. Three recommendations propose additional criteria for project selection. The evaluators also recommend the inclusion of specified indicators for monitoring significant environmental impacts. The Managing Authority considers that each of the recommendations will represent very positive contributions to the implementation of the Operational Programme. The Managing Authority is committed to ensuring that the project selection criteria will assess projects on the basis of their compliance and their promotion of sustainable development

and the evaluators recommendations are a positive contribution. In addition, the Managing Authority is committed to tracking the impact on the sustainable development Horizontal Principle at implementation level to ensure compliance with the Regulation. In this regard, the Managing Authority will work closely with the Implementing Bodies and the national environmental authorities during the preparation of the implementation plans initially and on an on-going basis over the course of the implementation of the Operational Programme to ensure that appropriate selection criteria and performance indicators, including those proposed by the evaluators, are put in place.

Finally, in accordance with Article 65 of the General Regulation, the Monitoring Committee which will be established within three months of the Commission Decision approving the OP will be required to approve within six months of the approval of the OP to consider and approve the criteria for selecting projects. The selection criteria will be prepared by the Managing Authority in consultation with the Intermediate Bodies and with the appropriate national environmental authorities and will be submitted to the Monitoring Committee for its consideration. The Managing Authority has committed itself to accepting the recommendations arising from the SEA process in the preparation of the selection criteria. The Managing Authority will also consult with the EU Commission during the preparation of the selection criteria before their submission to the Monitoring Committee.

5. Consultation responses and their consideration by the S&E Assembly

No consultation responses were received in relation to the SEA process.

6. Reasons for choosing the S&E OP as adopted, in light of other reasonable alternatives

There was limited scope of the consideration of alternatives as the scope and requirements of any OP are defined by the European Regional Development fund (ERDF). Thus, the priorities and interventions in the S&E OP must be consistent with the eligibility criteria for the Regional Competitiveness and Employment Objective. The implication of this for the consideration of alternatives is that the OP cannot consider priorities which are outside eligible EU funding areas and criteria. Furthermore, the Regional OP cannot overlap its funding with other EU and national programmes taking place in parallel with it.

While the OP is specific in relation to the broad initiatives which will be funded, the actual decisions regarding individual projects under each of the Interventions will only be made by the relevant Implementing Departments and/or local bodies (e.g. local authorities and CEBs) once the OP is approved and adopted.

The actual location of individual actions will be decided by the above bodies over the lifetime of the OP. For example, the location of the rural water source protection schemes will be focused on areas deemed to be of greatest risk of pollution. These areas will be identified by local authorities in accordance with Department of the Environment, Heritage and Local Government criteria through examining water quality data, available from the relevant County Council, EPA, Geological Survey of Ireland (GSI) and data under the WFD Catchment Reports.

7. Monitoring measures of the S&E OP

The table below summarises the monitoring measures which will monitor the predicted significant effects on the environment of the implementation of the S&E OP. This programme will highlight the effects on the environment due to the ongoing implementation of the OP and also form the basis for amendments to the OP's intervention measures. The S&E Regional Assembly, as the plan-making authority, is responsible for this monitoring programme (although the Assembly is not responsible for generating the monitoring data, or undertaking specialist studies to supplement the existing data).

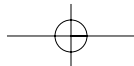
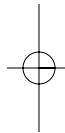
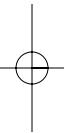
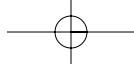
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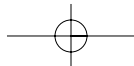
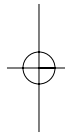
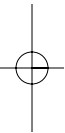
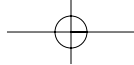
Environmental topic	Monitoring data	Source**
Population	Access to broadband services	S&E OP monitoring programme (Priority 2)
Human health	Drinking water compliance data (physical, chemical and microbiological)	EPA and Local Authorities
Biodiversity, flora & fauna, water	Groundwater and surface water quality data (measure/project-specific*). Data to be monitored should include physical, chemical and biological water quality parameters.	Water Framework Directive Catchment Reports
	Source-specific* water quality data	EPA and Local Authorities

*: The S&E OP does not specify the location of individual measures and projects under the interventions. When the individual projects are known, related environmental data should be sourced and evaluated.

** : The S&E Assembly is not responsible for generating or gathering this data. This is the role of the organisations listed as the data source. The S&E Assembly's role is to obtain the most up-to-date data from each of these sources.

The SEA monitoring will be combined with the S&E OP's Annual Implementation Report.





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