

Mid Term Evaluation of the Southern & Eastern Regional Operational Programme 2014-20

Final Report

May 2019

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APPENDICES

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GLOSSARY

Acronym	Description
AIR	Annual Implementation Report
BER	Building Energy Rating
BERD	Business Expenditure on Research and Development
BEWHS	Better Energy Warmer Homes Scheme
BMW	Border, Midland and Western
CA	Certifying Authority
CPR	Common Provisions Regulation
CSO	Central Statistics Office
DA	Development Advisor
DAFM	Department of Agriculture Food and the Marine
DCCAE	Department of Communications, Climate Action and Environment
DECLG	Department of the Environment Community & Local Government (now DHP&LG)
DHP&LG	Department of Housing, Planning and Local Government
DPER	Department of Public Expenditure and Reform
DTIF	Disruptive Technologies Innovation Fund
EC	European Commission
EI	Enterprise Ireland
ERDF	European Regional Development Fund
ERA	European Research Area
ESF	European Social Fund
ESI	European Structural and Investment Fund
ETC	European Territorial Cooperation
EU	European Union
EUSF	European Union Structural Funds (IT System)
FLC	First Level Control
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GERD	Gross Expenditure on Research and Development
GHG	Greenhouse Gas
GNI	Gross National Income
GNI*	Modified Gross National Income
GVA	Gross Value Added
HEI	Higher Education Institution

Acronym	Description
HPSU	High Potential Start Up
IAB	Independent Audit Body
IB	Intermediary Body
IBEC	Irish Business and Employers Confederation
ICT	Information and Communication Technology
ICTU	Irish Congress of Trade Unions
INOUE	Irish National Organisation of the Unemployed
IGEES	Irish Government Economic and Evaluation Service
IoT	Institute of Technology
IP	Investment Priority
IRCC	Industrial Research and Commercialisation Committee
KWh	Kilowatt hour
LA	Local Authority
LEO	Local Enterprise Office
m ²	metres squared
MA	Managing Authority
Mbps	Megabits per second
MCS	Management and Control System
MFF	Multiannual Financial Framework
MS	Member State
MTE	Mid Term Evaluation
NBP	National Broadband Plan
NPF	National Planning Framework
NSS	National Spatial Strategy
NUIG	National University of Ireland Galway
NUTS	Nomenclature of Territorial Units for Statistics. The NUTS classification is a hierarchical system for dividing up the economic territory of the EU: <ul style="list-style-type: none"> • NUTS 1: major socio-economic regions • NUTS 2: basic regions for the application of regional policies • NUTS 3: small regions for specific diagnoses
NWRA	Northern and Western Regional Assembly
OECD	Organisation for Economic Co-operation and Development
PIM	Project Inception Meeting
PMC	Programme Monitoring Committee
PPS	Purchasing Power Standards
QA	Quality Assurance

Acronym	Description
R&D	Research and Development
RA	Regional Assembly
RDTI	Research, Technology, Development and Innovation
(R)OP	(Regional) Operational Programme
RSES	Regional Spatial and Economic Strategy
S&E	Southern and Eastern
SEAI	Sustainable Energy Authority of Ireland
SFI	Science Foundation Ireland
SHR	Social Housing Retrofit Scheme
SME	Small and Medium-Sized Enterprise
SO	Specific Objective
SRA	Southern Regional Assembly
STEM	Science, Technology, Engineering and Mathematics
SWOT	Strengths, Weakness, Opportunities and Threats
ToR	Terms of Reference
URDF	Urban Regeneration and Development Fund

1. EXECUTIVE SUMMARY

1.1 Southern and Eastern Regional Operational Programme 2014-2020

The European Regional Development Fund (ERDF) co-finances investments into the regions with Governments across the European Union, supporting activities contributing to a more balanced level of development. In Ireland two Regional Operational Programmes (ROPs) are co-funded by the ERDF for the programme period 2014-2020: Southern and Eastern Regional Operational Programme and Border, Midland and Western Regional Operational Programme.

The Southern Regional Assembly is the Managing Authority for the Southern and Eastern (S&E) ROP 2014-2020. A funding package of €500 mn from the ERDF and the Irish exchequer will be invested under the OP in the S&E region in the 2014-20 period. The S&E ROP includes 10 schemes under five Priorities. Over 99% of programme funding is allocated to these. Almost two thirds of the funding is allocated to two Priorities: Priority 1 (**36.0%**) and Priority 4 (**26.6%**); most of the remainder is allocated to Priority 3 (**14.2%**), Priority 2 (**12.0%**) and Priority 5 (**10.4%**). The Priorities and Schemes are:

- **Priority 1: Strengthening Research, Technological Development & Innovation (RTDI) in the S&E Region.** €180 mn; 5 schemes: SFI Research Centres Programme; SFI Spokes Programme; Marine Research Programme; Commercialisation Fund; Innovation Partnership Programme
- **Priority 2: Enhancing access to, and use and quality of ICT.** €60 mn; National Broadband Plan
- **Priority 3: Enhancing the competitiveness of SMEs.** €71 mn; Entrepreneurship in Micro-Enterprise
- **Priority 4: Supporting the shift towards a low-carbon economy in all sectors.** €133 mn; two schemes: Social Housing Retrofit; Better Energy Warmer Homes
- **Priority 5: Sustainable Urban Development.** €52 mn; Designated Urban Centres Grants Scheme.

The remaining element of funding is allocated to Technical Assistance (just under 1% of the total).

This Executive Summary presents the Key Findings of the mid-term review of the ROP. Section 2 presents the key findings and conclusions, structured around the four overall issues on which the Terms of Reference sought conclusions (ToR issues A,B,C,D). Section 3 summarises data on outputs reported to 2017. Section 4 presents the review Recommendations.

1.2 Key Findings and Conclusions - Mid Term Evaluation Issues

ToR Issue A. Whether ROP, Priority and Scheme Objectives are likely to be achieved

The evaluator has reviewed progress to the end of 2017 across all indicators for all priorities and schemes, with some evidence from 2018 also examined.

There is evidence of strong performance in Priority 1 (except for the Marine Research Programme), Priority 3 and Priority 4 in particular, with some end-programme target values already achieved. Progress has been delayed under Priority 2 (due to delays with procurement, however mid-term Milestone target is achieved for this priority) and in Priority 5 (due to a range of internal and external factors that impacted on local authorities).

Where schemes have been delayed, plans are now in place to progress these, and recommendations are included in this report to further enable and encourage close monitoring of progress in these areas.

Therefore, while some milestones (interim targets for 2018) are unlikely to be met our assessment is that, provided the recommendations are accepted and acted on, priority and scheme objectives will be met over the course of the S&E programme lifetime.

ToR Issue B: Continuing validity of the ex-ante / needs / SWOT analysis at programme, priority and scheme level as appropriate and the continuing relevance of the programme / priority / scheme objectives and strategy

The review of socio-economic trends since the ROP was developed and launched demonstrates a much improved economic context in the Region.

The review of policy developments since the ROP was developed demonstrates that the ROP remains aligned with key policy areas. Furthermore, it is to some extent more so now than when developed due to more recently published policies e.g. the National Planning Framework.

Our review of the intervention logic by priority illustrates that the priorities and scheme objectives remain grounded in the development needs of the region, and that the interventions and indicators reflect these underlying needs.

The evaluation concludes that the ex ante / needs / SWOT analysis at programme, priority and scheme level remain appropriate and that programme / priority / scheme objectives and strategy continue to be relevant.

ToR Issue C: Likely impact of the ROP / priority / scheme in relation to the horizontal principles and conclusions on the extent to which these principles have informed and influenced the management and delivery of the programme

Four Horizontal Principles (Equality between men and women; Equal opportunities and prevention of discrimination; and accessibility for people with disabilities; Sustainable development; and Social inclusion)) were embedded in the design of the ROP. Statutory Bodies with responsibility for Horizontal Principles (HP) were involved in development of a pragmatic approach to designing screening questions as well as the entire process to ensure that HPs were appropriately integrated into schemes. This provided consistency across HPs and schemes. The systematic process to applying the HPs across all schemes involved four steps: screening, identification of suitable actions, implementation and monitoring of progress.

While this four-step process has worked well in identifying which schemes were deemed as relevant to which HPs, there is scope for improvement in the subsequent parts of the process:

- not all schemes deemed as relevant for HPs developed a list of suitable actions to be included in the Implementation Plan for the relevant scheme(s);
- not all schemes deemed as relevant for HPs and that developed actions, proceeded to implement these;
- not all schemes deemed as relevant for HPs and that developed actions, and that proceeded to implement these actions, monitored progress of implementation.

In some cases, schemes deemed as relevant for HPs did complete all steps i.e. develop actions, implement these and monitor/report progress. In some cases, GDPR was cited as a challenge in accessing relevant data for reporting. There is, however, scope to improve the implementation of this approach to embedding HP within the programme.

ToR Issue D: Conclusions in relation to the structures and arrangements for programme management and delivery, including where there are gaps in necessary data

The structures and arrangements for programme management and delivery were established in line with the ROP and EC guidance. Overall these worked well – however there were some areas which presented challenges including:

- introduction of eCohesion system – this was required under overall EU regulation, but procurement delays led to knock-on delays in implementation and hence in declaration of spend;
- programme architecture – the relationship between the MA and other bodies involved in the ROP is such that the MA often has to depend on goodwill and existing informal relationships rather than having a management structure/hierarchy that supports or incentivises the IBs and other bodies to comply with MA requirements. This can impact on progress with declaration of expenditure;
- pre-financing – the up-front nature of the exchequer funding model is such that the verification of compliance with ERDF rules and regulations can occur up to 3 years after the spend has occurred. This again can be challenging and impact on progress with declaration of expenditure.

Regarding gaps in data, the most pressing issue is securing access to information related to HPs where this is being sought retrospectively / relating to prior to the introduction of the GDPR regulation. This applies mainly to some schemes under Priorities 1 and 3 in connection with Gender/Equal Opportunities HPs (see also Issue C above).

1.3 Key OP Outputs Reported to 2017

Key Outputs Reported to 2017

Priority	Key Outputs Reported to 2017
Priority 1: Strengthening Research, Technological Development & Innovation (RTDI) in S&E Region	<ul style="list-style-type: none"> • 647 new researchers in supported entities • 16 Awards under Spokes Programme • 131 Commercialisation Fund awards • 217 enterprises receiving support • 217 enterprises co-operating with research institutions
Priority 2: Enhancing access to, and use and quality of ICT	<ul style="list-style-type: none"> • Launch of procurement process to award contract; implementation first half of 2019
Priority 3: Enhancing the competitiveness of SMEs	<ul style="list-style-type: none"> • 31,692 enterprises receiving support • 2,181 enterprises receiving grants • 29,073 enterprises receiving non-financial support • 1,040 new enterprises supported • €10,928,611 private investment matching public support to enterprises (grants) • 3,375 Employment increase in supported enterprises • 49,931 participants-enterprise training programmes
Priority 4: Supporting the shift towards a low-carbon economy in all sectors	<ul style="list-style-type: none"> • 21,782 households with improved energy consumption classification • 31,522 GHG reduction: Estimated annual decrease of GHG

Priority	Key Outputs Reported to 2017
Priority 5: Sustainable Urban Development: Designated Urban Centres Grant Scheme	<ul style="list-style-type: none"> 14 projects: Dublin Gateway (4 projects); Cork Gateway (2); Limerick Gateway (1); Waterford Gateway (1); Ennis (1); Kilkenny (1); Shannon (1); Mallow (1); Tralee (1) and Wexford (1)

1.4 Recommendations

Declaration of Expenditure

Recommendation 1: In light of delays to financial declarations to date and the imminent cut-off date for the 2018 Financial Milestones, all relevant bodies should prioritise declaration of eligible expenditure to ensure a pipeline of committed spend is moved through the process efficiently (particularly for Priority 2 and 5) to ensure ongoing progress towards achievement of targets for programme lifetime.

Priority 1 - Strengthening Research, Technological Development and Innovation

Recommendation 2: Given that the Marine Institute scheme was delayed, it is recommended that close attention be paid to the output and financial performance of this scheme to ensure that it progresses as now planned and achieves its targets. If an issue arises, the MA should work with the IB to address this.

Recommendation 3: Given the focus of the Commercialisation Fund, and the alternative pathways to which the support may lead i.e. high potential start-ups (HPSU) or spin-outs¹, and the growth potential of HPSUs, there is merit in the MA seeking further information in IB reports on the split between among these types of firms to reflect commercialisation successes achieved through OP funding. However, it is important to recognise that there will be a time-lag before such achievements may be evident.

Recommendation 4: The MA and IBs should continue to closely monitor physical and financial performance, with a key focus on declaration of eligible expenditure.

Recommendation 5: The MA in conjunction with the IB should review and revise end-OP targets where these are already met or close to being met and where there is a realistic potential to achieve more.

Priority 2 - Information and Communication Technologies

Recommendation 6: progress implementation and delivery of the Priority by the IBs, as proposed and specified in the ROPs, at the earliest opportunity. Implementation and delivery of the Priority should be closely monitored to ensure it is progressing towards targets for output and result indicators as well as financial targets.

Recommendation 7: The MA should seek an early meeting with the IB to ensure that activities funded through the ROP are prioritised – recognising that the ROP funded elements are one part of a much bigger project.

Priority 3 - SME support, promotion and capability development

Recommendation 8: There is merit in the MA seeking further information in IB reports in respect of **increased numbers of SMEs engaging in exporting** and **increased numbers of SMEs increasing their turnover per head**. This would enhance the measurement of activity and capture information on progress within this Priority and its contribution to SME competitiveness and productivity.

Recommendation 9: The MA, in conjunction with the IB, should review and revise end-OP targets where these are already met or close to being met and where there is a realistic potential to achieve more.

¹ A HPSU is defined as a company that is internationally focused and has the potential to employ at least 10 persons within three years of starting and to generate revenues of at least €1million. Not all the Third Level spin-out companies will grow to become sustainable, scalable companies, hence are termed Spin-outs until they develop into an EI-defined HPSU, with investor funds secured into the company

Priority 4 - Low Carbon Economy

Recommendation 10: The MA in conjunction with the IB should:

- proceed to introduce amendments to some of the calculations and reporting of indicators in Priority 4:
 - Output indicator: GHG reduction - report for both BEWHS and SHR (rather than SHR only)
 - Result indicator (average thermal performance of housing units in the S&E Region) – report using appropriate unit of measurement: rather than **KWh/BRm2/year** use **KWh/m2/year**
 - Result indicator (average thermal performance of housing units in the S&E Region) – report using revised data source
- develop baseline value and target value for the result indicator (average thermal performance of housing units in the S&E Region) taking into account new data source;
- review and revise end-OP target value for the output indicator GHG reduction (already over-achieved).

Priority 5 - Sustainable Urban Development

Recommendation 11: The MA should move ahead with the proposal for an alternative Programme Specific Result Indicator to replace “improvement in the social, economic and physical conditions in selected urban centres, based on an urban development index” which is no longer updated (as detailed in Section 7.8.5).

Recommendation 12: The MA should continue to monitor physical and financial performance very closely, with a key focus on declaration of eligible expenditure and ensuring robust project management and regular updates to minimise any further delay.

Recommendation 13: The MA should review learning from the P5 scheme to date and apply to future programming - in particular:

- **Adopt a two-strand approach**, similar to that applied to projects under the Urban Regeneration and Development Fund (URDF) and its rural equivalent, and other capital funding streams. This recognises the practical challenges that may arise in projects of this nature and seeks to manage and minimise risk. The 2 categories differ in scale and readiness/supporting permissions etc. The smaller scale category would support feasibility/design activities.
- **Use robust project/contract management principles**, applied to ensure that the local authorities deliver as planned; reporting regularly on progress, risks and steps to mitigate this; escalating key issues and engaging with the MA to resolve any issues and thus minimise the risk of further performance-related penalties.
- Address the challenge of complementarity relating to alternative / additional funding opportunities that may arise for Local Authorities (in the context of P5, for example) during the lifetime of the programme. The evaluator recommends that a process is implemented to ensure complementarity with the ROP and avoid displacement or duplication of funding. This would require Regional Assemblies to continue to **keep under review other capital project funding streams available to LAs** to ensure complementarity is achieved, and where an alternative fund may be available, an optimal funding stream should be agreed between the MA and the specific authority.

Horizontal Principles

Recommendation 14: To improve the integration and reporting of Horizontal Principles for schemes, the evaluator recommends that:

- a) IBs develop and implement strategies for these HPs, where the schemes have been deemed relevant for the HP but have not developed strategies
- b) IBs implement and monitor strategies for these HPs, where the schemes have been deemed relevant for the HP and strategies have been developed but not yet implemented, once the schemes commence.
- c) IBs monitor/report against strategies for these HPs, where the schemes have been deemed relevant for the HP, strategies have been developed and implemented but not yet reported:

GDPR

Recommendation 15: To address potential under-reporting of performance in relation to aspects of Horizontal Principles for some schemes, the Evaluators recommend the following actions by the MA in conjunction with IBs:

- a) commission a GDPR audit of schemes which are deemed relevant for HPs where this issue is likely to arise to determine the validity, scale and likely impact;
- b) seek advice of GDPR officer in the MA and/or IBs to validity of the issue and identify solutions;
- c) commission benchmark research to seek good practice from other (ERDF) programmes; and
- d) develop advice, procedures/guidance training for IBs to assist in this regard.

2. INTRODUCTION

2.1 Introduction

Fitzpatrick Associates Economic Consultants in association with RSM Consulting UK Ltd is pleased to have been appointed by the Southern Regional Assembly, in conjunction with the Northern and Western Regional Assembly, to carry out a Mid Term Evaluation (MTE) of both the Southern and Eastern and Border Midland and Western Regional Operational Programmes 2014-2020. This report is the MTE report on the Southern and Eastern Region.

2.2 Evaluation Objective

The key objective of the mid-term evaluation is to provide an independent analysis of progress under each of the Regional Operational Programmes, and developments in the programme environment to date, and to make appropriate recommendations for programme adjustments based on this analysis.

Extract from Terms of Reference²

Analysis

The key analytical tasks required to complete the mid-term evaluation for each of the Regional Operational Programmes are set out below under seven broad evaluation headings with a set of detailed tasks under each.

Task 1: Review of External Developments

- a) A brief review of the implications for the ROP of relevant socio-economic developments in the programme environment since 2014. As well as a brief analysis of key national socio-economic trends, this should include analysis of relevant regional and sub-regional data such as output (GVA), labour force and employment.
- b) A succinct review of the implications of any relevant policy and legislative developments at both national and EU level. The developments reviewed shall fall under two distinct headings, namely:
 - i. Overarching issues affecting the Programme as a whole or a range of priorities; and
 - ii. Priority-specific issues (e.g., developments in renewable energy policy, or enterprise strategies).
- c) An assessment of the continued relevance of intervention logic of each priority towards the priority result.

Task 2: Effectiveness / Progress to date

- a) Review financial progress at ROP / priority / scheme level compared to annual forecasts up to end 2017. This analysis should be carried out on a cumulative basis as well as looking at trends over the first four years. This analysis should highlight ERDF expenditure in the case of co-financed activity.

² Mid Term Evaluation of the Southern and Eastern Regional Operational Programme 2014-2020 and the Border Midlands Western Regional Operational Programme 2014-2020 Terms of Reference (2018)

- b) Assess the physical progress of the ROP on the basis of the performance indicators (output and result) at priority / scheme level on a cumulative basis to end 2017 (where available). At scheme level, where the indicators relate to participation by individuals, the analysis should be carried out on a gender basis where required.
- c) Identify any constraints (internal or external to the programme) which have affected progress. These may include inter alia, operational issues, State Aid regimes, global trends etc.
- d) Review the extent and success of targeting of priorities / schemes in respect of such priorities / schemes which have been targeted at particular geographic areas, socio-economic groups or sectors, as appropriate, as indicated in the Implementation Plan.
- e) Assess how the horizontal principles are reported on across all schemes.
- f) Review the contribution of the Programme, where relevant, to national policy.

Task 3: Programme Management and Efficiency

- a) Review, in the light of the assessment of financial and physical progress above, programme outputs and results (data permitting) in relation to expenditure incurred at priority / scheme level.
- b) Review the drawdown of ERDF funding in the context of N+3, milestones and the Performance Framework.
- c) Review the designation process, which was completed in May 2017, and the implementation of eCohesion³.
- d) Review the OP management, delivery and monitoring arrangements, including an assessment of the experience to date of the Intermediary Bodies and Beneficiary Bodies in the implementation of the Operational Programme.

Task 4: Project Selection

Assess the procedures in place for project selection at scheme level with a particular focus on the following aspects:

- a) The transparency of project selection procedures generally;
- b) Whether priority / scheme objectives are incorporated into the project selection system;
- c) The extent to which the project selection process is competitive in nature, for those schemes delivered under competitive calls;
- d) Appropriateness of the selection criteria.

Task 5: Indicators

Review the indicators at programme, priority and scheme level against the following criteria:

- a) Comprehensiveness in terms of capturing programme outputs and benefits;
- b) The relevance, reliability and timeliness of the indicators including the quality of the data used;

³ See Article 122 (3), Article 125 (2) (d) and Article 126 (d) CPR of EU Regulation 1303/2013 (Common Provisions Regulation or CPR)

- c) The realism of the targets set down;
- d) The systems / procedures in place at the public beneficiary body level for data collection and reporting and;
- e) The extent to which, where relevant and feasible, horizontal effects relating to sustainable development, equal opportunities and non-discrimination, and equality between men and women are captured.
- f) Identification of alternative indicators where existing indicators are deemed to be inappropriate.

Task 6: Programme Impact

Drawing on the analysis above and on available impact indicator data for the ROP, the Evaluator is asked to assess the impact of the co-funded elements of the Programme to date, to express a view as to the likely final impact of the co-funded elements of the Programme and to express a view on the sustainability of the results of those elements. In carrying out this task, the Evaluator should have regard to the objectives and strategies set out in the ROP.

Task 7: Conclusions and Recommendations

The Evaluator would be expected to draw appropriate conclusions in relation to each of the analytical tasks set out above. However, there are a number of key mid-term issues on which overall conclusions should be formulated as follows:

- A view as to whether ROP, priority and scheme objectives are likely to be achieved;
- The continuing validity of the ex-ante / needs / SWOT analysis at programme, priority and scheme level as appropriate and the continuing relevance of the programme / priority / scheme objectives and strategy in this light;
- A view as to the likely impact of the ROP / priority / scheme (as appropriate) in relation to the horizontal principles and conclusions on the extent to which these principles have informed and influenced the management and delivery of the programme; and
- Conclusions in relation to the structures and arrangements for programme management and delivery, including where there are gaps in necessary data.

In terms of recommendations, it is open to the Evaluator to make recommendations on any issue arising from the conclusions drawn. Where the Evaluator proposes adjustments to the allocation of resources within the programme, these must be made within the envelope of remaining resources in the OP budget.

2.3 Methodology

The evaluation team devised a seven-stage methodology to address each of the requirements outlined in the ToR, specifically:

1. Project Inception

- The purpose of this project inception module was to meet with representatives of the Managing Authorities and the Evaluation Steering Committee to share and understand initial perspectives and expectations, discuss, refine and agree the overall approach, clarify areas for specific focus and initiate all processes to enable the formal work to commence.

2. Review of External Developments

- This module addresses three evaluation requirements
 1. Review of key relevant **socio-economic developments** relevant to the programme's rationale, objectives and scope;
 2. Review of **key policy and legislative changes and developments** at both EU and national level, including over-arching issues of relevance to the Programme as a whole and those relevant to individual priorities;
 3. **Assessment of the continued validity** of the priorities and objectives of the programme through examination of the continued relevance of intervention logic of each priority towards the priority result.
- A range of data was examined and considered to inform the evaluation, both contextual and programmatic, and incorporating socio-economic, financial and activity-based quantitative information.

3. Review of Programme Documents and Data

- This module involved the desk-based review of programme documents and data. The documentary and quantitative analysis as well as consultation and engagement with stakeholders took place at both the macro/programme level as well as the micro/scheme level.
- Within this review, actions taken included an assessment of progress to date of the programme in line with the ToR and an examination of and identification of the contribution of ERDF supports.

4. Consultation Programme

- The evaluation also included active participatory and consultative processes with key stakeholders and others, including Monitoring Committee and Evaluation Steering Committee members.
- Consultations focused on macro and programme-wide topics and questions raised in the ToR, including its ongoing validity, strategic focus, implementation context, delivery challenges, management and oversight, and ongoing appropriateness or need for adaption or change.

5. Assessment of Programme Activities

- This Module is a critical component of the work programme as it involves the detailed investigation of key evaluation questions at the level of OP component schemes. For each scheme, core evaluation questions were addressed including:
 - Ongoing needs and relevance
 - Expenditure, progress, constraints, targeting, integration of horizontal principles and contribution to national policy;
 - Programme management effectiveness and efficiency;
 - Project selection;

- Use/reliability of indicators, relevance and suitability of targets, systems for data collection and reporting;
- Quality of activity implementation plans;
- Likelihood of activity objectives and targets being met over the remainder of the programme.
- **Case Studies:** As part of this module, the evaluation team has developed case studies to enrich the findings and evidence supporting the evaluation. These are designed to offer insights into how ERDF activities operate, how activities are delivered in practice, how ERDF funding supports wider resource use and adds value to it, how clearly inputs, outputs, results and impacts are likely to relate, how reporting reflects actual operations, and how activities may be enhanced or improved. They provide richer information about specific projects. Each case study seeks to demonstrate the difference made by the ERDF funding; outputs and impacts and effectiveness have been described. Where information is available, this is quantified; in some cases, outputs and impacts are reported qualitatively.

6. Synthesis

- This module involves the summary assessment and synthesis of the preceding modules by the consultancy team, concluding the assessment of performance to date, and the formulation of overall MTE conclusions and recommendations.

7. Conclusions and Reporting

- This comprises of the concluding and reporting phase. It involves the preparation and finalisation of draft MTE reports and submission to the Evaluation Steering Committee for its consideration. Following receipt of comments and feedback on the draft reports, agreed changes and amendments are made and the final reports are submitted.

2.4 Intermediary Bodies and Beneficiary Bodies

The table below presents details of the schemes included in the ROP along with the Intermediary Bodies and Beneficiary Bodies associated with each.

Table 2.1: Intermediary Bodies and Beneficiary Bodies by Scheme

Priority	Scheme Name	Intermediary Body	Beneficiary Body
Priority 1 - Strengthening RTDI	SFI Research Centres Programme	Science Foundation Ireland	Higher Education Institutes
	SFI Spokes Programme		
	Marine Research Programme	Marine Institute	Higher Education sector, Public Research Bodies and Small and Medium-Sized Enterprises
	Commercialisation Fund	Enterprise Ireland	Universities and IoTs
	Innovation Partnership Programme		
Priority 2 - ICT Infrastructure	National Broadband Plan	Department of Communications, Climate Action and	Department of Communications, Climate Action and

Priority	Scheme Name	Intermediary Body	Beneficiary Body
		Environment	Environment
Priority 3 - SME Competitiveness	Entrepreneurship in Micro-Enterprises	Enterprise Ireland	Local Enterprise Offices
Priority 4 - Low Carbon Economy	Better Energy Warmer Homes	Department of Communications, Climate Action and Environment	Sustainable Energy Authority of Ireland
	Social Housing Retrofit	Department of Housing, Planning and Local Government	Local Authorities
Priority 5 - Sustainable Urban Development	Designated Urban Centres Grant Scheme	Managing Authority ⁴	Urban Local Authorities

Source: IB reports and Implementation Plans

2.5 Structure of the Report

The remainder of this report is structured as follows:

- Section 3 Review of External Developments
- Section 4 Financial and Physical Progress to Date
- Section 5 Overall Programme Management and Efficiency
- Section 6 Project Selection
- Section 7 Indicators
- Section 8 Programme Impacts
- Section 9 Conclusions and Recommendations

Appendices are included in a separate document including:

- Appendix 1 Review of External Developments
- Appendix 2 Horizontal Principles
- Appendix 3 Finance
- Appendix 4 Project Selection – Transparency of Procedures
- Appendix 5 Stakeholders Consulted
- Appendix 6 Deadweight Analysis

⁴ Implementation Plan for S&E (P5): The Southern Regional Assembly as both Managing Authority and Intermediate Body will be responsible for carrying out all Managing Authority and Intermediary Body functions as set out in the Common Provisions Regulation (EC) 1303/2013. The LAs are IB for selection and ranking of projects only. The MA retains the remainder of IB functions



- Appendix 7 Thematic Objectives
- Appendix 8 Priority 5 –Alternative Indicators

3. REVIEW OF EXTERNAL DEVELOPMENTS

3.1 Introduction

This section of the report sets out a review of the External Developments in the S&E Region since the OP was planned and commenced. The tasks detailed below reflect the requirements of the Terms of Reference (Task 1):

- A brief review of the implications for the ROP of relevant socio-economic developments in the programme environment since 2014. As well as a brief analysis of key national socioeconomic trends, this includes an analysis of relevant regional and sub-regional data such as output (GVA), labour force and employment.
- A succinct review of the implications of any relevant policy and legislative developments at both national and EU level. The developments reviewed fall under two distinct headings, namely:
 - Overarching issues affecting the Programme as a whole or a range of priorities; and
 - Priority-specific issues (e.g. developments in renewable energy policy, or enterprise strategies)
- An assessment of the continued relevance of the intervention logic of each priority towards the priority result

The remainder of this section of the report is structured as follows to address the tasks above:

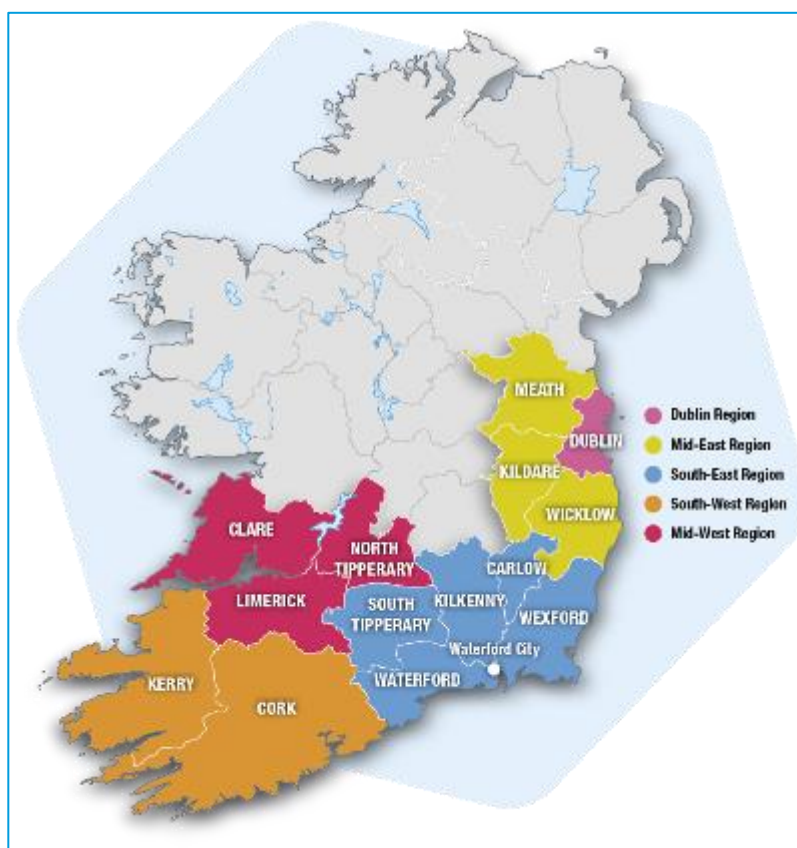
- Section 3.2 Introduction to S&E Region
- Section 3.3 Socio-Economic Developments since 2014
- Section 3.4 Policy Developments (including external constraints)
- Section 3.5 Continued Relevance of Intervention Logic by Priority

3.2 Introduction to the S&E Region

The eligible region as covered by this ROP is called the S&E Region which is a NUTS II region⁵ and is set out in Figure 3.1.

⁵ The eligible region as covered by this OP is called the Southern and Eastern (S&E) Region which is a NUTS II region. At the time of approval of the OP, the S&E Region consisted of 17 Local Authority areas: Dublin City, Cork City, Limerick City & County, Waterford City & County, and Counties Dún Laoghaire-Rathdown, Fingal, South Dublin, Clare, Carlow, Tipperary, Wexford, Kilkenny, Cork, Kerry, Kildare, Meath, Wicklow. Arising from reforms of local and regional administration in Ireland, the two Regional Assemblies were re-configured and replaced by three Regional Assemblies. In compliance with Articles 90 and 99 of the CPR, the NUTS II classifications in existence at the time the OP was developed and approved must therefore be used for programming purposes for the 2014-2020 programme period. Thus the Southern Regional Assembly is the Managing Authority for the Southern and Eastern Regional Operational Programme.

Figure 3.1: Map of S&E Region



Source: Southern Regional Assembly

3.3 Socio-Economic Developments since 2014

The Southern and Eastern region has been classified as a 'more developed region' for the 2014-2020 programme period, having a GDP per capita which was above 90% of the average GDP of the EU 27 over the 2007-2009 reference period (as per Article 90 CPR⁶).

This section sets out the socio-economic profile of the S&E region examining the **economic output, labour force and employment, entrepreneurial activity, low carbon economy and the sustainable urban development** both at the regional level and national level.

A summary table of the key metrics is included in Section 3.3.6. A detailed review of the Socio-Economic developments since 2014 is included in Appendix 1A.

⁶ Article 90: Resources for the Investment for growth and jobs goal shall be allocated among the following three categories of NUTS level 2 regions:

- (a) less developed regions, whose GDP per capita is less than 75 % of the average GDP of the EU-27;
- (b) transition regions, whose GDP per capita is between 75 % and 90 % of the average GDP of the EU-27;
- (c) more developed regions, whose GDP per capita is above 90 % of the average GDP of the EU-27.

The classification of regions under one of the three categories of regions shall be determined on the basis of how the GDP per capita of each region, measured in purchasing power parities (PPS) and calculated on the basis of Union figures for the period 2007 - 2009, relates to the average GDP of the EU-27 for the same reference period

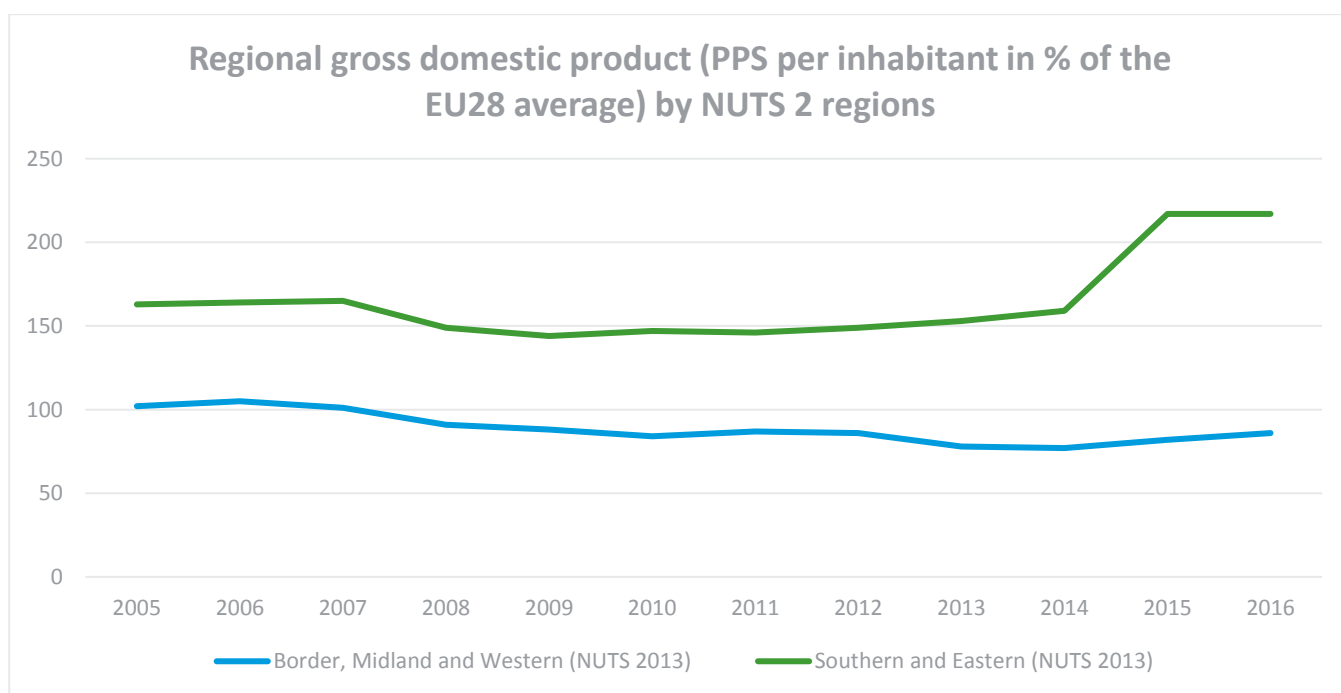
3.3.1 Economic Output

GDP in the S&E region and the BMW region increased in the two years following the introduction of ROPs, with the S&E region rising to within the top 3 regions in Europe for GDP per inhabitant. This was mainly due to the increase in large multinational corporations relocating their economic activities, and more specifically their underlying intellectual property, to Ireland resulting in sales contributing to Irish GDP. The increase in GDP per capita is much more marked in the S&E region.

GVA per capita also rose within both regions following the ROP's introduction⁷. Similar to GDP per capita, the S&E region experienced a much higher degree of improvement in GVA per capita compared to the BMW region. In 2016, GVA per person in the BMW region was €23,606 (up from €21,615 per person in 2014), and the GVA per person in S&E was €63,179 in 2016. This is a difference of €39,573 in GVA per person⁸.

On foot of the exceptional growth rate recorded in Ireland, a new indicator: the **Modified GNI (GNI*)** indicator was designed to exclude globalisation effects that are disproportionately impacting the measurement of the size of the Irish economy and promote better insight into the domestic Irish economy. From 2014 Ireland had a GNI* of €148.6 billion and this increased by 22.3% to €181.2 billion in 2017.⁹ Similarly, for the GNI* per capita there was a growth of 20.0% from 2014 with €33,249 increasing to €39,911 in 2016.¹⁰

Figure 3.2: GDP per capita as Purchasing Power Standards (PPS) by NUTS 2 Region



Source: EUROSTAT, GDP per capita in PPS

The figure above displays for both regions (S&E and BMW), the **volume index of GDP per capita in Purchasing Power Standards (PPS)**¹¹ which is expressed in relation to the European Union (EU28) average and is set to equal 100. Therefore, when the index is higher than 100, the GDP per head is higher than the EU

⁷ CSO Statistical Release, 2018, 'County Incomes and Regional GDP'.

⁸ <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=raa01>

⁹ <https://www.cso.ie/en/releasesandpublications/ep/p-nie/nie2017/mgni/>

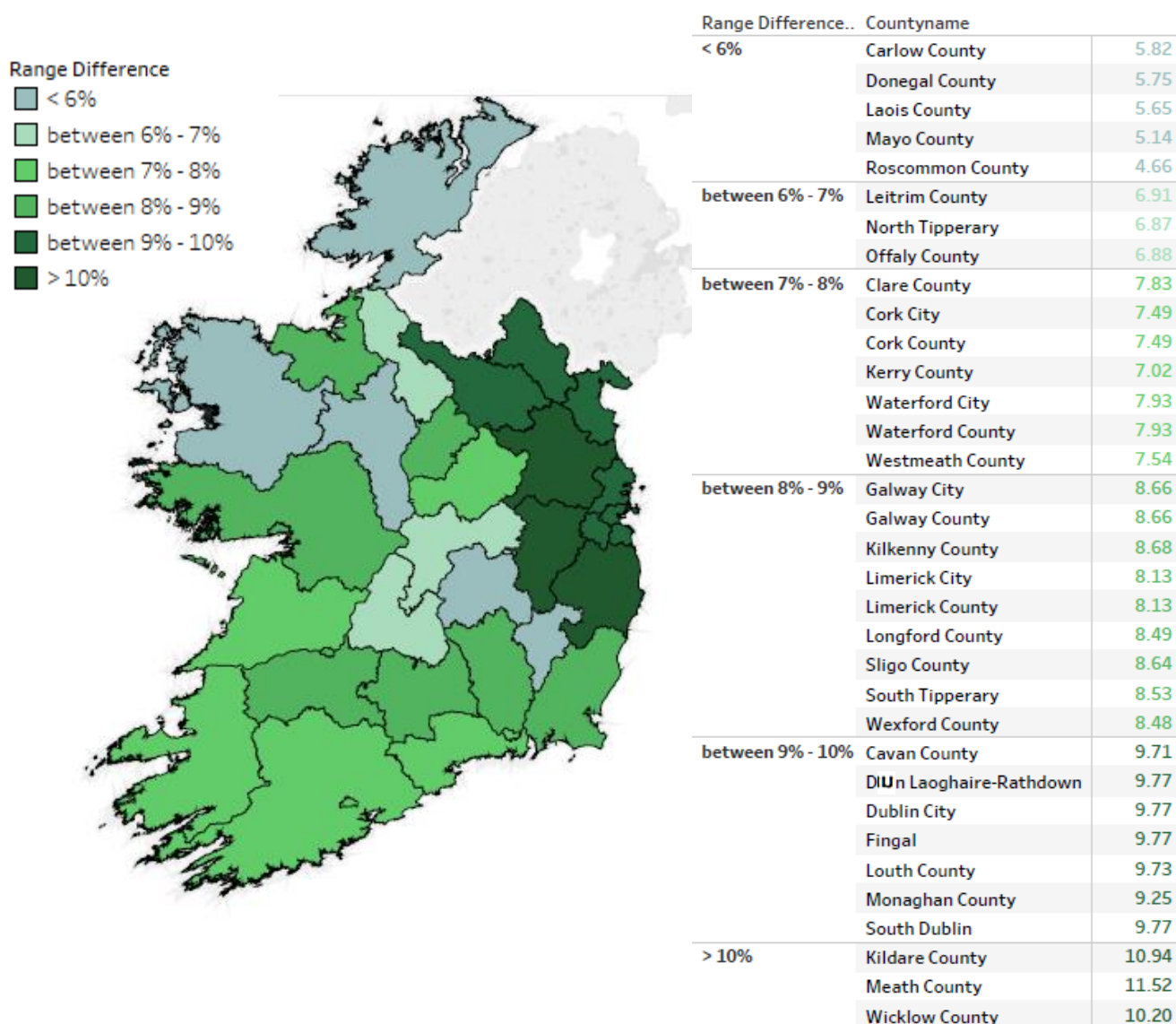
¹⁰ <https://www.cso.ie/en/releasesandpublications/ep/p-wbn/thewellbeingofthenation2017/economy/>

¹¹ Basic figures are expressed in PPS, i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries. Please note that the index, calculated from PPS figures and expressed with respect to EU28 = 100, is intended for cross-country comparisons rather than for temporal comparisons.

average and vice versa. The S&E region has demonstrated growth above the EU 28 average of 100, with GDP per capita in PPS 63% above the EU 28 average in 2005, increasing to 117% above the EU 28 average by 2016.¹² In contrast, the BMW Region declined from 2005 to 2016, decreasing to 15.7% below the EU 28 average of GDP per capita in PPS.

The **average disposable income at the county level** provides an overview of the distribution of wealth in Ireland. The S&E region has experienced 9.05% growth in terms of average disposable income between 2014-2016, which is 1.55% above the growth of the BMW region. Figure 3.3 below displays the percentage difference between 2014 and 2016 of average disposable income at the county level. With regards to the Southern and Eastern region, it highlights at the county level how the highest level of growth in average disposable income is orientated around mid-east Ireland with the highest growth attributed to Meath: 11.52%. On the other hand, considering the BMW region, 3 of the counties in this region had growth rates of average disposable income below 6%: Donegal, Mayo and Roscommon.

Figure 3.3: Percentage difference in Average Disposable Income between 2014 – 2016



Source: [CSO](https://www.cso.ie/), County Incomes 2016

¹² <https://ec.europa.eu/eurostat/web/products-datasets/product?code=tec00114>

3.3.2 Labour Force and Employment

There has been a considerable improvement in key figures relating to the labour force and employment since the programme's introduction in 2014. The **number employed** in Ireland at the beginning of the programme in 2014 quarter 1 (Q1) was 1,950,700, and increased to 2,273,200, (+16.5%) by 2018 Q3. At the regional level, the S&E region experienced a growth in the number of people employed of +14.6% (257,200) from 2014 Q1 to 2018 Q2. This compares to the BMW region that experienced a somewhat lower growth of 10% in the number of persons employed across the same time period.

The **unemployment rate** in the S&E region fell from 13.3% in 2014 Q1 to 6.4% in 2018 Q3, a fall of 6.9% throughout the period the programme has been in operation; the BMW region experienced a larger reduction though starting from a higher rate (19.2%) and reaching a similar level (6.3%). The **male unemployment rate** has fallen from 14.38% to 6.12% from 2014 Q1 to 2018 Q2. Similarly, the **female unemployment rate** has also fallen over the same period from 11.86% to 6.18%, a fall of a high 5.68%.

As unemployment levels have seen a significant decrease since 2014, the **numbers in employment** have risen significantly for both males and females. The number of males employed in the S&E region increased by 14.3% over the period, whilst the number of females employed over the period increased by 14.7% from 2014 Q1 to 2018 Q2. As unemployment has dropped considerably throughout the country, the profile of employment still remains relatively unchanged, with the difference in employment across genders remaining similar since the introduction of the programmes.

The **labour force participation rate** for both regions has increased only slightly between 2014 Q1 and 2018 Q2. (The labour force participation rate is the percentage of the population of working age who are economically active. Economically active is defined as those who are either employed or actively seeking employment). For the S&E region the labour force participation rate has increased by 0.8% from the beginning of the programme in 2014 Q1 to 2018 Q2. Interestingly the majority of this increase came from females whom increased their labour participation rate by 1.2% over the period.

3.3.3 Entrepreneurial Activity

The **enterprise birth rate** measures the number of new enterprises in relation to the total population of active enterprises. Ireland had 16,256 **enterprise births** in 2014 and 15,337 **enterprise deaths**, a higher level of enterprise births compared to deaths. In 2016, there were over 250,000 active enterprises in the private business economy in Ireland, with nearly 1.5 million persons engaged. This represents an increase of 0.5% active enterprises and 5.4% for persons engaged from 2015.¹³

There has been an increase in **self-employment** in both areas, rising from 310,000 in 2013 Q1 to 338,200 in 2018 Q1 at a national level, representing a growth of 9.1%. At the regional level, the S&E region experienced a growth of 5.9% in self-employment between 2014 and 2018, similar to the growth of 6.1% in BMW region.¹⁴ In comparison to EU figures, the self-employment rate of Ireland stood at 15.4% of all employment in 2017, just below the EU average of 15.5%.¹⁵

3.3.4 Low Carbon Economy

Ireland is falling behind its energy targets. Greenhouse gas emissions have increased by 3.7% between the introduction of the ROP and 2017; Ireland is currently 8% short of the National Energy Efficiency Action Plan to improve its energy efficiency by 20% by 2020.¹⁶ However, this trend is not restricted to Ireland, with a general increase in emissions also seen across the EU in 2017. In 2013 Ireland ranked eight best out of 28 EU Member States in terms of total greenhouse gas emissions relative to the base year of 2005.

¹³ <https://www.cso.ie/en/releasesandpublications/er/bd/businessdemography2016/>

¹⁴ Self-employment statistics classified by NUTS2 - CSO

¹⁵ <https://www.pobal.ie/app/uploads/2018/06/The-2016-Pobal-HP-Deprivation-Index-Introduction-07.pdf>

¹⁶ <https://www.dccae.gov.ie/documents/NEEAP%204.pdf>

3.3.5 Sustainable Urban Development

For both S&E and BMW regions, **deprivation levels** have improved between 2011 and 2016. The BMW region has seen an improvement from an Absolute HP Index Score of -9.0 in 2011 to -6.7 in 2016. Similarly, the S&E region has experienced an improvement from an index score of -5.4 in 2011 to -2.5 in 2016. The deprivation index score for Ireland overall has also decreased from -6.4 in 2011 to -3.6 in 2016.¹⁷

The **number of public transport commuters** has risen by 21% between 2011 and 2016, increasing to 174,569 users. Commuting by car also rose by 8%, to 1,229,966 in 2016. The highest increase between 2011 and 2016 was in the number cycling commuters, rising by 43% to 56,837 in 2016.

Finally, a rise in the cost of construction producer price and costs may be a cause for concern for aspects of the ROPs focused on urban development, with costs rising in Ireland: the **construction cost index value** rose from 98.8 in Q1 2014 to 105.9 in Q2 2018, which is above the EU average of 105.¹⁸

3.3.6 Summary of Socio-Economic Developments

The table below presents a summary of socio-economic developments in both the S&E Region and BMW Region since the implementation of the Operational Programmes in 2014. The right-hand column of the table shows differences between 2014 and more recent data; with improvements denoted by **green** and deterioration by **red**.

Table 3.1: Socio-Economic Review

Relevant Outputs	Indicator	2014 data	Update since 2014	% difference
Economic Output ¹⁹	GDP per capita	2014 <ul style="list-style-type: none"> S&E: €45,275 BMW: €23,756 Ireland: €51,251 EU(28): €37,578 	2016 <ul style="list-style-type: none"> S&E: €70,953 BMW: €26,675 Ireland: €71,021 EU(28): €40,210 	2014 – 2016 <ul style="list-style-type: none"> S&E: Increase of €25, 678 (56.7%) BMW: Increase of €2,919 (12.3%) Ireland: Increase of €19,770 (38.6%) EU (28): Increase of €2,632 (7%)
	GVA per Capita	2014 <ul style="list-style-type: none"> S&E: € 44,634 BMW: € 21,615 Ireland: €38,400 EU(28): €28,032 	2016 <ul style="list-style-type: none"> S&E: € 63,179 BMW: €24,719 Ireland: €54,637 EU(28): €31,088 	2014 -2016 <ul style="list-style-type: none"> S&E: Increase of €18,545 (41.5%) BMW: Increase of €1,991 (9.21%) Ireland: Increase of €16,237 (42.2%)

¹⁷ <https://www.pobal.ie/app/uploads/2018/06/The-2016-Pobal-HP-Deprivation-Index-Introduction-07.pdf> ¹⁸

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts_copi_q&lang=en ¹⁹

<https://www.cso.ie/en/releasesandpublications/er/cirgdp/countyincomesandregionalgdp2015/>

¹⁸ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts_copi_q&lang=en ¹⁹

<https://www.cso.ie/en/releasesandpublications/er/cirgdp/countyincomesandregionalgdp2015/>

¹⁹ <https://www.cso.ie/en/releasesandpublications/er/cirgdp/countyincomesandregionalgdp2015/>

Relevant Outputs	Indicator	2014 data	Update since 2014	% difference
				<ul style="list-style-type: none"> EU(28): Increase of €2,632 (11%)
	Modified GNI (GNI*)	2014 <ul style="list-style-type: none"> Ireland: €148.6 Billion 	2017 <ul style="list-style-type: none"> Ireland: €181.2 Billion 	2014-2017 <ul style="list-style-type: none"> Ireland: Increase of €32.6 Billion (22.3%)
	GNI* per capita	2014 <ul style="list-style-type: none"> Ireland: €33,249 	2016 <ul style="list-style-type: none"> Ireland: €39,911 	2014-2016 <ul style="list-style-type: none"> Ireland: Increase of €6,662 (20.0%)
Labour Force and Employment ²⁰	Employment has experienced a considerable improvement, with the average unemployment rate more than halving across both regions between 2013 and 2018.			
	Employment	2014 Q1 <ul style="list-style-type: none"> S&E: 1,501,800 BMW: 448,900 Ireland: 1,950,700 	2018 Q2 <ul style="list-style-type: none"> S&E: 1,759,000 BMW: 500,300 Ireland: 2,255,000 	2013 Q1 -2018 Q2 <ul style="list-style-type: none"> S&E: Increase of 257,200 (14.6%) BMW: Increase of 51,400 (10%) Ireland: Increase of 304,300 (13.5%)
	Unemployment Rate	2014 Q1 <ul style="list-style-type: none"> S&E: 13.3% BMW: 19.2% Ireland: 12.7% EU (28): 10.5% 	2018 Q3 <ul style="list-style-type: none"> S&E: 6.4% BMW: 6.26% Ireland: 6.0% EU (28):6.7% 	2014-2018 <ul style="list-style-type: none"> S&E: Decrease by 6.9% BMW: Decrease by 13% Ireland: Decrease by 4% EU (28): Decrease by 3.7%
	Participation Rate	2014 Q1 <ul style="list-style-type: none"> S&E: 61.5% BMW: 58.9% Ireland: 61.3% 	2018 Q2 <ul style="list-style-type: none"> S&E: 62.3% BMW: 59.1% Ireland: 62.3% 	2014 Q1 -2018 Q2 <ul style="list-style-type: none"> S&E: Increase by 0.8% BMW: Increase by 0.2%

²⁰ <https://www.cso.ie/en/releasesandpublications/er/lfs/labourforcesurveyquarter22018/>

Relevant Outputs	Indicator	2014 data	Update since 2014	% difference
				<ul style="list-style-type: none"> Ireland: Increase by 1.0%
R&D ^{21 & 22 & 23}	Total Gross Expenditure on R&D	2013 Ireland: €2,870m	2016 Ireland: €3,243m	2013 – 2016 Ireland: Increased by 12.9% R&D intensity for a country is defined as the R&D expenditure as a percentage of Gross Domestic Product. In 2013, the R&D intensity for Ireland, at 1.1%, was below the EU28 average of 1.3%
	Number of research staff engaged in higher education	2011 <ul style="list-style-type: none"> S&E: 12,420 BMW: 3,350 	2015 <ul style="list-style-type: none"> S&E: 26,366 BMW: 4,438 	2011 – 2015: <ul style="list-style-type: none"> S&E: increased by 13,946 (212.3%) BMW: increased by 1088 (32.5%)
Entrepreneurial Activity ^{24 & 25}	Population (18-64) engaged in early entrepreneurial activity	2014 Ireland: 4.8% EU average of population (18-64) engaged in early entrepreneurial activity in 2014 was 7.2%.	2017 Ireland: 8.9% EU average of population (18-64) engaged in early entrepreneurial activity in 2017 was 8.3%.	2014 – 2017 Ireland: Increased by 4.1% and higher than EU average in 2017 EU (28): increased by 1.1%
	Self-employment	2014 Q1 <ul style="list-style-type: none"> S&E: 254,100 BMW: 65,100 	2018 Q1 <ul style="list-style-type: none"> S&E: 269,100 BMW: 69,100 	2014 Q1 – 2018 Q1 S&E: increased by 5.9% BMW: increased by 6.1%

²¹ <https://dbei.gov.ie/en/Publications/Publication-files/R-D-Budget-Survey-Report-2016-2017.pdf>

²² <https://ec.europa.eu/eurostat/documents/2995521/8493770/9-01122017-AP-EN.pdf/94cc03d5-693b-4c1d-b5ca-8d32703591e7>

²³ <https://www.cso.ie/en/releasesandpublications/er/berd/businessexpenditureonresearchdevelopment2015-2016/>

²⁴ <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/GEM-Reports/2017-Global-Entrepreneurship-Monitor-Report.pdf>

²⁵ https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=2ahUKewjJp7_n8urhAhX1unEKHSJTD-QQFjABegQIDBAE&url=https%3A%2F%2Fec.europa.eu%2Fdocsroom%2Fdocuments%2F32581%2Fattachments%2F15%2Ftranslations%2Fen%2Frenditions%2Fnative&usq=AOvVaw3B8uav231qEwSFTksy4Gg2

Relevant Outputs	Indicator	2014 data	Update since 2014	% difference
				Ireland stood at 15.4% of all employment in 2017, just below the EU average of 15.5%
Low Carbon ²⁶	Greenhouse gas emissions (tonnes of carbon dioxide)	2014 Ireland: 58.3 million tonnes of carbon dioxide	Predicted 2017 Ireland: 60.75 million tonnes carbon dioxide	2014 – 2017 Ireland: increased by 2.45 million tonnes carbon dioxide (4.2%)
Sustainable Urban Development ²⁷	public transport commuters	2011 Ireland: 137,909 users	2016 Ireland: 174,569 users	2011 – 2016 Ireland: increased by 36,659 (21.1%)
	Deprivation index	2011 <ul style="list-style-type: none"> S&E: -5.4 BMW: -9.0 Ireland: -6.4 	2016 <ul style="list-style-type: none"> S&E: -2.5 BMW: -6.7 Ireland: -3.6 	2011 – 2016: <ul style="list-style-type: none"> S&E: improved by 2.9 (216%) BMW: improved by 2.3 (134%) Ireland: Improved by 2.8 (178%)

Although Ireland has seen considerable improvements in its economy since the ROPs were implemented in 2014, and these improvements have been experienced in the S&E region (and at a lesser rate/to a lesser extent in the BMW region), there are also a number of areas where performance is less positive:

- The **growth rate in total national exports** dropped, albeit marginally (0.5%), between 2012 and 2017.
- Certain areas of **research and development** within Ireland also remain a point of potential concern, with gross, business and higher education sector expenditure, despite rising nationally, all falling below the EU average. The most recent figures released by the OECD in 2016 reported that Ireland's expenditure on research and development stood at 1.77% of its GDP, which is below the EU average of 1.94% of its GDP.
- Additionally, although the **economic activity of SMEs** has improved over the course of the ROPs, in terms of the number of active enterprises and employment, however the **turnover accounted for by SME base in Ireland** experienced a decrease from 51.5% in 2010 to 47.8% in 2015²⁸. **GVA accounted for by SMEs** actually decreased in the years following the introduction of both ROPs from 46.8% of national GVA in 2010 to 36.6% in 2016, with an annual total of €66.1 billion²⁹.

²⁶ https://www.seai.ie/resources/publications/Irelands_Energy_Projections.pdf

²⁷ <https://www.cso.ie/en/releasesandpublications/ep/p-cp6ci/p6cii/>

²⁸ <https://www.cso.ie/en/releasesandpublications/ep/p-bii/bii2015/sme/>

²⁹ <https://dbei.gov.ie/en/Publications/Publication-files/2017-SBA-Fact-Sheet.pdf>

3.4 Policy Developments

3.4.1 Policy Developments by Priority – Complementarity / Duplication

This section sets out the implications of relevant policy and legislative developments at both national and EU level. The ERDF aims to strengthen economic, social and territorial cohesion in the EU by correcting imbalances between regions. Irish national policies emphasise the need for investment in infrastructure, the focus on competitiveness and employment and the importance of the environment/ sustainability. In addition, national strategies highlight the need to promote equality, inclusion and reduce disparities in economic activity between Dublin and the rest of Ireland.

The S&E ROP was framed in the context of national policies as well as the EU regulatory requirements. Table 3.2 details the priority-specific policy issues. (A detailed review of the policy developments is included in Appendix 1B.) It shows that the policies introduced since 2014 have in most instances complemented the schemes implemented under the ROP and reinforced the continuing needs for the schemes. These issues are examined further in Section 3.5 and Appendix 1C as part of the review of the continued relevance of the intervention logic by priority.

Table 3.2: ROP Priority-specific issues

ROP Priority	Policy Changes since 2014	Other new Programmes – Duplicating/ Complementing	Impact on ROP
Research, Technology, Development and Innovation (RTDI)	<p>The needs analysis has highlighted the overall higher level of R&D activities taking place in the S&E region compared to the BMW region. The region is also a higher skilled economy than BMW with higher numbers of managers and professional workers.</p> <p>The tertiary education level in 2016 for the 25-64 age group was 45.2% (compared to 37% in the BMW region). The policy goal set out in the Government’s Innovation 2020 Strategy is to increase overall R&D expenditures to 2.5% of GNP (which is roughly 2.0% of GDP)³⁰. The national figure in 2016 stood at 1.43%³¹</p>	<p>The Disruptive Technologies Innovation Fund³², introduced in July 2018, includes €500 million available for co-funded projects involving enterprises and research partners. Enterprise Ireland have highlighted this as a fund which may have minor overlap with ROP funded projects, however, given the niche nature of the fund (i.e. supporting “disruptive” technology) the vast majority of research activity that is currently supported by the ROP-funded projects would not fall within this category. Therefore, potential duplication is limited.</p>	<p>Recent government policies have declared R&D targets that have yet to be achieved in Ireland, Therefore the objectives set out within Priority 1 still hold relevance.</p> <p>Given the level of investment required to reach the target of 2% of GDP spent on R&D and growing appetite expressed by businesses, it is likely that these schemes/funds will complement each other.</p>

³⁰ <https://igees.gov.ie/wp-content/uploads/2014/01/R-and-D-Credit-Evaluation-2016.pdf>

³¹ <https://dbe.gov.ie/en/Publications/Publication-files/R-D-Budget-Survey-Report-2016-2017.pdf>

³² <https://dbe.gov.ie/DTIF>

ROP Priority	Policy Changes since 2014	Other new Programmes – Duplicating/ Complementing	Impact on ROP
ICT infrastructure	<p>The European Gigabit Society 2025 has updated the European digital agenda for Europe 2025 which includes three main strategic objectives. These include:</p> <ul style="list-style-type: none"> • Broadband delivery with a gigabit connectivity for all main socio-economic drivers in all of Europe; • Uninterrupted 5G coverage for all urban areas and major terrestrial transport paths and; • Affordable access to connectivity offering at least 100 mbps for all European households³³. 	None	The policy change since 2014 emphasises the importance of high-speed connectivity, therefore the need for the National Broadband Plan.
SMEs and entrepreneurship	<ul style="list-style-type: none"> • Action Plan for Jobs 2018 is the seventh in an annual series of plans (preceded by annual editions including in 2014, 2015, 2016 and 2017) which seek to provide a revised approach to maximise employment across Ireland. • The introduction of the Action Plan for Jobs in 2018³⁴ emphasised the importance of an effective business ecosystem in raising competitiveness and supporting export-led growth. • Support discussed within the plan since 	<p>As the economy has improved, there has been an increase in banks and investors providing start-up support. While this has provided more choice and better access to finance, P3 interventions continue to address a need for pre-entry support where risks are too high for traditional investors.</p> <p>Several schemes to prepare businesses for Brexit have also been introduced e.g. EI's Be Prepared Grant which enhance existing interventions aimed at improving the resilience of SMEs.</p>	<p>In Ireland there has been a strong increase in the number of people involved in starting a new business. However, as the economy improves and employment increases, this can impact on the number of people looking to start a business which may have implications for the programme moving forwards.</p> <p>The interventions continue to address a need for pre-entry support where risks are too high for traditional investors.</p> <p>The Intermediary Body has reported that in this strong economic performance people are less driven and motivated to pursue start-ups</p>

³³ <https://ec.europa.eu/digital-single-market/en/europe-2020-strategy>

³⁴ Action Plan for Jobs (Government of Ireland, 2018).

ROP Priority	Policy Changes since 2014	Other new Programmes – Duplicating/ Complementing	Impact on ROP
	<p>the introduction of the ROP includes the <i>Skills for Growth</i> package of support available for employers to identify skills gaps and plan for the future.</p> <ul style="list-style-type: none"> In 2015, Enterprise 2025 Renewed was published; it focuses on the creation of a competitive business environment and sustainable employment opportunities. 	<p>The LEOs now have a Brexit tool kit developed which they will implement as Brexit unfolds.</p>	<p>as they are more likely to be in more secure employment.</p>
Low Carbon	<p>The White Paper: Ireland's Transition to a Low Carbon Energy Future 2015 – 2030, outlines the future of energy deployment within the country. It aims to stimulate a significant step-change in domestic energy efficiency, for example, by empowering consumers to better manage their energy consumption, to reduce emissions, cut energy bills, enhance health and wellbeing, and help older people to live independently.</p>	<p>The Public Sector Energy Programme offers comprehensive support and provides tools, training, and advice to integrate energy management into the general management of public sector organisations.³⁵ This programme is not funding / grant-based, rather it provides advice and support / best practice on energy management / efficiency design. Therefore, there is no duplication.</p> <p>SEAI provides grants to help helping homeowners, business owners, communities and large industry reduce their energy costs and greenhouse gas emissions.³⁶ The SEAI grants generally are offered to all / private homeowners, whereas the DHP&LG Social Housing Retrofit and the SEAI Better Energy Warmer Homes schemes are targeted at social housing stock and</p>	<p>The (new) White Paper impacted positively by underpinning the necessity and direction of the Priority / schemes. The paper acknowledges that improved energy efficiency and renewable energy play vital roles in reducing carbon emissions. The Paper proposes to deliver enough energy efficiency upgrades by 2030 to ensure that the residential sector is on a realistic trajectory to a low carbon future. This aligns with the intent and direction of the OP / Priority / Schemes.</p> <p>The changes in policy since the introduction of ROPs will ultimately have an impact that will further heighten the importance of achieving the objectives within this priority to achieve the targets set out in policy.</p>

³⁵ <https://www.seai.ie/energy-in-business/public-sector/public-sector-energy-programme/>

³⁶ <https://www.seai.ie/grants/>

ROP Priority	Policy Changes since 2014	Other new Programmes – Duplicating/ Complementing	Impact on ROP
		privately owned homes of those on social benefits, therefore there is minimal duplication due to the targeting of the schemes.	
Sustainable Urban Development	<p>The National Planning Framework (NPF) is the successor to the National Spatial Strategy (NSS). The NPF</p> <p>is a planning framework set to guide development and investment over the coming years. It is mooted as the most radical break with the past, aligning investment strategy (NDP 2018-2027) with strategic planning for the first time to create a unified and coherent plan for the country. It heralds an important shift from previous approaches to long-term planning and investment by Government.</p> <p>The Draft Regional Spatial and Economic Strategy (RSES) for the Southern Region (December 2018³⁷) is a strategic plan which identifies regional assets, opportunities and pressures.</p> <p>It is the regional implementation of the NPF allowing for targeted, regional informed needs for sustainable growth and quality of life.</p>	<p>The Urban Regeneration & Development Fund, (which was launched as a part of Project Ireland 2040), announced first round approvals on the 26th November 2018. This included a number of the urban centres with projects approved under this Priority, suggesting that this fund will complement this Priority. The URDF has an overall allocation of €2 billion to 2027. Following a first call for proposals under the fund, 18 projects across Ireland will commence in 2019 with total funding of €24.4 million.</p>	<p>The introduction of the Urban Regeneration and Development Fund (URDF) aims to support sustainable development through the regeneration of Ireland’s five cities and other large towns. However, as the projects to be funded under this Priority were selected in advance, there will be no duplication with Priority 5. Priority 5 activities remain aligned with policy and needs/markets failures.</p> <p>Consideration of the challenge of potential duplication and approaches to maximise complementarity of alternative / additional funding opportunities that have arisen or may arise for Local Authorities during the lifetime of the ROP is discussed in Section 4.9.2.</p>

³⁷ To note the Draft RSES for the Southern Region completed its period of public consultation and the material amendments arising are on public display with a view to presenting the Draft to the Members of the Assembly for adoption in Autumn 2019.

3.4.2 Constraints Affecting the Programme or particular Priorities

In this section, consideration is given to issues that affect the programme and provide constraints to its performance; these arise from external developments. These are summarised in the table below.

Table 3.3: Constraints affecting the Programme

Issues Affecting Operational Programme	
<p>Economic:</p> <p>Increased economic growth with high employment rates</p>	<p>The decrease in unemployment rates experienced since 2014 will ultimately impact on the demand for new jobs. As a result, this may have consequences for employment-focused outputs within a number of schemes in both regional OPs. As the economy has improved, people can be less driven and motivated to pursue start-ups as there are more employment opportunities available.</p> <p>The Enterprise 2025 Renewed strategy (published after the ROP had been agreed) noted the on-going need to support SME start-up, but also to facilitate growth and resilience, particularly amongst Irish owned businesses, through investment, innovation and capability development.</p> <p>Analysis of socio-economic needs suggests that although progress has been made in terms of SME start-up and entrepreneurialism, employment in SMEs has only risen marginally, and turnover and GVA accounted for by the SME base in Ireland has decreased. Although there remains a policy and economic rationale for continuing to provide start up and development support to SMEs, consideration may need to be given to whether the remainder of the programme should place greater emphasis on growth and job creation agendas given the socio-economic trends outlined above and in line with the publication for Action Plan for Jobs in 2018.</p> <p>EI representatives have indicated that there is a need to direct support towards high quality businesses focused on growth and exports in particular over the remainder of the Programme rather than supporting opportunities for those either excluded from or struggling to secure paid employment. There is also a need to encourage entrepreneurialism amongst young people to help address the issue of youth unemployment. These can contribute to the Priority 3 output and result indicators.</p>
<p>Economic:</p> <p>Increase in lending to SMEs and more organisations providing start-up support</p>	<p>The economic downturn had a negative impact on access to finance for new and existing SMEs and consequently investment in the key areas of business renewal, Research & Development and capacity development through investment in new capital assets and employees.</p> <p>As the economy has improved, there has been an increase in organisations/ investors willing to invest in start-ups, resulting in more choice and better access to finance in addition to support provided by priorities within both ROPs. However, market failure remains in relation to high risk and early stage lending where SMEs are unable to offer equity.³⁸ Therefore, Priority 3 interventions continue to address a need for pre-entry support where risks are too high for traditional investors. However, with improved economic circumstances, the availability of alternative supports could potentially affect the achievement of Priority 3.</p>
<p>Economic:</p> <p>Reduced business confidence /</p>	<p>Ongoing uncertainty around Brexit represents a potential risk to the economy and enterprise development in particular. At present, the precise nature of this risk is unclear; however, it is likely to have a proportionately greater impact upon the BMW region than on the S&E Region.</p>

³⁸ Consultation undertaken with Enterprise Ireland as part of the Mid Term Evaluation

Issues Affecting Operational Programme	
<p>high business uncertainty (Brexit)</p>	<p>A recent survey reported a significant drop in business confidence as a result of the uncertainty regarding Brexit according to a survey of Irish companies in 2018. It also noted that when combined with the past memory of the economic crisis, companies may not feel confident enough to commit resources towards expansion.³⁹</p> <p>In particular, indigenous sectors of the economy, such as manufacturing, and agri-food make up a considerable proportion of employment in regional areas of the country. The large presence of indigenous SMEs who provide considerable employment in regions outside of Dublin mean that particular consideration of the regional ramifications resulting from Brexit is essential.⁴⁰ Almost one-quarter of Irish goods exporters selling all exports into Northern Ireland, as shown by InterTradelreland (2018). This suggests that the impact of any changes in the cost of trade post-Brexit are liable to be felt most particularly by very small firms trading only across the border.⁴¹</p> <p>Brexit may provide a rationale for more businesses to engage with supports and explore ways to mitigate any negative impacts and de-risk investment.⁴² However, there is a risk that they delay recruitment which could impact employment creation targets for the ROP. For schemes under Priority 3 in particular, it is important to take recognise these issues, using them as a “hook” for engagement and targeting support on SMEs with clear potential for employment growth.</p> <p>Enterprise Ireland is committed to supporting its clients in preparing for the risks and opportunities that Brexit poses. Despite the uncertainty, Irish companies can and should be taking immediate action to mitigate the potential risks and position themselves to take advantage of the opportunities. Several schemes to prepare businesses for Brexit have also been introduced e.g. EI’s Be Prepared Grant and the Brexit ToolKit (LEOs).</p>
<p>Regulatory: GDPR</p>	<p>The introduction of General Data Protection Regulation (GDPR) in May 2018 has placed greater emphasis on the protection of personal data. The regulation aims to create more transparency of the lawful reasons for processing data and storing personal information. Given the nature of European funding programmes and the need for transparency, the introduction of GDPR during a programme implemented from 2014 may create some issues in relation to data agreements between Managing Authorities and beneficiaries and could create difficulties in programme monitoring. It also has an impact on financial management for example: concerns raised around visibility of payslips on eCohesion.</p> <p>The emergence of new GDPR regulations has been cited by some IBs as challenge to monitoring and reporting in particular in relation to some aspects of Horizontal Principles on some schemes (some in Priority 1 and potentially Priority 3, typically referring to Gender Equality). This is a particular issue when being done retrospectively i.e. as IBs and MAs revisit data held prior to the introduction of GDPR, issues arise such as employees had not agreed that their personal data should be stored/used for the purpose of ERDF compliance. This could result in the potential under-reporting of performance in relation to aspects of Horizontal Principles for some schemes.</p>

³⁹ <https://www.kbc.ie/blog/business-sentiment-surveys/hard-brexit-worries-hit-irish-business-confidence>

⁴⁰ Staff Paper 2017 Brexit: A Sectoral Overview; Aisling Kirby, Department of Public Expenditure and Reform

⁴¹ Export Participation and Performance of Firms on the Island of Ireland, September 2018

⁴² <https://www.kbc.ie/blog/business-sentiment-surveys/hard-brexit-worries-hit-irish-business-confidence>

3.5 Continued relevance of Intervention Logic by Priority

3.5.1 Approach

In this section, we present summary findings of the review of the Intervention Logic; this was undertaken to assess continued relevance of each priority towards the priority result. The framework for analysing the logic underpinning the programme from rationale through to results is grounded in EC guidance⁴³; the approach adopted here is very similar to the Programme Logic Model (“..defines the objectives, inputs, activities, outputs, and impacts of a process into a coherent framework..”) as set out in the Public Spending Code.

EU regulations⁴⁴ place particular emphasis on programme delivery of results in line with the Europe 2020 Strategy, and the need for a clear ‘intervention logic’. The purpose of intervention logic is to explain the theoretical design of a programme (i.e. the intervention) and consists of several layers and dimensions. In its simplest form, the logic can be set out as in Figure 3.4, where a particular need (or opportunity) is identified, and then addressed by the intervention, producing a change in the conditions which caused the need or opportunity.

Figure 3.4: Basic Form of Intervention Logic



Source: Adapted from McMaster, I. et al (2015) *Final Report of the Ex Ante Evaluation of the 2014-2020 Northern Periphery and Arctic Programme, Report for the County Administrative Board of Västerbotten, EPRC, University of Strathclyde and Kontigo AB, p. 7*

The Intervention Logic in the OP is framed in the context of the Commission’s requirements^{45 46}. These are set out as covering the following 6 stages of work:

- **Stage 1:** Identification of development needs and funding priorities;
- **Stage 2:** Selection of thematic objectives/investment priorities⁴⁷ (Priorities 1-5 in the S&E ROP 2014-2020);
- **Stage 3:** Establishment of specific objectives: These need to be linked closely to the development needs from stage 1. Specific objectives are required by the Commission to ‘reflect the change, including the direction of the change, which the MS seeks to achieve with the EU support. This change needs to be as specific as possible so that the intervention to be supported can contribute to the change and this impact can be evaluated;
- **Stage 4:** Definition of Result Indicators: These are linked to the specific objectives and therefore can only be developed when the previous stages are fully completed;
- **Stage 5:** Types of Actions to be supported: The most effective actions must be proposed and choosing these requires an analysis of the problems which underpin the situation (and should be included in the stage 1

⁴³ European Commission Position Paper – Guidance Fiche – Intervention Logic Version 1 06/05/2013 and European Commission Guidance Document on Monitoring and Evaluation – European Regional Development Fund and Cohesion Fund- Concepts and Recommendations – March 2014

⁴⁴ European Structural and Investment Funds 2014-2020, (November 2015)

⁴⁵ European Commission Position Paper – Guidance Fiche – Intervention Logic Version 1 06/05/2013

⁴⁶ European Commission Guidance Document on Monitoring and Evaluation – European Regional Development Fund and Cohesion Fund- Concepts and Recommendations – March 2014

⁴⁷ Article 9 of the CPR lists 11 Thematic Objectives which ESI funds shall support; Article 5 of the ERDF Regulation identifies investment priorities within the Thematic Objectives that the ERDF shall support.

assessment). The actions must focus on the factors they plan to affect. Any external factors which could influence the intended results should be identified; and

- **Stage 6:** Definition of common and programme-specific output indicators.

Each of the six stages represents a distinct stage in the intervention logic of the programme, however for intervention logic to be effective; it is essential that it creates logical links between all of the stages. The intervention logic outlined in the OP for each thematic objective/investment priority should be driven by the specific objectives which are established based on the analysis of development needs and by the expected results⁴⁸.

3.5.2 Key Findings from Review of Intervention Logic

The Evaluation Team is aware of the difficulties and challenges involved in the establishment of a robust indicator and performance framework. We have conducted a review of the Intervention Logic presented in the S&E ROP in light of recent developments, both economically and politically.

The detailed review of the Intervention Logic by priority and investment priority is included in Appendix 1C, for the S&E ROP, considering each stage of the Intervention Logic and whether any amendment was required from that presented in the ROP. A summary of findings is detailed in the table overleaf.

The review has found that the Intervention Logic for the S&E ROP (taking into account recent developments) has found that it is sound and well-reasoned and the logic between the various stages remains robust. However, the review identified some developments – mainly to indicators – which are highlighted in **green text** in the table.

In relation to the continued relevance of the intervention logic for each priority within the programme:

- **Priority 1, 2, 3, 4 and 5-** The Evaluators are confident that the developmental needs for each priority are grounded in the socio-economic needs for the programme area and remain relevant. Investment priorities continue to relate appropriately to the identified development need; the specific objectives and associated indicators (output and result) and actions are deemed to be appropriate.
- **Priority 3 -** Consideration could be given to placing greater focus on supporting SME sustainability/resilience and job growth in light of recent changes in socio-economic trends. Proposed changes include expanding Specific Objective, and re-focusing some of the actions. To capture these changes and broader information on a greater focus on supporting SME sustainability / resilience and jobs growth over the remainder of the programme, there may be merit in the MA seeking information in IB reports to enhance measurement of activity. This would seek to capture information on progress within this Priority and its contribution to SME competitiveness and productivity through the IB focus on supporting sustainability/resilience and jobs growth and evidence of progression path to further supports (see Section 7.8.3).
- **Priority 4-** Changes are proposed to the indicators (output and result) – relating to data sources, etc. – as discussed in Section 4.8 and Section 7.8.
- **Priority 5-** Change proposed to a result indicator due to lack of availability of data. Alternative Result Indicator proposed under Investment Priority 5b) as current one is no longer available/updated – as discussed in Section 4.9 and Section 7.8.

Proposed changes to indicators are discussed in Section 7.

⁴⁸ European Commission Position Paper – Guidance Fiche – Intervention Logic Version 1 06/05/2013

Table 3.4: Summary of Assessment of Intervention Logic by Priority in the ROP and Investment Priorities within each Priority

ROP Priority	Stage 1: Identification of development needs and funding priorities	Stage 2: Selection of thematic objectives / investment priorities	Stage 3: Specific objectives	Stage 4: Definition of Result Indicators:	Stage 5: Types of Actions to be supported	Stage 6: Definition of common and programme-specific output indicators
P1 - Strengthening Research, Technological Development & Innovation (RTDI) in the S&E Region	Development needs identified are grounded in socio-economic needs for the programme area and remain relevant to the policy context	IP 1a) & IP 1b) continue to relate appropriately to identified Development Needs.	IP 1a) & IP 1b) - SOs remains appropriate	IP 1a) & IP 1b) - Result Indicators remain appropriate	IP 1a) & IP 1b) - Actions are appropriate, consistent with and adequately reflect intentions under development needs, IP, SO, and result indicators	IP 1a) & IP 1b) - Sufficient in detailing expected outputs of intervention under the IPs.
P2 - Enhancing access to, and use and quality of ICT	Development needs identified are grounded in socio-economic needs for the programme area and remain relevant to the policy context	IP 2a) - IP continues to relate appropriately to identified Development Needs.		IP 2a) - Result Indicators remain appropriate	IP 2a) - Actions are appropriate, consistent with and adequately reflect intentions under the development needs, IP, SO, and result indicators	IP 2a) - Sufficient in detailing expected outputs of intervention under the IP.
P3 - Enhancing the competitiveness of SMEs	Development needs identified are grounded in socio-economic needs for the programme area and remain relevant to the policy and operating context. However, given changes in socio-economic trends since 2015, consideration could be given to placing greater focus on supporting SME	IP 3a) - IP continues to relate appropriately to identified Development Needs.	IP 3a) -SO remains appropriate Given the decline in SME turnover and GVA since 2015, it is recommended that the specific objective is expanded to consider competitiveness improvements as well as employment growth.	IP 3a) - Result Indicators remain appropriate	IP 3a) - Actions are appropriate, consistent with and adequately reflect intentions under the development needs, IP, SO, and result indicators Reflecting proposed amendments to SO and additional result indicator, in order to provide a clear link between priority objectives and expected outputs, it is recommended that employment and GVA growth	IP 3a) - Sufficient in detailing expected outputs of intervention under the IPs.

ROP Priority	Stage 1: Identification of development needs and funding priorities	Stage 2: Selection of thematic objectives / investment priorities	Stage 3: Specific objectives	Stage 4: Definition of Result Indicators:	Stage 5: Types of Actions to be supported	Stage 6: Definition of common and programme-specific output indicators
	sustainability / resilience and jobs growth over the remainder of the programme.				is more explicitly referenced within indicative actions.	
P4 - Supporting the shift towards a low-carbon economy in all sectors	Development needs identified are grounded in socio-economic needs for the programme area and remain relevant	IP 4c) - IP continues to relate appropriately to identified Development Needs.	IP 4c) -SO remains appropriate	IP 4c) - Result Indicators remain appropriate (adjustments to calculations proposed)	IP 4c) - Actions are appropriate, consistent with and adequately reflect intentions under the development needs, IP, SO, and result indicators	IP 4c) - Sufficient in detailing expected outputs of intervention under the IPs. (adjustments to calculations proposed)
P5 - Sustainable Urban Development	Development needs identified are grounded in socio-economic needs for the programme area and remain relevant	IP 4e) & IP 6e) continue to relate appropriately to identified Development Needs.	IP 4e) & IP 6e) - SOs remains appropriate	IP 4e) - Result Indicators remain appropriate IP 6e) - Result Indicator no longer appropriate: whilst relevant in theory, it is no longer updated in practice.	IP 4e) & IP 6e) - Actions are appropriate, consistent with and adequately reflect intentions under development needs, IP, SO, and result indicators	IP 4e) & IP 6e) - Sufficient in detailing expected outputs of intervention under the IPs.

4. FINANCIAL AND PHYSICAL PROGRESS TO DATE

4.1 Introduction

This section of the report examines the financial and physical progress to date of the S&E Regional Operational Programme. The tasks detailed below reflect the requirements of the Terms of Reference (Task 2):

- Review financial progress at ROP / priority / scheme level compared to annual forecasts up to end 2017. This analysis should be carried out on a cumulative basis as well as looking at trends over the first four years. This analysis should highlight ERDF expenditure in the case of co-financed activity
- Assess the physical progress of the ROP on the basis of the performance indicators (output and result) at priority / scheme level on a cumulative basis to end 2017 (where available). At scheme level, where the indicators relate to participation by individuals, the analysis should be carried out on a gender basis where required.
- Identify any constraints (internal or external to the programme) which have affected progress. These may include inter alia, operational issues, State Aid regimes, global trends etc. (Note: This section of the report includes constraints where these are specific to a Priority or Scheme).

This section of the report also analyses the schemes/priorities within the S&E ROP. The tasks detailed below reflect some of the requirements of the Terms of Reference (Task 3):

- Review in the light of the assessment of financial and physical progress above, programme outputs and results (data permitting) in relation to expenditure incurred at priority / scheme level.
- Review the drawdown of ERDF funding in the context of N+3, milestones and the Performance Framework

The remainder of this section of the report is structured as follows to address the tasks above:

- Section 4.2 Approach of Chapter
- Section 4.3 Overall Financial Progress
- Section 4.4 Drawdown of ERDF funding in context of N+3, milestones, and Performance Framework
- Section 4.5 Physical and Financial Progress – Priority 1
- Section 4.6 Physical and Financial Progress – Priority 2
- Section 4.7 Physical and Financial Progress – Priority 3
- Section 4.8 Physical and Financial Progress – Priority 4
- Section 4.9 Physical and Financial Progress – Priority 5
- Section 4.10 Programme Constraints

4.2 Approach of Chapter

4.2.1 Approach: Review of Physical Progress

Section 4.5-4.9 presents an overview of the ROP's performance in relation to the Common and Programme-specific Output Indicators and the Programme-specific result indicators outlined in the OP. The Common⁴⁹ and Programme-specific output indicators are the direct products of the programme, and link to activities of operation and measure the physical or monetary units. Furthermore, they aim to contribute towards the investment priority within a specific national or regional context through actions or measures undertaken within such a priority. They provide a means of measuring the success or otherwise in delivering the operational programme.^{50 51}

Common and Programme-Specific Output Indicators:

- Cover all investment priorities of a programme⁵²
- The actions undertaken under programmes lead to outputs. Outputs are direct products of supported operations, which in turn contribute to results⁵³
- Are measured in **physical or monetary** units⁵⁴
- Should contribute towards the achievement of results⁵⁵
- Have baselines which are set at zero⁵⁶;
- Have targets which are consistent with the financial allocation envisaged⁵⁷
- In the context of the intervention logic, should be logically linked to and reflect the types of actions planned⁵⁸.

Programme-specific result indicators relate to the performance and progress against the 2023 targets. For ERDF, the Commission is looking to see **what changes the programme will bring about at regional or national level and the indicators that should be used to measure this**. Therefore the result-orientation of the programming, has a baseline value and a target value, where appropriate quantified in accordance with the Fund-specific rules.⁵⁹

Each priority axis includes one or more investment priorities according to their specific needs and context. Further details of output and result indicators by priority are available in Appendix 1C.

In this section, progress (actual values) reported up to the end of 2017 is compared with final target values (i.e. for 2023) for all indicators

4.2.2 Approach: Review of Financial Progress

Section 4.2 is concerned with overall financial progress, Section 4.3 is concerned with drawdown, N+3 and the performance framework; Section 4.5-4.9 include consideration of financial progress by priority. The key financial terms and performance management terms that are used in these sections are defined in the table overleaf.

Table 4.1: Definitions – Financial Terms and Performance Management Terms

⁴⁹ Common Output Indicators set out in Annex I of the ERDF Regulation

⁵⁰ Joint Evaluation Plan for the BMW and the S&E Regional Operational Programmes 2014-2020 pg7

⁵¹ Article 2 Regulation (EU) No 1303/2013 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN#page=85>

⁵² European Commission – Guidance Document on Monitoring and Evaluation – Concepts and Recommendations (March 2014, Revised 2018) – Section 3.12

⁵³ European Commission Position Paper Guidance Fiche – Intervention Logic Version 1 06/05/2013 – Section 2.1.6

⁵⁴ Ibid

⁵⁵ Ibid

⁵⁶ Article 6 ERDF regulation

⁵⁷ European Commission Position Paper Guidance Fiche – Intervention Logic Version 1 06/05/2013 – Section 2.1.6

⁵⁸ Ibid

⁵⁹ Joint Evaluation Plan for the BMW and the S&E Regional Operational Programmes 2014-2020 pg6

Term	Definition
Financial Definitions	
(Public) Funding Allocation	The total planned funding for the Regional Operational Programme including Exchequer contribution and European Regional Development Fund (ERDF) contribution
Co-financing Rate⁶⁰	The term 'co-financing rate' refers to the contribution EU funding makes to a programme. It is expressed as a percentage of the total programme cost. Co-financing is usually subject to a maximum threshold, which is defined as a percentage of the total value of the programme, or part thereof. The Commission specifies co-financing rates for each operational programme. Note: for this programme, the co-financing rate is 50%
Public Eligible Cost of Operations Selected for Support	Funding which has been selected for support by a given date i.e. projects / interventions which are approved/ due to be supported though expenditure may occur over one or more years for which the financing of operations has been attributed to public bodies. Funding committed to interventions under the ROP schemes; an indication of the future pipeline of expenditure (acknowledging that not all of this may be incurred, processed and declared to the EC)
Public Eligible Costs paid to Beneficiaries	Pipeline of expenditure incurred (yet to be subjected to the Article 125 management verification checks and ultimately declared to the EC). Spend is taking place "on the ground" through figures reported as <u>public eligible costs paid to beneficiaries⁶¹</u> Already paid out to beneficiaries for operations selected under the OP.
Eligible expenditure declared by beneficiaries to the MA	Expenditure which has been claimed/declared by IB to the MA (including both Exchequer and ERDF funding). Cleared though all the IB processes and all appropriate checks have been completed.
Expenditure declared to the EC	"...declared by the managing authority, entered into the accounting system of the certifying authority and certified by the authority, and submitted to the European Commission"
Performance Management	
N+3 target^{62 63}	Article 136 of Regulation (EU) No 1303/2013 sets out the decommitment rule, known colloquially as the 'N+3 Rule'. This rule requires certain financial targets to be achieved by submitting sufficient payment applications to avoid the loss of EU Funds by Member States. Programmes funded by EU structural funds face a risk of decommitment of funds if the latter have not been used within three years from the date of commitment by the programme (n+3 rule). The programme relies on making regular payment to projects but is ultimately dependent

⁶⁰ https://ec.europa.eu/regional_policy/en/policy/what/glossary/c/co-financing-rate

⁶¹ As reported to the MA in the individual progress reports presented by Intermediary Bodies in advance of the AIR 2017

⁶² Article 146 Regulation (EU) No 1303/2013 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN#page=85>

⁶³ Circular 13/2015. Management and Control Procedures for the European Structural and Investment Funds Programmes 2014-2020 (Department of Public Expenditure and Reform, 2015).

Term	Definition
	on projects ensuring consistency in both their spending and reporting. If delays would occur at project level, the allocated ERDF funding could then be at risk
Performance Reserve ⁶⁴	The performance framework (PF) and performance reserve are compulsory elements in programmes in the 2014-2020 programming period in order to ensure that programmes are kept on track to achieve their objectives and that progress can be adequately measured. The performance reserve is a portion of the allocation for each priority axis, which is set aside until the performance review in 2019. It is usually set to 6%. The performance review will examine achievement of milestones at the level of priorities, on the basis of the information and the assessments presented in the AIR submitted by the MS in 2019.
Performance Framework ⁶⁵	The performance framework is a set of indicators in each OP according to which the Commission, in cooperation with the Member States, shall review the performance of the programmes in each MS in 2019. During this process, called the ' performance review ', the achievements of the operational programme priorities are examined based on the information presented in the annual implementation report submitted by the Member States at the end of 2019. The next examination will take place based on the information presented in the final implementation report to be submitted in 2025. In case of failure to achieve the targets set in the programmes the Commission may apply financial corrections.
Performance Review ⁶⁶	The EC, in cooperation with Member States, will undertake a review of the performance of programmes in 2019 , with reference to the performance framework set out in each OP
Milestones ⁶⁷	<p>Milestones are intermediate targets, directly linked to the achievement of the specific objective of a priority, where appropriate, expressing the intended progress towards the targets set for the end of the period. Milestones established for 2018 shall include financial indicators, output indicators and, where appropriate result indicators, which are closely linked to the supported policy interventions. Result indicators shall not be taken into account for the purposes of Article 22(6) and (7). Milestones may also be established for key implementation steps.</p> <p>Milestones and targets shall be:</p> <ul style="list-style-type: none"> (a) realistic, achievable, relevant, capturing essential information on the progress of a priority; (b) consistent with the nature and character of the specific objectives of the priority; (c) transparent, with objectively verifiable targets and the source data identified and, where possible, publicly available; (d) verifiable, without imposing a disproportionate administrative burden; (e) consistent across programmes, where appropriate. <p>These are important intermediate targets to be achieved by end of December 2018.</p>

⁶⁴ Article 6 of Commission Implementing Regulation (EU) No 215/2014

⁶⁵ https://ec.europa.eu/regional_policy/en/policy/what/glossary/p/performance-framework

⁶⁶ Article 21 Regulation (EU) No 1303/2013 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN#page=85>

⁶⁷ Annex II: Method for Establishing the Performance Framework: Regulation (EU) No 1303/2013 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN#page=85>

4.2.3 Approach to Effectiveness

In order to address the requirements of the Terms of Reference (Task 2 – part of which is covered in this chapter), consideration is first given to: effectiveness at Programme / Priority / Scheme Level.

Programme Level effectiveness: Successful delivery of the programme to date is evident in the achievement of many performance metrics (such as actual values of output and result indicators, completion of implementation steps, financial milestones, etc). While progress towards target values assigned to output indicators is clearly attributable to the ROP; progress towards target values for result indicators is influenced to some extent by the ROP, but these also reflect wider influences and trends within the region. Causality and attribution of impact of ROP is further considered in the review of Intervention Logic (see Section 3.5 and Appendix 1C), in the definition of result indicators (see Section 4.2.1) and in the discussion of Programme Impact and the context and challenges associated with causation (see Section 8.2).

All of these depend on efficient and effective operations which are essential and integral to the successful delivery of the programme. Due to the delivery structure, the implementation/operation of the programme involves a wide range of actors (throughout the cascade) and activities (such as issuing and managing calls, IB commitments, progress reporting, declaration of expenditure, etc.). Whilst all of the many bodies involved in the cascade contribute resources to deliver the programme, there is no mechanism to capture and quantify this complex and diverse range of costs/inputs. Whilst Technical Assistance is available for the management, monitoring and evaluation of the OP at MA level only, this in no way reflects the total cost of delivery; further, the level of funding allocated to TA in this programme (as in other similar programmes) is governed by Article 119 of the CPR which states: “1. The amount of the Funds allocated to technical assistance shall be limited to 4 % of the total amount of the Funds allocated to operational programmes in a Member State under each category of region, where applicable, of the Investment for growth and jobs goal.” It is important to note however that for the S&E OP the TA allocation represents less than 1% of the OP Budget.

Priority Level effectiveness: the analysis in sections 4.5-4.9 focuses on the budget allocated to each of the 5 Priorities and associated Schemes as well as various categories of expenditure; it also considers performance in terms of actual values of output / result indicators (where available). However, it is important to note that the lag between spend and output/impact, as would normally be anticipated is compounded by the delay in declaration of funds through all the levels of the cascade. Therefore caution should be applied in comparing physical and financial performance in this chapter – whilst physical performance is reported up to the end of 2017, this may not align with the financial progress in terms of declared expenditure reported to this point.

Scheme Level effectiveness: whilst budget is allocated to Technical Assistance, this is at a programme-level and for specific areas (management, monitoring and evaluation); there is no ERDF funding available to cover the cost of delivering /administering individual schemes; as such, consideration of this would be outside the scope of this evaluation.

Therefore, in sections 4.5-4.9, we consider for each priority / scheme, the financial and physical progress, and in particular programme outputs and results in relation to expenditure incurred at priority / scheme level.

4.3 Overall Financial Progress

4.3.1 Introduction

This section outlines the overall financial progress of the programme. Expenditure is shown at programme, priority and scheme level, and is compared against total allocated funding and financial milestones for 2018. The scope of the evaluation is, strictly speaking, concerned with information up to the end of 2017 – this is examined in Section 4.3.3. At the time of writing the report, more up to date information up to the end of 2018 was available – this is examined in Section 4.3.4 and provides a more up to date picture on some aspects of financial performance.

4.3.2 Total Funding Allocation

The total funding allocation available to the Southern and Eastern region for the duration of the OP is just over **€500 million**; this is 50% co-financed by the European Regional Development Fund (ERDF) and by the Irish exchequer⁶⁸ i.e. **€250,056,177** is provided by ERDF. Almost two thirds of the funding is allocated to two Priorities: Priority 1 (**€180m, 36.0%**) and Priority 4 (**€133m, 26.6%**); the remainder is allocated to Priority 3 (**€71m, 14.2%**), Priority 2 (**€60m, 12.0%**) and Priority 5 (**€52m, 10.4%**). Technical Assistance is allocated just under 1% of the total.

4.3.3 Financial Progress to December 2017

Table 4.2 sets out the total funding allocation and expenditure declared to the EC⁶⁹ for the S&E region by priority (and scheme where information is available) up to end December 2017, the formal MTE cut-off date. It also includes information about the performance reserve, financial milestones, expenditure declared by beneficiaries to the MA and public eligible costs paid to beneficiaries.

Public Eligible Cost of Operations Selected for Support up to end of 2017

To understand the pipeline of expenditure likely to be incurred (and ultimately processed and declared to the EC), we examine total public eligible cost of operations selected for support. This represents funding committed to interventions under the ROP schemes; an indication of the future pipeline of expenditure (acknowledging that not all of this may be incurred, processed and declared to the EC).

This analysis demonstrates significant levels of funding committed and thus a substantial future pipeline of expenditure yet to be incurred. Up to the end of 2017, this was reported as over **€410m** (82% of the total ROP funding allocation) across most Priorities and Schemes. The exceptions were 2 schemes with zero reported (National Broadband Plan (Priority 2) and Marine Research Programme (Priority 1)).

Whilst the public eligible cost of operations selected for support under Priority 2 is zero, for other Priorities, there is a significant pipeline of expenditure represented in public eligible cost of operations selected for support. Ranking Priorities by % of funding allocation per Priority:

- **Priority 1** has the highest value: **€244, 338,150** (136% of funding allocation for Priority)
- **Priority 5** has the third highest value: **€52,000,000** (100% of funding allocation for Priority)
- **Priority 4** has the second highest value: **€80,583,615** (61% of funding allocation for Priority)
- **Priority 3** has the fourth highest value: **€32, 242, 197** (45% of funding allocation for Priority)

In summary: Up to the end of 2017, there is a substantial pipeline of expenditure likely to be incurred (and ultimately processed and declared to the EC). At a programme level, this was over €410m (82% of total ROP funding allocation); apart from Priority 2, all Priorities have committed amounts to operations equivalent to at least 45% of their funding allocation.

Public Eligible Costs paid to Beneficiaries up to end of 2017

This analysis considers the pipeline of expenditure incurred (yet to be fully processed and ultimately declared to the EC). Whilst the level of declared expenditure to EC up to 2017, is relatively low, it is evident that spend is taking place “on the ground” through figures reported as public eligible costs paid to beneficiaries⁷⁰. Up to the end of 2017, this was over **€183m (€183,358,365)** across most Priorities and Schemes; the exceptions were 2 schemes with zero reported (National Broadband Plan (Priority 2) and Marine Research Programme (Priority 1)). This amount

⁶⁸ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

⁶⁹ “...declared by the managing authority, entered into the accounting system of the certifying authority and certified by the authority, and submitted to the European Commission”

⁷⁰ As reported to the MA in the individual progress reports presented by Intermediary Bodies in advance of the AIR 2017

represents over one third of the funding allocation (36.7%) and exceeds the programme level financial milestone for 31/12/18 (**€146,360,000**); it provides evidence of a substantial “pipeline” of expenditure to be processed.

Whilst the public eligible costs paid to beneficiaries is zero for Priority 2, for other Priorities, public eligible costs paid to beneficiaries is not insignificant. Ranking these by % of funding allocation for the Priority:

- **Priority 4** has the highest value, **€71,028,355** (53.4% of funding allocation for priority; if all declared it would exceed the priority level financial milestone for 2018).
- **Priority 3** has the third highest value, **€37,453,464** (52.7% of funding allocation for priority; if all declared it would exceed the priority level financial milestone for 2018)
- **Priority 1** has the next highest value, **€68,805,176** (38.2% of funding allocation for priority; if all declared it would be very close to the priority level financial milestone for 2018 (95.6%).
- **Priority 5** has the lowest value, **€5,261, 737** (10.1% of funding allocation for priority; if all declared it would equate to over one quarter of the priority level financial milestone for 2018).

In summary: there is considerable expenditure incurred (public eligible costs paid to beneficiaries) but yet to be fully processed and declared to the EC. Up to the end of 2017, this was over €183m (36.7% of total ROP funding allocation); Priorities 1, 3 and 4 have at least 38% of their funding allocation paid to beneficiaries.

Funding Allocation and Expenditure Declared to EC up to 2017

This analysis considers financial progress in terms of expenditure declared to the EC compared to the total funding allocation overall and by Priority.

To the end of 2017, the total expenditure declared to the EC is **€25,535,803**, of which **€12,767,902** is attributable to ERDF⁷¹. Therefore, there remains a potential amount of **€474,596,558** of total eligible expenditure that could potentially be declared to the EC. Total expenditure declared up to 2017 is very low, only **5.1%** of the total funding allocation. This is due in part to delays in implementation of the eCohesion system at the outset which adversely impacted the level of expenditure being declared. Since the system has been fully implemented, there has been good progress in the level of declared expenditure in 2018 (discussed further in Section 4.3.4). Expenditure has been declared to the EC for Priorities 3, 4 and 5 but none for Priorities 1 and 2; the Better Energy Warmer Homes Scheme (Priority 4) had the highest level of expenditure declared up to 2017: **€14,899,028** (**39.2%** of its funding allocation).

In summary: up to the end of 2017, the level of expenditure declared to the EC was very low: around €25.5m equivalent to 5.1% of total ROP funding allocation. Expenditure had been declared for Priorities 3, 4 and 5.

Financial Milestones and Expenditure Declared to EC up to end of 2017

This analysis considers financial progress in terms of expenditure declared to the EC against financial milestones; these are important intermediate targets to be achieved by end of December 2018. The financial milestone (set for 31/12/2018) was **€146,360,000** at a programme level for the S&E region, representing almost 30% (29.3%) of the total funding allocation, . There are also priority level financial milestones for Priorities 1, 3, 4 and 5 (equating to between 20% and 40% of the funding allocation per priority).

⁷¹ The total declared expenditure to EC up to 2017 includes expenditure that was incurred in the OP for 2014, 2015 and 2016.

Taking into account Article 6(2) of the CPR⁷², adjusted financial milestones based on indicator attainment (discussed in Section 4.4.2) are 75% of Priority 1 (**€54m**) and 85% of Priority 3, 4 and 5 (**€23.528m, €22.610m, €17.068m**) respectively; this equates to an adjusted financial milestone of **€117.206m** at programme level.

Comparing expenditure declared to the EC up to 2017 (€ 25,535,803), with the 2018 financial milestone, it represents 17.8%; leaving a shortfall of **€120,824,197**. Compared with the 2018 adjusted financial milestone, it represents 21.8%, leaving a shortfall of **€91,670,197**.

Across the Priorities, up to the end of 2017, none had achieved priority level financial milestones nor adjusted financial milestones for 31/12/2018. Across the schemes, the Better Energy Warmer Homes Scheme (Priority 4) has highest level of expenditure declared up to 2017: €14,899,028 representing **56.0%** of Priority 4 financial milestone for 2018 (**€26,600,000**) or 65.9% of the adjusted financial milestone for Priority 4 (**85%, €22,610,000**).

In summary: up to the end of 2017, the level of expenditure declared to the EC (€25.5m) was only 21.8% of the programme level adjusted financial milestone set for the end of 2018 (€117.206m) ; this placed a significant onus on all bodies in the cascade to increase the level of declarations during 2018 in order to meet the adjusted financial milestone.

Expenditure Declared to EC and Expenditure Declared by Beneficiaries to MA up to end of 2017

Comparing the total eligible expenditure declared by beneficiaries to the MA and the total expenditure declared to EC up to 2017, there is virtually no difference in the figures⁷³. This demonstrates a high quality of declarations and efficient systems in place to ensure that eligible expenditure which has been declared by beneficiaries has been further processed and declared by the IBs, MA and CA.

⁷² A priority will be deemed to have achieved its milestone in the following cases (Article 6(2) of the CIR): if there are no more than two indicators in the performance framework related to a priority, all indicators have achieved at least 85% of their milestone value by the end of 2018 or if there are three or more indicators in the performance framework related to a priority, all indicators except for one have achieved at least 85% of their milestone value by the end of 2018 and the one indicator which has not achieved 85% of its milestone value has achieved at least 75% of its milestone value

⁷³ There is a minor difference (€7-8) due to rounding errors:

Table 4.2: Financial Progress to 2017

Priority / Scheme	2014-2020				Up to and including 2017						
	Funding Allocation (FA)		Milestone ⁷⁴ 31/12/2018 TOTAL	Performance Reserve ⁷⁵	Declared to EC		Declared to EC as % of Funding Allocation		Total Eligible Expenditure declared by beneficiaries to MA	Public Eligible Costs Paid to beneficiaries	Public Eligible Cost of Operations selected for support
	TOTAL	ERDF			TOTAL	ERDF	TOTAL	ERDF			
Priority 1: Strengthening Research, Technological Development & Innovation (RTDI) in the S&E Region											
SFI Research Centres Programme	€116,500,000	€58,250,000	n/a	n/a	€ 0	€ 0	0.0%	0.0%	€ 0	€ 34,951,847	€174,579,324
SFI Spokes Programme									€ 0	€ 4,620,502	
Marine Research Programme	€3,500,000	€1,750,000	n/a	n/a	€ 0	€ 0	0.0%	0.0%	€ 0	€ 0	€0
Commercialisation Fund	€40,000,000	€20,000,000	n/a	n/a	€0	€0	0.0%	0.0%	€0	€ 18,818,213	€69,758,826
Innovation Partnership Programme	€20,000,000	€10,000,000	n/a	n/a	€0	€0	0.0%	0.0%	€0	€ 10,414,614	
P1 Total	€ 180,000,000	€ 90,000,000	€ 72,000,000 (40% FA)	€5,400,000	€ 0	€ 0	0.0%	0.0%	€ 0	€ 68,805,176	€ 244,338,150
Priority 2: Enhancing access to, and use and quality of ICT											
National Broadband Plan	€60,000,000	€30,000,000	n/a	n/a	€ 0	€ 0	0.0%	0.0%	€ 0	€ 0	€0
P2 Total	€ 60,000,000	€ 30,000,000	€ 0	€ 1,800,000	€ 0	€ 0	0.0%	0.0%	€0	€0	€0
Priority 3: Enhancing the competitiveness of SMEs											
Entrepreneurship in Micro-Enterprise	€71,113,654	€35,556,827	n/a	n/a	€ 4,838,368	€2,419,184	6.8%	6.8%	€ 4,838,361	€ 37,453,464	€ 32,242,197
P3 Total	€ 71,113,654	€ 35,556,827	€ 27,680,000 (38.9% FA)	€ 1,660,800	€ 4,838,368	€2,419,184	6.8%	6.8%	€4,838,361	€37,453,464	€32,242,197

74 Financial Milestone defined at Priority level with the exception of Priority 6 (Technical Assistance). Adjusted milestones (75% or 85% of these values) depending on the number of indicators per Priority in the Performance Framework – as per (Article 6(2) of the CIR)

75 Performance Reserve defined at Priority level with the exception of Priority 6 (Technical Assistance) – it constitutes 6% of the priority allocations net of the Technical Assistance Priority.

Priority / Scheme	2014-2020				Up to and including 2017						
	Funding Allocation (FA)		Milestone ⁷⁴ 31/12/2018 TOTAL	Performance Reserve ⁷⁵	Declared to EC		Declared to EC as % of Funding Allocation		Total Eligible Expenditure declared by beneficiaries to MA	Public Eligible Costs Paid to beneficiaries	Public Eligible Cost of Operations selected for support
	TOTAL	ERDF			TOTAL	ERDF	TOTAL	ERDF			
Priority 4: Supporting the shift towards a low-carbon economy in all sectors											
Social Housing Retrofit	€95,000,000	€47,500,000	n/a	n/a	€ 0	€ 0	0.0%	0.0%	€ 0	€ 34,698,494	€ 15,462,895
Better Energy Warmer Homes	€38,000,000	€19,000,000	n/a	n/a	€ 14,899,028	€7,449,514	39.2%	39.2%	€ 14,899,028	€ 36,329,861	€ 65,120,720
P4 Total	€ 133,000,000	€ 66,500,000	€ 26,600,000 (20% FA)	€ 3,990,000	€ 14,899,028	€7,449,514	11.2%	11.2%	€14,899,028	€71,028,355	€ 80,583,615
Priority 5: Sustainable Urban Development											
Designated Urban Centres Grant Scheme	€52,000,000	€26,000,000	n/a	n/a	€ 5,261,737	€2,630,869	10.1%	10.1%	€ 5,261,737	€ 5,261,737	€ 52,000,000
P5 Total	€52,000,000	€26,000,000	€20,080,000 (38.6% FA)	€1,560,000	€ 5,261,737	€2,630,869	10.1%	10.1%	€ 5,261,737	€ 5,261,737	€ 52,000,000
Priority 6: Technical Assistance											
Technical Assistance	€4,018,700	€2,009,350	n/a	n/a	€ 536,670	€ 268,335	13.4%	13.4%	€ 536,670	€ 809,633	€ 900,000
P6 Total	€4,018,700	€2,009,350	n/a	n/a	€536,670	€ 268,335	13.4%	13.4%	€ 536,670	€ 809,633	€ 900,000
Priorities 1 – 6											
Total	€ 500,132,354	€ 250,066,177	€146,360,000 (29.3% FA)	€ 14,410,800	€ 25,535,803	€12,767,902	5.1%	5.1%	€ 25,535,796	€ 183,358,365	€ 410,063,962

Note: In some columns, information available by scheme; in other columns, information only available by Priority

Sources: AIR 2017.1, IB reports, information from MA

4.3.4 Financial Progress to December 2018

Table 4.3 sets out the total funding allocation and expenditure declared for the S&E region by priority (and scheme where information is available) up to December 2018. This analysis repeats some of that carried out in Section 4.3.3, but is based on more up to date information (to end 2018) and thus seeks to demonstrate the substantial financial progress that has been made during the year 2018 in terms of expenditure declared to EC.

Funding Allocation and Expenditure Declared to EC up to 2018

This analysis considers financial progress in terms of expenditure declared to the EC compared to the total funding allocation overall and by Priority. Considerable progress has been made in the levels of total expenditure declared to the EC during 2018. To the end of 2018, the total expenditure declared to the EC is **€94,659,935**, of which **€47,329,968** is attributable to ERDF⁷⁶; this represents an uplift of around **€70m** during 2018. The total expenditure declared up to 2018 represents **18.9%** of the total funding allocation (an uplift of around 14 percentage points during 2018). Therefore, there potentially remains **€405,472,419** of total eligible expenditure to be declared to the EC.

Expenditure has been declared to the EC for Priorities 1, 3, 4 and 5 but none for Priority 2; at the end of 2018 all schemes except 3 (Priority 1 / Marine Research Programme, Priority 2 / National Broadband Plan and Priority 4 / Social Housing Retrofit) have declared expenditure to the EC. The SFI Research Centres Programme has the highest level of expenditure declared to the EC up to 2018: **€30,327,690** representing **26.0%** of its funding allocation.

In summary: considerable progress in declarations had been made up to the end of 2018. The level of expenditure declared to the EC showed a marked increase, up to €94.6m equivalent to 18.9% of total ROP funding allocation. Expenditure had been declared for Priorities 1, 3, 4 and 5.

Financial Milestones and Expenditure Declared to EC up to 2018

This comparison considers financial progress in terms of expenditure that has been declared to the EC against financial milestones; these are important intermediate targets to be achieved by the end of December 2018. The financial milestone (set for 31/12/2018) was **€146,360,000** overall for the S&E region; this represents almost 30% (29.3%) of the total funding allocation; there are also priority level financial milestones for Priorities 1, 3, 4 and 5 (representing between 20% and 40% of the funding allocation per priority). As discussed in Section 4.3.3, the adjusted financial milestone is **€117.206m** at programme level.

Comparing expenditure declared to the EC up to 2018 (**€ 94,659,935**) against the 2018 financial milestone, it represents 64.7%, leaving a shortfall of **€51,700,065**. Compared with the 2018 adjusted financial milestone, it represents 80.8%, leaving a shortfall of **€22,546,065**.

Across the priorities, up to the end of 2018, none had achieved the priority level financial milestones for 31/12/2018, though Priority 4 had exceeded its adjusted financial milestone. However, there has been considerable progress in the levels of expenditure declared to the EC during 2018 demonstrating cumulative performance to the end of 2018:

- **Priority 4** has a high level of expenditure declared by end of 2018: **€24,716,598 (109%** of the 2018 Priority adjusted financial milestone i.e. exceeded);
- This is most notable for **Priority 1**, for which there was no expenditure declared up to 2017; by end of 2018, there was expenditure declared of **€51,691,675 (95.7%** of 2018 Priority adjusted financial milestone);
- **Priority 3**: by the end of 2018, expenditure declared of **€ 10,490,203 (44.6%** of 2018 Priority adjusted financial milestone); and

⁷⁶ The total declared expenditure to EC up to 2017 includes expenditure that was incurred in the OP for 2014, 2015, 2016 and 2017.

- **Priority 5:** by the end of 2018, expenditure declared of € 7,224,789 (42.3% of the 2018 Priority adjusted financial milestone).

In summary: up to the end of 2018, the level of expenditure reported as declared to the EC (€94.6m) was 80.8%% of the programme level adjusted financial milestone set for the end of 2018 (€117.206m); this demonstrates a substantial increase in level of declarations during 2018 moving much closer to the adjusted financial milestone.

Table 4.3: Financial Progress: Funding Allocation, Expenditure Declared to EC 2018

Priority / Scheme	2014-2020				Within 2018	Up to and Including 2018					
	Funding Allocation		Milestone ⁷⁷ for 31/12/2018 TOTAL	Performance Reserve ⁷⁸	Declared to EC within 2018 TOTAL	Declared to EC		Declared to EC as % of Funding Allocation		Difference between Declared to EC & Funding Allocation	
	TOTAL	ERDF				TOTAL	ERDF	TOTAL	ERDF	TOTAL	ERDF
Priority 1: Strengthening Research, Technological Development & Innovation (RTDI) in the S&E Region											
SFI Research Centres Programme	€116,500,000	€58,250,000	n/a	n/a	€ 30,327,690	€ 30,327,690	€ 15,163,845	26.0%	26.0%	-€86,172,310	-€43,086,155
SFI Spokes Programme					€ 4,442,715	€ 4,442,715	€ 2,221,358	3.8%	1.9%	-€112,057,285	-€56,028,643
Marine Research Programme	€3,500,000	€1,750,000	n/a	n/a	€ 0	€ 0	€ 0	0.0%	0.0%	-€3,500,000	-€1,750,000
Commercialisation Fund	€40,000,000	€20,000,000	n/a	n/a	€ 11,779,417	€ 11,779,417	€ 5,889,708.5	29.4%	29.4%	-€28,220,583	-€14,110,292
Innovation Partnership Programme	€20,000,000	€10,000,000	n/a	n/a	€ 5,141,853	€ 5,141,853	€ 2,570,927	25.7%	25.7%	-€14,858,147	-€7,429,074
P1 Total	€ 180,000,000	€ 90,000,000	€ 72,000,000	€5,400,000	€ 51,691,675	€ 51,691,675	€ 25,845,838	28.7%	28.7%	-€128,308,325	-€64,154,163
Priority 2: Enhancing access to, and use and quality of ICT											
National Broadband Plan	€60,000,000	€30,000,000	n/a	n/a	€ 0	€ 0	€ 0	0.0%	0.0%	-€60,000,000	-€30,000,000
P2 Total	€ 60,000,000	€ 30,000,000	€ 0	€ 1,800,000	€0	€0	€0	0.0%	0.0%	-€60,000,000	-€30,000,000
Priority 3: Enhancing the competitiveness of SMEs											
Entrepreneurship in Micro-Enterprise	€71,113,654	€35,556,827	n/a	n/a	€ 5,651,835	€ 10,490,203	€ 5,245,102	14.8%	14.8%	-€60,623,451	-€30,311,726
P3 Total	€ 71,113,654	€ 35,556,827	€ 27,680,000	€ 1,660,800	€5,651,835	€ 10,490,203	€ 5,245,102	14.8%	14.8%	-€60,623,451	-€30,311,726

77 Financial Milestone defined at Priority level with the exception of Priority 6 (Technical Assistance). Adjusted milestones (75% or 85% of these values) depending on the number of indicators per Priority in the Performance Framework – as per (Article 6(2) of the CIR)

78 Performance Reserve defined at Priority level with the exception of Priority 6 (Technical Assistance) – 6% of funding allocation. The performance reserve constitutes 6% of the priority allocations net of the Technical Assistance Priority.

Priority / Scheme	2014-2020				Within 2018	Up to and Including 2018					
	Funding Allocation		Milestone ⁷⁷ for 31/12/2018 TOTAL	Performance Reserve ⁷⁸	Declared to EC within 2018 TOTAL	Declared to EC		Declared to EC as % of Funding Allocation		Difference between Declared to EC & Funding Allocation	
	TOTAL	ERDF				TOTAL	ERDF	TOTAL	ERDF	TOTAL	ERDF
Priority 4: Supporting the shift towards a low-carbon economy in all sectors											
Social Housing Retrofit	€95,000,000	€47,500,000	n/a	n/a	€ 0	€ 0	€ 0	0.0%	0.0%	-€95,000,000	-€47,500,000
Better Energy Warmer Homes	€38,000,000	€19,000,000	n/a	n/a	€ 9,817,570	€ 24,716,598	€ 12,358,299	65.0%	65.0%	-€13,283,402	-€6,641,701
P4 Total	€ 133,000,000	€ 66,500,000	€ 26,600,000	€ 3,990,000	€9,817,570	€ 24,716,598	€ 12,358,299	18.6%	18.6%	-€108,283,402	-€54,141,701
Priority 5: Sustainable Urban Development											
Designated Urban Centres Grant Scheme	€52,000,000	€26,000,000	n/a	n/a	€ 1,963,052	€ 7,224,789	€ 3,612,395	13.9%	13.9%	-€44,775,211	-€22,387,606
P5 Total	€52,000,000	€26,000,000	€20,080,000	€1,560,000	€ 1,963,052	€ 7,224,789	€ 3,612,395	13.9%	13.9%	-€44,775,211	-€22,387,606
Priority 6: Technical Assistance											
Technical Assistance	€4,018,700	€2,009,350	n/a	n/a	€ 0	€ 536,670	€ 268,335	13.4%	13.4%	-€3,482,030	-€1,741,015
P6 Total	€4,018,700	€2,009,350	n/a	n/a	€ 0	€ 536,670	€ 268,335	13.4%	13.4%	-€3,482,030	-€1,741,015
Priorities 1 – 6											
Total	€ 500,132,354	€ 250,066,177	€ 146,360,000	€ 14,410,800	€ 69,124,132	€ 94,659,935	€ 47,329,968	18.9%	18.9%	-€405,472,419	-€202,736,210

Note: In some columns, information available by scheme; in other columns, information only available by Priority

Sources: AIR 2017.1, information from MA

4.4 Drawdown of ERDF funding in context of N+3, milestones, and Performance Framework

4.4.1 Drawdown of Funding in the context of N+3

The Annual Implementation Report for the Southern & Eastern (S&E) Regional Operational Programme (ROP) for 2014-2020, reports on the drawdown achieved under the ROP for the year 2017.

There has been good progress to date for the implementation of all the Investment Priorities, with most schemes reporting expenditure in 2017 and common and programme-specific output indicator achievements. At the end of 2017, 7 schemes have reported and declared expenditure, however, there remains a significant total of expenditure to be declared, reflected in the substantial gap between what was reported through Article 112 and expenditure declared. In addition, 2 schemes have not declared any expenditure, this is mainly due the delay in the delivery and implementation of the schemes.

The S&E ROP has an estimated €183.3m in public eligible costs paid to beneficiaries but only €25.5m of expenditure declared up to the end of December 2017, thus a considerable value yet to be processed and declared. However, until Article 125 checks are completed, there is no guarantee that the entirety of this expenditure is eligible. All bodies in the financial management cascade are required to comply and ensure that all ERDF funding on expenditure to the end of 2018 should be claimed by the end of June 2019, as part of the performance framework.⁷⁹ The DPER has requested that all ERDF funding on expenditure to the end of 2018 should be claimed by the end of June 2019. (There is no expectation that all expenditure to end of 2018 will be claimed by end of June 2019. The June 2019 deadline relates to the cut-off point to achieve milestone for eligible expenditure to 31/12/18. While DPER considers it essential that the milestones are met, this does not necessarily have to include claims for 2018 expenditure by end of June, where there is sufficient in older claims to achieve the milestones. DPER has requested that 2018 expenditure be claimed by end 2019 where not required to meet the June milestones.) There must be an audit trail to show that expenditure has been incurred during the eligibility period including 2018 which can consider:

- Eligible expenditure including payment applications submitted to the commission until the end of 2018
- Eligible expenditure included in payment applications submitted prior to the submission of the AIR in 2019 which corresponds to expenditure incurred by beneficiaries and paid until the end of 2018.

Section 4.3 provides details of expenditure and declarations to date; this shows that:

- **Public Eligible Cost of Operations Selected for Support up to end of 2017:** demonstrates significant levels of funding committed and thus a substantial **future pipeline of expenditure yet to be incurred, processed and declared**. Up to the end of 2017, at a programme level, this was over **€410m** (82% of the ROP funding allocation); apart from Priority 2, all Priorities have committed amounts to operations equivalent to at least 45% of their funding allocation.
- **Public Eligible Costs paid to Beneficiaries up to end of 2017:** illustrates a considerable pipeline of expenditure incurred which is yet to be fully processed and ultimately declared to the EC. Whilst the level of declared expenditure to EC up to 2017, is relatively low, it is evident that **spend is taking place “on the ground”**. Up to the end of 2017, this was over **€183m (€183,358,365, 36.7%** of the ROP funding allocation) across most of Priorities and Schemes. This exceeds the programme level financial milestone for 31/12/18 (**€146,360,000**). Priorities 1, 3 and 4 have at least 38% of their funding allocation paid to beneficiaries There were 2 schemes with zero public eligible costs paid to beneficiaries (National Broadband Plan (Priority 2) and Marine Research Programme (Priority 1)).
- **Funding Allocation and Expenditure Declared to EC up to 2017 and up to 2018.**
 - To the end of 2017, total expenditure declared is **€25,535,803⁸⁰**. Therefore, there remains **€474,596,558** of expenditure that could potentially be declared by the MA to the EC. Total expenditure declared up to 2017 is low, representing only **5.1%** of the total funding allocation. Expenditure had been declared for Priorities 3, 4 and 5.

⁷⁹ REGULATION (EU) No 1303/2013 – Article 65 - Eligibility of expenditure and durability: sets out conditions for determining the eligibility of expenditure, and DPER CIRCULAR 08/2015: details the 2014-2020 Eligibility Rules for the ERDF in Ireland.

⁸⁰ The total declared expenditure to EC up to 2017 includes expenditure that was incurred in the OP for 2014, 2015 and 2016.

- Considerable progress was made in terms of declarations during 2018. To the end of 2018, total expenditure declared to the EC is **€94,659,935**⁸¹; this represents an uplift of around **€70m** during 2018. Total expenditure declared up to 2018 represents **18.9%** of total funding allocation (an uplift of around 14 percentage points during 2018). Therefore, there remains **€405,472,419** of expenditure to be declared to the EC. Expenditure had been declared for Priorities 1, 3, 4 and 5.

It is not unusual for such European funded programmes to take time to develop and deliver the expected expenditure for drawdown. However, five years into the 2014-2020 Operational Programme, DPER has stated that it is important for the **gap between expenditure and drawdown of EU funding** to be reduced.

DPER noted that implementation on ground of the Operational Programme has been excellent but reported that there is still some way to go in relation to expenditure drawdown. The Position Paper on Cohesion Policy Post 2020 reports that part of the reason that drawdown is slow on the EU Programmes is that the regulations in place are extremely complex and stated that Ireland's national submission to the post 2020 Cohesion Policy stresses this issue very clearly.⁸²

Regarding N+3: the Managing Authority is confident that N+3⁸³ target for 2018 will be met⁸⁴, as there has been a significant amount of work already undertaken by all Intermediate Bodies and Beneficiaries in order to achieve the declarations made under each priority and scheme. It has met the N+3 target every year to date.

4.4.2 Milestones and Performance Framework⁸⁵

Introduction to the Performance Framework

EC guidance⁸⁶ describes the arrangements for the Performance Framework Review

“In line with Article 21 of the CPR, the formal performance review will be carried out in 2019 on the basis of the information and the assessments presented in the annual implementation reports (AIR) submitted by the Member States by the end of May (EMFF) or June 2019 (all other ESI Funds).

The Commission has two months from the date of receipt of the AIR for the preceding year to examine the achievement of the milestones at the level of priorities and to adopt a decision, by means of implementing act, to determine for each Member State and ESI Fund, the programmes and priorities which have achieved their milestones.

A priority will be deemed to have achieved its milestone in the following cases (Article 6(2) of the Commission Implementing Regulation):

- *if there are no more than two indicators in the performance framework related to a priority, all indicators have achieved at least 85% of their milestone value by the end of 2018*

or

- *if there are three or more indicators in the performance framework related to a priority, all indicators except for one have achieved at least 85% of their milestone value by the end of 2018 and the one indicator which has not achieved 85% of its milestone value has achieved at least 75% of its milestone value.*

⁸¹ The total declared expenditure to EC up to 2017 includes expenditure that was incurred in the OP for 2014, 2015, 2016 and 2017.

⁸² Position Paper on Cohesion Policy Post 2020, As presented by the Department of Public Expenditure and Reform (Member State for Cohesion Policy in Ireland), 10 November 2017

⁸³ Funds must be defrayed, certified and claimed from the Commission within three years of the year in which they are allocated; this requirement is the “N+3” target. It is slightly lower than the annual allocation as it excludes pre-financing and performance reserve commitments.

⁸⁴ The N+3 target for 2018 was achieved

⁸⁵ Annual Implementation Report 2017 – Admissible – Page 31

⁸⁶ Guidance Fiche: Performance Framework Review and Reserve in 2014-2020. Final Version – 14 May 2014

The level of achievement for the key implementation steps will be quantified (for example: number of contracts for laying rail tracks awarded as percentage of all such contracts to be signed), then, their level of achievement may be represented by any value from within the range 0-100% and the 85% achievement threshold applies.”

The **performance framework**⁸⁷ is a set of indicators in each OP according to which the Commission, in cooperation with the Member States, shall review the performance of the programmes in each MS in 2019. During this process, called the '**performance review**', the achievements of the operational programme priorities are examined based on the information presented in the annual implementation report submitted by the Member States at the end of 2019. The next examination will take place based on the information presented in the final implementation report to be submitted in 2025. In case of failure to achieve the targets set in the programmes the Commission may apply financial corrections.

The Performance Framework Review will take place in 2019 based on 2018 Annual Implementation Report submitted in 2019. Failure to achieve the 2018 milestones for a programming priority, will result in the loss of the performance reserve for the priority concerned (6% of the ERDF allocation at a priority level) and its reallocation to other priorities which have achieved their milestones.⁸⁸ Furthermore, a serious failure to achieve the 2018 milestones may lead to the suspension of interim payments.⁸⁹

The Performance Framework was prepared jointly by the Managing Authorities for both the S&E and BMW Operational Programmes as an essential part of the programme development and preparation process. It was required to establish interim milestones; the achievement (or not) of these has a bearing on how the performance reserve is used. The performance framework also informs the monitoring committee members of the current position regarding the implementation of the programme. The performance review in 2019 considers whether milestones have been achieved or not; performance will be assessed again in 2023 to establish if the final targets have been achieved.

Financial Milestones: Progress towards meeting these

Section 4.3.3 provides details of financial performance: considering **Financial Milestones and Expenditure Declared to EC up to end of 2017:**

- The financial milestone (set for 31/12/2018) was **€146,360,000** at programme level for the S&E region; this represents almost 30% (29.3%) of total funding allocation; there are also priority level financial milestones for Priorities 1, 3, 4 and 5 (representing between 20% and 40% of the funding allocation per priority).
- Taking into account Article 6(2) of the CPR⁹⁰, adjusted financial milestones based on indicator attainment are 75% of Priority 1 (**€54m**) and 85% of Priority 3, 4 and 5 (**€23.528m, €22.610m, €17.068m**) respectively; this equates to an adjusted financial milestone of **€117.206m** at programme level.
- Comparing expenditure declared to the EC up to 2017 (€ 25,535,803), with the 2018 financial milestone, it represents 17.8%; there is a shortfall of **€120,824,197**. Compared with the 2018 adjusted financial milestone, it represents 21.8%, leaving a shortfall of **€91,670,197**. Across the Priorities, up to the end of 2017, none had achieved priority level financial milestones nor adjusted milestones.

⁸⁷ https://ec.europa.eu/regional_policy/en/policy/what/glossary/p/performance-framework

⁸⁸ as defined in Article 6(2) of Commission Implementing Regulation (EU) No 215/2014,

⁸⁹ as defined in Article 6(3) and (4) of Commission Implementing Regulation (EU) No 215/2014

⁹⁰ A priority will be deemed to have achieved its milestone in the following cases (Article 6(2) of the CIR): if there are no more than two indicators in the performance framework related to a priority, all indicators have achieved at least 85% of their milestone value by the end of 2018 or if there are three or more indicators in the performance framework related to a priority, all indicators except for one have achieved at least 85% of their milestone value by the end of 2018 and the one indicator which has not achieved 85% of its milestone value has achieved at least 75% of its milestone value

- Comparing expenditure declared to the EC up to 2018 (€ 94,659,935) against the 2018 financial milestone; it represents 64.7% there is a shortfall of **€51,700,065**. Compared with the 2018 adjusted financial milestone, it represents 80.8%, leaving a shortfall of **€22,546,065**. Across the priorities, up to the end of 2018, none had achieved the priority level financial milestones, although Priority 4 had exceeded its adjusted financial milestone and Priority 1 was very close (95.7%) to its adjusted financial milestone. Overall, there has been considerable progress in the levels of expenditure declared to the EC during 2018.

Performance Framework: Progress towards meeting these

Table 4.4 below shows the **Performance Framework** for the S&E ROP including the milestones (for output, result and financial indicators) for the end of 2018, as well as actual progress to date, presented as absolute and % of milestone values.

- Priority 1: 3 indicators in Performance Framework (all but one must achieve at least 85% ; one at least 75%)
 - 2 (physical) indicators have exceeded 2018 Milestone based on data to 2017
 - 1 (financial) indicator achieved 0% of 2018 Milestone based on data to 2017; likely to achieve at least 72% by end of 2018 or 95.7% of adjusted milestone
- Priority 2: 3 indicators in Performance Framework (all but one must achieve at least 85% ; one at least 75%)
 - 2 (physical) indicators had a milestone of zero in 2018; therefore achieved.
 - 1 indicator achieved (key implementation step relating to procurement commencing) by end of 2017.
- Priority 3: 2 indicators in Performance Framework (all must achieve at least 85%)
 - 1 (physical) indicator has exceeded 2018 Milestone based on data to 2017
 - 1 (financial) indicator achieved 17% of 2018 Milestone based on data to 2017; likely to achieve at least 38% by end of 2018 or 44.6% of adjusted milestone.
- Priority 4: 2 indicators in Performance Framework (all must achieve at least 85%)
 - 1 (physical) indicator exceeded 2018 Milestone based on data to 2017
 - 1 (financial) indicator achieved 56% of 2018 Milestone based on data to 2017; likely to achieve at least 93% by end of 2018 or 109% of adjusted milestone i.e. achieved at least 85%.
- Priority 5: 2 indicators in Performance Framework (all must achieve at least 85%)
 - 1 (physical) indicators has not met 2018 Milestone based on data to 2017
 - 1 (financial) indicator achieved 26% of 2018 Milestone based on data to 2017; likely to achieve at least 36% by end of 2018 or 42.3% of adjusted milestone

Despite the high level of public eligible cost of operations selected for support across the programme (c. €410 million, as outlined in Table 4.1), it is the view of the Evaluators that not all of the 2018 financial milestones are likely to be achieved - in particular that associated with Priority 5; and to a lesser extent that associated with Priority 3, though the latter is understood to be likely to be attained given the introduction of a new protocol for P3 M1 declarations.

- Priority 1: likely to achieve all 2018 milestones. There has been significant investment committed to this Priority (apart from the Marine Research Programme). There has also been considerable progress in declaration of expenditure during 2018.
- Priority 4: achieved all 2018 milestones.
- Priority 2: achieved 2018 Milestones (2 set at zero and 1 achieved (key implementation step)).
- Priority 3:
 - The value of financial indicator for Priority, 3 is significantly behind milestone based on information presented in the tables in this section. However with a new protocol in place for M1 declaration on eCohesion progressing, the evaluator understands that the attainment of this milestone is now highly likely.
 - It is evident that there is a strong pipeline of eligible cost of operations selected for support potentially available to be processed.
 - There has been significant investment committed to this priority which focuses on business support/investment. .
 - The values of 2 other output indicators for Priority 3 have already exceeded the 2018 Milestones
- Priority 5:
 - The value of financial indicator for Priority 5 is significantly behind milestone and will not be met as there is insufficient expenditure incurred “on the ground”. Therefore, declaration of eligible expenditure should continue to be a priority to ensure that this does not fall further behind. Whilst there is a strong pipeline of eligible cost of operations selected for support, this should be processed to ensure there is no more slippage.
 - The value of the output indicator for Priority 5 should achieve the Milestone by end of 2018.

In the short term, the key challenge for the S&E region will be meeting those milestones set for the indicators included in the performance framework, that have not already been achieved and where these are likely to be met – in particular the financial milestone for Priority 3 In the longer term, the challenge is to ensure that expenditure is efficiently processed and declared to meet overall programme lifetime targets.

Table 4.4 – Performance Framework – S&E

Priority axis	Ind type	ID	Indicator	Measurement unit	Milestone & adjusted Milestone for 2018 total	Final target (2023) total	Actual to end of 2017	Actual as % of Milestone	Actual to end of 2018	Actual as % of Milestone & adjusted Milestone
1	O	CO24	Research, innovation: Number of new researchers in supported entities	Full time equivalents	276	689	647	234%	758	275%
1	F	F1.1	total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority	€	72,000,000 54,000,000	180,000,000	€ 0	0%	€ 51,691,675	72% 95.7%
1	O	1.3	Number of commercialisation fund awards	Number of Awards	130	325	131	101%	165	127%
2	O	CO10	ICT Infrastructure: Additional households with broadband access of at least 30 Mbps	Households	0	164,344	0	#DIV/0!	tbc	tbc
2	F	F1.1	total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority	€	0	60,000,000	€ 0	#DIV/0!	€ 0	#DIV/0!
2	I	I1	Key Implementation Steps	Number of Steps Completed	Launch of procurement process to award contract	1	1	100%	1	100%
3	O	CO08	Productive investment: Employment increase in supported enterprises	Full time equivalents	2,304	5,760	3375	146%	3,948	171%
3	F	F1.1	total amount of eligible expenditure entered into the accounting system of the certifying authority	€	27,680,000 23,528,000	71,113,654	€ 4,838,368	17%	€ 10,490,203	38% 44.6%

Priority axis	Ind type	ID	Indicator	Measurement unit	Milestone & adjusted Milestone for 2018 total	Final target (2023) total	Actual to end of 2017	Actual as % of Milestone	Actual to end of 2018	Actual as % of Milestone & adjusted Milestone
			and certified by the authority							
4	O	CO31	Energy efficiency: Number of households with improved energy consumption classification	Households	7,799	19,497	21782	279%	23,507	301%
4	F	F1.1	total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority	€	26,600,000 22,610,000	66,500,000	€ 14,899,028	56%	€24,716,598	93% 109%
5	F	F1.1	total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority	€	20,080,000 17,068,000)	52,000,000	€ 5,261,737	26%	€7,224,789	36% 42.3%
5	O	5.1.1	Number of integrated growth centre strategies implemented	Number of Strategies	4	9	0 ⁹¹	0%	4	100%

Source: Performance Framework - AIR2017.1 – Admissible – Page 29

⁹¹ 9 approved, not yet implemented

4.5 Physical and Financial Progress - Priority 1: Strengthening RTDI

4.5.1 Schemes⁹²

The specific objectives of Priority 1 are: to increase the level of research taking place in the S&E region with company engagement by supplying applied research; and to increase the level of commercialisation of research by the higher education institutions in the S&E region. Priority 1 comprises five schemes across the areas of scientific research, marine research, and commercialisation of research.

SFI Research Centres Programme: aims to develop a set of world-leading, large scale Research Centres that will provide major economic impact for Ireland.

- This is SFI's largest programme, it is extremely competitive and subject to a critical review process.
- Four Research Centres CONNECT, ADAPT, LERO and iCRAG with a total SFI award value of €93m (direct cost budget) and €77m payroll costs only, are co-financed by the ROP 2014-20.
- Following a third call for Research Centres in 2016, four more Research Centres in the S&E region were awarded in 2017, with total direct costs of €56m, of which €48m relates to payroll costs.

SFI Spokes Programme: The objective is to promote the further development of existing SFI Research Centres to incorporate new areas of research and new industrial and academic collaborators.

- During 2017, seven new Spokes awards were made to Research Bodies in the S&E region, bringing the total Spokes awarded at the end of 2017 to €33m direct costs of which €24m is allocated to payroll costs.
- Over the remaining lifetime of the programme, Research Centres are expected to continue to submit proposals; the success or otherwise to be determined by the peer review process and budget availability.

Marine Research Programme⁹³ The objective is to provide funding to the marine sector in Ireland that will build new research capacity and capability, enable sharing of existing knowledge and technology transfer; increase competitiveness and opportunities for sustainable economic growth; protect and conserve marine resources; inform public policy; and increase public awareness of maritime heritage.

Commercialisation Fund: The aim of Fund is to improve the competitiveness of the Irish economy through the creation of technology-based start-up companies and the transfer of innovations developed in 3rd level institutions to Irish industry. It will fund the development of innovations at all stages of the commercial pipeline to the point where the innovations can be commercialised as new products, services and companies. It supports research organisations to develop a route to commercialisation for innovative technology-based projects, leading to the creation of R&D based spin-out enterprises. New companies set up from research outputs of the Commercialisation Fund may be described either as high potential start-ups (HPSU) or as spin-outs⁹⁴.

Innovation Partnership Programme⁹⁵: The objective is to propel the use of key technologies by Irish companies by encouraging them to work with Irish research institutes, resulting in mutually beneficial co-operation and interaction. Companies can access expertise and resources to develop new and improved products, processes, services, and generate new knowledge and know-how. The participating company benefits in terms of its growth, the evolution of its strategic research and development and the creation of new knowledge that it can use to generate commercial advantage. The research institute benefits in terms of

⁹² Annual and final implementation reports – Southern & Eastern Regional Operational Programme 2014-2020

⁹³ Implementation Plans, Southern & Eastern Regional Operational Programme 2014 – 2020

⁹⁴ A HPSU is defined as a company that is internationally focused and has the potential to employ at least 10 persons within three years of starting and to generate revenues of at least €1million. Not all the Third Level spin-out companies will grow to become sustainable, scalable companies, hence are termed Spin-outs until they develop into an EI-defined HPSU, with investor funds secured into the company

⁹⁵ IB Report - Southern and Eastern Regional Operational Programme 2014 – 2020 – Innovation Partnership Programme

developing skill sets, intellectual property and publications. The programme leverages the research strengths and technical expertise in Irish HEIs to develop innovations that will have an economic impact in Ireland.

4.5.2 Physical Progress / Performance Indicators

Table 4.5 provides a summary of the indicators in Priority 1 including target to be achieved by 2023 and progress reported to the end of 2017. Of the 7 common and programme-specific output indicators across the 5 schemes in Priority 1, six are rated green – on track for target to be achieved, and one could not be rated. Two programme-specific result indicators are also rated green – on track for target to be achieved.

Table 4.5: Priority 1 - Output and Result Indicator Progress

Number of indicators	Performance Indicator ⁹⁶	Target 2023 ⁹⁷	Progress - 2017
6 Common output indicators on track for target to be achieved	Research, innovation: Number of new researchers in supported entities	689 Full-Time Equivalents (baseline: 0)	647 (94%) Operations selected were fully implemented by end of 2017
	Number of Awards under the Spokes Programme in the S&E Region	25 Awards (baseline: 0)	16 – (64%)
	Number of commercialisation fund awards	325 Awards (baseline: 0)	131 – (40%) Only projects selected from 2015 have been included in 2014-20 programming period.
	Number of enterprises receiving non-financial support	143 Enterprises (baseline: 0)	217 (152%) Operations selected and first payments have been made to the beneficiary i.e. projects are underway. 53 (37%) Completed projects on which final payment made
	Number of enterprises receiving support	143 Enterprises (baseline: 0)	As above
	Number of enterprises cooperating with research institutions	143 Enterprises (baseline: 0)	As above
1 Programme Specific Output Indicator – not rated	Number of marine research PhDs and Post-rated	21 researchers (baseline: 0)	Not rated: scheme had not begun implementation by end of 2017

⁹⁶ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

⁹⁷ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

Number of indicators	Performance Indicator ⁹⁶	Target 2023 ⁹⁷	Progress - 2017
	Doctoral researchers funded		
2 Programme-specific result indicators - on track for target to be achieved	Number of industry partners engaged with funded strategic research centres in the S&E region ⁹⁸	713 Enterprises (baseline: 529, 2014)	698 (98%) Progress is ongoing
	(Annual) Number of Licenses as a result of research in the S&E region ⁹⁹	25 annually licenses (baseline: 24, 2013)	30 (120%) in year

Source: Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

Apart from the Marine Research Programme, all of schemes within Priority 1 are performing well. Under Priority 1, three output indicators have already met target values (2023), another is close to meeting target (2023) and 2 others are on track to meet target values. Considering Result Indicators, one (number of industry partners engaged with funded strategic research centres in the S&E region) is very close to target value 2023; the other (licenses) has exceeded its target value. These result indicators reflect the broader regional economy, not only the ROP schemes; as such they are likely to continue to perform well.

One indicator in Priority 1 could not yet be rated: this relates to the Marine Research Programme which was delayed at the beginning of the programme due to eligibility issues/suitability for ERDF funding.

- Up to 2017, no expenditure or achievements have been reported because the Intermediate Body had not entered into any contractual commitments for co-funding under this programme
- The Marine Research scheme (Networking Initiative) proposed under the OP proved not to be suitable for ERDF funding. At the start of the OP it became apparent that the Marine Research Programme originally envisaged during design of the OP would require the designation of a new IB that had legitimate concerns about the administrative burden involved in managing a large number of very small projects within available resources. Therefore, a modification to the scheme was required (leading to a programme modification).
- Following discussions between the MA and the IB, a revised proposal (for other activities eligible under ERDF) was submitted by the Marine Institute in December 2017, and that (including Implementation Plan) has subsequently been approved by both MAs for inclusion in the S&E and BMW ROPs.
- The two funding calls under the new Marine Institute scheme were launched in 2018. The announcement of the awards under the first call of the Marine Institute Industry-Led Research Call 2018 was made on 3 December 2018. This was an open call for Small and Medium-Sized Enterprises (SMEs) to carry out marine research under the themes specified in the National Marine Research & Innovation Strategy 2017-2021. This will be followed by calls for Post-Doctoral Fellowships and Capacity-Building Research Projects in H2 2018, and for Capacity-Building Research Projects and Networking & Technology Transfer in 2020.

⁹⁸ This is supported through the following schemes in priority 1: SFI Research Centres Programme, SFI Research Centres: Spokes Programme, SFI Investigators Programme and Marine Research Programme.

⁹⁹ This is supported through the following schemes in priority 1: Enterprise Ireland Commercialisation Fund and the Enterprise Ireland Innovation Partnership Programme.

Now that the Marine Research Programme has commenced, it will begin to contribute to indicators under Priority 1 (including 1 Programme-Specific Output Indicator and expenditure committed and then declared).

Given the achievements of the programme to date (e.g. number of new researchers supported is close to fully achieving its programme target), relative to funding, it is recommended that (in terms of meeting their Priority indicator target values across outputs, results and financial milestones), the SFI Research Centres Programme and the target value(s) for associated indicator(s) should be increased proportionately,

4.5.3 Financial Progress: Expenditure Incurred

Table4.6: Priority 1 – Financial Progress

Category	Amount	Notes
Funding allocation	€180,000,000	36.0% of the ROP
2018 Milestone	Milestone: €72,000,000 Adjusted Milestone (75%): €54,000,000	Taking into account Article 6(2) of the CPR (see Section 4.4.2), adjusted financial milestone for this Priority is included.
Public eligible cost of operations selected for support (up to 2017)	€244,338,150	There is a strong pipeline of expenditure (up to the end of 2017):
Public eligible costs paid to beneficiaries (up to 2017)	€68,805,176	
Total eligible expenditure declared by beneficiaries to MA (up to 2017)	€ 0	
Declared to EC to 2017:	€ 0	Considerable expenditure processed and declared in 2018, though further progress to be made
Declared to EC to 2018	€ 51,691,675	

4.5.4 Programme Outputs and Results related to Expenditure Incurred at Priority/Scheme Level

In summary, physical progress in relation to Priority 1 has been good (with the exception of the Marine Research Programme due to the delays outlined above). IBs have reported their satisfaction with progress and are confident that performance indicator targets can be achieved; in some cases these have already been met. (The evaluator notes that as of end of 2018, MI have 15 operations selected for support to value of €3,602,596).

There is some incongruence between the physical performance and financial performance which lags somewhat. Whilst there is evidence of expenditure being declared (0 to the end of 2017, though increasing to close over 28% by end of 2018) and incurred “on the ground” (over €68m which equates to over 38% of funding allocation), there is still some progress to be made. It is encouraging to note a strong future pipeline (over €244m, equates to over 135% of the funding allocation).

By end of 2018, there was expenditure declared of **€51,691,675** which represent 95.7% of 2018 Priority adjusted financial milestone i.e. the financial milestone has almost been achieved. Delays in drawdown can

also arise due to lags between grants being defrayed and claimed. As the delivery of the scheme proceeds, it is important that the levels of declaration of funds continues to be prioritised; this should continue to deliver on the target values for the indicators, which are on track but are not yet achieved., having to some extent already “front-loaded” delivery – for example in terms of researchers employed in research centres which are funded for 6 years; also in terms of 3 indicators that are rated as met, where first payments have been made but further payments are yet to be made. So financial progress will continue to increase, for some indicators, the achieved values may not do so in parallel, as the spend catches up with the physical progress.

4.6 Physical and Financial Progress - Priority 2: ICT Infrastructure

4.6.1 Scheme¹⁰⁰

The **National Broadband Plan** aims to provide high quality and reliable broadband services to every home/business with choice of service provider to customers, in an open, competitive market, on par with those available in commercial areas

The programme envisages that the number of Irish towns and villages with high-speed next generation broadband will have increased in the S&E region from 391 to 933 (+239%) by the end of the programming period. It also anticipates providing additional households with access of at least 30 Mbps by the end of the programme.

4.6.2 Physical Progress / Performance Indicators

There are two indicators to which no rating can be attributed yet as the implementation and delivery of the National Broadband Plan has not yet commenced; actual values have not yet been recorded. These are:

- common output indicator - ICT Infrastructure: Additional Households with broadband access of at least 30 Mbps. Baseline: 0; Target value in 2023: 164,344;
- programme-specific result indicator - Settlements with high-speed next generation broadband in the S&E Region: Baseline value in 2014: 391; Target value in 2023: 933.

In terms of progress to date, a competitive dialogue process is being followed to appoint a contractor. A Procurement Board was set up to oversee and ensure compliance of the process which involves 8 steps¹⁰¹:

The National Broadband Plan (NBP) procurement process was delayed; this has affected the delivery of implementation. Two bidders submitted Detailed Solutions and in January 2018, a single bidder remained in the procurement process. Once that phase was completed, the procurement moved to final tender stage. Consultation with the IB indicated that the bid process closed on 21 November 2018 and that the Minister would then make a recommendation to the Government. An independent review of the Procurement Process completed by an independent Process Auditor was published and accepted by the government in November 2018¹⁰². The Process Auditor’s report was presented to cabinet; there were no adverse findings and the project is continuing to contract signing.

With the key implementation step (launch of procurement process to award the contract) now achieved, it is anticipated to commence rollout in 2019. The AIR report that a risk register has been maintained and any potential issues were identified at an early stage in the procurement process with mitigating actions assigned against each risk.

¹⁰⁰ Annual and final implementation reports – Southern & Eastern Regional Operational Programme 2014-2020

¹⁰¹ <https://www.dccae.gov.ie/en-ie/communications/topics/Broadband/national-broadband-plan/state-intervention/Pages/Procurement.aspx>

¹⁰² https://www.dccae.gov.ie/documents/NBP_Procurement_Process_Audit_Report_23_November_2018.pdf and https://merrionstreet.ie/en/News-Room/News/Minister_Bruton_Publishes_Smyth_Review.html

4.6.3 Financial Progress: Expenditure Incurred

Table 4.7: Priority 2 – Financial Progress

Category	Amount	Notes
Funding allocation	€60,000,000	12.0% of the ROP
2018 Milestone	€ 0	
Public eligible cost of operations selected for support (up to 2017)	€ 0	No evidence of expenditure in the pipeline as yet (up to the end of 2017):
Public eligible costs paid to beneficiaries (up to 2017)	€ 0	
Total eligible expenditure declared by beneficiaries to MA (up to 2017)	€ 0	
Declared to EC to 2017:	€ 0	
Declared to EC to 2018	€ 0	No expenditure processed or declared up to 2018 – reflecting the nature of the intervention

4.6.4 Programme Outputs and Results related to Expenditure Incurred at Priority/Scheme Level

The scheme has been delayed but roll-out is anticipated in 2019. With no values recorded against output or result indicators and no expenditure committed or declared to date, achievement of the indicator target values and declaration of all expenditure will be focused in the remaining lifetime of the programme. It would therefore be important that, once a contractor is appointed and roll-out commences, that the MA seeks to ensure that actions supported under the ROP are prioritised to facilitate timely expenditure and declaration of funds and also to deliver against the indicator target values.

4.7 Physical and Financial Progress - Priority 3: SME Competitiveness

4.7.1 Scheme¹⁰³

Entrepreneurship in Micro-Enterprise: The specific objective of this priority is to increase employment levels in micro-enterprises in this region by supporting business start-ups, business expansion and higher innovation levels in micro-enterprises. The scheme is delivered through the 18 Local Enterprise Offices (LEOs) in the S&E Region.

This investment priority will support innovative and growth-oriented SME start-ups and expansions through the provision of business information, advisory services, capacity building, mentoring and financial supports. The financial supports will be targeted at more value-added clients in the manufacturing and traded services activities which do not lead to deadweight and or displacement. The non-financial supports are broader and more generally focused but will meet the specific needs of a large cohort of manufacturing and traded service micro-enterprises. In pursuing the above objective, the LEOs:

¹⁰³ Annual and final implementation reports – Southern & Eastern Regional Operational Programme 2014-2020

- promote local enterprise culture and entrepreneurship throughout society through initiatives such as their Start-Your-Own-Business training courses, provision of business information and advisory services, school's enterprise programmes, awards schemes, networks.
- support business start-ups and expansions with appropriate financial supports, including feasibility supports, priming supports and repayable assistance¹⁰⁴ in addition to networking with appropriate private sector finance providers.
- encourage and facilitate higher levels of value added businesses, including green enterprises and eco-innovation, by applying innovation, ICT strategies and export awareness.
- build the capability of owner/managers of micro-businesses through training and development actions.

The LEOs nationwide, run in partnership by Enterprise Ireland and the Local Authorities, provide a 'first stop shop' for the supports available to entrepreneurs, start-ups and small businesses.

4.7.2 Physical Progress / Performance Indicators

Table 4.8 provides a summary of the common and programme-specific output indicators in Priority 3: all 7 common and programme-specific output indicators are rated 'green' – on track for target to be achieved with 2 already achieved. The programme-specific result indicator associated with Priority 3 is also rated 'green', although this reflects activity in the wider regional economy and not just the OP intervention.

General deadweight ratios have been applied to some of the indicators to provide an indication of the outputs directly associated with the ROP. As is typical with such interventions, the levels of deadweight are relatively high.

Table 4.8: Priority 3 -Output and Result Indicator Progress

Number of indicators	Performance Indicator ¹⁰⁵	Target 2023 ¹⁰⁶	Progress – 2017
7 Common Output Indicators on track for target to be achieved	Productive investment: Number of enterprises receiving support	51,736 Enterprises (baseline: 0)	31,692 (61%) - on track Operations selected have been fully implemented by the end of 2017
	Productive investment: Number of enterprises receiving grants	1,804 Enterprises (baseline: 0)	2,181 (121%) - target achieved Operations selected have been fully implemented by the end of 2017
	Productive investment: Number of enterprises receiving non-financial support	25,000 Enterprises (baseline: 0)	29,073 (116%) - target achieved Operations selected have been fully implemented by the end of 2017
	Productive investment: Number of new enterprises supported	2,398 Enterprises (baseline: 0)	1,040 (43%) - on track. The IB expects to achieve 60% of the target by end of 2018

¹⁰⁴ Note: the repayable element of the assistance is not included for ERDF declarations

¹⁰⁵ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

¹⁰⁶ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

Number of indicators	Performance Indicator ¹⁰⁵	Target 2023 ¹⁰⁶	Progress – 2017
	Productive investment: Private investment matching public support to enterprises (grants)	€13,649,599 (baseline: 0)	€10,928,611 (80%) - on track Operations selected have been fully implemented by the end of 2017 Taking into account deadweight estimate (70% for grants for enterprises and start-ups in “rest of State”, Source DBEI – see Appendix 6), net investment attributable to ROP scheme is: €3,278, 583 (24%) of target
	Productive investment: Employment increase in supported enterprises	5,760 Full time equivalents (baseline: 0)	3,375 (59%) - on track Operations selected have been fully implemented by the end of 2017 Taking into account deadweight estimate (70% for grants for enterprises and start-ups in “rest of State”, Source DBEI – see Appendix 6), the net employment increase attributable to the ROP scheme would be: 1,012 (17% of target)
	Number of participants of enterprise training programmes	105,552 No. of Participants (baseline: 0)	49,931 (47%) - on track. Forecast c60% by end of 2018. Operations selected have been fully implemented by the end of 2017
1 Programme-specific result indicator on track for target to be achieved	Employment in the micro-enterprise sector in the S&E Region	186,852 Full Time Equivalents (baseline: 169,866, 2011)	193,002 ¹⁰⁷ (103%) - target achieved Progress is ongoing

Source: Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

Performance under Priority 3 has been supported by the economic uplift. The good performance can also be attributed to: strong demand (which is typical for business support), EI and their network have access to businesses/existing client lists which supports take-up and commented that they have ‘mopped up a lot of the latent demand’ and they expect demand to level off.

Since the ex-ante evaluation, employment levels in the S&E region have improved as the economy has grown. Although performance across Priority 3 has been strong and supported by an expanding economy, slower progress against the “**new enterprises supported**” target reflects higher employment levels. The IB reports that in the context of this strong economic performance (particularly in the S&E region), people are

¹⁰⁷ The latest data available from the CSO is for 2015 and states a total of 180,883 FTE employed in micro enterprises in the S&E region. the figures given for 2016 and 2017 are estimates based on straight line percentage growth rate. They will be updated as CSO data becomes available.

less driven and motivated to pursue start-ups as they are more likely to be in more secure employment. Therefore, although performance against the common output indicator (Productive investment: Number of new enterprises supported) is deemed to be on track (i.e. above 40% of the programme lifetime target), there is a risk that future performance will be impacted by wider economic conditions.

Overall, Enterprise Ireland (EI) are satisfied with progress to date across Priority 3. EI is confident that interventions are on track to deliver against 2018 targets and overall programme results by 2023. The employment shift indicator (programme-specific result indicator: employment in the micro-enterprise sector in the region) has already been achieved, however this is measured across the whole economy. The programme-specific output indicator: “employment increase in enterprises supported” target value has not yet been achieved though progress is on track; it reflects the performance directly associated with the ROP. In relation to the latter target, it is important to acknowledge that there is a lag between expenditure being defrayed and longer-term impacts (jobs) materialising, and it is common for employment impacts from targeted business support to accrue primarily in the latter stages of delivery.

Whilst some targets are focused on engagement (e.g. businesses supported outputs) and perhaps relatively easy to achieve, the key focus should be on employment as the primary outcome target. Given high deadweight associated with any business support intervention, the focus should be on engaging with businesses that will deliver growth – in terms of jobs, but also productivity growth e.g. **increase in turnover per head within the business**, i.e. quality instead of quantity. Consultations with delivery partners recognise that while there remains a need for pre-start up support and interventions to encourage and de-risk entrepreneurial activity, in order to deliver jobs growth and resilient businesses, sufficient attention also needs to be given to the quality of new starts and ensuring their longer-term sustainability and growth. In terms of start-ups, given improvements in business birth rate, there is a rationale for focusing more on growth and sustainability of newly established businesses so that after initial supports, to help businesses in their initial trading period, other support programmes can pick them up.

EI representatives have also indicated there is a need to encourage entrepreneurialism amongst young people to help address the high levels of youth unemployment. This could also contribute to the “number of new enterprises supported” output indicator within Priority 3.

These interventions are all operating in a changing and uncertain environment; some of the key factors impacting on performance are discussed in Section 3.4.2; these include:

- Increased economic growth with high employment rates
- Increase in SME lending and more organisations providing start-up support
- Reduced business confidence (Brexit)

Assuming the economic development conditions prevail and that there will not be an adverse effect from Brexit, Enterprise Ireland are confident about delivering the performance targets agreed for the OP.

These broad changes to the Priority are also captured in the review of the intervention logic (see Section 3.5 and Appendix 1C), and in Section 7.8.3).

4.7.3 Financial Progress: Expenditure Incurred

Table 4.9: Priority 3 – Financial Progress

Category	Amount	Notes
Funding allocation	€71,113,654	14.2% of the ROP
2018 Milestone	Milestone: €27,680,000 Adjusted Milestone (85%): € 23,528,000	Taking into account Article 6(2) of the CPR (see Section 4.4.2), adjusted financial milestone for this Priority is included.
Public eligible cost of operations selected for support (up to 2017)	€32,242,197	There is a strong pipeline of expenditure (up to the end of 2017):
Public eligible costs paid to beneficiaries (up to 2017)	€37,453,464	
Total eligible expenditure declared by beneficiaries to MA (up to 2017)	€ 4,838,361	
Declared to EC to 2017:	€ 4,838,368	Considerable expenditure declared in 2018, though further progress to be made
Declared to EC to 2018	€ 10,490,203	

4.7.4 Programme Outputs and Results related to Expenditure Incurred at Priority/Scheme Level

Progress to date under Priority 3 has been good with many physical indicators on track to meet target values and two already achieved. However, accounting for deadweight, some of the net values of indicators are some way off the target values.

There is some incongruence between the physical performance and financial performance which lags somewhat. Whilst there is evidence of expenditure being declared (only 6.8% of funding allocation for this Priority to the end of 2017, though increasing to close to 15% by end of 2018) and incurred “on the ground” (over €37.5m which equates to over 52% of funding allocation), there is still some progress to be made. It is encouraging to note a strong future pipeline (over €32m, equates to around 45% of the funding allocation).

By the end of 2018, under Priority 3, there is expenditure declared of **€ 10,490,203 (44.6%** of 2018 Priority adjusted financial milestone).

The relatively slow progress in declaring funds is due to a number of factors: Consultation with EI suggests the delay in implementing the eCohesion system created a backlog in administration processes which has impacted drawdown. Whilst the Contingency system was available for claims, and offline processing could have been advanced so as to be ready for uploading, there were also other constraints that contributed to the delay in processing. Programme delivery (and thus drawdown) can also be constrained due to other internal management / monitoring processes and systems – this internal constraint arises for EI who do not have a central CRM system to track all businesses they engage with across all their programmes and delivery partners.

Whilst the expenditure and outputs are strong under Priority 3 and there is sufficient expenditure on fully implemented projects, the declaration of expenditure for a very high volume of relatively low value projects has been administratively challenging at all levels of the cascade. The Managing Authority has worked closely with Intermediary Bodies, the Certifying Authority and the Audit Authority to identify technical solutions, efficiencies and supports that can assist with the declaration of expenditure. This has included

financial management and eCohesion training, the development of detailed eCohesion technical guidance documents for Priority 3 schemes, mapping of data fields from Enterprise Ireland's GMIS system to eCohesion, and recent innovations in the methodology for Measure 1 declarations.

As the delivery of the scheme proceeds, it is important that the levels of declaration of funds continues to be prioritised; this should continue to deliver on the target values for the indicators, which are on track but are not yet achieved., having to some extent already "front-loaded" delivery. So financial progress will continue to increase, though for some indicators, the achieved values may not do so in parallel, as the declarations of expenditure to the MA catches up with the reported physical progress.

4.8 Physical and Financial Progress - Priority 4: Low Carbon Economy

4.8.1 Schemes¹⁰⁸

The overall objective of the Priority is to support the shift towards a low-carbon economy in all sectors in the S&E region. Priority 4 is intended to contribute to Ireland's commitments to meeting targets for the reduction of carbon emissions by 2020. The specific objective of the priority is to improve energy efficiency in the housing stock¹⁰⁹ in the S&E Region, supporting the overall ambition articulated in Investment Priority 4(c) "supporting energy efficiency, smart energy management and renewable energy use in public infrastructures, including in public buildings, and in the housing sector". It includes two schemes:

- **The Social Housing Retrofit scheme** focuses on retrofitting of the fabric of the dwelling (insulation of walls/roofs, window/door replacement, heating system improvement, etc.). In addition to achieving best use of existing resources and apart from the obvious advantages of providing much needed supply for social housing units, the return of these vacant units provides a positive impact on the community, attracting a much enhanced perception of local authorities where housing applicants can be accommodated as quickly as possible and vacant dwellings are not the source of anti-social behaviour. The principal objective is to contribute to meeting Ireland's commitments in relation to carbon emissions reductions and energy reduction targets for 2020. Energy savings in buildings will contribute 45% of Ireland's total energy savings targets for 2020. The energy retrofitting of buildings in the private and public sector hold the greatest potential for energy savings.
- **The BEWH scheme** is specifically targeted at vulnerable people who are living in fuel poverty. The objectives of the Scheme are to improve the energy efficiency of the household at risk and in the process reduce the amount of expenditure that is required to be spent on energy.

4.8.2 Physical Progress / Performance Indicators

Table 4.10 provides a summary of the indicators for Priority 4 (2 common output indicators are rated 'green' - target achieved; the programme-specific result indicator is rated 'green' – target achieved. The GHG reduction target has been substantially over-achieved and as such, consideration should be given to reviewing and revising the target value.

¹⁰⁸ Annual and final implementation reports – Southern & Eastern Regional Operational Programme 2014-2020

¹⁰⁹ The intervention focuses on one element of the housing stock

Table 4.10: Priority 4 - Output and Result Indicator Progress

Number of indicators	Performance Indicator ¹¹⁰	Target 2023 ¹¹¹	Progress – 2017
2 Common Output Indicators - on track for target to be achieved	Energy efficiency: Number of households with improved energy consumption classification (both schemes: BEWHS, SHR)	19,497 Households (baseline: 0)	21,782 (112%) – target achieved (includes 2014,2015, 2016, 2017) (cumulative performance) Progress ongoing.
	GHG reduction: Estimated annual decrease of GHG (both schemes: BEWHS, SHR)	Annual Target 8,945 Tonnes of CO2 (baseline: 0)	31,522 (352%) – exceeded (includes 2014,2015, 2016, 2017) (cumulative performance) Progress is ongoing
1 Programme-specific result indicator	The average thermal performance of housing units in the S&E Region .	185 kWh/BRm2/year (unit as reported in AIR) (baseline:210, 2014)	144 – achieved 2017(national) (decrease is an improvement)

Source: AIR data shared with DG Regio, March 2019 - Southern and Eastern Regional Operational Programme 2014-2020

Consultation with the IBs indicated that overall, implementation is well advanced with significant progress towards the planned output and result targets, with the exception of the apartment scheme which is due to commence in 2018 through a number of pilot projects.

The IBs also reported a ‘shift’ during delivery of the Better Energy Warmer Homes scheme from delivering a high volume of interventions (number of households) to implementing ‘deeper measures’ that are much more effective, per household, i.e. a more comprehensive package of interventions rather than solely small interventions with lesser overall impact. It was also suggested that it may be more appropriate to use a different indicator i.e. to measure the energy efficiency improvement that has been achieved by the intervention post-works (a ‘before and after’ measurement) rather than just a reading of the energy efficiency of the household (see Section 7.8 discussion of alternative indicators).

Review of indicators

Further examination of the data associated with P4 indicators and subsequent discussions have led to recommendations for amendments to indicators – see also Section 7.8 and below. During Q1 2019, a review of indicator data for P4 schemes was carried out by the MAs, in part to prepare revised data in preparation for the ECA Audit Mission; this has improved communications between the MA and IBs on the P4 schemes

¹¹⁰ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

¹¹¹ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

and has resulted in an improved shared understanding of the P4 indicators. The data presented in the Physical Progress table above, reflect AIR data based on this improved shared understanding. The table below presents a summary of issues identified, the MA proposals and evaluators' response.

Table 4.11: Priority 4 – Amendments to Indicators

Indicator	MA: statement of issue and proposal	Evaluator Response
Output Indicator: Number of Households	Both schemes report using this output indicator. There is shared/common understanding within the MA and the IBs on this indicator. There are no changes required.	Agree - no case for change
Output Indicator: GHG Reduction: Tonnes of CO2 equivalent savings	During the review of indicator data it became apparent that while GHG Reduction was an output indicator for both schemes, the practice to date has been to report the GHG reduction for SHR only. This oversight was addressed with revised figures for 2017 provided to DG Regio by both MAs on 5th March 2019. These have been shared with the evaluators together with the methodology to determine the figures.	Agree – report output indicator for both schemes using the methodology provided
Result Indicator: Kwh/m2/year	<p>Unit of measurement for the result indicator</p> <ul style="list-style-type: none"> This is expressed in the AIR templates (and on SFC online reporting portal) as KWh/BRm2/year instead of KWh/m2/year. The inclusion of “BR” in the unit of measurement for energy performance appears to be unique to Finland and the MA recognise this an error for this ROP. The measurement unit for the baseline data is KWh/m2/year; this should have been used for the result indicator. As recorded in the revised AIR2017 report, the MA has adopted the approach of reporting on KWh/m2/year as was intended and footnote the data accordingly. 	Agree – report result indicator using appropriate units of measurement as described
Result Indicator: Kwh/m2/year	<p>Current Value for the result indicator</p> <ul style="list-style-type: none"> In March 2019, SEAI provided new time series data for the results indicator Kwh/m2/year with new data for 2014-2017. The revised data reflects revised estimates of the number of households based on available census data. 	Agree - report result indicator using revised data

	<ul style="list-style-type: none"> The MA expect that SEAI can continue to provide this data annually with the caveat that they rely on estimated intercensal data. 	
Result Indicator: Kwh/m2/year	<p>Baseline Value and Target Value for the result indicator</p> <p>According to the MA, the revised data suggests that (a) the baseline value available at the time of OP Design is now incorrect (b) the target value is too low (c) there has been very little measurable change in the results indicator value over the period 2014-2017.</p>	Agree – propose revision to baseline and target value
Alternative Indicator: GWh/year	During the review of the indicator data, the MAs clarified with the IBs how they arrived at their figures for GHG Reduction. The calculation methodology used to determine the GHG Reduction relies on the availability of GWh/year.	No case for change; whilst proposed indicator is useful one of several factors to convert from number of households to GHG, the current suite of indicators is adequate for the schemes. These are commonly used on other ERDF supported- energy efficiency interventions.

4.8.3 Financial Progress: Expenditure Incurred

Table 4.12: Priority 4 – Financial Progress

Category	Amount	Notes
Funding allocation	€133,000,000	26.6% of the ROP
2018 Milestone	<p>Milestone: €26,600,000</p> <p>Adjusted Milestone (85%): €22,610,000</p>	Taking into account Article 6(2) of the CPR (see Section 4.4.2), adjusted financial milestone for this Priority is included.
Public eligible cost of operations selected for support (up to 2017)	€80,583,615	There is a strong pipeline of expenditure (up to the end of 2017):
Public eligible costs paid to beneficiaries (up to 2017)	€71,028,355	
Total eligible expenditure declared by beneficiaries to MA (up to 2017)	€ 14,899,028	

Category	Amount	Notes
Declared to EC to 2017:	€ 14,899,028	Considerable expenditure processed and declared in 2018; further progress to be made
Declared to EC to 2018	€ 24,716,598	

4.8.4 Programme Outputs and Results related to Expenditure Incurred at Priority/Scheme Level

Progress to date under Priority 4 has been very good with physical indicators exceeding target values. There is also evidence of financial progress with expenditure being declared (over 11% of the funding allocation for this Priority to the end of 2017, increasing to close to 20% by end of 2018) and incurred “on the ground” (over €71m which equates to 53% of funding allocation); there is a strong future pipeline (over € 80m, equates to over 60% of the funding allocation for this Priority).

Priority 4 has a high level of expenditure declared by end of 2018: **€24,716,598** which represents 109% of the 2018 Priority adjusted financial milestone i.e. the adjusted milestone has been exceeded.

As the delivery of the schemes proceeds, it is important that these continue to be appropriately monitored and managed to ensure that all are delivered successfully within the lifetime of the current OP as anticipated. It is also important that the levels of declaration of funds continues to be prioritised to ensure interventions are delivered and target values for indicators are also achieved. In terms of physical indicators, given end-OP targets have already been exceeded, it is recommended that target values are reviewed and revised to reflect realistic performance.

4.9 Physical and Financial Progress - Priority 5: Sustainable Urban Development

4.9.1 Scheme¹¹²

Designated Urban Centres Grant Scheme (DUCGS): The objective is to increase the number of integrated urban regeneration initiatives to improve the urban environment and revitalise urban areas. All selected projects are aligned to the integrated growth strategies of their respective areas. Most of the selected projects are related to revitalising, regenerating and improving the urban environment in designated urban centres, while four projects aim to promote sustainable multimodal urban mobility.

4.9.2 Physical Progress / Performance Indicators

Table 4.13 provides a summary of the indicators in Priority 5: 3 common and programme-specific output indicators are rated green –target achieved; 1 programme specific result indicator could not be given a rating and 1 programme specific result indicator is rated green – on track for target to be achieved.

With regards to the indicator that could not be rated, an alternative has been proposed (see Section 7.8).

¹¹² Annual and final implementation reports – Southern & Eastern Regional Operational Programme 2014-2020

Table 4.13: Priority 5 - Output and Result Indicator Progress

Number of indicators	Performance Indicator ¹¹³	Target 2023 ¹¹⁴	Progress – 2017
3 Common and Programme-Specific Output Indicators on track for target to be achieved	Population (Number of persons) living in areas with integrated urban development strategies	1,571,356 (baseline: 0)	1,652,174 (105% of target) (population living in areas in which projects were approved)
	Number of integrated growth strategies implemented	9 (baseline: 0)	9 (100% achieved) in place / being implemented
	Number of multimodal urban mobility projects	4 (baseline: 0)	4 (100% achieved) projects were approved in early 2016
1 Programme-specific result indicator – not rated	Improvement in the social, economic and physical conditions in selected urban centres, based on an urban development index	5.1 Average GHDI Score: (baseline: 5.0, 2012)	No performance information in 2017 AIR Consideration of alternative indicator – see Section 7.8
1 Programme-specific result indicator – on track to be achieved	Non-private car commuting levels in the designated urban centres	42.26% (baseline: 22.61%, 2011)	44.0% - (104% of target) – reported as a provisional figure to be reviewed and updated as necessary (subject to availability of data)

Source: Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

Following submission of project applications by the Local Authorities, 14 projects were allocated funding by the designated Steering Committee for the scheme in early 2016 with a total ERDF allocation of €26m (total allocation of €52m). The 14 projects are in the following cities and towns: Dublin Gateway (4 projects); Cork Gateway (2); Limerick Gateway (1); Waterford Gateway (1); Ennis (1); Kilkenny (1); Shannon (1); Mallow (1); Tralee (1) and Wexford (1). The Managing Authority has provided DPER with information regarding the current status of the individual Priority 5 projects. The document details all the individual project timelines of the contract, completion dates and anticipated schedule of drawdown¹¹⁵.

Consultation has highlighted that projects under this scheme were subject to some delays and therefore this Priority has delivered slower progress than anticipated; contributing factors included:

- Planning processes, including consultation periods, were lengthy in many cases (longer than expected). It had been anticipated that planning would be in place shortly after schemes were approved;
- In some instances, schemes have had to be redesigned as a direct result of increased construction costs since 2014 (as result of the improved economic performance) (as result of the improved economic performance) - see Section 3.3.5 re construction cost index value increase from 98.8 in Q1 2014 to 105.9 in Q2 2018, which is above the EU average of 105);

¹¹³ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

¹¹⁴ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

¹¹⁵ Information request on the status of Priority 5 projects – excel document – sent by MAs to DPER

- Constraints on Local Authorities. Local Authorities faced pressure to reduce costs in the aftermath of the recession which created competing priorities within LAs, resulting in delays to some of the projects; and
- The impact of the early retirement scheme and the moratorium on public service recruitment impacted the LA sector and by extension the delivery of the schemes in a number of instances.

Whilst progress to date has been somewhat limited, a number of schemes are expected to be completed throughout 2019 and 2020. Consultation with the Regional Assembly has outlined their confidence that targets will be achieved by the end of the programme.

With regards to learning, the Evaluator recommends applying the following learning (for future programming) in terms of application process and project/contract management to minimise the risk of performance-related penalties:

- The Evaluator recommends adopting a **two-strand approach**, similar to that applied to projects under the Urban Regeneration and Development Fund (URDF) and its rural equivalent, and other capital funding streams. This recognises the practical challenges that may arise in projects of this nature and seeks to manage and minimise risk:
 - For “Category A” projects - conditions could be included for example that: planning permission is in place, that the project be at an advanced stage of design and be procurement ready;
 - For “Category B” projects – these would relate to proposals that require further development and which may be approved in principle, thereby enabling proposal development to progress in 2019. Projects in this category will be eligible for some technical assistance for project development – a feasibility / design phase. This would facilitate preparatory work that could eventually lead to a “category A” project in the medium term thus contributing to a robust pipeline for the Category A. It would also provide an early “break” in the process should the feasibility phase identify particular challenges or issues. This would minimise the risk to the MA in that they would be committing smaller amounts of funding to Category B projects and there would be implied commitment to larger scale funding without the supporting evidence of the feasibility phase and application via Category A route.
- The Evaluator also recommends that when ROP funding has been committed to LAs to support projects under the DUCGS schemes, that **robust project/contract management principles** are applied to ensure that the LAs deliver as planned, reporting regularly on progress, risks and steps to mitigate this, escalating key issues and engaging with the MA to resolve any issues and thus minimise the risk of further performance-related penalties.

A further learning point has also emerged, specifically in relation to Priority 5 and capital projects funding, in order to address the challenge of complementarity relating to alternative / additional funding opportunities that may arise for Local Authorities during the lifetime of the programme. The evaluator recommends that a process is implemented to ensure complementarity with the ROP and avoid displacement or duplication of funding. This would require Regional Assemblies to **keep under review other capital project funding streams available to LAs** to ensure complementarity is achieved, and where an alternative fund may be available, an optimal funding stream should be agreed between the MA and the specific LA.

4.9.3 Financial Progress: Expenditure Incurred

Table 4.14: Priority 5 – Financial Progress

Category	Amount	Notes
Funding allocation	€52,000,000	Accounts for around 10.4% of the ROP
2018 Milestone	Milestone: € 20,080,000 Adjusted Milestone (85%): €17,068,000	Taking into account Article 6(2) of the CPR (see Section 4.4.2), adjusted financial milestone for this Priority is included.
Public eligible cost of operations selected for support (up to 2017)	€52,000,000	There is a strong pipeline of expenditure (up to the end of 2017):
Public eligible costs paid to beneficiaries (up to 2017)	€ 5,261,737	
Total eligible expenditure declared by beneficiaries to MA (up to 2017)	€ 5,261,737	
Declared to EC to 2017:	€ 5,261,737	Considerable amounts of expenditure have been processed and declared in 2018, though there is clearly further progress to be made
Declared to EC to 2018	€ 7,224,789	

4.9.4 Programme Outputs and Results related to Expenditure Incurred at Priority/Scheme Level

Whilst progress to date has been somewhat limited in terms of tangible impacts (strategies and projects are being implemented), a number of the funded projects are expected to be completed throughout 2019 and 2020. Across the indicators in Priority 5: 3 common and programme-specific output indicators are rated green –target achieved; 1 programme specific result indicator could not be given a rating and 1 programme specific result indicator is rated green –target achieved.

At the time of writing, there has been a shortfall in meeting the financial milestone for Priority 5 which impacts on the performance reserve for this Priority. By the end of 2018, expenditure declared was **€7,224,789** (represents 42.3% of the 2018 Priority adjusted financial milestone).

In respect of the implementation of Priority 5, as delivery of projects proceeds, it is important that these are closely monitored and managed to ensure that all are delivered successfully within the lifetime of the current OP as anticipated. Whilst all of the funding under this priority has been committed (public eligible operations selected for support), and that provides a degree of comfort, it would be important to see funds flowing from expenditure on the ground through to declaration as only around 10% of the funding allocation had been declared by end of 2017, increasing to 14% by the end of 2018. In turn, this should deliver on the target values for the indicators, which are on track but are not yet achieved.

4.10 Programme Constraints – Priority Specific

As outlined in Section 4.5-4.9 of the report, there have been a number of constraints impacting upon the programme and on some specific priorities, including:

- Priority 1: Delay in designation (Marine Research Programme): proposed scheme not suitable for ERDF Funding (discussed in Section 4.5)
- Priority 2: Delay in procurement process – National Broadband Plan – (discussed in Section 4.6)
- Priority 3: Economic Constraints (discussed in Section 4.7)
 - Increased economic growth with high employment rates
 - Reduced business confidence (Brexit)
 - Increase in SME lending and more organisations providing start-up support
- Priority 5: Constraints on Local Authorities (discussed in Section 4.9)

Programme-wide constraints are discussed in Section 5.4.4 - including constraints relating to programme architecture and IT system. Broader constraints arising from external developments are discussed in Section 3.4.2.

5. OVERALL PROGRAMME MANAGEMENT & EFFICIENCY

5.1 Introduction

This section of the report analyses the aspects of overall Programme Management and Efficiency to date of the schemes/priorities within the S&E Regional Operational Programme. The tasks considered in this section detailed below reflect some of the requirements of the Terms of Reference (Task 3):

- Review the designation process, which was completed in May 2017, and the implementation of eCohesion.
- Review the OP management, delivery and monitoring arrangements, including an assessment of the experience to date of the Intermediary Bodies and Beneficiary Bodies in the implementation of the Operational Programme.

This section of the report also examines progress to date of the S&E Regional Operational Programme in particular, the tasks detailed below which reflect some of the requirements of the Terms of Reference (Task 2):

- Identify any constraints (internal or external to the programme) which have affected progress. These may include inter alia, operational issues, State Aid regimes, global trends etc. (Note: This section of the report includes constraints where these are programme-wide).
- Review the extent and success of targeting of priorities / schemes in respect of such priorities / schemes which have been targeted at particular geographic areas, socio-economic groups or sectors, as appropriate, as indicated in the Implementation Plan.
- Assess how the horizontal principles are reported on across all schemes.
- Review the contribution of the Programme, where relevant, to national policy.

The remainder of this section of the report is structured as follows to address the tasks above:

- Section 5.2 Constraints
- Section 5.3 Programme Management Context
- Section 5.4 Review of the Designation Process and Implementation of eCohesion
- Section 5.5 Management Structure (including Programme Constraints)
- Section 5.6 Extent and Success of Targeting of Priorities / Schemes
- Section 5.7 Horizontal Principles
- Section 5.8 Contribution to National Policy

5.2 Constraints

In order to assess programme management and efficiency comprehensively, ideally consideration would be given to all costs associated with delivering the programme, along with comparisons over time for example and/or with other programmes. However due to limitations in availability of information, this has not been possible:

- The full managerial and administrative cost of delivering the programme is not available to the evaluators – for reasons discussed in Section 4.2.3 i.e. there are many bodies involved in the cascade and there is no mechanism to capture and quantify this complex and diverse range of administrative costs/inputs. Whilst OP Technical Assistance is available for the overarching management, monitoring and evaluation of the OP at MA level only, this in no way reflects the total cost of the management and delivery of schemes at IB and Beneficiary level; further, the level of funding allocated to TA in this programme (as in other similar programmes) is capped.
- Comparison of administrative costs over time between this ROP and its predecessors is not feasible as a) total administrative cost of this ROP is not available and b) this would not be a “like for like” comparison as each ROP has a different mix of schemes and the management/monitoring requirements associated with the TA element differ in different programming periods.
- Comparison of administrative costs between this ROP and other ongoing ROPs is not feasible as comparative data on the total administrative cost is typically not available.

5.3 Programme Management - Context

5.3.1 Partnership Agreement

Ireland’s Partnership Agreement is informed by a number of policy instruments at European and National level. At European level the main instruments include: the EU’s 10-year growth strategy (EU2020); the Cohesion Policy Legislative Package; the Common Strategic Framework (CSF); the European Semester; the Annual Growth Survey; and Country Specific Recommendations. At National level, Ireland’s National Reform Programme identifies the National Strategies in place that contribute to meeting the five headline targets from the EU 2020 Strategy.¹¹⁶

5.3.2 Strategic Orientation of ESI

The Common Strategic Framework (CSF) maximises the contribution of the ESI Funds and establishes strategic guiding principles to facilitate the programming process at the level of Member States and the regions. It facilitates the coordination of Union intervention under the ESI Funds and is in line with the targets and objectives of the Union strategy for smart, sustainable and inclusive growth, taking into account key territorial challenges.¹¹⁷

5.3.3 Links to Europe 2020

The Partnership Agreement outlines the policy context in which ESIF allocated to Ireland will be applied. It demonstrates Ireland’s development needs and defines national priorities to support its National Reform Programme (NRP) and the achievement of national targets for delivering the Europe 2020 Strategy for smart, sustainable and inclusive growth. The focus for investment is on promoting jobs and growth. ESI funding complements national investments in line with national and EU priorities.¹¹⁸

5.3.4 Ex ante conditionalities

The terms of reference of ex-ante evaluations are aligned with Article 55 of the Common Provisions Regulation. The principle role of the evaluations is to improve the quality of the design of each Operational Programme, and it is a requirement that all Operational Programmes are subject to Ex-Ante Evaluations.¹¹⁹ The Ex Ante Evaluation is required to appraise what is outlined in article 55 such as: the internal coherence of the proposed programme and its relationship with other relevant instruments; the relevance and clarity of proposed programme indicators; the rationale for the form of support proposed; and the adequacy of human

¹¹⁶ Partnership Agreement Ireland 1 January 2014 – 31 December 2020 in accordance with Articles 14 and 15 of Regulation (EU) N0 1303/2013 of the European Parliament and of the Council of 17th December 2013 (November 2014)

¹¹⁷ Ibid

¹¹⁸ Ibid

¹¹⁹ Ibid, p 103

resources and administrative capacity for management of the programme. The Managing Authorities hold responsibility for ensuring that the criteria for the fulfilment of select ex-ante conditionalities 'will be kept regularly updated in substance'. The ex-ante evaluators concluded that the selected thematic objectives are consistent with the CPR (including the Common Strategic Framework), the Partnership Agreement and the relevant country-specific Council recommendations under Article 121(2) TFEU, and where appropriate at national level, the National Reform Programme.¹²⁰

5.3.5 Targets to be achieved

Ireland has a broad range of development needs which span ten of the eleven thematic objectives defined in the EU regulations governing use of the ESI Funds (the exception is the objective relating to institutional capacity). Development needs also emerged as a result of submissions, consultations, analyses and evaluations completed for each of the OPs. The ESI funds have been used to target the following development needs identified: Employment; Availability of Next Generation Broadband; Poverty and social inclusion; Research and development; Climate change and resource efficiency; and Education.¹²¹

5.4 Review of Designation Process and Implementation of eCohesion

5.4.1 Designation process¹²²

The Designation process details the description of the functions and procedures in place for the Managing Authority (MA) and the Certifying Authority (CA). The designated process sets out the basis for the audit work to be carried out by the Independent Audit Body (IAB) and assess the compliance of the Management and Control System (MCS). The designation procedure for the 2014-2020 period is a member state responsibility and DPER is required to designate the Managing Authority, Certifying Authority and Audit Authority for each Operational Programme. In this position, DPER will provide a co-ordinating role to ensure that the designation process will be completed in sufficient time for submission to the EU Commission.

At the S&E monitoring committee on the 8th June 2017, a Department of Public Expenditure & Reform representative informed the meeting that: "the member state was in the position to designate the Managing Authorities for both Regional Operational Programmes."¹²³ The designation progress was further discussed regarding the EU regulations to monitor this function. The Department of Public Expenditure and Reform has proposed to do this by the monitoring of audit results, including system audits and quarterly oversight meetings with the Regional Assemblies and also by the administrative agreements which are now in place with the relevant bodies. DPER will closely monitor both the Audit Authority and member state for the implementation of the designation action plan and also the Intermediate Bodies regarding the implementation of the relevant actions to ensure there is a focus on payment claims.¹²⁴

There have been delays associated with the designation of two IBs:

- Marine Institute: The delay in designation arises from the late inclusion of a scheme that is deemed eligible for ERDF funding (see Section 4.52). The MA has confirmed that the IB (Marine Institute) will be designated in advance of their declaration of expenditure on eCohesion.
- Department of Housing, Planning and Local Government – this is not yet designated but the designation process is anticipated to be completed by H2 2019.

The evaluators also note that designation will not be required in the post 2020 regulations.

¹²⁰ Ibid, p 104 & 105

¹²¹ Ibid, p 18&19

¹²² The management and control procedures for the European structural and investment funds programmes 2014-2020 - Circular 13/2015 provides information on the Formal Designation of Managing and Certifying Authorities

¹²³ Southern & Eastern ROP 2014-2020 Monitoring Committee held in Assembly House, Waterford, June 7th, 2017

¹²⁴ Ibid

5.4.2 E-Cohesion System

Article 122 (3) of EU Regulation 1303/2013 (Common Provisions Regulation or CPR)¹²⁵ provides the basis for the E-Cohesion system: "Member States shall ensure that...all exchanges of information between beneficiaries and a managing authority, a certifying authority, an audit authority and intermediate bodies can be carried out by means of electronic data exchange systems"

The aim of the eCohesion system is to reduce the administrative burden on beneficiaries and provide a platform for the operation of a computerised system for data exchange. Work on development of the eCohesion IT System has been progressing from 2015 and the system was in place in 2018. This has been led by the Member State through the Department of Public Expenditure and Reform and with continuous engagement from the Managing Authority as well as input from the Intermediate Bodies, when required. At Member State level, the eCohesion system allows beneficiaries to submit supporting information electronically and to claim funding and view records on-line. This can therefore reinforce the capacity of the Member State authorities as it can enable the Member State to more efficiently track the progress of the claims throughout the cascade, as well as collecting all required data.

Table 5.1 details the progress and implementation of the eCohesion system into the programme.

Table 5.1 Summary of the annual progress reported in the achievement of the eCohesion target

Year	Progress of implementing the eCohesion system for data exchange
2015	Work begins on the eCohesion system as required under EU regulations governing the 2014-2020 programming period. Initial deadline of completion set for 31/12/2015
2016	Progress is ongoing past previous deadline of 31/12/2015. Establishment of an eCohesion team to manage and monitor progress. Representative from EU commission notes good progress in this area, however highlights importance of finalising the system by the end of 2016
2017	Delays noted in the provision of eCohesion system. The tender process published in March 2016 was subsequently cancelled due to the only valid tender conflicting with the budgetary allocation. The tender was re advertised in Sept. 2016 and awarded. Implementation set to be rolled out in 3 phases by July 2017, September 2017 and November 2017 ¹²⁶ . November- Phase 1 implemented, with release dates confirmed for phase 2 (24th Nov.) and phase 3 (20th Dec.) .
2018	The eCohesion system now in place and functioning well. Data transfer from the contingency system was completed in 2018. An independent assessment has been completed with a recent final sign off on the system. It was also noted ¹²⁷ that the delay in implementing the eCohesion system can partly explain the slow start to the 2014-2020 OP. A DPER representative reported at the BMW Monitoring Committee meeting (17 May 2018) that "the European Social Fund (ESF) now has €148m declared on the eCohesion system and stated she is confident that the ERDF fund will catch up and achieve its milestones".
Target	Complete. However, implementation of the eCohesion system was over 2 years after the initial deadline set. This deadline appears to have been moved every year, until achievement in 2018.

Source: S&E ROP monitoring committee

As with the development of any new IT system, there were challenges with the development and implementation of eCohesion. However, there were issues in the eCohesion system as the initial tender

¹²⁵ Article 122 (3) of EU Regulation 1303/2013 (Common Provisions Regulation or CPR) <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex%3A32013R1303>

¹²⁶ S&E ROP monitoring committee, Minutes

¹²⁷ BMW Monitoring Committee Meeting 7th June 2017

process was cancelled. It was agreed with the EU Commission that the existing 2007-13 IT System would be used with some minor modifications for the initial expenditure claims in 2017.

Following research with other EU member states regarding their eCohesion systems and the technical solutions available, the eCohesion tender was re-advertised in September 2016 using a framework operated by the Office of Government Procurement. The tender was awarded to SugarCRM based in California with a Dublin based company implementing the solution for the eCohesion system. The eCohesion has been implemented in 3 phases.

- Phase 1: beneficiary bodies and intermediate bodies and have carried out training and testing.
- Phase 2: the system will include the Managing Authorities and Certifying Authorities.
- Phase 3: include the auditing and reporting functionality.

During the implementation of the eCohesion system, there were a number of IT bugs and issues within the system, as would be the case with any new IT system. However, issues are now mostly resolved but it will take time for all relevant bodies (all levels of the cascade) involved in the Operational Programme to become familiar with the system. Overall, the delayed procurement process has impacted on the declaration of expenditure from IBs. In addition, the Managing Authorities noted concerns about the resource intensive nature of entering and checking data from other IT systems onto eCohesion, in particular for schemes with a high volume of operations and declarations.

5.5 Management Structure

5.5.1 Elements of Management Structure

Figure 5.1 displays the management structure of the S&E Operational Programme.

Figure 5.1 Management Structure of S&E OP



Source: Southern & Eastern Regional Operational Programme, 2014-2020, Citizens' Summary

EU Commission¹²⁸

The European Commission is the EU's politically independent body and it alone is responsible for drawing up proposals for new European legislation, it also implements the decisions of the European Parliament and the Council of the EU. The European Structural and Investment Funds are: European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development, European Maritime and Fisheries Fund. The European Regional Development Fund co-finances investments into the regions with Governments across the European Union and supports activities in the regions contributing to a balanced level of development. The European Union has made €276.8 billion available for regional development across the European Union between 2014 and 2020.

¹²⁸ eufunds.gov.ie/funds/erdf/

Role of the Certifying Authority ¹²⁹

The ERDF Certifying Authority is situated within the Department of Public Expenditure and Reform (DPER). It is designated as the Certifying Authority to certify declarations of expenditure and applications for payment before they are sent to the Commission. This is defined under Article 126 of the Common Provisions Regulation.

Role of the Audit Authority¹³⁰

The ERDF Audit Authority is situated within the Department of Public Expenditure and Reform (DPER). It is designated as the Audit Authority for the European Regional Development Fund Programmes to ensure compliance with European Structural Fund Regulations.

Role of the Managing Authority¹³¹

The S&E Regional Operational Programme 2014 – 2020 was formally submitted to the European Commission on 22nd July 2014 and was approved on 12th December 2014. The programme was prepared in co-operation with a wide range of partners and stakeholders including:

- Competent Regional and Local Authorities
- Competent Urban and other Public Authorities
- Economic and Social Partners
- Bodies representing Civil Society, Environmental Partners and Non-Governmental Organisations
- Bodies responsible for promoting Social Inclusion, Gender Equality and Non-Discrimination

The Managing Authority is situated within the Southern Regional Assembly. The Managing Authority has responsibility for the management and implementation of the co-financed operations under the OP (Article 125). It is responsible for gathering reliable information, and for ensuring that proper accounts are kept, and that the operations are correct and that Community rules are complied with.

Role of Intermediary Bodies¹³²

Intermediary bodies are primarily responsible for the collation of the progress data required for the monitoring and performance appraisal system. The Intermediary Bodies are 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 Intermediary Bodies are responsible for ensuring that all payment claims for Structural Fund expenditure, submitted by Beneficiaries, are supported by receipted invoices and documents of equivalent probative value, and that a clear audit trail exists. They are also responsible for ensuring that co-financed Interventions/projects, that only eligible expenditure actually incurred is submitted to the Managing Authority.

A list of Intermediary Bodies by scheme is included in Section 2.4.

Role of Beneficiary Bodies¹³³

The Beneficiaries are responsible for ensuring that only actual eligible expenditure incurred, and expenditure which comes under the terms of the project as approved by the Intermediary Body is certified. They are required to ensure that there is a clear audit trail 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.

¹²⁹ Southern & Eastern Regional Operational Programme, 2014-2020, Citizens' Summary

¹³⁰ Ibid

¹³¹ Ibid

¹³² Ibid

¹³³ Regional OP's 2014-2020 Finance Management

They are also responsible for submitting Declarations and all Priority / Scheme monitoring and reporting to the MA.

A list of Beneficiary Bodies by scheme is included in Section 2.4.

Management delivery and monitoring¹³⁴

In accordance with Articles 50 and 111 of the Common Provisions Regulation, the Managing Authority submit an Annual Implementation Report to the Commission on the implementation of the programme in the previous financial year. To date there have been three Annual Implementation Reports published for the project years of 2015, 2016 and 2017. The Annual Implementation Reports are examined and approved by the Monitoring Committee before it is sent to the Commission.

The Annual Implementation Reports provide an update on the progress achieved under the ROP for the year. The analysis includes:

- A brief overview of the implementation of the operational programme
- Expenditure under the ROP/Priority and Scheme level
- Output and Result indicator achievements
- Issues affecting the performance of the programme and measures taken

Southern & Eastern Regional Operational Programme 2014-2020, Monitoring Committee Meetings.¹³⁵

There have been 4 S&E Monitoring Committee Meetings from March 2015. Table 5.2 details the 4 meetings and the number of attendees at each.

Table 5.2: Monitoring Committee Meetings

Date	Location	Number of Attendees
March 2015	Assembly House Waterford	20
May 2016	Assembly House, Waterford	21
June 2017	Assembly House, Waterford	19
May 2018	Assembly House, Waterford	17

Source: S&E ROP monitoring committee

Membership of the Monitoring Committee include representatives from:

- the Managing Authority;
- the Department of Public Expenditure and Reform;
- Government Departments involved in the implementation of the OP (or their Agencies);
- the Special EU Programmes Body;
- Regional and Local Implementing Bodies;
- each of the five Social Partners Pillars; and
- appropriate body(ies) to represent each horizontal interest: social inclusion, gender equality, anti-discrimination and sustainable development.

¹³⁴ Southern & Eastern Regional Operational Programme, 2014-2020, Citizens' Summary

¹³⁵ Southern & Eastern Regional Operational Programme Monitoring Committee Meetings

Monitoring Committee Responsibilities

The Monitoring Committee has to meet at least once a year and review implementation of the programme and the progress made towards achieving its objectives. The agenda of each Monitoring Committee Meetings covers overall topics including: financial data, common and programme-specific indicators, including changes in the value of result indicators and progress towards quantified target values, and the milestones defined in the performance framework and, where relevant, the results of qualitative analyses.

The Monitoring Committee examine all issues that affect the performance of the programme, including the conclusions of performance reviews. The Monitoring Committee also consult on any amendments to the programme proposed by the Managing Authority.

Communication

The Communication Strategy for the co-financed ERDF S&E Regional Operational Programme 2014 -2020 was approved by the Monitoring Committee at the first PMC on 11th March 2015. The information and communication rules for the European Union's cohesion policy (ERDF) are defined in the EU Regulation No 1303/2013 of 17 December 2013 commonly known as the Common Provisions Regulation (CPR).¹³⁶

The purpose of this Strategy is to increase public awareness, transparency and visibility of the Operational Programmes and of EU Cohesion and Regional Policy at National, Regional and Operation level. It aims to do this by:

- Highlighting the role and contribution of Ireland's EU Structural Funds Programmes 2014-2020 and the progress achieved;
- Emphasizing the joint actions taken by the EU and Ireland and the results accomplished;
- Ensuring that assistance from the Funds is transparent by providing potential beneficiaries with clear and detailed information on conditions of eligibility and procedures for applying for funding;
- Supporting the implementation of the Partnership Agreement and the OPs by increasing the understanding of the objectives of the programmes among potential beneficiaries, the general public, implementing bodies, the social partners and other interested organisations;
- Disseminating information on Ireland's EU Structural and Investment Funds Programme 2014-2020 widely through all available communication channels; and
- Ensuring compliance with the EU Regulations specific to communication.

In addition to the implementation of the communication strategy, the Managing Authority continues to provide support and guidance to Intermediate Bodies. The Managing Authority also maintains programme communication guidelines and resources on the Assembly's website.

5.5.2 Priority 6 – Technical Assistance

The overall objective of the priority is to support the effective implementation of the Regional Operational Programme. Under this Priority, expenditure is eligible to cover costs incurred by the Managing Authority (or agencies acting on its behalf) in relation to the overall management and implementation of the Operational Programme. Technical Assistance may be used to support the preparatory, management, monitoring, administrative and technical support, evaluation, information, networking and co-ordination activities, complaint resolution and control and audit measures necessary for the effective implementation of the Operational Programme.¹³⁷

¹³⁶ Provisions relating to information and communication are found under Articles 115-117 and Annex XII of EU Regulation 1303/2013 and in accordance with Articles 3-5 and Annex II of Implementing EU Regulation 821/2014.

¹³⁷ S&E Operational Programme 2014 – 2020 pg110

The table below provides a summary of the Common and programme-specific output indicators in priority six. There has been positive progress to date across all the Common and programme-specific output indicators, which are on target to be achieved or already have been achieved.

Table 5.3: Priority 6 - Output and Result Indicator Progress

Number of indicators	Performance Indicator ¹³⁸	Target 2023 ¹³⁹	Progress – 2017
7 Common and programme-specific output indicators on target to be achieved or already achieved	Number of Monitoring Committee meetings	10 (1 per year)	4 Monitoring Committee meetings to date. Progress ongoing
	Number of evaluation studies conducted	5 (1 per priority)	0 – This report represents the completion of the Mid-term evaluation (May 2019)
	Number of annual information and publicity events	7 (1 per year)	4 information and publicity events to date
	Number of Managing Authority Staff employed	4.5	4.5 – Values recorded per year; target value has been met accordingly
	Number of staff participating in capacity-building measures	30	40 – target exceeded
	Computerised system in place for data exchange and eCohesion	1	1 - Completed and implemented
	Number of representations on other programme committees for complementarity purposes	6	6 – Target met.

Source: Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

5.5.3 Feedback on Management Structure

Overall, there have been no significant issues reported with the structures in place. Intermediate Bodies reported that they are content with the relationship, structure and processes involved.

According to the Managing Authority and Intermediate Bodies, the administrative burden associated with the programme has increased compared to previous programmes, despite the overall fall in the level of funding.

The development and implementation of the **eCohesion system** was challenging which has led to an increase in administrative burden during the implementation process.,. However, it has been reported that the guidance and assistance provided by the Managing Authority have been effective in reducing these issues at an IB level.

During strategic consultations, questions were raised about the **authority (lack of) of the Managing Authority and the PMC** relevant to spending agencies, who are ultimately answerable to their Departments

¹³⁸ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

¹³⁹ Ibid

not to the Managing Authority. Given the inherent nature of the programme architecture and relationships between the different bodies, the MA often has to depend on good will and existing relationships rather than lines of accountability to ensure compliance with ROP requirements and to achieve results in line with the targets set out in the ROP.

Questions have also been raised by stakeholders about the overall efficiency of the delivery and structure of the funding model. The current model of funding provides up-front support by the exchequer, which is then recouped throughout the programme. This means that whilst EU regulatory and audit requirements apply from the outset, it is at the point of examining claims (which may be up to 3 years after the spend takes place that it is determined whether the potential claims meet the regulatory and audit requirements i.e.: the examination of eligibility that is retrospective, the requirements always apply. (The issue of pre-financing and programme architecture more generally is discussed in Section 5.5.4).

Therefore, some personnel in Intermediary Bodies who distribute the support/funding in the early years of the OP may not be fully aware (when expenditure is being incurred) that this will ultimately be EU funded. or the associated financial procedures they should adhere to in connection with this expenditure. Although agreement for inclusion of the scheme in the ROP will have been agreed by the IB at a senior level, the personnel delivering the scheme may not be fully aware of its inclusion or the implications of that. This is particularly the case at the start of the programming period This model can lead to audit challenges as:

- Any spending that is declared must be compliant: it is challenging to identify and ensure that only compliant spending is declared;
- Ongoing uncertainty about what activities will ultimately be claimed against; and
- It arguably removes the incentive to complete the additional administrative tasks associated with EU funding as the ERDF recoupments do not come back directly to the Department/agency .

These are systemic issues whose resolution involves wider issues about ESIF fund programming in Ireland, and roles of various bodies including the Assemblies and their relationship with other part of the public administration.

5.5.4 Programme Constraints - Internal Constraints

The ROP has faced some internal constraints since implementation, specifically:

- **Programme Funding Model**

The long-standing model of ERDF (and other ESIF) programme funding in Ireland is one involving pre-financing i.e. exchequer funding of programme activity, which is then retrospectively reimbursed by the EU Commission following formal verification and claims processes, up to 3 years after the spend takes place (referred to as “N+3”, which does not operate at scheme level). The model however can give rise to inefficiencies, risks and a high administrative burden as the regulatory requirements regarding such expenditure may be unclear in terms of the practical application of these when it originally takes place. Whilst the Regulations (such as CPR, ERDF) are in place when schemes are included in the OPs; the practical application of these may be unclear until the relevant Implementing Acts and/or guidance notes are published. This is largely to do with timing for example: approval of the Operational Programme has to take place in advance of training provided by the MA); but can also arise in terms of awareness of whether all (and what specific) areas of expenditure will in the future be included among EU claims. This can also be unclear or unknown by all personnel involved in the scheme when expenditure takes place (although agreement for inclusion of the scheme will have been agreed by the IB at a senior level, the personnel delivering the scheme may not be aware of its inclusion).

Inefficiencies arise where this leads to much administrative effort being required to retrospectively ensure expenditure is eligible and compliant. Ultimately, however the control systems that govern expenditure are established and documented in procedures manuals; these set out very clear steps for the financial management and control of expenditure and are available to guide staff in the correct use of funds whether it be exchequer, public or co-funded or a cocktail of funding. Adherence to the systems set out in a procedures manual is a function of the management of the staff. The issues leading to increased administrative effort are largely not a matter of eligibility; more commonly the issue is the resource/motivation

of a funded organisation to declare expenditure and associated reporting when funding was secured often years in advance; for the MAs, there is no mechanism other than good will and existing relationships to cause IBs/beneficiaries to prioritise declarations).

This can be exacerbated to some extent by staff turnover, when personnel originally involved in delivery of a scheme may no longer be in place, or appropriate systems were not in place at the time. However, it is acknowledged that staff turnover is unavoidable in any organisation and is not unique to ERDF programmes.

Financial risks arise where this results in any uncertainty about the eligibility or compliant status of expenditure intended (and programmed) to be co-financed, particularly where it cannot be simply substituted without requiring formal programme changes. The risk inherent in the pre-financing model primarily arises from the fact that the funding is provided upfront rather than by way of a drawdown of a grant award from a Managing Authority based on the FLC¹⁴⁰ model in use by ETC¹⁴¹ programmes. There is a lack of tools/mechanisms to prompt timely declarations from organisations with multiple and competing priorities. The FLC based model ensures that projects/organisation focus is on early drawdown otherwise they experience cash flow challenges; thus there is an incentive to comply with declarations.

It is also worth noting that there are historical advantages of this model including: close alignment with national expenditure priorities, use of existing national expenditure and programme delivery structures, and access to national co-financing to bodies with no or limited own resources.

- **Programme Financial and Management Structure**

The programme administrative structure reflects historic approaches that have evolved in Ireland over successive EU funding periods, as well as evolving EU regulatory and administrative requirements pertaining to all Member States. It involves a “cascade” system, flowing down from the EU Commission to the Member State, the Certifying Authority, the Managing Authority, the Audit Authority, a number of Intermediate Bodies and a range of public beneficiary bodies. Some of the problems the structure gives rise to (or is perceived as giving rise to) include the lack of authority which the Managing Authority has over intermediate and beneficiary bodies (who are accountable to their respective Government Departments much more so than the Regional Assemblies with the role of programme Managing Authorities), the sheer number of entities within the cascade and the confusion that can arise as to their distinct roles and responsibilities, the potential duplication of effort or resources that can arise in interpreting regulations, reporting on expenditure, conducting checks, auditing, reporting, and ensuring compliance, and having in place electronic financial management systems for such expenditure across so many different organisations and bodies.

- **Delay in implementation - information system (programme-wide):**

A delay in the implementation of the eCohesion system has been problematic. This arose in part due to delays in the procurement process to appoint a provider to design and implement the new eCohesion system. The change in system, although required under the CPR, created additional administrative work and overall, the administration has been very time consuming for all; it has competed for resources with the processing of claims. During the delay, the European Union Structural Fund (EUSF) IT system had been reinstated; this further increased the time for which declarations could not be undertaken. As the eCohesion system is now fully operational, the burden initially experienced is expected to ease as the programme progresses.

¹⁴⁰ First Level Control

¹⁴¹ European Territorial Cooperation

5.6 Extent and Success of Targeting of Priorities / Schemes

5.6.1 Approach to Targeting - Geographic Areas

Geographic targeting is not an explicit objective of the OP and therefore was not integrated within the Priorities and Schemes within the ROP. Investments and interventions have been delivered across a wide geography in the region

Whilst not an explicit objective of the ROP, however it is worth noting:

- P1: schemes (such as SFI & EI): whilst the beneficiaries (HEIs) are typically located in the urban settlements, their location is not a determinant in the securing of awards.
- P2: NBP - the intervention will only occur in unserved areas; the scheme's geography is pre-determined by the market failure.
- P3: the delivery structure is organised on a geographic basis; it is available across all geographies and does not expressly target particular geographical areas
- P4: BEWHS and SHR schemes target social housing tenants across all geographies
- P5: grant awards – bids were restricted to the designated Gateways and Hubs, which could be considered geographic targeting. However, OP did not determine the designation of the urban centres: the geography was pre-determined.

5.6.2 Approach to Targeting - Socio-Economic Groups

Targeting of Socio-Economic Groups is not an explicit objective of the OP and therefore was not typically integrated within most of the Priorities and Schemes within the ROP. Investments and interventions have been delivered to a variety of Socio-Economic Groups for most schemes. However, schemes under one Priority did target socio-economic groups:

- P4: SHR and BEWHS target social housing tenants or socio-economic groups at risk of fuel poverty, demonstrating specific targeting.

This targeting approach was integrated into the project eligibility and selection criteria, therefore ensuring that only those in the pre-defined target groups were supported.

5.6.3 Approach to Targeting - Sectors

Targeting of Sectors is not an explicit objective of the OP and therefore was not integrated within the Priorities and Schemes within the ROP. Investments and interventions have been delivered across various sectors in the region including SMEs and micro-enterprise, HEIs/research bodies, energy, etc.

5.6.4 Approach to Targeting - Summary

The S&E ROP includes a SWOT/Needs Analysis at a regional level. It covers all constituent regions of the S&E ROP Area (i.e. Southern and Eastern Regions) and also takes into account urban and rural needs. This analysis underpins the selection of investment priorities, specific objectives and actions as well as targeting of interventions.

The description of Programme Priorities in Section 3 of the ROP (Citizen's Summary) clearly describes the beneficiaries targeted by each scheme. These include for example: SME, local; authorities, social housing tenants and research bodies etc.

The Evaluators are satisfied that the S&E ROP has clearly defined target geographic areas, groups or sectors (where relevant and appropriate to do so).

5.6.5 Extent and Success of Targeting

Where targeting of Geographic Areas, Socio-Economic Sectors or Groups has been identified, this has been embedded into the design of priority and scheme eligibility and selection criteria. This is of particular relevance to:

- P2: NBP- the intervention will only occur in unserved areas; the scheme's geography is pre-determined by the market failure.
- P4: BEWHS and SHR schemes target social housing tenants or socio-economic groups at risk of fuel poverty, demonstrating specific targeting.
- P5: grant awards – bids restricted to the designated Gateways and Hubs; the designation of urban centres (and thus geography) was pre-determined.

5.7 Horizontal Principles

This section presents an assessment of the ROP's performance in relation to the four Horizontal Principles:

- Equality between men and women;
- Equal opportunities and prevention of discrimination; and accessibility for people with disabilities;
- Sustainable development; and
- Social inclusion.

The MA provided general guidelines to the Intermediary Bodies on best practice for the integration of the principles into the project selection criteria, implementation and monitoring of the programme¹⁴².

Information is presented by priority under each of the Horizontal Principles where available / relevant. For some schemes, data collection for particular principles was not feasible due to difficulties in obtaining information (arising from the introduction of the GDPR in 2018). This is discussed in more detail in Section 3.4.2: the emergence of new GDPR regulations has been cited by some IBs as challenge to monitoring and reporting in particular in relation to some aspects of Horizontal Principles on some schemes (some in Priority 1 and potentially Priority 3, typically referring to Gender Equality). This is a particular issue when being done retrospectively i.e. as IBs and MAs revisit data held prior to the introduction of GDPR, issues arise such as employees had not agreed that their personal data should be stored/used for the purpose of ERDF compliance. This could result in the potential under-reporting of performance in relation to aspects of Horizontal Principles for some schemes.

5.7.1 Approach to integrating Horizontal Principles in the ROP

In June 2014, the Managing Authorities for the 2 ROPs met with statutory bodies responsible for horizontal principles in order to agree a pragmatic approach to the integration of the Horizontal Principles in the ROPs.¹⁴³ As a result, the Regional OP Managing Authorities agreed to provide word versions of the current draft OP texts and asked the statutory bodies to provide **screening questions** to be used by Intermediary Bodies in developing their Implementation Plans. It was also agreed that each co-funded scheme was to be screened against **all** the horizontal principles rather than the most relevant principles, which had occurred before.

The approach consisted of the following main stages:

¹⁴² Minutes Of ERDF Co-Funded Southern and Eastern ROP 2014 – 2020: 1st Meeting of the Monitoring Committee, 11th March 2015

¹⁴³ Minutes of the meeting between MAs, DPER and Horizontal Principle Statutory Bodies, 18th June 2014, Merrion Street, Dublin

- **Screening:** The purpose of the screening process was to **review each co-funded scheme against all of the horizontal principles (HP) to consider relevance.**
- **Identification of Suitable Actions to Integrate HP into scheme:** As a result of the screening exercise, the Intermediary Bodies were requested to draw up a list of **suitable actions** to be included in the Implementation Plan for the relevant scheme(s). The purpose of these actions is to demonstrate how Horizontal Principles are integrated into the scheme. Section 5.6.2, 5.6.3 and Appendix 2A for **outcome of screening process and presence/absence of suitable actions to integrate HP into schemes.**
- **Monitoring of HP actions.** Where a scheme was deemed to have relevance for an HP and suitable actions were identified, the IB's commitment to report against the same was included in the scheme implementation plan. These actions were also intended to form the basis for reporting to the OP Monitoring Committee on the integration of the principles and review by the statutory bodies responsible for the horizontal principles. See Appendix 2B and Section 5.6.4 and 5.6.5 for review of available monitoring information and progress demonstrated (for those schemes/HPs where suitable actions/strategies were identified).

5.7.2 Screening and Identification of Suitable Actions

Each scheme was screened for **relevance** regarding each of the following Horizontal Principles.

- Promotion of equality between men and women;
- Promotion of equal opportunities and prevention of discrimination; and accessibility for people with disabilities;
- Promotion of sustainable development; and
- Promotion of Social Inclusion.

The outcomes of the screening exercise are detailed in Appendix 2A; this also includes the list of suitable actions for schemes which were deemed to have relevance for an HP (sourced from the Intermediary Bodies' report).

The table below presents the outcome of the screening process for each scheme against each Horizontal Principle. In each cell, a rating is included which illustrates whether the screening process determined the scheme to be of relevance to the HP and if relevant, whether suitable actions to integrate the HP have been developed in the scheme implementation plans.

Table 5.4: Outcome of the Screening process for schemes against the Horizontal Principles

Priority/Scheme	Promotion of equality between men and women	Promotion of equal opportunities and prevention of discrimination; and accessibility for people with disabilities	Promotion of sustainable development	Promotion of Social Inclusion
Priority 1				
SFI Research Centres Programme & SFI Spokes Programme	☑	☒	○	○

Priority/Scheme	Promotion of equality between men and women	Promotion of equal opportunities and prevention of discrimination; and accessibility for people with disabilities	Promotion of sustainable development	Promotion of Social Inclusion
Marine Research Programme	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Commercialisation Fund	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Innovation Partnership Fund	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Priority 2 – ICT Infrastructure				
National Broadband Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Priority 3				
Entrepreneurship in Micro-Enterprise	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Priority 4				
Better Energy Warmer Homes Scheme	<input type="checkbox"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Social Housing Retrofit Scheme	<input type="checkbox"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Priority 5				
Designated Urban Centres Grant Scheme	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

KEY:

- The scheme has been screened against the HP and found to be relevant for the HP. The IB for the scheme has developed suitable actions to integrate the HP into the scheme

- The scheme has been screened against the HP and found to be relevant for the HP. There is no evidence that the IB for the scheme has developed suitable actions to integrate the HP into the scheme.

- The scheme has been screened against the HP and found not to be relevant for the HP. The IB has therefore not developed any suitable actions to integrate the HP into the scheme

5.7.3 Summary of Screening and Identification of Suitable Actions

Across the 10 schemes in the S&E Regional Operational Programme, the outcome of the screening process against the 4 HPs was as follows:

- **Promotion of Equality Between Men and Women**
 - **Relevant for the HP and developed suitable strategies:** 6 schemes were deemed as relevant for the **Gender Equality** (promotion of equality between men and women) HP; the IBs developed suitable actions to integrate this HP.
 - **Not relevant for the HP:** 4 schemes were deemed not to be relevant and therefore the IB did not develop any suitable actions to integrate **Gender Equality**.
- **Promotion of Equal Opportunities and Prevention of Discrimination; and Accessibility for People with Disabilities.**
 - **Relevant for the HP and developed suitable strategies:** 3 schemes were deemed as relevant for the **Equal Opportunities and Prevention of Discrimination; and Accessibility for People with Disabilities** HP; the IBs developed suitable actions to integrate this HP.
 - **Relevant for the HP and there is no evidence that the IB developed suitable actions or strategies:** 2 schemes were deemed as relevant for the **Equal Opportunities and Prevention of Discrimination; and Accessibility for People with Disabilities** HP but there is no evidence that the IBs developed suitable actions to integrate the HP.
 - **Not relevant for the HP:** 5 schemes were deemed not to be relevant and therefore the IB did not develop any suitable actions to integrate **Equal Opportunities and Prevention of Discrimination; and Accessibility for People with Disabilities**.
- **Promotion of Sustainable Development**
 - **Relevant for the HP and developed suitable strategies:** 5 schemes were deemed as relevant for the **Promotion of Sustainable Development** HP and the IBs developed suitable actions to integrate this HP.
 - **Relevant for the HP and there is no evidence that the IB developed suitable actions or strategies:** 2 schemes were deemed as relevant for the **Promotion of Sustainable Development** HP but there is no evidence that the IBs developed suitable actions to integrate the HP.
 - **Not relevant for the HP:** 3 schemes were deemed not to be relevant and therefore the IB did not develop any suitable actions to integrate **Promotion of Sustainable Development**.
- **Promotion of Social Inclusion**
 - **Relevant for the HP and developed suitable strategies:** 5 schemes were deemed as relevant for the **Promotion of Social Inclusion** HP and the IBs developed suitable actions to integrate this HP.
 - **Relevant for the HP and there is no evidence that the IB developed suitable actions or strategies:** 2 schemes were deemed as relevant for the **Promotion of Social Inclusion** HP but there is no evidence that the IBs developed suitable actions to integrate the HP.
 - **Not relevant for the HP:** 3 schemes were deemed not to be relevant and therefore the IB did not develop any suitable actions to integrate **Promotion of Social Inclusion**.

5.7.4 Implementation and Monitoring of HP actions

Where a scheme was deemed to have relevance for an HP and suitable actions were identified, the IB's commitment to report against the same was included in the scheme implementation plan. These actions

were also intended to form the basis for reporting to the OP Monitoring Committee on the integration of the principles and review by the statutory bodies responsible for the horizontal principles.

Appendix 2B includes a summary table based on a review of available monitoring information (for those schemes/HPs where suitable actions were identified). It identifies: where there is evidence that actions were implemented to integrate HPs into relevant schemes; how these have been reported on i.e. availability of monitoring information on progress made against these actions; and lastly what progress has been demonstrated.

Progress made in implementing suitable actions to integrate HPs into each scheme (where deemed relevant and where appropriate actions were identified) by Priority is detailed in Appendix 2B.

5.7.5 Summary of Implementation and Monitoring of HP actions

Across the 10 schemes in the S&E Regional Operation Programme and the 4 Horizontal Principles, actions have been developed, implemented and monitored across different HPs as follows:

Promotion of Equality Between Men and Women

- 6 schemes have actions developed to address the **promotion of equality between men and women**.
- With regards to implementation, monitoring and progress being made for **five of these**:
 - 2 schemes (**SFI**): the strategy has been implemented, is being monitored and there is positive evidence of progress. This includes an introduction of maternity allowance and unconscious bias training to all SFI staff including board members.
 - Actions are being implemented and monitored in 2 schemes (Commercialisation Fund and Innovation Partnership). **Commercialisation Fund**: efforts are ongoing to increase the percentage of female award holders as gender balance is promoted in pre-award and post-award operation; in 2017, the clear majority of proposals (105) were from male lead researchers (93) compared to female lead (12); 51 projects funded, 48 with male and 3 female lead researchers. In terms of **Innovation Partnerships**, the gender profile of Principal Investigators named on approved proposals is being monitored; in 2016 and 2017, the vast majority were male (59, 70) with relatively few female (5, 6).
 - Actions have been developed and implemented for the **Entrepreneurship in Micro-Enterprise scheme**: for example: National Women's Enterprise Day. LEOs record the gender of those who attend training programmes and enterprise initiatives. There is evidence of more female participants than male.
- With regards to the **Marine Research Programme**, actions have been developed but not yet implemented.

Promotion of Equal Opportunities and Prevention of Discrimination; and Accessibility for People with Disabilities.

- Three schemes (**Marine Research, Entrepreneurship in Micro-Enterprise and Designated Urban Centres Grant Scheme**) have developed actions to integrate the **promotion of equal opportunities and prevention of discrimination; and accessibility for people with disabilities HP**.
 - With regards to implementation, monitoring and progress being made:
 - According to the IB report **Entrepreneurship in Micro-Enterprise** had implemented actions however there was no evidence of monitoring or progress.
 - There is no evidence of implementation in **Marine Research Programme**, as the scheme had not started during this reporting period, nor for the **Designated Urban Centres Grant**

Scheme as the Priority 5 projects were not yet at a sufficiently advanced stage of completion to provide indicator data.

Promotion of Sustainable Development

- 5 schemes (under Priority 1, Priority 2, Priority 4 and Priority 5) have actions developed to address the **promotion of sustainable development**.
- With regards to implementation, monitoring and progress being made for three of these
 - Actions have been developed but not yet implemented. **The Marine Research Programme, National Broadband Plan and Designated Urban Centres Grant Scheme**
- With regards to implementation, monitoring and progress being made for two others:
 - **The Better Energy Warmer Homes Scheme** has implemented actions that are being monitored; the impact is evident in the reporting of national energy saving figures.
 - **The Social Housing Retrofit Scheme** has actions being implemented with limited monitoring that shows the national average of thermal performance and not S&E specifically.

Promotion of Social Inclusion

- 5 schemes have actions developed to address the **promotion of Social Inclusion**.
- For 3 schemes, actions have been developed but not yet implemented. **The Marine Research Programme, National Broadband Plan and Designated Urban Centres Grant Scheme**
- With regards to implementation, monitoring and progress being made for two others:
 - The **Better Energy Warmer Homes Scheme** has implemented actions that are being monitored; the impact is evident in the reporting of national energy saving figures. With the **Better Energy Warmer Homes Scheme**, the SEAI have a strong partnership approach in the delivery of this programme engaging with charity organisations such as the St Vincent de Paul and Age Action in order to improve living conditions for those in the target HP group.
 - The **Social Housing Retrofit Scheme** has actions being implemented and monitored but there is insufficient information on progress with respect to reporting for this HP. Similarly, the **Social Housing Retrofit Scheme** frequently liaise on a departmental level with other relevant organisations (the Department of Health, the Department of Social Protection and the Department of Housing, Planning, Community and Local Government) in order to ensure it reaches those in this target HP group.

5.7.6 Conclusions

Process

In summary the process used to review the Horizontal Principles into the ROPs involved four elements, screening, identification of suitable actions, implementation and monitoring of progress. The screening process reviewed each scheme against all the HPs to consider relevance – using questions agreed with the ROP Managing Authorities and statutory bodies to be used by Intermediary Bodies. This led to a request for the Intermediary Bodies to draw up a list of suitable actions to be included in the Implementation Plan for the relevant scheme(s). If a scheme was deemed relevant and actions were developed, then an implementation plan was to be put in place along with monitoring of the progress of implementation to form the basis for reporting to the OP Monitoring Committee.

The involvement of the statutory bodies responsible for horizontal principles along with the Managing Authorities demonstrated a pragmatic approach to the design of the screening questions as well as the entire

process to ensure that HP were appropriately integrated into the schemes. This provided consistency, laying out the steps for the IBs to take in developing their Implementation Plans. These steps on a whole helped to ensure the integration of relevant HPs to specific schemes. However on reviewing the available evidence, there were occasionally gaps particularly at the implementation and monitoring stage of the process. A more stringent process at this point could improve the implementation and reporting of these HP actions.

Promotion of equality between men and women

Following the process from above, the evaluator has seen very positive progress for the implementation and monitoring for this HP. In particular **SFI** have developed and implemented successful actions to integrate the Gender Equality Horizontal Principle for all schemes (2) – for example in relation to the collection and analysis of data, the identification of barriers for female participation including childbearing and caregiving roles and the setting of targets to increase the number of female participants on projects and programmes.¹⁴⁴

There is also positive evidence that actions are being implemented and monitored for the **Commercialisation Fund and Innovation Partnership Programme** – including for example the gender profile of applicants / award holders.

For the **Entrepreneurship in Micro-Enterprise** scheme, LEO's have indicated that they seek to proactively gender-mainstream their operational activities and structures, particularly regarding gender balance requirements, with a view to achieving optimum levels of gender equality. The positive interventions by all of the LEO's include; the Women in Business Networks, Women's National Enterprise Day, mentoring and tailored training programmes to provide opportunities which can lead to more balanced participation in programmes. The number of applicants by gender who attended training courses and enterprise initiatives were recorded by LEOs. However, disaggregated data provided for all grants, projects and awards by gender would be beneficial to identify gaps and inform future policy.¹⁴⁵

However, the evidence collated above indicates that there is **1 scheme** which the screening process deemed relevant for this HP but for which there is no evidence of monitoring. For **Marine Research** the scheme had not started for this reporting period.

- 6 schemes were deemed as relevant for this HP and developed suitable actions to integrate this HP into the scheme
 - 5 implemented and monitored these actions: **SFI Research Centres Programme, SFI Spokes Programme, Commercialisation Fund and Innovation Partnership Fund Entrepreneurship in Micro-Enterprise;**
 - 1 (**Marine Research**) had not implemented any actions by this reporting period.
- 4 schemes were deemed not to be relevant for this HP: **National Broadband Plan, Better Energy Warmer Homes, Social Housing Retrofit, Designated Urban Centres Grant Scheme)**

Promotion of Equal Opportunities and Prevention of Discrimination; and Accessibility for People with Disabilities

For this HP, there is limited progress to report in terms of implementing actions to integrate the HP into schemes and no direct monitoring activities to record progress.

¹⁴⁴ Based on material from Progress Report for the Southern and Eastern Regional Operational Programme 2014 – 2020 Monitoring Committee: **SFI Research Centres** & Progress Report for the Southern and Eastern Regional Operational Programme 2014 – 2020 Monitoring Committee: **SFI Spokes**

¹⁴⁵ Based on material from Gender equality 2018 report on the gender equality horizontal principle for the southern and eastern regional operational programme 2014-2020.

3 schemes (under Priorities 1, 3 and 5) were deemed relevant for this HP and developed suitable actions but there is no evidence of implementation in **Marine Research** or the **Designated Urban Centres Grant Scheme**. Marine Research had not started for this reporting period and the Priority 5 projects were not yet at a sufficiently advanced stage of completion to produce indicator data. The **Entrepreneurship in Micro-Enterprise** had implemented a strategy to help those with disabilities gain employment, however, there was no evidence of monitoring or progress.

The screening process deemed 2 schemes under Priority 4 were relevant for this HP. However these 2 schemes have not developed any suitable actions to integrate the HP into the schemes. In particular for the **Better Energy Warmer Homes Scheme**, SEAI have stated in the screening process that there are no procedures to monitor this HP.

The screening process deemed 5 schemes as not being relevant for this HP and therefore these have no actions developed nor implemented.

- 3 schemes were deemed as relevant for this HP and developed suitable actions to integrate this HP into the scheme
 - 2 schemes (**Marine Research** and **Designated Urban Centres Grant Scheme**) have no evidence of implementation or monitoring.
 - 1 scheme (**Entrepreneurship in Micro-Enterprise**) ensures that rights to equal treatment established by equality legislation are upheld and aims to help people with disabilities gain employment. However, it had insufficient evidence of monitoring and progress
- 2 schemes (**Better Energy Warmer Homes** and **Social Housing Retrofit**) were deemed as relevant for this HP; there is no evidence that the IBs developed suitable actions to integrate this HP into the schemes;
- 5 schemes were deemed not to be relevant for this HP (**2 SFI schemes, Commercialisation Fund, Innovation Partnership Fund and National Broadband Plan**).

Promotion of Sustainable Development

Overall, the evaluator has seen very positive progress for the implementation and monitoring for this HP.

There are 7 schemes which the screening process deemed as relevant for this HP, 2 of which (**SFI schemes**) did not have any actions to integrate the HP being developed. Of those 5 that had developed actions, 3 relevant schemes have actions developed but no evidence of implementation or monitoring. These schemes are: **Marine Research Programme National Broadband Plan and Designated Urban Centres Grant Scheme**. The **Better Energy Warmer Homes Scheme** has implemented actions and has made progress on meeting the target. The **Social Housing Retrofit** scheme has implemented actions but has limited information to monitor progress.

The screening process also deemed 3 schemes not to be relevant for this HP, and therefore no actions have been developed or implemented.

- 5 schemes were deemed as relevant for this HP and developed suitable actions to integrate this HP into the scheme
 - 1 has implemented and monitored these actions; **Better Energy Warmer Homes**.
 - 1 has implemented these actions but have insufficient information to monitor progress; **Social Housing Retrofit**.
 - 3 had not implemented any actions by this reporting period; **Marine Research, National Broadband Plan and Designated Urban Centres Grant Scheme**.
- 2 schemes were deemed as relevant for this HP; there is no evidence that the IBs developed suitable actions to integrate this HP into the schemes; **2 SFI schemes**.

- 3 schemes were deemed not to be relevant for this HP: **Commercialisation Fund, Innovation Partnership Fund and Entrepreneurship in Micro-Enterprise.**

Promotion of Social Inclusion

Overall, the evaluator has seen very positive progress for the implementation and monitoring for this HP. The screening process deemed 7 schemes relevant for this HP. The **2 SFI schemes**, whilst being relevant, did not have any actions developed. Of the 5 which were deemed relevant and developed suitable actions to integrate the HP into the scheme, 3 (**Marine Research, National Broadband Plan and Designated Urban Centres Grant Scheme**) have actions developed but there is no evidence of implementation or monitoring; and two (**Better Energy Warner Homes and Social Housing Retrofit**) have implemented actions but there is insufficient information to monitor progress.

The screening process also deemed 3 schemes not to be relevant for this HP, and therefore no actions have been developed or implemented.

- 5 schemes were deemed as relevant for this HP and developed suitable actions to integrate this HP into the scheme
 - 2 implemented and these actions but have insufficient information to monitor progress; **Better Energy Warner Homes and Social Housing Retrofit.**
 - 3 had not implemented any actions by this reporting period; **Marine Research, National Broadband Plan and Designated Urban Centres Grant Scheme**
- 2 schemes were deemed as relevant for this HP; there is no evidence that the IBs developed suitable actions to integrate this HP into the schemes; **2 SFI schemes.**
- 3 schemes were deemed not to be relevant for this HP; **Commercialisation Fund, Innovation Partnership Fund and Entrepreneurship in Micro-Enterprise.**

5.8 Contribution to National Policy

Table 5.5 sets out the implications of any relevant policy and legislative developments at both national and EU level. The ERDF aims to strengthen economic, social and territorial cohesion in the European Union by correcting imbalances between regions. Irish national policies emphasis the need for investment in infrastructure, the focus on competitiveness and employment and the environment / sustainability. In addition, national strategies highlight the need to promote equality, inclusion and reduce disparities in economic activity between Dublin and the rest of Ireland.

This is illustrated in the “hub and spokes” diagram overleaf which demonstrates the linkages between the ROP and impacts on national policy.

Figure 5.2: Hub and Spokes diagram illustrating the contribution to National Policy

Southern Regional Assembly Draft Regional Spatial and Economic Strategy (December 2018).

The strategy aims to strengthen collaboration, determine and prioritise enabling infrastructure, and attract, build and retain talent and business capability. The aims of this draft strategy spread across **all schemes with each priority**, which supports their continued relevance within the operational programme.

Ireland's Transition to a Low Carbon Energy Future 2015-2030.

The national energy policy framework takes account of European and international climate change objectives and agreements, as well as Irish social, economic and environment policies. The white paper sets out its support for a low carbon future, relating to **priority 4**. Both 'Social Housing Retrofit' and 'Better Energy Warmer Homes' schemes have targeted outputs that relate to increased energy savings.

Ireland's National Skills Strategy 2025.

The strategy aims to underpin Ireland's growth as an economy. The strategy will support the development of a well-educated, skilled and adaptable labour force, which aligns to the objectives of strengthening research and innovation for **priority 1**.

European Research Area Progress Report 2016.

There is direct relevance to **priority 1**. The report outlines the importance of innovation centres as vital tools to ensure the circulation of knowledge. Investment is aimed at strengthening research by linking scientists and engineers in partnership.

Innovation 2020. Ireland's current strategy for R&D. The strategy is relevant to **Priority 1 (strengthening research) and Priority 3 (SME competitiveness)** through its focus on R&D and encouraging start-ups and SME's to use design as a competitive differentiator and to promote Ireland creative economy. The aim is to bring Ireland's R&D intensity to 2.5% of GNP by 2020.

Enterprise 2025 Renewed: Building Resilience in the face of global challenges.

Sets out the strategic framework to foster a better future and to deliver sustainable enterprise growth and jobs. The strategy has direct relevance to **priority 3**. This strategy will have significant relevance to the **entrepreneurship in micro-enterprise scheme** through the agreement of objectives in relation to supporting entrepreneurship and enterprises' ambitions for growth.

Action Plan for Jobs (2018).

The Strategy targets to increase employment and becoming a "global innovation leader" to align with targets: **priority 1 and priority 3**. Specific impact on SFI schemes within **priority 1** and Enterprise Ireland schemes in **priority 3**.



National energy efficiency action plan for Ireland (2017 -2020).

Energy efficiency falling below target for 2020 represents an issue for aspects that focus on improving the low carbon economy. Both the 'social housing retrofit' scheme and 'better energy warmer homes' schemes have targeted outputs that relate to energy savings.

Project Ireland 2040. The National Development Plan aims to provide regional level strategic planning and investment through the Regional Spatial and Economic Strategy. The aims of this plan spread across **all schemes within each priority**, supporting their continued relevance. The investment of a combined €3 billion towards a new rural and urban regeneration fund until 2027 complements the P5 scheme

National Reform Programme for Ireland (2018).

Presents targets for the five EU2020 target areas (i.e. employment, research and development, climate change and energy efficiency, and poverty reduction). The programme has resonance across many aspects of the ROP

Building on Recovery: Infrastructure and capital investment 2016-2021.

Sets out a six-year framework for infrastructural investment in Ireland, supporting the Government's commitment to supporting strong and sustainable economic growth. Particular relevance to 'Social Housing retrofit scheme'. Furthermore, allocations within the plan made available for transport, enterprise and innovation, and environment are all related to **priorities 1 and 5**.

National Strategy for Women and Girls (2017-2020).

The strategy aims to create an Ireland where all Women can achieve their full potential. The strategy commits to strengthening the participation and progression of women in research. This is relevant to the P1 **SFI supported schemes (SFI Research Centres, Spokes Programme, Investigators Programme)** who commit to an output of increasing the number of new researchers in supported entities.

National Action Plan for Inclusion 2015-17.

The Action plans sets out the Government's agreed 14 high-level goals for the period 2015-2017. Is relevant to actions defined within **priority 4** which focus on supporting the shift towards a low carbon economy. Goal 14 of the National Action Plan identifies the need to identify an appropriate energy poverty methodology.

Table 5.5: Contribution to National Policy

Recent Policy/Plan/Strategy	Issues Affecting Programme	Priority Specific Issues
Action Plan for Jobs (2018) ¹⁴⁶	Key points include additional targets for employment and becoming a “global innovation leader”. These targets align with the operation of both Priority 1 (Strengthening Research, Technological Development and Innovation) and Priority 3 (SME Competitiveness)	Specific impact on SFI schemes within Priority 1 and Enterprise Ireland schemes in Priority 3 that have employment and research awards outputs specifically in their indicators. Priority 3 aims to support entrepreneurship and innovation among SMEs, to drive new firm creation, expansion and employment in SMEs, and overcome operational barriers. Priority 3 aims to help sustain and improve competitiveness which has been considered essential to generate sustainable export-led growth and employment into the future.
National Energy Efficiency Action Plan for Ireland (2017-2020)	Key points include recent progress made in Ireland’s energy efficiency. However, energy efficiency falling below their target for 2020 represents an issue for aspects of both ROPs that focus on improving the low carbon economy.	Both Social Housing Retrofit and Better Energy Warmer Homes schemes have targeted outputs that relate to increasing energy savings, therefore the importance of the performance of this priority is increased due to the recent developments.
Project Ireland 2040: National Development Plan (NDP)	Key points include the NDP aims to provide regional level strategic planning and economic through the Regional Spatial and Economic Strategy (RSES). The implementation of the plans will support development in research centres (Priority 1), support remote working and (Priority 2), allow SME’s to grow in in rural and urban areas (Priority 3), support to reduce carbon emissions (Priority 4) and support for the renewal and development of cities and towns (Priority 5).	The aims of this plan spread across all schemes with each priority, which supports their continued relevance within the Operational Programme. The investment of a combined €3 billion towards a new urban and rural regeneration fund until 2027 holds significant importance in regard to the Designated Urban Centres Grant Scheme that aims to improve the urban environments across both regions.
National Reform Programme for Ireland (2018) Presents targets for the five EU 2020 headline target area (i.e. employment, research and development, climate change and energy efficiency, and poverty reduction).	The programme holds significant importance to the overall objectives of Priority 1, 2, 3, 4 and 5. Particular focus within the programme however, is placed on Priorities 4 (Low carbon economy).	Furthermore, the “Wealth and Wellbeing Scheme” highlighted in the programme aligns with both the Social Housing Retrofit and Better Energy Warmer Homes Schemes that aim to support the upgrade of homes to increase energy efficiency

¹⁴⁶ Action Plan for Jobs 2018 is the seventh in an annual series of plans (it supersedes previous annual editions including for 2014, 2015, 2016 and 2018), which seek to provide a revised approach to maximise employment across Ireland.

Recent Policy/Plan/Strategy	Issues Affecting Programme	Priority Specific Issues
<p>Building on Recovery: Infrastructure and Capital Investment 2016-2021 (2015) Key Points: Sets out a six-year framework for infrastructural investment in Ireland, supporting the Government's commitment to supporting strong and sustainable economic growth.</p>	<p>The plan observes the importance of improving social housing throughout the country through a €3 billion investment in support of the Social Housing Strategy towards increasing the supply of social housing. Furthermore, allocations within the plan made available for transport, enterprise & innovation, and environment & climate all related to Priorities 1 and 5.</p>	<p>There is particular relevance to the Social Housing Retrofit Scheme- the retrofitting of vacant social housing stock will complement the objectives of the plan in increasing the supply of social housing stock.</p>
<p>National Action Plan for Social Inclusion 2015-2017 (2015).</p>	<p>This is an updated version of the National Action Plan for Social Inclusion that was active in 2014. The Government agreed 14 updated high-level goals for the period 2015-2017. This updated National Action Plan is relevant to actions defined within Priority 4 of both ROPs, which focus on supporting the shift towards a low-carbon economy. Specifically, goal 14 of the action plan discusses Affordable Energy, and the need to identify an appropriate energy poverty methodology to estimate and track energy poverty levels. It also aims to reform existing efficiency programmes or develop new programmes as the best way of addressing energy poverty in the long term, as part of a new national affordable energy strategy.</p>	<p>The continued focus of this action plan towards affordable energy emphasises the ongoing relevance of both the Better Energy Warmer Homes Scheme and the Social Housing Retrofit Initiative to the goals of the Irish Government toward social inclusion.</p>
<p>National Strategy for Women and Girls 2017-2020 (2017)- The overarching aim of the Strategy is "An Ireland where all women enjoy equality with men and can achieve their full potential, while enjoying a safe and fulfilling life". The Strategy contains 20 key objectives and over 200 planned actions which together aim to achieve this vision, grouped under three key themes: equalising socio-economic opportunity for women; ensuring the well-being of women; and engaging women as equal and active citizens</p>	<p>This strategy is relevant to the commitments of both ROPs to strengthen research, technological development and innovation, and to support SME competitiveness. The strategy commits to enhancing the career progression for researchers and initiatives to improve the participation of women in research and innovation activities. The strategy commits to the promotion of female entrepreneurship throughout the country.</p>	<p>The SFI supported schemes (SFI Research Centres, Spokes Programme, Investigators Programme) across both ROPs commit to an output of increasing the number of new researchers in supported entities. Similarly, although no measurable targets were defined, the National Strategy for Women and Girls in 2017-2020 highlight a commitment to enhancing career progression for researchers and initiatives currently in place to improve participation of women in research and innovation The Entrepreneurship in Micro-Enterprise scheme for both ROPs also commits to supporting</p>

Recent Policy/Plan/Strategy	Issues Affecting Programme	Priority Specific Issues
		entrepreneurial activity and employment within this sector, which directly relate to this strategy's goals of promoting female entrepreneurship as a topic of importance in policy decisions.
<p>Enterprise 2025 Renewed: Building Resilience in the face of global challenges (2015) Sets out the strategic framework for coherence across government departments in order to foster a better future and to deliver sustainable enterprise growth and jobs.</p>	<p>This strategy has direct relevance to Priority 3 (SME Competitiveness) through both having a strong emphasis on Irish owned enterprises with the aim of changing performance through investment, innovation and capability development.</p>	<p>This strategy will have significant relevance to the Entrepreneurship in Micro-enterprise scheme through the agreement of objectives towards the facilitation and creation of comprehensive funding to support entrepreneurship and enterprises' ambitions for growth.</p> <p>In addition, the challenge will be to focus on broadening the enterprise productivity base and ensuring that economic growth is driven by productivity improvements.</p>
<p>Innovation 2020 (2015) Innovation 2020 is Ireland's current strategy for research and development, science and technology.</p>	<p>Innovation 2020 is relevant to both Priority 1 (Strengthening Research, Technological Development and Innovation for both ROPs) and Priority 3 (SME Competitiveness) of both ROPs through its focus on continued research and development and its aims to implement a design strategy that encourages more start-ups and SMEs to use design as a competitive differentiator and to promote Ireland's creative economy.</p>	<p>Innovation 2020 specifically relates to a number of schemes that it continues to support, with the aim of strengthening research and innovation throughout both S&E and BMW regions:</p> <ul style="list-style-type: none"> • Science Foundation Ireland (SFI) Research Centre Programme and Spokes Programmes. • Marine Research Programme • Commercialisation Fund • Innovation Partnership Programme <p>There is also additional relevance to the scheme within Priority 3 due to its aim to support emerging enterprises. Furthermore, the strategy aims to increase in public research investment and to thereby leverage greater private investment in order to bring Ireland's research and development intensity to 2.5% of GNP by 2020.</p>
<p>European Research Area Progress Report 2016 (2016) The report summarises the state of play of ERA and the progress on the implementation of ERA in Ireland over the period 2014-2016.</p>	<p>There is direct relevance to Priority 1 (Strengthening Research, Technological Development and Innovation)</p>	<p>The report outlines the importance of innovation centres as important tools to ensure the circulation of knowledge. This supports the impact of innovation centres within the SFI Research Centres scheme in facilitating the strengthening of research and development of innovation across both S&E and BMW regions. Prioritising investment is aimed at strengthening the research, technological development and innovation (RDTI) to link scientists</p>

Recent Policy/Plan/Strategy	Issues Affecting Programme	Priority Specific Issues
		and engineers in partnerships across academia and industry. The report also highlights the importance of fostering the development of new and existing Irish based technology companies to maximise capabilities, outputs and industry offerings. This includes the transfer of knowledge and expertise to enterprises and the spin out of new high technology start-up companies.
<p>Ireland's National Skills Strategy 2025 Aims to underpin Ireland's growth as an economy and as a society over the coming years. Through the vision, actions and targets set out, the Strategy will support development of a well-educated, well-skilled and adaptable labour force, creating and sustaining a strong pool of talented people of all ages living in Ireland.</p>	<p>The plan sets out its support for the continued development of research centres throughout the country, therefore relating to Priority 1 (Strengthening Research, Technological Development and Innovation).</p>	<p>With the aim of strengthening research and innovation throughout both S&E and BMW regions, the strategy can directly relate to the following schemes:</p> <ul style="list-style-type: none"> • Science Foundation Ireland (SFI) Research Centre and Spokes Programmes. • Marine Research Programme • Commercialisation Fund • Innovation Partnership Programme
<p>Ireland's Transition to a Low Carbon Energy Future 2015 – 2030 This national energy policy framework has been developed in the context of the significant role played by European institutions in determining energy policy, markets, and regulation. It takes account of European and international climate change objectives and agreements, as well as Irish cross-governmental social, economic and employment priorities.</p>	<p>The White paper sets out its support for a low carbon future that maintains our competitiveness and ensures a secure supply of affordable energy to citizens and businesses. This relates to Priority 4 (Low carbon economy).</p>	<p>Both Social Housing Retrofit and Better Energy Warmer Homes schemes have targeted outputs that relate to increasing energy savings, therefore the importance of the performance of this priority is increased due to the recent developments.</p>
<p>Southern Regional Assembly Draft Regional Spatial and Economic Strategy (December 2018)</p>	<p>The RSES is aligned to the National Planning Framework and the National Development. The RSES will enable the implementation of the NPF at regional and local levels, to ensure that future growth and development patterns will meet the needs of the regions. The Draft RSES aims to strengthen collaboration, determine and prioritise enabling infrastructure, and attract, build and retain talent and business capability. It also aims to make it easier to be innovative, and benefit from the sectors of competitive advantage.</p>	<p>The aims of this strategy spread across all schemes with each priority, which supports their continued relevance within the operational programme.</p>

6. PROJECT SELECTION

6.1 Introduction

This section of the report focuses on the project selection procedures involved in the S&E ROP. The tasks detailed below reflect the requirements of the ToR (Task 4):

- Assess the procedures in place for project selection at scheme level with a particular focus on the following aspects:
 - The transparency of project selection procedures generally
 - Whether priority / scheme objectives are incorporated into the project selection system
 - The extent to which the project selection process is competitive in nature, for those schemes delivered under competitive calls;
 - Appropriateness of the selection criteria

The remainder of this section of the report is structured as follows to address the tasks above:

- Section 6.2 Programme, Priority and Scheme Objectives - Context
- Section 6.3 Project Selection Procedures – Summary
- Section 6.4 Transparency of Project Selection Procedures
- Section 6.5 Project Selection System – Link to Priority / Scheme Objectives
- Section 6.6 Competitiveness of Project Selection Process
- Section 6.7 Appropriateness of Selection Criteria

6.2 Programme, Priority and Scheme Objectives - Context

The S&E ROP has been designed to address the development needs and growth potentials. In addition, an independent ex-ante evaluation of the OP for the ERDF funding was carried out as part the preparation of the programmes in order to improve the quality of the design of the programme, ensure the appropriate priorities were selected and to verify whether its objectives and targets can be reached.¹⁴⁷

The ex-ante evaluation is overall very supportive of the funding priorities identified for the ERDF programme and takes into account the priorities which are consistent with the Europe 2020 Strategy, the National Reform Programme, the priority areas identified in the 2012 and 2013 Annual Growth Surveys; and Commission position paper.¹⁴⁸

The National Conclusions drawn from the ex-ante evaluation conclude that the proposed funding priorities for the 2014-2020 period should support:

- promoting jobs and growth;
- combating unemployment and social exclusion;
- promoting R&D and ICT investment and the competitiveness of the business sector; and

¹⁴⁷ Partnership Agreement Ireland 1 January 2014 – 31 December 2020 in accordance with Articles 14 and 15 of Regulation (EU) N0 1303/2013 of the European Parliament and of the Council of 17th December 2013 November 2014

¹⁴⁸ Ibid

- promoting an environmentally-friendly and resource-efficient economy.

From the ERDF Regulation statement 14 it states that: “Within the framework of sustainable urban development, it is considered necessary to support integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, including functional urban areas, while taking into account the need to promote urban-rural linkages. The principles for selecting the urban areas where integrated actions for sustainable urban development are to be implemented, and the indicative amounts for those actions, should be set out in the Partnership Agreement with a minimum of 5 % of the ERDF resources allocated at national level for that purpose. The scope of any delegation of tasks to urban authorities should be decided upon by the managing authority in consultation with the urban authority.”¹⁴⁹

The selection of thematic objectives within the Regional Operational Programme (2014-2020) is constrained by requirements for thematic concentration in more developed regions as set out in the Common Provisions Regulation (Article 9) and the ERDF Regulation (Article 4 and Article 7 (Para 4)); also by the investment priorities set out in the ERDF Regulation (Article 5). For the S&E region which is defined as a more developed region, it must ensure that:

- at least 80 % of the total ERDF resources at national level shall be allocated to two or more of the thematic objectives set out in points 1, 2, 3 and 4 of the first paragraph of Article 9 of Regulation (EU) No 1303/2013; and
- at least 20 % of the total ERDF resources at national level shall be allocated to the thematic objective set out in point 4 of the first paragraph of Article 9 of Regulation (EU) No 1303/2013;

In recognition of the challenges facing the Ireland, the ex-ante evaluation has identified that the key priorities for ERDF investment have focused on following 5 priorities from the thematic objectives set out in Article 5 of the ERDF Regulation. A detailed justification for the selection of thematic objectives and Investment Priorities for the ERDF/ESF Operational Programmes 2014 – 2020 is included in Appendix 7.

Priority 1 - strengthening research, technological development and innovation

- For the 2014-2020 period greater emphasis will be needed on utilising the existing research facilities to further increase the levels of research activity, with enhanced industrial linkages and partnerships and commercial exploitation. The focus should also be broadened to include industry-led R&D investment to boost BERD levels across Ireland.

Priority 2 - enhancing access to, and use and quality of, ICT

- The implementation of the ICT infrastructure and services initiatives over the 2007-13 period has been effective with all parts of Ireland now having access to at least a basic broadband service, with minimum upload speeds of 1.4Mbps. This is ahead of the European Union’s “Digital Agenda for Europe” target of universal coverage by 2013. Full delivery of 100Mbps services to all post-primary schools will be completed by 2014.

Priority 3 - enhancing the competitiveness of SMEs

- The challenging economic and business environment that has pertained in Ireland, the micro-enterprise theme has made steady progress in the delivery of a wide range of essential supports and in the achievement of job gains.

Priority 4 - supporting the shift towards a low-carbon economy in all sectors

- There will be significant public investment in energy efficiency measures in the coming years, particularly in housing. This should be prioritised for co-funding and help Ireland to meet the target of 20% reduction in energy demand by 2020.

Priority 5 - preserving and protecting the environment and promoting resource efficiency

- The proposed urban measures will support integrated social and economic actions in deprived urban areas. There is a common challenge facing all of the gateways and hubs to increase non-private car commuting into the urban areas. Data from the Gateway Development Index, from 2011, shows that the extent of non-private car commuting ranges from 18.23% in Waterford to 39.6% in Dublin .

¹⁴⁹ Regulation (EU) No 1301/2013 statement (14)

These are well below the national target figure of 55% by 2020 as set out in Ireland’s Smart Travel Policy. This policy highlights the need to focus future population and employment growth in sustainable urban areas and to give priority to cycling, walking and public transport facilities.

The ex-ante evaluators have concluded that the selected thematic objectives are consistent with the CPR (including the Common Strategic Framework), the Partnership Agreement and the relevant country-specific Council recommendations under Article 121(2) TFEU, and where appropriate at national level, the National Reform Programme. “The evaluators have concluded that the overarching priorities selected, the thematic objectives and the funding priorities are appropriate and will make a contribution to the Europe 2020 Strategy for smart, sustainable and inclusive growth.”¹⁵⁰

6.3 Project Selection Procedures- Summary

Table 6.1 provides an overview of our key findings, further detailed throughout the remainder of the section. Refer to Appendix 4 for supporting information.

Table 6.1: Review of Project Selection Procedures

Priority	Transparency	Link to Objectives	Competitiveness	Appropriateness
1: Strengthening RDTI	√	√	√	√
2: ICT Infrastructure	√	√	√	√
3: SME Competitiveness	√	√	√	√
4: Low Carbon Economy	√	√	√	√
5: Sustainable Urban Development	√	√	√	√

6.4 Transparency of Project Selection Procedures

Within Priority 1, all schemes that have commenced operations display an acceptable level of transparency in their project selection procedures. Detail is provided to inform prospective applicants about the selection procedures and marking criteria used in the different schemes, all of which are readily available via the official websites, FAQ documents, easy to read application roadmap documents and documents that inform and support applications through each stage of the process. The Marine Research programme has recently commenced and has confirmed its first call occurred in December 2018; this was advertised on the Marine Institute website and also on social media.¹⁵¹

In Priority 2, the overall transparency of the selection procedures used in the National Broadband Plan are evident through a competitive dialogue process being followed to appoint a contractor. The tender process has been subject to a Procurement Process Review¹⁵². The review, undertaken by an independent Process Auditor was published and accepted by the government in November 2018¹⁵³. The process auditor reviewed the procurement process and found it to be fair and transparent. The preferred bidder was approved by

¹⁵⁰ Partnership Agreement Ireland 1 January 2014 – 31 December 2020 in accordance with Articles 14 and 15 of Regulation (EU) N0 1303/2013 of the European Parliament and of the Council of 17th December 2013 November 2014 pg108

¹⁵¹ <https://www.marine.ie/Home/site-area/research-funding/research-funding/marine-institute-project-oceans-changing-climate>

¹⁵² Mr. Peter Smyth is an independent consultant contracted, following a tender, as Process Auditor in respect of the National Broadband Plan procurement process. Mr. Smyth was asked to prepare a report, by the Taoiseach.

¹⁵³ https://www.dccae.gov.ie/documents/NBP_Procurement_Process_Audit_Report_23_November_2018.pdf and https://merrionstreet.ie/en/News-Room/News/Minister_Bruton_Publishes_Smyth_Review.html

Government in May 2019. The priority remains to bring the procurement process for the NBP State led intervention to a conclusion in a fair and impartial manner, as quickly as possible.

Priority 3 of the ROP contains one scheme that provides an adequate level of transparency in its selection process. The Entrepreneurship in Micro Enterprise scheme follows specific key selection criteria that is based on national guidelines.

Priority 4 provides detailed information that provides an overview of the application process and what the specific eligibility requirements are for the Better Energy Warmer Homes scheme. This information is readily available to interested applicants through the SEAI and Citizens Information websites. The scheme also has accompanying instructions for potential applicants along with details on eligibility criteria, the suitability of a home/household to the scheme, information on the application process, and the role of contractors, etc. The scheme is reported to have a very high profile within communities with a strong and concerted approach to publicity and promotion of the scheme. As a result, an increased level of enquiries has been received. The IB reported that the scheme's openness has helped to identify a wider potential beneficiary base which resulted in widening the scheme to other eligible beneficiaries (i.e. other groups of social benefits recipients). It was also reported that the IB has identified that if a household spends 10% or more of their disposable income on energy bills, they are classified as 'energy poor' and are therefore eligible to apply to the scheme. Within the Social Housing Retrofit scheme, the selection of properties is based on the results of a conditional thermal efficiency survey of housing units. It is the responsibility of the Local Authorities to identify properties in need, in accordance with a pre-defined selection criteria that concerns the minimum specifications that housing must satisfy in order to be eligible for support.¹⁵⁴

Within Priority 5, clear guidelines are provided to all local authorities submitting proposals that ensure that the selected actions meet the required standards and target the appropriate challenges in selected urban areas.

6.5 Project Selection System - Link to Priority / Scheme Objectives

Within Priority 1, all five schemes were found to incorporate their objectives within their selection system. All schemes within the priority clearly defined their objectives, and all of the objectives within each scheme were successfully linked to their scheme's evaluation criteria. Furthermore, all of the content within the evaluation criteria was assessed as relevant to the scheme's objectives, which provides acceptable support for the assessment of the objectives of the scheme forming the basis of the development of its selection process. The integration of horizontal principle objectives was also found to be considered within this priority. For example, within the SFI managed Research Centres programme, one of the eight key objectives is to deliver societal impact through contributing to an improvement in gender balance in all aspects of postgraduate training¹⁵⁵. This is supported through the project selection process including incentives for research bodies to submit applications from female researchers¹⁵⁶.

Priority 2 contains the National Broadband Plan, which is still at the stage of procuring a contractor to deliver the scheme. This is being achieved through a competitive dialogue process (see Section 6.4) which seeks to tease through very detailed specifications and to trouble shoot issues arising, to deliver a robust and fit-for-purpose contract and network. According to the Implementation Plan for the scheme, "the selection criteria for the successful bidder(s) will be specified in the request for tender document."

The main objectives defined within the schemes within Priority 3 were accepted as being successfully incorporated in to the evaluation criteria of each schemes. Four main objectives were defined within the Entrepreneurship in Micro-Enterprises (Supporting business start-ups, supporting business expansion, higher innovation levels in micro-enterprises and employment in the micro-enterprise sector in the S&E region¹⁵⁷. All objectives were represented within the Entrepreneurship in Micro-Enterprise scheme, there were also number of other criteria. Although the 3 criteria did not directly link to the main objectives of the scheme, they were related to the overall objectives of the programme. Through consultations, it was also

¹⁵⁴ Implementation Plans, S&E Operational Programme 2014 – 2020

¹⁵⁵ <https://www.sfi.ie/funding/funding-calls/centres-for-res-training/>

¹⁵⁶ <http://www.sfi.ie/funding/funding-calls/sfi-research-centres/24-research-centres-call-doc-2016.pdf>

¹⁵⁷ Implementation Plans, S&E Regional Operational Programme 2014 – 2020, P3, pg. 1

found that the involvement of Enterprise Ireland staff on local application/appraisal panels has also helped to ensure that schemes objectives are acknowledged in the selection process.

In Priority 4, all of the four-point evaluation criteria are strongly relevant to the objectives of both the Better Energy Warmer Homes and Social Housing Retrofit schemes.

For Priority 5, overall, evaluation criteria used within the 'Sustainable Urban Development' scheme contain a number of objective-related content. The two primary objectives of the Priority may be directly linked to 3 of the 6 evaluation criteria: satisfaction of these criteria will be important in facilitating the achievement of the primary objectives.

6.6 Competitiveness of Project Selection Process

This section describes the extent of which the selection procedures of the priorities are competitive in nature, and the measures taken by IBs in their selection procedures to identify the best applications among the applicant pool.

Within Priority 1, most of the targets set are likely to be achieved by 2023, suggesting that in general, there has been a high level of (successful) applications for support across all schemes. Indications from stakeholder consultations concerning the SFI and Enterprise Ireland-managed schemes have suggested that there is a high level of competitiveness throughout all of their schemes (c. 40%-50% of applications are successful¹⁵⁸). Within the SFI managed schemes, applications must go through several stages of a selection process that outlines the competitive nature of the schemes.

The National Broadband Plan within Priority 2 displays competitiveness through the eight stages of competitive dialogue that occur during a complex procurement process¹⁵⁹. This process should ensure that the project / supplier awarded the contract has been selected following a competitive assessment.

Priority 3 in the S&E region has achieved 50% of its targets already, suggesting a satisfactory performance. However, it is worth noting that the relatively low performance to date for the New enterprises supported target alongside half of the targets already being met suggests that competition in this aspect of the priority may be low moving forward. In response, EI is planning to pilot a further project targeting new enterprises which is expected to support delivery against targets. The success of this will need to be reviewed moving forwards.

Within Priority 4 the IB reported that the Better Energy Warmer Homes Scheme is incredibly popular with increasing levels of enquiries being received from potential recipients and is therefore competitive. It was recognised that the scheme has the potential to benefit a wider range of potential beneficiaries (i.e. a wider base of social benefits recipients). These factors have further increased the competitiveness of the scheme. The Social Housing Retrofit scheme is also highly competitive and requires local authorities to identify the range and volume of social housing stock units in need of the intervention / works. The IB reported that the current housing crisis in Ireland has increased focus on this scheme and subsequently its competitive nature for local authorities to benefit their housing stock.

In the Sustainable Urban Development scheme within Priority 5, an open call was made to all local authorities in the NSS-designated Gateways and Hubs to submit a proposal. The Local Authorities, who were specifically designated as Intermediate Body only for the process of selection and ranking of projects against the Scheme selection criteria, submitted their ranking of projects for ERDF co funding. Arising from this, 14 projects were allocated funding under the S&E region. Applications were assessed on the basis of 6 criteria, highlighting that the process was competitive in nature. Local Authorities were also given an opportunity to appeal to the Steering Committee in instances where they were dissatisfied with a grant award decision, setting out the basis for their request for re-consideration of the decision.

¹⁵⁸ Source: SFI and Enterprise Ireland consultations

¹⁵⁹ SEROP Monitoring Committee meeting notes, 8 June 2017, p.2.

6.7 Appropriateness of Selection Criteria

Overall, all of the selection criteria within the five priorities display strong levels of appropriateness to relevant schemes. The selection processes reflect the needs of the individual schemes e.g. competitive calls in Priority 5 to reflect that a number of individual projects are applying compared to a national procurement process in Priority 2, where one supplier is required to provide the scheme across both regions.

A selection criterion that is absent could lead to difficulties in isolating the right applications to support. However, the positive performance achieved so far in Priorities 1, 3, 4, and 5 suggests that the presence of appropriate selection criteria contributes to the success reported within the schemes to date.

7. INDICATORS

7.1 Introduction

This section of the report reviews the programme output and result indicators, against criteria a) to e) below and also considers alternative indicators as specified in f) below. These reflect the requirements of the ToR (Task 5):

- a) Comprehensiveness in terms of capturing programme outputs and benefits;
- b) The relevance, reliability and timeliness of the indicators including the quality of the data used;
- c) The realism of the targets set down;
- d) The systems / procedures in place at the public beneficiary body level for data collection and reporting;
- e) The extent to which, where relevant and feasible, horizontal effects relating to sustainable development, equal opportunities and non-discrimination, and equality between men and women are captured; and
- f) Identification of alternative indicators where existing indicators are deemed to be inappropriate.

The remainder of this section of the report is structured as follows to address the tasks above:

- Section 7.2 Indicators - Summary
- Section 7.3 Comprehensiveness
- Section 7.4 Relevance, reliability, timeliness and data quality
- Section 7.5 Realism
- Section 7.6 Data Collection and Reporting
- Section 7.7 Horizontal Effects
- Section 7.8 Alternative Indicators

7.2 Indicators - Summary

The ROP includes indicators which were developed in co-ordination with the Implementing Bodies and Intermediary Bodies responsible for their recording and collection.¹⁶⁰

The indicators were reviewed through desk-based review of the programme documentation including intervention logic, and through consultations with representatives of all intermediary bodies. Overall, opinions expressed by stakeholders were positive regarding the fitness for purpose of indicators, and indicators were seen as satisfactory at each of the programme, scheme and output levels.

Given that most of the indicators at programme, scheme, and output level were judged satisfactory in our analysis, the following sections of the report primarily highlights those areas where areas for possible improvement were identified.

¹⁶⁰ Ex Ante Evaluation Report on the Southern and Eastern Regional Operational Programme 2014-2020, Section 8

All indicators have been reviewed as part of the assessment of the continued relevance of the Intervention Logic (see Section 3.5 and Appendix 1C).

The indicators used in the ROP involve a mix of output and result indicators. As specified in EC regulations and guidance, output indicators are measured in physical or monetary units and are direct products of supported operations and reflect the types of actions involved (see Section 4.2 for definitions). EC regulations and guidance characterise result indicators as being very broad and reflective of wider regional changes not just the effect of the ROP (see definitions in Section 4.2). The selection of result indicators for this ROP were guided by EC regulations and guidance and as such are subject to influences that are broader than the ROP.

Considering result indicators in particular, causality and attribution of impact to the ROP specifically is discussed and considered in: the review of Intervention Logic (see Section 3.5 and Appendix 1C); in the definition of result indicators (see Section 4.2.1); and in the discussion of Programme Impact and the context and challenges associated with causation (see Section 8.2).

7.3 Comprehensiveness

During consultations with representatives of the intermediary bodies, consultees expressed positive opinions regarding the comprehensiveness of existing indicators. In a number of cases, supplementary indicators were also suggested to improve comprehensiveness. This information is summarised below in Table 7.1.

Our review of comprehensiveness examined whether or not each indicator remained robust given the changes outlined to the Intervention Logic in Section 3.5. In the majority of cases, no issues were identified, however, if there was doubt regarding an indicator, this was confirmed through consultation with the specific IB.

Table 7.1: Assessment of Comprehensiveness of ROP indicators

Priority	Schemes	No. of Indicators	Comprehensiveness
Priority 1: Strengthening RDTI	SFI Research Centres Programme, SFI Spokes Programme, Marine Research, Commercialisation Fund, Innovation Partnership Programme	7 output 2 result	Overall, indicators are seen as comprehensive by the IB. They are found to capture the schemes' results and outputs adequately and support the intervention logic of the programme. No issues identified by consultees.
Priority 2: ICT Infrastructure	National Broadband Plan	1 output 1 result	The bundle of indicators appears to be comprehensive
Priority 3: SME Competitiveness	Entrepreneurship in Micro-enterprise;	7 output 1 result	Judged as appropriate by IB (EI), however the assessment of the priority intervention logic and priority objectives (raising SME competitiveness) suggests that only monitoring employment outcomes may fail to capture wider improvements in SME performance. See Section 7.8
Priority 4: Low Carbon Economy	Social Housing Retrofit; Better Energy, Warmer Homes	2 output 1 result	The indicators used under Priority 4 are common to many other ERDF supported energy efficiency programmes. Whilst the package is considered to be comprehensive, some amendments are proposed in Section 7.8 regarding data sources, unit of measurement, et.
Priority 5: Sustainable Urban Development	Designated Urban Grants	3 output 2 result	No comprehensiveness issues identified. Some amendments are proposed due to lack of continuation of a data source – see Section 7.8

7.4 Relevance, reliability, timeliness, and data quality

The evaluation team assessed each of the indicators in line with the criteria above to review whether or not the indicators remained robust in light of the changing economic and political context of the Irish economy and the impact this may have had on the ROP. The findings of the initial assessment were subsequently reviewed by the relevant IB. During consultations with representatives of the IBs, opinions expressed regarding the relevance, reliability, timeliness and data quality were positive overall. In one case, an improvement was recommended. This information is summarised in Table 7.2.

Relevance was assessed in terms of relevance of the indicators to the various Specific Objectives, likelihood that they would contribute to the change the programme intends to bring, and whether they were strongly aligned to the actions of the S&E ROP.

Reliability was assessed in terms of the reliability, robustness and statistical validity of the data, in line with the approach in the Ex Ante evaluation report. Key points relating to reliability were as follows:

- Priority 4: an inadvertent error with the indicator measurement unit was identified in the AIR templates i.e. it should be KWh/m²/year instead of KWh/BRm²/year.
- Priority 5: changes to the indicator index source¹⁶¹ in the Designated Urban Grants scheme has been necessitated by the discontinuation of the original data source: the Gateways and Hubs Development Index which assessed aspects of development arising from, the National Spatial Strategy (2002-2020). The Gateways and Hubs Development Index from 2012, from which the baseline indicator was derived, collected data from areas (Gateways and Hubs) outlined in the National Spatial Strategy (2002-2020). However, the NSS has since been replaced by the National Planning Framework: Ireland 2040 Our Plan (NPF) and the Gateway and Hub designation is discontinued. As such, this data will now need to be collected independently or an alternative proposed.

Timeliness was assessed by considering if the appropriate data was collected and reported at appropriate intervals to inform decision-making, reporting and evaluations, and informing result indicators. Key points relating to timeliness at the Programme, Scheme and Indicator levels that were noted during the evaluation were as follows:

- Priority 5: timeliness may become an issue: 'Improve Urban Development Index' indicator for the Designated Urban Grants scheme, due to the discontinuation of the previous data source (the *National Spatial Strategy*), as outlined above, and the need to establish a replacement, timeliness of data cannot currently be evaluated. Timeliness may become an issue if data needs to be collected independently, rather than taken from the NSS.

Quality of data was judged in terms of how the data used for progress and monitoring was collated for each priority. Key points in relation to quality of data at the Programme, Scheme and Indicator levels that were noted during the evaluation were as follows:

- Priority 5: as noted above, due to the discontinuation of the data source previously used (the National Spatial Strategy) and the need to establish a replacement, quality of data for one scheme cannot be evaluated. Until a new system for collecting data is in place for the 'Improve Urban Development Index' indicator in the Designated Urban Grants scheme in Priority 5, data quality for this indicator cannot be evaluated. Further information for additions or improvements to indicators is given in Section 7.8.

¹⁶¹ <http://www.southernassembly.ie/resources/gateways-and-hubs>

Table 7.2: Assessment of Relevance, Reliability, Timeliness, and Data Quality

Priority	Scheme	Indicator	Relevance	Reliability	Timeliness	Quality of Data used
1: RDTI	ALL	ALL	No issues identified	No issues identified	No issues identified. IBs have robust monitoring processes in place which allow them to monitor performance on an on-going basis via monthly reports from delivery partners.	No issues identified
2: ICT	National Broadband Plan	Additional households with 30Mps broadband access	Appropriate	Appropriate Fully reliable – an industry standard measurement / indicator. It has a clear title and unequivocal and easy to understand definition.	n/a	n/a
3: SME	ALL	ALL	With the exception of issues outlined under Comprehensive above, no issues were identified. All indicators remain relevant to Priority objectives and activities being delivered.	With the exception of one indicator, no issues have been identified. Common and programme-specific output indicator data is collated from monthly monitoring reports provided by BBs which are evidenced and verified by the IB. Indicators are clear, unequivocal and easy to understand. They provide a reliable and consistent measure of performance across delivery partners (although noting that gross to net adjustment need to be made to provide a reliable indication of programme results).	No issues identified. EI have robust monitoring processes in place which allow them to monitor performance on an on-going basis via monthly reports from delivery partners.	No issues identified. Based on monthly monitoring reports which are evidenced by delivery partners

Priority	Scheme	Indicator	Relevance	Reliability	Timeliness	Quality of Data used
4: Low Carbon	Social Housing Retrofit	Households with improved energy consumption classification	Appropriate This indicator is relevant to the actions that are to be supported	Appropriate This indicator has a clear title and an unequivocal and easy to understand definition.	Appropriate	Appropriate
	Social Housing Retrofit	GHG Reduction: Estimated Annual Decrease of GHG	Appropriate This indicator is relevant to the actions that are to be supported	Appropriate This indicator has a clear title and an unequivocal and easy to understand definition.	Appropriate	Appropriate
	Priority	Average thermal performance of housing units	Appropriate Inadvertent error in indicator measurement unit	Appropriate The original indicator was initially denoted incorrectly as kWh/BRm2/Year. This has since been amended to kWh/m2/year which is correct is not and reliable but the appropriate indicator is now being used (kWh/m2/Year The S&E ROP includes details of an Administrative Agreement to be entered into between the MA and each Intermediary Body which will clearly specify the need for reliable data. The project/priority evaluators have found no evidence to disagree.	Appropriate	Appropriate

Priority	Scheme	Indicator	Relevance	Reliability	Timeliness	Quality of Data used
5: Urban	Designated Urban Grants	ALL	Forced change to source of indicator measurement unit due to the discontinuation of the data source previously used (the National Spatial Strategy)	Reliability cannot be judged until new data collection system is established	Timeliness may become an issue if the data needs to be collected independently	Data quality cannot be judged until new data collection system is established

7.5 Realism

The third criterion for reviewing the indicators was the realism of the targets. Realism is judged in the sense of achievability of the pre-defined targets. Specifically, are the quantified target values realistic and appropriate given the selected actions and forms of support, taking into account the financial expenditure and percentage of goal achieved to data.

The table overleaf compares performance reported to end of 2017 against expenditure declared to end of 2017. In some ways this is not a like-for-like comparison as:

- it is relatively early in the programme lifetime;
- there have been delays with eCohesion and therefore with declaration of expenditure
- some output targets may be front-loaded (so may appear “ahead” of spend; whilst others may have a built-in lag (relative to spend) i.e. the indicator target value is realised some time after the spend is incurred/declared.
- some schemes have been subject to delay (Marine Research Programme, National Broadband Plan).

Table 7.3: Realism of Indicators

Priority	Scheme	Common and programme-specific output & programme-specific result indicators	Achieved by 2017 as % of 2023 target	Expenditure declared to 2017 as % of funding allocation ¹⁶²	Realism (RAG)
1: RDTI	SFI Research Centres	Research innovation: Number of new researchers in supported entities	94%	0%	May be significantly over-achieved.
	SFI Spokes	Number of awards under Spokes programme	64%		Appears realistic
	Commercialisation Fund	Number of commercialisation fund awards	40%		Appears realistic
	Innovation Partnership	Number of enterprises receiving non-financial support	152% (Operations selected and first payments have been made to the beneficiary i.e. projects are underway). 37% Completed projects on which final payment made		Overachieved.
	Innovation Partnership	Number of enterprises receiving support			
	Innovation Partnership	Number of enterprises cooperating with research institutions			
	Marine Research Programme	Number of marine research PhDs and Post-Doctoral researchers funded	No Progress to report		No Progress to report
	SFI Research Centres Programme, SFI Research Centres: Spokes Programme, Marine Research Programme.	Number of industry partners engaged with funded strategic research centres in the S&E region	98%		May be over-achieved though number likely to be "front-loaded" as researchers engaged early in a multi-year project .
	EI Commercialisation Fund, EI Innovation Partnership Programme.	Increase in the Number of Licenses as a result of research in the S&E region	120%		Over-achieved.
2: ICT		ICT infrastructure	No progress to date	0%	No progress to report

¹⁶² Total budgets are given only at priority level, and not scheme or indicator level. A more detailed breakdown of spending to date is given in Section 4.3

Priority	Scheme	Common and programme-specific output & programme-specific result indicators	Achieved by 2017 as % of 2023 target	Expenditure declared to 2017 as % of funding allocation ¹⁶²	Realism (RAG)
	National Broadband Plan	Settlements with high speed broadband	No progress to date		No progress to report
3: SME	Entrepreneurship in Micro-enterprise	Productive investment: Number of enterprises receiving support	61%	6.8%	Appears realistic
		Productive investment: Number of enterprises receiving grants	121%		Already significantly over-achieved.
		Productive investment: Number of enterprises receiving non-financial support	116%		Already significantly over-achieved.
		Productive investment: Number of New enterprises supported	43%		Appears realistic
		Productive investment: Private investment matching public support grants to enterprises (grants)	80% gross 24% net (after deadweight)		Appears stretching (based on net values)
		Productive investment: Employment increase in supported enterprises	59% gross 17% net (after deadweight)		Appears stretching based on net values
		Participants in enterprise training programme	47%		Appears realistic
		Employment in the micro-enterprise sector in the S&E Region	103%		Already overachieved
4 Low Carbon Economy	Social Housing Retrofit	Households with improved energy consumption classification	112%	11.2%	Already overachieved
	Better Energy Warmer Homes	Estimated annual decrease of GHG	352%		Already overachieved
	SHR, BEWH	Average thermal performance of housing units	achieved		Already overachieved
5 Sustainable Urban Development	Designated Urban Grants	Population living in areas with urban development strategies	105%	10.1%	Already overachieved
		Number of integrated growth strategies implemented	Projects underway/in progress		No progress to report
		Multimodal urban mobility projects implemented	Projects underway/in progress		No progress to report
		Improvement in urban development index	No progress reported		No progress to report
		Non-private car commuting levels	104%		Already overachieved

7.6 Data Collection and Reporting

The systems in place for the collection and reporting of data by the public beneficiary body are specified in the S&E Annual Implementation Reports. Section 6 summarises these systems and procedures.

Are procedures for monitoring the programme and collecting data suitable?

It has been reported by IBs that the procedures have been suitable. Projects are required to provide Annual Reports to IBs. Any deviation from the individual schemes needs to be reviewed and approved by IBs in advance. Annual and final report findings are subsequently cross-checked with the beneficiaries to validate data.

Do procedures allow for timely data collection, to feed into decision making, reporting, evaluations, and informing result indicators?

There are measures in place to make sure that data collection is timely and also measures to ensure that corrective actions can be introduced if necessary. The only issues in relation to timeliness of data have been detailed in Table 7.2 (i.e. Priority 5).

7.7 Horizontal effects

A further criterion for reviewing the indicators was the horizontal effects, namely, the extent to which, where relevant and feasible, horizontal effects relating to sustainable development, equal opportunities and non-discrimination, and equality between men and women are captured.

The Ex Ante Evaluation report found that:

Programme developers have given due consideration to integrating Horizontal Principles. The programme includes actions that go beyond the regulatory requirements for Horizontal Principles and that demonstrate a realistic and pragmatic approach to integrating Horizontal Principles - taking on board lessons from previous programming periods. The programme also integrates actions aimed at one additional Horizontal Principle (promoting social inclusion).¹⁶³

This issue is covered in detail in Section 5.6 including the systematic approach to screening schemes to deem which were relevant for each of 4 HPs, and further steps to develop actions, implement actions, monitor and report on these. Not all schemes were deemed as relevant for all HPs. There is also some variability in the extent to which actions are being implemented and monitoring is taking place.

7.8 Review of Alternative Indicators

The review also considered the identification of alternative indicators where existing indicators were deemed to be insufficient or inappropriate. Alternative indicators were suggested during IB consultations or were developed on the basis of a review of the intervention logic of the programme.

Given that the ROP is past its mid-term, in the consideration of additional indicators, the evaluator has also reflected on the balance between the benefits that additional ROP indicators could provide and the process / timescales / resources associated with the introduction of these. The potential for the MA to seek further relevant information in IB reports to enhance the information about programme activity is proposed in some cases.

7.8.1 Priority 1: RDTI

Priority 1 includes the Commercialisation Fund (see Section 4.5.1) which aims to improve the competitiveness of the Irish economy through the creation of technology-based start-up companies and the transfer of innovations developed in 3rd level institutions to Irish industry. It funds development of innovations at all stages of the commercial pipeline to

¹⁶³ Ex Ante Evaluation Report on the Southern & Eastern Regional Operational Programme 2014-2020, p. 2.

the point where the innovations can be commercialised. It supports the development of routes to commercialisation for innovative technology-based projects. New companies arising from research outputs of the Commercialisation Fund may be described either as high potential start-ups (HPSU) or as spin-outs¹⁶⁴.

Given the alternative pathways that funding from the CF may lead to, and in particular the growth potential of HPSUs, there may be merit in the MA seeking further information in IB reports on the split between these in terms of commercialisation successes achieved through CF funding. However, it is important to recognise that there will be a time-lag before such achievements may be evident. This is proposed as a means of providing richer data on the progress of the scheme, to complement the existing ROP result indicator relating to number of licences.

7.8.2 Priority 2: ICT Infrastructure

As part of the consideration of the continued relevance of the Intervention Logic (Section 3.5 and Appendix 1C), consideration was given to additional or alternative Output Indicators – for example:

- Population size in areas enabled for high speed (>30mbps) broadband connections; and
- Number of enterprises with access to next generation broadband services as a result of ERDF support.

However, the evaluators are content that the Common Output Indicator selected for the ROP comprehensively measures what the programme aims to achieve through this priority and the indicator is consistent with the National Broadband Plan. The evaluator recognises that there may be merit in the MA seeking information in IB reports in respect of the additional indicators above to enhance information on progress within this Priority, once tangible progress has been made in respect of roll-out.

7.8.3 Priority 3: SME Competitiveness

Under Priority 3, there is one proposed amendment: Broad changes to the Priority are captured in the review of the intervention logic (see Section 3.5 and Appendix 1C), and in Section 4.7.2. As noted in the analysis of comprehensiveness (Section 7.3), current indicators capture employment outputs only. Given the objectives of the priority as set out in the intervention logic model and improvements in employment levels since 2014, there may be merit in seeking to capture the contribution to SME competitiveness and productivity e.g. **increased numbers of SMEs engaging in exporting and increased numbers of SMEs increasing turnover per head.**

There may be merit in the MA seeking information in IB reports in respect of these. This would enhance the measurement of activity and capture information on progress within this Priority and its contribution to SME competitiveness and productivity through the IB focus on supporting sustainability/resilience and jobs growth and evidence of progression path to further supports.

7.8.4 Priority 4: Low Carbon Economy

Under Priority 4, there are several proposed amendments – these do not involve an alternative or additional indicator – but rather amendments to some of the calculations, baseline and target values as follows (for reasons discussed in Section 4.8.2):

- Output indicator: GHG reduction
 - Report for both BEWHS and SHR (rather than SHR only)
 - Develop new target value for the output indicator GHG reduction
- Result indicator (average thermal performance of housing units in the S&E Region)
 - Report using appropriate unit of measurement: rather than **KWh/BRm²/year** use **KWh/m²/year**
 - Report result indicator based on revised data source

¹⁶⁴ A HPSU is defined as a company that is internationally focused and has the potential to employ at least 10 persons within three years of starting and to generate revenues of at least €1million. Not all the Third Level spin-out companies will grow to become sustainable, scalable companies, hence are termed Spin-outs until they develop into an EI-defined HPSU, with investor funds secured into the company

- Develop new baseline value and target value for the result indicator

Considering the potential to introduce additional indicators, the evaluator found that the bundle of indicators within Priority 4 is very similar to those used to monitor other energy efficiency schemes. A review of other Member States' ERDF funded Energy Efficiency schemes¹⁶⁵ found that these typically use some or all of the same measures. Commonly used indicators reflect those used for Priority 4 or used as part of the calculation of Priority 4 indicators:

- Activity: number of: enquiries; instances of advice given; households offered advice or assistance (including recording of multiple occasions); schemes delivered; measures delivered (e.g. heating systems, boilers, insulations, lighting); households availing of Energy Efficiency Schemes;
- Financial: value (€) of Energy Efficiency investment;
- Tonnes of CO2 saved – annual and/or lifetime;
- Value (€) of savings achieved – scheme-level and /or household-level.

Consideration was given to introducing another indicator : GWh/year. However this indicator is determined in the calculation of the Priority 4 Common Output Indicator: GHG savings (measured in tonnes of CO2). The GHG savings indicator value is derived from the Priority 4 Common Output Indicator: number of households. Part of the calculation is to multiply the number of households by estimated average energy savings per household per year and then divide by 1,000,000. That produces a value for GWh/year This information could be sought by MA in IB reports (to be stated explicitly) but is in fact implicit in information already provided.

As part of the review of the Intervention Logic (Section 3.5 and Appendix 1C), it was noted that there may be merit in seeking to measure the energy efficiency improvement that is achieved specifically through the intervention rather than solely a reading of the energy efficiency of the household post-works. However, capturing such information may not be feasible and is likely to have significant cost implications.

7.8.5 Priority 5: Sustainable Urban Development: Programme Specific Result Indicator 6(e)

During the course of the mid-term evaluation, the Southern Regional Assembly and Northern and Western Regional Assembly have highlighted that the Programme Specific Result Indicator for Priority 5 i.e. Indicator 6(e), in both Regional Operational Programmes is no longer fit for purpose. In this section, options for alternative indicators are discussed. **The preferred option is Option 3: Perception Study based on GDHI 2012.** This is included in Recommendations for Priority 5 (Section 9.4.6).

Programme Specific Result Indicator for Priority 5

The Programme Specific Result Indicator 6 (e) selected for Priority 5 in both ROPs is:

- Indicator: ***Improvement in the social, economic and physical conditions in selected urban centres, based on an urban development index.***
- Measurement unit: ***Index Values***

¹⁶⁵ England, Scotland, Wales, EU countries, Norway, Serbia and Switzerland (Odyssee-Mure Project).

- Baseline value: **GHDI Average Score 5.0 (S&E), 4.9 (BMW)**; Baseline year **2012** (sourced from Gateways and Hubs Development Index 2012 (specifically commissioned to inform the baseline¹⁶⁶))
- Target value: **All > 5.1 (S&E and BMW)**.

The indicator was proposed as an innovative measure of the aggregate economic, social and environmental progress of selected urban centres. The GHDI 2012 was intended to measure the effectiveness of Gateways (cities & towns) and Hubs (towns) in delivering sustained economic development and improved quality of life. It is based around eight individual domains or thematic areas, each of which consist of a number of indicators or data variables, which contribute to building up an evidence-base into the socio-economic performance of the Gateways and Hubs.

The index is based on 5.0 as a median score, with urban centres aiming for an aggregate index score of 5.1. Given the integrated nature of eligible investments under Priority 5, and the specific objective defined for priority 5.

Data Sources / Constraints

Baseline Value: The GHDI from which the baseline indicator was derived, collected data from areas designated as Gateways and Hubs as per the National Spatial Strategy (2002-2020).

Target Value: Data to update the result indicator was to draw on official statistics across a large number of domains. It was planned that this be collected twice over the programme period. However, given external policy changes (the NSS has now been superseded by the draft National Planning Framework: Ireland 2040 Our Plan (NPF)), the Gateway and Hub designation has been discontinued. Therefore, for national and regional policy coherence, it would not be relevant or consistent to measure progress in settlements that are no longer designated under Government policy.

Options for Indicator 6(e) and Rationale for Preferred Option

Potential options for replacing the indicator (within both ROPs) were considered:

- Option 1: Defer amending the indicator / measurement until the Draft Regional Spatial and Economic Strategy is adopted and the governance and monitoring structures for the Metropolitan Areas Strategic Plans (former gateways) and Key Towns (former hubs with additional urban centres included) are determined. Subsequently the MAs would revisit the indicator in around 12 months and propose a measurement that is useful to the RSES urban centres, that correspond to the former Gateways and Hubs, as they will be configured;
- Option 2: Commission a Local Authority-focused qualitative study, using the Integrated Urban Development plans that the LAs used to support their initial bid for funding as the baseline and from these, evaluate the progress achieved; and

¹⁶⁶ The cost for the update of the GHDI 2012 was €80,749.50, shared equally between the former Border, Midland and Western Regional Assembly and the Southern and Eastern Regional Assembly.

- Option 3: Commission qualitative studies building on the perception study that was included within the GHDI 2012. The studies would include some questions confined to those cities and towns included in the GDHI 2012, other questions would be open to all of these cities and towns; and
- Option 4: Commission a benchmarking study to explore good practice in measurement of similar schemes in other ERDF programmes. The benchmarking study should also explore how learning from these could be applied to the ROP context in order to develop a new indicator.

Benefits and drawbacks of these four options have been explored (see Appendix 8 for further details).

Whilst Option 1 provides the most comprehensive solution of the four options; it involves a considerable time delay; there are also some other significant drawbacks associated with this option. The lack of coherence with Government policy that the option presents, being the most significant basis for discarding this approach. Given the changed operating environment and the challenge that presents for establishing a baseline, Option 3 provides a more balanced approach to evaluating progress under this Priority: it does not have the potential independence / conflict of interest issues likely to be experienced under Option 2. It should be noted that Option 3 would require a new indicator and target value to be developed and there would be additional work required to seek to prepare a baseline value for hubs.

Preferred Option – Option 3: Perception Study based on GHDI 2012

This would involve qualitative studies building on the perception study which was used within the GHDI 2012. The studies would be confined to those RSES settlements corresponding to those included in the GDHI 2012. As the DUCGS funding is only awarded to the former Gateways and Hubs, the RSES settlements that were not formerly designated do not require measurement as they did not receive funding under the OP .

The proposed **new indicator, target value and method of measurement** for the ROP is described below, with relevant information to demonstrate that it complies with relevant EC regulations and guidance which include the following requirements.

- Programme-specific result indicators relate to the performance and progress against the 2023 target. For ERDF, the Commission is looking to see what changes the programme will bring about at regional or national level and the indicators that should be used to measure this. Therefore the result-orientation of the programming, has a **baseline value and a target value**, where appropriate quantified in accordance with the Fund-specific rules.¹⁶⁷
- For programme-specific result indicators, which relate to investment priorities, **baselines** shall use the latest available data and targets shall be set for 2023. Targets may be expressed in quantitative or qualitative terms¹⁶⁸:
- Clear objectives and selection of result indicators¹⁶⁹ (art. 27, art. 96, CPR):

¹⁶⁷ Joint Evaluation Plan for the Border, Midland and Western and the Southern and Eastern Regional Operational Programmes 2014-2020 pg6

¹⁶⁸ Article 6 of the ERDF regulation: Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1301>

¹⁶⁹ European Commission – Guidance Document on Monitoring and Evaluation – Concepts and Recommendations (March 2014, Revised 2018) – Section 3.11

- Priority axes are the building blocks of programmes. Each priority axis will include one or more investment priorities selected by Member States and regions according to their specific needs and context. The specific objective is the expression of what each investment priority aims to achieve (see art.2.34, CPR for legal definition of a specific objective). The change sought by the specific objective is expressed in one (or some very few) result indicators.
- Result indicators shall meet certain quality criteria. They should be (CPR, annex XI):
 - a) **responsive to policy**: closely linked to the policy interventions supported. They should capture the essence of a result according to a reasonable argument about which features they can and cannot represent;
 - b) **normative**: having a clear and accepted normative interpretation (i.e. there must be agreement that a movement in a particular direction is a favourable or an unfavourable result);
 - c) **robust: reliable, statistically validated**;
 - d) **timely collection of data**: available when needed, with room built in for debate and for revision when needed and justified.
- Programmes shall set targets for programme specific result indicators for 2023, but they may be expressed in quantitative or qualitative terms (art. 6, ERDF regulation; art. 5, CF regulation; art. 16, ETC regulation). Two issues need to be clearly distinguished:
 - - the **estimate of a future value of the result indicator**. As with the baseline, this value relates to all potential beneficiaries. This value will be influenced by the programme and other factors. It is this stated aim that is meant by the legal text.
 - - the **contribution of the programme to the change in the result indicator** (the impact of the programme). Impact evaluations can answer this question.

The proposed alternative Programme Specific Result Indicator 6 (e) selected for Priority 5 in both ROPs would therefore be:

- **Indicator: *Improvement in the social, economic and physical conditions in selected urban centres: based on a perception study.***
- **Measurement unit:** % of respondents agreeing with relevant statements or an index developed from variables in the Overall Physical Environment domain¹⁷⁰
- **Baseline value:** derived from % values reported from Perception Study in baseline year **2012** (sourced from Gateways and Hubs Development Index 2012 (from which the baseline was taken¹⁷¹))
 - **Former Gateways:**
 - **it may be possible to adopt the baseline from the perception study 2012 and thus compare progress in new perception studies against baseline values** for specific questions/measures from the 2012 perception study.

¹⁷⁰ Overall Physical Environment within the area – 1-10 / Transport Infrastructure within the area.. [improved] / Traffic Congestion within the area.. [improved] / Air Quality within the area.. [improved] / Litter within the area has.. .. [improved]]

¹⁷¹ The cost for the update of the GHDI 2012 was €80,749.50, shared equally between the former Border, Midland and Western Regional Assembly and the Southern and Eastern Regional Assembly.

- It is proposed to limit the urban centres included in the study to those that correspond with the NSS designation i.e. Gateways now MASPs.
- The non-core boundary of the settlements will be different: the area that constituted zone 2 of the Gateways will not correspond with the MASPs, an exercise¹⁷² will be required to allow for changes over time as was provided for when the Index was updated from the 2009 to the 2012 iteration. **Technical modifications may be required to establish zone 2 or outer zone areas as they were established using CSO POWSCAR data and are based on travel to work patterns.**
- **Former Hubs:**
 - **there is a wealth of information about these as a group (2012). It may be possible to estimate a collated baseline from the perception study 2012 and thus compare progress against this value** for specific questions/measures from the 2012 perception study.
 - **there are no values which can be used as a baseline for individual hubs** - due to their scale, the perception study was reported as a shared Hubs perception survey result; given the similarity in scale, and other characteristics, it is not unreasonable to assume that the same baseline can be attributed to each key town.
 - It is proposed to limit the urban centres included in the study to those that correspond with the NSS designation i.e. Hubs now Key Towns, (confining to those that were previously designated as HUBs).
 - The non-core boundary of the settlements will be different: the area that constituted zone 2 of the Hubs will not correspond with the Key Towns, an exercise¹⁷³ will be required to allow for changes over time. To note the Hubs were not measured in the 2009 study. **Technical modifications may be required to establish zone 2 or outer zone areas as they were established using CSO POWSCAR data and are based on travel to work patterns.**
- **Target value:** TBC
- **Measuring/Reporting on Progress**
 - It is proposed that the perception study would be conducted twice in Autumn 2019 and Autumn 2022 (the time of year to coincide with timing of previous studies; the years to correspond to mid-term and final stages of the programme)
 - To establish current progress, in terms of **consistency and repeatability**, there is a bank of questions that were used in the perception study in the GHDI 2012 which could be used again for the purposes of comparison.
 - Given the nature of the proposed perception study, **estimating the progress made poses some challenges**; whilst similar questions may be posed to a similar representative sample of the population, there will be external factors beyond the control of the study that may limit comparability with results from the previous study and as such, reduce reliability. Any relevant issues would be highlighted in reporting.

This perception study approach has a number of broader benefits of note:

¹⁷² statistical smoothing will be necessary by the research company conducting the survey to allow for the changes in geography i.e. the EDs included in the RSES MASP and the Key Towns (technical modifications such as these also had to be carried out in 2012)

¹⁷³ statistical smoothing will be necessary by the research company conducting the survey to allow for the changes in geography i.e. the EDs included in the RSES MASP and the Key Towns (technical modifications such as these also had to be carried out in 2012).

- It allows for a **place-based assessment** in which the MAs could determine the direct impact of the interventions and as such, **a more focussed measurement of ROP impact**.
- It provides an opportunity for **direct engagement with citizens / constituents** of the ROP area, which is in keeping with the broad principles of ERDF funding.
- It **provides a vehicle to increase the visibility of the ROP** and its potential benefits for the region;
- It **provides a vehicle to which tailored questions could be added** to gather evidence to test awareness of the ROP and its impact as well as on regional economic development issues relevant to the respective roles of MAs and LAs.

In relation to setting baseline and target, the evaluator recommends that a study is commissioned to seek technical advice and research in order to formulate an appropriate indicator, establish a baseline from the 2012 study results, capture actual values in Autumn 2019, and develop a target value. The indicator, baseline and target will subsequently form a request for an OP modification.

7.8.6 Priority 5: Sustainable Urban Development: Programme Specific Result Indicator 4(e)

The result indicator for investment Priority 4e relates to non-private car commuting levels in the designated urban centres. This has been examined as part of the review of intervention logic (Section 3.5 and Appendix 1C).

Consideration has been given to other possible result indicators that may be relevant for schemes of this nature and consistent with EC guidance¹⁷⁴ – for example: travel time, congestion, GHG, noise, etc. However, as is the case for the current result indicator, the performance against all these potential result indicators would also be similarly influenced by a variety of factors beyond the provision of specific multi-modal urban mobility projects.

The stated focus of the scheme is to address a common challenge facing all of the designated urban centres: to increase non private car commuting into the urban area and the nature of projects that this scheme seeks to support includes, for example: pedestrianisation, cycle lanes, bus lanes, good quality travel information and improved walking/cycling access to public transport . Given the focus of the scheme and the nature of interventions, the current result indicator appears to be the most appropriate. It links directly to the intended focus of the scheme; it links to the underlying needs to be addressed and also to the proposed actions/interventions (as it should be positively impacted by the types of actions proposed).

Alternative indicators would suffer from the same drawbacks as the current result indicator (i.e. being subject to wider influences). In addition, the link between some of these indicators and the intended focus of the scheme may not be as explicit and direct. None of the alternative indicators considered appear to offer additional benefits over that which is currently in use.

¹⁷⁴ https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_fiche_transport.pdf

8. PROGRAMME IMPACT

8.1 Introduction

This section of the report sets discusses programme impact addressing the following requirements of the Terms of Reference (Task 6):

*Drawing on the analysis above and on available impact indicator data for the ROP, the Evaluator is asked to assess the **impact of the co-funded elements of the Programme to date**, to express a view as to the **likely final impact of the co-funded elements of the Programme** and to express a view on the **sustainability of the results of those elements**. In carrying out this task, the Evaluator should have regard to the objectives and strategies set out in the ROP.*

The remainder of this section of the report is structured as follows to address the tasks above:

- Section 8.2 Context and Challenges in Establishing Impact
- Section 8.3 Priority 1 (including commentary on impact to date, likely final impact and sustainability)
- Section 8.4 Priority 2 (including commentary on impact to date, likely final impact and sustainability)
- Section 8.5 Priority 3 (including commentary on impact to date, likely final impact and sustainability)
- Section 8.6 Priority 4 (including commentary on impact to date, likely final impact and sustainability)
- Section 8.7 Priority 5 (including commentary on impact to date, likely final impact and sustainability)

8.2 Context and Challenges in Establishing Impact

As detailed in Section 3, the Irish economy has been improving since the ROPs commenced and is performing well on many key indicators including those relating to: economic output, labour market and employment, entrepreneurial activity.

Within this improving context, the ROP provides funding of around €500 m over the period 2014-20. This is a significant funding stream, within the context of other regional and national initiatives it is relatively low and is therefore limited in terms of the overall scale/extent of impact/reach it will have.

The ROP is funded in part through the ERDF, which aims to strengthen economic, social and territorial cohesion in the European Union by correcting imbalances between regions. Irish national policies emphasis the need for investment in infrastructure, the focus on competitiveness and employment and the environment / sustainability. In addition, national strategies highlight the need to promote equality, inclusion and reduce disparities in economic activity between Dublin and the rest of Ireland.

There are challenges in establishing/quantifying impacts of any regional development interventions; in particular at the mid-term point:

- Limited / partial progress to date
 - As the programme is only part way through its lifetime, and some of the initial stages include animation ahead of projects/interventions that will yield tangible impacts
 - In this programme a number of schemes have been delayed so impacts are zero to date
- A lag between expenditure on the ground and impact being realized

- The relatively small scale of the ROP amongst many other regional/economic development interventions and ability to isolate its impact
- The result indicators in the ROP, by definition and inherent in the design of the programme are broad, not just capturing the effect of the programme; these cannot be altered retrospectively.

However there is evidence of strong performance in many areas of the ROP both in terms of output indicators and result indicators as detailed in Section 4.5 – 4.9:

- output indicators provide a measure of activity in physical or monetary units;
- result indicators relate to the performance and progress against the 2023 targets. For ERDF, the Commission is looking to see **what changes the programme will bring about at regional or national level and the indicators that should be used to measure this** i.e. the indicators capture impacts that are broader than the ROP.

8.3 Priority 1

8.3.1 Assessment of the impact of the co-funded elements of the Programme to date

Overall, Priority 1 has delivered a positive impact to date as evidenced in progress against indicators that show an increase in the overall level of research engagement from industry in R&D in the S&E region. The indicators in the ROP are broadly on track to being achieved by the time the ROP is completed. This signals a positive impact in regard to progress toward the objectives of the priority.

Within the implementation plans of the ROP, the schemes within Priority 1 discuss the positive impact that can be made on both an economic and societal level. To date, positive progress towards achievement on both levels have been evidenced through the growth in employment (societal) and overall enhanced level of R&D activity and innovation (economic). In summary, the indicators within Priority 1 of this ROP demonstrate positive progress towards meeting their targets and therefore a positive contribution towards the impacts evident in the broad regional economy in Ireland.

8.3.2 Likely Final Impact of the co-funded elements of the Programme

Priority 1 is well placed to deliver a positive impact on the regional economy by the end of the ROP, with all impacts within the priority directly linked at least one priority indicator that is performing well and is likely to achieve its target.

8.3.3 Sustainability of Impacts

Sustainability has been considered within the design and implementation of the ROP. Within the selection / application processes for Priority 1 schemes, there are systems and processes in place that consider the operation of successful applicants beyond 2022 (programme lifetime).

Within all SFI schemes, SFI require all successful proposals to clearly demonstrate the value of their research to the expansion, development and sustainability of the SFI Research Centre and the overall potential for both economic and societal impact to Ireland.¹⁷⁵ Furthermore, although funding within this ROP has allowed for successful progress to be made specifically in regard to the employment of researchers in supported entities in the SFI Research Centres Scheme, RC management should be planning carefully, considering exit strategies in order to safeguard employment prospects within the centres post funding.

The contribution of the Marine Research Programme to the broader regional economy is as yet unknown and no assessment of its impact can be made at this point. With no progress made thus far, it cannot be said with confidence

¹⁷⁵ ROP Implementation Plan

how its performance indicators will contribute to the overall sustainability of the impacts beyond the existence of the ROP. However, the scheme is designed to assess applicants on the successful demonstration of value for money, how the proposed project will contribute to the **sustainable development** of the environment and any impacts (good or bad) of the processes and outputs from the research, thus it is clear that funded activity under this scheme will have a focus on sustainability.

Within all Enterprise Ireland schemes, EI require applications to demonstrate the exploitation potential ¹⁷⁶ (economic impact in Ireland).

8.4 Priority 2

8.4.1 Assessment of the impact of the co-funded elements of the Programme to date

To date, limited progress has been reported against the National Broadband Plan, though the procurement process has been underway and roll out is anticipated in 2019. At present however, an assessment of the impact of this element of the programme cannot per se be made.

8.4.2 Likely Final Impact of the co-funded elements of the Programme

Due to a delay with Priority 2, an assessment of its impact cannot be made at this time. However, should the scheme prove successful in meeting the targets, it will contribute to the overall availability of high-speed broadband throughout the region that can help to further the capacity for SMEs to grow and develop as a result.

8.4.3 Sustainability of Impacts

Progress is ongoing in regard to the NBP, with specific plans in place to future proof the plan beyond the completion of the ROP with consideration taken for the future anticipated growth in bandwidth demand and to meet 2025 targets for Connectivity for a European Gigabit Society under the Digital Agenda for Europe.¹⁷⁷

8.5 Priority 3

8.5.1 Assessment of the impact of the co-funded elements of the Programme to date

Overall, Priority 3 in the S&E region has delivered a positive impact to date. This is evidenced by good performance in all indicators including a growth in enterprises supported and employment in the region. With key regional impact data that relates to the priority also demonstrating positive growth since the implementation of the ROP, it is reasonable to conclude that the positive performance of the ROP schemes (as evidenced in the related indicators) have contributed to delivery of this impact.

8.5.2 Likely Final Impact of the co-funded elements of the Programme

Priority 3 is well placed to deliver a positive impact on the regional economy by the end the ROP funding. All of the indicators within the priority have been assessed as relevant to the priority's defined impact, and their overall likelihood of achieving their targets should ensure a positive final impact at a regional level.

8.5.3 Sustainability of Impacts

The nature of schemes within this priority is to provide support to enterprises that build capacity and facilitate the economic exploitation of new ideas. The successful delivery of this impact should ensure that the improved competitiveness of SMEs endures to some extent beyond the lifetime of the ROP.

¹⁷⁶ ROP Implementation Plan

¹⁷⁷ National Broadband Plan- Update for Annual Review Meeting (6th December 2018)

The sustainability of a supported SME post-intervention is subject to some many external vagaries though the role of the LEOs and selection procedures applied to SMEs should go some way to ensure that those entities that are supported are more likely to grow and be sustained.

It is however, acknowledged that there is a level of failure within business startups more generally (not specific to the P3 intervention); for example: 66.5% of enterprises birthed in 2011 survived to 2016 according to the CSO.¹⁷⁸

The improvement in the wider economy and near full employment may be limiting factor in terms of what these interventions can realistically achieve.

8.6 Priority 4

8.6.1 Assessment of the impact of the co-funded elements of the Programme to date

The schemes have delivered a significant positive impact on the lives of homeowners/tenants in the region through retrofitting. This should have a positive impact in terms of reducing energy bills and potentially increasing disposable income as a result. Enhanced comfort, improved health gains and increased quality of life are integral outcomes of the interventions. The employment and upskilling of local contractors to fulfil the delivery of retrofits could also boost the local economy.

Although the ROP schemes' target has been achieved for the number of households with improved energy consumption classification, national figures regarding energy consumption and GHG emissions have not improved. However, as overall energy consumption extends across a wide range of sectors in Ireland, so it would be unrealistic to attribute the success or failure of this impact to one element of the scheme.

Finally, a positive recorded performance in the estimated annual decrease of the ROP GHG indicator should also suggest that it is an important contributor toward the effort to achieve the national target set.

8.6.2 Likely Final Impact of the co-funded elements of the Programme

With the number of households with improved energy classification target already achieved, the likely positive final impact in this regard should be ensured.

8.6.3 Sustainability of Impacts

Positive results that improve overall energy consumption should have a long-term positive impact on the environment that extends beyond the operation of the ROP. The scale of potential further growth and contribution however is finite, due to the finite number of households that can be retrofitted.

8.7 Priority 5

8.7.1 Assessment of the impact of the co-funded elements of the Programme to date

To date, limited progress has been reported. Funding has been committed and projects are at planning stage /being mobilized. Therefore, an assessment of the impact of the co-funded elements of this Priority to date is not possible at present.

8.7.2 Likely Final Impact of the co-funded elements of the Programme

Although implementation has begun "on the ground", progress reported against the ROP indicators has been limited to date. However, a number of schemes are expected to be completed throughout 2019 and 2020. This progress will

¹⁷⁸ <https://www.cso.ie/en/releasesandpublications/er/bd/businessdemography2016/>



contribute to the target value for the indicators over the lifetime of the ROP.

8.7.3 Sustainability of Impacts

The nature of this priority is to promote the creation of sustainable communities through improved infrastructure, therefore ensuring that successful projects are delivered as a result of this priority/scheme should mean that the ROP continues to make a positive contribution to the broader regional impact after the ROP period ends.

9. KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

9.1 Introduction

This section of the report addresses the following requirements of the Terms of Reference (Task 7) (**Note: signposting in green within the ToR below to section of this chapter that address each point in this Task**)

The Evaluator would be expected to draw appropriate conclusions in relation to each of the analytical tasks set out above (see Section 9.3 which covers ToR Tasks 1-6).

However, there are a number of key mid-term issues on which overall conclusions should be formulated as follows

- **Mid Term Issue A: A view as to whether ROP, priority and scheme objectives are likely to be achieved;** (see Section 9.2.1)
- **Mid Term Issue B: The continuing validity of the ex-ante / needs / SWOT analysis at programme, priority and scheme level as appropriate and the continuing relevance of the programme / priority / scheme objectives and strategy in this light;** (see Section 9.2.2);
- **Mid Term Issue C: A view as to the likely impact of the ROP / priority / scheme (as appropriate) in relation to the horizontal principles and conclusions on the extent to which these principles have informed and influenced the management and delivery of the programme; and** (see 9.2.3);
- **Mid Term Issue D: Conclusions in relation to the structures and arrangements for programme management and delivery, including where there are gaps in necessary data** (see Section 9.2.4)

In terms of recommendations, it is open to the Evaluator to make recommendations on any issue arising from the conclusions drawn. Where the Evaluator proposes adjustments to the allocation of resources within the programme, these must be made within the envelope of remaining resources in the OP budget. Recommendations in Section 9.4

The remainder of this section of the report is structured as follows to address the tasks above:

- Section 9.2 Conclusions – Mid Term Issues
- Section 9.3 Key Findings/Conclusions by Analytical Task in ToR
- Section 9.4 Recommendations

9.2 Conclusions – Mid Term Issues

9.2.1 Mid Term Issue A: Whether ROP, Priority and Scheme Objectives are likely to be achieved

The evaluator has reviewed progress to the end of 2017 across all indicators for all priorities and schemes, with some evidence from 2018 also examined.

There is evidence of strong performance in Priority 1 (except for the Marine Research Programme), Priority 3 and Priority 4 in particular, with some end-programme target values already achieved. Progress has been delayed under Priority 2 (due to delays with procurement, however mid-term milestone target is achieved for this priority) and in Priority 5 (due to a range of internal and external factors that impacted on local authorities).

Where schemes have been delayed, plans are now in place to progress these, and recommendations are included in this report to further enable and encourage close monitoring of progress in these areas.

Therefore, while some milestones (interim targets for 2018) are unlikely to be met our assessment is that, provided the recommendations are accepted and acted on, priority and scheme objectives will be met over the course of the S&E programme lifetime.

9.2.2 Mid Term Issue B: Continuing validity of the ex-ante / needs / SWOT analysis at programme, priority and scheme level as appropriate and the continuing relevance of the programme / priority / scheme objectives and strategy

The review of socio-economic trends since the ROP was developed and launched demonstrates a much improved economic context in the Region.

The review of policy developments since the ROP was developed demonstrates that the ROP remains aligned with key policy areas. Furthermore, it is to some extent more so now than when developed due to more recently published policies e.g. the NPF.

Our review of the intervention logic by priority illustrates that the priorities and scheme objectives remain grounded in the development needs of the region, and that the interventions and indicators reflect these underlying needs.

The evaluation concludes that the ex ante / needs / SWOT analysis at programme, priority and scheme level remain appropriate and that programme / priority / scheme objectives and strategy continue to be relevant.

9.2.3 Mid Term Issue C: Likely impact of the ROP / priority / scheme (as appropriate) in relation to the horizontal principles and conclusions on the extent to which these principles have informed and influenced the management and delivery of the programme

Four Horizontal Principles ((Equality between men and women; Equal opportunities and prevention of discrimination; and accessibility for people with disabilities; Sustainable development; and Social inclusion) were embedded in the design of the ROP. Statutory Bodies with responsibility for HP were involved in development of a pragmatic approach to designing screening questions as well as the entire process to ensure that HPs were appropriately integrated into schemes. This provided consistency across HPs and schemes. The systematic process to applying the HPs across all schemes involved four steps: screening, identification of suitable actions, implementation and monitoring of progress.

While this four-step process has worked well in identifying which schemes were deemed as relevant to which HPs, there is scope for improvement in the subsequent parts of the process:

- not all schemes deemed as relevant for HPs developed a list of suitable actions to be included in the Implementation Plan for the relevant scheme(s);
- not all schemes deemed as relevant for HPs and that developed actions, proceeded to implement these;
- not all schemes deemed as relevant for HPs and that developed actions, and that proceeded to implement these, monitored progress of implementation.

In some cases schemes deemed as relevant for HPs did complete all steps i.e. develop actions, implement these and monitor/report progress. In some cases, GDPR was cited as a challenge in accessing relevant data for reporting.

There is, however, scope to improve the implementation of this approach to embedding HP within the programme.

9.2.4 Mid Term Issue D: Conclusions in relation to the structures and arrangements for programme management and delivery, including where there are gaps in necessary data

The structures and arrangements for programme management and delivery were established in line with the ROP and EC guidance. Overall these worked well – however there were some areas which presented challenges including:

- introduction of eCohesion system – this was required under overall EU regulation, but procurement delays led to delays in implementation and hence in declaration of spend;
- programme architecture – the relationship between the MA and other bodies involved in the ROP is such that the MA often has to depend on goodwill and existing informal relationships rather than having a management structure/hierarchy that supports or incentivises the IBs and other bodies to comply with MA requirements. This can impact on progress with declaration of expenditure.
- pre-financing – the upfront nature of the exchequer funding model is such that the verification of compliance with ERDF rules and regulations can occur up to 3 years after the spend has occurred. This again can be challenging and impact on progress with declaration of expenditure.

Regarding gaps in data, the most pressing issue is securing access to information related to HPs where this is being sought retrospectively / relating to prior to the introduction of the GDPR regulation. This applies mainly to some schemes under Priorities 1 and 3 in connection with Gender/Equal Opportunities HPs.

9.3 Key Findings/Conclusions by Analytical Task in ToR

9.3.1 ToR Task 1 - Review of External Developments

Socio-Economic Developments

Overall, the Irish economy has strongly improved since the Regional Operational Programme was introduced in 2014, and most of this growth has been within the S&E region. There is evidence of improvements in GDP, GVA per capita for example. Growth is also evident in the increase in the number employed in Ireland. As unemployment levels have seen a significant decrease since 2014, the numbers in employment have risen significantly for both males and females. Entrepreneurial activity has increased as enterprise births have outweighed enterprise deaths, furthered by the increase in self-employment in both areas. Sustainable Urban Development has the potential to contribute to growing the economy as both public transport commuters have increased and the deprivation index has improved in the S&E region.

Although Ireland has seen considerable improvements in its economy since the ROPs commenced implementation in 2014, there are also a number of areas where performance is less positive. Most notably, Ireland has fallen behind on the reduction of greenhouse gas emission predictions; the growth rate in total national exports dropped; certain areas of research and development within Ireland also remain a point of potential concern; and turnover accounted for by SME base in Ireland experienced a decrease. The turnover accounted for by the SME base decreased from 51.5% in 2010 to 47.8% in 2015¹⁷⁹ and the proportion of GVA accounted for by SMEs actually decreased in the years following the commencement of both ROPs, from 46.8% of national GVA in 2010 to 36.6% in 2016¹⁸⁰.

Policy Developments

Policy developments since 2014 have mostly provided further support toward the importance of the continued operation of all five priorities within the ROP as the objectives set out in the Priorities still hold relevance and are aligned with many relevant strategies and have the potential to contribute to national policy. For Priority 1, recent government policies have declared R&D targets that have yet to be achieved in Ireland. In Priority 2 policy change since 2014 emphasises the importance of high-speed connectivity. The interventions in Priority 3 continue to address a need for pre-entry support where risks are too high for traditional investors. However, as the economy improves and employment increases, this can impact on the number of people looking to start a business which may have implications for the programme moving forwards.

A (new) White Paper positively impacted Priority 4 by underpinning the necessity and direction of the Priority / schemes. The changes in policy since the introduction of ROPs will ultimately have an impact that will further heighten

¹⁷⁹ <https://www.cso.ie/en/releasesandpublications/ep/p-bii/bii2015/sme/>

¹⁸⁰ <https://dbei.gov.ie/en/Publications/Publication-files/2017-SBA-Fact-Sheet.pdf>

the importance of achieving the objectives within this priority to achieve the targets set out in policy. Priority 5 is aligned with national and regional spatial and economic strategies.

Programme Constraints

Throughout the operation of the ROP, a number of constraints have impacted on progress including:

- **Economic - High Employment:** The decrease in unemployment rates experienced since 2014 will ultimately impact on the demand for new jobs. As a result, this may have consequences for employment-focused outputs within a number of schemes in both regional OPs. As the economy has improved, people can be less driven and motivated to pursue start-ups as there are more employment opportunities available.
- **Economic - Increase in lending from Banks to SMEs:** This results in more choice for finance. Priority 3 interventions continue to address a need for pre-entry support where risks are too high for traditional investors. However, with improved economic circumstances, the availability of alternative supports could potentially affect the achievement of Priority 3
- **Economic - High Business Uncertainty** Ongoing uncertainty around Brexit represents a potential risk to the economy and enterprise development in particular. At present, the precise nature of this risk is unclear; however, it is likely to have a proportionately greater impact upon the BMW region than on the S&E Region.
- **Regulatory - GDPR affecting data reporting:** The emergence of new GDPR regulations has been cited by some IBs as challenge to monitoring and reporting in particular in relation to some aspects of Horizontal Principles on some schemes (some in Priority 1 and potentially Priority 3, typically referring to Gender Equality). This is a particular issue when being done retrospectively i.e. as IBs and MAs revisit data held prior to the introduction of GDPR, issues arise such as employees had not agreed that their personal data should be stored/used for the purpose of ERDF compliance. This could result in the potential under-reporting of performance in relation to aspects of Horizontal Principles for some schemes.

Assessment of Continued Relevance of Intervention Logic

In relation to the continued relevance of the intervention logic for each priority within the programme:

- **Priority 1, 2, 3, 4 and 5-** The Evaluators are confident that the developmental needs for each priority are grounded in the socio-economic needs for the programme area and remain relevant. Investment priorities continue to relate appropriately to the identified development need; the specific objectives and associated indicators (output and result) and actions are deemed appropriate.
- **Priority 3-** Consideration could be given to placing greater focus on supporting SME sustainability/resilience and job growth in light of recent changes in socio-economic trends. Proposed changes include expanding Specific Objective, and re-focusing some of the actions. To capture these changes and broader information on a greater focus on supporting SME sustainability / resilience and jobs growth over the remainder of the programme, there may be merit in the MA seeking information in IB reports to enhance measurement of activity. This would seek to capture information on progress within this Priority and its contribution to SME competitiveness and productivity through the IB focus on supporting sustainability/resilience and jobs growth and evidence of progression path to further supports.
- **Priority 4-** Changes are proposed to the indicators (output and result) – relating to data sources, etc.
- **Priority 5-** Change proposed to a result indicator due to lack of availability of data. Alternative Result Indicator proposed under Investment Priority 5b) as current one is no longer available/updated.

9.3.2 ToR Task 2- Effectiveness / Progress to Date: Financial / Physical Performance

Financial Performance:

- The total funding allocation available to the Southern and Eastern region for the duration of the OP is just over **€500 million**; this is 50% co-financed by the European Regional Development Fund (ERDF) and by the Irish exchequer¹⁸¹ i.e. **€250,056,177** is provided by ERDF.
- Almost two thirds of the funding is allocated to two Priorities: Priority 1 (**€180m, 36.0%**) and Priority 4 (**€133m, 26.6%**); the remainder is allocated to Priority 3 (**€71m, 14.2%**), Priority 2 (**€60m, 12.0%**) and Priority 5 (**€52m, 10.4%**). Technical Assistance is allocated just under 1% of the total.
- Most Priorities and Schemes report expenditure in 2017. However there remains a significant total of expenditure to be declared.
- The S&E ROP has a significant pipeline of funding committed (over €410m) and an estimated €183.3m in public eligible costs paid to beneficiaries but only €25.5m of expenditure declared up to the end of December 2017, thus a considerable value yet to be processed and declared.
- There has been some evidence of improvement in declarations in 2018 as well as a healthy pipeline of committed funds and funding spent “on the ground”:
 - **Public Eligible Cost of Operations Selected for Support up to end of 2017:** demonstrates significant levels of funding committed and thus a substantial **future pipeline of expenditure yet to be incurred, processed and declared**. Up to the end of 2017, at a programme level, this was over **€410m** (82% of the ROP funding allocation); apart from Priority 2, all Priorities have committed amounts to operations equivalent to at least 45% of their funding allocation.
 - **Public Eligible Costs paid to Beneficiaries up to end of 2017:** illustrates a considerable pipeline of expenditure incurred which is yet to be fully processed and ultimately declared to the EC. Whilst the level of declared expenditure to EC up to 2017, is relatively low, it is evident that **spend is taking place “on the ground”**. Up to the end of 2017, this was over **€183m (€183,358,365, 36.7%** of the ROP funding allocation) across most of Priorities and Schemes. This exceeds the programme level financial milestone for 31/12/18 (**€146,360,000**). Priorities 1, 3 and 4 have at least 38% of their funding allocation paid to beneficiaries There were 2 schemes with zero public eligible costs paid to beneficiaries (National Broadband Plan (Priority 2) and Marine Research Programme (Priority 1)).
 - **Funding Allocation and Expenditure Declared to EC up to 2017 and up to 2018.**
 - To the end of 2017, total expenditure declared is **€25,535,803**¹⁸². Therefore, there remains **€474,596,558** of expenditure that could potentially be declared by the MA to the EC. Total expenditure declared up to 2017 is low, representing only **5.1%** of the total funding allocation. Expenditure had been declared for Priorities 3, 4 and 5.
 - Considerable progress was made in terms of declarations during 2018. To the end of 2018, total expenditure declared to the EC is **€94,659,935**¹⁸³; this represents an uplift of around **€70m** during 2018. Total expenditure declared up to 2018 represents **18.9%** of total funding allocation (an uplift of around 14 percentage points during 2018). Therefore, there remains **€405,472,419** of expenditure to be declared to the EC. Expenditure had been declared for Priorities 1, 3, 4 and 5.
- The Managing Authority is confident that performance in relation to drawdown will improve as the ROP progresses
 - The lengthy designation process and development of the eCohesion systems have ultimately played a contributing role in the delays currently experienced in the completion of drawdown declarations; these issues have now, for the most part been addressed.
 - Progress is being made in a number of schemes which had been delayed for a variety of reasons: Marine Research Programme, National Broadband Plan, Designated Urban Centres Grants scheme

¹⁸¹ Annual and final implementation reports - Southern and Eastern Regional Operational Programme 2014-2020

¹⁸² The total declared expenditure to EC up to 2017 includes expenditure that was incurred in the OP for 2014, 2015 and 2016.

¹⁸³ The total declared expenditure to EC up to 2017 includes expenditure that was incurred in the OP for 2014, 2015, 2016 and 2017.

- There is evidence (noted above) of a substantial increase in declarations in 2018
- There is a healthy pipeline of committed funding as well as funding spent “on the ground” though not yet declared.

Physical Progress:

- **Priority 1-** Strong progress: Of the 7 common and programme-specific output indicators across the 5 schemes in Priority 1, six are rated green – on track for target to be achieved, and one could not be rated. Two programme-specific result indicators are also rated green – on track for target to be achieved
- **Priority 2 -** There are two indicators to which no rating can be attributed yet as the implementation and delivery of the National Broadband Plan has not yet commenced; actual values have not yet been recorded. It is anticipated to commence in 2019.
- **Priority 3-** Overall, very strong progress has been made in regard to increasing SME competitiveness. All 7 common and programme-specific output indicators are rated ‘green’ – on track for target to be achieved with 2 already achieved. The programme-specific result indicator associated with Priority 3 is also rated ‘green’, although this reflects activity in the wider regional economy and not just the OP intervention. General deadweight ratios have been applied to some of the indicators to provide an indication of the outputs directly associated with the ROP. As is typical with such interventions, the levels of deadweight are relatively high.
- **Priority 4-** Progress has been steady against the indicators for Priority 4: 2 common output indicators and the programme-specific result indicator are rated ‘green’ - target exceeded.
- **Priority 5-** Among the 5 output indicators, 3 common and programme-specific output indicators are rated green – achieved; 1 programme specific result indicator could not be given a rating and 1 programme specific result indicator is rated green –achieved. Whilst funding has been committed, and strategies are being implemented there is limited evidence of tangible impacts to date.

Financial Milestones: Progress towards meeting these

Considering Financial Milestones and Expenditure Declared to EC up to end of 2017:

- The financial milestone (set for 31/12/2018) was **€146,360,000** at programme level for the S&E region; this represents almost 30% (29.3%) of total funding allocation; there are also priority level financial milestones for Priorities 1, 3, 4 and 5 (representing between 20% and 40% of the funding allocation per priority).
- Taking into account Article 6(2) of the CPR¹⁸⁴, adjusted financial milestones based on indicator attainment are 75% of Priority 1 (**€54m**) and 85% of Priority 3, 4 and 5 (**€23.528m, €22.610m, €17.068m**) respectively; this equates to an adjusted financial milestone of **€117.206m** at programme level.
- Comparing expenditure declared to the EC up to 2017 (€ 25,535,803), with the 2018 financial milestone, it represents 17.8%; there is a shortfall of **€120,824,197**. Compared with the 2018 adjusted financial milestone, it represents 21.8%, leaving a shortfall of **€91,670,197**. Across the Priorities, up to the end of 2017, none had achieved priority level financial milestones nor adjusted milestones.

¹⁸⁴ A priority will be deemed to have achieved its milestone in the following cases (Article 6(2) of the CIR): if there are no more than two indicators in the performance framework related to a priority, all indicators have achieved at least 85% of their milestone value by the end of 2018 or if there are three or more indicators in the performance framework related to a priority, all indicators except for one have achieved at least 85% of their milestone value by the end of 2018 and the one indicator which has not achieved 85% of its milestone value has achieved at least 75% of its milestone value

- Comparing expenditure declared to the EC up to 2018 (€ 94,659,935) against the 2018 financial milestone; it represents 64.7% there is a shortfall of **€51,700,065**. Compared with the 2018 adjusted financial milestone, it represents 80.8%, leaving a shortfall of **€22,546,065**. Across the priorities, up to the end of 2018, none had achieved the priority level financial milestones, although Priority 4 had exceeded its adjusted (85%) financial milestone and Priority 1 was very close (95.7%) to its adjusted financial milestone. Overall, there has been considerable progress in the levels of expenditure declared to the EC during 2018.
- **Despite the high level of public eligible cost of operations selected for support across the programme (c. €410 million), it is the view of the Evaluators that not all of the 2018 financial milestones are likely to be achieved - in particular those associated with Priority 5; and to a lesser extent that associated with Priority 3, though the latter is understood to be likely to be attained given the introduction of a new protocol for P3 M1 declarations.**

Performance Framework: Progress towards meeting these

The **Performance Framework** includes milestones (for output, result and financial indicators) for the end of 2018; progress against these (to end of 2017 based on available data and focus of the MTE) is detailed below by priority:

- Priority 1: likely to achieve all 2018 milestones. There has been significant investment committed to this Priority (apart from the Marine Research Programme). There has also been considerable progress in declaration of expenditure during 2018.
- Priority 4: achieved all 2018 milestones.
- Priority 2: achieved 2018 Milestones (2 set at zero and 1 achieved (key implementation step).
- Priority 3:
 - The value of financial indicator for Priority, 3 is significantly behind milestone based on information presented in Section 4. However with a new protocol in place for M1 declaration on eCohesion progressing, the evaluator understands that the attainment of this milestone is now highly likely.
 - It is evident that there is a strong pipeline of eligible cost of operations selected for support, potentially available to be processed.
 - There has been significant investment committed to this priority which focuses on business support/investment.
 - The values of 2 other output indicators for Priority 3 have already exceeded the 2018 Milestones
- Priority 5:
 - The value of financial indicator for Priority 5 is significantly behind milestone and will not be met as there is insufficient expenditure incurred “on the ground”. Therefore, declaration of eligible expenditure should continue to be a priority to ensure that this does not fall further behind over the remaining lifetime of the programme. Whilst there is a strong pipeline of eligible cost of operations selected for support, this should be processed to ensure there is no more slippage.
 - The value of output indicator for Priority 5 should achieve the Milestone by end of 2018.

In the short term, the key challenge for the S&E region will be meeting those milestones set for the indicators included in the performance framework, that have not already been achieved and where these are likely to be met – in particular the financial milestone for Priority 3. In the longer term, the challenge is to ensure that expenditure is efficiently processed and declared to meet overall programme lifetime targets.

9.3.3 ToR Task 3 - Programme Management

Programme Constraints - Internal Constraints

The ROP has faced some internal constraints since implementation, specifically:

- **Programme Funding Model:**

- The long-standing model of ERDF (and other ESIF) programme funding in Ireland is one involving pre-financing i.e. exchequer funding of programme activity, which is then retrospectively reimbursed by the EU Commission following formal verification and claims processes, up to 3 years after the spend takes place (referred to as “N+3”, which does not operate at scheme level). The model however can give rise to inefficiencies, risks and a high administrative burden as the regulatory requirements regarding such expenditure may be unclear in terms of the practical application of these when it originally takes place.
- Inefficiencies arise where this leads to much administrative effort being required to retrospectively ensure expenditure is eligible and compliant.
- Financial risks arise where this results in any uncertainty about the eligibility or compliant status of expenditure intended (and programmed) to be co-financed, particularly where it cannot be simply substituted without requiring formal programme changes. The risk inherent in the pre-financing model primarily arises from the fact that the funding is provided upfront

- **Programme Financial and Management Structure:**

- The programme administrative structure reflects historic approaches that have evolved in Ireland over successive EU funding periods, as well as evolving EU regulatory and administrative requirements pertaining to all Member States. It involves a “cascade” system, flowing down from the EU Commission to the Member State, the Certifying Authority, the Managing Authority, the Audit Authority, a number of Intermediate Bodies and a range of public beneficiary bodies. Some of the problems the structure gives rise to (or is perceived as giving rise to) include the lack of authority which the Managing Authority has over intermediate and beneficiary bodies (who are accountable to their respective Government Departments much more so than the Regional Assemblies with the role of programme Managing Authorities), the sheer number of entities within the cascade and the confusion that can arise as to their distinct roles and responsibilities, the potential duplication of effort or resources that can arise in interpreting regulations, reporting on expenditure, conducting checks, auditing, reporting, and ensuring compliance, and having in place electronic financial management systems for such expenditure across so many different organisations and bodies.
- The development and implementation of the **eCohesion system** was challenging which has led to an increase in administrative burden during the implementation process. However, it has been reported that the guidance and assistance provided by the Managing Authority have been effective in reducing these issues at an IB level. This has impacted on the declaration of expenditure. As the eCohesion system is now fully operational, the burden initially experienced is expected to ease as the programme progresses.

Horizontal Principles

The horizontal principles considered within the ROP are:

- Promotion of equality between men and women
- Promotion of equal opportunities and prevention of discrimination and accessibility for people with disabilities;
- Promotion of sustainable development; and
- Promotion of social inclusion.

The systematic process applied to review the Horizontal Principles involved four elements: screening, identification of suitable actions, implementation and monitoring of progress. The screening process reviewed each scheme against all the HPs to consider relevance – using questions agreed with the ROP Managing Authorities and statutory bodies to be used by Intermediary Bodies. This led to a request for the Intermediary Bodies to draw up a list of suitable actions to

be included in the Implementation Plan for the relevant scheme(s). If a scheme was deemed relevant and actions were developed, then an implementation plan was to be put in place along with monitoring of the progress of implementation to form the basis for reporting to the OP Monitoring Committee.

The involvement of the statutory bodies responsible for horizontal principles along with the Managing Authorities demonstrated a pragmatic approach to the design of the screening questions as well as the entire process to ensure that HP were appropriately integrated into the schemes. This provided consistency, laying out the steps for the IBs to take in developing their Implementation Plans. These steps on a whole helped to ensure the integration of relevant HPs to specific schemes.

Following the process from above, the evaluator has seen positive progress for the implementation and monitoring for the HPs. Summary findings by Horizontal Principle are detailed below. However on reviewing the available evidence, there were occasionally gaps particularly at the implementation and monitoring stage of the process. A more stringent process at this point could improve the implementation and reporting of these HP actions

Contribution to National Policy

The ERDF aims to strengthen economic, social and territorial cohesion in the EU by correcting imbalances between regions and focus on national policies which emphasise the need for investment in infrastructure, competitiveness and employment and the environment / sustainability. In addition, national strategies highlight the need to promote equality, inclusion and reduce disparities in economic activity between Dublin and the rest of Ireland. The review of national policy demonstrates strong alignment and the potential for the ROP to contribute to many areas.

9.3.4 ToR Task 4 - Project Selection

The project selection systems set in place for each priority and scheme were assessed in terms of **transparency**, whether the **objectives were incorporated in to the selection system, competitiveness and appropriateness**. The project selection procedures were found to be satisfactory.

9.3.5 ToR Task 5 - Indicators

The indicators were reviewed through desk-based review of the programme documentation including intervention logic, and through consultations with representatives of all intermediary bodies. Overall, opinions expressed by stakeholders were positive regarding the fitness for purpose of indicators, and indicators were regarded as being satisfactory across a range of features including: **Comprehensiveness; Relevance, reliability, timeliness, and data quality; Data Collection and Reporting; Horizontal effects**.

Some amendments have been proposed as follows:

- Priority 1: RDTI: Given the alternative pathways that funding from the CF may lead to, and in particular the growth potential of HPSUs, there may be merit in the MA seeking further information in IB reports on the split between HPSUs and Spin-Outs in terms of commercialisation successes achieved through CF funding. However, it is important to recognise that there will be a time-lag before such achievements may be evident. This is proposed as a means of providing richer data on the progress of the scheme, to complement the existing ROP result indicator relating to number of licences.
- Priority 2: ICT Infrastructure
 - As part of the consideration of the continued relevance of the Intervention Logic (Section 3.5 and Appendix 1C), consideration was given to additional / alternative Output Indicators – for example:
 - Population in areas enabled for high speed (>30mbps) broadband connections; and
 - Number of enterprises with access to next generation broadband services as a result of ERDF support.

- There may be merit in the MA seeking information in IB reports in respect of these to enhance information on progress within this Priority.
- Priority 3: SME Competitiveness:
 - Broad changes to the Priority are captured in the review of the intervention logic (see Section 3.5 and Appendix 1C), and in Section 4.7.2. As noted in the analysis of comprehensiveness, current indicators capture employment outputs only. Given the objectives of the priority as set out in the intervention logic model and improvements in employment levels since 2014, there may be merit in seeking to capture the contribution to SME competitiveness and productivity e.g. **increased numbers of SMEs engaging in exporting and increased numbers of SMEs increasing turnover per head.**
 - There may be merit in the MA seeking information in IB reports in respect of these to enhance the measurement of activity and capture information on progress within this Priority and its contribution to SME competitiveness and productivity through the IB focus on supporting sustainability/resilience and jobs growth and evidence of progression path to further supports.
- Priority 4 Low Carbon Economy: There are several proposed amendments – these do not involve an alternative or additional indicator – but rather amendments to some of the calculations, baseline and target values as follows (see Section 4.8.2):
 - Output indicator: GHG reduction
 - Report for both BEWHS and SHR (rather than SHR only)
 - Develop new target value for the output indicator GHG reduction
 - Result indicator (average thermal performance of housing units in the S&E Region)
 - Report using appropriate unit of measurement: rather than **KWh/BRm2/year** use **KWh/m2/year**
 - Report result indicator based on revised data source
 - Develop new baseline value and target value for the result indicator
- Priority 5 Sustainable Urban Development: Alternative Programme Specific Result Indicator to replace “Improvement in the social, economic and physical conditions in selected urban centres, based on an urban development index” which is no longer updated.

9.3.6 ToR Task 6 - Programme Impact

As detailed in Section 3, the Irish economy has been improving since the ROPs were introduced and is performing well. Within this improving context, the ROP provides funding of around €500 m over the period 2014-20. Although not an insignificant funding stream, this is limited in terms of the scale/extent of impact/reach it will have.

There are challenges in establishing/quantifying impacts of any regional development interventions; in particular at the mid-term point. This arises due to:

- Limited / partial progress to date
 - As the programme is only part way through its lifetime, and some of the initial stages include animation ahead of projects/interventions that will yield tangible impacts
 - In this programme a number of schemes have been delayed so impacts are zero to date
- A lag between expenditure on the ground and impact being realized
- The relatively small scale of the ROP amongst many other regional/economic development interventions and ability to isolate its impact

Assessment of the impact of the co-funded elements of the Programme to date

Many schemes within Priority 1, 3 and 4 have delivered strong outputs and results to date.

The Marine Research Programme and schemes under Priority 2 and 5 have limited reported progress reported to

date, though procurement, implementation and roll-out is getting underway. The contribution of these schemes to the broader regional economy is as yet unknown and no assessment of impact can be made at this point.

Likely Final Impact of the co-funded elements of the Programme

The ROP is well placed to deliver a positive impact on the regional economy by the end of the ROP, based on progress to date and likely further performance in the remainder of the ROP lifetime.

Sustainability of Impacts

It is clear that sustainability has been considered within the design and implementation of the ROP: for example, in some schemes, consideration is given to exit strategies post-ROP and in others, selection criteria are employed to ensure that the most appropriate beneficiaries (such as enterprises that are more likely to grow, etc.) are targeted for support.

9.4 Recommendations

9.4.1 Declaration of Expenditure

Recommendation 1: In light of delays to financial declarations to date and the imminent cut-off date for the 2018 Financial Milestones, all relevant bodies should prioritise the declaration of eligible expenditure to ensure a pipeline of committed spend is moved through the process efficiently (particularly for Priority 2 and 5) to ensure ongoing progress towards achievement of targets for programme lifetime.

9.4.2 Priority 1 - Strengthening Research, Technological Development and Innovation

Recommendation 2: Given that the Marine Institute scheme was delayed initially, it is recommended that close attention be paid to the output and financial performance of this scheme to ensure that it progresses as planned and achieves its targets. If an issue arises, the MA should work with the IB to address this.

Recommendation 3: Given the focus of the Commercialisation Fund, and the alternative pathways to which the support may lead i.e. high potential start-ups (HPSU) or spin-outs¹⁸⁵, and the growth potential of HPSUs, there is merit in the MA seeking further information in IB reports on the split between among these types of firms to reflect commercialisation successes achieved through OP funding. However, it is important to recognise that there will be a time-lag before such achievements may be evident.

Recommendation 4: The MA and IBs should continue to monitor physical and financial performance, with a key focus on declaration of eligible expenditure.

Recommendation 5: The MA in conjunction with the IB should review and revise end-OP targets where these are already met or close to being met and there is a realistic potential to achieve more.

9.4.3 Priority 2 - Information and Communication Technologies

Recommendation 6: to progress implementation and delivery of the Priority by the IBs as per proposed and specified in the ROPs, at the earliest opportunity. Implementation and delivery of the Priority should be closely monitored to ensure it is progressing towards targets for output and result indicators as well as financial targets.

Recommendation 7: The MAs should seek an early meeting with IB to ensure that activities funded through the ROP are prioritised – recognising that the ROP funded elements are one part of a much bigger project.

¹⁸⁵ A HPSU is defined as a company that is internationally focused and has the potential to employ at least 10 persons within three years of starting and to generate revenues of at least €1million. Not all the Third Level spin-out companies will grow to become sustainable, scalable companies, hence are termed Spin-outs until they develop into an EI-defined HPSU, with investor funds secured into the company

9.4.4 Priority 3 - SME support, promotion and capability development

Recommendation 8: There is merit in the MA seeking further information in IB reports in respect of **increased numbers of SMEs engaging in exporting** and **increased numbers of SMEs increasing their turnover per head**. This would enhance the measurement of activity and capture information on progress within this Priority and its contribution to SME competitiveness and productivity.

Recommendation 9: The MA in conjunction with the IB should review and revise end-OP targets where these are already met or close to being met and there is a realistic potential to achieve more.

9.4.5 Priority 4 - Low Carbon Economy

Recommendation 10: The MA in conjunction with the IB should:

- proceed to introduce amendments to some of the calculations and reporting of indicators in Priority 4:
 - Output indicator: GHG reduction - report for both BEWHS and SHR (rather than SHR only)
 - Result indicator (average thermal performance of housing units in the S&E Region) – report using appropriate unit of measurement: rather than **KWh/BRm2/year** use **KWh/m2/year**
 - Result indicator (average thermal performance of housing units in the S&E Region) – report using revised data source
- develop baseline value and target value for the result indicator (average thermal performance of housing units in the S&E Region) taking into account new data source;
- review and revise end-OP target value for the output indicator GHG reduction (already over-achieved).

9.4.6 Priority 5 - Sustainable Urban Development

Recommendation 11: the MA should move ahead with the proposal for an alternative Programme Specific Result Indicator to replace “Improvement in the social, economic and physical conditions in selected urban centres, based on an urban development index” which is no longer updated (as detailed in Section 7.8.5).

Recommendation 12: The MA should continue to monitor physical and financial performance, with a key focus on declaration of eligible expenditure ensuring robust project management and regular updates to minimise any further delay.

Recommendation 13: The MA should review learning from the P5 scheme to date and apply to future programming - in particular:

- **Adopt a two-strand approach**, similar to that applied to projects under the Urban Regeneration and Development Fund (URDF) and its rural equivalent, and other capital funding streams. This recognises the practical challenges that may arise in projects of this nature and seeks to manage and minimise risk. The 2 categories differ in scale and readiness/supporting permissions etc. The smaller scale category would support feasibility/design activities.:
- **Use robust project/contract management principles**, applied to ensure that the local authorities deliver as planned; reporting regularly on progress, risks and steps to mitigate this; escalating key issues and engaging with the MA to resolve any issues and thus minimise the risk of further performance-related penalties.
- Address the challenge of complementarity relating to alternative / additional funding opportunities that may arise for Local Authorities (in the context of P5, for example) during the lifetime of the programme. The evaluator recommends that a process is implemented to ensure complementarity with the ROP and avoid displacement or duplication of funding. This would require Regional Assemblies to continue to **keep under review other capital project funding streams available to LAs** to ensure complementarity is achieved, and where an alternative fund may be available, an optimal funding stream should be agreed between the MA and the specific LA.

9.4.7 Horizontal Principles

Recommendation 14: To improve the integration and reporting of Horizontal Principles for schemes, the evaluator recommends that:

- a) IBs develop and implement strategies for these HPs, where the schemes have been deemed relevant for the HP but have not developed strategies
- b) IBs implement and monitor strategies for these HPs, where the schemes have been deemed relevant for the HP and strategies have been developed but not yet implemented, once the schemes commence.
- c) IBs monitor/report against strategies for these HPs, where the schemes have been deemed relevant for the HP, strategies have been developed and implemented but not yet reported:

9.4.8 GDPR

Recommendation 15: To address the potential under-reporting of performance in relation to aspects of Horizontal Principles for some schemes, the Evaluators recommend the following actions by the MA in conjunction with IBs:

- a) commission a GDPR audit of schemes which are deemed relevant for HPs where this issue is likely to arise to determine the validity, scale and likely impact;
- b) seek advice of GDPR officer in the MA and/or IBs to validity of the issue and identify solutions;
- c) commission benchmark research to seek good practice from other (ERDF) programmes and
- d) develop advice, procedures/guidance training for IBs to assist in this regard.

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