

IRELAND WALES OPERATIONAL PROGRAMME

ANNUAL IMPLEMENTATION REPORT 2010

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Executive Summary

1. This is the fourth Annual Implementation Report (AIR) for the Ireland/Wales INTERREG IVA Programme 2007-2013, covering the calendar year 2010. AIRs are central to the process of reviewing programme performance and provide an annual opportunity to take stock of progress.

The Programme, which supports joint projects, aims to promote the sustainable development of the programme area through an integrated approach to economic, social, environmental and technological development.

The total budget is €70m, including €52m in ERDF grant with the balance made up of match funding from Welsh and Irish partnership interests.

The main Priorities and Themes are:

Priority 1: Knowledge, Innovation and Skills for Growth

Priority 2: Climate Change and Sustainable Regeneration

A third Priority, Technical Assistance, will support effective and transparent management of the Programme, including publicity, research and evaluation.

Two cross-cutting themes underpin the whole Programme, namely the promotion of equal opportunities and sustainable development.

The headline activity for the Programme in 2010 was as follows:

The Steering Committees met on March 4th 2010 to consider the applications from the third call which closed on September 25th 2009. This was a targeted call and only applications from the targeted themes, Priority 1 Theme 2 and Priority 2 Theme 2, were considered. 13 applications were received and of these 10 were considered by the Steering Committee. 5 of the projects were approved for funding with an ERDF grant allocation of just over €4.7 million.

The Programme Monitoring Committee approved a proposal from the Managing Authority to open a Strategic Call for Proposals. The aim of the Strategic Call was to develop and approve a small number of larger scale projects that are strategic in nature for the Ireland Wales Territorial Cooperation Programme. The basis for the call was 2 fold, firstly it was in keeping with the more strategic focus of Cohesion Policy and there was also a need to develop projects that would assist the programme in meeting the N+2 target.

A series of key criteria were developed in addition to the standard application form where applicants had to demonstrate that they effectively addressed the following key criteria:

- *Highly developed levels of cross border cooperation*
- *Clear relevance with the Programme's Priorities and Themes*
- *Strategic impact beyond the life of the Ireland Wales funding*

- *Originality – It represents a chance to shape discussions regarding policy development in areas directly relevant to the programme.*
- *Ability to commence operations speedily and spend to profile from the beginning*

The call opened on April 20th and closed on May 21st. Three applications were received. These were presented to the PMC in Naas on June 18th for consideration. Two of the projects were approved for funding with an ERDF grant allocation of €5.8 million.

The fourth call for proposals opened in January 2010 and closed on April 30th 2010 for Priority 1 and on the 11th June 2010 for Priority 2. Twenty two projects were submitted, and 20 of these were presented to the Steering Committees for consideration on December 15th and 16th. Nine projects were approved with an ERDF grant commitment of €9.4 million

The Programme exceeded its N+2 target for 2010 by €260,000, and issued 2 drawdown requests to the Commission, one in July with another in December.

The Programme Monitoring Committee met three times during 2010. On January 27th they met in Conwy, Wales, on June 18th in Naas, Ireland, and on November 4th in Llandudno, Wales.

The Annual Event which focused on *Environment, Climate Change and Marine Research; the Benefits and Legacies of Cross Border Partnerships* took place on the 5th November in the Welsh Assembly Government offices, Llandudno Junction, North Wales where over 95 people attended.

The Programme was also subject to a mid-term evaluation which took place between September 2010 and January 2011.

The report is formatted along lines recommended by the Commission.

1. Summary Details

OPERATIONAL PROGRAMME	Objective Concerned: Territorial Cooperation
	Eligible area concerned: South West Wales, Isle of Anglesey, Conwy, Denbighshire, Gwynedd, Dublin, Mid East, South East – All NUTS III areas
	Programming period: 2007-2013
	Programme number (CCI): 2007CB163PO062
	Programme Title: Ireland Wales Programme
ANNUAL IMPLEMENTATION REPORT	Reporting Year: 2010
	Date of approval of the Annual Report by the Monitoring Committee: June 16 th 2010

2. Overview of the Implementation of the Operational Programme

2.1 Achievement and Analysis of Progress

- **Information on the physical progress of the Operational Programme:**

The Programme has three Priorities and is worth over €70.3 million with more than €52 million of that available in ERDF grant support.

The first two Priorities are broken down into themes which will focus the investment in specific areas.

Priority 1 – Knowledge, Innovation and Skills for Growth (Total Budget €39.6 million)

Theme 1 – Innovation and Competitiveness

Theme 2 – Skills for Competitiveness and Employment Integration

Priority 2 – Climate Change and Sustainable Regeneration (Total Budget €26.4 million)

Theme 1 – Climate Change and Sustainable Development

Theme 2 – Sustainable Regeneration of Communities

Priority 3 – Technical Assistance (Total Budget €4.2 million)

The Programme continued to make progress in 2010 where the Steering Committees met to consider the projects submitted under the third and fourth call for proposals.

The Steering Committee sat on March 4th to consider 10 of the 13 applications received under Call 3. They supported 5 projects with an ERDF grant requirement of €4.7 million.

Call 4 closed on the 30th April for Priority 1 and on the 11th June for Priority 2. The Steering Committee sat on December 15th and 16th to consider 20 of the 22 applications received under Call 4. The selection process for Priority 2 was competitive as more funding was being sought than was available. They supported 9 projects with an ERDF grant requirement of €9.4 million. One project was placed on a reserve list and will be considered for future approval subject to the availability of funds that may be recommitted from existing projects.

The remaining balance in Priority 2 now stands at €355,000. The remaining balance in Priority 1 now stands at €7.9 million and will be available for Round 5.

The contracts for the two strategic projects were issued in July and August.

The Programme paid out €3,041,473.10 ERDF to projects, and exceeded its N+2 target for 2010 by €260,000.

In relation to Technical Assistance the JTS employed a further 3 members of staff in 2010, two based in Wales and one in Ireland, who will concentrate exclusively on First Level Control work. This will ensure a faster turnaround of control and certification. The main focus in 2010 was the hosting of the annual event, working on raising the commitment levels and continuing to control expenditure.

At the start of 2010 the Programme had 17 approved projects which were worth 49% of overall programme commitment. Significant progress has been made on this as the position now stands at having 33 approved projects worth 84% of overall programme commitment. This includes the 2 strategic projects. This provides the programme with a far better springboard towards meeting a challenging N+2 target.

- **Financial Information (all in euro)**

The financial data for Priorities 1 and 2 refer to the cumulative figures for total spend by Priority 1 and 2 projects by the end of 2010. Reported spend continues to be behind target however. By contrast the level of commitment can be considered quite healthy at this point of the programme cycle as evidenced by the middle columns of the second table.

The financial data for Priority 3 relates to Technical Assistance which covers the operating costs of the Joint Technical Secretariat and associated programme management costs.

	Expenditure paid out by beneficiaries included in the payment claims sent to the Managing Authority	Corresponding public contribution	Private Expenditure	Expenditure paid by the body responsible for making payments to the beneficiaries	Total Payments received from the Commission
Priority Axis 1 – ERDF Knowledge Innovation and Skills for Growth	2,712,886	2,712,886	-	2,034,665	563,559
Priority Axis 2 – ERDF Climate Change and Sustainable Regeneration	1,040,392	1,040,392	-	780,294	563,559
Priority Axis 3 – Technical Assistance	2,198,208	2,198,208	-	1,648,656	563,559
Grand Total	5,951,486	5,951,486	-	4,463,615	

Situation at the end of 2010

	Programme Allocation		Total Commitment			Total Spend		
	Total Cost	ERDF	Total Cost	ERDF	% overall allocation	Total Cost	ERDF	% of overall allocation
Priority 1	39,626,863	29,720,147	31,144,925	21,731,189	73.12%	2,712,886	2,034,665	6.85%
Priority 2	26,417,908	19,813,431	26,273,371	19,458,006	98.21%	1,040,392	780,294	3.94%
Priority 3	4,215,623	3,161,717	2,198,208	1,648,656	52.14%	2,198,208	1,648,656	52.14%
Programme Total	70,260,394	52,695,295	59,616,504	42,837,851	81.29%	5,951,486	4,463,615	8.47%

- **Information about the breakdown of the use of the funds – To Update**

Priority	Code Dimension 1 Priority and Theme	Code Dimension 2 Form of Finance	Code Dimension 3 Territory	Community Contribution – actual	Community Contribution - forecast by OP
1	1	1	8	€1,980,003	€5,750,000
1	3	1	8	€9,161,171	€6,753,000
1	4	1	8	€3,519,880	€5,329,088
2	43	1	8	€363,586	€4,000,000
2	49	1	8	€8,182,524	€6,750,000
2	51	1	8	€2,944,976	€2,549,614
2	61	1	8	€7,966,920	€6,603,817
1	62	1	8	€6,358,234	€7,500,000
1	64	1	8	€711,901	€4,388,059
3	85	1	8	€1,648,656	€2,100,000
TOTAL				€42,837,851	€51,723,578

The purpose of this table is to show the breakdown of the use of funds within the programme. It relates to Art 9(3) of EC Regulation 1083/2006.

Code 01 - R&TD activities in research centres

Code 03 – Technology transfer and improvement of cooperation networks between small businesses (SME's), between these and other businesses and universities, post secondary establishments of all kinds, regional authorities, research centres and scientific and technological poles

Code 04 - Assistance to R&TD, particularly in SMEs (*including access to R&TD services in research centres*)

Code 43 – Energy Efficiency, co-generation, energy management

Code 49 – Mitigation and adaptation to climate change

Code 51 – Promotion of biodiversity and nature protection

Code 61 – Integrated projects for urban and rural regeneration

Code 62 – Development of life-long learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation

Code 64 - Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills

Code 85 – Technical Assistance, Preparation, implementation, monitoring and inspection

Code 1 – Non repayable aid

Code 08 – Cross Border Cooperation Area

- **Assistance by target groups**

Not applicable

- **Assistance repaid or reused**

Not applicable

- **Qualitative analysis**

The Programme continued to make progress in 2010 in the face of extremely challenging economic conditions. Enquiries and expressions of interest continue to be strong while the commitment rate has moved from 49% to 84% in the course of 2010 which clearly indicates the level of interest.

In relation to Round 4 the JTS and the DO team continued with the successful series of Applicant Workshops that attracted a combined audience of over 150 people from a wide variety of organisations. The workshops are useful and effective in that it allows people to get direct guidance in terms of what you need in order to build a good partnership and project bid. Applicants value this process as shown in evaluation forms that are handed out during the events. It also allows the JTS and DO team to build relationships with the different partnerships in order to ensure that well developed applications are submitted by the closing date. The success of the initiative is demonstrated in the continuing rise in the quality of the applications submitted for consideration.

The progress against spend and indicators reflects the fact that projects were slow to commence operations and as a result the level of spend is relatively low. Projects did however; need time to compile their claims to ensure that they were in compliance with the requirements of the First Level Control regime. This task is more detailed and time consuming compared to previous programming periods due to the changes in the regulations.

In relation to spend as a whole the JTS exceeded its N+2 target for the year by €260,000.

It is too early in the life of the programme to make a judgement on the effect of the promotion of equal opportunities between men and women in project implementation.

2.2 Information about compliance with Community law

Cross Cutting Theme experts are advisors to both the Programme Steering and Monitoring Committees. Their role is to provide advice and guidance to both Committees from both a strategic and project specific angle.

Cross Cutting Theme advisors are in place for each Steering Committee meeting and they provided advice and guidance to the Steering Committees and to the projects where appropriate.

Experts provided detailed written comment and analysis on the Rounds 3, 4 and the Strategic Call applications and made a series of recommendations for improvement on each project.

These recommendations have since been collated and used as the basis of a Good Practice Guide for all future applicants and has been placed on the programme website.

Compliance with Community Law is also addressed as part of the First Level Control process.

2.3 Significant problems encountered and measure taken to overcome them

The changes to the regulations, particularly the introduction of the First Level Control regime in Article 16 of the ERDF Regulation continued to be a significant problem in relation to the implementation of the programme.

It has resulted in a need for investment in resources for both projects and the programme management partnership in order to ensure compliance.

The Managing Authority, the Welsh Assembly Government and the Programme Monitoring Committee engaged in extensive discussions in order to fully understand the causes of the difficulties and also propose workable solutions.

The following solutions were applied:

- Under the guidance of the MA, the JTS undertook a full review of the First Level Control procedures with a view to making adjustments that would lead to efficiencies and speedier payment without compromising the standards required by the regulation. The changes were implemented in August and October 2010.
- The Programme hired 3 new staff in order to assist with First Level Control work, 1 based in Waterford and 2 based in Wales. The Welsh based controllers are focused on doing on site verification of files for Welsh based beneficiaries.

The fact that the Round 1 and 2 projects were developed during different economic times also complicated matters. The factor in this instance was the fact that Sterling depreciated significantly against the Euro which means that most projects had a

structural overbudget which meant that they would not be in a position to spend their grant allocation.

Information Note 14 was developed in response to robust discussions at the PMC and within the programme partnership. In essence it means that if projects are more than 25% behind profile after Claim Periods 2 and 4 then their budgets are reduced by the amounts not being claimed. This has not been applied to the fullest extent possible due to the delays in submitting and processing Statements of Expenditure however it is envisaged that this will be applied more rigorously in 2011 in order to force projects to align their budgets with their actual and planned expenditure on a more realistic level.

Furthermore the JTS organised Financial Control workshops in Waterford in June 2010 for the successful Round 3 beneficiaries, where they explained all of the processes and procedures and what is expected of individual beneficiaries. It was split between a plenary session of presentations and individual advice clinics in order to provide the clearest advice possible.

JTS and DO staff have been in constant dialogue with the projects in question in order to see how the difficulties can be resolved. They have adopted a policy of constructive engagement with the organisations in question in order to see how the difficulties can be addressed.

The active engagement of the PMC and the robust and constructive debate within meetings on these matters has been most productive and a good example of cross border partnership.

2.4 Changes in the context of the Operational Programme implementation

The context in which the programme operates continued to be quite challenging in 2010. The sharp economic slowdown in each country as advised in the 2009 report continued and this, combined with the global credit crisis continues to pose significant challenges, particularly in relation to access to credit, availability of match funding, the decline in the value of sterling versus the euro, and the public service recruitment embargo in Ireland. The fiscal environment in the UK has also changed markedly and this has been particularly noticeable in relation to the Comprehensive Spending Review which will lead to significant cuts in public expenditure in the short to medium term.

2.5 Substantial modification under Article 57 of Regulation (EC) No 1083/2006

Not applicable

2.6 Complementarity with other instruments

In general, the requirement for joint cross border projects and the employment of the Lead Partner Principle means that activities funded under this programme should not duplicate, but rather complement the efforts under the other mono-funded programmes being implemented at member state level.

The Programme has the following measures in place to ensure complementarity with other instruments:

Building on the positive experience of the last programming period; the programme partnership appointed Theme Leaders within the Steering Committee membership in Ireland and Wales. The Theme Leader reviews each grant application at an early stage following the closure of the call and provides comments to the JTS regarding quality issues from a sector specific view point. One of the issues that the Theme Leaders have to address with each application is complementarity with other funding instruments.

The Welsh Assembly Government also asks for internal policy comments within its own departments to ensure that the project applications fit with national policy and ensure complementarity with other Structural Funds Programmes. It will also seek comments from UK government departments where appropriate.

As the Managing Authority is also a Managing Authority under the Regional Competitiveness & Employment Objective, and represents Ireland on the Transnational and Inter-regional Programmes, it is well placed to ensure complementarity with other financial instruments. The Welsh Government (via WEFO's Territorial Cooperation Unit) is also represented on the Transnational and Interregional Programmes.

The Steering Committee itself also takes complementarity into account when making its decisions on which projects to select for funding.

These measures have continued to work well.

2.7 Monitoring Arrangements

- **Monitoring**

The Programme Monitoring Committee and the Managing Authority has responsibility for monitoring of the Operational Programme.

Monitoring information is collected via Progress Report and Payment Claim Forms which are issued to successful projects on a six monthly basis.

The information is securely stored on a central programme database which is now used as the basis for issuing Statements of Expenditure and processing payment claims.

The Programme Monitoring Committee met three times in 2010. On January 27th it met in Conwy, North Wales. The main outcomes of the meeting were as follows:

- The JTS to provide updated monitoring information to the PMC on a more regular basis
- The JTS to work with projects in order to reprofile or rebudget expenditure on existing approved projects in order to ensure that the PMC has the most up to date and accurate financial information possible

- The JTS to provide proposals for programme evaluation to the next meeting of the PMC
- Press clippings from both Ireland and Wales demonstrating the up to date press material from the programme should be circulated to the PMC at future meetings.

They met again on June 18th in Naas, Co Kildare, where the Strategic projects were considered for funding. Two of the three projects submitted were approved.

A further outcome of the meeting was:

- The JTS to provide the PMC with a monthly report outlining the progress made towards meeting the N+2 target.

The Committee met for the final time in 2010 in advance of the annual event in Llandudno. The key outcomes were as follows:

- The JTS will add a section to the aftercare report to assess the risks related to match funding. The aftercare service is also to be refined and updated to reflect evolving needs and circumstances.
- JTS to review presentation of statistics for future PMC meetings having particular regard for N+2
- JTS to provide additional analysis comparing actual to projected spend.
- JTS to produce a gap analysis to assist in any decision making regarding the makeup of Round 5 if required.
- Site visits/project presentations are to be arranged for future PMC meetings/Annual Events.
- Welsh Development Officers to advise Welsh partners on Programme and Welsh Assembly publicity requirements.

- **Evaluation**

All EU Structural Funds Programmes are subject to ex-ante, on-going and ex-post evaluation to gauge the effectiveness of the Programmes and to allow adjustments to be made to the implementation of Programmes if deemed necessary. Evaluations will cover factors contributing to the success or failure of implementation and the achievements and results, including their sustainability.

While carrying out a Mid Term Evaluation is no longer a requirement of the regulation the PMC felt it appropriate to conduct an evaluation at the midpoint of the Programme. Following a tendering exercise the Managing Authority engaged SQW Consulting to undertake a mid-term evaluation of the Ireland Wales Programme in September 2010. The bulk of the research and fieldwork was carried out in Quarter 4 2010 with the draft report presented to the Managing Authority in January 2011.

2.8 National performance reserve (where applicable)

Not applicable under this programme

2.9 Financial Management and Control

- **Control missions from the European Union**

There were no control missions from the European Union in 2010.

The Programme has continued with the process of certifying expenditure with the requirements of Article 16 of the ERDF Regulation in 2010. The biggest challenge is to balance the need for the correct level of compliance with the need to ensure that the annual N+2 target is met.

This was subject to considerable debate within the PMC over the course of 2010 and it prompted the Managing Authority to request the JTS to review the First Level Control systems during the summer of 2010.

In summary, the main outcome of the review was that in cases where there were low rates of error it was agreed to move to a risk based system where some Statements of Expenditure would be subject to lighter levels of testing once it had been established that partners displayed a lower level of risk. This was implemented in August 2010 and the net result was an increased throughput of expenditure on First Level Control which assisted with reaching the N+2 target.

Related to this, the programme hired 3 new staff to work exclusively on First Level Control work which also recognised the need to ensure a greater throughput of expenditure.

In June 2010 the Programme staged a financial management workshop for all approved Round 3 beneficiaries. While many Territorial Cooperation Programmes run these workshops for Lead Partners only, the Ireland Wales Programme is of the view that all partners should be involved in order to fully understand the precise requirements of each regulation.

The Programme underwent a further systems audit in September which was carried out by the Audit Authority. It focused on a large number of key requirements and the main recommendations were a need to publish calls for proposals in the national press in both countries, a need to produce a report from the IT system that will correlate with the Annex 10 Claim for the Certifying Authority and a small number of minor recommendations covering areas relating to procedures manuals and providing further information on separation of functions within different parts of the programme.

The Audit Authority also carried out a series of operations audits in 2010. The error rate discovered was quite small and was typically less than 3%.

The Programme aims to communicate all of the requirements in the clearest manner possible to each project and the principal way in which this is done is through a series of Information Notes and Good Practice Guides, all of which are available for download on www.irelandwales.ie.

3. Implementation by Priority

3.1 Priority 1 – Knowledge Innovation and Skills for Growth

The main focus of this priority is on how the cross border region can make a real contribution towards delivering on the objectives of the revised Lisbon Agenda of creating more and better jobs and creating an environment that can foster innovation and the knowledge economy. It is clear that this is an area that is a high priority for both parts of the cross border region as well as the EU.

It is broken down into two related themes.

Theme 1 – Innovation and Competitiveness

Theme 2 – Skills for Competitiveness and Employment Integration

3.1.1 Achievement of Targets and Analysis of Progress

- **Information on the physical and financial progress of the Priority - indicator stats now updated**

The Steering Committee sat on March 4th to consider the 6 applications received under Call 3 which was restricted to Priority 1 Theme 2 as per the PMC Decision of June 2009. They supported 3 projects with an ERDF grant requirement of €3.56 million.

Call 4 closed on the 30th April for Priority 1. The Steering Committee sat on December 16th to consider 6 of the 8 applications received under Call 4. One project withdrew its application and resubmitted under the Strategic Call while another withdrew due to a lack of match funding. The Committee supported 3 of the applications worth €4.09 million of grant support.

Under the Strategic Call which closed on May 21st one project was approved by the Programme Monitoring Committee which was worth €2.55 million in grant support.

Combined with earlier approvals this gives a cumulative programme position at the end of 2010 of 17 approvals with a combined ERDF grant allocation of €21.7 million.

Details of the projects are listed in Annex II.

***Priority 1 Theme 1: Innovation and Competitiveness**

Output Indicators	Baseline	End 2010	Final Target
Number of joint projects aimed at promoting and developing innovation in SMEs including linkages with HE/FE institutions	0	7	11
• Number of joint projects aimed at	0	9	11

promoting and developing entrepreneurship and the development of new businesses including cross border business clusters			
• Number of SMEs assisted	0	131	300

Result Indicators	Baseline	End 2010	Final Target
• Number of new SMEs created	0	7	10
• Number of new products/processes developed	0	38	15
• Number of gross direct new jobs created	0	11	20

*Priority 1 Theme 2: Skills For Competitiveness And Employment Integration

Output Indicators	Baseline	End 2010	Final Target
Number of collaborative training projects that address the skills needs of SMEs and industry in the cross border region	0	0	9
Number of joint projects aimed at improving and enhancing systems of learning and workforce development	0	0	4
Number of joint projects aimed at providing access to training and education for immigrants and disadvantaged groups	0	0	5
Number of beneficiaries undertaking cross border training courses/modules	0	0	500

Result Indicators	Baseline	End 2010	Final Target
Number of beneficiaries receiving certified qualifications	0	0	350

• **Qualitative Analysis**

The holding of Steering Committees for Rounds 3 and 4 as well as launching the Strategic Call is evidence of the strong level of activity under Priority 1. The relatively low number of applications for Round 4 can be attributed to the fact that the closing date was set earlier than Priority 2.

The approved projects are good quality and closely fit with the aims and objectives of Priority 1. There is a keen recognition of the need to innovate and be imaginative on

the part of project developers and this has been demonstrated in the quality of the projects that have been submitted for consideration.

Monitoring data show the contribution that the projects under Theme 1 are making towards the programme achieving its objectives. Some of the projects under Theme 2 are particularly slow to report their activities to the JTS and MA. This is being closely monitored and the JTS are taking steps to address this.

It is too early in the life of the programme to make a judgement on the effect of the promotion of equal opportunities between men and women in project implementation.

3.1.2 Significant problems encountered and measure taken to overcome them

One major issue that was encountered during the implementation of Priority 1 was the inability of projects to spend to the profile that they agreed with the JTS and the MA in their application and Subsidy Contract. Related to this, projects also were not submitting Statements of Expenditure in a timely manner.

The changes to the regulations, particularly the introduction of the First Level Control regime in Article 16 of the ERDF Regulation continued to be a significant problem in relation to the implementation of Priority 1.

It has resulted in a need for investment in resources for both projects and the programme management partnership in order to ensure compliance.

The Managing Authority, the Welsh Assembly Government and the Programme Monitoring Committee engaged in extensive discussions in order to fully understand the causes of the difficulties and also propose workable solutions.

The following solutions were applied:

- Under the guidance of the MA, the JTS undertook a full review of the First Level Control procedures with a view to making adjustments that would lead to efficiencies and speedier payment without compromising the standards required by the regulation. The changes were implemented in August and October 2010.
- The Programme hired 3 new staff in order to assist with First Level Control work, 1 based in Waterford and 2 based in Wales. The Welsh based controllers are focused on doing on site verification of files for Welsh based beneficiaries.

The fact that the Round 1 and 2 projects were developed during different economic times also complicated matters. The factor in this instance was the fact that Sterling depreciated significantly against the Euro which means that most projects had a structural overbudget which meant that they would not be in a position to spend their grant allocation.

Information Note 14 was developed in response to robust discussions at the PMC and within the programme partnership. In essence it means that if projects are more

than 25% behind profile after Claim Periods 2 and 4 then their budgets are reduced by the amounts not being claimed. This has not been applied to the fullest extent possible due to the delays in submitting and processing Statements of Expenditure however it is envisaged that this will be applied more rigorously in 2011 in order to force projects to align their budgets with their actual and planned expenditure on a more realistic level.

Furthermore the JTS organised Financial Control workshops in Waterford in June 2010 for the successful Round 3 beneficiaries, where they explained all of the processes and procedures and what is expected of individual beneficiaries. It was split between a plenary session of presentations and individual advice clinics in order to provide the clearest advice possible.

JTS and DO staff has been in constant dialogue with the projects in question in order to see how the difficulties can be resolved. They have adopted a policy of constructive engagement with the organisations in question in order to see how the difficulties can be addressed.

The active engagement of the PMC and the robust and constructive debate within meetings on these matters has been most productive and a good example of cross border partnership.

3.2 Priority 2 – Climate Change and Sustainable Regeneration

The main focus of this priority is on how the cross border region can address the challenges of the Gothenburg agenda and make a real contribution towards building a more sustainable future for the region. Both parts of the region face common challenges in terms of climate change and sustainable development and also in relation to the regeneration of communities.

It is broken down into two related themes.

Theme 1 – Climate Change and Sustainable Development

Theme 2 – Sustainable Regeneration of Communities

3.2.1 Achievement of Targets and Analysis of Progress

- **Information on the physical and financial progress of the Priority**

The Steering Committee sat on March 4th to consider the 6 applications received under Call 3 which was restricted to Priority 2 Theme 2 as per the PMC Decision of June 2009. They supported 3 projects with an ERDF grant requirement of €3.56 million.

Call 4 closed on the 11th June for Priority 2. The Steering Committee sat on December 15th to consider the 14 applications received under Call 4. The Committee supported 6 of the applications worth €4.16 million of grant support. Priority 2 was subject to competitive bidding which meant that projects were requesting more grant than what was remaining in the budget. The Steering Committee for Priority 2 did

support a 7th bid, Pathoclime, and this was placed on a reserve list pending availability of funds from projects that may not spend their allocated budgets.

Under the Strategic Call which closed on May 21st one project was approved by the Programme Monitoring Committee which was worth €3.27 million in grant support.

Combined with earlier approvals this gives a cumulative programme position at the end of 2010 of 16 approvals with a combined ERDF grant allocation of €19.5 million.

Details of the projects are listed in Annex II.

Priority 2 Theme 1: Climate Change and Sustainable Development

Output Indicators	Baseline	End 2010	Final Target
Number of cross border projects focusing on awareness raising or responding to challenge of climate change	0	1	9
Number of collaborative projects protecting and/or enhancing the natural environment.	0	1	9

Result Indicators	Baseline	End 2010	Final Target
Number of new cross-border links established	0	3	9
No. of measures implemented which react to the challenge of climate change	0	5	9
No. of enhancements undertaken	0	130	9
No. of projects disseminating results to stakeholders and/or communities or reports published	0	2	9

*Priority 2 Theme 2: Sustainable Regeneration of Communities

Output Indicators	Baseline	End 2010	Final Target
Number of joint projects focusing on sustainable community regeneration action.	0	0	14

Result Indicators	Baseline	End 2010	Final Target
Number of new community, social enterprise or cultural links established	0	1	7
Number of new measures implemented	0	0	14
Number of gross direct new jobs created	0	6	6

- **Qualitative Analysis**

The holding of Steering Committees for Rounds 3 and 4 as well as launching the Strategic Call is evidence of the strong level of activity under Priority 2.

The approved projects are good quality and closely fit with the aims and objectives of Priority 2. There is a keen recognition of the need to innovate and be imaginative on the part of project developers and this has been demonstrated in the quality of the projects that have been submitted for consideration.

Monitoring data show the contribution that the projects in this Priority are making towards the programme achieving its objectives. However the figures continue to remain low due to slowness in reporting on behalf of beneficiaries and time taken to adapt to the First Level Control procedures.

One notable feature of Rounds 3 and 4 has been the increase in the number of projects that feature the Community and Voluntary sector. Projects which support areas such as social franchising, community development, support for older people and football in the community bear testament to what can be delivered under the programme and also represent a return for the work put in by the programme in terms of trying to encourage the engagement of the sector.

It is too early in the life of the programme to make a judgement on the effect of the promotion of equal opportunities between men and women in project implementation.

3.2.2 Significant problems encountered and measure taken to overcome them

One major issue that was encountered during the implementation of Priority 2 was the inability of projects to spend to the profile that they agreed with the JTS and the MA in their application and Subsidy Contract. Related to this, projects also were not submitting Statements of Expenditure in a timely manner.

The changes to the regulations, particularly the introduction of the First Level Control regime in Article 16 of the ERDF Regulation continued to be a significant problem in relation to the implementation of Priority 2.

It has resulted in a need for investment in resources for both projects and the programme management partnership in order to ensure compliance.

The Managing Authority, the Welsh Assembly Government and the Programme Monitoring Committee engaged in extensive discussions in order to fully understand the causes of the difficulties and also propose workable solutions.

The following solutions were applied:

- Under the guidance of the MA, the JTS undertook a full review of the First Level Control procedures with a view to making adjustments that would lead to efficiencies and speedier payment without compromising the standards required by the regulation. The changes were implemented in August and October 2010.
- The Programme hired 3 new staff in order to assist with First Level Control work, 1 based in Waterford and 2 based in Wales. The Welsh based controllers are focused on doing on site verification of files for Welsh based beneficiaries.

The fact that the Round 1 and 2 projects were developed during different economic times also complicated matters. The factor in this instance was the fact that Sterling depreciated significantly against the Euro which means that most projects had a structural overbudget which meant that they would not be in a position to spend their grant allocation.

Information Note 14 was developed in response to robust discussions at the PMC and within the programme partnership. In essence it means that if projects are more than 25% behind profile after Claim Periods 2 and 4 then their budgets are reduced by the amounts not being claimed. This has not been applied to the fullest extent possible due to the delays in submitting and processing Statements of Expenditure however it is envisaged that this will be applied more rigorously in 2011 in order to force projects to align their budgets with their actual and planned expenditure on a more realistic level.

Furthermore the JTS organised Financial Control workshops in Waterford in June 2010 for the successful Round 3 beneficiaries, where they explained all of the processes and procedures and what is expected of individual beneficiaries. It was split between a plenary session of presentations and individual advice clinics in order to provide the clearest advice possible.

JTS and DO staff has been in constant dialogue with the projects in question in order to see how the difficulties can be resolved. They have adopted a policy of constructive engagement with the organisations in question in order to see how the difficulties can be addressed.

The active engagement of the PMC and the robust and constructive debate within meetings on these matters has been most productive and a good example of cross border partnership.

3.3 Priority 3 – Technical Assistance

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

Under this Theme the ERDF may, subject to the limits set down in Article 46 (1) (b), support areas such as preparation, management, monitoring, evaluation, information and control activities of the Operational Programme together with activities to reinforce the administrative capacity for implementing the Fund.

3.3.1 Achievement of Targets and Analysis of Progress

- Information on the physical and financial progress of the Priority

Indicators for Priority 3	Baseline	2010	Cumulative End 2010	Final Target
Number of gross direct jobs created	0	3	13	10
Establishment of Joint Technical Secretariat	0	0	1	1
Establishment of project database	0	0	0	1
Number of Publicity Events	0	4	14	14
Number of newsletters produced	0	1	1	6
Number of evaluations and studies carried out	0	0	1	3
Establishment of Programme Website	0	0	1	1

Financial Progress of the Operational Programme as at December 31st 2010

	Community Funding (a)	National Public funding (b)	National private funding (c)	Total funding (d)=(a)+(b)+(c)	Co-financing rate (e)=(a)/(d)	EIB contributions	Other funding
Priority Axis 1 - Knowledge Innovation and Skills for Growth	2,712,886	678,222	-	2,034,665	75%		
Priority Axis 2 - Climate Change and Sustainable Regeneration	1,040,392	260,098	-	780,294	75%		
Priority Axis 3 - Technical Assistance	2,198,208	549,552	-	1,648,656	75%		
TOTAL	5,951,486	1,542,896	-	4,463,615	75%		

- **Qualitative Analysis**

The Programme made further progress in meeting its targets for the Technical Assistance Priority in 2010.

It exceeded the targets set out for jobs created with the employment of 3 new staff to work on First Level Control. It issued the first of many newsletters in the form of an e-zine which was distributed to over 700 key contacts. The Programme also awarded a contract to SQW Consulting following a tender process for a Mid Term Evaluation which was carried out in late 2010 and reported formally in 2011.

The Annual Event which focused on *Environment, Climate Change and Marine Research; the Benefits and Legacies of Cross Border Partnerships* took place on the 5th November in the Welsh Assembly Government offices, Llandudno Junction, North Wales where over 95 people attended.

3.3.2 Significant problems encountered and measure taken to overcome them

The significant problems that were encountered in the implementation of the programme are outlined in more detail in Sections 2.3, 3.1.2 and 3.2.2.

4: Major Projects

As per Chapter 8.7, page 91 of the Operational Programme document there are no major projects envisaged under this programme.

5: Technical Assistance

The main purpose of the Technical Assistance Priority is to facilitate the effective management of the programme.

The JTS, who has the responsibility for the day to day management of the programme was able to concentrate on continuing to develop the implementation of the programme in 2010.

It was responsible for the following key actions:

- Hiring 3 new staff in order to enhance the resources available to First Level Control.
- Ensuring the Programme met the N+2 target
- Continuing with the First Level Control Process and reviewing its operation over the course of the summer
- Launching the call for Round 4 and the Strategic Call
- Organising 3 meetings of the Programme Monitoring Committee
- Organising a financial control workshop for Round 3 beneficiaries
- Organising applicant workshops for prospective Round 4 beneficiaries.
- Organising the annual event in Llandudno Junction

The JTS continue to examine all processes and procedures with a view to making them more effective both for the programme management and also for beneficiaries accessing the services of the JTS.

6: Information and Publicity

The Ireland Wales Programme submitted a Communications Plan for approval by the European Commission on January 16th 2008. It was approved on March 12th 2008.

The aims and objectives of the Ireland Wales Communications Plan are as follows:

- To highlight the role of Community funding in facilitating cross border cooperation between Ireland and Wales and the real benefits that it brings to local communities.
- To promote the benefits and added value of co-operation to the general public in its widest sense by highlighting project results and outputs and their European dimension.
- To help generate new partnerships by increasing awareness amongst potential beneficiaries on the funding opportunities offered by the Ireland Wales Programme.
- To provide potential beneficiaries and stakeholders with accurate and reliable information to stimulate high quality applications.

- To design programme information in a transparent and easy to read fashion so that it can be easily understood by potential beneficiaries and stakeholders.
- To raise the profile of cross border co-operation within national and regional administrative systems.
- To encourage active dissemination of projects and programme results to professionals and political stakeholders.

The programme undertook the following initiatives in 2010 in order to implement the Communications plan.

The **Annual Event** was held on November 5th in Llandudno Junction in North Wales. It was a half day conference which focused on *Environment, Climate Change and Marine Research; the Benefits and Legacies of Cross Border Partnerships* took place on the 5th November in the Welsh Assembly Government offices, Llandudno Junction, North Wales where over 95 people attended.

A series of **3 development workshops** for prospective Round 3 applicants were held in the cross-border region in March. They were held in Dublin, Carmarthen & Colwyn Bay to ensure full coverage of the Programme area and were attended by over 150 people. These are considered as best practice events.

A **financial control workshop** was held in Waterford in June to brief approved projects on the Programme's financial control system. One to one sessions were held between JTS staff and projects after the event. These are considered as best practice events

The Operational Programme, other documents and a small range of **branded publicity items** were distributed at each meeting and event.

The revised programme website went live in 2010 which and is aimed at being more interactive, easy to use and provide a better 'shop window' for the programme. It will also feature a partner search facility, a more lively news service and an information centre which features all key documents that are needed in order to develop and manage a project. We hope that this becomes best practice in time.

Plaques which acknowledge the contribution of the ERDF to the Programme were distributed to all approved Round 3 projects during 2010.

The Programme's **Information & Communication Guidelines** have been distributed to approved projects. They are also available to applicants and potential applicants. They have also been posted on www.irelandwales.ie along with all of the programme logos for download purposes.

Indicator	Baseline	Cumulative End 10	Target
Establishment of Programme Website	0	1	1
Major Launch Event	0	1	1
Number of Publicity Events	0	14	14
Number of Press Releases Issued	0	12	14
Number of Newsletters produced	0	1	12
Press Clippings	0	c 100	To be determined
Website Statistics ¹	0	Not available	To be determined

7 – Evaluation of Communication Activity (Ref Article 4.2 of EC Regulation 1828/2006)

As per the requirements of Art 4.2 of EC Regulation 1828/2006 the following section assesses the results of the information and communication activity to date. The analysis and commentary is extracted from the MidTerm Evaluation Report of the Ireland Wales Programme as carried out by SQW Consulting.

Programme Communication Plan

The Communication Plan sets out the aims and objectives and the main target groups in terms of potential beneficiaries, actual beneficiaries (those who have received support from INTERREG), the general public and politicians/ key decision makers. The Plan also states that there will be an indicative budget of €30,000 per annum to fund a range of publicity activities. In Table 0-1 we list these activities and comment on the extent to which they have been implemented.

Table 0-1: Progress against planned communication activities

	Number	Objective	Timeframe	Progress made to date
Programme Website	1	To provide clear and useful information on how to access funds and how to manage a successful project; To provide a collaborative platform which centralises coherent information on the Programme	Aug 2007 to Nov 2007	Original Programme website was launched in late 2007. This was then re-developed in early 2010 to make it 'more interactive, easy to use and provide a better shop window for the Programme' (AIR 2009)
Programme Logo	1	Visual identity To provide a clear and instant visual recognition of Programme communication tools and documents; to increase visibility	Aug 2007 to Nov 2007	New Programme logo was developed in late 2007 by the Managing Authority and the Welsh Assembly Government which has featured on all publicity material
Plaques	Depends	To demonstrate the contribution	Life of the	Production of commemorative plaques

¹ Website statistics being collected since February 2011. Will be incorporated into future AIRs.

	Number	Objective	Timeframe	Progress made to date
	on no. of projects	of ERDF to the activity being funded	Programme	was completed in June 2009 and these have been provided to all approved projects
Newsletters	12	To keep in touch with projects on a regular basis; to inform audiences on Programme developments and short-term activities	Two per year if printed. More often if digital version	Development work on e-newsletters was started in 2009 with plans to send them out on a quarterly basis (AIRs 2008 & 2009). The first e-zine was issued in October 2010 – according to a January 2010 PMC paper, three editions are planned per year.
Project Book	1	To display project results and achievements	Once, towards the mid to end of the Programme	This has not been done as yet. Many projects are behind schedule in terms of claims reporting and so it would not be possible to provide an up-to-date overview of results and achievements.
Evaluations and Studies	2	To inform on procedures, proceedings and results	Throughout the Programme	Ongoing review of procedures and main Programme issues by the JTS and reported to PMC meetings Mid term Evaluation currently being undertaken
Publicity Events	14	To provide opportunities to meet and form new partnerships, to show results of the Programme	Two per year	The Programme has held a range of events some publicising the Programme, others providing guidance to project managers. Based on information in the AIRs, there have been: - 4 consultation events (at the start) - 4 annual publicity events - 12 workshop events

Source: Ireland Wales Programme Communication Plan, AIRs and PMC papers

Effectiveness of Programme publicity

In this section we consider the effectiveness of the communications function carried out by the JTS in terms of meeting the requirements of the Communications Plan, ensuring that the Programme is widely publicised to potential applicants, providing project beneficiaries with appropriate advice concerning their publicity requirements and ensuring these are implemented.

The analysis demonstrates that the Managing Authority and the JTS have been successful in terms of implementing most of the information and publicity requirements of the Programme. As well as ensuring that the publicity activities are implemented, there needs to be consideration of the effectiveness of these actions.

The consultations sought feedback on the publicity activity. Nearly half of stakeholders believed that the publicity and promotion has been effective, around a quarter felt they could not comment and a quarter believed that it has not been effective. There was a suggestion that the promotion has improved over time, facilitated by a redeveloped website and more support provided by the PDOs.

Many stakeholders highlighted that the number of applications received across a range of organisations and activities has demonstrated adequate promotion. However there was still a view that the JTS could be more proactive in promoting links between approved projects and showcasing the work that the Programme has funded.

There was a similar response from project managers but, significantly, a higher proportion of project managers (nearly 40%) stated that the publicity has not been effective. Many thought that promotion was too low key, but some did acknowledge the need for the JTS to manage the expectations of potential applicants. Overall, there is therefore mixed feedback on efficacy of the Programme promotion to date and a desire for more information to be made available particularly around the approved projects.

We are aware that there has been a concerted attempt not to over-publicise the Programme due to the limited amount of funding available and concern about managing expectations. However, it is possible that more could be done to publicise success and an annual networking event for project managers would provide a good opportunity to achieve this.

Table 0-2: Key issues and recommendations

Key issues
<p>The Managing Authority and the JTS have been successful in setting out what they planned to do to promote the Programme as is clear from the Operational Programme, Communication Plan and project level guidance</p> <p>They have also been successful in terms of implementing <i>most</i> of the information and publicity requirements of the Programme, but there remains more work to be done on the production of newsletters that can provide more information on the projects that have been funded so far</p> <p>The PMC has been updated with progress against the Communications Plan and likewise the Commission has received updates through the AIRs</p> <p>There was mixed feedback from stakeholders and project managers on the effectiveness of the Programme promotion. Some believed that the number of applications submitted has demonstrated adequate promotion of the Programme but others felt that there should be more proactive promotion especially to strengthen links between existing INTERREG projects.</p>
Recommendation
<p>An annual networking event should be arranged for all funded projects allowing sharing of best practice and providing a further opportunity to publicise the Programme’s successes and achievements.</p>

Ireland Wales Programme

Annex I

Approved Projects 2010 – Rounds 3, 4 and Strategic Projects

ROUND 3	PARTNER	PROJECT COST	ERDF GRANT
SSPS - Security of Supply and Patient Safety through good distribution practice in the Life Sciences Sector	Irish Exporters Association	750,000	562,500
	Menter Mon	550,000	412,500
	TOTAL JOINT PROJECT COST	1,300,000	975,000
Coracle - Creative Oracle	Trinity University College Carmarthen	941,537	706,152
	IT Carlow	377,263	282,947
	Wexford Arts Centre	157,747	118,311
	Wexford County Council	128,990	96,743
	Carmarthenshire County Council	43,774	20,749
	TOTAL JOINT PROJECT COST	1,649,311	1,224,902
M Community	Pembrokeshire College		
		809,689	601,069
	WIT	510,641	382,982
	Swansea	499,509	374,631
TOTAL JOINT PROJECT COST	1,819,839	1,358,682	
ACTION - Active Communities through Inter Regional Opportunities & Networks	Carmarthenshire Assoc of Voluntary Services	326,479	244,862
	Dunhill Rural Enterprises	237,194	177,895
	TOTAL JOINT PROJECT COST	563,673	422,757
CCL - Celtic Community Links	Carmarthenshire Association of Voluntary Services	567,968	425,977
	Muintir na Tire	426,421	319,816
	TOTAL JOINT PROJECT COST	994,389	745,793

Strategic Round	Partners	Total Project Cost	ERDF Grant
WIT - Winning In Tendering	Bangor University	2,313,888	1,504,027
	Dublin City University	928,086	685,227
	IIPMM	493,605	355,265
	TOTAL JOINT PROJECT COST	3,735,579	2,544,519
Smart Coasts = Sustainable Communities	University College Dublin	1,957,738	1,468,033
	Aberystwyth University Wales	2,397,666	1,798,248
	TOTAL JOINT PROJECT COST	4,355,404	3,266,281

Round 4	Partners	Total Project Cost	ERDF Grant
Walkways	Agoriad Cyf	852,587	639,441
	Walkinstown Association	1,088,636	816,477
	Isle of Anglesey County Council	52,034	39,025
	TOTAL JOINT PROJECT COST	1,993,257	1,494,943
WINSS-Wales Ireland Network for Scientific Skills	Waterford Institute of Technology	1,294,634	797,526
	Bangor University	1,339,595	651,300
	TOTAL JOINT PROJECT COST	2,634,229	1,448,826
GIFT-Green Innovation and Future Technology	Bangor University		
	Waterford Institute of Technology UCD		
	TOTAL JOINT PROJECT COST	2,079,647	1,143,806
MISE - Mammals in a Sustainable Environment	Waterford Institute of Technology	644,567	482,495
	Waterford County Council	265,479	198,511
	Countryside Council for Wales	285,166	213,142
	Vincent Wildlife Trust	262,459	193,130
	Snowdonia National Park	0	0
	National Biodiversity Data Centre	0	0
	TOTAL JOINT PROJECT COST	1,457,671	1,087,278
Hydro BPT	Trinity College Dublin	256,578	192,337
	Bangor University	311,362	171,249
	TOTAL JOINT PROJECT COST	567,940	363,586
HERCULES	Trinity University College	340,942	255,652
	Dunhill Rural Enterprises Ltd	185,468	139,080
	TOTAL JOINT PROJECT COST	526,410	394,732
AFC Age Friendly Communities	Conwy County Borough Council	400,873	300,655
	Ageing Well Network	164,743	123,558
	Kilkenny County Council	138,825	104,118
	Pembrokeshire Co Council	294,905	220,569
	Anglesey County Council	319,865	239,895
	TOTAL JOINT PROJECT COST	1,319,211	988,795
Metal Links	RCAHMW	693,052	519,767
	Copper Coast Geo-Park	176,000	131,999
	Pentir Pumlumon	168,000	126,002
	GeoMon	164,016	123,012
	Wicklow County Council	119,739	86,106
	TOTAL JOINT PROJECT COST	1,320,807	986,886
FUTSAL	FAI	1,468,908	1,083,566
	WFT	495,757	345,440
	TOTAL JOINT PROJECT COST	1,964,665	1,429,006