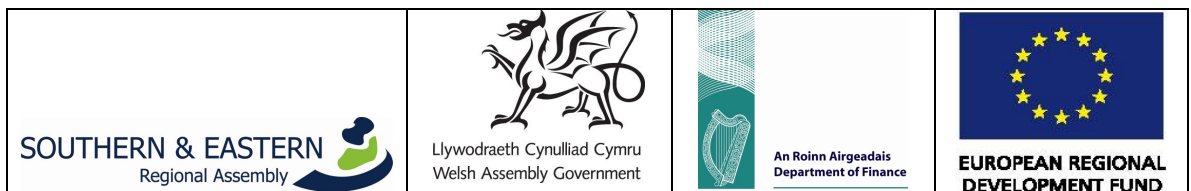


IRELAND WALES PROGRAMME 2007-2013

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IRELAND WALES PROGRAMME 2007-13

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CHAPTER 1

Introduction

1.1 Introduction

This Operational Programme constitutes a set of proposals for the interventions envisaged under the terms of the cross border cooperation strand of the European Territorial Cooperation objective. It is submitted by the Managing Authority on behalf of the Government of Ireland and the Welsh Assembly Government (from April 2007, the Welsh Assembly Government following amendments to the Government of Wales Act), under the name Ireland Wales Programme

The Ireland Wales Programme will have a total budget of circa " 70m over the period of its operation, with approximately " 52m in grant provided through the European Regional Development Fund (ERDF).

1.2 Legal References

In July 2006 the European Council and the European Parliament approved the Regulations governing Structural Funds [EC Regulations No 1083/2006 (Council Regulation) and 1080/2006 (Regulation of the European Parliament and the Council)] which provide the legal and regulatory framework for the new generation of operational programmes covering the period 2007-2013. Under Article 3 of the General Regulation¹ European policy is now to be pursued under three Objectives. These are the Convergence Objective for Regions less than 75% of average EU25 GDP, and the Competitiveness and Employment Objective potentially covering all other Regions in the Union.

The final Objective, and the one directly relevant to this programme, is a new European Territorial Cooperation Objective, which is aimed at strengthening cross border cooperation through joint local and regional initiatives, strengthening transnational cooperation by means of actions conducive to integrated territorial development linked to Community priorities, and strengthening interregional cooperation and exchange of experience at the appropriate territorial level.

This new Territorial Cooperation Objective replaces the existing INTERREG Community Initiative, which has now been mainstreamed. Like its INTERREG predecessor, there is a distinctive cross border strand to this new Objective. Under Article 7 of the General Regulation, all NUTS III regions of the Community along maritime borders separated, as a general rule, by a maximum of 150 kilometers, are eligible to be included within a maritime cross border programme.

¹ Council Regulation (EC) No 1083/2006 of 11th July, 2006.

As the distance between the west Wales coastline and east Irish coastline is less than 150 km, this new Ireland Wales Operational Programme is eligible for funding under the cross border strand of the European Territorial Cooperation Objective, and it is under that legal basis that this Programme has been prepared. In particular the Programme has been devised having due regard to Article 38 of the General Regulation and Article 12 of the ERDF Regulation²

1.3 Definition of Eligible Region

The areas eligible for inclusion in the Ireland Wales Cross Border Territorial Cooperation Programme are the NUTS III regions of Dublin, Mid East and South East in Ireland and Gwynedd, Isle of Anglesey (Ynys Mon), Conwy, Denbighshire and South West Wales.

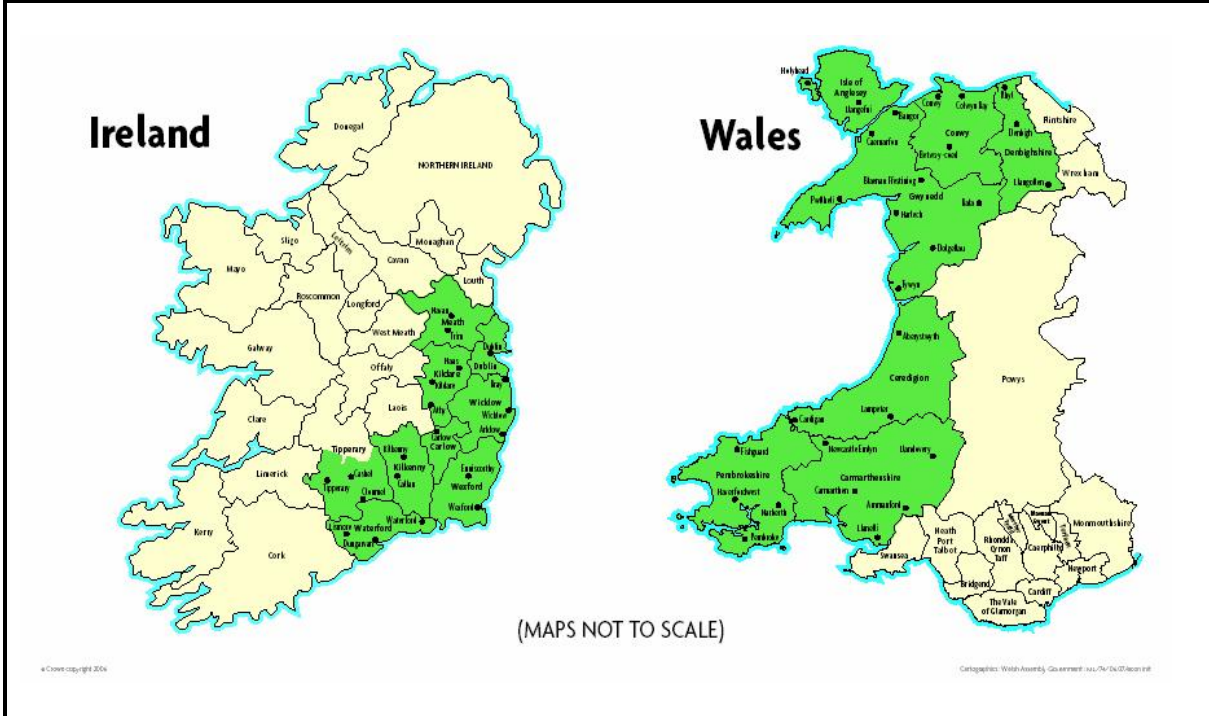
The cross border region is centered on the main sea routes between Ireland and Wales and the main access points for Irish goods to Britain and European markets and vice versa i.e. the central corridor of Dublin/Dun Laoghaire and Holyhead and the southern sea corridor of Rosslare/New Ross/Waterford and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

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

It is important to recognize within the development of this Programme that the physical and institutional aspects of cross border co-operation on maritime borders distinguish them in many aspects from that in land borders.

² Council Regulation (EC) No 1083/2006 and Regulation (EC) No. 1080/2006 on the European Regional Development Fund.

FIGURE 1 - MAP OF THE IRELAND-WALES CROSS BORDER REGION



1.4 Adjacency

Article 21 of Regulation (EC) No 1080/2006 Of The European Parliament And Of The Council states that *"In the context of cross-border cooperation and in duly justified cases, the ERDF may finance expenditure incurred in implementing operations or parts of operations up to a limit of 20 % of the amount of its contribution to the operational programme concerned in NUTS level 3 areas adjacent to the eligible areas for the programme referred to in Article 7(1) of Regulation (EC) No 1083/2006 or surrounded by such adjacent areas. In exceptional cases as agreed between the Commission and Member States, this flexibility may be extended to the NUTS level 2 areas in which the areas referred to in Article 7(1) of Regulation (EC) No 1083/2006 are located.*

At project level, expenditure incurred by partners located outside the programme area as defined in the first subparagraph may be eligible, if the project would have difficulty in achieving its objectives without that partner's participation".

This flexibility opens up opportunities for utilizing ERDF grant in adjacent and wider areas for the benefit of the Programme area as a whole. Scope will exist for building on activities which have included spend outside the immediate area and have benefited the 2000-2006 programme. Moreover, as all of Conwy and Denbighshire have now been considered as eligible areas of the Operational Programme by the European Commission, there will be increased opportunities for the wider involvement of organisations in adjacent NUTS III areas.

Including the whole of the two local authority areas within the cross border region as a single cohesive unit provides the potential for initiatives supported under the INTERREG II and III Programmes in those areas to mature and new ones to emerge. Furthermore, there are a number of well-established links between the maritime and rural communities of the Conwy and Denbighshire NUTS III area and eastern Ireland which would add considerably to the future success of the Programme.

For the Ireland Wales Programme, the ERDF will finance expenditure incurred in implementing operations or parts of operations up to a limit of 10% of the amount of its contribution to the Programme in NUTS level III areas adjacent to the eligible areas.

In the case of Irish NUTS III areas it is proposed to include the South West Regional Authority area on the grounds that there is significant expertise in the Higher and Further Education sectors which can bring added value to programme activity. This is demonstrated by the contribution of University College Cork in the last programming period.

In the case of Wales, it is proposed to include the adjacent NUTS III areas of, Swansea and Flintshire and Wrexham. Added value can be achieved via the involvement of the Higher and Further Education institutions in both NUTS III areas. This was demonstrated in the 2000-2006 Programme in the case of Swansea where higher education institutions were involved in research and technology transfer initiatives. Realistic opportunities exist for further and enhanced collaboration within these sectors and a focus on innovation, skills and sustainable development in both the adjacent areas.

In considering the involvement of projects located in the adjacent areas, the Programme Management structures will ensure that resources are concentrated where there is clear added value to the cross border co-operation and tangible benefits which will accrue to the programme area. Justification as to the merits of such projects will be determined on a case-by-case basis.

1.5 Existing Cooperation and Past Programming Experiences

There has been a history of informal cooperation between both parts of the cross border region over a long period of time. There were a number of groups such as the Central Sea Corridor, which focused on transport links and the Irish Sea Forum which focused on environmental issues. More significantly there was the Irish Sea Partnership which formed the basis for the lobbying effort to have Ireland and Wales designated as a maritime area for inclusion under INTERREG II.

The advent of the Ireland Wales INTERREG IIA and IIIA programmes brought this cooperation to a new level for the joint benefit of people in the programme area. Over 200 joint projects have been approved during the lifetime of these programmes. People and organizations across all sectors of society have benefited from the programme which is recognized as a highly effective way of establishing links with partner organizations abroad.

Indeed during the INTERREG III programme many organizations have built on partnerships built during the 1994-1999 programme. It is hoped that these links can be developed further and bring cross border cooperation to a new level.

1.6 2000-2006 Ireland Wales INTERREG IIIA Programme

This is a short overview of the activities and interventions that took place under the Ireland Wales INTERREG IIIA Programme during 2000-2006 and to see what lessons can be learnt in relation to the development of this programme. A more detailed internal review of the programme is available for consultation on www.seregassembly.ie.

The Ireland Wales INTERREG IIIA Community Initiative Programme (CIP) 2000-2006 was approved formally by the European Commission on 23 November 2001 . Commission Decision C (2001) 2843.

The Programme's aim was to promote the sustainable development of the cross border region through an integrated approach to economic, social and environmental development in ways which benefit local communities. This aim was pursued across two priorities encompassing six measures.

Priority 1: To Encourage the Economic, Social and Technological Development of the Cross Border Area

Priority 2: To Achieve Sustainable Growth by Enhancing the Overall Quality of the Cross Border Area.

Financial Allocations as at November 2006

Priority 1	Total Eligible Cost (€ million)	ERDF Grant (€ million)
Measure 1 . Business and Enterprise Development	13.01	9.02
Measure 2 . Rural Development and Diversification	11.86	8.12
Measure 3 . Education, Training and Human Resources Development	10.98	7.36
Measure 4 . Communications in Technology and Transport	5.31	3.79
Priority 2		
Measure 1 . Marine and Coastal Development and the Environment	12.84	8.99
Measure 2 . Culture, Heritage and Tourism	14.21	9.64
Priority 3		
Measure 1 . Programme Management, Administration and Development	1.68	1.24
Measure 2 . Programme Publicity, Evaluation and Research	0.4	0.33
TOTAL	70.29	48.49

The first call for proposals closed on May 17th 2002 and a further seven application rounds were opened up to May 2006. Over 200 joint project proposals have been submitted during the course of the Programme with over 100 of them having been approved for funding worth over " 47m in ERDF grant as at November 2006. In December 2006, the remaining grant allocation in the Programme was utilized to support funding extensions to 11 formally approved projects.

The Managing and Paying Authority is located at the Welsh European Funding Office which is part of the Welsh Assembly Government. A Programme Liaison Office is located at the Southern and Eastern Regional Assembly offices in Waterford in the south east of Ireland.

Lessons Learnt and Pointers for the 2007—13 Programme

The programme partnership has gained extensive experience from the operation and management of the Ireland Wales INTERREG IIIA Programme. The experience gained and the extensive lessons that have been learnt is one of the guiding principles in the design and operation of the new Operational Programme for the 2007-13 programming period.

In terms of joint project development and management there have been many examples of effective collaboration, joint working and the exchange of good practice during the course of the 2000-2006 Programme. The new Programme will look to build on best practice and joint activity which has been successful in areas such as SME exchange, improving skills levels, enterprise in education, sustainable energy and protecting and improving the natural environment. The Programme will also seek to provide further added value by seeking new areas in which to engage as set out in the strategy and priorities for action.

A further background paper providing more detailed information on the experience gained and lessons learnt from the 2000-06 Ireland Wales INTERREG IIIA Programme is available on the Ireland Wales section of www.seregassembly.ie.

1.6 Historic and cultural links

The most significant thing that links Ireland and Wales is the Irish Sea while historical and cultural factors are also of great importance. In terms of history and culture both countries have been linked together since Mesolithic times (7000BC-4000BC); remains of the first settlers and evidence of their coastal settlements have been found on islands and in sand dunes around the Irish Sea. Throughout prehistory the pattern of linkages continued, particularly through the Celts, and both countries today have an indigenous Celtic language and culture. As two of the Celtic nations of the world, the myths and legends of Ireland and Wales are linked in many ways and now form an important part of our shared heritage. While English is now the dominant language in both countries, the Welsh language has maintained a particularly strong base within the INTERREG area. In the Irish part of the cross border region there are two Gaeltachts (Irish speaking areas) located in parts of Counties Waterford and Meath while recent years have seen a new vibrancy in the Irish language in the region as a whole.

The Irish Sea has been crisscrossed since medieval times and was often the source of great upheaval and historical change. The interaction has been constant and from the time of the industrial revolution Irish people travelled in great numbers to work in the mines, steelworks, docks and quarries of Wales.

The political changes of the first half of the twentieth century, when Ireland gained independence from British rule, put Ireland on a separate development path from Wales. The process of devolution and the establishment of the Welsh Assembly Government have seen a desire to refresh and reinvigorate the relationship between our two countries. This is evidenced by the first official visit of the political leadership of Wales since devolution taking place in 2000, when the First Secretary and the Secretary of State for Wales visited Dublin and the opening of the Irish Consulate in Cardiff.

Since this time, there have been regular Ministerial visits between both countries while the Taoiseach and First Minister for Wales jointly launched the 2000-2006 Ireland Wales Programme at a high profile event at Dublin Castle in February 2002. This facilitated a very successful period of co-operation between both countries and a wide range of organisations in Ireland and Wales. More than 100 cross border joint projects have been developed which continue to benefit the people of the region. The quality of a number of these projects has been publicised in a joint Programme brochure which was published in 2006.

1.8 Joint Programming Process

In March 2006 the Welsh European Funding Office met with the Department of Finance and the Southern and Eastern Regional Assembly and it was agreed that in the interests of partnership that the role of Managing and Certifying Authority would be transferred to Ireland for the new programming period. The Irish authorities agreed that the Southern and Eastern Regional Assembly would take on these roles.

A new programme task force was set up after this; comprising officials from both the Regional Assembly and WEFO³.

A number of meetings then took place between interested parties in Ireland and Wales. Two meetings of government departments and state agencies took place in Dublin to provide information regarding the new programme period and to ascertain the views of relevant agencies as to what they wished to see contained in the new programme. A list of the departments and agencies is included in Annex I.

A parallel process took place in Wales, with the establishment of the Territorial Co-operation Working Group, chaired by WEFO which was set up to plan and prepare for Territorial Co-operation Programmes involving Wales. This Group met on seven occasions and has been actively involved in preparing for and informing priorities of the Ireland Wales Programme. A list of the organizations who participated in this group is included in Annex I.

³ Stephen Blair, Director of the Southern and Eastern Regional Assembly, Simon Baily, Southern and Eastern Regional Assembly, Damien O'Brien, Director of Planning and Strategy, WEFO, Mike Pollard, WEFO.

A joint meeting between representatives of both jurisdictions took place on June 2nd 2006 and this meeting agreed to the proposal from the task force for the two priorities that are described in detail in Chapter 4 of this Operational Programme.

Fitzpatrick Associates, Dublin in partnership with Old Bell 3 and CRG Research from Wales were appointed as Ex Ante Evaluators following a tendering process in April 2006. Meetings took place between the task force and the evaluators in June, September and November 2006, followed by a meeting in January 2007 to discuss the final draft report.

The draft programme was also open for public consultation. It was published on the websites of WEFO and the Regional Assembly on December 14th for a period of eight weeks. Comments and suggestions received have been integrated into the Operational Programme as appropriate. A list of the organizations who made formal written submissions is included at Annex II.

CHAPTER 2

Regional Profile and SWOT Analysis

2.1 Introduction

The Ireland Wales programme area comprises the Welsh counties of Carmarthenshire, Pembrokeshire, Ceredigion, Ynys Mon (Isle of Anglesey), Gwynedd, Conwy, Denbighshire and three Irish NUTS III regions, Dublin, the Mid-East and the South-East. It should be noted that while every attempt has been made to provide harmonised statistics for Irish and Welsh data, this has not been possible in all cases on account of different series and forms of statistical coverage between the two jurisdictions.

Basic Socio-Economic Data for Ireland/Wales Cross Border Region

Table 1 – Geographical Context⁴

Geographic Indicators	Cross Border Region	Irish side	Welsh side
Population (millions)	2.827	2.06** est	767,000*** est
Area (sq. km)	27,400	16,391	11,009
Population density (persons per sq. km)	103.2	125.7	69.7
Major Urban centres	2	2	0
No. of higher education institutions	14	10	4

Sources: Central Statistics Office and Office for National Statistics

The Ireland Wales cross border region is a relatively small area located in the north western reaches of the European Union with a total population of 2.827 million. Its principal feature is the Irish Sea which sits between both parts of the region. Both the Irish and Welsh parts of the region comprise urban and rural areas, but the location of the major urban centre of Dublin in the former, means that the Irish part of the region has a higher population density. The urban/rural split in the region as a whole is reflected in heterogeneous areas of very high population density and those of very low population density. Problems of peripherality exist in both parts of the area.

⁴ Key for data - 2006* 2005** 2004*** 2003**** 2002*****

Table 2 – Trade Volumes⁵

	From Wales to Ireland	From Ireland to Wales
Exports carried by road by country of unloading (tonnes)	N/A	1,884,469 tonnes**
Imports carried by road by country of unloading (tonnes)	N/A	1,111,343 tonnes**
Value of exports/imports (£000)	847,351**	126,771**
Roll on Roll off arrivals	N/A	743,000 ro-ro units***
Sea Passenger Movements	3.26 million***	3.23 Million***
Accompanied Passenger Vehicles	807,000**	807,000***

Sources: Irish Exporters Association; Office for National Statistics and Welsh Transport Statistics

The Irish Sea is the principal means of crossing between both parts of the region. The ports on either side of the region bear witness to a major movement of goods, services and people on an annual basis. While much of the trade entering Wales from Ireland may be destined for markets further away it still highlights the importance of the cross border link.

⁵ Key - * 2006 data **2005 ***2004 ****2003*****2002

Table 3 – Economy/Labour Force

Lisbon Agenda/Economic Indicators	Irish part of region	Welsh part of region
GDP per capita (total) ⁶	” 39,016 ^{*****}	£10,022 ^{****}
GDP per capita index (State =100)	110	78.8
Employment (thousands)	991.9 ^{**}	317.8 [*]
Unemployment (rate)	4.2 ^{**}	4.2 [*]
Employment rate (% of population aged 15-64(I) 16-/59-64(W))	69.3% ^{**}	71.9% [*]
Activity rate (% population aged 15-64)	72.5% ^{**}	75.2 [*]
Youth unemployment rate	8% [*]	10.6 [*]
Early school leaving	12.9%	13%
Businesses (per 1000 population)	75 ^{**}	45
Expenditure on Research and Development ⁷ (%GDP)	1.2% ^{***}	1.3% ^{****}
Total Number of Researchers ⁸	13,653 ^{****}	6,800 ^{****}
Number of R and D Performing Firms ⁹	858 ^{****}	37% of Welsh businesses were identified as innovative active firms ¹⁰
Self Employed ¹¹	15.9% [*]	17% ^{***}
Employment in services	67% [*]	75.4% ^{****}
Employment in industry	27.3% [*]	18.4% ^{****}
Employment in agriculture	5.7% [*]	6.3% ^{****}

Sources: Central Statistics Office, Forfas, Eurostat and Office for National Statistics

⁶ Irish figure relates to the country as a whole

⁷ GDP figure is for Ireland as a whole

⁸ Figure and related commentary in Ireland relates to Southern and Eastern NUTS II Region (data not available on NUTS III level.

⁹ Figure in Ireland relates to Southern and Eastern NUTS II Region

¹⁰ Source: Community Innovation Survey

¹¹ Employment statistics are as a percentage of total employment

While it is difficult to make strong assertions due to the differences in the available statistics for each part of the region it is still reasonable to draw some general conclusions.

Both parts of the region have achieved significant economic progress in the recent past. Unemployment has fallen significantly in the programme area; GDP per head in Wales has increased relative to the EU 25 over recent years although much progress remains to be achieved. GDP rates per head in Ireland have also seen significant year on year growth over the recent past.

One feature which is common to both regions is that the level of spend on Research and Development is quite low and needs to be increased if the region is to compete effectively within the EU and address the challenges of the Lisbon Strategy.

Both parts of the programme area have to address many challenges to ensure that its Research and Development base is of the highest standard. In the Southern and Eastern NUTS II region the number of researchers as a proportion of active population is over 18% higher than the EU15 average. However in other aspects the region is significantly behind the EU average regarding Expenditure on R and D as a percentage of GDP across all sectors.

It should be noted though that expenditure on research and development has increased in absolute terms over the last number of years but that the increase in percentage terms has been masked by the strong levels of economic growth.

In the Welsh part of the programme area there is a lower level of R and D expenditure in the business sector compared to other regions in the UK (55%) and is below the Lisbon target of 67%.

The number of people working in research related occupations in the programme area represents roughly 2.1% of total employment in the area which is below the all Wales figure of 2.4% and the UK figure of 2.3%. West Wales and the Valleys also has a lower number of researchers in its Higher Educations Institutions per 10,000 populatiuon than across Wales and the UK as a whole.

Another notable feature that is common to both parts of the region is the level of early school leaving and the consequent higher rate of youth unemployment which is significantly higher than the national average in both parts of the programme area.

Table 4 – Energy Requirement/Consumption in the Cross Border Region

Energy Requirement/Consumption¹²	2003 – Ireland	2003 - Wales
Oil/Petroleum Products	54.1%	44.4%
Natural Gas	24.9%	38%
Coal	12.9%	1.9%
Peat	5.7%	n/a
Renewable Energy	1.8%	0.5%
Imported Electricity	0.7%	n/a
Electricity	n/a	13.7%
Manufactured fuels	n/a	2.3%

Source: Eurostat and Department of Trade and Industry

Table 5 - Environment Indicators in the Cross Border Region

Environmental Indicators	Irish part of region	Welsh part of region
CO2 emissions per capita	10.5	3.9 (2003)
Municipal Waste Generated (kg per capita)	869	632 (2005-06)
Municipal waste treated by landfill (kg per capita)	397	460 (2005-06)

Source: Eurostat and Office for National Statistics

Energy policy and supply is something that has increased in importance in recent years due to the increased focus on combating climate change which is closely related to the Kyoto Protocol. The figures above show the energy requirements for both parts of the region and it is notable for the region's dependence on oil and natural gas.

The region also has challenges to face in relation to its overall environmental performance. The figures show that the region faces challenges in terms of meeting its obligations under the Kyoto Protocol and also in relation to areas such as waste management.

¹² Irish figures defined as primary energy requirement by fuel type, Welsh figures defined as total energy consumption (domestic, commercial, transport). Figures for Ireland are at the NUTS II area while the Welsh figures represent the picture for all of Wales.

2.2 Regional Profile – Summary

A detailed socio-economic and demographic analysis has been prepared for each of the Irish and Welsh parts of the Territorial Co-operation Area and is available on www.seregassembly.ie. This section aims to provide a snap-shot or high level summary giving an overview of the regional profile of the combined area. The profile of the region has been prepared utilising the structure presented in the Community Strategic Guidelines on Cohesion.

a) Attractiveness of the Ireland Wales Cross Border Region

Demographic trends in both parts of the cross border region have diverged somewhat in recent years. Population growth in the Irish part of the area is driven both by positive natural increase and by net inward migration, while in the Welsh part; it is driven only by the latter. One positive conclusion to be drawn is that net migration to both parts of the area highlight the relative attractiveness of both as places to live and work. Side by side with these positive benefits, however, are the remaining policy challenges of accommodating and assimilating large numbers of migrants, many of whom are from different cultures. Both parts of the cross border region face the challenge of an increasingly ageing population with its implications for a whole range of public services and their future funding.

The combined area has witnessed notable economic growth in recent areas, particularly the sub-regions of Dublin and the Mid-East. However, some parts of both the Irish and Welsh parts of the Region have seen economic growth lag behind the EU average and their respective national averages. Highlighting the disparities that exist, the Irish part of the Region has substantially higher levels of GDP per capita compared with the EU and its own national average, while the reverse is the case for the Welsh part of the area. Despite impressive growth in many parts of the combined Region, significant pockets of poverty and deprivation remain, in both rural and urban areas. Continued peripherality of some parts of the combined Region, reinforced by poor links to necessary services, has exacerbated these levels of deprivation. The region does however have many social and cultural links which have helped create a degree of common interest between them within the wider European Union.

The defining physical feature of the cross border region is the presence of the Irish Sea. As a result physical links between the two parts of the Area are either by sea or by air, both of which are well-developed and of long standing. Strong historical, social and cultural links between the Welsh and Irish parts of the area have also been cemented by these physical transport links. Investment in upgrading road infrastructure has been substantial in both parts of the area in recent years, but considerable further progress needs to be made for the area to match average EU standards, increase the

level of accessibility and connectivity between the both parts of the region and also with the wider EU.

Policies on the environment in both parts of the cross border region underline the importance of environmental issues for both the economy and quality of life. Reductions in greenhouse gas emissions remain a high priority in both jurisdictions. Use of renewable energy sources remains low compared with other energy sources in both parts of the cross border region, but in West Wales and the Valleys, the percentage is one of the highest among the UK regions. Government policy in both jurisdictions has accorded priority to increasing substantially the use of renewables in an attempt to meet their respective Kyoto targets. Both parts of the cross border region are highly import-dependent in energy which, given the volatility and uncertainty in international energy markets, increases their economic vulnerability. It is also a further reason for their emphasis on increasing the use of renewables.

With substantial rural areas in the cross border region, concern for rural environment issues, including rivers, lakes, natural wildlife habitats, waste management etc, is a high priority of policy, reflected in a wide array of measures in both jurisdictions to protect these features and areas. Of these, rising levels of municipal waste and their impact on the environment have come to the fore as issues of public concern in recent years. Pressure for change has come from both regulatory authorities and the wider public, increasingly concerned with quality of life issues in the programme area.

b) Innovation, entrepreneurship and the growth of the knowledge economy in Ireland and Wales

There has been significant growth in employment in hi-tech industries, mainly on the Irish side of the region. However both parts of the cross border region face similar challenges in relation to the whole area of research, technological development and innovation. While there has been a rise in educational achievement on both sides of the border it has not been matched with a related rise in Research and Development (R&D) activity, particularly among indigenous firms. In terms of expenditure on R&D by SMEs, both Ireland and Wales performs relatively poorly when compared to other developed economies, and much improvement is required if the region is to move anywhere near meeting the targets set out under the Lisbon Agenda.

Related to this both countries are keenly aware of the importance of encouraging a culture of entrepreneurship and facilitating the development of innovative businesses with high growth potential. As a measure of this there has been a significant year on year growth in VAT registered businesses in Ireland as a whole up to 2004 (up 15%) while the level of VAT registered businesses in Wales is just below the UK average. However when broken

down into different sectors it is clear that there is much progress to be made in increasing the level of high end, innovative service businesses in the programme area. West Wales and the Valleys is relatively overrepresented in agriculture, production and public administration and relatively under represented in the areas of business and financial services. In Ireland there is a different environment but challenges exist none the less. While there has been a clear increase in the number of VAT registrations for information technology companies (up 12%) there have been far greater increases in the construction and property sectors (up 25% and 40% respectively).

In terms of broadband infrastructure, take-up rates are low in many parts of the combined area, particularly in rural areas and among SMEs. This is particularly worrying given that broadband penetration rates in Ireland and Wales are low relative to the other countries in the EU, including many of the new Member States. Recognising the critical role which Information and Communication Technology (ICT) usage has for competitiveness and for the achievement of the Lisbon objectives, government policy in both jurisdictions has focused on increasing take-up rates and tackling capacity constraints. Specific government action in Ireland has focused on the development of metropolitan area networks which are focused on providing broadband coverage to parts of the country that are not able to access the service.

c) Creating more and better jobs in Ireland and Wales

Overall labour market conditions across the cross border region have been positive in recent years. Very substantial employment growth has been witnessed in the Irish sub-region (particularly Dublin and the Mid-East). While not as buoyant as in the Irish regions, recent employment growth in the West Wales and Valleys area has also been impressive in recent years. Both parts of the cross border region have seen a rise in the proportion of employment in the services sector in recent years. Unemployment rates in both the Irish and Welsh parts of the Area have fallen in recent years and compare favourably with average EU unemployment rates.

The need to address labour skills deficits is recognised in both parts of the area, as their economies face the challenges of meeting the Lisbon knowledge economy and innovation objectives. While Dublin and the Mid-East have a relatively high proportion of jobs in the high value added sector, other parts of the combined area have deficits in this sector. As a result the region faces serious issues in relation to improving the skills profile of workers as trends have shown that demand is continually falling for people with low skills. This is backed up by higher unemployment statistics for the lower skilled.

Similarly, the R&D and innovation base of both parts of the area lag considerably behind the EU average. There is still a significant presence of manufacturing employment in the region that produces low value added goods and this sector is under increasing pressure from economies with lower

cost bases. One of the key factors in creating more and better jobs will be the development of critical functions in organisations such as R&D which are dependent on well educated university graduates and are not as acutely cost sensitive as direct production lines. This can be further assisted through greater linkages between the region's higher and further education institutions and industry, both indigenous and multi national.

2.3 REGIONAL SWOT

Detailed SWOT analyses were prepared for the constituent parts of the cross border region and formed the starting point for developing a cross-border SWOT analysis. They can be viewed in the Ireland Wales section of www.seregassembly.ie.

The individual SWOTs were the basis for the joint cross border SWOT which aims to bring to summarise the key features of the cross border region, what we have in common and what can form part of the joint development strategy for the region.

Strengths

- Good quality natural environment in many parts of the cross border region making it attractive to individuals and investors.
- Strong population growth in both parts of the cross border region, much of it driven by net inward migration.
- Strong labour market in the programme area characterised by rising employment and falling levels of unemployment, although levels of inactivity remain high in Wales.
- Low levels of overall deprivation, although some pockets of deprivation exist in urban and rural areas.

Weaknesses

- Weak Research Technological Development and Innovation (RTDI) base relative to a more mature economy, with both parts of the region still behind the EU average in relation to most RTDI indicators and related low investment in this area.
- Joint challenges in relation to education and training. There is a need to ensure that the maximum amount of people possible complete second level education, improve the skills profile of people in both countries and have a more focused approach to lifelong learning.
- Joint challenges in relation to infrastructure development, there are emerging infrastructure gaps in Ireland where investment is just about keeping pace with the level of economic growth while in Wales the challenge relates more to overcoming peripherality.
- Joint challenges in relation to the accessibility of high speed internet services in more outlying areas which is highlighted by the need for public sector intervention on both sides of the cross border area.

- There are clear imbalances within the cross border region, for example the economic success and related congestion of the greater Dublin area can be contrasted with the Welsh part of the region which is rural and peripheral in relation to the rest of Wales.
- Both parts of the region face important challenges in meeting Kyoto obligations and dealing with wider issues in relation to climate change.
- The region shares a maritime border and faces common challenges in relation to areas such as water quality, biodiversity and pressures on the environment resulting from development in urban, rural and coastal areas among other issues.

Opportunities

- Potential for businesses to collaborate through formal and informal networks which could lead to productivity improvements.
- Encouraging a culture of entrepreneurship and facilitating the development of innovative businesses.
- Maximisation of the potential economic benefits from migrant workers from accession states.
- Building on the established networks with higher and further education institutions and SMEs.
- Improving the skills profile of the workforce to respond to the challenges of globalisation and the needs of the Lisbon Agenda.
- Joint management of the natural environment and marine assets which are a key feature of the cross border region.
- Collaboration in raising awareness of the impact of climate change on the cross border region.
- Building on joint measures linking education and the workplace
- Promotion of community economic development, community exchange and good practice, for example building upon collaboration in community led renewable energy and environmental measures.
- Building on activity in the 2000-2006 programme which has demonstrated the potential for community exchange in a range of different areas.

Threats

- Possible international downturn in the economic performance of key markets and, in particular, the medium-term threat of the unsustainable current structures of the US economy.
- Common threats to the programme area resulting from climate change such as rising sea and river levels, increased flooding and loss of biodiversity.
- Inadequate focus on environmental protection, in all its facets, and danger of losing a traditional advantage.
- Falling demand for low skilled individuals is cited as one of the principal causes for higher economic inactivity across the developed

world. If this is not sufficiently addressed through well honed education and training programmes this will lead to greater levels of social unrest.

- Ageing population may result in a lower relative proportion of working age individuals (higher dependency ratio) and increased pressure on many public services. However immigration trends may slow this down.

2.4 Conclusion

The joint profile of the cross border region provides a suitable introduction which is enhanced by a detailed regional profile available on the Ireland Wales section of www.seregassembly.ie. Added to this, the joint SWOT analysis provides a clear picture of the issues facing the cross border region.

The joint SWOT analysis makes it clear that the region faces a number of joint challenges if it is to thrive in the 21st century and successfully address what is laid down in the Lisbon and Gothenburg agendas. The following chapter goes further into detail on this which will help to inform the development strategy for the cross border region.

CHAPTER 3

Policy Context and Programme Development Strategy

This chapter will outline the development strategy for the programme area. It will be based on a number of critical factors such as the combined SWOT as outlined in the previous chapter. It will also take full account of the policy context on both an EU and national level for Ireland and for Wales in the UK which is outlined in this chapter. Based on an analysis of the above and how it directly applies to the programme area the aim is to outline a development strategy which will form the basis for the strategic priorities that should guide the development of the region and will be the central focus of this programme.

3.1 Results of the SWOT – Identification of common challenges facing the Programme Area

The regional analysis and the series of SWOT analyses have helped to identify a series of common challenges that face the cross border region. Some of the challenges are local in nature and better suited to local intervention; some issues are more cross border in nature but could be dealt with more effectively at local level due to a variety of factors. Finally there are issues that are clearly cross border in nature and can be addressed effectively through cross border intervention.

<u>Common Challenge</u>	<u>Level of Intervention</u>
<p>Research and Development Base . Both parts of the region are still behind the EU average in relation to most RTDI indicators including a low level of investment in this area.</p>	<p>Real opportunities for positive intervention at a cross border level. The 2000-2006 programme has shown that collaboration between higher and further education institutions can have a positive impact. Possible areas for collaboration could include:</p> <ul style="list-style-type: none"> • Sharing expertise in developing new products and systems • Facilitating technology transfer to SMEs across the region
<p>Enterprise - Encouraging a culture of entrepreneurship and facilitating the development of innovative businesses. Statistics show that Wales is underrepresented in key sectors while there is a challenge to grow innovative</p>	<p>Real opportunities for positive intervention at a cross border level. While enterprise support schemes do exist on a national basis; combining the strength and knowledge of both countries can provide added value</p>

businesses in Ireland also.	<p>through possible initiatives like:</p> <ul style="list-style-type: none"> • Cross border graduate placement schemes in SMEs • The development of physical or virtual clusters • The development of businesses in areas such as tourism and the creative/artistic sector
<p>Education and Training . Both parts of the region need to improve the skills profile of the workforce, address skills gaps, and have a more focused approach to life long learning in response to the challenges of globalisation and the needs of the Lisbon Agenda.</p>	<p>Real opportunities for positive intervention at a cross border level, particularly in respect of collaboration in higher level skills. Pooling of resources and expertise can provide added value with possible initiatives such as:</p> <ul style="list-style-type: none"> • Enhancing enterprise learning in schools and further and higher education • Innovative approaches to enhance skills in key sectors and address skills gaps that are common to the cross border region
<p>Infrastructure – Both parts of the region suffer from infrastructure deficits. For the Irish part of the region infrastructure provision is barely keeping pace with the rate of development while the Welsh region faces challenges in relation to peripherality.</p>	<p>Can be more effectively addressed at national level. 2000-2006 structural funds programmes have demonstrated this. Also resources not big enough under this programme to have an effective impact.</p>
<p>Broadband provision and access . There is a need to provide universal access to high speed internet which is critical to the development of the knowledge economy. The intervention of public services on both sides of the border is indicative of this.</p>	<p>Can be more effectively addressed at national level. Schemes are already in place in the programme area as described in the regional profile.</p>
<p>Social Deprivation – There is a continued existence of pockets of deprivation in the programme area.</p>	<p>Can be more effectively addressed at national level. Initiatives are already in place in both parts of the region. However cross border added value can be achieved by instigating measures to address common concerns in relation</p>

	to social exclusion and regeneration. This can be achieved through knowledge transfer and the sharing of best practice aimed at providing tangible benefits to the region.
Community Development . The 2000-2006 programme has demonstrated the potential for community exchange in a range of different areas and is something that can be built on for the future.	Opportunities for effective intervention on a cross border level regarding an issue of common concern and opportunities for development in areas such as tourism, cultural exchanges and environmental protection which can have a positive impact on local areas from both a social and economic angle.
Climate Change . Both parts of the region face important and common challenges in meeting Kyoto obligations and dealing with the wider impacts of climate change.	Opportunities for effective intervention on a cross border level regarding the challenge of climate change include: <ul style="list-style-type: none"> • development of low carbon energy products¹³ • development and introduction/demonstration of renewable energy technologies • development of appropriate and informed adaptive strategies to turn what otherwise might be a negative impact into new opportunities.
Environmental Awareness – The region shares a maritime border and faces common challenges in relation to areas such as water quality, biodiversity and pressures on the environment resulting from development in urban, rural and coastal areas.	Opportunities for effective intervention on a cross border level to promote sustainable resource development to benefit and add value to local communities and to protect and enhance the natural environment.
Inter-regional imbalances . There are clear imbalances within each part of the region, for example the congestion and economic success of the greater Dublin region while the Welsh part of the region is clearly rural	Can be more effectively addressed at a national level. The existence of the maritime border means that it will be difficult to successfully address this issue, although through co-operation there are some measures that can be

¹³ The UK Stern Report (2006) suggests that the global market for low-carbon energy products are likely to be worth at least \$500 billion per annum by 2050.

and peripheral in relation to the rest of Wales.	taken to allow the regions to draw benefits from each other's economic strengths including transfer of knowledge and expertise.
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3.2 Policy Context

Having identified the common challenges facing the cross border region it is necessary to look at the policy context on both an EU and national level to provide the context for the agreed programme strategy and to ensure that the strategy which emerges is fully compliant with EU policies and strategies as well as national policies.

3.2.1 The European Policy Context

Cohesion Policy for 2007 – 2013

The Commission's strategic approach is to ensure that Cohesion policy contributes to other Community priorities. To that end, it submitted draft Community Strategic Guidelines on Cohesion for adoption by the Council. Under the Regulations adopted by Council, Cohesion policy is to be implemented through three objectives. What is of relevance to this Programme is that the former INTERREG Community Initiative has been mainstreamed and is now to be found under the new Territorial Cooperation Objective. The objective is to strengthen cross border co-operation through joint local and regional initiatives, as well as promoting transnational and inter-regional co-operation.

Under the new Cohesion policy structures funding is to be concentrated on implementing Community policies - Lisbon, Gothenburg and the European Employment Strategy - with particular focus on innovation and the knowledge economy, environment and risk prevention, increasing adaptability of workers and enterprises, and enhancing access to employment.

Lisbon Strategy¹⁴

On 2 February 2005, the Commission proposed a new start for the **Lisbon Strategy** focusing the European Union's efforts on two principal tasks - delivering stronger, lasting growth and creating more and better jobs. The European Council of March 2005, as well as the European Parliament and the European social partners, gave full support to the Commission's proposal to re-launch and refocus the Lisbon Strategy.

The goal of the Lisbon partnership for growth and employment is to modernize the EU economy in order to secure the EU's unique social model in the face of increasingly global markets, technological change, environmental pressures, and an ageing population. This strategy is also to be seen in the wider context of the

¹⁴ Common Actions for Growth and Employment - The Community Lisbon Programme

sustainable development requirement that present needs have to be met without compromising the ability of future generations to meet their own needs. The key priorities of Lisbon are:

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

Gothenburg Strategy

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

Community Strategic Guidelines

The General Regulation¹⁵ makes provision for the adoption by Council of an overarching Strategic Guidelines document. This was agreed by the European Council on October 6th 2006. This aims at providing Member States with a framework by which national and regional investment programmes supported by Cohesion and Structural Funds can be analysed with respect to the contribution that they make to the Lisbon and Gothenburg objectives while allowing Member States to craft programmes in a manner that reflect regional and local situations.

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

The strategic guidelines set out the need for Member States and regions to concentrate on three priorities in order to assess a programme's contribution to the objectives of the Lisbon Strategy. The three priorities are¹⁶:

- Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving the environment,

¹⁵ REGULATION EC No 1083/2006 of the European Parliament and of the Council

¹⁶ Community Strategic Guidelines page 14.

- Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies,
- Creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

Specifically in relation to cross border co-operation, the strategic guidelines state that *“the ultimate objective of cross-border cooperation in Europe is to integrate areas divided by national borders that face common problems requiring common solutions.”* The Guidelines also stress the need to concentrate the assistance on the main priorities in support of growth and job creation. In so doing co-operation should focus both on strengthening the competitiveness of the border region and on reducing economic and social disparities.

The Regulatory Framework

For the Ireland Wales Programme the ERDF interventions have to be consistent with the eligibility criteria for the Territorial Co-operation Objective. As set out in Article 6 of the ERDF Regulation, the ERDF shall focus its assistance on the following priorities:

“the development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development, and primarily:

- a) by encouraging entrepreneurship, in particular the development of SMEs, tourism, culture, and cross-border trade;*
- b) by encouraging and improving the joint protection and management of natural and cultural resources as well as the prevention of natural and technological risks;*
- c) by supporting links between urban and rural areas;*
- d) by reducing isolation through improved access to transport, information and communication networks and services, and cross-border water, waste and energy systems and facilities;*
- e) by developing collaboration, capacity and joint use of infrastructures in particular in sectors such as health, culture, tourism and education.*

In addition, the ERDF may contribute to promoting legal and administrative cooperation, the integration of cross-border labour markets, local employment initiatives, gender equality and equal opportunities, training and social inclusion, and sharing of human resources and facilities for R&TD”.

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

EU Financial Perspective 2007-2013

The European Council reached agreement in December 2005 on the Financial Perspectives 2007 . 2013. This agreement covered the overall volume of EU funding for Cohesion policy and how this is to be distributed between the newly-defined objectives for the Structural Funds. Subsequently, the Commission made available indicative financial allocations for all Member States for the programming of Cohesion Policy actions. The total allocation for Ireland amounts to "901 million of which "85 million is assigned to the Territorial Cooperation Objective which is to be divided between the Cross Border and Transnational strands. In the UK, "563m is allocated to Territorial Cooperation.

Following the deliberations of the UK and Irish National Authorities on indicative programme allocations the outcome is to allocate a budget of circa "52 million of ERDF for the 2007-13 Ireland Wales Programme which is similar to that of the 2000-2006 programme.

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

3.2.2 National Policy Contexts

National Strategic Reference Frameworks (NSRF)

Each Member State is required to prepare a NSRF as a reference instrument for the preparation of the operational programmes for the 2007-2013 period. The regulations provide that the NSRF document sets out the strategic orientation for the Structural Funds, the link between Community priorities and national and regional policies, and the priority themes chosen for assistance from the funds and it is on that basis this Operational Programme has been prepared.

IRELAND - The NSRF, prepared by the Department of Finance, outlines the strategy for allocating the available European Union funding through Operational Programmes. Its purpose is to provide an overarching structure that allows for

the development of operational programmes and ensures consistency with Community and national policies.

Economic drivers are central to the development of successful and competitive regions. The key objective of the NSRF is to support and enable these economic drivers through Operational Programmes. In order to be effective these drivers must work in a coordinated way to ensure that synergies are gained from other policy initiatives and interventions, particularly, those that will be funded under the current National Development Plan/Community Support Framework (NDP/CSF) and the new NDP, the Rural Development Programme, and other public policy and private sector interventions.

The NSRF concentrates on promoting the following drivers of sustainable regional performance, competitiveness and employment:

- People skills . education and training (ESF)
- Accessibility to economic and technological infrastructure (ERDF)
- Enabling and supporting entrepreneurship and innovation (ERDF)
- Protection of the environment (ERDF)
- Sustainable urban development (ERDF)

WALES - Although Territorial Cooperation is not specifically covered by the UK NSRF, the Welsh policy context within the NRSF is equally applicable to cross border co-operation.

The Welsh Assembly Government's strategy for spending its future Structural Funds allocations will reflect both the Community Strategic Guidelines and domestic policy priorities as set out in a number of key strategic documents for economic development, including, Wales: A Vibrant Economy, the Skills and Employment Action Plan, the Wales Spatial Plan, the Wales Sustainable Development Scheme . Starting to Live Differently, the Environment Strategy for Wales and Making the Connections. Details of these strategies are set out in the following sections.

Spatial Strategies

IRELAND - Ireland's first National Spatial Strategy (NSS) was adopted by the Government in 2002. The NSS defines a long-run spatial development strategy, to which other national policies should adhere, has a 20 year timeframe and aims for a better spread of activities. The NSS calls in particular for a focusing of investment and growth potential around a network of nine competitive, national gateways¹⁷ (two in the cross border region) supported by a range of other significant urban areas such as an additional nine hubs (two in Region) in order to drive the development of their wider regions.

¹⁷ Dublin, Waterford,

Implementing the NSS now requires that Regional Planning Guidelines be put in place across the country. Regional Planning Guidelines (RPGs) will take the form of a single document and will act as a regional framework for the development plans at city, county and through the county or city plan, other local plans as well.

WALES - *The Wales Spatial Plan*¹⁸, provides the overall framework for future collaborative action between the Welsh Assembly Government and its partners to achieve sustainable economic growth and development in all parts of Wales. It sets a 20-year horizon for development and for integrating the investment necessary for the sustainable development of communities throughout Wales. Economic development policies will take account of location differences and priorities. The Plan emphasises the need for co-ordinated action at national, regional and local levels and recognises the importance of cross border and inter-regional connections.

Economic Development

IRELAND - The *National Development Plan (NDP) 2007-2013* is a high level strategic document which will set out within a sustainable economic and budgetary framework the indicative multi-annual seven year investment allocations for the various sectoral areas. Unlike the current funding period where EU Structural Fund programmes are fully integrated within the NDP, in the next period the new NDP will be funded entirely by national own resources.

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

Towards 2016 - In June 2006, negotiations between the Government, employers, trade unions and the Social Partners successfully concluded with the completion of *Towards 2016*, the 10-year Framework Social Partnership Agreement, 2006-2015. The overriding policy focus and priority of the Agreement is to build a strong economy and society by maintaining a supportive macroeconomic policy framework in order to enhance productivity and competitiveness.

WALES - The strategic framework for supporting economic development has been developed in the context of *Wales: A Better Country*²⁰, the Welsh Assembly

¹⁸ The Welsh Assembly Government's *Wales Spatial Plan*:
<http://new.wales.gov.uk/about/strategy/spatial/?lang=en>

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

²⁰ Welsh Assembly Government's *Wales: A Better Country*:
<http://www.wales.gov.uk/themesbettercountry/index.htm>

Government's broader strategic policy agenda. In particular, actions to promote economic development must occur alongside other elements of this strategic agenda . namely improving quality of life for everyone by advancing social justice, improving the environment, health and education, in line with the *Wales Sustainable Development Scheme . Starting to Live Differently*²¹.

The economic development strategy is set out in *Wales: A Vibrant Economy*²² (WAVE), reviewed in 2005 to set the strategic framework for the European Structural Funds programmes 2007. 2013. Its vision is of a vibrant economy capable of delivering strong and sustainable growth by providing opportunities for all and is closely aligned with the Lisbon strategy for growth and jobs.

Training and Skills

IRELAND -The aim of FAS's (The Irish Training and Employment Authority) One Step Up is to encourage employees to increase their competency levels and to promote an ethos of life long learning in the workplace. This will ensure that skill and qualifications levels in the workforce match present and future human resource requirements for continuous economic growth and competitive advantage. It will also enable employees to cope with frequent and on-going changes in work practice.

WALES - WAVE is complemented and supported by the *Learning Country 2*²³ and the *Skills and Employment Action Plan 2005*²⁴ which sets out a detailed agenda to increase the levels of skilled employment in Wales, with a section on working with employers and employees to improve skills. The *Learning Country* sets out an ambitious agenda for education and training in Wales. The priority looks to build on key components of this agenda by supporting the stronger emphasis on the development of skills for young people moving through secondary education building on the Assembly Government's *14–19 Learning Pathways*²⁵ and the *Extending Entitlement* agendas and *Reaching Higher*²⁶, the strategy for extending access to higher education.

²¹ Welsh Assembly Government's *Wales Sustainable Development Scheme*:
<http://new.wales.gov.uk/about/strategy/strategypubs/sustainscheme.jsessionid=FD3733C3E0866069FF7F44E3AE8B7870.www2?lang=en>

²² Welsh Assembly Government's *Wales: A Vibrant Economy*:
<http://new.wales.gov.uk/docrepos/40382/4038231141/4038211251/403821125/4038211251/wave?lang=en>

²³ Welsh Assembly Government's *The Learning Country 2* consultation document, April 2006:
http://new.wales.gov.uk/docrepos/40382/4038232/403821/the_learning_country_2/Learning_Country2_English.pdf?lang=en

²⁴ Welsh Assembly Government's *Skills and Employment Action Plan 2005*:
<http://www.learning.wales.gov.uk/pdfs/c5104-seap-report-e.pdf - search='Skills and Employment Action Plan 2005 Welsh Assembly Government'>

²⁵ Welsh Assembly Government's *Extending Entitlement and 14-19 Learning Pathways*:
<http://new.wales.gov.uk/docrepos/40382/4038232/4038211/40382121/extending-entitlement-makin1.pdf?lang=en> and

The Welsh Assembly Government also works closely with the UK Government Department for Work and Pensions and its agent Jobcentre Plus to ensure non-devolved employment policy complements and aligns with domestic policies for skills and training to support integration of the unemployed and economically inactive into the workplace.

Science and Technology

IRELAND - The Government recently launched its new Strategy for Science, Technology and Innovation to 2013, which will drive economic growth, continue to create high quality and high paying jobs and facilitate social advancement. The objective of this new Strategy is to place Ireland at the forefront of generating and using new knowledge for economic and social progress, within an innovation driven culture. Strategic priorities identified in the strategy include agriculture and food, health, marine, environment and energy research.

WALES – The Welsh Assembly Government's action plan *Wales for Innovation* emphasises the importance of communicating the benefits of innovation to business, as well as better equipping people to innovate. It also focuses on maximising the capabilities of higher and further education (HE/FE) institutions in Wales, in particular through encouraging technology development, transfer and commercialisation, and closer links between academia and businesses. The need to support businesses with strong growth potential is also recognised within the Plan.

The Welsh Assembly Government launched the consultation on its comprehensive *Science Strategy* on 23 November 2006 which also has a key bearing on taking forward the objectives of *Wales for Innovation*. In particular, it signposts areas considered as important to Wales's economic development; namely, low carbon energy systems, healthcare and the physical and social/cognitive sciences that underpin sustained economic and social renewal. The commercialisation aspects of this will be further picked up in the revised *Innovation Action Plan*.

The *Knowledge Exploitation Fund* which is co-financed by the Welsh Assembly Government and the EU provides financial assistance to enable higher and further education institutions in Wales to create a culture of entrepreneurship and innovation, develop the skills of staff and students within their institutions and facilitate the transfer of knowledge to industry.

http://new.wales.gov.uk/topics/educationandskills/policy_strategy_and_planning/learning_pathways/?lang=en

²⁶ Welsh Assembly Government's *Reaching Higher education strategy*,:
<http://new.wales.gov.uk/docrepos/40382/4038232/4038211/40382121/reachinghigher-e.pdf?lang=en>

Entrepreneurship and Enterprise Development

IRELAND - The Tánaiste and Minister for Enterprise, Trade and Employment established an Enterprise Strategy Group (ESG) to develop a new direction for the enterprise policy agenda. The report was published in July 2004 and was entitled '*Ahead of the Curve - Ireland's Place in the Global Economy*'.

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

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

WALES - The *Entrepreneurship Action Plan*²⁷ has made good progress in supporting new start-ups, encouraging more young people to see self-employment as a career option and promoting more enterprising behaviour by existing firms. It will be critical to build on these initiatives and also ensure consistency with the Welsh Assembly Government's desire to support sectors or activities that will add most value and show strong growth potential.

The *Knowledge Bank for Business*²⁸, known as KB4B is an initiative to improve the skills, financial strength and business strategy of companies in Wales. It provides advice and support to companies of high-growth potential, regardless of location, size or sector. This initiative has been developed as part of the Welsh Assembly Government's Wales: A Vibrant Economy strategy which highlights the importance of innovation in establishing an environment where businesses can thrive.

²⁷ Welsh Assembly Government's Entrepreneurship Action Plan Welsh Assembly Government

²⁸ Welsh Assembly Government Knowledge Bank for Business:

²⁸ Irish figures defined as primary energy requirement by fuel type, Welsh figures defined as total energy consumption (domestic, commercial, transport). Figures for Ireland are at the NUTS II area while the Welsh figures represent the picture for all of Wales.

and
economy/help/businessadvice/KB4B/;jsessionid=E510C4213122F8746A4AA66E3CA2ABBA.ww
w2?lang=en²⁸ Irish figures defined as primary energy requirement by fuel type, Welsh figures
defined as total energy consumption (domestic, commercial, transport). Figures for Ireland are at
the NUTS II area while the Welsh figures represent the picture for all of Wales.

Business Eye is designed as the first port of call for any business in Wales wanting to improve and become more competitive. It delivers impartial information across a wide range of business subjects including sales and marketing, finance and tax, staff issues, management and administration.

Sustainable Development Strategies

IRELAND -The aim of the *National Sustainable Development Policy*, published in 1997, was "to ensure that economy and society in Ireland can develop to their full potential within a well protected environment, without compromising the quality of that environment and with responsibility towards present and future generations and the wider international community"²⁹.

In 2002 *Making Ireland's Development Sustainable*³⁰ was produced by the Department of the Environment, Heritage and Local Government for the Johannesburg World Summit on Sustainable Development. The report examines progress made in the ten years since the Rio de Janeiro Earth Summit. It also set out a number of broad policy orientations.

WALES - *The Wales Sustainable Development Scheme . Starting to Live Differently*³¹ promotes development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The scheme aims to improve the quality of life for everyone by advancing social justice, improving the environment, health and education.

The *Sustainable Development Action Plan* sets out more detailed proposals for action across economic, social and environmental development. The overall aim is to develop an economy that responds to sustainable development opportunities, minimises the demand on the environment and maximises the distribution of benefits.

Climate Change Strategies

IRELAND - The National Climate Change Strategy provides a framework for achieving greenhouse gas emissions reductions in the most efficient and equitable manner while continuing to support economic growth and to prepare Ireland for the more ambitious commitments that will be required after 2012. It requires action to be taken in all sectors, as early as possible and in a sustainable manner. The Strategy is based on the fundamental principles of sustainable development which are set out in *Sustainable Development: A*

²⁹<http://www.environ.ie/DOEI/DOEIPol.nsf/wvNavView/Sustainable+Development:+A+Strategy+for+Ireland?OpenDocument&Lang=#11>

³⁰ Making Ireland's Development Sustainable . Review, Assessment and Future Action (DEHLG)

³¹ Welsh Assembly Government's *Wales Sustainable Development Scheme*:
<http://new.wales.gov.uk/about/strategy/strategypubs/sustainscheme.jsessionid=FD3733C3E0866069FF7F44E3AE8B7870.www2?lang=en>

Strategy for Ireland, and takes account of the need to protect economic development and competitiveness.

WALES – The new *Environment Strategy for Wales*³² sets out a framework for creating a thriving environment that contributes to the economic and social well-being of the people of Wales. The supporting action plan sets out details of specific actions that will help to mitigate the effects of climate change and the need for sustainable use of resources through promoting energy efficiency together with renewable and low carbon energy generation. More detailed actions are set out in the Welsh Assembly Government's *Wales Energy Strategy 2003*³³, *Energy Saving Wales*³⁴, the *Energy Route Map*³⁵, as well as the *Business and Environment Action Plan*³⁶ and *Wise about Waste*³⁷.

Social Strategies

IRELAND – The Department of Community, Rural and Gaeltacht Affairs funds, and in some cases administers, a range of programmes of support for community development so that socially excluded groups and local communities can be active participants in identifying and meeting their own development needs, working alongside the statutory agencies and others involved in local development initiatives.

WALES - The strategic objectives of the Welsh Assembly Government for social enterprises are set out in the *Social Enterprise Strategy for Wales*. These centre on creating an environment that encourages new social enterprises and capitalises on opportunities for growth; making social enterprises better businesses, establishing the value of social enterprises; and encouraging the development of new opportunities.

Communities First is a major flagship Welsh Assembly Government Programme aimed at cutting poverty and helping to improve the lives of people who live in the poorest areas. It aims to get local people involved in improving their areas and their own projects, bring in funding and support, make sure improvements last, encourage flexibility, risk taking and new ways of dealing with problems and

³³ Welsh Assembly Government's *Energy Strategy*:

<http://www.wales.gov.uk/subitradeindustry/content/consultations/ewrm-ltr-e.htm>

³⁴ Welsh Assembly Government's *Energy Saving Wales*:

<http://www.businessenvironment.wales.gov.uk/documents/esw-e.pdf>

³⁵ The Energy Wales Route Map consultation document:

<http://www.wales.gov.uk/subitradeindustry/content/consultations/ewrm-map-e.pdf>

³⁶ The Welsh Assembly Government's *Business and the Environment Action Plan*:

<http://www.businessenvironment.wales.gov.uk/documents/be-action-plan-e.pdf>

³⁷ Welsh Assembly Government's *Waste Strategy – Wise About Waste*:

<http://www.wales.gov.uk/subienvironment/toc-e.htm#s2>

involve everyone working together to do something about their community's problems.

3.2.3 Conclusion on Policy Context and Implications for the Development Strategy for the Operational Programme

The policy context in which this programme is operating demonstrates the coherency between policies on both an EU and national level in Ireland and Wales. In particular the national policies reflect a determined effort on the part of the respective member states to respond to the challenges of the Lisbon and Gothenburg agendas. As a result this will have a significant influence on the cross border development strategy.

3.3 Summary of the Ex Ante Evaluation and Strategic Environmental Assessment

3.3.1 Ex Ante Evaluation

The Ex-ante Evaluation of the Operational Programme was carried out by Fitzpatrick Associates. The Executive Summary of the evaluation which sets out the recommendations of the evaluators can be found at Annex 3 while the full Ex-ante Evaluation can be found on the Managing Authority's website www.seregassembly.ie.

Overall, the evaluators' assessment of the Operational Programme is positive. It considers that the document has a logical flow, complies with EU and national policy priorities, highlights common challenges for the programme area and has a clear statement of objectives and a development strategy that will seek to build on the successes of the previous INTERREG programmes and also draw lessons from these programmes. In practice, the ex-ante evaluation was very much a two-way iterative process and was very helpful for the Managing Authority in preparing the Operational Programme.

The evaluators made a series of recommendations during the course of the evaluation process and these recommendations, where appropriate, were incorporated into the draft Operational Programme prior to the public consultation process. The evaluators wrote their final report in relation to the draft that was sent to public consultation in December 2006.

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

SWOT Analysis

The evaluators made a recommendation looking for greater evidence to back up the conclusions from the SWOT analysis. This was considered important as this informs the development strategy and priority interventions. The programming authorities have taken this recommendation on board. The Operational Programme document was not altered in the interests of brevity as the evidence for this is quite detailed. The evidence is sourced from two documents; a detailed regional profile of the programme area and an internal review of the 2000-06 INTERREG IIIA Programme. The lessons learnt from this programme were one of the factors that informed the joint SWOT analysis. These documents are available on www.seregassembly.ie.

Programme Rationale

The evaluators made two recommendations regarding the rationale for intervention as outlined in the common challenges facing the programme area. Firstly they said that some of the assertions made about the case for intervention could be more evidence based. This recommendation has been taken on board by the programming authorities and more detail has been provided in this part of the OP which is further backed up by the detailed review of and lessons learnt from the 2000-06 Programme (available on www.seregassembly.ie) which also informed this part of the document.

Secondly the evaluators thought that the discussion of the rationale for intervention was somewhat broad in nature and that the rationale for the chosen Development Strategy and Priorities could be more clearly presented. The

programming authorities are of the view that the strategy and priorities are presented in the clearest and most direct fashion possible at this stage. As a result the Operational Programme has not been altered. However this point will be more fully addressed during the development of detailed implementation plans for each priority.

Coherence of Strategy with Key Policies

The evaluators made one recommendation in this area noting that the coherence with key policies is only evident on a broad level. However they did state that this could be addressed as part of the detailed implementation plan for each priority. The programming authorities are content to take this recommendation on board during the preparation of the implementation plan.

Complementarity

The evaluators note that it is not totally clear how investment under the Ireland Wales programme will differ from other ERDF, ESF and FP7 supported

programmes. However they do note that mechanisms will be put in place to ensure complementarity. This is something that the programming authorities will further address when preparing detailed implementation plans.

Expected Results and Impacts

The evaluators made a series of recommendations regarding the preparation of indicators for the programme. The programming authorities have taken all of these points on board when drafting the programme. Most significantly the number of indicators has been significantly reduced when compared to both the 2000-06 Programme and also the draft programme document that was published for public consultation in December 2006.

Implementation Arrangements

The evaluators made a number of recommendations in this regard. The role of the Steering Committee has now been clarified in Chapter 8 of the programme. Detailed project selection and appraisal processes will be developed as part of a detailed implementation plan which will be jointly developed between WEFO and the Regional Assembly. This plan will also work on strengthening the partnership between both organisations to ensure smooth delivery of the new programme and will also provide more details regarding electronic data transfer arrangements.

3.3.2 Strategic Environmental Assessment

The SEA Directive was transposed into law in Ireland in July 2004 and its objective is to provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of specified plans and programmes with a view to promoting sustainable development.

The Screening Report for the draft Operational Programme was carried out by the Managing Authority and its content was agreed with colleagues in Wales. A copy of the screening report is available on www.seregassembly.ie. Following consultations with the designated environmental authorities in both parts of the programme area a determination was made that the Operational Programme is not likely to have significant effects on the environment and, therefore no further formal Strategic Environmental Assessment is required under the SEA Directive, as transposed into Member State law.

In order to fully ensure that this is the case the programme task force met with the environment authorities in Wales on November 9th 2006. The outcomes of the meeting were as follows:

- That no projects will be approved that could have a negative impact on a Natura 2000 and other designated sites
- That environmental concerns will be fully integrated into the project selection criteria

The section on sustainable development in chapter 7 of the Operational Programme has been adjusted accordingly to ensure that designated sites will be properly protected.

3.4 Strategy for the Cross Border Region

Ireland and Wales have a positive experience of developing cross border cooperation. Joint cross border cooperation projects under the previous INTERREG IIA (1994-99) and INTERREG IIIA (2000-2006) programmes have aimed to increase the level of connectivity and integration in the region through an integrated approach to economic, social and technological development. While the first INTERREG programme in the region focused more on developing the physical infrastructure of the region and the level of connectivity, the follow on programme focused more on cooperation between people and organizations and trying to develop durable networks.

Joint projects that have been funded under INTERREG II and INTERREG III bear testament to ever improving and deepening levels of cooperation between organisations in the public, private and voluntary sector. Programme management has also evolved quite significantly over the period and in itself is also a clear demonstration of highly effective cross border cooperation.

The Ireland Wales Programme (2007-2013) presents the next phase of cross border cooperation in the area, by building on the achievements of its two predecessor programmes. The cooperation process, which stretches back as far as 1994 on the INTERREG IIA Programme, will for this period aim to learn the lessons from previous programmes and achieve deeper levels of cross border cooperation.

Having regard to the themes which are at the centre of strategic EU and National policies it follows that the development strategy for this cross border cooperation programme should be consistent with those themes. The strategy does take the Community Strategic Guidelines on Cohesion, the National Strategic Reference Frameworks of the respective Member States, the national policy context in both member states and lessons learnt from previous evaluations into account.

At the same time it must address the identified needs and the specific characteristics of the cross border region which is specifically marked out by the fact that it has a maritime border. The strategy must also target its resources

taking into account of what can realistically be achieved with the allocated budget.

The Ireland Wales Programme 2007-2013 will address those issues which can best be addressed through intervention at the cross border level as outlined in Section 3.1 of this chapter. These are the issues where both regions can gain the most from cross border cooperation. For example sustainable development, environmental protection and climate change are issues which require a coordinated response as they are no longer simply local or regional issues with a local effect. The same can be said for the whole competitiveness and innovation agenda which is now heavily influenced by the fact that there is a single European market which operates in a liberalised global trade environment. There is a need for cross border cooperation because by acting together on these issues regions can respond more effectively to the challenges that arise.

The programme will concentrate on the need to strengthen the knowledge economy by providing a more conducive climate for innovation and thus contribute to maintaining the competitiveness of the Ireland Wales cooperation area. It will seek to actively maintain the natural and cultural resources of the region and alleviate negative environmental impacts on the territory, including the promotion of innovative approaches to the management of natural and technological risks in the context of climate change. It will also seek ways to maintain and develop communities for the benefit of local people in the programme area. The programme is trying to focus its resources on these areas in particular to achieve the most effective level of intervention given the size of the budget available.

This joint cross border strategy responds to the identified strengths and weaknesses of the Ireland Wales cross border programme area by setting out an overarching objective and by defining priority axes for the programming period 2007-2013. Also due to the fact that the INTERREG Community Initiative has now been mainstreamed into Cohesion policy the programme has been written from a more strategic angle and written at Priority level to take the requirements of the Union's Cohesion Policy into account. The priority axes are specified by targets, and quantified by output and result indicators, which shall help to measure the progress in relation to the baseline situation and the effectiveness of the targets implementing the priorities.

Programme Objective

The overall objective of the Ireland Wales Operational Programme on cross border territorial development (2007-2013) is as follows:

Through an integrated approach to economic, environmental, social and technological issues the Ireland Wales Territorial Cooperation Programme seeks to further develop the cross border region and

- Contribute to its greater competitiveness and sustainable development.
- Improve its overall economic, environmental and social well-being
- Achieve a more cohesive, balanced and sustainable development of the Ireland Wales cooperation area, and thus to contribute to the overall competitiveness of the Community territory in a globalised world.

This objective will be taken forward and delivered through two operational priorities.

Priority 1 Knowledge, Innovation and Skills for Growth

This Priority is divided into two separate but related themes as follows:

Theme 1 - Innovation and competitiveness

Theme 2 - Skills for competitiveness and employment integration

The main focus of this priority will be 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. From the analysis 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. This subject will be developed further in the next chapter.

Priority 2 Climate Change and Sustainable Regeneration

This Priority is divided into two separate but related themes as follows:

Theme 1 . Climate Change and Sustainable Development

Theme 2 . Sustainable Regeneration of Communities

The main focus of this priority will be 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. This subject will be developed further in the next chapter.

3.5 Justification of the programme strategy chosen

The strategy was chosen because it can address the common challenges facing the cross border region in the most effective manner possible. It clearly addresses the identified needs and common challenges of the cross border

region and is fully compliant with relevant EU, national and regional policies and strategies.

The programme must also take account of the scale of resources available and as a result the strategy has also had to be tailored and focused to deliver the best results possible with the amounts available.

The programme must also take account of the range of partners that exist in the region that are in a position to make full use of the available funds. Experience from previous programming periods has shown that there is a sufficient mix of organisations in this region that can absorb the level of funds available. This was one of the considerations that were involved in choosing this strategy over other alternatives. This was also informed by experience of dealing with the range of sponsors that received funding under the 2000-2006 Ireland Wales INTERREG IIIA Programme.

Both parts of the region have clearly identified a need to develop innovative and robust interventions to address the challenges of the Lisbon and Gothenburg agendas and while they are also being addressed in domestic programmes there is clear added value to be gained by collaborating across member state boundaries which will be addressed in the next section. There is also a real need to collaborate on these issues as what were formerly matters of purely domestic concern contain a growing international dimension.

3.6 The added value of cross border cooperation

On a broad level, cross border cooperation seeks to promote better integration within the Union by forming groups of European regions through the involvement of national, regional, local authorities and other organisations. It offers the advantage of establishing links to actions at regional, national, cross border and inter-regional levels, thereby providing added value to policies and programmes.

The outcome of such joint efforts should in principle be larger than the sum of its parts. Joint initiatives can look at addressing obstacles across national borders and the encouragement of networks, the sharing of experience between different groups, the development of knowledge clusters and of stronger institutional links between higher education institutions and businesses. Such initiatives can assist in achieving synergies between different policies, programmes and initiatives at different levels of scale.

The specific added value of cross border territorial cooperation is particularly obvious for projects with the following features:

- The issue being addressed is of such nature that it cannot be satisfactorily tackled within one nation-state;

- The project objectives and work plan are consequently shared between partners from different countries;
- Cooperation between partners improves the quality of results compared to the possible achievements of a partner working alone;
- The project results are of relevance to the wider cooperation area and can therefore be transferred to other parts of the region;
- Cooperation is integrated vertically, horizontally and geographically in pursuit of achieving sustainable development and economic competitiveness.

Focusing on the Ireland Wales cross border region, its common challenges which were outlined in the early part of the chapter gives some of the strongest reasoning for the added value in cross border cooperation. This is a maritime region separated by the Irish Sea so it stands to reason that cooperation in certain areas such as infrastructure cannot provide added value on a cross border basis as they are issues that can be more satisfactorily tackled within one nation-state and there is no tangible benefit to the other country involved in cooperating on these issues.

However when faced with a challenge such as environmental protection or improving the research and development base there are far stronger grounds for advocating cross border cooperation which can deliver added value and tangible benefits to the population in the area. These are issues that are of common concern and there is real added value in collaborating on a cross border basis. This is because cooperation between partners can improve the quality of results compared to the possible achievements of a partner working alone. They can also be of relevance to the wider cooperation area and can potentially be transferred to other parts of the region.

Cross border added value will be fundamental to the delivery of the programme at all stages. The programme will seek to bring together the best minds and talents in the cross border region to focus on delivering innovative projects that will address the key challenges facing the region and deliver on the programme strategy. By pooling resources in this manner it should be possible to deliver increased and better quality projects than on a national basis.

A particular example of cross border added value from the 2000-06 programme was the Marine and Coastal Development and the Environment measure. Different groups of scientific and environmental experts from both parts of the region came together to collaborate on the management, monitoring and protection of natural resources in the Irish Sea. Their collaboration on subjects like habitat mapping, the monitoring and protection of endangered species and the sustainable management of sea based aggregates could never have been done as successfully, if at all, on a member state basis. The 2007-13 programme will focus on ensuring that this sort of cross border added value is the cornerstone of all projects supported.

Cross border added value will also be central to the management and administration of the programme. There has been a close and positive working relationship between officials in the programme area on all levels of programme management and on the Programme Monitoring and Steering Committees. Without such close cooperation and joint working it would have been very difficult to effectively manage the 2000-2006 programme. The revised structures outlined in Chapter 8 will aim to continue developing the partnership and further enhance cross border cooperation in the management and delivery of the programme.

Overall Programme Objective

Through an integrated approach to economic, environmental, social and technological issues the Ireland Wales Territorial Cooperation Programme seeks to further develop the cross border region and:

- Contribute to its greater competitiveness and sustainable development
- Improve its overall economic, environmental and social well- being
- Achieve a more cohesive, balanced and sustainable development of the Ireland Wales cooperation area, and thus to contribute to the overall competitiveness of the Community territory in a globalised world.

Priority 1 Knowledge, Innovation and skills for growth

This Priority is divided into two separate but related themes as follows:

Theme 1 - Innovation and competitiveness

Theme 2 - Skills for competitiveness and employment integration

Priority 2 Climate Change and Sustainable Regeneration

This Priority is divided into two separate but related themes as follows:

Theme 1 . Climate Change and Sustainable Development

Theme 2 . Sustainable Regeneration of Communities

CHAPTER 4 Priorities

This chapter will outline in detail, the priorities that will deliver the development strategy for the region. The Chapter will be divided up into three sections as follows:

Sections 4.1-4.5 - Priority 1 - Knowledge, Innovation and Skills for Growth

Sections 4.6-4.10 Priority 2 - Climate Change and Sustainable Regeneration

Sections 4.11-4.16 Priority 3 – Technical Assistance

PRIORITY 1 - Knowledge, Innovation and Skills for Growth

4.1 Priority Objectives

- To develop in accordance with the Lisbon Agenda objectives, the knowledge, R&D/innovation and entrepreneurial base of the cross border region's economy with a view to boosting the Region's growth and competitiveness.
- To enhance the capacity of the cross border region by providing targeted interventions to develop the skills and abilities of the population and the workforce with a view to providing greater levels of employment and to foster competitiveness.

This Priority is divided into two separate but related themes as follows:

- Theme 1 - Innovation and competitiveness
- Theme 2 - Skills for competitiveness and employment integration

The choice of themes reflects their importance to the cross border region's continued development as it seeks to deal with the critical issues of providing the conditions to allow enterprises to prosper internally and become more competitive externally while at the same time improving the skills and knowledge base of the population of the area. The two themes should work in tandem and make a real difference to the cross border area.

4.2 Rationale for Structural Funds Intervention

From the regional profile and the common challenges that emerged from the analysis it becomes clear that improving the research and development base of the cross border region, facilitating entrepreneurship and innovative businesses and developing education and training systems that respond to the needs of modern society are critical in ensuring the continuing growth and prosperity of the cross border region. This is reinforced by the strategic policies of the European Union, particularly the Lisbon Strategy and the Community Strategic Guidelines which specifically refer to creating more and better jobs, encouraging innovation, entrepreneurship and the knowledge economy. Both countries have taken these policies forward in their respective National Strategic Reference Frameworks. By using targeted interventions to address the needs of business, particularly small indigenous firms, and by helping to develop a highly skilled, knowledgeable and mobile labour force, these policy objectives can be addressed successfully across the region.

There is clearly much to be gained by cooperating on these matters on a cross border basis. The region is relatively small and peripheral in relation to the rest of the EU and it can only gain by cooperating on issues of common concern. By bringing together the best talents on a cross border basis you can widen the pool of expertise and bring different approaches and perspectives to common challenges. The region has strong educational and research assets particularly in its Higher Education Institutions, enterprise development and training agencies and by bringing these together as well as harnessing the experience and expertise of business groupings and SMEs, this can only benefit the region.

4.3 Target Groups/Beneficiaries

The programme seeks to act in an inclusive manner, respecting equality of opportunity, and encourage the widest possible participation among the population of the area. To that end it will consider applications from all suitably qualified organisations who are capable of developing and delivering projects that can advance its strategic objectives at both programme and priority level.

The Programme will seek applications from the public, private, voluntary and community sectors. Examples of the types of organisations under these broad headings that could apply for funding are higher and further education institutions, local authorities, industry associations and enterprise agencies, state sponsored bodies, voluntary organisations and community development groups and associations.

4.4 THEME 1 – Innovation and Competitiveness

4.4.1 Rationale for Structural Fund Intervention

The cross border region faces common challenges in relation to the development of an innovative, knowledge based economy. At the moment both parts of the cross border region suffer from a relatively weak RTDI base in relation to more mature economies which is demonstrated by the relatively low figure spent on Research and Development as a percentage of GDP in the programme area. There is also a need to optimise the level of research in higher and further education institutions and transferring this to industry in order to make a real impact on the competitiveness of the region. Indigenous industry also needs to be strengthened and needs to be encouraged to work together and generate new ideas for mutual benefit. This can be done through networks, sectoral fora and supply chains. By working together in these different areas both parts of the region can pool and share their expertise for the wider good of the economy within the cross border region and also within the respective member states.

4.4.2 Main Objectives

- To develop joint approaches to foster research and encourage collaboration in technology development amongst businesses and in higher and further education institutions and to facilitate technology transfer to industry and SMEs in the cross border region.
- To develop a stronger entrepreneurial environment by supporting cross border clusters and centres of excellence in key sectors.
- To enhance cross border business viability, performance and expertise by supporting innovation in terms of product and process development and improving business systems.
- Developing joint innovation programmes aimed at assisting SMEs to be productive and competitive.
- To facilitate the development of potential growth sectors and enterprises including social enterprises in the cross border region.

4.4.3 Indicative Operations

- Innovative approaches to management development, leadership mentoring and support networks in SMEs.
- The creation of virtual or physical clusters in the cross border area.
- Targeting specific high technology knowledge and technology transfer between Irish and Welsh higher and further education institutions and SMEs. Sectors could include food and drink, marine and coastal leisure, creative industries, environmental goods and services and geosciences amongst others.
- Collaborative niche tourism initiatives around markets with growth potential and joint product development.
- Cultural co-operation with a more business-like edge where it is demonstrated that there are tangible economic benefits for the region. Such ventures would have to tie in with Lisbon Strategy priorities and the raising of economic value and long term sustainability.
- Development of an entrepreneurial culture across all sectors, including the public sector, and addressing the challenges of economic inactivity through the development and networking of Irish and Welsh social enterprises.

4.4.4 Targets/Indicators

The output and result indicators outlined should reflect solely the contribution of the ERDF.

Outputs

	Baseline	Final Target
Number of joint projects aimed at promoting and developing innovation in SMEs including linkages with HE/FE institutions	0	11
<ul style="list-style-type: none">• Number of joint projects aimed at promoting and developing entrepreneurship and the development of new businesses including cross border business clusters	0	11
<ul style="list-style-type: none">• Number of SMEs assisted	0	300

Results

	Baseline	Final Target
• Number of new SMEs created	0	10
• Number of new products/processes developed	0	15
• Number of gross direct new jobs created	0	20

4.5 THEME 2 – Skills for competitiveness and employment integration

4.5.1 Rationale for Structural Fund intervention

The common challenges faced by the cross border region also recognised that training and education is an area most suitable for cross border cooperation. This links neatly with the Community Strategic Guidelines which stress the need to create more and better jobs. This can best be achieved with a well trained workforce and is increasingly seen as the key to attracting innovative research and development jobs to the region.

Both parts of the cross border region have identified common issues where collaboration can produce a real benefit such as developing high level skills, the approach to developing life long learning and improving the quality of education provided at higher and further education institutions, further development of doctoral education and improving access to training for disadvantaged groups to facilitate effective employment integration. It is through working together on these issues that it should be possible to achieve greater levels of skill development, employment and social cohesion.

One of the main elements that will help achieve this is the first class higher and further education institutions that already have an impressive track record of collaboration in previous INTERREG programmes and also work together on programmes such as DG Research & Framework programme. Their projects have displayed clear added value across a number of different sectors and this programme is a real opportunity to take this cooperation a step further. State agencies in the area as well as the voluntary and community sector will also be able to provide alternative perspectives and approaches to addressing these challenges.

4.5.2 Main Objectives

The main objectives of this Theme are:

- to address common skills issues for SMEs, in particular to enhance management skills and to develop skills to meet the current and future needs of the changing economy.
- to gain more economic value from the availability of higher level qualifications in most of the cross border area.
- to develop common approaches towards the provision of training and skills development which will allow the integration of immigrants and other particularly disadvantaged groups into employment.
- to develop skills and address skills gaps that will facilitate economic growth in key business sectors in the cross border region, including tourism, maritime, agriculture, energy and petrochemicals and sectors with potential for growth such as R&D-related businesses.
- to collaborate on a cross border basis to improve the systems of learning and workforce development to better meet the needs of the cross border region focusing on all levels of the education system and on lifelong learning.

4.5.3 Indicative Operations

- Innovative approaches to enhance SME performance through skills enhancement and the development of direct links with businesses and training providers.
- Exchange of good practice in fields such as management development and delivery of broader generic skills training.
- Innovative approaches to enhance skills in key sectors including: key skills in the tourism industry allied to niche market product development and growth and customer-service skills; skills in the environmental and energy sectors particularly in respect of renewable energy sources, as a response to the challenge of climate change.
- Developing systems and processes to increase the productive utilisation of higher level and graduate skills, including strengthening the cross border links between further and higher education institutions and local

businesses; joint initiatives in post graduate training and the organisation of specialist training courses.

- Enhancing innovative enterprise learning programmes in schools and further and higher education institutions including effective integration within curricula, in order to increase the number of high-growth local companies.
- Improving collaboration between schools, further and higher education institutions, private training providers and other organisations to open up pathways and broaden the range of learning opportunities available to young people to tackle underachievement and overcome barriers to full labour market participation.
- Joint programmes to integrate recently arrived immigrants and other disadvantaged groups into the mainstream of the workforce.
- Collaboration to identify trends in future skills needs in the cross border area.
- Provision of opportunities for cross border graduate placements in SMEs.

4.5.4 Targets/Indicators

The output and result indicators outlined should reflect solely the contribution of the ERDF.

Outputs

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

Results

	Baseline	Final Target
Number of beneficiaries receiving certified qualifications	0	350

Priority 2 - Climate Change and Sustainable Regeneration

4.6 Priority Objectives

- To address the common challenges posed by climate change by managing our physical and natural resources in an environmentally sustainable manner.
- To provide opportunities for the people of the cross border region to renew and sustainably regenerate their communities.

This will be developed through two themes.

Theme 1 . Climate Change and Sustainable Development

Theme 2 . Sustainable Regeneration of Communities

The choice of themes reflects their suitability for cross border cooperation and also their central importance to the future development of the cross border region. The Gothenburg agenda clearly sets out the sustainable development path for the EU which is reflected in the national policies of the constituent parts of the programme area.

4.7 Rationale for Structural Funds Intervention

Sustainable development was defined at the Gothenburg European Council as meeting the needs of the present generation without compromising those of future generations, and dealing with economic, social and environmental policies in a mutually reinforcing way. Priorities include combating climate change, ensuring sustainable transport, addressing threats to public health, managing natural resources more responsibly and integrating environmental policy into other Community policies.³⁸

³⁸ Competitiveness, sustainable development and cohesion in Europe . From Lisbon to Gothenburg

From the regional profile and the common challenges that have emerged from this it is clear that the region faces common challenges in relation to sustainable development and environmental awareness, climate change and the development of sustainable communities. This is reinforced by the strategic policies of the European Union, particularly the Gothenburg Strategy and the Community Strategic Guidelines which specifically refer to improving the attractiveness of regions by preserving their environmental potential. These themes have been further reinforced in the respective National Strategic Reference Frameworks as well as detailed national policies in the area of climate change and sustainable development.

There is much to be gained by working together on a cross border basis in the area of climate change and sustainable development. These are international issues which affect both parts of the region equally. Most obviously the region shares a common resource in the Irish Sea. One measure from the 2000-2006 programme had the marine environment as its main focus and shows that there is clear added value in cross border cooperation as already explained. Further to this there is the enormous challenge of facing up to climate change and respective responsibilities under the Kyoto Protocol. The potential effects of climate change are likely to be similar and the region can only benefit from trying to develop new approaches on a joint collaborative basis for dealing with this.

A key support to the Community Strategic Guidelines is the social cohesion and strength of communities in the cross border region much of which is covered in the Territorial Dimension of Cohesion Policy. The 2000-2006 programme has shown that the involvement of the community and voluntary sector in the realm of community development can bring real added value to communities in urban and rural areas. Community projects that have taken place simply would not have happened without support from the 2000-2006 Ireland Wales programme. Support for organisations in the area of social economy enterprises, tourism and cultural development and the cleaning and maintenance of coastal areas bear testament to the drive and energy of local communities in the cross border area. The review of the 2000-06 programme available on www.seregassembly.ie provides further information with regard to the involvement of the voluntary and community sector. This theme is a real opportunity to drive that energy forward and increase and improve on the level of cross border cooperation. To facilitate cooperation a successor to the Wales Ireland Networking scheme will be put in place at an early date.

4.8 Target Groups/ Beneficiaries

The programme seeks to act in an inclusive manner, respecting equality of opportunity, and encourage the widest possible participation among the population of the area. To that end it will consider applications from all suitably

qualified organisations who are capable of developing and delivering projects that can advance its strategic objectives at both programme and priority level.

The Programme will seek applications from the public, private, voluntary and community sectors. Examples of the types of organisations under these broad headings that could apply for funding are higher and further education institutions, local authorities, industry associations and enterprise agencies, state sponsored bodies, voluntary organisations and community development groups and associations.

4.9 Theme 1 –Climate Change and Sustainable Development

4.9.1 Rationale for Structural Fund Intervention

Climate Change is one of the most important issues facing the world, and both parts of the cross border region will need to reduce the amount of greenhouse gases emitted to help limit the extent of climate change; whilst adapting to its effects. The UK Government has a target to reduce CO₂ emissions by 20% by 2010 and 60% by 2050. The Irish Government has set a target to reduce CO₂ emissions to 13% above 1990 levels in the period 2008-2012. Currently the climate is changing much more quickly than it has before, and the change in temperature mirrors the increase in atmospheric carbon due to human activity.

This is an issue that is likely to have an equal impact on both parts of the cross border region. Potential impacts as a direct result of climate change could be, for example, higher sea levels and changes in weather patterns which could lead to a greater risk of flooding, loss of biodiversity, greater health risks to people, and changes in food supply and tourism. This may lead to greater risks to business and increased costs such as insurance premia. Wales and Ireland may also experience indirect impacts from the effect of climate change on other parts of the world, for example migration of people from vulnerable areas, and the movement of species from southerly areas.

Carbon dioxide (CO₂) has by far the biggest share of emissions. Natural systems cannot assimilate the amount of CO₂ being emitted and therefore concentrations of the gas rise. For this reason, the main focus of action has been and will continue to be on the reduction of carbon dioxide emissions.

Environmental sustainability is only part of the solution to slowing climate change. To halt and ultimately reverse the loss of environmental resources each Member State should include principles of sustainable development in all policy areas.

There are a number of areas that can be addressed using the cross border programme where Ireland and Wales can work together to apply the ~~think~~ globally act locally principle. The cross border region is host to a large number of

organisations, such as higher education institutions, government departments and agencies that have a history of working together for the benefit of the region. The programme will seek to build on this experience to leverage their experience of scientific and environmental excellence for the benefit of all in the cross border region.

The key challenge will be to develop targeted interventions that support communities, public authorities, and the business sector to realise the enormous benefits that can derive from more sustainable development and a change in attitude towards the environment.

Operations selected for grant assistance under this theme will not include support for any of the activities as listed within Annex II of the SEA Directive (2001/42/EC) or projects as defined by Article 1 of the EIA Directive or those listed in Annex I and II of the EIA Directive (85/337/EEC).

4.9.2 Main Objectives

- To develop joint initiatives to raise awareness of climate change and influence people's behaviour in relation to the environment and energy use.
- Community level engagement in developing small scale and pilot projects to reduce energy consumptions and carbon emissions and achieve a practical impact at a local level.
- To harness the joint talents and capacity of the region's further and higher education and R&D base to combat the threat of climate change through the development of innovative technologies.
- Further research into renewable energy sources and pilot projects to demonstrate their practical application and transferability to business and wider communities.
- To seek a common way forward on the protection of the coastal and marine environment for future enjoyment whilst balancing environmental protection and economic benefit.
- To collaborate further and build on successful work already carried out under the Ireland Wales INTERREG IIIA Programme to bring added value to the protection of biodiversity and ecosystems in the cross border area.

4.9.3 Indicative Operations

- Cross border publicity campaigns and action plans to promote behavioural changes in efficient energy usage.

- Promoting and developing renewable and alternative energy sources, especially within Irish and Welsh communities, encouraging for example on-shore and off-shore wind, wave and tidal power, solar energy, micro-energy and combined heat and power (CHP) solutions.
- Promotion and development of biofuels and other sustainable or low carbon projects related to sustainable forms of land use in the cross border region.
- Developing capabilities across Ireland and Wales to identify and quantify local climate change impacts/scenarios (positive and negative) and develop evidence-based adaptive strategies and pilot projects to turn what otherwise might be negative impacts into new opportunities.
- Marine and coastal land environment improvement, including practical management methods (eg. Marine Spatial Planning) working with local stakeholders and involving communities.
- Capitalising upon sustainable tourism opportunities including research and development of off-shore marine and other nature reserves, linked to the development of sustainable tourism in line with national eco standards. Research and management of nuisance threats to tourism resulting from climate change.
- Sustainable management/protection of habitats and species in coastal waters and inland, wetlands, etc and related research work into integrated water and flood risk management in river catchment areas.
- Promote the evaluation, assessment and development of low-carbon energy products as a new productive niche market sector³⁹.

4.9.4 Indicators

The output and result indicators outlined should reflect solely the contribution of the ERDF.

Output

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

³⁹ The UK Stern Report (2006) suggests that the global market for low-carbon energy products are likely to be worth at least \$500 billion per annum by 2050.

Results

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

4.10 Theme 2 – Sustainable Regeneration of Communities

4.10.1 Rationale for Structural Fund Intervention

The Territorial Dimension of Cohesion Policy as outlined in the Community Strategic Guidelines provides an important support in developing a set of interventions that will address the identified needs of the programme area. The guidelines also refer to the need to maintain a healthy labour force. Based on this there is an incentive to encourage strong community development. Only by building and maintaining strong communities can you have strong regions which can be attractive for economic, social and environmental development.

The development and nurturing of social capital⁴⁰ is critical to maintaining social cohesion. This can best be achieved through the nurturing and growth of strong communities in the cross border region which is critical to supporting growth and job creation. The truest form of cross border cooperation comes as a result of human interaction. This theme will seek to foster the development of communities on both sides of the region. Despite the relative economic success of both parts of the region many problems still exist. Particularly, rural migration, a fall in voluntary activity, pockets of economic deprivation and drug addiction has combined to damage the fabric of many communities.

The 2000-2006 programme has facilitated community development on a number of different levels and this programme seeks to build on the progress made to bring cross border cooperation to another level. By bringing communities from the two countries together there is a major opportunity to learn from one another

⁴⁰ social capital refers to connections among individuals . social networks and the norms of reciprocity and trustworthiness that arise from them

and to develop alternative approaches and perspectives which can provide added value and improve the attractiveness of other communities in the region and within the wider parts of the two countries.

4.10.2 Main Objectives

- To facilitate and promote joint activities to ensure living communities in both urban and rural areas of the region.
- Developing and promoting joint opportunities for sustainable regeneration,, giving recognition to the natural environment, built assets and the culture and heritage of the cross border region.

4.10.3 Indicative Operations

- Joint research and impact assessments into social and community changes, including demographic change, major regeneration project impacts on communities; to facilitate practical application providing benefits to the region.
- Active engagement of local communities in developing joint approaches to promote and facilitate social inclusion, including the incorporation of migrants, linguistic minorities, those not in employment, education or training.
- Support for cross border initiatives and exchanges to calculate/assign and economic value to non-market environmental and social resources (for example intrinsic value⁴¹ of a landscape, a wetland, a volunteer based community service) as an input into sustainable development and the regeneration of local communities.
- Support for the development and promotion of joint environmental protection / enhancement activities.
- Develop capacity within communities to engage and share best practice and ideas in innovative community, environmental and economic regeneration.
- Promotion and development of cultural heritage and linguistic (Welsh / Gaelic) initiatives with emphasis on supporting economic development of the cross border area.
- Sharing economic regeneration best practice within the wider community including social enterprises which provides direct benefits of cross border relevance.
- Development of exchange and knowledge transfer in promoting health and well-being.

⁴¹ If such a resource did not naturally exist what would it cost to put this in place

4.10.4 Indicators

The output and result indicators outlined should reflect solely the contribution of the ERDF.

Outputs

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

Results

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

Priority 3 – Technical Assistance

4.11 Introduction

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

4.12 Objectives

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

4.13 Technical Assistance Theme

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.

4.14 Target Groups/Beneficiaries

The following is an indicative list of the likely beneficiaries from this Priority:

Southern and Eastern Regional Assembly
Welsh Assembly Government
Local Authorities in the programme area
ERDF Financial Control Unit
Department of Finance

4.15 Indicative Operations

The following indicative operations will be eligible under this Theme;

- expenditure related to the preparation, selection, appraisal and monitoring of assistance and of operations;
- expenditure on meetings of the Monitoring Committee and of Steering Committee(s) relating to the implementation of assistance;
- expenditure relating to audits and on-the-spot checks of operations;
- expenditure on information actions relating to the Operational Programme;
- funding for Development Officers in Wales and Ireland to inter-alia, foster project applications, build capacity and facilitate and co-ordinate cross-border partnerships and projects;
- support for the preparation of project bids, advice on eligibility and construction of applications;
- funding to aid the functioning of the Joint Technical Secretariat office in Ireland and the Contact Point in Wales;

4.16 Indicators

The outputs outlined should reflect solely the contribution of the ERDF.

Outputs

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

CHAPTER 5

ERDF Support & Financial Plans

Following agreement by the European Council of the overall financial perspectives for the 2007-2013 period, the European Commission adopted on, 4 August 2006, the fixed annual breakdowns of the financial commitments for each Member State from 2007 to 2013. Following internal deliberations in both the U.K. and Ireland, the two Member States have determined that out of their respective allocations under Territorial Co-operation, a total of " 52,695,295 of ERDF shall be allocated towards the Ireland-Wales Programme.

Article 53 of Council Regulation (EC) No. 1083/2006 requires that the maximum ERDF co-financing rate applicable for this Operational Programme is 75% so the national financial allocation must provide at least 25% match funding. The Programming Authorities have determined that the aid rate adopted for this Operational Programme shall be 75% of total public expenditure. As provided for under the Regulations, the Financial Plan for this programme has been constructed on the basis of total eligible public expenditure. On this basis the total co-financed public expenditure under the Programme amounts to in excess of " 70 million, while the total indicative additional private expenditure projected is " 2 million.

As required by Article 37.1(e) of the General Regulation (1083/2006) a Financing Plan has been prepared consisting of two tables. The first table gives a breakdown for each year the total ERDF allocation at programme level, together with the accompanying national counterparts. The second table specifies for the whole programming period, for the Operational Programme and for each Priority, the amount of the Community contribution and the national counterparts and the rate of contribution from the Funds.

The financial Plan consisting of these two tables is provided in Annex 1.

In addition, as required by Article 37.1(d) an indicative breakdown by category of the programmed use of the contribution from the Funds to the Operational Programme is provided in Annex 2.

In accordance with Article 9 of Council Regulation (EC) No 1083/2006 which requires grant assistance to be ~~is~~ consistent with the activities, policies and priorities of the Community and complementary to other financial instruments of the Community, the allocation of resources is as follows:

Priority 1 - 57% of total resources

Priority 2 - 37% of total resources

Priority 3 - 6% of total resources

The allocation of 57% of available resources to Priority 1 and 37% to Priority 2 should allow for sufficient concentration of funds in each area to make a real difference in support of the Community Strategic Guidelines on Cohesion, and the Lisbon and Gothenburg strategies. The decision to concentrate on two themes in each priority should also assist in this regard and was partly based on the experience of the 2000-06 programme which contained six measures between the two priorities.

CHAPTER 6

Complementarity with other Programmes/Funds

In accordance with Article 12.7 of the ERDF Regulation, this Chapter contains information on complementarity with other EU financed programmes, in particular with activities financed by the European Agricultural Fund for Rural Development (EAFRD) and those financed by the European Fisheries Fund (EFF).

In order to ensure that EU funding is used and channelled in an optimum way to promote sustainable development there should be coordination to enhance complementarities and synergies between various strands of Community and other co-funding mechanisms, such as cohesion policy, rural development, LIFE+, Research and Technological Development (RTD), the Competitiveness and Innovation Programme (CIP) and the European Fisheries Fund (EFF).

The Managing Authority will ensure that structures are put in place with the Managing Authorities of other programmes operating in the cross border region to ensure that assistance from the funds is consistent with the activities, policies and priorities of the Community and complementary with other financial instruments of the Community and that no duplication of effort takes place.

6.1 European Agriculture Fund for Rural Development (EAFRD) and the Rural Development National Strategy Plans (NSP) 2007-2013

The Policy surrounding the New European Agriculture Rural Development Fund embraces both farming-specific measures and measures to support the development of the wider rural economy. For the period 2007-2013 the EAFRD will not be part of the structural funds

In both Ireland and Wales, rural development policy 2007-2013 will focus on the three major areas as laid down in the new rural development regulation:

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

A fourth area (LEADER) mainstreams the local development strategies developed through a bottom up approach which were previously financed under the LEADER initiative.

This Programme 2007-2013 will not be targeting activities which are eligible for funding under the EAFRD programmes. However under the Climate Change & Sustainable Regeneration Priority, the programme is assisting the objective to try and ensure that people and communities can develop and grow stronger in harmony with the environment. Activities funded under this Priority will complement the efforts of the EAFRD.

6.2 European Fisheries Fund

Like EAFRD the European Fisheries Fund (EFF) which will operate for the 2007 . 2013 period will not be part of the %structural funds+.

Four priority axes are proposed:

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

This Operational Programme will complement the efforts of the EFF particularly through investment in maritime and environmental R&D and innovation and in the promotion of sustainable regeneration of communities.

6.3 European Regional Development Fund (ERDF) Operational Programmes

IRELAND

The eligible area is part of a wider NUTS II region which is eligible for support under the Competitiveness strand of the structural funds. The region will have its own dedicated Competitiveness programme which will have three distinct priorities.

1. Innovation and the Knowledge Economy
2. Environment and Accessibility
3. Sustainable Urban Development Priority (Gateways and Hubs Fund)

The Managing Authority will be the same for both the Competitiveness programme and also for this Territorial Cooperation Programme.

This Operational Programme will complement activity under the regional ERDF programme through addressing issues of cross border concern in relation to innovation and the knowledge economy and sustainable development.

WALES

West Wales and the Valleys has a GDP per capita below 75% of the EU25 average and will therefore qualify for full funding under the Convergence Objective for the 2007-2013 Financial Perspective.

There will be five main priorities for ERDF spending within the Convergence Programme;

1. Building the knowledge based economy
2. Improving business competitiveness
3. Developing strategic infrastructure
4. Creating an attractive business environment
5. Building sustainable communities

The Managing Authority for this programme will be the Welsh European Funding Office and they will also provide the Welsh contact office facilities for the Territorial Cooperation Programme.

This Operational Programme will complement activity under the national ERDF programmes through addressing issues of cross border concern in relation to innovation and the knowledge economy and through the development of sustainable communities.

As both partners are centrally involved in national ERDF funded programmes they will be in a position to ensure that all projects selected for this Territorial Cooperation programme will be complementary and will not duplicate activity under nationally funded ERDF programmes.

European Territorial Cooperation – Transnational and Interregional Strands

All of Ireland and Wales are part of the eligible areas for both the North West Europe and Atlantic Area Transnational Programmes.

The North West Europe Programme is based on four operational priorities:

1. Developing the NWE knowledge-based economy by capitalising on our capacity for innovation
2. Sustainable management of natural resources and of natural and technological risks
3. Improving connectivity in NWE by promoting intelligent and sustainable transport and ICT solutions
4. Promoting strong and prosperous communities at transnational level

The Atlantic Area Programme is based on four operational priorities:

1. Promote Transnational, Entrepreneurial and Innovation Networks

2. Protect, Secure and Enhance the Marine and Coastal Environment Sustainability
3. Improve Accessibility and Internal Links
4. Promote Transnational Synergies in Sustainable Urban and Regional Development

These Programmes cover a much wider geographical area, however the priorities therein complement what is being undertaken in this programme. They incorporate some themes of a similar nature and there could be opportunities to provide for the exchange of experience and best practice between the Programmes, for example a successful project in the cross border Programme could inform wider co-operation at a later stage through the trans-national Programmes. Conversely, ideas which are being developed and put into practice at the trans-national level might accommodate threads which would be of interest to cross border development. Both National Authorities have involvement in each of these Programmes and will be able to address any areas of complementarity as appropriate during the implementation of the cross border Programme.

All of Ireland and Wales are also eligible for support under the Interregional Programme.

It has two priorities which are

1. Innovation and the Knowledge Economy
2. Environment and Risk Prevention

This Programme covers the entire EU 27 plus Norway and Switzerland, however the priorities therein complement what is being undertaken in this programme. They incorporate some themes of a similar nature and as at the transnational level there could also be opportunities to provide for the exchange of experience and best practice between the Programmes. Both National Authorities have involvement in the Inter-regional strand and will be able to address any areas of complementarity as appropriate during the implementation of the cross border Programme.

6.4 European Social Fund (ESF) Operational Programmes

IRELAND

In Ireland the ESF Operational Programme is being developed at national level around two priorities:

1. Training and Education to Improve the Adaptability of the Workforce
2. Participation and Activation of the Labour Force.

This operational programme will complement the activities of the national ESF funded programme by trying to address common cross border issues in relation to specific skills issues for SMEs, higher level qualifications, looking at skills issues for specific sectors that are common to the cross border area and at workforce skill development.

WALES

There will be four main priorities for ESF spending under the Convergence Programme:

1. Equipping young people with the skills needed for employment
2. Increasing employment and tackling economic inactivity
3. Raising skills levels and improving the adaptability of the workforce
4. Making the Connections . modernising public services

This operational programme will complement the activities of these national ESF funded programmes by trying to address common cross border issues in relation to specific skills issues for SMEs, higher level qualifications, looking at skills issues for specific sectors that are common to the cross border area and at workforce skill development.

6.5 Seventh Research Framework Programme

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

A key focus of this Operational Programme will be on the Lisbon agenda. Promoting and encouraging innovation, the knowledge economy, entrepreneurship and research and development within the Region are all vital components in ensuring greater competitiveness for the future and are complementary to the overall goal of the 7th Framework.

In particular the objectives of the Knowledge, Innovation & Skills for Growth Priority of the OP are complementary to and mutually supportive of the activities which will be funded under the 7th Framework.

6.6 Demarcation between ERDF EAFRD and EFF Operational Programmes

In the design phase due consideration has been given to avoid duplication of effort between programmes. The programmes have been planned to have complementarity and synergies between them. During implementation, structures will be put in place by the Managing Authorities of each programme to

detail the demarcation lines and to ensure coordination and complementarity between the Programmes. In addition, because of the requirements for joint cross border projects and the employment of the Lead Partner Principle, activities funded under this programme should not duplicate, but rather complement the efforts under the other mono-fund programmes being implemented at Member State level.

CHAPTER 7

The Cross Cutting Themes

7.1 Introduction

In accordance with Articles 16 & 17 of the General Regulation⁴², the Operational Programme contains information on the steps taken to demonstrate that the objectives of the Funds are pursued in the framework of sustainable development and also to prevent any discrimination on the basis of gender, race or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementing the Funds and, in particular, access to them.

The cross cutting themes of equal opportunities and sustainable development have been integrated into all the Structural Fund programmes 2007. 2013 in both Ireland and Wales. It has built on the substantial progress made in integrating the cross-cutting themes into the delivery of the European Structural Funds programmes 2000. 2006. Although the Ireland-Wales 2000. 2006 Programme has a third cross-cutting theme, Information Communication Technology (ICT), it will not be a cross-cutting theme in the programme for 2007. 2013 due to the significant progress already made in mainstreaming ICT throughout all Structural Funds projects. The desire is for all of the themes to be treated in this way in the future, but that point is yet to be reached for equal opportunities and sustainable development.

Since the start of the Structural Funds programmes 2000. 2006 the cross cutting themes have been set within an evolving policy context. The Irish and Welsh Assembly Governments have developed policies across the range of their statutory responsibilities including sustainable development and equality of opportunity, and each of these link directly to the cross cutting themes of this Programme.

The relationship between the cross cutting themes and Priorities/Themes varies across the Programme. The best approach is for project sponsors to aim towards realistic approaches, to make the very best of the opportunities within their project to promote equality of opportunity and sustainable development.

The following sections set out summaries of their rationale, and objectives of the two cross-cutting themes. It also proposes specific objectives and potential activities to show how each Priority could achieve those aims.

⁴² Council Regulation (EC) No. 1083/2006

7.2 Equal Opportunities

Council Regulation 1083/2006 requires Member States to ensure that equality between men and women and the integration of gender perspective is promoted during the various stages of implementing the Funds. It also requires the Member States to take appropriate steps to prevent any discrimination on the basis of gender, race or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementing the Funds and, in particular, access to them. In particular, accessibility for disabled persons is one of the criteria to respect in defining operations co-financed by the Funds and to take into account during the various stages of implementation.⁴³

The Community Strategic Guidelines calls on Member States and regions to pursue the objective of equality between men and women at all stages of the preparation and implementation of programmes and projects. This may be done through specific actions to promote equality or to combat discrimination, as well as by taking careful account of how other projects and the management of the funds may affect women and men.

In addition to the need to promote gender equality it is important that the Programme addresses the needs of those facing multiple disadvantage. There is also the need to tackle the barriers to work life balance and develop integrated approaches to helping people with health problems, black and minority ethnic groups, older people, disabled people and lone parents.

Irish, UK and Welsh Assembly Government legislation also requires a broader interpretation of equality of opportunity than just gender. The aim is to promote equal access for all to the education, training and employment opportunities offered by the Programme regardless of gender, disability, ethnic origin, religion or belief, age, sexual orientation and with regard to the bilingual nature of many of the region's communities. Ensuring that opportunities are available to all citizens in the cross border region will contribute to growth within the economy, in line with the Lisbon agenda for jobs and growth and the *European Employment Strategy*. The Employment Guidelines within the *European Employment Strategy* also emphasise equal opportunities and combating discrimination as essential for progress⁴⁴.

Within the Welsh and some parts of the Irish cross border region there is a significant linguistic dimension to the promotion of equal opportunities. The linguistic medium and accessible formats in which opportunities are presented can have an effect on participation, especially by people whose first language is Welsh, Irish or another language or who are disabled. Similarly, people at the margins of society will remain excluded if they are unable to access services and opportunities because they feel unable to communicate effectively. Economic

⁴³ Council Regulation (EC) No. 1083/2006, Art.16

⁴⁴ The European Employment Guidelines,

and educational developments have to be designed to take account of the importance of language as a defining aspect of some communities and it should be noted that Welsh remains the language of the majority in some rural communities within Wales. Provision should be made accordingly to avoid the danger that the developments themselves could add to the process of linguistic and cultural decline and adversely affect the character of the communities concerned.

7.2.1 Equal Opportunities Objective

The key Programme objective with regard to equal opportunities is to promote equal access for all to the education, training, employment and other opportunities offered by the Programme regardless of gender, disability, or ethnic origin and with regard to the bilingual nature of many of the communities in the cross border area.

7.2.2 Implementation at Project Level

To address equal opportunities on a practical level during implementation projects will have due regard to the following:

- Ensure equality of opportunity for women to reduce gender vertical and horizontal occupational factors and to narrow the pay gap between men and women
- Take into account the particular needs of women and men who are disadvantaged, disabled or from black or minority ethnic backgrounds
- Ensure equality of opportunity for Welsh and Irish speakers and take into account the impact of activities on bilingual communities
- Take into account the impact of the culture of the particular communities at which the activities are aimed
- Promote all activities in accessible formats, using the Welsh language where appropriate
- Address child and other care responsibilities and the issues of reconciliation of home and work

Activity level guidance will be prepared together with best practice examples that will provide specific information on how project promoters can address sustainable development within their project plans. Specialist advice will be made available from all relevant sources to partnerships involved with developing and implementing projects.

7.2.3 Project Selection and Programme Indicators

To ensure that sufficient importance is attached to delivering the cross cutting themes at Programme and project level, specific indicators will be set across the Programme during the preparation of implementation plans for each priority. In addition, the project selection criteria will ensure that projects will be examined

on the basis of their compliance and promotion of the equal opportunities. Equal Opportunities experts will be represented on the Programme Steering Committee(s) to ensure that projects which are selected comply with the equal opportunities objective of the programme.

7.3 Sustainable Development

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

The EU Sustainable Development Strategy, adopted by the European Council in Gothenburg in June 2001, and renewed in June 2006, aims to reconcile economic development, social cohesion and protection of the environment. Monitoring progress towards this overarching goal is an essential part of the Strategy⁴⁵. Environmental issues are a key dimension of Cohesion Policy in the 2007 - 2013 period, while promoting sustainable growth is a cornerstone of the Lisbon and Gothenburg Agenda.

The concept of environmental integration is now more fully accepted as a feature of legislation, government policy and national development programmes; there is greater appreciation of the importance of shared responsibility for the environment on the part of all sectors of society and public access to information in relation to the environment has been extended. In line with this the Council Regulation 1083/2006 states that actions taken under the Funds shall incorporate, at national and regional level, the Community's priorities in favour of sustainable development by strengthening growth, competitiveness and employment, social inclusion, as well as protecting and improving the quality of the environment.⁴⁶ The objectives of the Funds are to be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty.⁴⁷ Sustainable development . to meet the needs of the present generation without compromising those of future generations . is a fundamental objective under the Treaties. That requires dealing with economic, social and environmental policies in a mutually reinforcing way. Failure to reverse trends that threaten future quality of life will steeply increase the costs to society or make those trends irreversible.

While the environment of the cross border region is generally of a high standard, pressure on the environment is increasing. These pressures result from rapid economic growth, particularly in the transport and energy sectors, rising population and urbanisation, changing agricultural practices and land use and increased waste generation. Climate change has also significantly added to the

⁴⁵ Ireland's Environment 2004, EPA Third State of the Environment Report

⁴⁶ Council Regulation (EC) No. 1083/2006, Art. 3

⁴⁷ Council Regulation (EC) No. 1083/2006, Art.16

pressures on the environment. Awareness and vigilance are needed if this asset is to be protected, and where necessary enhanced, for the benefit and enjoyment of present and future generations. Significant challenges are posed if Ireland and Wales are to improve eco-efficiency and maintain a more sustainable approach to development.

The commitment to the sustainable development principle both in the design of operations and in the measuring of their impact on the environment is a central underpinning of this Operational Programme. In this regard the Programme was subjected to the requirements of Strategic Environmental Assessment (SEA) Directive⁴⁸, as transposed into law in the Member States, and while the outcome of the Screening Report was that a full Environmental Report was not required, the Managing Authority has committed itself to ensuring that monitoring of the environmental impacts of the Programme during implementation will be undertaken. The programme will not fund any activity that will damage sites which have statutory protection.

7.3.1 Sustainable Development Objective

The overall objective is to enhance the environmental assets within the region whilst promoting the sustainable use of the environment for social and economic benefit.

7.3.2 Implementation at Project Level

To address sustainable development on a practical level during implementation projects will have due regard to the following:

- all activities recognise and utilise appropriately the environmental strengths of the cross border area, without reducing the environmental quality of the area,
- that the Programme actively promotes the environmental opportunities that have been identified in ways which contribute to economic and social benefit,
- that action is undertaken to respond to the environmental weaknesses that have been identified,
- that actions undertaken in projects do not harm or damage NATURA 2000 sites,
- and that action to understand and respond appropriately to the areas environmental threats is undertaken.

Activity level guidance will be prepared together with best practice examples that will provide specific information on how project promoters can address sustainable development within their project plans. Specialist advice will be made available from all relevant sources to partnerships involved with developing and implementing projects.

⁴⁸ Directive 2001/42/EC on the Assessment of the Effects of certain Plans and Programmes

The key sustainable development organisations in the cross border region will be represented on the Steering Committee to ensure that projects which are selected comply with the sustainable development objective of the programme.

7.3.3 Project Selection & Programme Indicators

To ensure that sufficient importance is attached to delivering the cross cutting themes at Programme and project level, specific indicators will be set across the Programme during the preparation of implementation plans for each priority. In addition, the project selection criteria will ensure that projects will be examined on the basis of their compliance and promotion of the cross cutting themes.

Sustainable development targets set at the level of the activities to be supported by the programme also provide an important driver for encouraging projects to address the programme's sustainable development objectives, and will be included as a requirement in project approvals.

CHAPTER 8

Implementation

8.1 Introduction

The aim of this chapter is to describe the implementing procedures for the Ireland Wales Operational Programme which are in accordance with the provisions of Article 37.1(g) of Council Regulation (EC) No. 1083/2006 (hereafter referred to as the General Regulation).

8.2 Managing and Monitoring Arrangements

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

The responsibilities of the Managing Authority in relation to Wales will be laid down in a Memorandum of Understanding between the Managing Authority, Department of Finance and the Welsh Assembly Government.

A Joint management structure will be established to manage, co-ordinate and monitor the implementation of the Programme. The structure will comprise:

- A Managing Authority.
- A Certifying Authority.
- A Joint Technical Secretariat.
- A Monitoring Committee.
- Steering Committees.

In addition to these joint structures, and drawing on previous experience, a contact point will be set up in Wales. This contact point (part of the Joint Secretariat) will work closely with the Joint Technical Secretariat and the Development Officers in promoting the Programme and assisting project partners in the implementation of high quality projects.

Managing Authority

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

- a) ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply, for their whole implementation period, with applicable Community and national rules;
- b) shall satisfy itself that the expenditure of each beneficiary participating in an operation has been validated by the controller referred to in Art 16 (1) of the ERDF regulation;
- c) ensuring that there is a system for recording and storing in computerised form accounting records of each operation under the operational programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation is collected;
- d) ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;
- e) ensuring that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47 of the General Regulation;
- f) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90 of the General Regulation;
- g) ensuring that the Certifying Authority shall receive all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- h) guiding the work of the Monitoring Committee and providing it with the documents required to permit the quality of the implementation of the Operational Programme to be monitored in the light of its specific objectives;
- i) drawing up and, after approval by the Monitoring Committee, submitting to the Commission the annual and final reports on implementation;
- j) ensuring compliance with the information and publicity requirements laid down in Article 69 of the General Regulation;
- k) providing the Commission with information to allow it to appraise major projects; and
- l) co-chairing and providing the secretariat for the Monitoring Committee.

The Managing Authority is located in the Southern & Eastern Regional Assembly in Waterford, Ireland. Full contact details can be found on www.seregassembly.ie.

Joint Technical Secretariat

A dedicated Joint Technical Secretariat will be established under the control of the Managing Authority to deliver the Programme. This secretariat will be based in Waterford. The Welsh contact point based with the Welsh Assembly Government will form part of the Secretariat.

The detail of its tasks and responsibilities for the day to day administration of the Programme will be agreed at the first Programme Monitoring Committee meeting, where a Secretariat work programme will be presented. However, key Secretariat responsibilities will include:

- Assisting the Managing Authority in ensuring the efficient and correct management and implementation of the Programme;
- Preparation and provision of the information needed by the Managing and Certifying Authorities in meeting their responsibilities;
- Servicing the Monitoring Committee and Steering Committees, including preparation of papers for and drafting of minutes of meetings;
- Implementation and follow-up of all decisions made by the Monitoring Committee and Steering Committees;
- Creation of application forms and applicants guidelines;
- Assistance to applicants and liaison with the Development Officers in the project development and implementation process;
- Administrative assessment of applications for compliance with EU and National requirements and with the agreed project selection criteria for the Programme;
- Notification of outcome of grant applications, including issuing offers of grant to successful applicants;
- Assisting the Managing Authority with the processing of payments to beneficiaries;
- Monitoring progress of projects on receipt of regular reports from project promoters;
- Compliance with obligations on information and publicity, including implementation of an Information and Communication strategy;
- Management of the Technical Assistance budget;

The use of Technical Assistance for resourcing the Secretariat is described in the Technical Assistance Priority. Further tasks and responsibilities may be stipulated by the Monitoring Committee.

The Joint Technical Secretariat is located in the Southern & Eastern Regional Assembly in Waterford, Ireland. Full contact details can be found on www.seregassembly.ie.

The Welsh Contact point is located in the Welsh European Funding Office in Merthyr Tydfil, Wales. Full contact details can be found on www.seregassembly.ie.

Development Officers

Based on the positive experience of previous programming periods, Development Officers will be established in Ireland and Wales in order to facilitate programme implementation in each jurisdiction. The work of the Development Officers will be co-ordinated by the Joint Technical Secretariat and the Welsh Assembly Government and will assist in the process of project development. Additionally, the Development Officers will play a role in advising applicants on the preparation and implementation of projects. It is the responsibility of each jurisdiction to determine how this will be organised. The Development Officers will also be involved in the promotion of the Programme.

Monitoring Committee Membership

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

- the Managing Authority
- the Department of Finance
- the Welsh Assembly Government
- Regional and Local Government
- The environmental sector
- Social Partners (which can include representatives of the private and voluntary sector, membership which can be agreed subject to the institutional arrangements in the respective Member States)
- The Commission's representation will serve on the Monitoring Committee in an advisory capacity, as will appropriate statutory bodies to represent each of the cross-cutting themes: equal opportunities and sustainable development.

In general, membership will be confined to representatives for each of the above interests. Where feasible and appropriate, membership of the Monitoring Committee may additionally contain representatives of implementing agencies and sectoral interests. Gender balance will be promoted on the Monitoring Committee. The Monitoring Committee will be jointly chaired by the Managing Authority and the Welsh Assembly Government.

Monitoring Committee Responsibilities

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

- a) it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme

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

Rules and procedures of Monitoring Committee

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

Steering Committee (SC)

One or more Steering Committees will be established by the Monitoring Committee. Membership of the Steering Committee will be drawn from representatives of the Managing Authority, Welsh Assembly Government, the Department of Finance, other relevant government departments, state agencies and sectoral interests with a policy remit covering the OP's Priorities and Themes and Regional and Local Authorities. A representative of the Commission may participate in the work of the Committee in an advisory capacity. Gender balance will be promoted on the Steering Committee. Equality and Sustainable Development representatives will also be members of the committee(s).

The principal task of the Steering Committee is to undertake the joint selection of projects in compliance with the selection procedure and criteria approved by the Monitoring Committee in accordance with Article 65.

Annual and Final Implementation Report

In accordance with Article 67 of the General Regulation, the Managing Authority will submit an annual implementation report to the Commission from 2008 onwards by June 30th at the latest, and by 31 March 2017 a final report on implementation. These annual and final reports will be examined and approved by the Monitoring Committee before they are sent to the Commission.

Annual Implementation Review

In accordance with Article 68 of the General Regulation, every year, when the annual report on implementation referred to in Article 67 is submitted, the Commission and the Managing Authority shall examine the progress made in implementing the operational programme, the principal results achieved over the previous year, the financial implementation and other factors with a view to improving implementation.

Any aspects of the operation of the management and control system raised in the last annual control report, referred to in Article 62(1)(d)(i), may also be examined. After this examination the Commission may make comments to the Member State and the Managing Authority, which will inform the Monitoring Committee thereof. The Member State will inform the Commission of the action taken in response to those comments.

8.3 Financial Management and Control Arrangements

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

Financial management and control will involve a series of interlocking certification and verification operations across different tiers of management. In accordance with Article 71 (1) of the General Regulation, within twelve months of the approval of the Operational Programme, the Irish authorities will submit to the Commission a description of these systems, covering in particular the managing and certifying authorities and intermediate bodies, the audit authority and any other bodies carrying out audits under its responsibility.

This description will be accompanied by a report setting out the results of an assessment of the setting up of the systems and giving an opinion on their compliance with Articles 58 to 62 of the General Regulation. The Audit Authority will be responsible for preparing this assessment report.

The specific roles and responsibilities of these different tiers are outlined in the paragraphs below.

A flowchart detailing the financial management and control arrangements for drawdown of ERDF funds under this programme is shown at Annex VI.

Role of Certifying Authority

The Southern & Eastern Regional Assembly has been designated as the Certifying Authority to certify declarations of expenditure and applications for payment before they are set to the Commission. The functions of the Certifying Authority will be carried out by the Finance Unit within the Regional Assembly which is functionally independent from the Managing Authority. The head of the Certifying Authority will report directly to the Director of the Regional Assembly.

The Certifying Authority will be responsible for:

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

A Joint Bank Account will be established in the name of the Certifying Authority. The Joint Bank Account will comprise of two sub accounts, one for project funding (Priorities 1 and 2) and another for Technical Assistance (Priority 3). At the request of the authorizing services of the Managing Authority, the Certifying Authority will transmit ERDF payments directly to the lead partners as quickly as possible. To ensure compliance with Commission rules and sound financial

management, the Certifying Authority will be functionally independent of the authorising services of the Managing Authority.

The Certifying Authority is located in the Southern & Eastern Regional Assembly in Waterford, Ireland. Full contact details can be found on www.seregassembly.ie.

Role of Managing Authority

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

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

Audit Authority

The ERDF Financial Control Unit based in the Department of Finance in Ireland, functionally independent of the Managing Authority and Certifying Authority has been designated as the Audit Authority and will be responsible for verifying the effective functioning of the management and control system. The Control Unit will be responsible for both system audits and random audit checks of Fund-related expenditure. They will be the Irish member and chair of the Group of Auditors.

In accordance with Article 14(2) of the ERDF Regulation (EC) No 1080/2006, the Audit Authority will be assisted in Wales, by the Internal Audit Service at the Welsh Assembly Government who will be the United Kingdom member of the Group of Auditors.

The Audit Authority shall be responsible in particular for:

- a) ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;

- b) ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
- c) presenting to the Commission within nine months of the approval of the operational programme an audit strategy covering the bodies which will perform the audits referred to above, the method to be used, the sampling method for audits on operations and the indicative planning of audits to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period;
- d) by 31 December each year from 2008 to 2015:
 - i) submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 months period ending on 30 June of the year concerned in accordance with the audit strategy of the operational programme and reporting any shortcomings found in the systems for the management and control of the programme. The first report to be submitted by 31 December 2008 shall cover the period from 1 January 2007 to 30 June 2008. The information concerning the audits carried out after 1 July 2015 shall be included in the final control report supporting the closure declaration referred to below;
 - ii) issuing an opinion, on the basis of the controls and audits that have been carried out under the responsibility of the Audit Authority, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.
 - iii) submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned;
- e) submitting to the Commission at the latest by 31 March 2017 a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report.

The Audit Authority will ensure that the audit work takes account of internationally accepted audit standards.

In accordance with Article 71 of the General Regulation, within 12 months of the Programme's approval, the Managing Authority will submit a description of the systems, covering in particular the organisation and procedures of:

- (a) the managing and certifying authorities and intermediate bodies;
- (b) the audit authority and any other bodies carrying out audits under its responsibility

The ERDF Financial Control Unit is located in the Department of Finance in Ireland. Full contact details can be found on www.finance.gov.ie.

First Level Controllers

According to Article 16 of Regulation (EC) 1080/2006, each member state will set up a system for verification of the delivery of products and services to projects. The system will also verify the soundness of the expenditure and its compliance with Commission and national rules on the eligibility of expenditure and public procurement.

The Southern & Eastern Regional Assembly is designated as the First Level Control Authority in Ireland, while in Wales the Welsh Assembly Government is the designated First Level Control Authority. The Respective Control Authorities will be assisted by the Joint Technical Secretariat, who will be delegated tasks of control checks as part of the grant payments system. The JTS will be responsible for conducting administrative verifications in respect of all applications for reimbursement by beneficiaries, and will also undertake on-the spot verifications of individual operations within Ireland. Within Wales this latter task of on-the-spot verifications will be undertaken by the Welsh Assembly Government, based on guidance provided by the Managing Authority.

The method and extent of delegation will be detailed in the Memorandum of Understanding to be signed between the Managing Authority and the Member States.

The First Level Controllers will report both to the Member States that designates them and to the Managing Authority.

Eligibility of Expenditure

In accordance with Article 56 of the General Regulation, expenditure shall be eligible for Community support only where incurred for operations decided on by the Managing Authority or by the Steering Committee, in accordance with selection criteria fixed by the Monitoring Committee. In accordance with Article 34 of the General Regulation, any Ireland/Wales project may benefit from ERDF contributions of the Ireland/Wales Programme only. An operation may not be financed simultaneously by more than one Structural Fund Programme.

The ERDF contribution must be consistent with the financial plan laid down in the decision approving the Programme. In accordance with Article 53 of the General Regulation, ERDF funds will contribute up to 75% of the total eligible costs.

In the case of investments in infrastructure generating substantial net revenue and investments in firms, other ceilings of ERDF contributions apply as set out in Article 55 of the General Regulation. An ERDF grant rate will be defined by project and will be applied to the total eligible expenditure claimed.

New expenditure, added at the moment of the modification of an operational programme referred to in Article 33 of the General Regulation, shall be eligible from the date of the submission to the Commission of the request for modification of the Operational Programme.

The rules on the eligibility of expenditure shall be laid down at national level subject to Article 13 of the ERDF Regulation (1080/2006). The Community wide Eligibility Rules applicable to Territorial Co-operation Programmes are set out in Articles 48-53 of the Implementation Regulation (1828/2006). They cover the entirety of the expenditure declared under the Operational Programme.

The starting date for the eligibility of expenditure for the Operational Programme is 1st. January 2007. Expenditure incurred before then is not eligible for support under this Operational Programme, and operations must not have been completed before the starting date of eligibility.

Beneficiaries

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

Lead Partner Principle

The Programme will operate the Lead Partner Principle in accordance with Article 20 of the ERDF Regulation.

Payment of Grants

Once projects are submitted to, and approved by, the SC, the Secretariat will finalise the applications with the project partners in accordance with any additional requirements specified by the SC.

The Secretariat will offer grant offer letters on behalf of the Managing Authority. This will be counter-signed by the Lead Partner and the Secretariat will retain an original copy signed by all parties. ERDF contributions are committed at Programme level on the date the project partners counter-sign the offer letter.

The arrangements for payment of grant will be the responsibility of the Certifying Authority, which is independent of the Joint Technical Secretariat, will carry out this function. The Payments Section within the JTS will receive payment claims

for projects on which grant offers have been issued. All payment claims shall be supported by invoices or other accounting documents, properly certified. Full progress reports will be provided with payment claims at least every six months.

The Payments section will check the payment claims against the offer of grant letter and project papers and ensure consistency with the performance targets and eligibility conditions. The Payments section will also perform control checks, in accordance with Article 16 of the ERDF Regulation in order to verify the delivery of products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with Community and National rules. If acceptable, payment will be recommended to the Managing Authority. On the authorisation of the Managing Authority, the Certification Authority will make approved payments to the Lead Partner. The functions of checking and authorising payments will be separated between the JTS/Managing Authority and the independent Certifying Authority.

Payments will be made, in Euros, by the Certifying Authority from the Joint Bank Account to the Lead Partners bank account.

See Annex VII for a payments flow chart which explains this further.

Irregularity Reporting

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

Use of Euro

All amounts set out in the Operational Programme, certified statements of expenditure, payment applications and expenditure reports will be denominated in Euro. The euro will be used for all grant letters of offer, project approvals, and payment claims in respect of EU co-financed expenditure (Article 81 of the General Regulation). All financial transactions carried out under this programme including payments to all lead partners will be denominated in Euro.

Electronic Data Transfer

The Irish Authorities will provide relevant documentation and information for inputting into the computer system established by the Commission for the purpose of permitting the secure exchange of data between the Commission and each Member State.

The Commission and the authorities designated by the Member State and the bodies to which that task has been delegated shall record into the computer system for data exchange the documents for which they are responsible in the format required and update them.

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

A computerised system is being developed in the Department of Finance for this purpose. The system will be used to monitor all EU co-financed expenditure. Data will be inputted by the Managing Authority and mechanisms are being developed to support data transmission from these bodies.

The Irish Computer System is designed to support programming, financial and physical monitoring and the making and monitoring of payments. It is based on a client/server application giving the Managing Authority, Department of Finance and Welsh Assembly Government access to a central database. All required financial and physical progress information, appropriately codified, including annual reports, to enable the European Commission to fulfill its responsibilities under the Structural Funds Regulations, will be relayed electronically to the Commission by the Managing and Certifying Authorities, as appropriate. The frequency of electronic transmission will conform to the management requirements as agreed between the Commission and the Managing Authority and the Department of Finance.

Compliance with State Aid rules

The Managing Authority will ensure that operations financed by the Funds will be in conformity with the provisions of the Treaty, with instruments adopted under it and with Community policies and actions in the field of competition.

8.4 Evaluation

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

Evaluations will be carried out by experts functionally independent of the programme authorities. The results shall be published according to the applicable rules on access to documents. Evaluations will be financed from the budget for

technical assistance. The Managing Authority will organise the production and gathering of the necessary data and use the various types of information provided by the monitoring system.

Ex Ante Evaluation

An Ex Ante Evaluation of the Operational Programme has been carried out in accordance with Article 48 of the General Regulation.

Ongoing Evaluation

During the programming period, the Managing Authority shall carry out evaluations linked to the monitoring of the Operational Programme, in particular where the monitoring of programmes reveals a significant departure from the goals initially set or where proposals are made for the revision of the Operational Programme. The results shall be sent to the Monitoring Committee for the Operational Programme and to the Commission.

Ex Post Evaluation

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

8.5 Information and Publicity

The Managing Authority will be responsible for information and publicity on the Operational Programme. Information activities will be aimed at the general public and potential beneficiaries with the aim of highlighting the role of Community funding and ensuring transparency.

The EU logo will be displayed in all publicity material, application forms, letters of offer or grant approval, as well as on signs for projects as required under the Implementation Regulation on implementing the Operational Programme. The Managing Authority will be assisted by the Welsh Assembly Government in developing and implementing their information and publicity strategy for the Operational Programme.

A Communications Action Plan will be drawn up in consultation with the Monitoring Committee, in accordance with Article 2 of the Implementation

Regulation, for submission to the Commission within four months of the date of adoption of the Operational Programme. The Plan will set out, details for achieving this including:

The communication plan shall include at least the following:

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

The Managing Authority will inform the Monitoring Committee of progress in implementing the Communications Action Plan, the information and communication measures carried out and the means of communication used. The Annual Report on Implementation of the Operational Programme shall include examples of how the communication plan has been implemented, the arrangements for future communication and publicity actions and where applicable, the website address where this information can be located. The report should also outline any major amendments to the communication plan. An evaluation of the communications measures will be carried out in 2010.

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

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

The Managing Authority will ensure that the information and communication measures are implemented in accordance with the communication plan aiming at

the broadest possible media coverage using all suitable forms and methods of communication at the appropriate territorial level. The Managing Authority will designate a contact person to be responsible for information and communication and inform the Commission accordingly.

Beneficiaries will be responsible for informing the public about the financial assistance obtained from this programme by appropriate information means. Beneficiaries will also ensure that those taking part in an operation or project activity have been informed of the fact that it is part funded by the ERDF. Beneficiaries will provide clear notice to the effect that the operation or project being implemented has been selected under this Operational Programme and is co-financed by ERDF.

8.6 Promoting the Programme and encouraging quality projects

The Programme Partners will aim to target the wider public to make them aware of the opportunities provided by the Programme. Through public awareness campaigns the Programme will actively seek the participation of all parties and facilitate this by ensuring that the procedures for accessing resources are as streamlined and efficient as possible without compromising due financial diligence.

The Programme will be promoted by pro-actively generating new projects and actively encouraging project partners to develop truly joint projects. Information will be disseminated at all stages to facilitate the exchange of views and co-operation.

The Information and Communication Strategy will include:

- Information days
- A web site with partner search facilities
- Preparation and distribution of an information pack

Who can apply?

A wide range of actors from the public, private and wider economic and social sectors are seen as potential beneficiaries. These will include such bodies as:

- National, Regional and Local Authorities
- Public and State supported agencies
- Higher Education Institutions, Colleges and Research Institutions
- Private enterprises, Voluntary and Community sector organisations

All formal partners in approved operations must be either public bodies or public equivalent bodies⁴⁹.

⁴⁹ % Organisations, which from a legal perspective constitute private organisations, can participate in projects under the Programme as public equivalent bodies if:

How to apply for funding?

A standard application form will be included in the information and application pack. This will be widely circulated and available from the Secretariat and the web site. The pack will also contain all the necessary guidance to assist the project partners. Applicants will be encouraged to seek the assistance of the Development Officers and Secretariat as appropriate which will be essential to avoid the risk of rejection for lack of compliance with eligibility criteria. Prior to the project applications being put on the agenda of the SCs they will undergo a comprehensive technical assessment, which will reduce time delays and allow the SCs to operate at a more strategic level.

The starting date for the eligibility of expenditure under this Programme is 1st January 2007.

How will projects be selected?

In accordance with Article 65(a) of the General Regulation, the Monitoring Committee will approve the selection criteria within six months of the approval of the Programme. A joint assessment and selection procedure will be established, with the Steering Committee having the final say on the selection of individual projects.

The selection procedure will be based on a transparent decision making process and the following principles:

- A truly joint project operating on both sides of the cross border area
- The quality of the project
- Sound management of financial resources
- Consistency with meeting the eligibility criteria
- Complementarity with actions supported under other European programmes.

Project beneficiaries will have to cooperate in at least two of the following four ways as per Article 20 of the ERDF Regulation;

- Joint Development
- Joint Implementation

o they constitute a legal body.

o act as a non-profit organisation in the context of the project . this does not exclude companies acting on a for-profit basis in other contexts.

o they make all project results available to the general public free of charge. This includes securing public access to the project results.

o project activities are carried out in accordance with the principle of real costs.

o project activities are carried out in accordance with public tender rules i.e. Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for award of public works contracts, public supply contracts and public service contracts.+

- Joint Staffing
- Joint Financing

Operational details will be set out in the information pack with the application forms.

8.7 Major Projects

Under Article 12.9 of the ERDF regulation no major projects are envisaged under this Operational Programme.

8.8 Regions for Economic Change

If regions in the programme area are involved in the Regions for Economic Change initiative the Managing Authority commits itself to:

- a) make the necessary arrangement to support innovative operations with cross-border/transnational impact that are related to the results of the networks;
- b) foresee a point in the agenda of the Monitoring Committee at least once a year to discuss relevant suggestions for the programme, and to invite representatives of the networks (as observers) to report on the progress of the networks' activities;
- c) describe in the Annual Report actions included within the Regions for Economic Change initiative.

8.9 INTERACT II

Special attention shall be given to the services provided by the INTERACT II programme. This EU-wide programme focuses on the good governance of territorial cooperation and provides needs-based support to stakeholders involved in implementing programmes under the European Territorial Co-operation objective. The target groups for INTERACT are primarily the authorities to be established according to Council Regulations 1083/2006 and 1080/2006 as well as other bodies involved in programme implementation. In order to ensure maximum benefit from the INTERACT programme for the implementing bodies of this programme, the use of INTERACT services and documentation as well as the participation in INTERACT seminars will be encouraged. Related costs are eligible under Technical Assistance.

ANNEX I

(a) Members of Departments and Agencies in Ireland who attended meetings/provided input regarding the development of the new programme

Enterprise Ireland

POBAL

FAS - The Irish Training and Employment Authority

Dept of Community Rural and Gaeltacht Affairs

Dept of Finance

Failte Ireland - Irish Tourism Development Authority

Marine Institute

Department of Environment Heritage and Local Government

Department of Transport

(b) Membership of Welsh Territorial Cooperation Workstream Group

Welsh Assembly Government

HEFCW . Higher Education Funding Council for Wales

Environment Agency Wales

WCVA . Wales Council for Voluntary Action

FFORWM . Further Education Colleges and Institutions in Wales

WLGA - Welsh Local Government Association

INTERREG IIIA Development Officer Team

Economic Forum

Private Sector

ANNEX II

Organisations that provided formal written responses to the public consultation

- Higher Education Funding Council for Wales
- Environment Agency Wales
- Welsh Local Government Association
- Flintshire County Council
- Wales Council for Voluntary Action
- Education Training and Counselling Ltd
- Isle of Anglesey County Council
- Gwynedd Council
- University of Wales Bangor, School of Ocean Sciences
- Denbighshire County Council
- Fforwm Crefft Cymru Cyf
- Pembrokeshire County Council
- Keep Wales Tidy
- University of Wales Bangor, University Innovation
- North West Wales INTERREG IIIA Co-ordination Group
- Conwy County Council
- Wales Watersports International
- Ceredigion Economic Development Partnership
- Countryside Council for Wales
- Arts Council of Wales

ANNEX III

Financing plans for the Operational Programme

Table 1: Programme financing plan, giving the annual ERDF commitment to the Operational programme

Year by source for the programme, in euro:

	ERDF
2007	6,838,422
2008	7,016,025
2009	7,238,428
2010	7,508,733
2011	7,786,085
2012	8,028,915
2013	8,278,687
Grand Total 2007-2013	52,695,295

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

Payments are made as reimbursement of actual expenditure according to the following plan⁵⁰.

Priority axes by source of funding (in euros)

	Communiy Funding (a)	National Public funding (b)	National private funding (c)	Total funding (d)=(a)+(b)+(c)	Co-financing rate (e)=(a)/(d)	For information	
						EIB contributions	Other funding ⁵¹
Priority Axis 1 Knowledge, Innovation & Skills for Growth	29,720,147	9,906,716	-	39,626,863	75%		1,000,000
Priority Axis 2 Climate Change & Sustainable Regeneration	19,813,431	6,604,477	-	26,417,908	75%		1,000,000
Priority Axis 3 Technical Assistance	3,161,717	1,053,906	-	4,215,623	75%		-
TOTAL	52,695,295	17,565,099	-	70,260,394	75%		2,000,000

⁵⁰ The Financial Plan has been constructed on the basis of total public eligible expenditure.

⁵¹ Including national private funding where priority axes are expressed in public costs.

ANNEX IV

TABLE 1: CODES FOR THE PRIORITY THEME DIMENSION		
PRIORITY 1 - Knowledge, Innovation and Skills for Growth		
01	R&TD activities in research centres	" 5,750,000
03	Technology transfer and improvement of cooperation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (<i>scientific and technological parks, technopoles, etc.</i>)	" 6,753,000
04	Assistance to R&TD, particularly in SMEs (<i>including access to R&TD services in research centres</i>)	" 5,329,088
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	" 7,500,000
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and	" 4,388,059

	development of systems for anticipating economic changes and future requirements in terms of jobs and skills	
PRIORITY 2 - CLIMATE CHANGE AND SUSTAINABLE REGENERATION		
43	Energy efficiency, co-generation, energy management	" 4,000,000
49	Mitigation and adaptation to climate change	" 6,750,000
51	Promotion of biodiversity and nature protection (including Natura 2000)	" 2,459,614
61	Integrated projects for urban and rural regeneration	" 6,603,817
PRIORITY 3 - TECHNICAL ASSISTANCE		
85	Preparation, implementation, monitoring and inspection	" 2,100,000
86	Evaluation and studies; information and communication	" 1,061,717

TABLE 2	CODES FOR THE FORM OF FINANCE DIMENSION	
Code	Form of finance	
01	Non-repayable aid	" 52,695,295

TABLE 3:	CODES FOR THE TERRITORIAL DIMENSION	
Code	Territory type	
08	Cross-border cooperation area	" 52,695,295

INDICATIVE BREAKDOWN OF THE COMMUNITY CONTRIBUTION BY CATEGORY IN THE OPERATIONAL PROGRAMME

Commission reference No: _____

Name of the programme : Ireland Wales Territorial Cooperation Programme

Date of the last Commission decision for the OP concerned: __/__/__

(in euros)

(in euros)

(in euros)

Dimension 1 Priority theme	
Code *	Amount **
01	5,750,000
03	6,753,000
04	5,329,088
62	7,500,000
64	4,388,059
43	4,000,000
49	6,750,000
51	2,459,614
61	6,603,817
85	2,100,000
86	1,061,717
TOTAL	52,695,295

Dimension 2 Form of finance	
Code *	Amount **
01	52,695,295
TOTAL	52,695,295

Dimension 3 Territory	
Code *	Amount **
08	52,695,295
TOTAL	52,695,295

* The categories should be coded for each dimension using the standard classification.

** Estimated amount of the Community contribution for each category.

ANNEX V - Executive Summary of Ex-ante evaluation report

Executive Summary

1. Introduction

Background: This report is the Ex-ante Evaluation of the 2007-13 Ireland-Wales Territorial Co-operation Programme. It has been prepared by Fitzpatrick Associates Economic Consultants, Dublin, with Old Bell 3 Ltd and CRG Research Ltd in Wales, on behalf of the Southern and Eastern Regional Assembly. The Assembly is the Managing Authority for the Programme on behalf of the Irish and Welsh Governments.

The new Ireland-Wales Programme is a successor to the previous Ireland-Wales INTERREG II and IIIA Programmes, which covered the 1994-99 and 2000-06 periods respectively. It is being co-funded under the European Commission's new Territorial Co-operation Objective, which replaces INTERREG. The purpose of the new objective is *“dedicated to further the harmonious and balanced integration of the territory of the Union by supporting co-operation between its different components on issues of Community importance at cross-border, transnational and inter-regional level”*. Actions will be financed by the European Regional Development Fund (ERDF) and will focus on integrated programmes, managed by a single authority, which pursue key Community priorities linked to the Lisbon and Gothenburg agendas.

Terms of Reference: Ex-ante evaluations are designed to make improvements to programming before it commences by drawing on the experience of previous similar programmes. The detailed Terms of Reference for the evaluation therefore include:

- a) an appraisal of the socio-economic analysis and relevance of the draft Programme to the needs identified;
- b) an evaluation of the rationale of the draft Programme and its consistency;
- c) an appraisal of the coherence of the strategy with regional and national policies and the Community Strategic Guidelines;
- d) an evaluation of the expected results and impacts of the Programme;
- e) an appraisal of the proposed implementation systems.

Each of these issues is dealt with separately in the remaining sections of this summary. Each issue is also discussed in more detail in the main report.

2. Socio-economic Analysis and Relevance

The socio-economic and SWOT analysis for the Ireland-Wales Cross border region is contained in Chapter 2 of the draft Programme. This in turn is supported by more detailed analysis, which will be published either as an annex to the Programme or as other supporting documentation.

Socio-economic Analysis: The socio-economic analysis incorporates a summary analysis, which forms part of the Programme document, and other more detailed analysis contained in supporting documentation. In overall terms, this analysis is quite thorough, and it contains a considerable amount of detailed evidence that broadly meets the requirements of the European Commission (i.e. identifying territorial specific characteristics and the needs of the area under consideration). In addition, it uses the key headings in the Community Strategic Guidelines to structure the material, which helps to present a clear link between the draft Programme and the Guidelines.

Context indicators are generally well presented, and key socio-economic variables that receive an especially detailed treatment in the analysis include demography, economic output, incomes and living standards, and labour force trends. Other parts of the analysis provide useful information for other key variables (e.g. skills and education, lifelong learning), but some of this evidence is either quite ~~hidden~~ or it needs to be supported by further evidence-based information. The analysis of the Irish and Welsh situations is also well integrated, which has helped to ease the process of preparing a combined SWOT analysis and identifying common needs and challenges.

SWOT Analysis: The SWOT analysis in the draft Programme consists of a separate analysis for both the Irish and Welsh parts of the Cross border region, plus a combined analysis for the entire region. The SWOT analysis is of similar quality to the socio-economic analysis, as it is quite thorough and comprehensive in nature, and the addition of a combined SWOT analysis is a welcome development that adds to the understanding of the Development Strategy and Priorities that follow.

At the same time, some small improvements could be made to the SWOT analysis that would help to further explain and justify the needs identified and the Development Strategy and Priority interventions chosen. These improvements relate to the link between the key conclusions made in the SWOT analysis and the evidence provided to support them.

The combined SWOT analysis, however, still provides a good summary of the key links between the Irish and Welsh SWOT analyses. This in turn leads to a clear identification of the common challenges and needs facing the Cross border region, which justifies the relevance of the chosen Development Strategy, Priorities and Themes.

3. Programme Rationale and Consistency

Objectives: The draft Ireland-Wales Territorial Co-operation Programme provides a clear statement of objectives in the form of both the overall Programme objective and its associated Priority and Theme objectives.

The overall objective of the Programme is to further develop the Cross border region through an integrated approach to economic, environmental, social and technological issues. In doing so, the programme seeks to:

- contribute to the region's greater competitiveness and sustainable development;
- improve its overall economic, environmental and social well-being;
- achieve a more cohesive, balanced and sustainable development of the area, and thus contribute to the overall competitiveness of the Community territory in a globalised world.

This objective will be taken forward and delivered through two key Priorities, which each have two central Themes:

- *Priority 1: Knowledge, Innovation and Skills for Growth* . including an Innovation and Competitiveness Theme (Priority 1, Theme 1) and a Skills for competitiveness and Employment Integration Theme (Priority 1, Theme 2);
- *Priority 2: Climate Change and Sustainable Regeneration* . including a Climate Change and Sustainable Development Theme (Priority 2, Theme 1) and a Sustainable Regeneration of Communities Theme (Priority 2, Theme 2).

The Development Strategy will also seek to build on the successes of the previous INTERREG Programmes by funding interventions to address some of the key challenges on a cross-border basis.

Rationale: There is a clear link between (a) the needs identified in the socio-economic and SWOT analysis and (b) the Development Strategy, Priorities and Themes identified in the draft Programme. This link, which is illustrated in Section 3.1 of the draft Programme, highlights common challenges for both the Irish and Welsh parts of the Cross border region (as identified in the socio-economic and SWOT analysis) and assesses the level of opportunity in each case for intervention on a cross-border basis. This in turn has provided a basis for selecting broad areas for co-operation under the Programme, although there are a small number of cases where assertions made about the case for intervention could be more evidence-based.

The rationale for public intervention, as presented at both a Priority-level and Theme-level, appears grounded in the results of the socio-economic and SWOT analysis and the identification of common challenges. Generally, the rationale provided for public intervention in the areas chosen also appears reasonably sound. At the same time, the discussion of the rationale is in parts still somewhat broad in nature, and the rationale for selecting the chosen Development Strategy, Priorities and Themes over others could be more clearly presented.

However, a detailed Implementation Plan, which the Managing Authority and its Programme partners propose to undertake, will help to address this issue and improve the targeting of individual Priorities and Themes.

Consistency: The Development Strategy demonstrates a fair degree of consistency. The strategy as presented seeks to build on the successes of previous INTERREG Programmes, by developing interventions to address identified common challenges in the Cross border region, and the Priorities and Themes chosen can be linked directly to this strategy.

Furthermore, the choice of Priorities and Themes in the draft Programme is commendable for demonstrating a greater degree of focus than has been the case under previous INTERREG Programmes, which suggests that some attempt has been made to learn the lessons from previous programmes. Each Priority under the draft Programme now has only two associated Themes, for example, whereas the two Priorities under the Ireland-Wales INTERREG IIIA Programme contained a total of six potentially wide-ranging Measures (which are the equivalent of Themes).

In addition, there are no obvious conflicts between the Priorities or Themes chosen, though the focus of each Priority is quite distinct from the other. Furthermore, the choice of Priorities and Themes presents few risks from a policy perspective, particularly given the small size of the Programme.

4. Coherence of Strategy with Key Policies

Coherence: At a broad level, the draft Programme demonstrates an appropriate degree of coherence with national and regional policies and guidelines at Irish, Welsh and EU levels. This is because the key Themes within the draft Programme appear to have the potential to support and complement relevant policy objectives in Ireland, Wales and the EU.

In particular, the draft Programme has strong links to the key goals outlined in the Lisbon Strategy, the Gothenburg Strategy and the Community Strategic Guidelines, which include:

- promoting knowledge, innovation and entrepreneurship;
- creating more and better jobs;
- limiting climate change, increasing the use of clean energy, and managing natural resources more responsibly;
- combating poverty and social exclusion.

Furthermore, in both an Irish and Welsh national context, the draft Programme demonstrates a similar broad fit with key policy objectives. For example, it is in line with innovation, entrepreneurship, skills and learning objectives espoused in key Irish policy documents such as the National Strategic Reference Framework and the National Reform Programme, while its objectives and proposed activities are likewise complementary to key sectoral or thematic policies in Ireland. It is also supportive of key Welsh policy objectives, including priorities in *Wales: A Vibrant Economy+* (the Welsh economic development strategy), which seeks to help businesses become more competitive through entrepreneurship and innovation, improve the skills base in Wales, and deliver more demand-led training.

A possible criticism of the draft Programme is that its coherence with its external policy context is only evident at a broad, *headline+* level. However, this is an issue that could be considered further as part of the detailed Implementation Plan for the draft Programme.

Complementarity: It is reasonably clear, from the description of other programmes and funds, that related investment under the draft Programme will be complementary to activities under the European Fisheries Fund, and also that it will not duplicate investment under the European Agriculture and Rural Development Fund (EARDF) and Rural Development National Strategy Plans. For the ERDF, European Social Fund (ESF) and Seventh Research Framework Programmes, however, it is less clear exactly how investment under the draft Programme will differ from investment under these programmes and funds.

Having said this, mechanisms are to be put in place that will help to ensure complementarity between the Programme and other programmes and funds. For example,

- the Managing Authority will also be the Managing Authority for the ERDF Objective 2 Competitiveness Programme in the Irish part of the Cross border region;
- the Welsh European Funding Office (WEFO) will be the Managing Authority for the West Wales and the Valleys ERDF Objective 1 Convergence Programme;
- during implementation, structures are to be put in place within each of the Managing Authorities for relevant programmes to detail the demarcation lines and ensure co-ordination and complementarity between programmes.

5. Expected Results and Impacts

The key indicators presented in the draft Programme consist of output and result indicators, which are provided for each of the four key Themes. This is in line with EU requirements. There are 27 output indicators and 15 result indicators listed across the four Themes.

The development of a set of indicators for the draft Programme is itself an example of good practice, and the number of indicators chosen is reduced in comparison to the INTERREG IIIA Programme, which should help to ensure that the indicator system is kept at a manageable level. In addition, the indicators help to give a better sense of what will happen under each Priority and Theme.

At the same time, there are a number of lessons to be learned from the experience of using indicators under the Ireland-Wales INTERREG IIIA Programme, which should be considered either at a draft Programme or detailed Implementation Plan stage:

- the realism, reliability and data quality for the indicators used needs to be robust. Allied to this, definitions for each indicator need to be clear and uniformly applied across all projects;
- as regards targets, the robustness of the assumptions underlying targets must be based on solid grounds. For some indicators, it must further be

remembered that their achievement is unlikely to be attributable solely to this Programme.

We understand that the Programme drafting team has carried out further work on indicators since the publication of the draft Programme, with a particular effort being made to further reduce the number of indicators while also tying them more directly to key Theme objectives.

6. Implementation Arrangements

The description of the implementation arrangements, as per the draft Programme, reflects very closely the requirements of the EU regulations. From a legal and regulatory point of view, therefore, the arrangements appear to be acceptable, although there is little additional detail provided over and above these requirements. In addition, the proposed implementation arrangements appear to build on the strengths of the previous INTERREG Programmes. Examples of such evidence of learning include:

- the use of a Joint Technical Secretariat (JTS) to administer the Programme rather than having parallel administration units in both parts of the Cross border region;
- the use of the Steering Committees to assess projects (bringing together expert representatives from both parts of the region);
- the use of Development Officers, who were regarded in previous evaluations of INTERREG Programmes as being a lynch-pin of Programme delivery;
- the intention to continue to use a website with partner search facilities as a central part of the Information and Communications Plan, which can play a key role in helping new potential project sponsors to come forward.

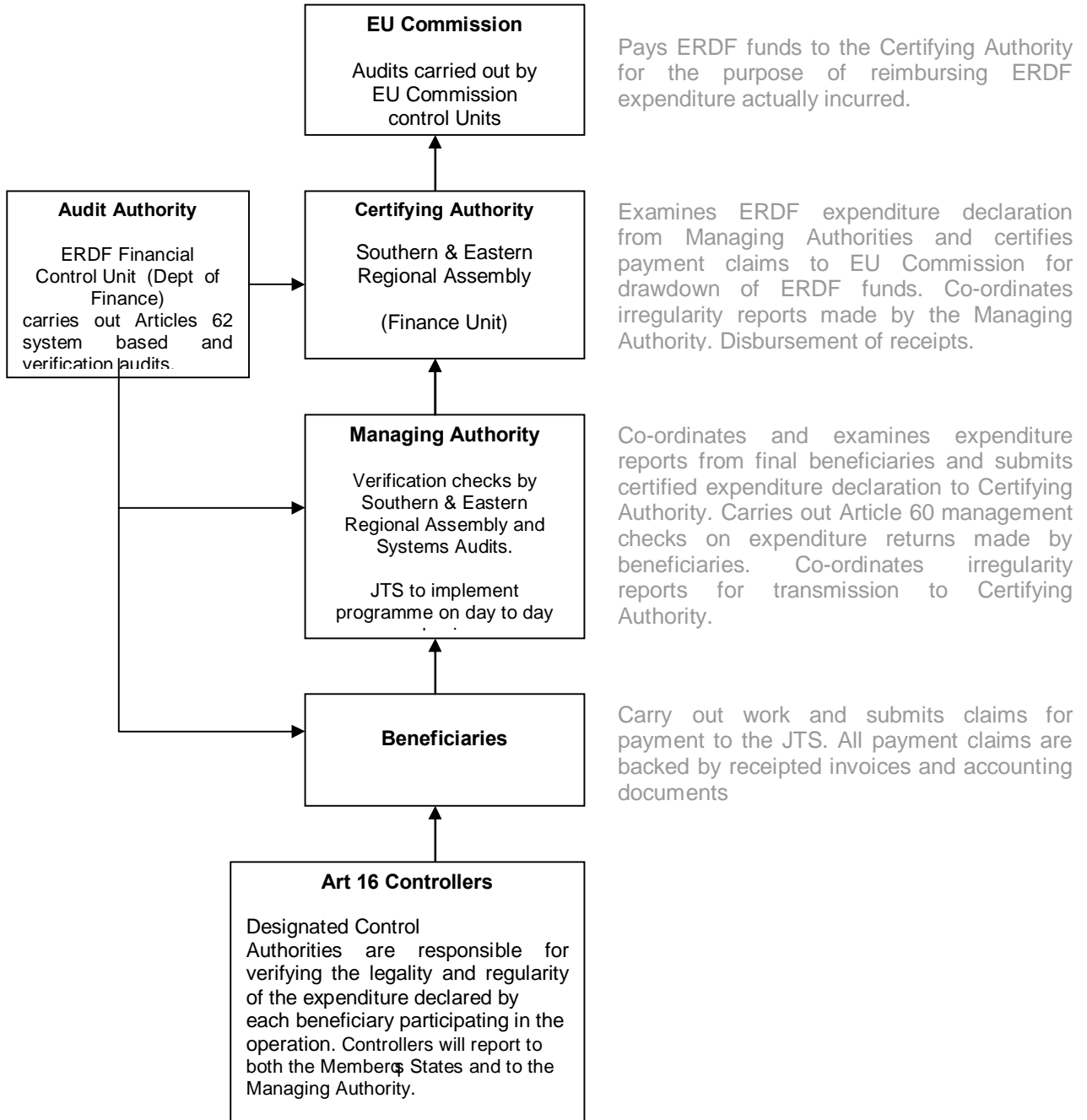
The role of the different bodies proposed in the draft Programme is generally very clear, although it is not readily apparent what is meant by the Steering Committee(s) role in co-ordinated monitoring of project implementation. However, we understand that the Programme drafting team will address this. Other areas where greater clarity about implementation arrangements would be welcome, probably within the later detailed Implementation Plan, include:

- details of how the draft Programme proposes to avoid the lengthy delays that were typical of the project selection and appraisal process for the INTERREG IIIA Programme;

- a clear need to ensure that the knowledge and experience gained in Wales under the INTERREG IIIA Programme is transferred to Ireland, as a failure to ensure a smooth transition here is a potential risk to the smooth implementation of the Programme;
- further details on the arrangements being made for electronic data transfer (EDT) under the Programme.

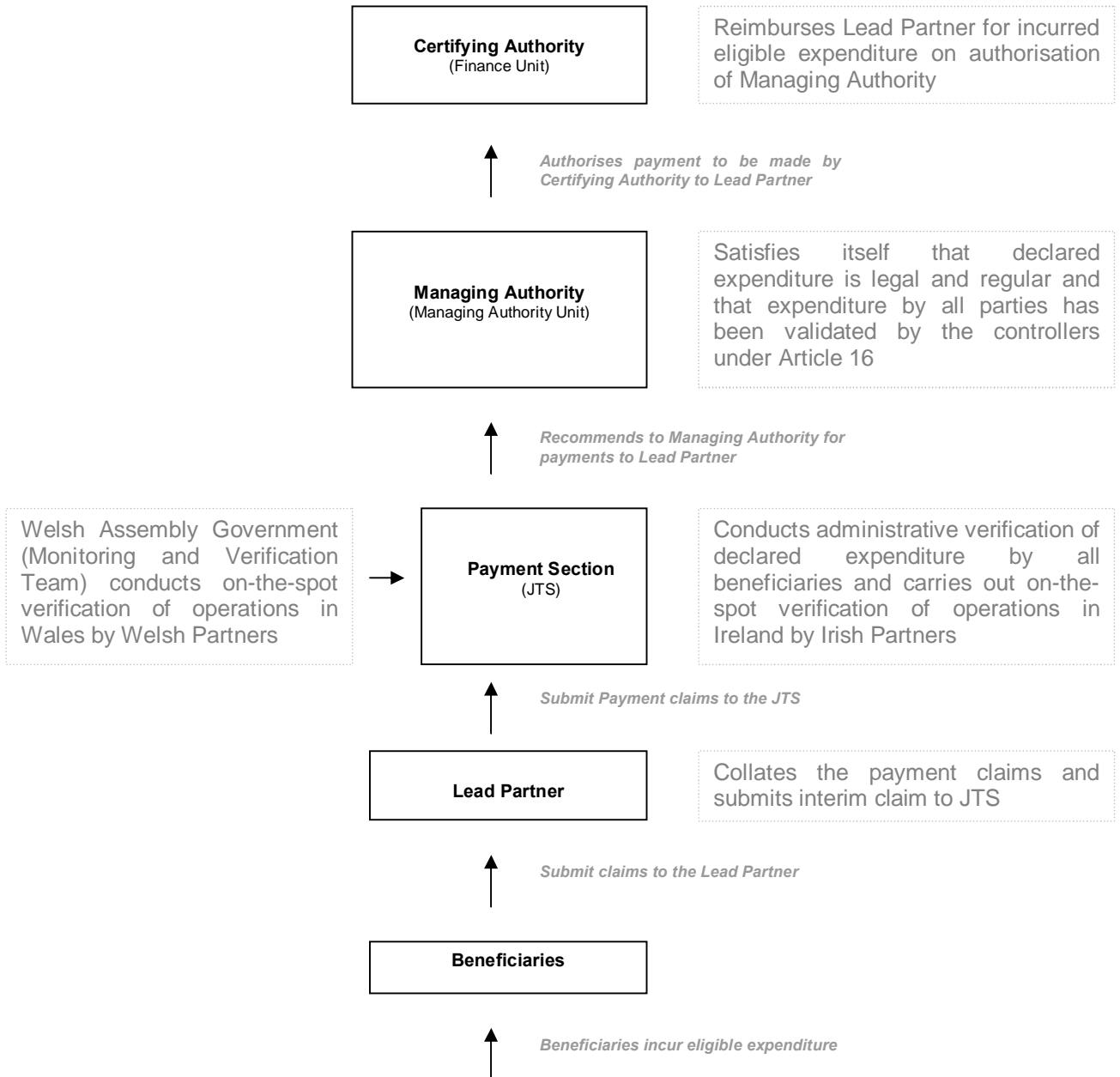
ANNEX VI

Flowchart on Financial Management and Control Arrangement for Drawdown of ERDF Funds under The Ireland Wales Operational Programme 2007 – 2013



ANNEX VII

Flowchart on Payments System for Grants to Beneficiaries under The Ireland Wales Operational Programme 2007 - 2013



ANNEX VIII

Organisational Chart for the Southern & Eastern Regional Assembly 2007

