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## Research Report

# Ex-ante Evaluation of the Ireland Wales Cooperation Programme 2014- 2020

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# EX-ANTE EVALUATION OF THE IRELAND WALES COOPERATION PROGRAMME 2014 – 2020

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## Glossary of Terms

<b>BAME</b>	Black Asian and Minority Ethnic people
<b>CLLD</b>	Community Led Local Development
<b>CP</b>	Cooperation Programme
<b>CPP</b>	Commission Position Paper
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EIA</b>	Equality Impact Assessment.
<b>EMFF</b>	European Maritime and Fisheries Fund
<b>EPPF</b>	European Policy Partnership Forum
<b>ERDF</b>	European Regional Development Fund.
<b>ESF</b>	European Social Fund
<b>ESI</b>	European Structural and Investment
<b>ETC</b>	European Territorial Cooperation
<b>EU</b>	The European Union
<b>EU2020</b>	Europe 2020
<b>EW</b>	East Wales
<b>GDP</b>	Gross Domestic Product
<b>GVA</b>	Gross Value Added
<b>HEI</b>	Higher Education Institution
<b>HRA</b>	Habitat Regulations Assessment
<b>ICT</b>	Information and Communications Technology
<b>ITIs</b>	Integrated Territorial Investments
<b>JAPs</b>	Joint Action Plans
<b>LGB</b>	Lesbian, Gay and Bi-sexual
<b>NEET</b>	Not in Employment, Education or Training
<b>OP</b>	Operational Programme
<b>PMC</b>	All-Wales Programme Monitoring Committee
<b>PPIMS</b>	Programme and Project Information Management System

<b>PSED</b>	Public Sector Equality Duty
<b>R&amp;D</b>	Research and Development
<b>RME</b>	Research, Monitoring and Evaluation
<b>SEA</b>	Strategic Environmental Assessment.
<b>SMART</b>	Specific, Measurable, Realistic and Time-bound
<b>SMEs</b>	Small and Medium Sized Enterprises
<b>SO</b>	Specific Objective
<b>SWOT</b>	Strengths, Weaknesses, Opportunities, and Threats
<b>TO</b>	Thematic Objective
<b>UKCES</b>	UK Commission on Employment and Skills
<b>UKCSRs</b>	UK Country-Specific Recommendations
<b>WEFO</b>	The Welsh European Funding Office.
<b>WGSB</b>	Welsh Government Sponsored Body
<b>WWV</b>	West Wales and the Valleys

## Executive Summary

This report provides an account of the ex-ante evaluation of the Ireland Wales Cooperation Programme (CP) for the period 2014 – 2020. The evaluation was commissioned in February 2014.

Ex-ante evaluations are required by European legislation as part of the process of developing Programmes which provide the basis for the utilisation of European Structural and Investment (ESI) Funds. The evaluation is intended to provide assurance that the Programme

- Contributes appropriately to the EU's 2020 strategy;
- Is internally coherent and also fits with other relevant policies and programmes at EU, UK, Irish and Welsh Government level;
- Allocates funding appropriately to different interventions which address identified needs and sets out appropriate indicators and targets to measure the success of these interventions;
- Can be delivered effectively (in other words, that there is adequate administrative capacity and suitable monitoring and evaluation plans in place) and in a way that reduces administrative burden on those delivering operations;
- Puts in place suitable measures to promote equal opportunities, to prevent discrimination and to promote sustainable development;
- Meets the requirement of the Strategic Environmental Assessment (SEA) Directive.

Ex-ante assessments are *iterative*, in other words, they are intended to inform the CP as it is developed rather than simply being a critique of a final document. As such, the report is primarily an account of a process which has taken place over the last nine months and a discussion of the few remaining areas where the evaluation team and the Welsh European Funding Office (WEFO), as Managing Authority have differing views.

The ex-ante evaluation process has been thorough as well as highly iterative. The drafting team has taken care both to address methodically and, where possible, respond to the wide range of issues flagged up by the evaluators.

Overall, we believe that the CP as now drafted:

- Is based on a very sound and thorough socio-economic analysis and uses the evidence base appropriately;
- Is internally coherent in terms of the flow from the socio-economic analysis to the Programme strategy and the Priority Axes (and the choice of Thematic Objectives and Investment Priorities), is generally consistent with other relevant policies and programmes and is based on a sound and explicit Intervention Logic;
- Is consistent with the EU 2020 Strategy, the Common Strategic Framework, the Country Position Papers for the UK and Ireland and the draft Partnership Agreements submitted by the two member-states;
- Reflects a high degree of thematic concentration which is highly appropriate given the scale of resources available;
- Is based on significant efforts to identify appropriate indicators, given the difficulties inherent in such a Programme;
- Has broadly set reasonable targets for the indicators (though the evaluation team has had only a limited time to consider these);
- Is likely to put sound monitoring and evaluation processes in place;
- Is based on a justifiable allocation of budgetary resources;
- Is based on sound partnership working and builds on previous strengths in terms of programme management;
- Is based on appropriate involvement of, and consultation with, individuals and bodies with expertise within the Horizontal Themes and is likely to have broadly positive effects in terms of both sustainable development and equal opportunities.

While generally endorsing the CP, there remain a small number of areas where we believe there is a case for further reflection or work as the Programme is put into implementation:

- Care will be needed to make good the intention to embed the principles of inclusive growth across the Programme;
- Further assurance may be needed that the mechanisms which have been put in place to ensure coordination with other funds are sufficient to avoid duplication;
- Within Priority Axis 1, it will be important given the potential for overlap with innovation interventions funded from other ESI Programmes to give considerable weight to the extent of cross-border added value offered by individual operations as part of the appraisal process, as well as to ensure that support is focused principally on SMEs and the shared R&D priorities now identified. Further work to clarify the complementary strengths of the research base in respect of the three key research themes would be helpful;
- Although considerable progress has been made, the proposed results indicators (particularly for Priority Axis 2) may merit further discussion with the European Commission, while early sight of the definitions proposed for all non-core indicators would be valuable;
- A small number of the targets proposed appear modest;
- There may be scope to address issues around the Welsh and Irish languages more extensively and creatively.

Overall, however, we are very satisfied that the Programme as drafted meets the Regulatory requirements and is fit for purpose.

## 1.0 Introduction

### 1.1 Objectives of the Ex-ante Evaluation and of this Report

Old Bell 3 Ltd., working in association with Fitzpatrick Associates, Regeneris Consulting, Bangor and Cardiff Universities, and Mott MacDonald, was commissioned by the Welsh European Funding Office (WEFO)<sup>1</sup> in February 2014 to undertake the ex-ante evaluation of the Ireland Wales Cooperation Programme (CP) to be developed for the 2014 – 2020 period. Funding for cross-border cooperation between Ireland and Wales is provided by the EU from the European Regional Development Fund (ERDF) under the provisions of the Regulations governing the European Structural and Investment (ESI) Funds<sup>2</sup>.

An ex-ante evaluation is required by European legislation as part of the process of developing Operational Programmes which provide the basis for the utilisation of ESI Funds. The formal requirements for ex-ante evaluation are laid down in Article 55 of the Common Provisions Regulation<sup>3</sup> which, in summary, requires such evaluations to appraise:

- (a) the contribution of the OP to the EU's 2020 strategy for smart, sustainable and inclusive growth;
- (b) the internal coherence of the OP and its relation with other relevant policies and programmes;
- (c) the consistency of the allocation of budgetary resources with the objectives of the programme;

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<sup>1</sup> A part of the Welsh Government which is also the Managing Authority for the ERDF and ESF in Wales.

<sup>2</sup> Notably Regulation (EU) No. 1299/2013 of the European Parliament and of the Council of 17 December 2013 laying down specific provisions for support from the European Regional Development Fund for European Territorial Cooperation (the ETC Regulation)

<sup>3</sup> Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006

- (d) the consistency of the interventions envisaged with the EU's Common Strategic Framework for the ESI Funds and the Partnership Agreements between the UK and the EU and Ireland and the EU<sup>4</sup>;
- (e) the relevance and clarity of indicators proposed to measure outputs and results;
- (f) how the expected outputs will contribute to results;
- (g) whether the target values for indicators are realistic;
- (h) the rationale for the form of support proposed;
- (i) the adequacy of human resources and administrative capacity for management of the Programme;
- (j) the suitability of the procedures for monitoring and evaluating the Programme;
- (k) the suitability of the milestones selected for the performance framework;
- (l) the adequacy of planned measures to promote equal opportunities between men and women and to prevent discrimination;
- (m) the adequacy of planned measures to promote sustainable development.
- (n) the adequacy of measures planned to reduce the administrative burden of beneficiaries.

The Regulation also requires the ex-ante evaluation to incorporate the requirements for the Strategic Environmental Assessment (SEA) Directive<sup>5</sup>, which requires the assessment of such plans and programmes on the environment.

However, ex-ante assessments are *iterative*, in other words, they are intended to inform the CP as it is developed rather than simply being a critique of a final

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<sup>4</sup> A document setting out the overall strategy for the use of the Funds in the relevant member-state which is also required by European legislation

<sup>5</sup> Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001

document. This is stated clearly in the Guidance Document on Ex-ante Evaluation prepared by the European Commission<sup>6</sup>:

‘It is good practice that the ex-ante evaluators work in close interaction with the authority responsible for the preparation of the programme. They should undertake work in stages, depending on when elements of the programme are available and give their feedback to the programmers....

As different elements of the evaluation are completed, they may cause programme planners to re-visit earlier stages. For example, this might lead to a reconsideration of the policy mix and a revision of the strategy, or to a new analysis of the external coherence once the Partnership Contract is finalised’<sup>7</sup>.

In the case of the current ex-ante evaluation, the evaluation team has been given the opportunity to comment on the CP over more than six months as it has been developed, and in particular have undertaken two full iterations, providing detailed comments on each occasion, on the main elements of the Programme. Overall, our comments have been given serious consideration and in many cases led to significant changes of approach, which have now been reflected in the CP which is ready for submission to the European Commission.

This report is therefore primarily an account of the process followed, the main issues raised at different stages, and how they have been responded to, and a discussion of the relatively few remaining areas where the evaluation team and the drafting team have differing views. While the evaluation process has involved the appraisal of all those elements required by Art. 55, the report itself is not intended as a comprehensive appraisal of these issues.

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<sup>6</sup> The Programming Period 2014 – 2020: Monitoring and Evaluation of European Cohesion Policy: ERDF, ESF, Cohesion Fund: Guidance Document on Ex-ante Evaluation, European Commission, 2013

<sup>7</sup> Ibid., p. 19

## **1.2 Approach and Methodology**

The main elements of the work undertaken by the team have been:

- An initial inception meeting and the production of an Inception Report (February 2014, amended in May 2014);
- An initial review and appraisal of the socio-economic analysis (March 2014);
- Undertaking a Screening Report in accordance with the SEA Directive, which concluded (with the agreement of the appropriate Statutory Bodies<sup>8</sup>) that a full Environmental Report was required (April 2014);
- The production of a series of synthesis papers (literature reviews) relating to the Priority Axes<sup>9</sup> being considered for inclusion in the Programmes which were shared with the drafting teams to inform consideration of the evidence base (June/July 2014). Each paper considered the policy context (including the relevance to Europe 2020 strategy and targets, as well as current UK, Irish and Welsh Government policy frameworks), evidence relating to current challenges in Wales and Ireland more specifically, and evaluation evidence on 'what works' in terms of tackling these challenges, drawing both on evaluations specifically related to the Irish and Welsh context (including previous and current Structural Fund Programmes) and the wider literature;
- Providing detailed first iteration comments on a Programme Strategy and sections on each of the three Priority Axes (May 2014);
- Drafting a Strategic Environmental Assessment Scoping Report for consultation with the appropriate Statutory Bodies (June 2014);
- Receiving an account of action taken in response to our earlier comments and undertaking a full second iteration review of a draft socio-economic analysis (June 2014);

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<sup>8</sup> See Section 10

<sup>9</sup> See Section 2 below

- Providing first iteration comments on a paper on indicators and attending a Trilateral Meeting<sup>10</sup> to discuss this (July 2014);
- Developing a draft Equality Impact Assessment (EIA) for the Programme as described in the Consultation document issued by the Irish and Welsh Government<sup>11</sup> as the basis for public consultation (July 2014);
- Developing a draft Environmental Report for the Programme as described in the Consultation document as the basis for public consultation (July 2014);
- Providing third iteration comments on a further revised draft of the socio-economic analysis (August 2014);
- Undertaking an analysis of the responses received to the consultation on the draft Programme (August 2014);
- Receiving an account of action taken in response to our first iteration comments on the Strategy and Priority Axes and providing a second iteration review of the Programme as developed to that point (August 2014);
- Receiving an account of responses to our first iteration comments on indicators and providing second iteration comments on a revised indicators paper (August 2014);
- Developing a draft Habitats Regulation Assessment (HRA) for the Ireland – Wales CP area (August 2014);
- Preparing a final Environmental Report and a final EIA on the basis of the final version of the CP (September 2014);
- Receiving a final draft of the CP and drafting this report (September 2014).

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<sup>10</sup> Of the Welsh Government, Irish Government and the Southern and Eastern Regional Assembly

<sup>11</sup> Joint Welsh Government, Irish Government and Southern and Eastern Regional Assembly Consultation on Ireland Wales Cooperation Programme 2014 – 2020, 5 June 2014  
<http://wales.gov.uk/consultations/businessanddeconomy/ireland-wales-cooperation-2014-2020/?status=closed&lang=en>

Where comments were provided on documents originated by the drafting team, this was done using the Comments tool in Microsoft Word on the face of the document: all comments were also reproduced in a comments log (example provided at Annex 1) with a brief summary of the main concerns highlighted: this also enabled the drafting team to explain how they had responded on each point, thus providing a comprehensive audit trail. In total the team made some 299<sup>12</sup> comments on the first iteration, 208<sup>13</sup> comments on the second iteration and 71 comments on the third iteration of the socio-economic analysis. Many of these comments did, however, relate to minor drafting issues.

The process has been extremely thorough and has been grounded on excellent co-operation between the ex-ante evaluation team and key officials in WEFO.

### **1.3 Structure of the report**

In the remainder of this report, after briefly presenting (in Section 2) an overview of the CP as it now stands we report on our appraisal of:

- the socio-economic analysis and the evidence base underpinning the OP (Section 3);
- the Programme Strategy, the extent to which it flows from the socio-economic analysis and its 'fit' with Europe 2020 and the Common Strategic Framework (including plans for integration with other EU and national programmes), with the requirement for thematic concentration and with the UK and Irish Partnership Agreements (Section 4);
- the three substantive Priority Axes, including their internal coherence – with each other and with the Programme Strategy – their external coherence with UK, Irish and Welsh Government policy, and their consistency with the evidence base (Section 5);

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<sup>12</sup> Of which 145 were on the socio-economic analysis, 136 on the Strategy and Priority Axes and 18 on the indicators paper.

<sup>13</sup> Of which 46 were on the socio-economic analysis, 148 on the Programme document and 14 on the indicators paper

- the indicators and targets proposed, including the performance framework (Section 6);
- the financial allocations proposed (Section 7);
- the evidence on administrative capacity and monitoring and evaluation plans, including proposals on the use of Technical Assistance (Section 8);
- the extent to which the horizontal principle (or Cross-Cutting Theme) of equal opportunities has been taken into account in preparing the CP including a summary of the findings of the EIA (Section 9);
- the extent to which the horizontal principle (or Cross-Cutting Theme) of sustainable development has been taken into account in preparing the CP and the potential environmental impact of the CP, including a summary of the findings of the SEA and HRA (Section 10).

Finally in Section 11, we present a brief conclusion on the process and on the suitability of the CP as it now stands.

## 2.0 The Cooperation Programme

Cooperation Programmes are the formal documents through which a Managing Authority acting on behalf of the relevant Member States sets out its proposals for using the ESI Funds within the relevant cross-border region. Once agreed with the European Commission, they form the legal basis on which money is drawn down from the EU. The EU's requirements in terms of the content of Cooperation Programmes are laid down in legislation, and for the 2014 – 2020 Programmes, the European Commission has provided a template with strict word limits<sup>14</sup>.

All interventions supported by the ESI Funds must relate to one of the 11 Thematic Objectives established by legislation<sup>15</sup> and to one of the Investment Priorities which are sub-divisions of the Thematic Objectives<sup>16</sup>. The Operational Programmes must consist of one or more Priority Axes, which (with the exception of Technical Assistance) should comprise one or more Investment Priorities: where a Priority Axis includes several Investment Priorities, the OP must set out a separate financial allocation and a separate set of output and results indicators for each. Each Priority Axis should also consist of one or more Specific Objectives which express the policy intention of the interventions they will fund.

The Priority Axes and the Specific Objectives for the Ireland Wales CP are set out in Table 2.1, showing the relationship with the Thematic Objectives and the Investment Priorities set out in the legislation and the proposed financial allocation in terms of ERDF funding.

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<sup>14</sup> Draft Template and Guidelines for the Content of the Cooperation Programme, version 6, European Commission July 2014

<sup>15</sup> Common Provisions Regulation, Art. 9

<sup>16</sup> Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006, Art. 5 sets out 38 Investment Priorities relevant to ERDF and the ETC Regulation, Art. 7 sets out an additional four Investment Priorities relevant to cross-boarder cooperation.

The remainder of this report relates closely to the content of the OP and should be read in conjunction with that document.

Table 2.1 Priority Axes of the Ireland Wales CP

Priority Axis and Specific Objectives (SO)	Thematic Objective	Investment Priority	ERDF funding €m.
<p><b>1 Cross-Border Innovation</b></p> <p>SO 1: To increase cross-border innovation in line with shared priorities of the smart specialisation strategies.</p>	TO1: Strengthening research, technological development and innovation	(1b): Promoting business investment in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education, in particular product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through Smart Specialisation and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in Key Enabling Technologies and diffusion of general purpose technologies	31.7
<p><b>2 Adaptation of the Irish Sea and Coastal Communities to Climate Change</b></p> <p>SO2: To increase knowledge and awareness of Climate Change adaptation for the Irish sea and coastal communities</p>	TO5: Promoting climate change adaptation, risk prevention and management	5(a) Supporting investment for adaptation to climate change including eco-system based approaches	27.7

<b>3 Cultural and Natural Resources and Heritage</b>  SO3: To sustainably realise the potential of natural and cultural assets in increasing visitor numbers across the Programme area	TO6: Preserving and protecting the environment and promoting energy efficiency	6(c) Conserving, protecting, promoting and developing natural and cultural heritage	15.0
<b>4 Technical Assistance</b>			4.8
Total Programme			79.2

## **3.0 The Evidence Base and the Socio-economic Analysis**

### ***3.1 The Socio-economic Analysis***

The drafting team has worked hard to produce a coherent and comprehensive analysis of the underlying economic and social conditions in the Programme area, which includes a discussion of the policy context.

The first draft of the Socio-economic Analysis, presented in February 2014 contained much useful material but was generally stronger in terms of the material relating to Wales than to Ireland and arguably focused too significantly on the period of the most acute impact of the economic crisis (2008-2011) rather than on more recent developments. There was also felt to be insufficient logical flow from the overall discussion to the SWOT analysis.

The second version received in May addressed the vast majority of the points we had made, although we still believed that there was some scope to update statistics and improve the integration of the material (particularly that relating to Ireland and Wales).

The third version received in July again represented a significant improvement and was almost entirely fit for purpose. However, it was noted that in the interim the Commission had decided to expand the Programme area to include Flintshire, Wrexham and Swansea in Wales and the south-west region in Ireland, but that this was not reflected in the analysis. The analysis has subsequently been updated to include these areas.

Table 3.1 summarises the main comments made during the three iterations and what action was taken as a result. As will be seen, almost all of the points made have been fully addressed and there are no significant outstanding issues, although we continue to believe a reference to the new Irish Tourism Strategy might be appropriate.

Table 3.1: Main issues raised on the socio-economic analysis

<b>Iteration</b>	<b>Comment</b>	<b>Action Taken in Response</b>
First	The need to ensure that all elements of the SWOT analysis relate back to evidence presented in the document.	This was addressed in the second draft.
First	The need to improve the consistency of approach across the document with regard to the handling of Irish and Welsh material.	This was addressed in the second draft.
First and second	The need to improve the integration of the material relating to Ireland and Wales and to strengthen and bring up to date the Irish material.	The Irish material was significantly strengthened in the second draft and the integration between the two improved very significantly by the third version.
First and second	The need to update many of the statistics cited and to consider more recent changes in the economies in both countries e.g. in relation to GDP and employment (specific examples presented in comments throughout the document).	We identified no significant issues with the third version.
First and second	The need to standardise the presentation of references (specific examples presented in comments throughout the document).	This much improved by the third version, though specific minor issues in terms of formatting and presentation were identified.
First and second	The need to rationalise and edit down the material, particularly on sustainability to remove repetition.	This much improved by the third version.
First, second and third	The potential to provide more information about passenger as well as freight transport, given the presence of major Irish airports and ports in the Programme area	Some additional material has been added both to the socio-economic analysis and to the CP document.
First, second and	Need to remove ambiguous use of 'our' and 'we'	Generally addressed by the final version.

third	in various sections of the document	
Second	Need to take into account material within the draft Partnership Agreements submitted by the UK and Ireland respectively and the needs analyses completed for the Irish regional programmes.	This material was integrated into the third version.
Second	Need to update the Irish policy material to take into account the new Medium Term Economic Strategy for 2014 – 2020.	This was done in the third version.
Second	Need to provide data to back up descriptive analysis of differences between the economic performance of different Irish regions.	Material added in the third version.
Third	The potential to include the new draft Tourism Policy for Ireland published in July 2014 within the analysis.	References have not been included on the basis that ‘the cut off for the socio-economic analysis was December 2013’.
Third	Need to update all statistics (and where necessary the analysis) to reflect expansion in the Programme area and to note that the inclusion of Flintshire and Wrexham may make it more difficult to assume data for the West Wales and the Valleys region is a good proxy for the Programme area.	The document has now been updated to include the new areas. The drafting team has argued that the inclusion of Flintshire and Wrexham as non-Convergence areas has been balanced by the inclusion of Swansea as a Convergence area, and that WWV remains a better proxy than Wales as a whole – a view with which we concur.
Third	Need to check the accuracy of statements about the relative concentration of poverty along the North Wales coast (see also Programme strategy).	This has been addressed in the final version.

## **4.0 The Programme Strategy**

### **4.1 *The Strategy and the Socio-economic Analysis***

The Programme Strategy as now drafted flows well from the analysis of the challenges facing the region and provides an appropriate response to those challenges given the modest scale of the Programme and the need to ensure synergy with other interventions including those contained within other ESI Fund Programmes in Ireland and Wales. While the fundamental thrust of the Strategy has not changed significantly during the period of Programme development, it has undergone a significant process of challenge and consequent refinement, in part at least as a result of the ex-ante evaluation and a very significant and welcome focusing down onto activities which clearly entail cross-border added value.

In Table 4.1 we present the main concerns highlighted by the evaluation team during the two iterations on the Programme Strategy in respect of the overall direction of travel and its link back to the evidence of need provided (issues relating specifically to aspects of the individual Priority Axes are considered in Section 5).

Overall, the drafting team has made strenuous efforts to address our concerns, and has been careful to take on board more minor suggestions for improvements not covered in Table 4.1. The Intervention Logic tables which were developed to accompany the CP are robust (although some results indicators remain problematic – see Section 6) and fit seamlessly with the CP text.

Table 4.1: Main issues raised on the Programme Strategy

<b>Iteration</b>	<b>Comment</b>	<b>Action Taken in Response</b>
First	The need to ensure a much clearer flow from the socio-economic analysis and the SWOT analysis to the choice of priorities and actions e.g. in respect of evidence of climate change impacts	This was much improved by the second version.
First	The difficulty on commenting on the balance within the Programme in the absence of information on the allocation of financial resources between the Priority Axes.	An indication of the allocation of resources was provided in the second draft (see also Section 7).
First	The need to revisit the drafting of the Programme Strategy to ensure it was appropriate to the audience (i.e. the European Commission) and did not assume knowledge which they would not necessarily have.	The second version was much improved in this regard, with clear explanation via footnotes of identified issues.
First	The need to consider whether eco-innovation belonged more appropriately in Priority Axis 1 rather than Priority Axis 2.	Eco-innovation as a theme moved from Priority Axis 2 to Priority Axis 1.
First	The need (as with the socio-economic analysis) to update the description of recent economic trends to ensure it focused on developments after 2010.	This was done in the second version.
First	The need for more information on challenges faced by coastal communities on both sides of the Irish Sea.	This was added in the second version.
First	The need for a clearer explanation of the relevance of the European Commission Action Plan for a Maritime Strategy for the Atlantic Area.	This was provided in the section on territorial integration in the second version.
First and Second	The need throughout the Programme to focus	There was a significant improvement in this focus by the

	down on operations where there is the potential for clear added value from cross-border interventions.	time of the second iteration, although concerns remained at that time particularly in respect of Priority Axis 1. The final version has broadly addressed this concern throughout the Programme, with potential interventions clearly related to areas where added value can be achieved through cross-border working, although the menu of potential actions remains long, given the small resources attached to the Programme.
First and second	The need to provide more detail on the shared cross-border challenges faced by Ireland and Wales in order to provide a firm basis for understanding where cross-border interventions could add value.	The second draft was significantly more robust in terms of this analysis, though there were still concerns specifically in regard to Priority Axis 2. Further strengthening (linked back to the much more developed socio-economic analysis) was made by the final version.
First and second	The need to draw out more clearly lessons learned from the current and earlier cross-border programmes, including the Mid-term Evaluation	The second version included more information about this and also highlighted the differences between the areas of intervention in the 2007- 2013 Programme and the new proposed Programme. The final version has also included some references to the Mid-term Evaluation.
First and second	The need to provide more information on the specific strengths of HEIs in the Programme area in terms of R&D and potential complementarity between them and the needs of SMEs and to explain how interventions under the Programme will relate to Smart Specialisation Strategies.	The final version contains some examples of these strengths (though not a comprehensive list) and also makes clear that there will be a particular focus on three (albeit broad) R&D themes which are priorities in both the Welsh and Irish smart specialisation strategies (see also Section 5).
First and second	The need to tighten up and make more specific many of the descriptions relating to 'specific cross-border development needs'.	This has been much improved in each successive version, with the final version of the Programme considerably more focused and clear.
First and second	The need to give a clearer emphasis to the importance of the cross-border region in terms of	This has been addressed in the final version with a clear statement early on about the importance of the region in

	transport linkages.	terms of transport linkages.
Second	The need to revisit references to Priority Axis 2 contributing to the reduction of greenhouse gas emissions given the focus on climate change mitigation	This has been removed in the final version.
Second	The need to ensure that information in the socio-economic analysis is clearly referenced in the Programme Strategy.	This has been addressed in the final version.
Second	The need to ensure that the description of deprivation in Wales does not exaggerate the extent to which this is concentrated in coastal communities.	This has been corrected in the final version.
Second	The need to evidence the argument that lack of international competitiveness is a problem for SMEs within the Programme area.	Additional material added in the socio-economic analysis in the text relating to this although it refers more to the lack of international engagement of SMEs than competitiveness.
Second	The need to consider whether sufficient information is provided in the socio-economic analysis on tourism, given the strong focus on this sector in Priority Axis 3.	Further information on tourism flows added in the final version of the socio-economic analysis.
Second	The potential in the consideration of the challenges facing the region to place greater emphasis on the importance of raising awareness of, and adopting a holistic approach to, climate change and the need for mitigation and adaptation.	Further material has been added on this and the Priority Axis more generally given a strong focus on these 'softer' issues relating to climate change adaptation and mitigation.
Second	The need to consider whether the challenge of addressing social and economic gaps between urban and rural areas can feasibly be addressed by the Programme.	This has been removed from the text of the final version.

<p>Second</p>	<p>While significant detail was provided on how the thematic focus of the proposed Programme complemented other European policies and programmes, little information was provided at this stage about the mechanisms to ensure integration (and avoid duplication), despite this being required by the Programme template.</p>	<p>Information about how this will be achieved in respect of Wales and Ireland has now been included though this is fairly high level.</p>
<p>Second</p>	<p>The need to explain how the potential for excess demand for interventions under Priority Axis 3 would be avoided, given that there are no clear opportunities to secure funding for interventions focused on natural and cultural heritage in the regional territorial programmes in either Ireland or Wales</p>	<p>Additional text has been added to provide assurance that the cross-border nature of all funded interventions will be closely monitored.</p>

There are no areas of the Programme strategy where we take a different view from the drafting team, although as noted in Table 4.1, the menu of potential interventions remains long, given the resources available to the Programme, which is likely to mean that not all of them will in reality be taken forward by the Programme. We also take the view that the information on mechanisms for ensuring coordination with other funds remains at a high level and further assurance that these mechanisms are sufficient to avoid duplication may be needed as the Programme moves into the implementation phase.

## **4.2 Coherence with Europe 2020**

A key part of the process described in Section 4.1 has been to consider the consistency or ‘fit’ of the programme with the Europe 2020 strategy and its seven flagship initiatives, the Common Strategic Framework and the eleven Thematic Objectives of the Common Provision Regulations<sup>17</sup>, as well as the Commission’s Position Papers on negotiations with both the UK<sup>18</sup> and Ireland<sup>19</sup>, and the draft Partnership Agreements submitted by the UK<sup>20</sup> and Ireland<sup>21</sup>.

The Programme explains the choice of Thematic Objectives and Investment Priorities (notably in Table 1 of the Programme Strategy) in a robust way. From this, we conclude that there is overall consistency between the CP and the policy priorities of the Europe 2020 agenda (EU2020) and associated headline targets, relevant Thematic Objectives, the Commission Position Papers and the draft UK Partnership Agreement, albeit that the fit (notably

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<sup>17</sup> See Section 2

<sup>18</sup> Position of the Commission services on the development of the Partnership Agreement and programmes in the United Kingdom for the period 2014-2020, Ares(2012)1315758-08/11/12

<sup>19</sup> Position of the Commission services on the development of the Partnership Agreement and programmes in Ireland for the period 2014-2020, Ares(2012)1320527- 09/11/12

<sup>20</sup> United Kingdom Partnership Agreement, Official Proposal Part 1 (Sections 1 and 2); Part 2 (sections 3 and 4), 17 April 2014

<sup>21</sup> [http://www.google.co.uk/url?url=http://per.gov.ie/wp-content/uploads/Partnership-Agreement-Ireland-2014.pdf&rct=j&frm=1&q=&esrc=s&sa=U&ei=I44ZVPmsBofjaMzJgKgO&ved=0CDkQFjAG&usg=AFQjCNGTLc4c70fiPdp\\_NUcPgM4OCD47DA](http://www.google.co.uk/url?url=http://per.gov.ie/wp-content/uploads/Partnership-Agreement-Ireland-2014.pdf&rct=j&frm=1&q=&esrc=s&sa=U&ei=I44ZVPmsBofjaMzJgKgO&ved=0CDkQFjAG&usg=AFQjCNGTLc4c70fiPdp_NUcPgM4OCD47DA)

with the CPPs) is perhaps stronger in respect of Priority Axes 1 and 2 than Priority Axis 3.

We do note, however, that while the Programme makes a strong case for its focus on smart growth and sustainable growth, the focus on inclusive growth is arguably somewhat more diffuse as a horizontal theme threaded through the Programme. Given the need for concentration of resources on a limited number of Investment Priorities, we believe it is acceptable but it will be important to ensure (as noted in the Equality Impact Assessment) that interventions do consider how they can ensure that they help combat social exclusion within the region.

### **4.3 Thematic Concentration**

In terms of thematic concentration, the Programme meets the requirements of the Regulations in regard to the need to allocate at least 80% of the funding under any ETC Programme on no more than four Thematic Objectives<sup>22</sup>.

Indeed, given the modest size of the Programme, we commend the Programme authors on the decision to focus in on only three Investment Priorities and to adopt a very transparent structure, in which each Priority Axis relates to one Thematic Objective and Investment Priority and contains only one Specific Objective.

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<sup>22</sup> ETC Regulation Art. 6

## 5.0 Consistency and Coherence of Programme Priorities

### 5.1 *Priority Axis 1: Cross-Border Innovation*

In this section we consider the internal coherence of each of the three main Priority Axes (with each other and the Programme Strategy), the extent to which they are based on the evidence and the external coherence with other policies and programmes.

In terms of Priority Axis 1, Table 5.1 summarises the main issues raised during the two full iterations. The drafting team has made strenuous efforts to address these and in general, there are no major outstanding concerns. However, we would still suggest that in the context of project appraisal it will be important to:

- Attach a very strong weight to the extent of cross-border added value that is demonstrated (favouring operations where strengths in one part of the region are being exploited by SMEs or other partners in the other part), given that both in Ireland and Wales significant resources are being channelled into supporting innovation through other ESI Programmes;
- Ensure that the focus on the three themes of marine and environmental sciences (including renewable energy), food and drink and life sciences is carried through unless and until there are any significant changes in either country's smart specialisation strategy, while retaining some flexibility to adapt to such changes in future;
- Ensure that, in terms of businesses, interventions focus primarily on SMEs where it has been demonstrated there is evidence of market failure.

Table 5.1: Main issues raised on Priority Axis 1

<b>Iteration</b>	<b>Comment</b>	<b>Action Taken in Response</b>
First	The need for greater explanation of the barriers facing SMEs in innovating.	Further information added in the second version (in the Programme Strategy section because of character limits).
First and second	The need to revisit a number of very general 'Types of Action'	Several of these deleted or tightened up considerably in the second version, with further improvements to the drafting in the final version.
First and second	The need for greater evidence relating to issues in terms of the commercialisation of research in the Programme Area.	Some additional evidence added in the second version and further strengthened in the final version of the Programme document and the socio-economic analysis.
First and second	The need to carry through the emphasis in the analysis on SMEs to the way in which Types of Actions were described.	This has been improved, though the final version quite often talks generically of 'businesses' rather than SMEs specifically.
First and second	The need for much greater clarity on the relationship between the actions envisaged and smart specialisation strategies	In response to first iteration comments, Programme authors argued that they wished to retain flexibility over the lifetime of the Programme. However, this has been clarified in the final version with a clear but not exclusive focus on the three themes which are common to both countries' strategies.
First and second	The need for a clearer explanation of how interventions under the Programme will complement action funded under other ESI and national Programmes in Ireland and Wales	The final version has a much clearer focus on cross-border added value, although we still believe it will be important in implementing the Programme to give very great weight to the appraisal criterion relating to cross-border operation, with a specific focus on interventions which draw on existing R&D strengths in one country to benefit SMEs and other actors in the other.
First and Second	The need for much greater clarity over what was meant by the 'social innovation' action and how this related to the Specific Objective as	This has been addressed in part by a change in the way the Specific Objective is drafted and in part by removing social innovation as a specific type of action in the

	formulated (which at that time focused on boosting productivity). It was suggested that if social innovation was retained as a Type of Action, then introducing a second Specific Objective might be needed.	description of the Priority Axis (with it being seen more as a cross-cutting thread). However, if social innovation is to be used as selection criterion, the way in which this will be done is not really explained.
Second	The need for greater clarity over the delineation of Priority Axis 1 and Priority Axis 2 with regard to eco-innovation, with the suggestion that research relating to climate change adaptation be included in Priority Axis 2 and research related to emissions reduction being clearly located in Priority Axis 1.	This has been addressed to some extent by changes to the way in which eco-innovation is addressed in the final version through references to more generic types of action rather than stand-alone ones.
Second	The need to provide clearer examples of what sort of interventions related to social innovation might be funded.	An example has been provided in the final version.

We also believe that ideally more detail should be available prior to implementation about the specific strengths and gaps within the two countries' research base in respect of the three themes, for example complementarity in the research conducted in the HEIs or those areas where HEIs in Ireland have strengths lacking in Wales which may be relevant to Welsh businesses and vice-versa.

We understand that the CP template does not permit this to be included and it may be that further scoping is needed to clarify this, but we believe this would be of great benefit in assessing and contextualising proposed interventions.

Finally, while we welcome the fact that social innovation is no longer seen as a separate strand within the Priority, we are not entirely clear what is meant by treating social innovation as 'a thread running through the priority'. This could be explained more clearly. While we believe that the capacity to demonstrate that the *social impact* of interventions approved under all three Priority Axes has been thoroughly considered, we are concerned that making the demonstration of *social innovation* a requirement for all innovation operations could result in some very worthwhile proposals being excluded.

## **5.2 Priority Axis 2: Adaptation of the Irish Sea and Coastal Communities to Climate Change**

In terms of the second Priority Axis, Adaptation of the Irish Sea and Coastal Communities to Climate Change, Table 5.2 outlines the main issues raised in the course of the two iterations and the response of the drafting team to each. The suggestions which we have made in respect of these have been fully considered and generally taken on board.

Moreover, very many more detailed points made in the course of the ex-ante process have been fully addressed and we feel that the Priority Axis as it stands is robust.

However, it does need to be recognised that there has been a significant change in the focus of this Priority Axis during the course of the development of the Programme, with a much greater emphasis on actions related to developing knowledge and understanding of the actual and potential effects of climate change on the Irish Sea and coastal communities and to increasing awareness of how to adapt to this – and correspondingly a much reduced focus compared to earlier drafts on the actual implementation of adaptation or mitigation of climate change effects. While this in our view is appropriate, given the resources available to the Programme, it will be important not to exclude demonstration projects where these involve relatively small-scale investment in infrastructure but which have the potential to contribute significantly to knowledge and understanding of the impacts of climate change and how to adapt to them.

Table 5.2: Main issues raised on Priority Axis 2

Iteration	Comment	Action Taken in Response
First	The need to consider whether eco-innovation should be included within the Priority Axis, given the Priority's focus primarily on mitigation and adaptation, rather than addressing the causes of climate change.	Eco-innovation moved to Priority Axis 1.
First	The need to provide further evidence on the observed impact of climate change on the region.	Specific effects of climate change more fully referenced in the Strategy and the socio-economic analysis in the second version.
First	The potential to increase the emphasis on the Programme's role in filling current gaps in the evidence base with regard to the likely impact of climate change, particularly on the marine environment.	This addressed in the second version.
First	The need to explain what benefit could be provided by cross-border publicity campaigns.	The reference to such campaigns removed in the second version.
First	The need to provide more information about national climate change strategies and to emphasise that all interventions funded by the Programme should be integrated with national and international strategies.	Further information added and fit with national and international strategies introduced as a principle of project selection.
First and Second	The need to clarify (not least through the title of the Priority Axis) the focus on adaptation to and mitigation of Climate Change.	This addressed with a change of the title by the second version and by more substantive changes in the final version.
First and Second	The potential to narrow the focus of the Priority Axis on those areas of activity where greatest value could be achieved through cross-border intervention and to provide greater detail on how	In the final version, the Priority Axis is focused much more clearly on generating increased knowledge about climate change effects on the Irish Sea and coastal communities and awareness of how to adapt to these effects, which is

	to prioritise between different potential types of actions (including potentially expensive infrastructure projects).	broadly appropriate given the limited resources available.
Second	The need to consider whether the references to the Priority Axis contributing to EU2020 targets for greenhouse gas emissions were appropriate, given the focus on adaptation.	These references have been removed in the final version.
Second	The need to consider whether the insistence that all interventions should lead to 'outputs... in terms of real solutions that are put into practice' was appropriate given that the development of knowledge and awareness were seen as key actions for the Priority Axis.	This has been substantially revised in the final version.
Second	The importance of recognising the value of 'softer' interventions around research to fill knowledge gaps and awareness raising.	The final version involves a decisive shift in this direction
Second	The scope to simplify and rationalise the types of action listed (with specific suggestions made).	These suggestions have been fully taken on board in the final version.

### **5.3 Priority Axis 3: Cultural and Natural Resources and Heritage**

In terms of the third Priority Axis, Cultural and Natural Resources and Heritage, Table 5.3 outlines the main issues raised in the course of the two iterations and the response of the drafting team to each.

Again, many more detailed points made in the course of the ex-ante process have been fully addressed.

We have no outstanding significant issues with this Priority Axis and believe it is robust overall, although the reference to the role of the Welsh and Irish languages is very limited, even given the constraints of the template's character limits. It is also important to note that the final version of the Priority Axis represents a significant narrowing of focus onto nurturing the attractiveness of the region to visitors, as opposed to residents, although we believe this is appropriate given the limited nature of the resources available and the importance of focusing on economic growth.

We also note, not least given the potential for strong demand from potential beneficiaries, it will be essential to place a very strong emphasis on the demonstration of a significant cross-border dimension in the application of the selection criteria.

Table 5.3: Main issues raised on Priority Axis 3

<b>Iteration</b>	<b>Comment</b>	<b>Action Taken in Response</b>
First	The need to provide further explanation of why natural and cultural heritage was regarded as key to economic growth, not least given the apparently low priority given to this in the main Welsh ESI Programmes.	More material added into the socio-economic analysis and the Strategy section to contextualise the choice of this Priority Axis.
First	The potential to merge several of the types of action listed.	These suggestions were taken on board in the second version.
First	The need to consider whether the exclusive reference to the EU's Research Framework Programme in the context of coherence with other EU policies was appropriate.	This was corrected in subsequent versions.
First and second	The need for greater clarity as to how community regeneration activities would be delivered, how these would fit with CLLD approaches in other Programmes and what value was expected to be brought by the cross-border dimension.	Clarification included in the text that the Priority Axis will not support CLLD type packages of interventions but will include mobilising community action in support of operations which bring economic benefits. The types of actions have also been streamlined to remove some ambiguity over the nature and scope of community regeneration activities.
Second	The need to consider whether greater emphasis should be placed on the distinctive contribution of the Welsh and Irish languages to the cultural heritage of the region.	No obvious change to address this comment.
Second	The need to ensure that, given the strong focus on tourism in the Priority Axis, sufficient evidence was provided in the socio-economic analysis of the role of tourism in the economy.	This has been addressed in the final version.
Second	The need for a stronger emphasis on micro-	Appropriate references to micro-enterprises and the need

	enterprises in line with the focus in the Priority Axis on economic growth rather than community development.	to nurture entrepreneurship have been added in the final version.
Second	The potential to narrow down the focus of the Priority, recognising that many of the factors that make an area attractive to live and work in (e.g. good schools, health care services, communications) have little to do with community engagement or businesses.	The final version has a much clearer and narrower focus on nurturing the attractiveness of the Programme area to visitors, rather than to those who already live and work in the area.

## 6.0 Indicators and Targets

In terms of indicators and targets, the ex-ante evaluation work has followed a slightly different timescale than with the substance of the Strategy and Priority Axes, but there have been two full iterations on the proposed indicators. We have had more limited opportunity to comment on the quantified targets, which were sent to us in the final two weeks before submission.

We summarise in Table 6.1 the main issues raised during the two iterations on indicators in July and August 2014 respectively.

We recognise that identifying indicators for cross-border programmes is intrinsically difficult, since budgets are limited and since much of the benefit of such programmes is expected to arise from the creation of links and the exchange of knowledge and experience, rather than from significant investments in physical or human capital. In this context, the drafting team has worked hard to identify suitable indicators and have shown considerable flexibility in terms of responding to comments we have made.

We believe that the output indicators suggested are broadly appropriate, although any final judgement can only be made once definitions have been finalised: it will be important for the PMC to consider and seek assurance that such definitions are robust.

In terms of the results indicators, only one such indicator is proposed for each of the three Priority Axes and in the case of Priority Axes 1 and 2 the indicators proposed in the final version of the Programme (received by the evaluation team on 5 September) are new compared to those proposed in previous iterations and which we regarded as problematic.

Table 6.1: Main issues raised on indicators and targets

Iteration	Comment	Action Taken in Response
First	The need to consider whether additional core indicators could be used, particularly for Priority Axes 2 and 3, where no such indicators were proposed in the first version of the indicators paper. Specific suggestions were made as to possible indicators.	New output indicators have been added, drawing on the common indicators identified by the European Commission.
First	The need to set target indicators for 2023, not 2022 as specified in the paper.	This was corrected in subsequent versions.
First and second	The need to consider whether results indicators focusing largely on the share of relevant stakeholders participating in cross-border cooperation were viable, given the difficulties of definition and of establishing baselines. An informal discussion with the Commission was recommended.	The original proposals for results indicators were significantly amended for the second iteration and have now been removed.
First and second	The need to consider the wording of a number of the proposed output indicators which were vague and/or unclear, in particular in relation to the use of the term 'addressing' e.g. 'pilot actions.. addressing climate change adaptation', 'pilot actions ...addressing innovation' etc..	The drafting team has clarified that clear definitions will be adopted for each of the indicators. The specific output indicators cited have now been replaced.
Second	The importance of the evaluation team being provided with quantitative values for targets in order to comment comprehensively.	These were provided in early September 2014.
Second	A common indicator on enterprises participating in cross-border research projects proposed for Priority Axis 1 as an additional indicator.	This was rejected on the basis that this might give the impression that projects focusing only on research would be considered.

Second	The potential to separate an output indicator relating to the number of 'new or enhanced cross-border innovation networks' into two.	The drafting team believes this would not be helpful but has suggested that monitoring data will distinguish between new and enhanced networks.
Second	The potential to discuss with the Commission whether the common indicator 'increase in expected number of visits to support sites of cultural and natural heritage and attractions' should be revised to delete the word 'expected'.	This indicator has now been dropped from the final version of the Programme.

With regard to the proposed results indicators for Priority Axis 1 ('increased levels of investment in R&D in priority sectors in the cross-border region') and Priority Axis 3 ('To increase the total number of visitors to the Programme area') baselines and performance monitoring will use published statistical sources, and while there is clearly an issue around the extent to which any observed change will be able to be attributed to this relatively small-scale Programme (as opposed to macro-economic changes, Government interventions and indeed the effects of other ESI Programmes in the region), we believe these are consistent with the Commission's guidance and intentions. We remain somewhat concerned that establishing baselines for the results indicator for Priority Axis 2 ('increased knowledge and awareness of climate change amongst communities and businesses') may be tricky but considerable progress has already been made on this and we believe this is a good basis for further discussion with the Commission.

In terms of the Performance Framework, given the difficulties over results indicators we endorse the decision to focus on output and financial indicators and support the choice of indicators made in the final version of the Programme (subject to the point on the need for clear definitions to be agreed by the PMC). It is worth noting in this context that an additional suggestion with regard to the Performance Framework indicators for Priority Axis 2 from the evaluation team has been taken on board since the second iteration.

In terms of the quantification of targets, as already noted, we have had limited time to consider these. However, we believe that what has been proposed is largely appropriate with three relatively minor exceptions:

- The proposal for the employment increase in supported enterprises (at 35) for Priority Axis 1 looks low in comparison with the number of enterprises assisted (1200), though we appreciate evidencing job creation is problematic. Using the current Programme as a comparator here may understate the potential employment creating effects of

operations given the improved economic prospects in the region compared to 2007 - 2013<sup>23</sup>;

- In Priority Axis 2, the target for the number of organisations cooperating on a cross-border basis to enhance the marine environment (24) looks low, as this appears based on all relevant operations involving only the minimum anticipated of three partners;
- In Priority Axis 3, again the target for employment increase in supported enterprises (10) looks low given the increased focus on the visitor economy in this Priority Axis and the somewhat improved economic prospects.

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<sup>23</sup> Albeit that in the current Programme, project jobs have been allowed to be counted.

## 7.0 Financial Allocations

Proposed financial allocations were first shared with us during the second iteration on the Programme strategy. Table 7.1 sets out the major issues raised in respect of the financial allocations and the responses from the drafting team.

All three issues which we raised in our comments on the initial proposals have been addressed. On balance, we believe that a relatively strong case has now been made for the chosen financial allocation.

Table 7.1: Main issues raised on financial allocations

Iteration	Comment	Action Taken in Response
Second	The potential to increase the share of the Programme's resources being devoted to Priority Axis 2 given that the Irish Sea is the clearest shared resource in the Programme area and is unlikely to be the focus of other national ESI Fund Programmes.	The share of the Programme resources allocated to Priority Axis 2 has been increased from 29% to 35%.
Second	The need to recognise that budget allocations overall were small given the breadth of the actions described under each Priority Axis.	The focus of each of the Priority Axes has been narrowed considerably in the final version of the Programme.
Second	The potential to include private match funding as part of the funding package presented in Table 17 given the expected role of enterprises.	A modest amount of private sector funding included in the final version.

## **8.0 Administrative Arrangements, Monitoring and Evaluation**

### **8.1 Administrative Arrangements and Capacity**

While the ex-ante evaluators are required to consider the adequacy of human resources and administrative capacity for the management of the CP, the Programme template does not provide the opportunity for the Managing Authority to provide evidence on this, as the focus of Section 5 is on the implementation bodies and on the engagement of a wider partnership in developing and implementing the CP, while Section 7 concerns the administrative burden on beneficiaries. We therefore briefly consider the available evidence on administrative capacity before considering the content of these two parts of the Programme as well as the section on Priority Axis 4 – Technical Assistance.

WEFO has long experience as a Managing Authority, has implemented systems which have ensured a very low error rate by comparison with other Managing Authorities (0.41% compared to a threshold for corrective action of 2%), and has received a series of commendations from the European Commission for the standards of its management practices, particularly since the introduction of the Programme and Project Information Management System (PPIMS) and WEFO on-line which has enabled projects to input financial and monitoring data using ICT rather than manual returns<sup>24</sup>.

The proposal within the CP is that the arrangements in terms of the Managing Authority, Certifying Authority, Audit Authority and the Payments body for the Programme should be aligned with those for the Welsh Structural Funds Programmes and therefore there is reason to believe that the good practice from the current Welsh Programmes can be adopted and built on, while also

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<sup>24</sup> See for example Position of the Commission services on the development of the Partnership Agreement and programmes in the United Kingdom for the period 2014-2020, Ares(2012)1315758-08/11/12 p. 26

retaining a number of distinctive features developed during the previous Ireland Wales Programmes, notably the Development Officer model.

Overall, therefore, we believe that there is reasonably strong evidence to suggest that WEFO as Managing Authority has adequate experience and capacity to take forward the Programme effectively and is seeking both to build on good practice and identify lessons learnt in programme management during the previous programming period.

Turning to the questions of the use of technical assistance, administrative arrangements and the measures planned to reduce the administrative burden on beneficiaries, the relevant sections of the Programme were considered during the second (and final) iteration of the ex-ante evaluation. In our view, these sections were generally sound at the point at which we first saw them, but the small number of issues raised in the final iteration are summarised in Table 8.1.

From our perspective, these sections of the Programme are very robust and there are no outstanding issues to be dealt with, although we remain of the view that it might be useful to be clear about the staff resources available specifically for the implementation of the Programme: at the same we note that in some cases the Programme will draw on staff and other resources from elsewhere in WEFO (for example, the Research, Monitoring and Evaluation team and the Cross-Cutting Themes team).

Table 8.1: Main issues raised on technical assistance, administrative arrangements and the administrative burden on beneficiaries

<b>Iteration</b>	<b>Comment</b>	<b>Action Taken in Response</b>
Second	The potential for a more specific statement on the staff resources in order to provide assurance that the comprehensive list of tasks detailed can be delivered.	No specific information has been added in to the Priority Axis although an explanation that, owing to the limits of the Technical Assistance budget, certain costs relating to IT, overheads and some staffing (Research, Monitoring and Evaluation, Communications, Cross-Cutting Themes) will be met from core WEFO budgets.
Second	The need to resolve some ambiguity about whether the WIN scheme would be continued.	This has been clarified in the final version.
Second	The potential to highlight that the proposal to fund Operation Officers in both parts of the region was based on the success of the predecessor Development Officer model.	Such an explanation has been added in the final version.
Second	The potential to add in information clarifying the extent of the experience of the proposed Managing Authority, Certifying Authority and Audit Authority in dealing with Structural Funds Programmes and the track record of the PPIMS IT system.	This has been added in the final version.
Second	The need to clarify whether on the Irish side there were any equivalent consultative bodies to the EPPF and the Workstream Groups.	The drafting team has clarified that there were no similar bodies, although this has not been explicitly stated in the Programme text.
Second	The potential to add in more information about the number of attendees at the consultation event and the number of written responses to the consultation received.	This information has been added.

## **8.2 Monitoring and Evaluation Procedures**

The CP template does not require Managing Authorities to provide information on Monitoring and Evaluation procedures and it is therefore difficult to judge on the basis of the documentation available alone the suitability of the of the procedures for monitoring and evaluating the Programme.

The description of the monitoring and evaluation functions to be carried out under Technical Assistance are very much what we would expect and we had no comments on them at the second iteration stage. We are aware that WEFO has developed a comprehensive monitoring and evaluation strategy for the ESI Fund Programmes within Wales and would expect this to be used as a model for the draft strategy to be put to the PMC within one year of the Programme approval<sup>25</sup>.

Overall, we take the view that WEFO has an experienced Research, Monitoring and Evaluation (RME) team in place with a strong track record of managing monitoring systems and commissioning evaluation.

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<sup>25</sup> CPR Art. 114

## 9.0 Horizontal Themes: Equal Opportunities

### 9.1 *The Equality Impact Assessment*

In this Section we first report on the findings of the Equality Impact Assessment (EIA) before turning to our review of the material within the CP.

As already noted, a core part of the ex-ante evaluation has been an EIA of the CP. Although not required by European legislation, the assessment supports the fulfilment of the Welsh Government's obligations under the Public Sector Equality Duty (PSED) to show due regard to characteristics protected under the Equality Act 2010<sup>26</sup>.

An EIA report is being published in parallel with this report. The conclusions of the assessment are that:

- Overall, it is not anticipated that there will be any disproportionate negative impacts on any of the characteristics protected by the Equality Act 2010 as a result of the CP and effects overall are likely to be beneficial;
- In particular, Priority Axis 1 offers opportunities to use untapped resources within particular communities or groups (such as women or BAME groups) who may experience difficulties in participating in research and innovation, while Priority Axis 2 is likely to have long term positive effects on the health and well-being of those groups most likely to be affected by climate change and the adverse weather events associated with it (notably vulnerable elderly people and children). Priority Axis 3 may support employment opportunities for a range of groups, with the potential to address barriers to engaging with entrepreneurial activity on the part of various groups including women,

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<sup>26</sup> These are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race and ethnicity, religion or belief, sex, sexual orientation. The EIA also considered the Welsh Language, given legislative requirements in Wales.

people from Black, Asian and Minority Ethnic (BAME) communities and Lesbian, Gay and Bi-sexual (LGB) people;

- However, potential positive impacts will, in some cases, only be realised if measures are taken as part of Programme and project implementation to ensure appropriate focus and adequate accessibility, in particular tailoring interventions to the needs of specific groups;
- The CP has the scope to contribute to the achievement of European, UK, Irish and Welsh ambitions regarding equality – particularly the achievement of the aims of the PSED to tackle discrimination, promote equality of opportunity and (to a slightly lesser extent) foster good relations between social and demographic groups;
- While there is a strong track record of Programme level integration of equality within Programmes administered by WEFO there still remains an acknowledged gap between the integration of equality considerations into Programme-level strategy and project-level implementation and delivery which will need to be addressed. WEFO should therefore:
  - work with projects and their sponsors to establish realistic and reliable mechanisms for monitoring and evaluating the impact of projects that are funded;
  - maximise Programme accessibility through a targeted and tailored communication strategy;
  - actively engage with equality organisations and other groups representing those with protected characteristics;
  - provide training to project sponsors and delivery organisations; and
  - encourage these organisations to develop their own equality credentials.

## **9.2 Equalities as a Horizontal Theme**

Besides the EIA, the ex-ante evaluation has also involved appraisal of the description of the Horizontal Themes in the Programme. This section was

included during the second iteration in August 2014. In Table 9.1 we summarise the small number of comments made relating to equal opportunities and the response to them.

The Programme's treatment of these issues is generally robust. However, we believe that the objectives as described in the final version of the Programme document (which have been substantially revised compared to the second iteration) may be unduly ambitious. In taking forward the equalities cross-cutting theme it will be important to keep these objectives under review.

We also believe that the references to the Welsh and Irish languages remain rather limited, particularly given that those parts of Wales with high concentrations of first Welsh language speakers are within the Programme area.

*Table 9.1: Main issues raised on equal opportunities*

<b>Iteration</b>	<b>Comment</b>	<b>Action Taken in Response</b>
Second	The potential to explain that WEFO is bound by the Public Sector Equality Duty as part of the Welsh Government.	This clarification has been added in the final version of the Programme.
Second	The need to avoid setting objectives which are unrealistic given the scale of resources available to the Programme.	The objectives have been redrafted in the final version provided.
Second	The need to address more explicitly the linguistic dimension of equal opportunities.	Minor changes have been made to refer to the fact that the EIA also considered issues relating to the Welsh and Irish languages and to provide assurance that websites will be bilingual.

## 10.0 Horizontal Themes: Sustainable Development

### 10.1 Strategic Environmental Assessment

As noted in Section 1, the CP was subject to a screening exercise in accordance with the SEA Directive and on this basis, with the agreement of the relevant statutory bodies<sup>27</sup>, it was concluded that a full SEA was required because the potentially significant environmental effects of the Programme.

Subsequent to this, a full SEA report was prepared and consulted upon. The report was then updated to take into account comments received and the final version of the Programme. The main conclusion of the full SEA Report is that:

- The Programme overall provides opportunities to significantly impact positively on the environment, although it is not possible to be categoric;
- Of the 24 types of action identified, nine can be said with confidence to offer significant positive effects; nine can offer positive outcomes depending on the nature of the proposals; and three are likely to be neutral overall.
- Of the three remaining cases, in one (relating to the creation of cross-border clusters) the effects might be either positive or negative, depending on the extent to which the environmental aspects are taken into account, leaving only two types of action that raise concern: these relate to exploiting 'business opportunities to take full advantage of the sustainable management of natural resources...', in the context of 'niche tourist attractions'; and 'marine tourism development'. In these two cases, there is a distinct possibility of negative environmental

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<sup>27</sup> Natural Resources Wales and CADW in Wales and the Departments of Environment, Community and Local Government; Communications, Energy and Natural Resources; Agriculture, Food and Forestry/ Agriculture, Food and the Marine; Arts Heritage and Gaeltacht (National Parks and Wildlife Service), and The Environmental Protection Agency, in Ireland.

effects unless these are carefully assessed in the context of specific proposals, individually and cumulatively;

- As a matter of principle, the key to minimising negative environmental impact should be avoidance and therefore projects likely to impact negatively on environmental interests should not be supported via the Programme. Where there might be a conflict between one environmental interest and another, rigorous analysis of a project's implications should determine whether and how to proceed. Any project that might trigger an EIA should be subject to particular scrutiny;
- An assessment of the alternative uses which the Programme might make of the resources available suggests that the proposed Programme is optimal.

## **10.2 Habitats Regulations Assessment**

In addition, a Habitats Regulations Assessment (HRA) Report was carried out for the CP. Articles 6(3) and 6(4) of the European Habitats Directive and section 61 of the Habitats Regulations (2010) require the relevant competent authority to carry out an assessment of the likely significant effects of plans or projects on 'European sites or offshore marine sites', either alone or in combination with other plans or projects.

The assessment undertaken went beyond the screening stage to consider in further depth, the vulnerabilities of the 'receptors' of any potential impact, namely the features that are cited in European site inscriptions.

It is important to note that given the strategic nature of the CP, the detail of where and how proposals are likely to be implemented had not been developed at the time the HRA was carried out. As such, the assessment identifies as far as is possible, any risks of significant effects that might result to features associated with European sites, as well as to the integrity of the

Natura 2000 network<sup>28</sup>. The HRA must not be taken as an assessment of any plans or proposals that emerge and subsequent proposals (i.e. operations) should show how they have taken into account the issues raised in this assessment.

The HRA report concluded that:

- The vast majority of potential impacts of the actions envisaged by the Programme on habitats and species of European importance are likely to be neutral. In a small number of cases significant positive impacts are likely while in others positive impacts are possible. In only a small minority of cases is there a potential for negative effects, depending on the interpretation of the actions, although it is not possible to be categorical about their significance;
- The main concern is the potential for internal conflict between some of the actions, especially between those that seek to promote renewable technologies on the one hand (since these can have negative impacts on habitats and species) and those on the other that seek to deliver on natural ecosystems and biodiversity; and those that seek to optimise coastal and marine tourism whilst protecting and enhancing its natural values;
- However, specific impacts will arise from the effects of the Programme's action in combination with those of other plans and projects, including those that emerge from the mainstream ESI Programmes;
- While some plans and programmes which dictate the shape of interventions (such as local development plans in Wales) will already have been subject to full HRA, others will not: appropriate lower level HRAs (i.e. at project level) will, where appropriate need to be carried

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<sup>28</sup> Natura 2000 is the term given to the network of European nature protected sites

out<sup>29</sup> to identify more precisely the nature, scale or location of development and its potential effects.

### **10.3 Sustainable Development as a Horizontal Theme**

Turning to the ex-ante appraisal, in Table 10.1 we summarise comments made relating to sustainable development during the second iterations on the Programme template. There are no significant outstanding issues.

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<sup>29</sup> As specified by law in the UK by The Habitats Regulations Assessment of Local Development Documents (Final Draft) (p37-38) [Unpublished]

*Table 10.1: Main issues raised on sustainable development*

<b>Iteration</b>	<b>Comment</b>	<b>Action Taken in Response</b>
Second	The potential to provide more information on targets relating to sustainable development for each of the Priority Axes which are referred to but not detailed.	The drafting team have explained that targets will be agreed and issued in the cross-cutting theme guidance once the Programme has been approved.
Second	The need to clarify a reference to ‘the principles of sustainable development as defined by the programme’.	This has been amended in the final version to refer to the EU’s Guiding Principles for Sustainable Development.

## 11.0 Conclusions

The ex-ante evaluation process has been thorough as well as highly iterative. The drafting team has taken care both to address methodically and, where possible, respond to the wide range of issues flagged up by the evaluators.

Overall, we believe that the CP as now drafted:

- Is based on a very sound and thorough socio-economic analysis and uses the evidence base appropriately;
- Is internally coherent in terms of the flow from the socio-economic analysis to the Programme strategy and the Priority Axes (and the choice of Thematic Objectives and Investment Priorities), is generally consistent with other relevant policies and programmes and is based on a sound and explicit Intervention Logic;
- Is consistent with the EU 2020 Strategy, the Common Strategic Framework, the Country Position Papers for the UK and Ireland and the draft Partnership Agreements submitted by the two member-states;
- Reflects a high degree of thematic concentration which is highly appropriate given the scale of resources available;
- Is based on significant efforts to identify appropriate indicators, given the difficulties inherent in such a Programme;
- Has broadly set reasonable targets for the indicators (though the evaluation team has had only a limited time to consider these);
- Is likely to put sound monitoring and evaluation processes in place;
- Is based on a justifiable allocation of budgetary resources;
- Is based on sound partnership working and builds on previous strengths in terms of programme management;
- Is based on appropriate involvement of and consultation with, individuals and bodies with expertise within the Horizontal Themes and is likely to have broadly positive effects in terms of both sustainable development and equal opportunities.

While generally endorsing the CP, there remain a small number of areas where we believe there is a case for further reflection or work as the Programme is put into implementation:

- Care will be needed to make good the intention to embed the principles of inclusive growth across the Programme;
- Further assurance may be needed that the mechanisms which have been put in place to ensure coordination with other funds are sufficient to avoid duplication;
- Within Priority Axis 1, it will be important given the potential for overlap with innovation interventions funded from other ESI Programmes to give considerable weight to the extent of cross-border added value offered by individual projects as part of the appraisal process, as well as to ensure that support is focused principally on SMEs and the shared R&D priorities now identified. Further work to clarify the complementary strengths of the research base in respect of the three key research themes would be helpful;
- Although considerable progress has been made, the proposed results indicators (particularly for Priority Axis 2) may merit further discussion with the European Commission, while early sight of the definitions proposed for all non-core indicators would be valuable;
- A small number of the targets proposed appear modest;
- There may be scope to address issues around the Welsh and Irish languages more extensively and creatively.

Overall, however, we are very satisfied that the Programme as drafted meets the Regulatory requirements and is fit for purpose.

## ANNEX 1: COMMENTS LOG TEMPLATE

<b>Ex Ante Evaluation</b> <b>Analysis Report</b>
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### Document Overview

Document Title:	
Author/Originator:	
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Date Received by Evaluators:	
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### Evaluator Summary

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