

# **Border, Midland and Western Regional Operational Programme**

**Supporting and Enabling Dynamic Regions**

## **EU Regional Policy 2007-2013**

**September 2009**

**(Final)**

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# Chapter 1:

## Introduction and Background

### 1.1 Introduction

The regionalisation arrangements negotiated by the Irish authorities in 1999 in the context of the Agenda 2000 Agreement, saw the designation of the country into two NUTS<sup>1</sup> II regions for EU Cohesion Policy purposes. These new regions, which were established in 1999<sup>2</sup>, are:

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

The next round of EU Structural and Cohesion funding will cover the period 2007-2013. Under article 6 of the General Regulation (EC) 1083/2006<sup>3</sup>, regions not covered by the Convergence Objective will be eligible for assistance under the Competitiveness and Employment Objective. This will include the BMW NUTS II region which will qualify as a phasing-in under the transitional arrangements as a previous Objective 1 region which now has a per capita GDP above 75% of the EU25 average. It is expected that the BMW Region will receive c. €458m in total structural funding over the period, of which 50% (c. €229m) will be from the European Regional Development Fund (ERDF).

The Irish Government, as set out in the National Strategic Reference Framework<sup>4</sup> (NSRF) has decided that Cohesion policy will be delivered through separate regional Operational Programmes (OPs) for the BMW and the S&E Regions and a national ESF OP. These programmes will be part-funded by the ERDF. The BMW Regional Assembly has been designated by the Government to be the Managing Authority for the BMW Regional Operational Programme and is responsible for its preparation and delivery.

Given the agreed objectives of Cohesion policy, Structural Funds will be concentrated on implementing community policies, namely the renewed Lisbon Agenda<sup>5</sup> and the Göteborg Declaration<sup>6</sup>. The specific focus will be on innovation and the knowledge economy, environment and risk minimisation, accessibility to services of general interest (e.g. broadband, transport infrastructure), increasing adaptability of workers and enterprises, enhancing access to employment, and social inclusion measures. This OP is designed to set out a development strategy, including a coherent set of priorities to meet the strategic objectives that have been set for the Regional OP.

### 1.2 Legal Basis for the Operational Programme

The legal basis for the OP is provided in Council Regulation (EC) 1083/2006 laying down the general provisions of the ERDF, the European Social Fund and the Cohesion Fund. This states that actions taken by the Community under article 158 of the Treaty “shall be designed to strengthen the economic and social cohesion of the enlarged Community in order to promote the harmonious, balanced and sustainable development of the Community. This action shall be taken with the aid of the Funds, the European Investment Bank (EIB) and other existing financial instruments. It shall be aimed at reducing the economic, social and territorial disparities which have arisen particularly in countries and regions whose development is lagging behind, to the speeding-up of economic and social restructuring, and to the aging of the population.” Pursuant to article 160 of the Treaty the ERDF shall contribute to the financing of assistance towards the reinforcement of economic and social cohesion by redressing these main regional imbalances.

This OP covers the period 2007 to 2013 and has been developed in accordance with the General and the ERDF<sup>7</sup> Regulations, and in particular, takes account of the requirement to prepare an OP, as specified in article 32 of the General Regulation and as described in article 37.

### 1.3 Definition of the BMW NUTS II Region

The eligible region as covered by this OP is called the Border Midland and Western (BMW) Region which is a NUTS II region. It covers a total of thirteen counties and encompasses the BMW Regional Authority areas. These are classified as NUTS III regions and their component counties are

<sup>1</sup> NUTS ‘Nomenclature des Unites Territoriales pour Statistiques’ is the term given to the EU regional classification system

<sup>2</sup> Local Government Act, 1991 (Regional Authorities) (Establishment) Order, 1999. S.I. No. 226 of 1999. <http://www.irishstatutebook.ie/ZZSI226Y1999.html>

<sup>3</sup> European Commission (2006) Council Regulation (EC) 1083/2006 of 11th July, 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999. [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/pdf/2007/feder/ce\\_1083\(2006\)\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/feder/ce_1083(2006)_en.pdf)

<sup>4</sup> Government of Ireland (2007) National Strategic Reference Framework for Ireland, 2007-13

<sup>5</sup> European Commission (2005) Common Actions for Growth and Employment – the Community Lisbon Programme [http://ec.europa.eu/growthandjobs/pdf/COM20\\_330\\_en.pdf](http://ec.europa.eu/growthandjobs/pdf/COM20_330_en.pdf)

<sup>6</sup> European Commission (2001) A sustainable Europe for a better World: A European Strategy for Sustainable Development – Proposal to the Gothenburg European Council [http://europa.eu.int/eur-lex/en/com/cnc/2001/com2001\\_0264en01.pdf](http://europa.eu.int/eur-lex/en/com/cnc/2001/com2001_0264en01.pdf)

<sup>7</sup> Regulation (EC) 1080/2006 of the European Parliament and of the Council of 5th July 2006 on the European Regional Development Fund and repealing regulation (EC) 1783/1999 [http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/L\\_210/L\\_21020060731en00010011.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/L_210/L_21020060731en00010011.pdf)

set out in the table below. The BMW Region accounts for 47% of the land area of Ireland, 26.5% of the population and 19% of GDP. The territory is presented in the map (below).

**Table 1.1: Definition of the BMW NUTS II Region**

NUTS II	Counties
Border	Cavan, Donegal, Leitrim, Louth, Monaghan, Sligo
Midlands	Laois, Longford, Offaly, Westmeath
West	Galway, Mayo, Roscommon

Source: BMW Regional Assembly, 2006

**Figure 1.1 Map of the BMW Region**



Source: BMW Regional Assembly

#### 1.4 Preparation of the Programme and the Partnership Principle

The Managing Authority undertook a preliminary consultation process to assist in the identification of priorities and candidate interventions for inclusion in the draft OP between February and July 2006. This process included meetings with Government Departments and Agencies, consultation with the Regional OP Monitoring Committee (which includes representatives of the social partner pillars), Regional Assembly Members, Local Authority Managers, Local Development Bodies and the Heads of the Region's Higher Education Institutions.

The preparation of this OP has benefited from:

- The outcomes of the BMW Regional Foresight exercise<sup>8</sup>, published in 2005 and of the Audit of Innovation<sup>9</sup> in the BMW Region, published in 2004;
- Consultations with local, regional and national agencies and higher education institutions;
- Discussions with Government Departments and the intermediary bodies that operate under their remit;
- A wide range of EU and national studies and reports and the evaluations of the Programmes funded under the NDP/CSF 2000-2006;
- The strategic framework provided by the NSRF;
- The recommendations arising from the SEA process;
- The findings and recommendations arising from the ex ante evaluation of the draft Regional OP;
- Discussions with the EU Commission services; and
- Submissions made during the formal consultation phase.

Following the preparation of the draft programme, the Managing Authority placed notices in the national press, advising the public of the consultation process and the availability of the programme documents on the Managing Authority's website. In addition, and in accordance with article 11 of the General Regulation, regarding the engagement of appropriate partners in the preparation of OPs, the Managing Authority circulated draft copies of this OP and Environmental Report, prepared in compliance with the SEA Directive, to the following on January 12th 2007:

- All relevant Departments and Intermediary Bodies;
- Higher Education Institutions in the BMW Region;
- Elected members of the BMW Regional Assembly (29);
- BMW Regional OP Monitoring Committee, including social partner representatives and Advisors (45);
- Heads of Public Bodies represented on the Operational Committee of the BMW Regional Assembly (34);
- Environmental Authorities (3) specified in the SEA legislation;
- Regional Authorities (3);
- Local Authorities (14);
- Department of Finance and its Central Expenditure Evaluation Unit;
- Other Managing Authorities (4); and
- Horizontal Interests: Gender, Equality, Social Inclusion (3).

A full list of the organisations with whom meetings were held during the programme preparation and of the submissions received is provided in Annex 3.

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

## 1.5 National Development Plan 2007-13

The National Development Plan (NDP) 2007-2013, launched in Dublin Castle on January 23rd, 2007 is a high level strategic document which sets out within a sustainable economic and budgetary framework indicative seven year investment allocations for the various sectoral areas, totalling almost €184bn.

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

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

<sup>8</sup> Border, Midland and Western Regional Assembly (2005) New Challenges New Opportunities: Report of the Border, Midland and Western Regional Foresight Exercise 2005-2025 [http://www.bmwassembly.ie/innovative\\_actions/InnovativeActions\\_docs/ForesightReportAmended\\_130905.pdf](http://www.bmwassembly.ie/innovative_actions/InnovativeActions_docs/ForesightReportAmended_130905.pdf)

<sup>9</sup> Border, Midland and Western Regional Assembly (2004) Audit of Innovation in the BMW Region [http://www.bmwassembly.ie/innovative\\_actions/Audit\\_Reports\\_2004.htm](http://www.bmwassembly.ie/innovative_actions/Audit_Reports_2004.htm)

The 2007-2013 NDP will focus on five investment priorities as follows:

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

The NDP with an emphasis on improving quality of life in a sustainable manner will take account of the National Spatial Strategy (NSS) 2002-2020, environmental sustainability, impact on social inclusion, the all-island dimension, value for money considerations and the requirements of the EU Lisbon process. The new NDP in particular seeks to consolidate progress made under previous programmes and address the investment now necessary to maintain national competitiveness within a sustainable economic and budgetary framework. It also sets out the resourcing commitments necessary to achieve policy developments agreed under the *Towards 2016* agreement.

The NDP sets out a framework for the promotion of regional development with a particular focus on investment in the NSS-designated Gateways. In developing this programme the Managing Authority has been cognisant of the fact that significant investment in the BMW Region will be included in the new NDP and that most publicly-funded developmental objectives will be supported through this mainstream framework.

The Irish Government has decided that the programming for the 2007-13 round of structural funds would be separate from the NDP Programming process. The priorities and strategic framework for co-funded programmes are set out in NSRF, which is separate from the NDP.

## 1.6 Operational Programme Structure

The Structure of the remainder of the OP is as follows:

Chapter 2 outlines the EU, national and regional policy context and reviews the relevance of these to the selection of priorities for the OP. Chapter 3 provides a socio-economic profile of the BMW Region, including an environmental profile and a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. Territorial data at NUTS III level are provided, where feasible in this OP. Chapter 4 builds on the analysis of the previous chapters and provides the development strategy for the OP. Chapter 5 describes the priorities and proposed interventions and their how complementarity with other EU-assisted programmes, the NDP and other national strategies, will be achieved.

Chapter 6 provides the financial plans for the OP broken down by priority and year. Chapter 7 addresses how the horizontal principles of sustainability and equality are being taken account of in the OP. Finally, Chapter 8 sets out the arrangements for the implementation of the OP.



# Chapter 2:

## Policy Context

### 2.1 Introduction

In this section, the key policy documents and strategies that set the context for this Operational Programme (OP) are reviewed. The chapter focuses initially on selected EU policies and then relevant national and regional policy documents and strategies are considered.

### 2.2 Relevant EU Guidelines and Regulations

The European Commission published its third report on Cohesion entitled “A New Partnership for Cohesion- Convergence Competitiveness Co-operation” in February 2004. These proposals envisaged a Cohesion policy with stronger links to the need for sustainable economic growth in the EU (Lisbon and Gothenburg processes) and with the European Employment Strategy, with increased emphasis on competitiveness, employment, and social cohesion. Significant changes were proposed in the method of planning, implementation, and management of the Structural and Cohesion funds.

It was agreed that Operational Programmes co-financed through the Cohesion Policy would target resources on the following three priorities:

- Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential;
- Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies; and
- 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.

### 2.3 Lisbon Strategy

The Lisbon Agenda sets the more immediate priority objectives of the EU for the period 2000-2010. It was agreed at the Lisbon Council in 2000 and includes the following vision: “To make the EU the most competitive and dynamic knowledge based economy in the world capable of sustaining more and better jobs and with greater social cohesion.”

The EU Sustainable Development Strategy first adopted in Gothenburg in 2001 forms the overall framework within which the Lisbon Strategy, with its renewed focus on growth and jobs, provides the motor of a more dynamic economy. The Sustainable Development Strategy and the Lisbon Strategy complement each other and recognise the role of economic development in facilitating the transition to a more sustainable society.

The Lisbon Strategy is a commitment of the EU governments to concentrate their efforts on a single over-arching goal, i.e., to bring about economic, social and environmental renewal in the EU. The Lisbon Strategy means that growth should be created on an ecologically and socially sustainable basis. The ten-year strategy has a number of specific goals including:

- 70% of the labour force to be in work in 2010;
- 60% of the female labour force to be in work in 2010;
- 55% of the labour force aged 55-64 to be in work in 2010;
- Investments in research and development to be 3% of GDP in 2010;
- 90% of children over the age of three to have access to childcare in 2010;
- Mainstream the promotion of social inclusion in Member State’s employment, education and training, health and housing policies; and
- Develop priority actions addressed to specific target groups such as women, minority groups, children, the elderly, and the disabled.

The Lisbon Community Programme seeks to contribute to the overall economic and employment policy agenda by completing the internal market and by implementing common policies and activities that support and complement national policies. It concentrates on a number of key actions with high value-added by:

- Supporting knowledge and innovation;
- Removing obstacles to physical, labour and academic mobility;
- Developing a common approach to economic migration; and
- Supporting efforts to deal with the social consequences of economic restructuring.

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

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

The strategic priorities and proposed interventions as described in this OP are consistent with the renewed Lisbon Strategy and will contribute to economic, social and environmental renewal. While the European Social Fund will be the primary means of addressing this objective in Ireland, the ERDF will also contribute to social inclusion.

## 2.4 Community Strategic Guidelines

Arising from this, the General Regulation laying down general provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund makes provision for an overarching Strategic Guidelines document that would set out how investments would aim to meet these Cohesion objectives. The purpose of the Community Strategic Guidelines is to define the key priorities for EU Cohesion Policy over the 2007-13 period. These are to promote and encourage innovation, the knowledge economy, enterprise, research and development and ICT. In addition, Cohesion Policy will support improvements in the attractiveness of regions, improved accessibility and the level of services available. This aims at providing Member States with a framework by which national and regional investment programmes 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 reflects regional and local situations. This OP has been framed within the context of the Community Strategic Guidelines.

## 2.5 Regional Competitiveness and Employment Objective

The Border, Midland and Western (BMW) Region qualifies under the “Regional competitiveness and employment” objective. This is aimed at strengthening regions’ competitiveness and attractiveness as well as employment by anticipating economic and social changes, including those linked to the opening of trade, through increasing and improving the quality of investment in human capital, innovation and the promotion of the knowledge society, entrepreneurship, the protection and improvement of the environment, and the improvement of accessibility, the adaptability of workers and businesses as well as the development of inclusive job markets.

OPs submitted under the “Regional competitiveness and employment” objective are drawn up at Regional NUTS I or NUTS II level, in accordance with the institutional system specific to the Member State. Accordingly, the ERDF interventions set out in this OP are consistent with the eligibility criteria for a phasing-in Region within the Regional Competitiveness and Employment Objective.

Article 5 of Regulation (EC) 1080/2006 on the ERDF defines the eligible interventions for the competitiveness and employment objective. Under this objective, the ERDF shall focus its assistance, while promoting employment, in the context of sustainable development strategies, primarily on the following three priorities:

- 1) Innovation and the knowledge economy, through support for the creation and strengthening of efficient regional innovation systems capable of reducing the technology gap, and which take into account local needs;
- 2) Environment and risk prevention; and
- 3) Access to transport, telecommunications and services of general economic interest.

In addition, interventions in support of sustainable urban development may also be supported, as set out in article 8 of the ERDF Regulation.

The Managing Authority has taken account of the priorities specified for programmes under the Competitiveness and Employment objective and is satisfied that the priorities identified for the BMW Regional OP are in accordance with the regulation.

## 2.6 National Strategic Reference Framework

In accordance with article 27 of the General Regulation, each Member State is required to prepare a National Strategic Reference Framework (NSRF) consistent with the Lisbon Strategy which ensures that assistance from the Funds is in harmony with the Community Strategic Guidelines on Cohesion and which identifies the link between Community priorities and the National Reform Programme. The NSRF for Ireland which has been prepared by the Department of Finance and approved by the Irish Government outlines the strategic orientation for Cohesion Policy, and the strategy for allocating the available funding through the selected OPs under the Regional Competitiveness and Employment objective. During the preparation of the NSRF, the Regional Assembly was consulted to ensure consistency of approach in formulating the niche strategy. The NSRF provides an overarching structure for the OPs and ensure consistency with Community and national policies.

The strategic objective of the NSRF, is to complement the investment priorities being pursued under the NDP by focusing on niche priorities in line with the Community Strategic Guidelines, ESF/ERDF Regulations and consistent with the recommendations contained in the Ex-Ante Evaluation conducted by the Economic and Social Research Institute<sup>10</sup> on the NDP 2007-2013, the two regional foresight studies conducted and the extensive consultation process undertaken to prepare the NSRF.

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

- Innovation, knowledge and entrepreneurship; and

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<sup>10</sup> www.esri.ie

- Strengthening the competitiveness and connectivity of the Gateways and Hubs through improved access to quality infrastructure and environmental and sustainable development.

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

It states that regional strategies should concentrate on investing in Research, Training and Development (RTD), innovation and entrepreneurship, applied research and technology transfer infrastructure, ensuring that these investments respond to the economic development needs of the region. This can be done by enhancing technology transfer and knowledge exchange; promoting the development, dissemination and uptake of ICTs within firms, and ensuring that enterprises willing to invest in high added value goods and services have access to finance, including venture capital.

It also recommends that interventions be designed to focus on Microenterprise Innovation and Entrepreneurship using the existing County Enterprise Boards as suitable bodies for promoting innovation and entrepreneurship in the regions. The interventions should be designed in consultation with Enterprise Ireland to ensure a consistent national approach.

The NSRF also suggests that the OPs should consider interventions that stimulate demand for broadband, and where appropriate and feasible, interventions that provide the service in areas where a clear market failure exists. Under the second priority, the NSRF recommends that the two Regional OPs should design interventions that will address, in a niche and complementary manner to the NDP 2007-2013, those priorities that enhance the attractiveness of the Gateways and Hubs in their regions. Interventions should concentrate on:

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

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

The NSRF also recognises that production of energy from renewable sources along with energy efficiency and conservation measures make a positive environmental contribution by protecting existing environmental assets and decreasing reliance on other harmful energy sources. It therefore recommends that interventions should be designed to promote increased use of renewable sources of energy to help reduce Ireland's dependency on fossil fuels, reduce CO<sub>2</sub> emissions and promote a cleaner environment.

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

The strategic objectives and proposed interventions of this OP are fully consistent with the NSRF. They also complement the policies set out in the Community Strategic Guidelines and respond in a focused manner to the economic and social challenges facing the BMW Region, as identified in the regional socio-economic analysis (see Chapter 3). The Foresight Report of the BMW Regional Assembly identifies the key challenges to be addressed if the BMW Region is to meet its developmental objectives. However, the level of ERDF funding for the next round for the Region is modest in the overall context of addressing all of these issues. The challenge for this OP is to focus on those niche interventions that will add greatest value and maximise the impact on achieving these goals, within the framework set out in the NSRF. It must also be recognised that the 2007-2013 National Development Plan for Ireland will address many of these priorities

## 2.7 National Reform Programme

The NSRF and this OP also reflect the National Reform Programme<sup>11</sup> (NRP) which was submitted in October 2005. This brought together a wide range of policies and initiatives, the implementation of which were aimed at sustaining Ireland's strong economic performance and employment growth. The NRP identifies three broad policy areas: macro-economic policy, micro-economic policy and employment policy. In addressing the Lisbon goals, the NRP states that global markets and global competition characterise the environment within which the Irish economy must prosper and compete as part of the EU of 27 Member States.

Within the NRP, the need to maintain competitiveness and improve productivity is paramount. Ireland is committed to sustaining linkages between economic performance and social policy and a fair, just and inclusive society. NRP makes specific commitments in the areas of:

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

<sup>11</sup> National Reform Programme is available at [www.taoiseach.gov.ie/attached\\_files/Pdf%20files/lisbonagenda.pdf](http://www.taoiseach.gov.ie/attached_files/Pdf%20files/lisbonagenda.pdf)

A Progress Report on the NRP submitted in October 2006<sup>12</sup> re-confirmed the Irish Government's commitment, working with the Social Partners, to the pursuit of improved quality of life and living standards for all and its recognition of the interdependence of social equity and sustainable development with economic growth and improved employment opportunities.

The implementation of the development strategy, priority objectives and selected interventions as outlined in this OP will contribute to Ireland meeting its commitments as set out in the NRP and in accordance with article 29(1) of the general regulation, the annual report on the implementation of the NRP will include a concise section on the contribution of the OP to the implementation of the NRP.

## 2.8 Barcelona Target and the National R&D Action Plan

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

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

The National R&D Action Plan<sup>13</sup> Building Ireland's Knowledge Economy proposed that Ireland should aim to reach 2.5% of GNP by 2010, with two-thirds of the increase coming from enterprise. This Action Plan represented the beginning of a more structured approach to building Ireland's National System of Innovation, which the SSTI aims to fully realise.

## 2.9 Strategy for Science, Technology, and Innovation 2006-2013<sup>14</sup>

Science, Technology, and Innovation are vital to Ireland's economic and social progress. High levels of investment in research and innovation are essential, both for economic competitiveness, and to yield innovations in areas such as healthcare and environmental technologies which make tangible improvements to our way of life.

In June 2006, the Irish Government published a national Strategy for Science, Technology, and Innovation. In broad terms the strategy sets out the plan to grow Irish research capability as a component of the European Union's drive to become the most competitive and dynamic, knowledge-driven economic area in the world.

This strategy is based on a shared vision of putting Ireland firmly on the global map in terms of the excellence of our research and its application for the benefit of society. The Vision is that "Ireland by 2013 will be internationally renowned for the excellence of its research, and will be to the forefront in generating and using new knowledge for economic and social progress, within an innovation-driven culture."

The includes steps required to develop a world class research system, building on the model of competitive excellence adopted by the Programme for Research in Third Level Institutions (PRTL) and Science Foundation Ireland (SFI) initiatives. It addresses key human capital investments across the education system and industry and mechanisms to translate knowledge into jobs and growth. Key proposed steps include:

- Build the research strengths in the IoTs;
- Significant increase in the numbers of people with advanced qualifications in science and engineering;
- Build on recent NDP investments to deliver a sustainable, world class research system across the spectrum of humanities, physical and social sciences;
- Deliver quality by increasing the number of research teams led by internationally competitive principal investigators;
- Upgrade existing infrastructure and develop new facilities to support research;
- Enhance postgraduate skills through a graduate schools mechanism;
- Develop sustainable career paths for researchers;
- Enhance the mobility of researchers; and
- Double the number of PhD graduates by 2013.

Section 4.11 of the strategy recognises the potential of the Institutes of Technology to develop into effective technology resources focused on collaboration with local industry on the basis of applied research and technology development. The strategy proposes to build research strengths in the IoTs, support networking, address identified industry needs and the development of competence centres. The objective of Priority one of this OP, as outlined subsequently, is consistent with the objectives of this Strategy.

<sup>12</sup> The dedicated website [www.lisbonagenda.ie](http://www.lisbonagenda.ie) contains the 2006 Progress Report

<sup>13</sup> Report of the Interdepartmental Committee, Building Ireland's Knowledge Economy, July 2004

<sup>14</sup> Government of Ireland (2006) Strategy for Science, Technology and Innovation 2006-13 <http://www.entemp.ie/science/technology/sciencestrategy.htm>

## 2.10 National Spatial Strategy 2002-2020<sup>15</sup>

This OP in devising its development strategy and proposed interventions has also taken account of the National Spatial Strategy (NSS) 2002-2020. The NSS was adopted by the Government in 2002 and provides a twenty-year planning framework aimed at achieving a better balance of social, economic and physical development and population growth across the regions. The NSS represents an important new policy development and defines a long-term spatial development strategy, to which other national policies should adhere. The NSS calls in particular for a focussing of investment and growth potential around a network of nine competitive Gateways, supported by an additional nine Hub towns as well as other large towns in order to drive the development of their wider regions.

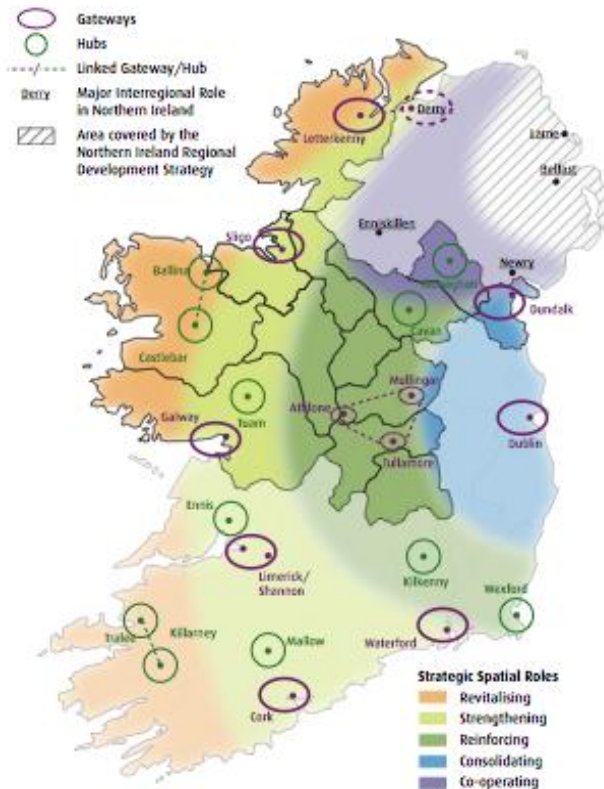
The NSS recognises the divergent levels of economic growth between and within the BMW and Southern & Eastern Regions. It underlines the importance of balanced regional development as a policy priority and proposes that the principal way of addressing this is to harness the development potential of key Gateways and Hubs, which will help generate critical mass in the regional economies. It states that “a range of Gateways and Hubs on an arc reaching from Waterford to Derry must become a primary driver of more balanced regional development”. The development of these urban centres is intrinsically linked to the development of the surrounding hinterlands.

The NSS sees population growth as a key asset which can be harnessed in order to achieve balanced regional development. Balanced regional development will depend on building strong urban structures to accommodate this population growth right across the country. There are five designated Gateways in the BMW Region, as defined by the NSS:

- Dundalk;
- Galway;
- Letterkenny;
- Sligo; and
- The Midlands Gateway of Athlone, Mullingar and Tullamore.

The NSS underlines the importance of the Gateways as drivers for regional growth, recognising that this growth is mainly generated by urban centres. It stresses the importance of enhancing the role of the Gateways in regional areas in order to provide balanced growth within Ireland. This forms the basis for the inclusion of an urban development priority in the BMW Regional OP priority in order to strengthen the capacity of the designated growth centres in the BMW Region to drive the region’s competitiveness growth and to counterbalance the spatial imbalances that currently exist in the region.

**Figure 2.1: National Spatial Strategy – Gateways and Hubs**



<sup>15</sup> Department of the Environment and Local Government (2002) The National Spatial Strategy 2002-2020: People, Places and Potential <http://www.irishspatialstrategy.ie/>

## 2.11 Towards 2016<sup>16</sup>

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

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

## 2.12 Enterprise Strategy Group Report<sup>17</sup>

The Enterprise Strategy Group Report (2004) 'Ahead of the Curve' encourages participation in lifelong learning and achieving distinction in the quality of graduates from the Irish higher education system. It has many implications for the BMW Region, including the necessity for strong emphasis on knowledge and skills levels, attraction of new inward investment, introduction of initiatives to build up marketing capabilities in firms, enhancement of research and technological development capacity and the need to support the development of regionally-based high-technology clusters. In response to the Enterprise Strategy Group's proposals, the Irish Government published an Action Plan<sup>18</sup> addressing each of the report's recommendations. The interventions proposed under Priority 1 of this OP address many of the issues highlighted in the Enterprise Strategy Group's report.

## 2.13 Making Ireland's Development Sustainable

In 2002 'Making Ireland's Development Sustainable'<sup>19</sup> was produced by the Department of the Environment, Heritage and Local Government for the Johannesburg World Summit on Sustainable Development. The report examines progress made in the ten years since the Rio de Janeiro Earth Summit. It also sets out broad policy orientations going forward:

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

<sup>16</sup> [www.taoiseach.gov.ie/attached\\_files/Pdf%20files/towards\\_2016partnershipagreement.pdf](http://www.taoiseach.gov.ie/attached_files/Pdf%20files/towards_2016partnershipagreement.pdf)

<sup>17</sup> Enterprise Strategy Group (2003) Ahead of the Curve: Ireland's Place in the Global Economy  
[http://www.forfas.ie/publications/esg040707/pdf/esg\\_ahead\\_of\\_the\\_curve\\_full\\_report.pdf](http://www.forfas.ie/publications/esg040707/pdf/esg_ahead_of_the_curve_full_report.pdf)

<sup>18</sup> Action Plan on the Enterprise Strategy Group's Report [www.entemp.ie/enterprise/support/esgactionplan.htm](http://www.entemp.ie/enterprise/support/esgactionplan.htm)

<sup>19</sup> Department of Environment, Heritage and Local Government (2002) Making Ireland's Development Sustainable – Review, Assessment and Future Action  
<http://www.environ.ie/DOEL/DOEIPoL.nsf/wvNavView/Sustainable+Development:+A+Strategy+for+Ireland?OpenDocument&Lang>

air emissions;

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

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

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

Finally, the Report highlights that Ireland has adopted measures to honour the UNCED commitments on finance for developing countries, by giving a commitment to increase its aid allocation to reach the UN target of 0.7% of GNP by 2007. A review of Sustainable Development Strategies at EU level was completed in June 2006.

The objective and proposed interventions of Priority 2, in particular, of the BMW Regional OP are consistent with the policy orientations of Ireland's sustainable development strategy. Specific commitments regarding sustainable development as a horizontal principle are included in Chapter 7 of this OP.

## 2.14 National Action Plan for Social Inclusion 2007-2016

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

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

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

The overall poverty goal is:

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

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

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

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

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<sup>20</sup> The Reception and Integration Agency of the Department of Justice, Equality and Law Reform will avail of the EU Fund for Integration of Third Country Nationals to further this goal

## 2.15 Regional Foresight Exercise

In addition to considering the regional implications of the EU and national policies outlined in this chapter, the Managing Authority has also taken account of a number of relevant regional policies and outcomes of recent studies undertaken in the BMW Region. The BMW Regional Foresight Exercise<sup>21</sup> involved a wide stakeholder input with four thematic working groups focussing on the competitiveness, innovation, knowledge and quality of life attributes and objectives for the BMW Region. The exercise was overseen by a high level steering committee. Wide consultation with regional and national interests took place over a 12 month period to seek their views on alternative scenarios for the future development of the BMW Region.

The central objective of the exercise has been to articulate a coherent, future-oriented vision and associated investment priorities for the BMW Region, which reflects the informed views of key decision makers and transforms existing plans and strategies into a coherent development framework for the region.

The BMW Regional Foresight Exercise strongly endorsed the objectives of the National Spatial Strategy and supported its full implementation. The key investment priorities identified are fully consistent with those identified in the regional strategies of the 3 Regional Authorities in the BMW Region (see below).

The vision for the BMW Region that emerged from the exercise is as follows:

**An innovative, knowledge-based and competitive region with a high quality environment, first class infrastructure, visionary leadership and a quality of life for its citizens that is among the highest in the world**

This vision has five components:

**A region where entrepreneurship, learning and knowledge are cornerstones of prosperity**

If the region is to benefit from the new knowledge-based global environment, it must overcome its low capacity for promoting enterprise and innovation and fill existing gaps in high level skills. The role of the third level education sector and its links with industry are an essential element of this.

**A region with internationally competitive businesses and a business environment conducive to investment**

The BMW Region must effectively compete with other regions in order to attract and retain the best economic assets and the brightest and most skilled people and to achieve a status as a net exporter of low weight / high value products. Existing strengths, such as specialist firms, institutions and business supports, can be built upon but the region must also build up new strengths, such as in ICT, life sciences and internationally traded services.

**A region where infrastructure networks provide access to 21st century resources**

The region requires a telecommunication and energy infrastructure suitable for the 21st century, consisting of an integrated network of telecommunications, road, rail and air services. Integrated informational infrastructures and an efficient transport network will be key enabling factors for the future development of the region. Key investments which have already been undertaken must be built upon and other infrastructural needs, such as in the social, educational and health areas, must not be ignored.

**A region where sustainable communities enjoy a high quality environment**

One of the key advantages of the BMW Region is its high quality environment and strong urban and rural communities. The region must grasp the opportunity to create value from these factors. At the same time, economic growth must be achieved without adverse social and environmental impacts.

**A region with visionary leaders and effective regional management**

Policy makers must be attuned to identifying and addressing local needs while at the same time recognising the impact of the external environment on the BMW Region.

The Regional Foresight report provided a key input into the preparation of the BMW Regional OP 2007-13.

## 2.16 Regional Planning Guidelines

The Regional Planning Guidelines (RPGs) are designed to implement the NSS by establishing a framework at regional level to further co-ordinate and integrate the development plans of the planning authorities in each region. They were prepared during 2003 by each of the NUTS III Regional Authorities and form an important framework for planning, development and investment in each NUTS III area.

## 2.17 Audit of Innovation Report<sup>22</sup>

The Audit of Innovation Report commissioned by the BMW Regional Assembly, and published in 2004 makes recommendations for significant improvement in the region's innovation systems. The report recommends the promotion of innovation and entrepreneurship in the BMW Region,

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<sup>21</sup> Border, Midland and Western Regional Assembly (2005) New Challenges New Opportunities: Report of the Border, Midland and Western Regional Foresight Exercise 2005-2025 [http://www.bmwassembly.ie/innovative\\_actions/InnovativeActions\\_docs/ForesightReportAmended\\_130905.pdf](http://www.bmwassembly.ie/innovative_actions/InnovativeActions_docs/ForesightReportAmended_130905.pdf)

<sup>22</sup> Audit of Innovation Report is available at [www.bmwassembly.ie](http://www.bmwassembly.ie)



increasing the number of ICT and other high-tech companies in the region and access to and uptake of capital. It also recommends up-skilling and human resource development and an increase in the number of companies undertaking R&D and a strengthening of the research and innovation capacity of the 3rd level sector and the building of regional clusters and networks.

## 2.18 Conclusion

In this chapter the relevant policies and strategies at EU, national and regional level that have set the context for this OP have been reviewed.

# Chapter 3:

## Regional Profile and SWOT

### 3.1 Introduction

The regional socio-economic analysis set out in this chapter constitutes an important basis for the Operational Programme's (OP) strategy. It includes a definition and outline of the Border, Midland and Western (BMW) Region, a review of recent economic performance and a review of selected regional needs. A review of the relevant measures under the inter-regional and regional programmes under the previous NDP/CSF 2000-2006 is also provided. Finally a SWOT analysis of the region, a summary of the findings of the ex ante evaluation and a non-technical summary of the SEA process are provided. In addition, some key macro-economic indicators and priority-level context indicators have been selected for use as OP context indicators and these are set out in Annex 2.

### 3.2 Definition and Outline of the Border, Midland and Western Region

The BMW Region as set out in Chapter 1 covers a total of thirteen counties and encompasses the three Regional Authority NUTS III areas: Border, Midland, and West. The BMW Region accounts for 47% of the land area of Ireland, 26.5% of the population and 19% of Ireland's GDP. The Central Statistics Office (CSO) estimates that the population of the BMW Region is 1.132 million in 2006 compared with 1.038 million in 2002. Details of the population based on April 2006 data are included in Table 3.1.

**Table 3.1: Regional Population Estimates**

Region	Population 2002	Population 2006	Actual Change 2002-2006	% Change 2002-2006
BMW	1,038,194	1,132,090	93,896	9.0
State	3,917,203	4,234,925	317,722	8.1
Border	432,500	465,200	32,700	7.6
Midlands	225,400	252,400	27,000	11.9
West	380,300	416,200	35,900	9.4
EU 15	377,187,646	384,831,370	7,643,724	2.0
EU 25	452,063,917	458,973,024	6,909,107	1.5

Source: Source: CSO, April 2006 and Eurostat

### 3.3 Overview of Recent Economic Trends

The economy of the BMW Region has undergone significant change in recent years and this process continues today. There is a continuing shift away from agriculture and traditional manufacturing. This shift has been accompanied by falling unemployment and higher levels of economic activity. While the region is growing rapidly when compared with other regions of the European Union, it continues to lag behind the Southern and Eastern (S&E) Region in a number of areas such as company start-ups and expansion, inward investment and product innovation.

Despite these challenges, the BMW Region enjoys some key advantages, especially in the quality of its living environment. There are lower levels of air pollution, lower transport congestion and lower living costs, especially in relation to house prices. However, as stated in the NDP/CSF 2000-2006, while the BMW Region presents a better living environment, "because of the overall attractiveness of large urban centres to the modern population, as evidenced by their growth, it may be less desirable than other regions as a location in which to work and live."

A summary of the key income indicators for the BMW Region with relevant comparisons are included in Table 3.2.

**Table 3.2: Socio-Economic Indicators**

	Year	State	S&E	BMW	EU 15	EU 25
Population (m)	2006	4.2	3.1	1.1	384.8	459.0
Employment (000s)	2006	2,073.3	1,539.8	533.5	165,469	194,551
Unemployment rate %	2006	4.4	4.6	5.3	7.3	7.9
Disposable income per capita (state = 100)	2004	100	102.5	93.2	83.1	-
GVA per person (state = 100)	2004	100	109.9	72.7	81.7	74.4
Growth in Disposable Income	1995-2003	105%	105%	105%	-	-
Growth in Gross Value Added	1995-2003	136%	141%	111%	19.7%	20.3%

Source: Central Statistics Office and Eurostat

### 3.4 Regional Income Trends

The level of disposable income in the BMW Region as a whole is estimated at 93.2% of national levels in 2004. In contrast, the level of disposable income in the S&E Region was at 102.5% of national levels. In addition, data on Gross Added Value shows that the three regions with the lowest GVA per person are the three NUTS III regions of the BMW area, although the BMW Region now exceeds the EU27 average.

The key objective of EU regional policy and of this proposed OP is to improve convergence in the growth of regional living standards as measured by income per capita. This is a function of output per person employed and the number of persons employed as a percentage of the population. This second factor can be further broken down into:

- Unemployment rate (Unemployed/Labour force);
- Participation rate (labour force/population aged 15-64); and
- Age Dependency (Population aged 15-64 as a percentage of total population).

For 2004 the gap in per capita incomes results from these factors including lower productivity in the BMW Region, higher unemployment rates, lower labour force participation and a higher dependency ratio. Incomes per person employed also show a gap, indicating that differential productivity performance is a factor, but also indicating that differences in employment as a percentage of the population are also important. These differences are primarily due to differences in population structure (i.e. higher dependency ratio) and to a lesser extent unemployment and labour force participation.

Labour market developments since 2003 show some convergence in performance as there has been a general upward trend in participation rates in the BMW Region over the last 5 years. The overall level of participation in the three sub-regions has remained below national levels; however, the gap has narrowed somewhat in recent years. There has also been some convergence in unemployment rates. The gap in unemployment between the two regions has fallen significantly over this period and closed for a short period in 2005. Unemployment in the BMW Region actually fell below the national average in the third quarter of 2005.

This performance is summarised in Table 3.3. There is still a gap between the two regions in Ireland in terms of employment as a percentage of population but this is mainly due to differences in the age profile of the population. Overall labour market data since 2002 show some regional convergence in terms of lower unemployment and higher labour force participation in the BMW Region. Even accounting for this, the BMW Region faces significant developmental challenges and structural deficits that need to be addressed through targeted interventions.

**Table 3.3: Comparative Assessment of Employment 2005**

	State	BMW	S&E	EU 15	EU 25
Employment as % of population	46.7%	44.9%	47.4%	43.0%	42.4%
Unemployment as a % of labour force	4.2%	4.3%	4.2%	7.9%	8.8%
Labour force as a % of working age population	71.5%	70.5%	71.9%	68.9%	68.2%
Working age population as a % of total population	68.2%	66.5%	68.8%	66.7%	67.1

Source: Central Statistics Office and Eurostat, 2005

Summary data by gender, where available, shows that both males and females have benefited from the turnaround in labour market performance. These are set out in Table 3.4. This shows that the gender gap in labour force participation rates in the BMW Region remains wide compared with the national level. The data also show that Ireland is now approaching various Lisbon Targets in respect of labour market performance (see Chapter 2).

**Table 3.4: Unemployment, participation and employment growth by NUTS II Region and gender Q1 2003 and Q4 2006**

Indicator	BMW		S&E		State		EU 15	EU 25
	2003	2006	2003	2006	2003	2006	2006	2006
Unemployment rate	5.3%	4.4%	4.3%	4.0%	4.6%	4.1%	7.6%	8.2%
Female unemployment rate	4.7%	4.3%	3.8%	3.6%	4.0%	3.8%	8.7%	9.3%
Male unemployment rate	5.7%	4.2%	4.7%	4.7%	5.0%	4.4%	6.7%	7.4%
Participation rate	57.4%	61.1%	60.3%	63.7%	59.5%	63.0%	69.4%	68.3%
Female participation rate	46.0%	48.9%	49.8%	53.4%	48.8%	53.0%	62.0%	60.8%
Male participation rate	68.9%	71.4%	71.2%	72.9%	70.6%	72.5%	71.1%	75.8%

Source: Central Statistics Office and Eurostat, 2006

Details of unemployment and participation rates at NUTS III level are provided in Table 3.5. This reflects the region of residence of the labour force and not necessarily the region where they work. The table highlights the relatively poor performance of the Border Region with the highest unemployment and lowest participation rate.

**Table 3.5: Unemployment and participation by NUTS III region Q4 2006**

Indicator	BMW	Border	Midland	Western	State
Unemployment rate	4.4%	5.1%	3.0%	4.3%	4.1%

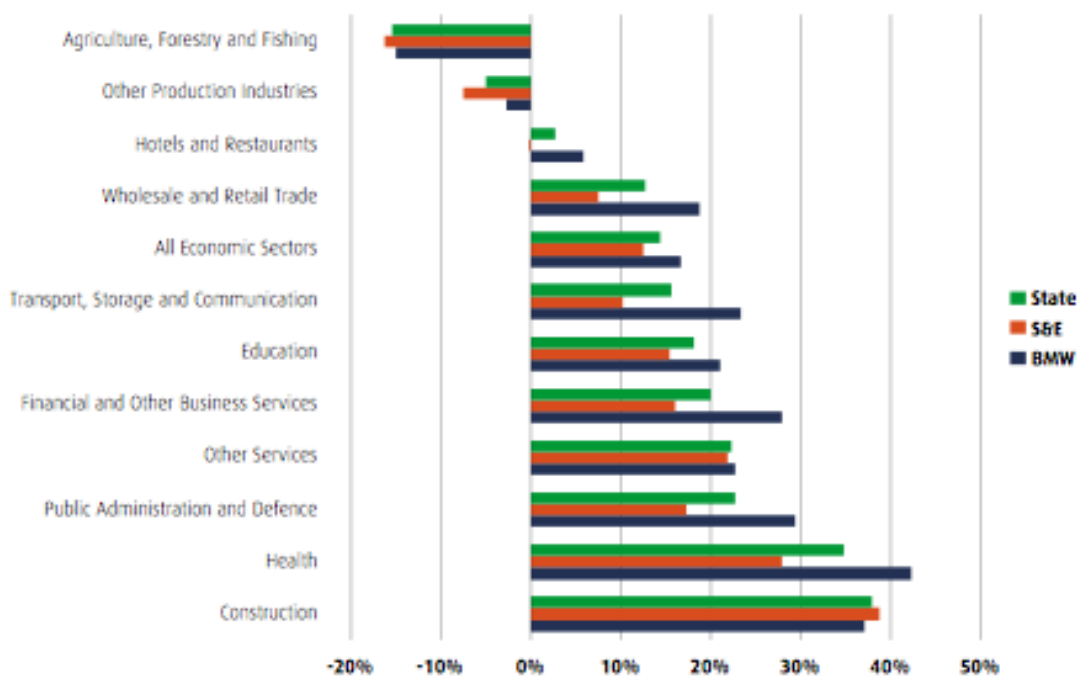
Numbers in Employment (000s)	555.5	225.1	123.0	207.4	2,154.8
Participation rate	61.1%	60.5%	61.7%	61.3%	63.0%

Source: Central Statistics Office, 2007

### 3.5 Sectoral Employment Performance

It is useful to analyse the regions' sectoral employment performance in more detail. The figure (3.1) below shows the percentage changes in employment across different sectors between 2000 and 2005 for the BMW Region. There has been higher growth in employment in the BMW Region in general over this period, although from a low base, which is reflected in the higher growth rates across most neutral categories. The BMW Region has made strong progress in the various services sectors, including public services, and in construction. However, it is interesting to note that the decline in employment in the low value-added sectors of 'Agriculture, Forestry and Fishing' indicating ongoing structural change and a transition to higher value economic activities. It is also interesting to note that the sectors that are experiencing reduced employment levels tend to be comprised mainly of male employees, while expanding sectors (with the exception of construction) tend to be more gender balanced. Addressing the consequences of industrial restructuring is one of the priorities of the ESF OP (see section 5.5).

**Figure 3.1: Labour Market Performance – Growth in Persons Aged 15+ in Employment by Sector – 2000–2005**



Source: CSO, Quarterly National Household Survey, 2006

Forfás publishes data on regional trends in employment between Irish-owned and foreign-owned firms<sup>23</sup> which are also good proxies for high-added and low-added value sectors. The data show that the share in employment of foreign-owned firms in the BMW Region fell significantly over this period as a percentage of total employment.

### 3.6 Productivity Analysis

Regional competitiveness combines sustained high-value economic activity with high levels of labour force participation. Much of the weak regional income performance is due to weaker productivity in the BMW Region. An in-depth review of this data for the manufacturing sector is undertaken in the following section. Table 3.6 provides detailed data on the manufacturing sector in the two NUTS II regions based on the Census of Industrial Production. This data shows that the majority of manufacturing units in the country are situated in the S&E Region and the S&E Region scores better on productivity measures, such as 'net output per person' engaged.

**Table 3.6: Comparative Structure of Manufacturing Industry in the BMW Region**

<sup>23</sup> The figures refer to people employed in manufacturing/financial and other international services/other activities

Variables	Units	BMW	S&E	State
Number of Local Units	No.	1,491	3,703	5,194
Total persons engaged	No.	61,184	166,118	227,302
Gross output per local unit	€ 000	9,779	21,665	18,253
Net output per local unit	€ 000	5,340	13,520	11,215
Gross output per person engaged	€ 000	238.3	482.9	4,171
Net output per person engaged	€ 000	133.8	301.4	256.3

Source: CSO, Census of Industrial Production, 2003

Table 3.7 gives a breakdown of 'net output per person engaged' in both NUTS II regions for the different NACE<sup>24</sup> sectors, which is the best available measure of productivity<sup>25</sup>. This data shows that the BMW Region lags behind the S&E Region in terms of productivity in the key manufacturing sectors. The one significant sector where this is not the case is 'food, beverages and alcohol', in which the BMW Region has a productivity advantage over the S&E Region.

This analysis indicates a significant productivity gap and the vulnerability of the industrial base to competitive pressures in the region which requires a coherent policy response, which includes the proposed actions set out in this OP and those proposed under the enterprise, science and innovation investment priority of the NDP 2007-13.

**Table 3.7: Net Output per Person Engaged in the State, BMW and S&E Regions by Industry Class – 2003 (EUR 000)**

NACE Sector	BMW	S&E	State
Chemicals, Chemical Products and Man-Made Fibres	151.5	1,181.2	1,008.9
Paper Products, Publishing Printing	41.5	497.7	442.7
Electrical and Optical Equipment	102.7	247.8	205.1
Food Products, Beverages and Alcohol	310.9	143.1	191.6
Other Non-Metallic Mineral Products	99.5	83.4	88.7
Machinery and Equipment	59.2	67.0	64.4
Rubber and Plastic Products	58.8	59.5	59.2
Wood and Wood Products	64.7	54.3	59.0

<sup>24</sup> Classification of economic activities by sector adopted by Eurostat

<sup>25</sup> Notwithstanding the utility of this measure of productivity, it distorts somewhat the true value of net output due to the transfer pricing activities of multi-national corporations.

Other	44.9	62.4	56.8
Transport Equipment	41.0	55.6	53.4
Basic Metals and Fabricated Metal Products	52.3	53.1	52.9
Textiles and Textile Products	45.0	39.9	41.7

Source: Census of Industrial Production 2003, CSO 2005

### 3.7 Innovation, Entrepreneurship and Research

The BMW Region Innovation Audit study<sup>26</sup> examined the level of innovation, entrepreneurship, start-ups and company performance in the region. Key conclusions of concern were that:

- volume of new start-up businesses in the BMW Region is well below the national average and only half that in the S&E Region;
- the BMW Region is less entrepreneurial than the S&E Region;
- the BMW Region is significantly below the national level based on the number of innovative companies; and
- level of R&D is low and tends only to be a part-time activity.

On this basis, it could be considered that the BMW Region is less entrepreneurial than the S&E Region. This is due to a number of factors:

- there are slightly more manufacturing companies, pro rata in the BMW Region;
- the BMW Region has more traditional and fewer high-tech firms than the S&E Region;
- it also has smaller companies generally; and
- it has fewer internationally traded service companies.

The challenge this poses for the region's economy is highlighted in the recently published report of the Small Business Forum<sup>27</sup>. This highlights the key role of small and start-up businesses as engines of economic growth. Key points of interest from this report are that:

- over 97% of businesses operating in Ireland today are defined as 'small' as they employ fewer than 50 people;
- there are approximately 250,000 small businesses in Ireland, of which c. 60,000 (24%) are in the BMW Region; and
- they account for over 70% of gross value added (GVA) in Construction and 34% of GVA in indigenous Manufacturing.

The Global Entrepreneurship Monitor (GEM) Report for 2005<sup>28</sup> indicates an increase in entrepreneurial activity among women. However, the proportion of women who have recently set up new businesses is low compared with the number set up by men and is also low by international standards. The challenge is to ensure that new business ideas emerging from all sources are translated into self-sustaining businesses.

The European Innovation Scoreboard<sup>29</sup> indicates that Ireland is below the EU average in terms of innovation. Selected indicators of R&D performance at regional and national level, compared with EU averages are provided in Table 3.8. This data indicates that the BMW Region is below the national average in terms of R&D expenditure from all sources and considerably below the EU average. Ireland performs better than the EU average in terms of the percentage of innovation-active firms, the proportion of science and technology graduates and the proportion of women researchers in the research community, but falls short of the Barcelona targets.

#### Table 3.8 Selected Indicators of Regional R&D Performance compared with state and EU in 2003

<sup>26</sup> Audit of Innovation in the BMW Region, BMW Regional Assembly [http://www.bmwassembly.ie/innovative\\_actions/Audit\\_Reports\\_2004.htm](http://www.bmwassembly.ie/innovative_actions/Audit_Reports_2004.htm)

<sup>27</sup> Small Business Forum (2006) 'Small Business is Big Business' <http://www.smallbusinessforum.ie/>

<sup>28</sup> GEM Report available at [www.gemconsortium.org](http://www.gemconsortium.org)

<sup>29</sup> The European Innovation Scoreboard (EIS) measures innovation performances across the European Union

	EU 25	Ireland	BMW Region	Barcelona Target
Total Expenditure on R&D as % GDP	1.9	1.16	0.92	3.0
Business Enterprise Expenditure on R&D as % GDP	1.22	0.77	0.65	2.0
Government Expenditure on R&D as % GDP	0.25	0.09	0.08	n.a.
Higher Education Expenditure on R&D as % GDP	0.41	0.29	0.20	n.a.
% of Innovation-active Enterprises	42% (EU27)	52%	50%	n.a.
Patents per million of population	127.9 (EU27)	77.3	n.a.	n.a.
Science and Technology Graduates per (000s)	12.4 (EU27)	23.1	n.a.	n.a.
Share of Women Researchers	25.8 (EU27)	27.8	n.a.	n.a.

Source: Eurostat, 2007

The key challenges for the BMW Region, if it is to compete internationally in knowledge economy activities are to develop its Institutes of Technology (IoTs) as applied research and innovation centres, improve the quality of its graduates and to develop clusters of activity around each of the IoTs which are located in each of the region's Gateways. In addition, research activities should stimulate greater business R&D activity, particularly in indigenous firms. A further challenge is to facilitate the territorialisation of research activity within the region. Experience in Ireland and internationally suggests that high-added value clusters tend to locate around third level institutes that undertake high quality research and produce high calibre graduates. The BMW Region is at a clear disadvantage given that its sole University is in Galway. While Galway City and its hinterland have been successful at attracting this type of activity other clusters in the region tend to be relatively weak.

The Programme for Research in Third Level Institutions (PRTL) which is the government and EU co-funded major research funding programme launched in 1998/99 and administered by the Higher Education Authority, provides a good illustration of this. The programme allocates funding on a competitive basis to third-level institutions. Three cycles of funding have been allocated to-date. Table 3.9 presents a detailed regional breakdown of research funding under the PRTL Cycles 1-3 in relation to the research centres and institutes funded. NUI Galway performed well in this competition and already hosts several internationally significant research centres and is engaged in a wide range of collaborative basic and applied research projects with industry. Despite the success of NUI Galway, the region as a whole performed badly and the IoTs have failed to attract significant research funding.

**Table 3.9: Breakdown of PRTL Funding Allocated under Cycles 1-3 by Institutions - Å000**

Institution and Region	Total Funding Allocated by Cycle			
	Cycle 1	Cycle 2	Cycle 3	Total
<b>BMW</b>				
NUI Galway	19,562	11,405	36,568	67,535
Institute of Technology, Sligo	0	644	2,539	3,183



Athlone Institute of Technology	2,254	0	0	2,254
Galway-Mayo Institute of Technology	0	0	0	0
Dundalk Institute of Technology	0	0	0	0
Letterkenny Institute of Technology	0	0	0	0
<b>BMW Total</b>	<b>21,816</b>	<b>12,049</b>	<b>39,107</b>	<b>72,972</b>
<b>S&amp;E</b>				
University College Cork	26,809	16,904	79,486	123,199
University College Dublin	31,153	34,202	45,583	110,938
Trinity College Dublin	49,414	812	58,663	108,889
Royal College of Surgeons	10,998	9,364	44,822	65,184
Dublin City University	28,501	0	34,283	62,784
University of Limerick	14,483	0	1,269	15,752
NUI Maynooth	11,263	2,712	0	13,975
Dublin Institute for Advanced Studies	0	0	11,808	11,808
Dublin Institute of Technology	10,412	0	0	10,412
Waterford Institute of Technology	0	0	4,951	4,951
Cork Institute of Technology	0	2,437	0	2,437
<b>S&amp;E Total</b>	<b>183,033</b>	<b>66,431</b>	<b>280,865</b>	<b>530,329</b>
% of total PRTL I	89%	85%	88%	88%
<b>TOTAL</b>	<b>204,849</b>	<b>78,480</b>	<b>319,972</b>	<b>603,301</b>

Source: The Higher Education Authority, based on Programme data as at October 2003

Note: These are the latest available data as the PRTL I Cycle 4 proposals are scheduled to be approved in 2007

### 3.8 Environmental Profile and Issues

The development of environmental policy in Ireland and the regions is heavily influenced by EU policy and law. The framework for Irish environmental law and policy<sup>30</sup> is provided by over 140 EU environmental directives. The Environmental Protection Agency (EPA) has, on behalf of

<sup>30</sup> Environment Protection Agency (2005) Ireland's Environment 2004 <http://www.epa.ie/NewsCentre/ReportsPublications/IrelandsEnvironment2004/>

the Department of the Environment, Heritage and Local Government primary responsibility for environmental research, planning and guidance, licensing, monitoring and reporting on environmental status and enforcement of environmental law. There have been several developments in environmental law and policy in Ireland over the past 10 years:

- In 1996 the Waste Management Act was passed;
- Convention on Biological Diversity signed by Ireland in 1996;
- In 1997, the Government published “Sustainable Development: A Strategy for Ireland”, addressing all areas of Government policy, and economic and societal activity which impacts on the environment;
- Habitat Regulations (1997);
- Comhar, the National Sustainable Development Partnership, was established in 1999;
- National Climate Change Strategy (2000);
- Wildlife (Amendment) Act 2000;
- The National Biodiversity Plan (2002);
- The National Heritage Plan (2002); and
- The Protection of the Environment Act (2003).

The environment of the BMW Region is generally of a high quality. This is due to a number of factors. The population density is relatively low and there is a low level of transport and congestion outside the main urban centres. Due to the lack of industrialisation and traditional heavy industry, the level of industrial pollution is also very low. There is high air quality and clean water generally and the western seaboard in particular is renowned for the clean Atlantic oceans and unspoilt beaches. There are currently 29 Blue Flag<sup>31</sup> beaches in the BMW Region, located in counties Donegal, Galway, Mayo and Sligo.

However, the pressures on the environment are increasing and the key challenge is to maintain the high standards that have been achieved through the correct policy responses. A more detailed description of the current state of the region’s environment is contained in the Environmental Report prepared in conjunction with the ex ante evaluation of this OP. In the following sections we briefly review the following areas:

- Air Quality;
- Water Quality;
- Built Environment;
- Archaeological Heritage;
- Land Use Planning;
- Natural Heritage and Biodiversity; and
- Waste Management.

### **Air Quality**

Air quality in Ireland and in particular in the BMW Region is of a high standard. This reflects the low level of industrialisation and the region’s spatial structure. However, greenhouse gas emissions are an issue that needs to be addressed both regionally and nationally by all actors. Greenhouse gas emissions in Ireland on a per capita basis are above the EU (15) average based on the latest available data. They also show that Ireland’s emissions continue to rise and the main factor contributing to this is growth in transport volumes. This reflects the rapid increase in economic activity and car usage.

Under the Kyoto Protocol<sup>32</sup>, Ireland is committed to limit emissions to 13% above the 1990 level in the period 2008-12. This highlights the challenges facing Ireland to comply with Ireland’s Kyoto commitments. This is a particular challenge given the rapid pace of economic growth. Meeting this challenge will require a combination of domestic action and international measures such as participation in the European Emissions Trading Scheme (ETS). Through a number of interventions, mainly in the form of niche and pilot actions this OP contributes to meeting this challenge. This builds on the success achieved in the areas of energy efficiency under the 2000-2006 NDP/CSF Programmes.

### **Water Quality**

The main present threat to the quality of inland waters in the BMW Region is excessive enrichment (eutrophication) by nutrients such as

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<sup>31</sup> The Blue Flag is an exclusive eco-label awarded to over 3,200 beaches and marinas in 36 countries across Europe, South Africa, Morocco, New Zealand, Canada and the Caribbean in 2006

<sup>32</sup> The Kyoto Protocol to the United Nations Framework Convention on Climate Change is an amendment to the international treaty on climate change, assigning mandatory targets for the reduction of greenhouse gas emissions to signatory nations

phosphorous and nitrogen. Among the sources of these are agricultural activities and the discharge of domestic and industrial waste and one-off rural housing. Intensive fertiliser use has contributed in the past to eutrophication of surface waters and affected the quality of groundwater. Municipal discharges were previously a major source of pollution. This is now less of a problem due to the significant investment in modern sewage treatment plants, co-financed by EU structural funds under previous Community Strategic Frameworks.

According to the Environmental Protection Agency (EPA), there is a need for improved protection of surface waters and ground waters. This is particularly the case in the context of targets included in the Water Framework Directive for all waters by 2015.

The quality of waters in rivers is reasonable according to the available statistics. The EPA's 'Water Quality in Ireland 2005'<sup>33</sup> report shows that less than 1% of the BMW Region's river basin districts were seriously polluted. The quality for lakes is better than for rivers, with 85% estimated to be in satisfactory condition. It is believed that the position in the BMW Region is better than the average reflecting the different spatial structure of the region. Overall, water quality is of a good standard although there is a need to sustain this high quality and achieve improvements where possible. This is reflected in the assessments of drinking water from both public and group schemes. Data on the compliance of drinking water supplies in 2004 from the EPA show an average compliance level of 95.6% across the 13 counties of the region compared with a national figure of 96.4%. A high percentage of public supplies are of sufficient quality while there is a lower percentage for group schemes, although this is improving. The risk reduction and innovative effluent drainage interventions proposed in this OP will contribute to sustaining improved water quality in the region.

### **Built Environment**

The built environment of the BMW Region is of varied quality, but the situation has, for the most part, improved in recent years as a result of investments. Nevertheless, as a result of continuing economic growth, the built heritage remains under pressure as older buildings do not offer the same economic opportunities and facilities as modern, purpose-built ones. Against this background, it is important that the intrinsic value of the architectural heritage be recognised and continues to be protected in an appropriate manner in both urban and rural areas.

### **Archaeological Heritage**

There are 55,000 protected archaeological sites and monuments in the region, or 45% of the nation's total. Although those sites of national significance are well protected, they do face pressure due to increasing numbers of visitors, both Irish and from overseas. Sites of lesser significance remain under threat, mainly from two domestic sources – the intensification of agricultural production and the infrastructural and other needs of an expanding economy and population.

### **Land Use Planning**

Land use is subject to ongoing change with demand for development purposes continuing to increase. Ireland's land use is predominantly agricultural and the landscape has been altered by nature and by human practices over the centuries. According to 2000 findings, land cover is made up of agricultural areas (66%), wetlands (17.1%), forest and semi-natural areas (11.9%), water (2.3%), artificial surfaces (1.9%). Between 1990 and 2000, there was an increase in artificial surface cover across Ireland from 1.5% to 1.9% of total land cover, due mainly to urban growth and infrastructural improvements. Despite these pressures the BMW Region's land area is predominantly rural, although future population trends indicate that the BMW Region's population is likely to increase over the period of this OP<sup>34</sup>.

### **Natural Heritage and Biodiversity**

The BMW Region's diversity and flora and fauna resources are of national significance. Twenty five species and 60 habitats are recognised by the EU as being in need of special protection. Threats to these include agricultural practices, afforestation, and peat extraction, eutrophication of waters, climate change, alien species, land clearance, and development.

In the BMW Region, there are 298 Special Areas of Conservation (72% of the national total) and 93 Special Protection Areas (77.5% of the national total). Ireland has formally transmitted these sites to the European Commission as candidate Special Areas of Conservation and Special Protection Areas under the EU Habitats & Birds Directives. Policy measures to protect natural heritage and biodiversity include the National Biodiversity Plan, the Wildlife Act and the National Heritage Plan.

### **Waste Management**

One of the most significant environmental issues facing the region is the effective management of the increasing levels of waste being generated through growing output and population and affluence. Between 2001 and 2004 the total estimated waste generated in Ireland as a whole rose by 15%. A significant percentage of this increase is due to an increase in the quantity of construction and demolition waste.

Although landfill is regarded in environmental terms as the least desirable option, the BMW Region is heavily reliant on this practice. The challenge is to continue to implement the proposals detailed in the Regional and Local Waste Management Plans. The objectives of these measures are to ensure the maximum diversion from landfill to re-use, recovery and recycling processes consistent with national objectives and targets. Litter remains a problem for the region affecting rural, urban and coastal areas and impacts negatively on general quality of life. Further progress in terms of awareness and recycling is required.

### **Summary of Environmental Profile and Issues**

<sup>33</sup> Environmental Protection Agency (2005) Water Quality in Ireland <http://www.epa.ie/NewsCentre/ReportsPublications/IrelandsEnvironment2004/>

<sup>34</sup> CSO Regional Population Projections 2006-2031 [http://www.cso.ie/releasespublications/reg\\_pop\\_projections.htm](http://www.cso.ie/releasespublications/reg_pop_projections.htm)

Overall, notwithstanding the challenges identified, the BMW Region's favourable environment record will continue to play an important role in ensuring the region's competitiveness, quality of life and prosperity over the next 20 years. By appropriate investment and policies the BMW Region can ensure that its strong environment is sustained. Existing legislation needs to be effectively implemented to maintain natural habitats, support national parks and wildlife reserves, protect waterways and enhance heritage sites and field monuments. There is also a need to implement river catchment management, source protection and water quality upgrade schemes and implement the Regional Waste Management Strategies with an emphasis on sustainable waste management programmes. There is also an ongoing challenge to enhance the viability of the BMW Region's Gateways, Hubs, towns and villages through improving the quality of their design and maintenance.

### 3.9 Infrastructure Provision

Provision of physical infrastructure is a key issue for the region if it is to meet its potential and requires on-going upgrading and investment.

#### Transport Infrastructure

From 2006 to 2015, capital investment in the Irish transport system will take place under the framework of Transport 21<sup>35</sup>. The Transport 21 Programme is designed to resolve the problems of backlogs in previous capital investments, while at the same time meeting expected growth in transport demand. The aims of Transport 21 are to:

- Increase accessibility;
- Ensure sustainability;
- Expand capacity;
- Increase use; and
- Enhance quality.

A total national investment package of €34.4 billion has been allotted over the 10 year period, providing the necessary funding to:

- Complete the development of the inter-urban motorway network by 2010;
- Bring about improvements in the rest of the national road network, focusing particularly on balanced regional development and on the needs identified in the National Roads Needs Study<sup>36</sup>;
- Complete the safety programme on the national rail network;
- Bring about a radical improvement in the level and quality of rail services, based on the policy framework provided by the Strategic Rail Review<sup>37</sup>;
- Improve regional and rural public transport services;
- Fund essential capital works at the six existing regional airports;
- Address accessibility for people by implementing the commitments in The Department of Transport's Sectoral Plan under the Disability Act 2005<sup>38</sup>; and
- Deliver a sustainable transport system that balances social, economic and environmental considerations.

Access to a region and connectivity within a region are among the key determinants of its competitiveness. Inadequate access to the BMW Region has been one of the major barriers affecting its development. Poor road linkages lead to rising travel times and increases in costs as traffic volumes increase. This also leads to unpredictability of journey times which is a particular problem for businesses in trying to reach markets. This is a feature of the road network in the region as it is characterised by single carriageways that are increasingly unsuitable for the level of traffic volume. The key issue for future investment is the extent to which the network in the region is operating at the desired level. Assessing appropriate road capacity is a function of a number of factors including traffic volumes and the Level of Service (LOS) required. According to the National Roads Authority significant elements of the national primary network in the BMW Region are below the LOS.

The position for the national secondary network is even more marked, with a significant portion of sub-standard secondary network in the region. This under-developed network is reflected in a reduced ability to attract investment and in particular high-added value projects. Road infrastructure is an important issue for the BMW Region and key road investment priorities include delivery of the infrastructure investment commitments set in the previous National Development Plan and Community Support Framework (NDP/CSF) 2000-2006 and projects that are consistent with the National Spatial Strategy (NSS) 2002-2020. Investing in national secondary routes is a crucial element of this strategy to address access for the region. Investing in these national secondary routes will improve the link between the designated Gateways, Hubs and their hinterlands as envisaged in the NSS. These projects were set out in the NSS and are included in Figure 3.2.

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<sup>35</sup> Transport 21 was launched by the Irish Government on the 1st of November 2005. The investment proposed covers the areas of national roads, public transport and regional airports <http://www.transport21.ie/>

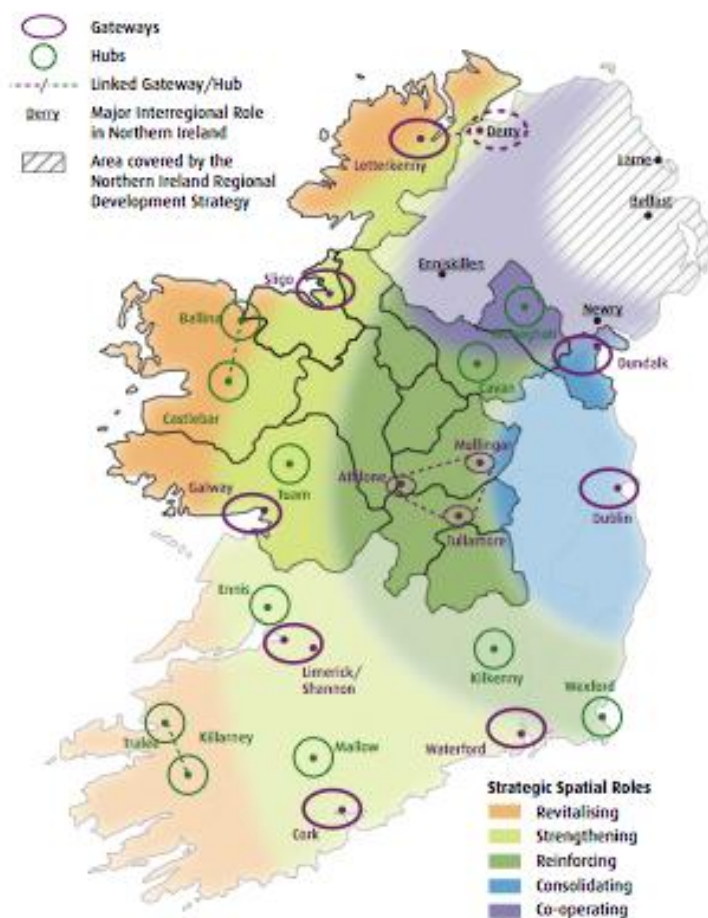
<sup>36</sup> National Roads Authority (1998) National Roads Needs Study [www.nra.ie/publicationsresources/](http://www.nra.ie/publicationsresources/)

<sup>37</sup> Booz, Allen, Hamilton (2004) Strategic Rail Review [www.transport.ie/upload/general/3230-0.pdf](http://www.transport.ie/upload/general/3230-0.pdf)

<sup>38</sup> Department of Transport (2005) Sectoral Plan under the Disability Act <http://www.transport.ie/upload/general/7760-0.pdf>

By improving access this strategy would also improve access to the region, connectivity within the region and enhance the economic contribution of the designated Gateways and Hubs and maximise the returns to investments made in other infrastructure such as Ports and Airports. This OP builds on the significant progress already made in developing the roads network and will complement the NDP 2007-13, Transport 21 and the NSS.

**Figure 3.2: National Transport Network – National Spatial Strategy**



Source: NSS, People, Places and Potential, 2002

Public transport in the BMW Region is also important. Public transport is relatively under-developed and Table 3.10 shows, for example, the low level of rail service in the area. Investment in public transport has an appropriate role to play in facilitating intra- and inter-regional access. This includes both rail and bus services.

**Table 3.10: Frequency of Rail Connections for Key BMW Towns**

Route	No. of Services each Weekday
Dublin – Galway – Dublin	7
Athlone – Galway – Athlone	8
Dublin – Sligo – Dublin	5
Dublin – Westport/Ballina – Dublin	3
Ballina – Manulla Junction – Ballina	3

Source: Irish Rail, 2005

Transport 21 proposes improvements in commuter services including the Athenry-Galway service due by 2009, upgrading the current inter-city routes and the re-opening of the Western Rail Corridor (WRC). The WRC project links the three designated urban Gateways of Sligo, Galway and Limerick, via the designated Hubs of Tuam and Ennis. Its opening would facilitate ease of access to regional airports at Sligo and Galway and the International airports at Shannon and Knock and is a key project for the region.

Finally, there is potentially a greater role for bus services given the on-going and prospective improvements in the road network. This is a key issue for the region given the relatively low level of services at present and potential improvements that are planned for the road network.

### **Telecommunications**

The roll-out of broadband in many parts of rural Ireland has been slow. Consequently, Ireland lags behind most EU countries in terms of broadband access and connections and this is particularly the case in the BMW Region. This is reflected in the map overleaf.

Significant regional broadband disparities persist. This is reflected in a recent report on Ireland's broadband performance by Forfás<sup>39</sup>. This shows Ireland's generally poor performance (see Figure 3.4 for international position) but in particular highlights the low level of internet connections, particularly in the BMW Region (see Table 3.11).

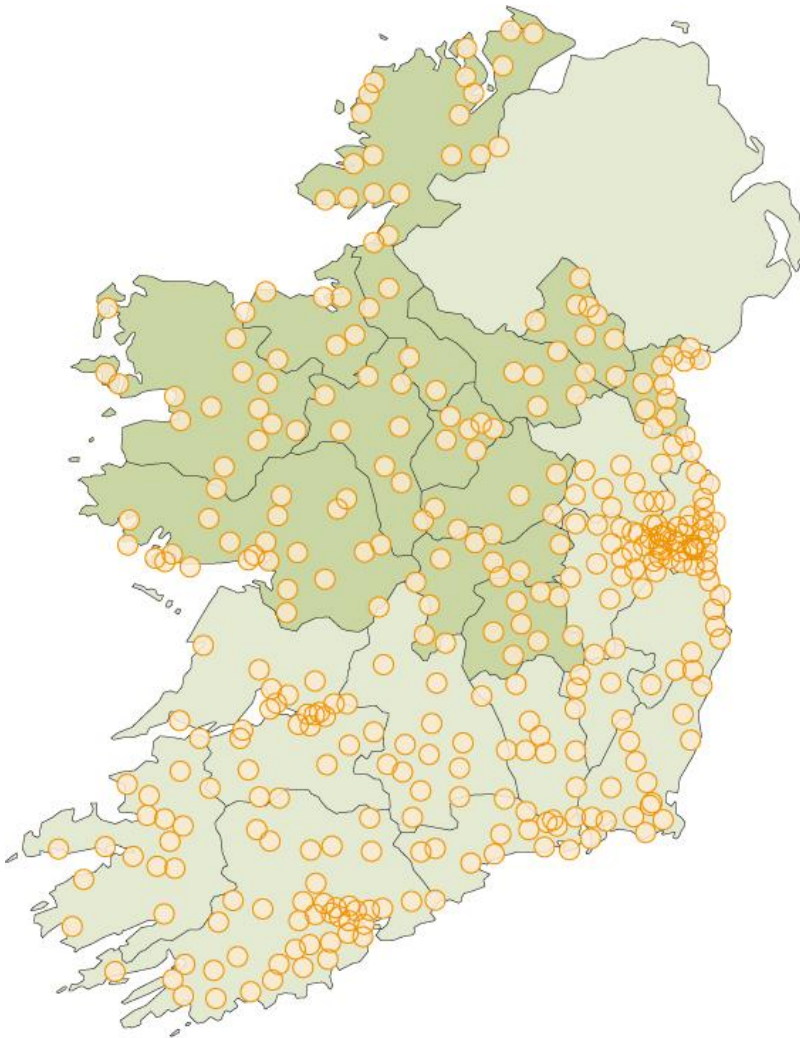
The Government's investment in the Metropolitan Area Networks under the Regional OP 2000-2006 included eleven towns in the BMW Region. This includes NSS growth centres such as Galway, Letterkenny, Athlone and Sligo. However, the rural areas of the BMW Region are still mostly without a reliable, cost effective, always-on broadband service. The ability to offer broadband through DSL technology has been constrained by the absence of the relevant technology in the local exchanges and by the unsuitability of existing telephone cables. In 2005 further capital investment was directed at the further roll-out of DSL. However, DSL-enabled exchanges are not a sufficient solution to achieve universal broadband coverage. Enabling smaller exchanges is not economically viable as only subscribers within a 3km range receive higher download speeds and up to one third of lines within 3km are not suitable for DSL. Accordingly, innovative complementary approaches are required.

Universal broadband access throughout the BMW Region within the next 3 years is a priority investment, utilising innovative approaches, where necessary. Wireless technologies, for example, could be deployed in more remote areas, through initiatives such as the Group Broadband Scheme. This commenced roll-out in 2004 and was aimed at providing broadband to rural towns with less than 1,500 inhabitants. Recognising that there are still some parts of the country where the private sector is unable to justify the commercial provision of broadband services, the Minister for Communications, Marine and Natural Resources established a Steering Committee to consider options to address the gap in broadband coverage. Consultants have been appointed to advise Government on the most appropriate solution with a view to significantly extending broadband coverage in the near future.

### **Figure 3.3: Estimated Broadband Coverage in Ireland**

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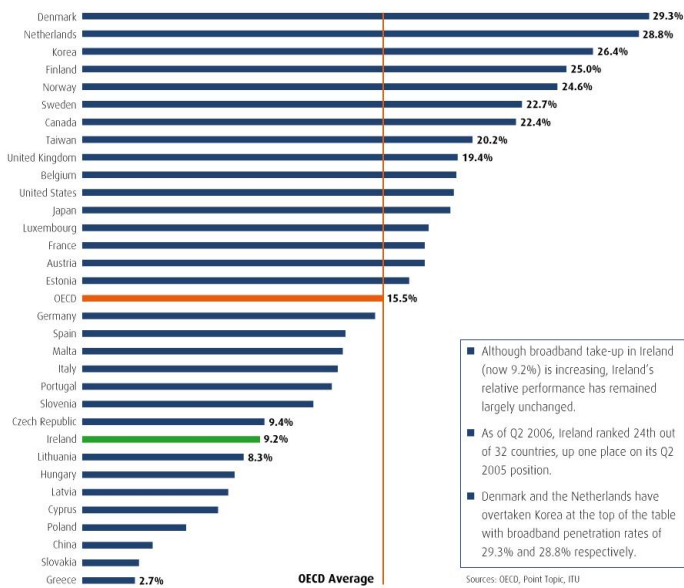
<sup>39</sup> Forfás Broadband Benchmarking Study, 2005 [http://www.forfas.ie/publications/forfas051205/webopt/forfas051205\\_broadband\\_webopt.pdf](http://www.forfas.ie/publications/forfas051205/webopt/forfas051205_broadband_webopt.pdf)



Source: Forfás

The universal availability of high-speed always-on internet access is crucial for the economic development of the BMW Region, from innovation, competitiveness, knowledge/learning and quality of life perspectives. Broadband enables businesses, communities, service providers and individuals to take full advantage of on-line services.

**Figure 3.4: International rates of broadband take-up**



Source: Forfás Broadband Benchmarking Study, 2006

**Table 3.11: Level of domestic ICT usage in BMW, S&E and State 2000-06**

	2000	2003	2004	2005	2006
<b>Percentage of Households with a Computer</b>					
BMW	26.8	34.0	37.5	48.4	50.5
S&E	34.5	45.2	49.4	57.2	61.4
Ireland	32.5	42.2	46.2	54.9	58.5
<b>Percentage of Households with Internet Connection</b>					
BMW	15.8	26.2	30.3	38.8	40.5
S&E	22.2	36.2	41.1	47.3	51.7
Ireland	20.5	33.5	38.2	45.1	48.7

Source: CSO Information Society and Telecommunications 2006

### Energy and Water Services Infrastructure

The BMW Region's total primary energy requirement is heavily dependent on fossil fuels such as oil and gas and to a lesser extent coal. This raises a number of issues around security of supply and environmental sustainability given our Kyoto commitments. This suggests a programme of energy efficiency and investments to stimulate renewables. The Irish energy market is characterised by increasing demand, scarce indigenous sources of energy, a high dependence on imports for our energy supply and limited interconnection. While the production of renewable energy in the region is increasing, Ireland is critically dependent on imports of fossil fuels and on scarce domestic peat supplies. With rising costs of conventional fossil fuels, renewable energy can become a more economic option and one that meets the accessibility and cost constraints of the enterprise sector and communities in the BMW Region.

Table 3.12 (below) provides details on the water supply connections in the region. For the State as a whole, most households are connected to the public water system. Most of the rest are supplied by the rural water sector. This includes the 5,500 Group Water Schemes providing water in rural areas. These schemes are formed by a number of households coming together to provide their own common water supply and it is estimated that around 300,000 households are supplied with water in this way. The data below suggest that group schemes are important in the three sub-regions of the BMW area, reflecting their rural character.

**Table 3.12: Type of Water Supply in Private Dwellings by Region 2002**

NUTS III Region	Public Mains	Public Group Scheme	Private Group Scheme	Other Private Source	No Piped Water	Not Stated	TOTAL
Border	86,561	19,562	9,879	20,429	842	3,446	140,719
	61.5%	13.9%	7.0%	14.5%	0.6%	2.4%	100.0%
Midland	44,069	8,207	3,152	13,829	523	1,900	71,680
	61.5%	11.4%	4.4%	19.3%	0.7%	2.7%	100.0%
West	64,770	26,031	15,215	12,891	712	3,214	122,833



52.7%    21.2%    12.4%    10.5%    0.6%    2.6%    100.0%

Source: CSO, Census of Population 2002

The BMW Region also requires continued public investment to complete the upgrading of public water and waste water infrastructure and complete the rural water investment programme. This will be provided primarily through the NDP 2007-13. A report published in September 2005, ‘NDP/CSF Investment in Water Services 2000-2006’,<sup>40</sup> suggests that significant further investment would be required in this area. Allied to this should be source protection investments for rural water supplies and the introduction of village sewerage schemes, following completion of the current pilots. These latter niche investments which complement the mainstream NDP investment and follow the investment under the previous NDP/CSF are proposed for EU co-financing under this OP.

### 3.10 Urban Structure

One of the policy priorities of the BMW Region is to enhance the urban structure of its principal towns. Large concentrations of people with deep labour pools are essential for regions to achieve critical mass and fulfil their potential.

The NSS designated five Gateways in the BMW Region. The Border Region has three which are designated as Gateways for the purposes of the NSS. These are Letterkenny/Derry, Sligo and Dundalk. In the Midland Region the Midland Triangle comprising Athlone, Mullingar and Tullamore is the designated Gateway and Galway is the designated Gateway in the West Region. The designated Hubs in the BMW Region are Cavan, Monaghan, Ballina, Castlebar and Tuam. The populations of these towns are included in Table 3.13. It is worth noting the low share of each of the region’s population accounted for by these Gateways and Hubs. The percentages are 18.9% in the Midlands, 18.4% in the Border and 24.5% in the West. This highlights the importance of developing their critical mass in terms of population and increasing their significance as regional drivers of economic activity.

**Table 3.13: Population of Gateways and Hubs in the BMW Region**

NUTS III Region	Gateway	Population	Hub	Population
Midlands	Athlone – Mullingar – Tullamore	42,655	-	-
Border	Letterkenny	15,231	Cavan	6,098
	Sligo	19,735	Monaghan	5,936
	Dundalk	32,505		
West	Galway	66,163	Ballina	9,647
			Castlebar	11,371
			Tuam	5,947

Source: Census 2002, CSO

Table 3.14 sets out in more detail the relative urban structure of the BMW Region when compared with other regions in Ireland. It can be seen that the State as a whole is significantly more urbanised than the three sub-regions of the BMW Region. The data also show that the principal urban centres account for a low share of the population when compared with other regions. This is a key weakness of the BMW Region which presents challenges in terms of economic and social development.

**Table 3.14: Regional Growth and Urban Structures, 2002**

<sup>40</sup> Fitzpatrick Associates (2005) NDP Investment in water Services 2000-2006 [http://www.ndp.ie/documents/publications/evaluation/NDP\\_Investment\\_in\\_Water\\_Services2000-2006.pdf](http://www.ndp.ie/documents/publications/evaluation/NDP_Investment_in_Water_Services2000-2006.pdf)

Region	Urban as % of Total Population	Largest Urban Centre Pop Size 2002	Largest Urban Centre as % of Regional Population
Border	33% (7)	Dundalk Town and Environs 32,505	7.5% (6)
Midland	37% (5)	Athlone Town and Environs 15,936	7.1% (7)
West	34% (6)	Galway City and Environs 75,789	19.9% (4)
Dublin and Mid-East	87% (1)	Dublin City and Environs 1,004,614	65.4% (1)
Mid-West	43% (3)	Limerick City and Environs 86,998	25.6% (3)
South-East	43% (3)	Waterford City and Environs 46,736	11.0% (5)
South-West	55% (2)	Cork City and Environs 186,177	31.1% (2)
State	60%		

\*Bracketed numbers are the regional rankings, e.g. 1 to 7

Source: Fitzpatrick Associates (2006) Implementing the NSS: Gateways Investment Priorities Study

The NSS underlines the importance of these Gateways as drivers for regional growth, recognising that this growth is mainly generated by urban centres. It is proposed that this OP will support the development of the designated growth centres through a targeted investment programme. This is outlined in Priority 3 in chapter 5 of the OP.

The strategy for enhancing urban-rural inter-linkages is provided in the NSS, as described in section 2.9 of this OP. The NSS reinforces the objective of balanced territorial development as a priority policy for the Irish Government and proposes that enhancing the development potential and generating critical mass in key urban centres is linked with the development of the rural hinterlands of the designated urban centres. The NSS, consistent with the European Spatial Development Perspective (1999: 66) recognises the interdependence of urban and rural areas and defines strengthening the rural economy, strengthening rural communities and strengthening environmental qualities within a typology of five types of rural areas as important policy areas.

The spatial planning framework in the NSS is elaborated at NUTS III level in the Regional Planning Guidelines, as described in section 2.15 of this OP. The Regional Planning Guidelines provide a regional framework for more efficient land use planning and provide regional investment strategies for each NUTS III region. The investment priorities for each of the designated Gateways are set out in the Gateways Investment Priorities Report. These have been taken into account in the preparation of this OP.

The integration of spatial planning and public investment in order to assist all regions to deliver to their maximum potential and to enhance the quality of life of all people wherever they live, will be largely addressed through the NDP 2007-13 (see section 1.5). The NDP also emphasizes the role of strong urban centres in stimulating regional economic development. This OP will complement and add value to the NDP initiatives.

### 3.11 Social Inclusion

While living standards and other social indicators relating to the BMW Region have improved somewhat in recent years, there are still significant pockets of disadvantage. The NDP/CSF 2000-2006 recognised the existence of these “pockets of disadvantage” in both of the regions, though stated that rural disadvantage was more prevalent in the BMW Region at the time of publication.

The Combat Poverty Agency (2005)<sup>41</sup> highlights the occurrence of poverty in localised areas, as opposed to broad administrative areas such as the BMW Region. The report states that “there are regional and local differences in both the risk of poverty and in the levels of key related social

<sup>41</sup> Combat Poverty Agency (2005), ‘Mapping Poverty: National, Regional and County Patterns’. [www.cpa.ie/publications](http://www.cpa.ie/publications)

indicators such as unemployment, education and social class". These differences increase when lower levels of desegregation are examined.

The BMW Region contains a disproportionate number of areas at risk of poverty and the Combat Poverty Agency report lists Donegal, Leitrim and Mayo as the counties with the highest poverty risk. Another report<sup>42</sup>, compiled for ADM (Pobal) in 2005, also examines the spatial distribution of poverty in Ireland and finds there to be significant pockets of deprivation in the country, but more so in the BMW Region. This analysis also looked at the evolution of regional inequality over the three last census periods and found that the relative poverty levels of local areas changed very little over the three periods. The majority of areas identified to be most deprived were in the BMW Region, as outlined in Table 3.15.

**Table 3.15: Most Deprived Areas, Census 2002**

Urban Locations (areas of)	Galway City
	Dundalk Town
	Drogheda Town
Rural Locations	Most of Donegal
	Most of Mayo
	Large parts of West and East Galway
	Parts of Leitrim
	Parts of Cavan
	Parts of Monaghan
	Parts of Roscommon

Source: ADM(Pobal)

The factors driving this deprivation, according to the ADM/Pobal report, are as follows:

- A higher dependency ratio;
- A higher incidence of lone parents;
- Higher unemployment;
- A higher proportion of households headed by semi-skilled or unskilled workers; and
- Lower general educational attainment.

The Managing Authority has given due consideration to the incorporation of social inclusion considerations in the selection of interventions, where appropriate and will continue to engage with Intermediary Bodies on the contribution of interventions to promoting social inclusion and gender equality objectives in the implementation of interventions.

### 3.12 National Development Plan/CSF and the BMW Regional OP 2000-2006

In developing this OP, the Managing Authority has taken account of the significant investment that has been made in the BMW Region under the National Development Plan/Community Support Framework 2000-2006 and is also cognisant of the need to complement the National Development Plan (NDP) 2007-2013. Total investment in the BMW Region from 2000-2005 was €12.1bn across the Regional and Inter-Regional OPs.

This OP also takes account of the lessons of the previous BMW Regional OP 2000-2006. The OP's overall objectives were to:

- Increase the region's potential to act as a counterbalance to the S&E Region, especially Dublin;

<sup>42</sup> Trutz Haase (2005) Deprivation and its Spatial Articulation in the Republic of Ireland

- Pursue more balanced regional growth within the region;
- Increase the presence in the region of the key drivers of sustainable growth, notably in the productive sector;
- Improve the quality of the region's economic and social infrastructure and human resources;
- Build on the region's natural resource base, especially in the areas of agriculture, tourism, the seafood sector and rural enterprise; and
- Promote rural and urban social inclusion.

This was achieved through four priorities: Local Infrastructure; Local Enterprise Development; Agriculture and Rural Development; and Social Inclusion and Childcare. The measures for each Priority are set out in the following Table 3.16.

**Table 3.16: BMW Regional OP 2000-2006 Priorities and Measures**

<b>Priority 1: Local Infrastructure Development</b>	<b>Priority 2: Local Enterprise Development</b>	<b>Priority 3: Agriculture, Rural Development</b>	<b>Priority 4: Social Inclusion and Childcare</b>
Non National Roads	Tourism	General Structural Improvement	Childcare Capital
Rural Water	Microenterprise	Alternative Enterprises	Childcare Staffing and Quality Improvement
Waste Management	Regional Innovation Strategies	General Rural Development	Equality for Women
Urban & Village Renewal	Forestry	Services for Agriculture and Rural Development	Community Development
E-commerce and Communications	Fishery Harbours Infrastructure		Crime Prevention
Seaports	Aquaculture Development		Youth Services
Regional Airports			Local Development
Culture, Recreation and Sports			
Technical Assistance			

Source: BMW Programme Complement 2006

### 3.13 Progress of Selected Measures under the Inter-Regional OPs 2000-2006

There are a number of interventions that are included in this OP that were supported under the inter-regional OPs 2000-2006, namely:

- National Roads;
- Public Transport;
- SEI and Renewable energy; and
- RTDI.

This OP builds on the success and progress achieved under the previous investment plan. In the following sections, we present some of the key achievements that are relevant in the context of this OP. In addition, the terms of reference of the update report on the mid-term evaluation of the BMW Regional OP included a requirement for the appointed consultant to identify interventions that should be prioritised for inclusion in the successor OP.

## **National Roads**

Progress on the National Roads Priority under the NDP/CSF 2000-2006 is significant. Over the period January 2000 to June 2006, 63 major projects were completed and delivered a total of 475 km of new national roads. 155.2 km of this was of motorway standard, with 117.5 km of dual carriageway standard. Progress to end June 2006 includes:

- 45.7% of the five Major Inter-Urban routes (MIUs) had been completed to the required standard;
- 76.9% of the M50/development was complete;
- Level of Service D targets were achieved on the other National Primary Routes; and
- Travel time savings of 91 minutes have been achieved on the MIUs.

In addition, there are 25 major projects under construction at the end of June 2006 with a combined length of 312.6 km, of which 10 are in the BMW Region and 15 in the S&E Region. Projects in the BMW Region include:

- N1/A1 Dundalk / Newry;
- Monaghan By-Pass Phase 1;
- Castleblayney By-pass;
- Longford/Drumsna (Dromond-Roosky By-Pass);
- Kinnegad/Athlone By-Pass (Kinnegad-Kilbeggan);
- Kinnegad/Athlone By-Pass (Kilbeggan-Athlone) ;
- Mullingar By-Pass;
- Mullingar / Belvedere;
- Charlestown By-Pass; and
- Mountain Top / Illistrim.

Planning and design investment are underway on a further 70 major projects in both regions. Further improvements in the road network are required and this is a significant infrastructure priority for the region.

The update report on the mid-term evaluation of the BMW Regional OP identified investment in key roads linking Gateways and Hubs and their hinterlands as a priority for investment. This OP includes an intervention under Priority 3 to upgrade strategic secondary routes, linked with the designated growth centres which will help in the overall upgrading of the network.

## **National Public Transport**

Under the National Public Transport Measure there has been major investment in rail safety and upgrades of the rail network. Significant progress has been made, especially with regard to track renewal. Some of the main elements of progress include:

- 603.5 km of track have been relaid, including significant track in the BMW Region;
- Significant work was undertaken in respect of safety bridges and fencing;
- Improvements in the safety of level crossings have been made;
- Investments under the Rural Transport Initiative (RTI);
- Contract signed for delivery of 150 new regional rail cars;
- Re-signalling work; and
- Station re-development, including major works at Heuston Station, which serves the Midlands and West of Ireland.

The Department of Transport has given funding approval to extend the rail network Track and Signalling Project to the Westport and Ballina lines in the BMW Region. These improvements have led to time savings on many routes, in some cases quite significant savings. These improvements have been accompanied by strong growth in passenger numbers.

The update report on the mid-term evaluation of the BMW Regional OP identified investment in public transport linking urban areas and their hinterlands as a priority for investment under the 2007-13 programmes. This is also consistent with the need to address Ireland's GHG emissions and the provision of public transport is an element of addressing the transport needs of socially excluded groups. Taking account of the importance of access to high quality public transport for economic, environmental and social reasons, the Managing Authority has included a public transport intervention that will support public transport infrastructure improvements in the BMW Region.

## **Sustainable Energy and Renewable Energy**

The levels of expenditure and the associated physical outputs under the Sustainable Energy Priority of the ESIOP have been somewhat lower than expected. The overall budget for this Measure was planned to be over €220 million, with €156 million earmarked for Energy Conservation and €67 million for Alternative/Renewable Energy over the period 2000-2006. Spending on this priority has been below the level envisaged. Despite this, some of the physical performance indicators are well on target. Under the Built-Environment Sub-Measure four of the five indicators seem well on target to achieve the 2006 goals. The extent of expenditure in the Alternative/Renewable Energy Measure has been lower than expectations, especially in the area of renewable energy connection to the Grid. However, progress in terms of connections has now accelerated.

Renewable energy and efficiency investments have an important role to play and have been identified as a priority for investment in the update report on the mid-term evaluation of the BMW Regional OP. Through a number of investments it is envisaged that this OP will contribute to these goals and build on the success achieved in the areas of energy efficiency under the 2000-2006 programme.

### **Research, Technological Development and Innovation (RTDI)**

Over €1.7 billion has been spent on Research, Technological Development and Innovation (RTDI) since 2000. Of this, €1.1 billion has been spent on industry research and development. Over €134 millions worth of world class equipment have been funded under the Programme for Research in Third Level Institutions.

RTDI investment aims to continue and develop the support in key areas where public investment remains fundamentally necessary to sustainable economic growth and to encourage the transition to an economy based on knowledge and new technologies. This investment *inter alia* aims to develop intellectual infrastructure to 'root' overseas companies here through more extensive use of research based in Ireland; to persuade and encourage companies to develop their own research activities; and, to develop a world-class research environment in our higher education institutions.

The Audit of Innovation in the BMW Region, described in section 3.7 concluded that the volume of new start-up businesses in the BMW Region is only half that in the S&E Region. Its overall conclusion was that the region had an innovation deficit and is less entrepreneurial than the S&E Region. The inability to attract significant research funding is also an indication of this.

The update report on the mid-term evaluation of the BMW Regional OP identified the enhancement of research capacity, technology transfer and innovation networks as priorities for investment under the 2007-13 programmes. The Innovation, ICT and the Knowledge Economy Priority of this OP will build regional research, innovation and ICT infrastructure and capacity and increase the BMW Region's contribution to Ireland's R&D objectives as set out under the National Strategy for Science, Technology and Innovation.

## 3.14 BMW Regional Operational Programme 2000-2006

The BMW Programme 2000-2006 supported a number of measures that are in areas to receive further support under this OP. These include investments in:

- E-Commerce and Communications;
- Microenterprises;
- Rural Water; and
- Urban Renewal.

There have been a number of initiatives supported in the **E-Commerce and Communications** area. These include the investment in the fibre 'backbone' network, international connectivity, the enabling of exchanges to provide DSL-based services, the Metropolitan Area Networks and the County and Group Broadband Scheme. However, as highlighted in Chapter 3, Ireland lags behind most EU countries in terms of broadband access and connections and this is particularly the case in the BMW Region. Access to broadband is important for economic and social progress and universal broadband access is a priority investment. The update report on the mid-term evaluation of the BMW Regional OP identified investment in increasing broadband access and stimulation of demand as priorities for investment under the Regional OP 2007-13.

The lessons learned from the previous E-Commerce and Communications measure 2000-2006 are reviewed in the ex ante evaluation of the Investment Priorities for the NDP 2007-2013<sup>43</sup>. This highlights the progress already made in building backhaul, establishing the Metropolitan Area Networks and in the County and Group Broadband Schemes and proposes targeted investment to address continued non-availability of broadband in certain areas, address backhaul deficiencies and stimulate demand. This OP provides further support for innovative approaches to addressing these issues.

The **Microenterprise Measure** is delivered through the 13 City and County Enterprise Boards (CEBs) located in the region. CEBs support systems and interventions in which financial assistance is made available towards (i) the capital and employment costs of micro-sector start-up and expansion projects and (ii) under the Entrepreneurial and Capability Development sub Measure the cost of training/mentoring programmes for the promoters and employees of those projects, is supported.

Each CEB operates as a stand-alone limited company whose activities are carried out on the basis of an Operating Agreement between the individual CEB and the Minister for Enterprise, Trade and Employment. Total expenditure over the period to June 2006 was €77.1m and this provided support to over 2,300 enterprises. This measure is seen as effective in assisting business start-ups and business development. Given the level of innovation in the region it is considered that there is a rationale for continued investment in these areas. The measure was also prioritised for gender equality following the mid-term evaluation and CEBs have taken significant steps to actively promote gender equality within this activity.

The update report on the mid-term evaluation identified in particular the need to enhance the IT capability of small firms in the successor OP. There will be further supports in this and other areas under this OP recognising the many challenges that remain. The level of business start-ups in the region is low and needs to be increased. This suggests the need for on-going support for microenterprise interventions at county level.

The **Rural Water** measure 2000-2006 provided funding for investment in water treatment, disinfection and distribution equipment for group water schemes to ensure that they can provide an adequate supply of water within their catchment area which meets the requirements of the EU Directive on Drinking Water Quality. ERDF co-financing was provided under the Regional OP 2000-2006 for eligible schemes at a rate of 75% in the region.

<sup>43</sup> Ex Ante Evaluation of the Investment Priorities for the National Development Plan 2007-13, ESRI Policy Research Series no. 59 (2006)

Over the period under review, total expenditure amounted to over €311 million, which is equal to over 70 % of projected expenditure. Projects benefiting from ERDF co-financed funding have led to improvements in water quality and service quality for approximately 243,297 persons in the region. Of these, 48,377 were connections to Small Public Water Schemes and the remaining 194,920 benefited through new and upgraded group water scheme supplies.

The evaluation of water services investment in the NDP/CSF 2000-2006<sup>44</sup> completed in 2005 highlighted (p.135) the need for adequate water services and the use of 'best technological practise' in addressing waste water treatment in rural areas.

While water quality is high in the region there remains a challenge to minimise risks to water quality, which requires public funding, in particular for source protection interventions and to address the risk of groundwater contamination from concentrations of individual septic tanks in rural areas. This provides the rationale for further investment in this area as proposed in this OP.

The aim of the **Urban and Village Renewal** measure under the Regional OP 2000-2006 was to provide financial support for a range of interventions to upgrade cities, towns and villages to make them more attractive places in which to live and work, encourage social and economic development and facilitate and support the development of tourism and tourism-related activity.

At the end of June 2006 work was underway or completed at some 244 locations, covering 522 projects including 382 village, 89 town and 2 city projects. Seventeen conservation projects have also been completed and funding approved for a further 34.

The update report on the mid-term evaluation of the BMW Regional OP 2000-2006 identified investment in the urban environment of Gateways and Hubs as a priority for investment in the new OP. The Urban development priority of this OP will continue with the urban renewal theme in the context the integrated development of the designated growth centres.

### 3.15 Lessons from Regional Operational Programmes 2000-2006

All of the OPs were subject to a Mid-term Evaluation<sup>45</sup> of both co-financed and non-co-financed measures and an Update Evaluation. The Update Evaluation of the BMW Regional OP<sup>46</sup> highlighted a number of lessons for future regional programming which, where possible, have been taken account of in preparing this OP. Regarding overall programme planning and implementation, these included:

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

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

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

The Managing Authority recognises the need for early planning particularly for new, innovative and demand-led interventions under the OP. However, in selecting appropriate interventions, the Managing Authority has also been cognisant of the constraints imposed arising from the frontloading of c.80% of commitments in the first three years of the programme (see Chapter 6) and the application of the n+2 rule.

The report of the update evaluation also identified the Evaluator's views on the areas that should be prioritised for investment under the BMW Regional OP 2007-13. These have been cross-referenced with the selected interventions in sections 3.13 and 3.14 above.

### 3.16 SWOT Analysis of the Region

Table 3.17 overleaf outlines the SWOT analysis for the BMW Region. This is taken from the report of the recent Foresight Exercise, as described in Chapter 2. Key strengths of the BMW Region include:

<sup>44</sup> Fitzpatrick Associates (2005) Evaluation of Water Services Investment in the NDP/CSF 2000-2006  
[http://www.ndp.ie/viewdoc.asp?mn=pubr&nID=5&UserLang=EN&StartDate=1+January+2007&fn=/documents/publications/evaluation/NDP\\_Investment\\_in\\_Water\\_Services2000-2006.pdf](http://www.ndp.ie/viewdoc.asp?mn=pubr&nID=5&UserLang=EN&StartDate=1+January+2007&fn=/documents/publications/evaluation/NDP_Investment_in_Water_Services2000-2006.pdf)

<sup>45</sup> Fitzpatrick Associates (2003) Mid Term Evaluation of the Border, Midland and Western Regional Programme Operational Programme  
[http://www.bmwassembly.ie/news/reports/BMW\\_Final\\_Report\\_03\\_09\\_03.pdf](http://www.bmwassembly.ie/news/reports/BMW_Final_Report_03_09_03.pdf)

<sup>46</sup> Fitzpatrick Associates (2005) Update Evaluation of the Border, Midland and Western Regional Programme Operational Programme  
<http://www.bmwassembly.ie/news/reports/BMW%20Update%20Evaluation.doc>

- High quality of life attributes and positive external image;
- High quality of environment;
- High number of school-leavers attending third-level education; and
- A good base for enterprise development.

Key weaknesses include:

- Weak innovative capacity and poor entrepreneurship and productivity performance;
- A weak urban structure;
- Inadequate infrastructure in areas such as transport, energy and telecommunications (broadband); and
- Environmental risks relating to water quality.

**Table 3.17: Strengths, Weaknesses, Opportunities and Threats (SWOT) of the Region**

<b>Strengths</b>	<b>Weaknesses</b>
High quality and scenic environment (both land and sea), low population density	A weak urban structure, generally poor physical infrastructure and lack of efficient access to the main cities, airports and ports
Well-developed network of towns and villages	Inadequate infrastructure in areas such as transport, energy and telecommunications (broadband)
Access to a well-educated, skilled and flexible workforce	A limited industrial or services base with weak productivity in several sectors
High quality of life attributes and positive external image	Poor agricultural land and weak agricultural structures
Lack of congestion generally resulting in less pressure on the physical infrastructure and high quality affordable housing stock	Below average levels of start-ups and low levels of company-level innovation and underdeveloped regional scientific research system
High number of school-leavers attending third-level education	Poor graduate retention and consequent 'brain drain'
Many areas of high cultural merit including Gaeltacht and Island Communities	Gaps in the provision of health, social, cultural and leisure facilities
Vibrant community and voluntary sectors involved in service provision and impacting on all aspects of life in the region	Some lack of cohesion and collaboration between State and community sectors in the provision of social services
Diverse tradition of Arts, Heritage and Culture	Insufficient affordable and accessible childcare facilities
Increasing level of investment in the region's infrastructure in recent years	Quality of drinking water sub-standard in some areas
Strong educational infrastructure, including one university and five IoTs	High dependency on non-renewable sources of energy and low levels of energy efficiency in current building stock



Opportunities	Threats
Further potential for enterprise development in ICT, tourism, internationally traded services and medical devices	Loss of jobs through economic restructuring, particularly in agri-food sectors and low tech sectors and competition from other regions
NUI Galway and five IoTs with specialist expertise, which could bring substantial benefits to enterprise in the region	Risk of environmental degradation of water quality, biodiversity, architectural heritage arising from economic activity.
County and Regional Strategies on Waste, Water and Housing developed to provide future direction	Loss of EU Structural Funds and lower preferential aids rates for the region
Full implementation of the NSS and RPGs could bring more balanced spatial development to the region	Few R&D oriented companies and a relatively small share of national third-level infrastructure and industry linkages could hamper ability to compete in the knowledge economy
Potential to develop an internationally recognised cluster, e.g. in the medical devices sector	Lack of sufficient high-skilled employment opportunities to retain people in or attract people to the Region

Source: Regional Foresight Report, 2005

### 3.17 Results of the Ex Ante Evaluation and Strategic Environmental Assessment

#### Ex Ante Evaluation

An ex ante evaluation of this OP was conducted by Fitzpatrick Associates in parallel with the drafting and finalisation of the OP between July 2006 and February 2007. The overall aim of the evaluation was to improve the quality, effectiveness and consistency of the Structural Funds assistance and the implementation of the OP. The ex ante evaluation addressed the following:

- Appraisal of socio-economic analysis and relevance of the draft programme;
- Evaluation of the rationale of the draft programme and its consistency;
- Appraisal of coherence of the strategy with regional and national priorities;
- Evaluation of expected results and impacts; and
- Appraisal of proposed implementation and monitoring systems.

The overall assessment of the draft OP is positive, in terms of its logical flow, compliance with general requirements and EU/national objectives, drawing lessons from previous programmes and evaluations, consistency and relevance of the strategy to regional needs, appropriateness of the geographic concentration, compliance with equality and environmental requirements and the existence of a strong rationale for the proposed interventions. The ex ante evaluation also supports the broad financial allocations by priority in the OP.

Several issues highlighted in earlier drafts of the ex ante report relating to the OP structure, complementarities, significance of particular sections, regional policy and territorial dimension, use of region-specific information, inclusion of innovative interventions, mechanisms to ensure coherence with other financial initiatives, definition and quantification of context and OP-level indicators have been taken on board.

The ex ante evaluation expects the OP to have quantitative impacts locally, qualitative impacts globally, with community added value in terms of economic and social cohesion, EU policy added value, financial added value, added value of the Structural Funds method and added value from exchange of experience and networking. The ex ante evaluation makes 12 recommendations to be taken on board during the implementation of the OP. These are set out below:

1. that a final indicator system to comply with the requirements be developed;
2. that there be very close monitoring of applications and approvals in the first twelve months of operation, to ensure draw-down;
3. that the role for more innovative and pilot-type interventions be retained and enhanced;
4. that detailed implementation plans be drawn up by the Managing Authority in conjunction with the Implementing Bodies as soon as possible;
5. that there be clearer procedures to ensure avoidance of overlap and duplication with both other EU co-financed schemes and with mainstream NDP expenditure;

6. that implements with regard to horizontal principles be clarified;
7. that appropriate project selection procedures and criteria be agreed with each implementing agency;
8. that the nature of individual interventions' (measures) within the Priorities not be "frozen" permanently for the full period of the programme, but that there be a degree of flexibility in this regard;
9. that the scope for linkages between interventions be drawn to the attention of implementing bodies;
10. that information and publicity extend to newer types of potential applicants;
11. ensure that all interventions within Priorities conform to the criteria for an effective measure; and
12. ask implementing bodies to monitor participation and beneficiaries from a gender and wider equality perspective, and to explore measure-specific actions to address equality issues where appropriate and feasible and in accordance with national policy.

In the course of the ex ante evaluation process, the Evaluator set out a recommended framework for the specification of input, output and context indicators and this has been applied by the Managing Authority. The Managing Authority accepts the recommendations made<sup>47</sup>.

### **Strategic Environmental Assessment – Non Technical Summary**

The following is a non-technical summary report which describes the results of the Strategic Environmental Assessment (SEA) of the draft BMW Regional OP 2007-13, conducted by ERM on behalf of the Managing Authority. A list of the organisations to whom a draft copy of the Environmental Report was provided is given in section 1.4 of this OP.

#### *SEA Directive*

Directive 2001/41/EC which provides for the assessment of the effects of certain plans and programmes on the environment ("SEA Directive") came into force in Ireland on July 21st 2004. The Directive applies to plans and programmes for which the first formal preparatory action is taken on or after July 21st 2004.

The main objective of the SEA Directive is to "provide for a high level of protection for the environment and to contribute to the integration of environmental considerations into the preparation and adoption of plans and programmes with a view to promoting sustainable development." The authority responsible for preparing the plan or programme is usually responsible for undertaking the SEA. Regarding the BMW OP, the relevant Irish Regulation is *European Communities (Environmental Assessment of Certain Plans and Programmes) Regulations* (S.I. 435 of 2004).

#### *SEA Screening*

This is the first part of the SEA process where the need for SEA preparation of an Environmental Report is determined. The requirement for the preparation for such a Report is based on the potential for significant effects on the environment. If the screening result is positive, then the following requirements must be completed:

- The preparation of an Environmental Report, where the likely significant environmental effects are identified and evaluated;
- Consultation with the public, environmental authorities, and any EU Member State affected, on the environmental report and draft plan or programme;
- Consideration of the findings in the Environmental Report and the outcome of the consultations in deciding whether to adopt or modify the draft plan or programme; and
- Publicising the decision on adoption of the plan or programme and how the SEA influenced the outcome.

However, if the screening result is negative, then there is no need to prepare an Environmental Report and the SEA process is concluded with the publication of a notice confirming the negative result of the screening process.

A screening report was prepared by the BMW Regional Assembly and, following consultation with the designated environmental authorities, it was decided to prepare an Environmental Report.

#### *Scoping Report*

An SEA Scoping Report was prepared in December 2006 to consider what the potential environmental effects of the OP would be and to identify the significant effects. A matrix-based approach was used and a scoping meeting was held with the Environmental Protection Agency (EPA).

#### *Environmental Report*

An Environmental Report was prepared in January 2007<sup>48</sup> which outlines the significant effects on the environment which may arise as a result of the BMW OP. The information provided in the Environmental Report meets the requirements of Schedule 2 of S.I. 435 of 2004. In summary, these significant effects are:

#### **Biodiversity, flora & fauna**

The Rural Water Source Protection and the Village Sewage interventions may result in significant, positive effects on local and regional biodiversity resources. These interventions seek are likely to result in improvements to groundwater and surface water quality, with resulting benefits for aquatic

<sup>47</sup> The Ex Ante Evaluation Report is available on the Regional Assembly's web-site [www.bmwassembly.ie](http://www.bmwassembly.ie)

<sup>48</sup> A list of the organisations to whom a draft copy of the Environmental Report was provided is given in section 1.4 of this OP>

ecology. The probability of this positive effect is high in the selected locations.

Minor adverse effects are predicted regarding the Key Linking Routes intervention. This intervention will result in the construction of a small number of bypasses, minor inner relief roads, road widening and improvements, junction improvements, signage improvements and bridge improvements. Such developments are likely to have minor significant and adverse effects on local biodiversity.

### **Population**

The broadband intervention will support the delivery of broadband access in the region. This will result in positive effects of minor significance to the region's population. The basis for these positive effects is that broadband can increase educational, social, economic and technological opportunities for the local population.

Urban regeneration proposals under this intervention include physical improvements to the Region's growth centres which will make them more attractive and more dynamic. The BMW Region's population will benefit from the urban improvements through improvements to the urban townscape and the secondary/'spin-off' benefits which arise from urban regeneration projects.

Improvements to the region's road network, via the Key Linking Routes intervention, will result in minor and positive effects to the region's population through greater accessibility and connectivity within the BMW Region, reduced congestion and journey times, road safety and secondary/'spin-off' benefits which may arise as a result of improvements to the transport network.

Improvements to the region's public transport network through the public transport intervention under the OP will result in minor and positive effects to the region's population through enhanced and safer services greater public transport options within the region, which also benefits those members of the community who do not have access to private-car based transport.

### **Human Health**

Both the Rural Water and Village Sewage scheme interventions will reduce the potential for aquatic pollution incidents to arise, thereby increasing the region's drinking water compliance rate and also protecting human health (i.e. reducing the risk of illness via contaminated water). This positive effect is of minor significance.

### **Water**

The Rural Water Source Protection and the Village Sewage interventions may result in significant, positive effects on the region's groundwater and surface water resources. There are strong inter-relationships with the positive effects under water and those under biodiversity, flora & fauna.

### **Air & Climate**

The promotion of sources of renewable energy through the Renewable Energy intervention will result in positive and minor positive effects (i.e. reductions) in the volume of greenhouse gases (GHG) produced in the BMW Region.

The Key Linking Routes intervention is likely to increase GHG emissions as a result of greater car journeys which will arise as a result of improvements to the region's transport network. This is an adverse effect of minor significance. While air quality in the region is good, the potential increase in traffic emissions may increase the risk of exceedances for particulate matter (PM<sub>10</sub>). However, the Public Transport intervention may offset some of the increases in GHG production via the change in modal choice from cars to public transport.

### **Material Assets**

The stock of public assets (transport infrastructure, telecommunication networks, environmental infrastructure e.g., energy and water services, public buildings and spaces) will have minor positive effects under the Broadband provision, Urban regeneration, Rural Water Source Protection, Village Sewage, Renewable Energy and Public Transport interventions.

### **Landscape**

Effects of an unknown nature may arise due to the Broadband provision and Key Linking route interventions. The nature of these effects is classed as unknown as the project-level detail is not known at this stage in the OP implementation.

Urban regeneration proposals under this intervention include improvements to the region's growth centres which will make them more attractive and more dynamic. This intervention will improve the townscape in the areas which are subject to urban regeneration efforts. This is a positive effect of minor significance.

### *Mitigation measures*

Mitigation measures have been proposed to address adverse effects identified for biodiversity (under the Key Linking Routes intervention).

Further measures are proposed to enhance the positive effects predicted for biodiversity, flora & fauna; water and landscape.

### *Monitoring programme*

It is a requirement of the Irish regulations that a monitoring programme be proposed to monitor the predicted effects that will arise as a result of the BMW OP. It is recommended that this programme reports back as part of the Annual Implementation Report. Monitoring requirements were proposed for population, human health and biodiversity, flora & fauna and water. The Managing Authority has agreed to take on board the recommendations arising from the SEA process with regard to the on-going monitoring of OP impacts on the environment.

## **3.18 Conclusions**

The analysis of the BMW Region set out in this chapter indicates significant development challenges for the region. The BMW Region's economy

has undergone significant changes in recent years and this process continues today. This has taken place against a backdrop of falling unemployment and higher economic activity.

This OP recognises the challenges the region faces but also highlights the many opportunities that can be exploited with the correct policy response and commitment. Within the limited resources available for this OP, interventions are developed which seek to address these priority issues while remaining consistent with the objectives of the Community Strategic Guidelines and the ERDF regulations.

As we present subsequently, the investment priorities proposed address each of the three areas discussed above, namely:

- Innovation, ICT and the Knowledge Economy;
- Environment and Risk Prevention; and
- Urban Development and Secondary Transport Networks.

These are identified as key regional needs that can be addressed by this Operational Programme and for which Community added value can be gained. The rationale for choosing these areas and consequent Development Strategy is outlined in more detail in the next chapter.

# Chapter 4:

## Development Strategy

### 4.1 Introduction

In this chapter the overarching vision for the BMW Region is set out, the achievement of which will be supported by the implementation of the priorities set out in the Operational Programme (OP). The strategic objective of the OP and the development strategy are also set out, which builds on the analysis in the previous chapter and are consistent with the EU and national policies and regional needs. A detailed justification and rationale for the chosen priorities is also provided.

### 4.2 Vision for the BMW Region

Arising from an inclusive Regional Foresight exercise that was carried out in 2004 and 2005, a vision for the BMW Region in 2025 was developed. The agreed vision for the BMW Region is to develop:

*“An innovative, knowledge-based and competitive region, with a high quality environment, first class infrastructure, visionary leadership and a quality of life for its citizens that is among the highest in the world”*

There are five components of this vision and they are outlined in Table 4.1.

**Table 4.1: Five Components of the Vision for the BMW Region**

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A Region where entrepreneurship, learning and knowledge are the cornerstones of prosperity

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A Region with internationally competitive businesses and a business environment conducive to investment

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A Region where infrastructure networks provide access to 21st century resources

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A Region where sustainable communities enjoy a high quality environment

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A Region with visionary leaders and effective Regional management

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Source: BMW Regional Foresight Report, 2005

### 4.3 Overall Operational Programme Development Strategy

The objective of the OP is:

**“To facilitate innovation, ensure sustainable development, improve accessibility and develop the urban fabric within the region, in order to enhance overall productivity and competitiveness.”**

The development strategy to achieve this objective is to focus and concentrate resources on three broad areas, as follows:

1. Innovation, ICT and the Knowledge Economy;
2. Environment and Risk Prevention; and
3. Urban Development and Secondary Transport Networks.

The justification for these priorities is based on EU and national/regional considerations. The Priorities have taken account of:

- The EU policy context set by the Lisbon & Gothenburg Agendas;
- The Community Strategic Guidelines and the strategic priorities defined in the National Strategic Reference Framework;
- The requirement that a minimum of 75% of national expenditure in “Regional Competitiveness and Employment” Programmes should be earmarked for actions which support the Lisbon objectives;
- The range of intervention eligible under the ERDF Regulation, the limited Funds available to the region under EU Cohesion Policy and the profile (frontloading) of the funding; and
- The need to maximise Community Added-Value.

At a regional and national policy level, the OP has also taken account of:

- The agreed vision for the region, arising from the Regional Foresight exercise;
- The SWOT analysis and the specific areas of need identified in the previous chapter;
- The importance of selecting investments that would facilitate the on-going convergence of the region towards the EU and national averages;
- The need for both concentration of resources and for balance in interventions (both spatially and thematically);
- The National Spatial Strategy (NSS) 2002-2020 and other relevant strategies;
- The need to ensure complementarity with other EU co-financed programmes and financial instruments; and
- Investments to be undertaken under the NDP and its constituent investment programmes and the requirement for this OP to complement these.

A diagram setting out the principal factors that influenced the development of the OP is presented overleaf. The scale of resources available under this programme means that the programme has selected a number of niche investments under these Priorities. These are designed to address specific issues, consistent with EU and national objectives that will help the region to achieve its convergence objectives. The scope of these niche investments must be considered in the context of overall Government investments in the BMW Region, particularly under the NDP 2007-13.

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

A further notable factor is the multi-annual profile of the funding available to the BMW Region. This funding is heavily front-loaded with c.79% to be committed within the first three years of the programme. As a consequence, and drawing on the lessons of previous evaluations, the Managing Authority has sought to identify focused interventions that address EU, national and regional priorities, but that do not have long lead times.

#### 4.4 Priority Objectives

This OP will seek to: support competitiveness and entrepreneurship, learning and knowledge, develop world-class infrastructure, and support a sustainable environment. This is based on delivery of the following priorities:

- To enhance the **research, innovation and ICT** infrastructure and capacity of the BMW Region, to promote entrepreneurship and enterprise development and to support collaboration and technology transfer between research institutions and the business sector, that responds to the economic development needs of the region;
- To contribute to the sustainable development of urban and rural areas and the **protection and enhancement of the urban and rural environment** and the protection of surface and groundwater from pollution. The priority will also stimulate energy efficiency, renewable energy deployment and the integration of sustainable energy practices into public policies;
- To strengthen the **spatial structuring** of the BMW Region by investing in integrated sustainable initiatives in order to enhance the competitiveness, accessibility and social cohesion of the region's growth centres and to modernise the region's transport infrastructure.

**Figure 4.1: Logical relationship between policy and development of the Operational Programme**

## 4.5 Development Priorities and Justification

### Priority Axis 1: Innovation, ICT and the Knowledge Economy

#### *Priority Objective*

To enhance the research, innovation and ICT infrastructure and capacity of the BMW Region, to promote entrepreneurship and enterprise development and to support collaboration and technology transfer between research institutions and the business sector that responds to the economic development needs of the region.

Interventions supported include:

- Applied Research Enhancement, Incubation Facilities and related Collaboration initiatives;
- Building Research Capacity;
- Microenterprise Innovation and Entrepreneurship;
- Broadband Provision and Demand Stimulation;
- Building world-class human capital in research through Science Foundation Ireland Awards; and
- Experimental Innovative Actions.

#### *Rationale and Justification*

The analysis of the strengths and weaknesses of the BMW Region in the previous chapter highlights the challenges facing the region in terms of raising its research and innovation capacity, increasing entrepreneurship and making broadband more widely available. The Report of the BMW Regional Foresight exercise identified the low levels of innovation activity as a major challenge. The relatively low level of research activity in the IoT sector derives historically from their genesis as teaching institutions with a focus on technical disciplines linked with regional industrial activities. The establishment of research departments in the Institutes of Technology (IoTs) is a relatively recent phenomenon and institutes generally have to compete openly with universities for basic research funding. To address this requires an emphasis on improved regional capacity to generate and absorb new products, processes and services, particularly among SMEs and increased opportunities for collaboration between firms and with institutions. This is consistent with the focus on improving the research capacity of the Higher Education Institutions, raising investment in RTD and ICT, and creating an innovation and entrepreneurship culture, as set out in the NSRF.

The region's third level institutions already provide poles of research, innovation and business incubation activity that can be built upon, linked with existing and emerging sectoral specialisations within the region. However, the limited absorption capacity of the IoTs particularly impacts on the BMW Region with its high proportion of IoTs. There is a need therefore for the Higher Education Institutes to have access to funding mechanisms that enhances capabilities in the institutes in specified niche areas and which recognises the track record of the IoTs and NUI Galway in the more applied areas of research and in the conduct of problem solving research in partnership with local businesses.

The National Strategy for Science, Technology and Innovation (SSTI)<sup>49</sup> acknowledges the concentration of scientific and technological resources in major cities, and the fact that companies in regional locations can find it more difficult to access support for innovation. As part of the Government's ongoing support for regional economic development, the framework set out by the Strategy will enhance the importance of regional innovation. The HEIs, including the IoTs and the Marine Institute, based in the BMW Region, in particular, represent major resources in this context. The multi-regional location and openness to working with industry provides a platform upon which real industrial impact can be built. The Strategy further acknowledges that the higher education institutions can develop into effective technology resources, focused on collaboration with local industry on the basis of strategic and/or applied research and technology development directed at the challenges facing companies.

Focus on building up problem solving capabilities is in itself of course not sufficient to achieve these objectives. Underpinning strength must also exist which can act as a 'pull' factor for businesses in the region. Underpinning capabilities and infrastructure is required to enable the investments proposed by Enterprise Ireland (EI) and other development agencies – in essence an initiative under this Priority which would provide the bedrock for research and development in the regions and which complements the proposed EI initiatives. This provides the rationale for support for a number of specific investments as set out in this Priority.

The low level of business start-ups provides a rationale for an intervention, to be delivered through the County Enterprise Boards (CEBs), to increase the rates of business start-up and expansion and increase competitiveness, innovation and technological adaptation in microenterprises. A suite of support services will be provided by the CEBs to enable existing and start-up microenterprises to increase their capability to raise productivity, adopt ICT applications, and increase employment.

Regional centres without choices of keenly priced ICT infrastructures (local and backhaul) find it difficult to attract high value investment. As outlined in chapter 3, Ireland currently ranks quite low on EU and OECD broadband access and availability tables. This low ranking of Ireland reflects the late launch of competitive, affordable broadband by private broadband service providers. Lack of competition among service providers and local access infrastructure deficits in regional centres remain a feature of Ireland's broadband market and are keeping access prices high. Also, the problems associated with poor backhaul infrastructure, which is needed to link regional towns to national backbone networks, which in turn link to the internet via Dublin, are also becoming more acute. The rate of broadband uptake is dependent on a number of factors. These include access by the private sector service providers to suitable infrastructure, as well as competition between broadband service providers and demand conditions for

<sup>49</sup> Government of Ireland (2006) Strategy for Science, Technology and Innovation 2006-13 <http://www.entemp.ie/publications/science/2006/sciencestrategy.pdf>

broadband in the economy. Accordingly, there is a strong rationale to support the completion of broadband provision in rural areas in the BMW Region in order to attain universal broadband availability.

The BMW Region has developed and implemented two Regional Programmes of Innovative Actions to date. These programmes have enabled experimentation with pilot initiatives, some of which have become part of mainstream delivery; the analysis of innovation capacity, through innovation auditing; identification of long-term strategic objectives through the use of foresight techniques; and, have pilot tested initiatives to build academic and SME links. As such experimental actions will no longer have a separate Cohesion Policy budget line, and given the benefits of continuing to experiment with innovative strategies and applying these to mainstream interventions, it is considered appropriate to include provision for experimental actions<sup>50</sup> in this OP under Priority one. Ultimately, the inclusion of this intervention will facilitate an ongoing process of experimentation with new tools and approaches relevant to the current situation in the BMW Region. This intervention has the potential to effect positive improvements in the regional innovation system within the framework of this OP and thus contribute to the achievement of regional, national and EU objectives.

## **Priority Axis 2: Environment and Risk Prevention**

### *Priority Objective*

The objective of this Priority is to contribute to the sustainable development of urban and rural areas and the protection and enhancement of the urban and rural environment and the protection of surface and groundwater from pollution. The priority will also stimulate energy efficiency, renewable energy deployment and the integration of sustainable energy practices into public policies.

Interventions supported will include:

- Rural Water Source Protection;
- Pilot Village Sewerage Scheme;
- Water Supply and Waste Water Treatment;
- Water Conservation;
- Natural and Cultural Heritage;
- Waste Management and
- Energy Efficiency and Renewable Energy.

### *Rationale/Justification*

The quality of the environment and diversity and sustainability of energy supply are important determinants of the quality of life for the inhabitants of a Region. This in turn increases the attractiveness of a region for people to invest in, visit and locate. There is an increasing emphasis at EU and national level on environmental protection, and the promotion of the use of sustainable sources of energy supply.

The Lisbon Agenda: Integrated Guidelines for Growth and Jobs encourage the sustainable use of resources and the strengthening of the synergies between environmental protection and economic growth. The Community Strategic Guidelines recommend that in order to maximise economic benefits and minimise costs, priority should be given to tackling environmental pollution at its sources. The provision of environmental services such as waste water management systems, management of natural resources and protection against certain environmental risks, will all have priority in this context. This is also reflected in the Drinking Water Directive<sup>51</sup> (98/83/EC) on the quality of water. The NSRF provides for a focus on niche interventions complementary to mainstream investments designed to protect drinking water quality in the regions.

The Community Strategic Guidelines highlight the need to reduce traditional energy dependence through improvements in energy efficiency and deployment of renewable energies. Investments in these fields contribute to security of energy supply for long-term growth, while acting as a source of innovation and providing opportunities for exports. It is recommended that support be provided to improve energy efficiency and the dissemination of low energy intensity development models. This will help in meeting Ireland commitments under the Kyoto Protocol. The National Strategic Reference Framework also recognises that development of Ireland's regions requires an adequate, reliable and competitively priced energy provision and that opportunities exist to develop and exploit Ireland's significant renewable energy resources.

This provides a rationale for niche interventions that will provide funding towards pilot renewable energy deployment, stimulation of energy efficiency and the integration of sustainable energy practices into public policies.

## **Priority Axis 3: Urban Development and Secondary Transport Networks**

### *Priority Objective*

To strengthen the spatial structuring of the BMW Region by investing in integrated sustainable initiatives in order to enhance the competitiveness, accessibility and social cohesion of the region's growth centres and to modernise the region's transport infrastructure.

Interventions will include:

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<sup>50</sup> Innovative Strategies and Actions: Results from 15 years of Regional Experimentation. European Commission Working Document [http://ec.europa.eu/regional\\_policy/funds/2007/innovation/guide\\_innovation\\_en.pdf](http://ec.europa.eu/regional_policy/funds/2007/innovation/guide_innovation_en.pdf)

<sup>51</sup> Council Directive 98/83/EC concerning the quality of water intended for human consumption [http://europa.eu.int/eur-lex/pri/en/oj/dat/1998/L\\_330/L\\_33019981205en00320054.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/1998/L_330/L_33019981205en00320054.pdf)



- Urban Regeneration;
- Key Linking Routes; and
- Public Transport.

#### *Rationale and Justification*

The BMW Region covers a large area with a relatively low population density. This results in a lack of ‘critical mass’ with sub-optimal impacts when resources are spread too thinly across the region. This weak urban structure was identified as a critical issue in chapter 3. There is recognition of the need for a strategic focus, concentrating the use of investment resources effectively and building on existing concentrations of economic activity. This was set out in the NSS and has the potential to maximise impacts on the region.

The Community Strategic Guidelines<sup>52</sup> emphasise the contribution of urban centres to growth and jobs and recommends that supports should focus on the development of integrated participatory strategies to address environmental, economic and social issues. The National Strategic Reference Framework<sup>53</sup> recognises that considerable potential for sustainable growth exists and that the focus for intervention should be on integrated urban development initiatives including physical and social regeneration.

The NSS<sup>54</sup> and the Regional Planning Guidelines provide an important framework for the BMW Region and identify the investment needed to secure a sustainable future for the region. The establishment of a fund to complement infrastructure investment was recommended in the recently published report on implementing the NSS: Gateway Investment Priorities Study<sup>55</sup>.

The Community Strategic Guidelines also identify modern infrastructure as an important factor in the performance of enterprises and the economic and social attractiveness of regions. The Guidelines also recognise that the provision of an efficient, flexible and safe transport infrastructure can be regarded as a necessary pre-condition for economic development as it boosts productivity, and thus the development prospects of the regions concerned, by facilitating the movement of people and goods.

The infrastructure deficits in the BMW Region are well recognised and were set out in detail in chapter 3. Given these weaknesses the economic return on investment in infrastructure can be high if the correct projects are chosen. The development of regional transport infrastructure with economically vital road links and enhanced access to public transport are therefore considered to be economically vital for the region.

This provides a clear rationale for investment in a limited number of key linking routes, particularly aimed at improving accessibility to and between designated Gateways and Hubs. The rationale for investment in key linkages is clear from the analysis of the region’s investment needs. It is also proposed to support investment in sustainable transport networks, through targeted investments in rail service improvements, park and ride infrastructure, Quality Bus Corridors, signalling, automation of level crossings and station and track upgrades.

The investment proposed in this OP will support the enhancement of the potential of each of the Gateways and Hubs and in addition will upgrade strategic national secondary routes and public transport services, consistent with the NSS, RPGs and Gateways investment priorities. European added value will derive from the provision of additional resources to strengthen the urban structure and improve the transport linkages within the region and from a reinforcement of effective spatial planning policies as a means of achieving balanced territorial development (as specified in the European Spatial Development Perspective<sup>56</sup>). This added value will be made visible to the general population through the Information and Publicity actions described in section 8.8 of this OP and those envisaged in the Communications Action Plan.

#### **Priority Axis 4: Technical Assistance**

Under this priority, funds will be used to finance the preparatory, management, monitoring, evaluation, information and control activities of the OP together with activities to reinforce the administrative capacity for implementing the Funds, subject to an overall limit of 4% of the total funds allocation to the OP.

The Technical Assistance Priority will also cover the cost of recoupment of approved costs of the EU Operational Committees of the Regional Authorities (at NUTS III Level). The Priority will be administered by the BMW Regional Assembly under the general control of the OP Monitoring Committee. Details of the proposed technical assistance and the arrangements for managing the OP will be approved by the Monitoring Committee.

## 4.6 European Added Value

As already stated in section 4.3, the Managing Authority has sought to maximise the added value of the selected priorities and of the proposed interventions. This was also addressed in the ex ante evaluation process, as described in section 3.17. The ex ante evaluation report (section 4.2) established that there is a strong rationale for public investment in each of the priority areas selected. It also established (section 4.7.2) that there is

<sup>52</sup> Commission of the European Communities (2005) Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013 – [http://ec.europa.eu/regional\\_policy/sources/docoffic/2007/osc/050706osc\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/050706osc_en.pdf)

<sup>53</sup> Government of Ireland (2007) Sustaining Dynamic Regions: The National Strategic Reference Framework

<sup>54</sup> Department of the Environment and Local Government (2002) The National Spatial Strategy 2002-2020: People, Places and Potential <http://www.irishspatialstrategy.ie/>

<sup>55</sup> Department of Environment, Heritage and Local Government, Forfás, International Centre for Local and Regional Development, Brady Shipman Martin, Fitzpatrick Associates (2005) Implementing the NSS: Gateway Investment Priorities Study [http://www.forfas.ie/publications/forfas061020/webopt/forfas061020\\_gateways\\_study\\_report\\_webopt.pdf](http://www.forfas.ie/publications/forfas061020/webopt/forfas061020_gateways_study_report_webopt.pdf)

<sup>56</sup> European Commission (1999) European Spatial Development Perspective

consistency with and no overlap with other EU programmes in the region. The complementarities with co-financed and exchequer-funded NDP investments are set out in sections 5.7 to 5.14 of the OP.

The strategic interventions proposed in this OP provide policy added value in relation to community policies as they are clearly aligned with the priorities set out in the EU Community Strategic Guidelines and with the Lisbon and Gothenberg agendas. The additional resources will add financial value by reinforcing public investment in strategic areas such as innovation, ICT and the knowledge economy, addressing environmental risks and strengthening the urban structuring of the BMW Region. Community added value will also be visible in the proposed experimental actions and in the continuation of the EU multi-annual programming approach, embedding of the partnership principle, project appraisal (cost effectiveness) methods and of financial control and monitoring and evaluation arrangements. Innovative partnership arrangements to develop and deliver aspects of the urban priority and the enhancement of academic-industrial and inter-institutional linkages to raise the research capacity of the region's institutions will also be attributable to EU financial support.

This added value will be made visible to the general population through the Information and Publicity actions described in section 8.8 of this OP and those envisaged in the Communications Action Plan.

#### 4.7 Conclusion

The overall vision for the BMW Region, the achievement of which will be supported by the investments described in this OP, has been set out in this chapter. The objectives and the key priorities of the OP have also been outlined as well as a detailed justification and rationale for the chosen priorities. The next chapter provides more detail on the chosen priorities and interventions.

# Chapter 5:

## Priorities

### 5.1 Introduction

This chapter sets out in more detail the priorities and investment areas to be supported under the Operational Programme. It also sets out how the strategic objectives that have been set for each priority will be achieved and provides quantified indicators for each priority. Information on complementarity with other EU co-funded investments and with the National Development Plan 2007-13 is also provided.

### 5.2 Priority Axis 1: Innovation, ICT and the Knowledge Economy

The objective of this Priority is:

to enhance the research, innovation and ICT infrastructure and capacity of the Border, Midland and Western Region, to promote entrepreneurship and enterprise development and to support collaboration and technology transfer between research institutions and the business sector, that responds to the economic development needs of the region.

The analysis of the strengths and weaknesses in the BMW Region in chapter 3 highlighted the challenges facing the region in terms of raising its research and innovation capacity<sup>57</sup>, increasing entrepreneurship, making broadband services more widely available and promoting the emergence and growth of more businesses.

The rationale for this priority is outlined in chapter 4. Interventions are proposed which will raise the applied research capacity of the Higher Education Institutions (HEIs) by providing infrastructural supports for both applied research facilities and expanded incubation facilities. In addition, the development of appropriate research-funding initiatives will take into account the distinctive and separate missions and focus of the Institutes of Technology and NUI Galway within the region. In parallel, as set out in this Priority, Enterprise Ireland is developing a closer relationship between HEIs and regionally-based enterprises focusing on applied research, collaboration and existing sectoral requirements.

If the BMW Region is to contribute significantly to the attainment of national objectives, investment that will improve the scale and capability of regional research is needed. It is in that context that the requirement to strengthen the overall research capability in the BMW Region is set out. The advancement of legislation to bring the IoTs under the ambit of the Higher Education Authority in 2007 is an important step forward in that regard.

As set out in the previous chapter, new initiatives are needed if real and substantive progress is to be made in addressing the infrastructural requirements for research and in building the research capacity of the HEI sector.

In the context of a peripheral region within a small open economy, promoting entrepreneurship, the establishment and expansion of new firms and promoting the technological adaptation of SMEs which are innovative and knowledge-based are essential if the BMW Region is to raise its productivity levels, create high quality sustainable employment and remain competitive.

The provision of modern telecommunications infrastructure on a cost effective basis is also considered essential to stimulate increased knowledge economy activities. Broadband is particularly beneficial to SMEs in peripheral regions as it enables them to share information regardless of their physical location. Modern telecommunications infrastructure also facilitates more flexible working patterns, thus reducing operating costs for commercial and public sector organisations, and reducing the need to commute to urban areas (with significant environmental benefits for the region).

Interventions that will be supported under this Priority include:

- Applied Research Enhancement, Incubation Facilities and other related Collaboration initiatives that may be developed;
- Building Research Capacity;
- Microenterprise, Innovation and Entrepreneurship;
- Broadband Provision and Demand Stimulation;
- Building world-class human capital in research through Science Foundation Ireland Awards; and
- Experimental Innovative Actions.

#### **Intervention: Applied Research Enhancement, Incubation Facilities and related Collaboration initiatives**

The region's third level institutions already provide poles of research, innovation and business incubation activity that can be built upon, linked with existing and emerging sectoral specialisations within the region. The National Strategic Reference Framework<sup>58</sup> specifies that regional strategies should concentrate on investing in R&D, innovation and entrepreneurship and applied research and technology transfer infrastructure, ensuring that these investments respond to the economic development needs of the region. The limited absorption capacity of the IoTs particularly impacts on the

<sup>57</sup> Border, Midland and Western Regional Assembly (2004) Audit of Innovation in the BMW Region [http://www.bmwassembly.ie/innovative\\_actions/Audit\\_Reports\\_2004.htm](http://www.bmwassembly.ie/innovative_actions/Audit_Reports_2004.htm)

<sup>58</sup> Government of Ireland (2006) Supporting and Enabling Dynamic Regions: The National Strategic Reference Framework

BMW region with its high proportion of IoTs.

This intervention will be targeted at the HEIs and will raise the applied research capacity of the institutes by providing infrastructural supports for both applied research facilities and expanded incubation facilities. Funds will be provided to the HEIs to develop and expand incubation space and commercial research and development facilities in order to:

- support the development and expansion of campus company activity;
- encourage and support the commercialisation of R&D carried out in the HEIs, to benefit companies in the region;
- embed the HEIs as major supports for companies in the region; and
- provide research space for the commercialisation of innovative ideas.

In addition to the Applied Research Enhancement and Incubation Centres, additional collaboration initiatives will be developed over the 2007-13 period.

#### **Intervention: Building Research Capacity**

The application of research and technology to the creation of new, high-value products and services will be an important driver for innovation and enterprise in the future. Also, closer to market and applied research capabilities need to be strengthened nationally so that there is better synergy between institutions that generate new knowledge and those that translate and transform it into new products and services.

This intervention will focus on the development of institutional competencies and capabilities that will support the application of research and technology and the transfer and translation of knowledge for regional and local development.

This intervention which includes future calls for proposals under the Programme for Research in Third Level Institutions and the Marine Research Programme will work to achieve the following goals:

- build underpinning research strength in the region that is of high quality and of strategic relevance in the regional context;
- enhance the collaboration and networking across the regional research institutions so as to optimise return on investment; and
- strengthen the culture of and training on Intellectual Property capture and management among research performers at a laboratory level within regional institutions.

In addition, research commissioned and/or undertaken by the Marine Institute in the BMW Region will be supported. Selectivity and inter-institutional collaboration will characterise the approach of the HEIs and the Marine Institute to this initiative, particularly collaboration on a regional basis. This will require a strategic approach by the HEIs and other research institutions, prioritisation that reflects their present research capability strength and/or clear regional needs, with collaboration with other third level institutions featuring for improved effectiveness and critical mass.

The HEIs and the Marine Institute will continue to have access to other funding mechanisms, such as the Research Framework Programmes.

#### **Intervention: Microenterprise, Innovation and Entrepreneurship**

This intervention will evolve the supports provided by the County Enterprise Boards to increase the rates of business start-up and expansion and increase competitiveness, innovation and technological adaptation by microenterprises. A suite of accessible, focused business support services will be provided by the CEBs to enable existing and start-up enterprises to increase their capability to raise productivity, adapt ICT applications and increase employment.

The CEBs are charged with primary responsibility for cultivating a favourable culture of entrepreneurship and for supporting the development of enterprises at local level. Through their enterprise promotion initiatives, financial supports and training/mentoring programmes the CEBs have enabled their client base to become a key source of start-ups. In light of the challenges presented by the dynamics of the global economy it is critical that the CEBs continue to be supported in their efforts to maintain and develop their promotional activities so that their client base continues to successfully fulfil that role and deliver high quality enterprises which have potential for growth and high added-value for the domestic economy.

The nurturing of a positive culture of entrepreneurship and promotion of the formation of new, particularly innovative, enterprises with growth potential will remain a key objective over the timeframe of the Regional OP. Based on their record of achievement to date in this regard the CEBs are well positioned to deliver on these objectives over the coming years.

In pursuing the above objectives the CEBs will:

- promote local enterprise culture and entrepreneurship throughout society through initiatives such as their Start-Your-Own-Business training courses, provision of business information, schools enterprise programmes, awards schemes, networks including the Women-in-Business networks, etc.;
- support business start-ups and expansions with appropriate financial supports;
- encourage and facilitate higher levels of exporting businesses, greater innovation and more effective ICT usage within small businesses; and
- build the capacity of owner/managers of micro-businesses through training and development actions, including mentoring programmes, and business networks.

#### **Intervention: Broadband Provision and Demand Stimulation**

Under the Regional OP 2000-2006 the Government addressed infrastructure deficits by part funding private sector infrastructure (local access and backbone) and by constructing State-owned, open access Metropolitan Area Networks (MANs) in towns and cities nationwide in association with

the local and regional authorities. Continued investment is required under the 2007-2013 Regional OP with an emphasis on addressing the outstanding infrastructure and service deficits in the BMW Region.

This intervention will support the delivery of broadband services to all areas of the BMW Region. Activities to be supported include:

- completion of the MANs in partnership with Local and Regional Authorities;
- scheme to subsidise the provision of broadband services in un-served areas;
- facilitating access to advanced telecommunications infrastructure by SMEs; and
- stimulation of demand for advanced telecommunications services among SMEs.

#### **Intervention: Building world-class human capital in research through Science Foundation Ireland Awards**

Consistent with the priority objective, it is proposed to include a number of Science Foundation Ireland research programmes in Priority 1 of the BMW Regional OP.

Centres for Science, Engineering and Technology Programme (CSET) – CSETs help link scientists and engineers in partnerships across academia and industry to address crucial research questions, foster the development of new and existing Irish-based technology companies, attract industry that could make an important contribution to Ireland and its economy, and expand educational and career opportunities in Ireland in science and engineering, e.g., DERI (semantic web) and REMEDI (regenerative medicine) centres at NUI Galway

Strategic Research Clusters (SRC) - The SRC Programme has been designed to facilitate the clustering of outstanding researchers to carry out joint research activities in areas of strategic importance relevant to Industry in the region, e.g., medical devices in the Midlands and West, while also giving the time and resources to attract and cultivate strong industry partnerships that can inform and enhance their research programmes.

Principal Investigator Programme (PI) - The SFI PI Programme supports those fields of science and engineering that underpin biotechnology, information and communications technology, and sustainable energy and energy-efficient technologies and may be 3-5 years in duration

#### **Intervention: Experimental Innovative Actions**

Under this intervention, the Managing Authority will establish a Steering Committee, building upon the existing Innovative Actions Steering Committee, which will be mandated to identify and pilot test a number of strategic initiatives or themes, that have the potential to address deficiencies in the existing regional innovation system: identify key technologies, benchmarking and comparative analyses, studies, study visits and exchanges, facilitate new approaches to technology transfer, build regional innovation capacity, mobilise regional actors and improve the effectiveness of linkages between actors in the regional innovation process through participation in new networks.

The intended method of implementation will be through a series of competitive public calls for proposals that will be backed up with public information initiatives. The delivery of this intervention will ensure effective monitoring within a well-designed evaluation framework that enables outcomes to be assessed and systemic learning to take place. It is anticipated that each of the selected projects will be of a relatively short duration (c. 2 years). This intervention provides the possibility to mainstream some of the findings which will emerge from the fast-track networks to be set up under the Regions for Economic Change Initiative<sup>59</sup>. Regions for Economic Change is a Commission initiative designed to discover and disseminate best practice in economic modernisation in order to stimulate economic growth.

#### *Intermediary Bodies*

The Intermediary bodies for the interventions under this Priority will include:

- Enterprise Ireland;
- Higher Education Authority;
- Enterprise Ireland CEB Central Coordination Unit;
- Office of Science, Technology and Innovation at the Department of Enterprise, trade and Employment; and
- Department of Communications, Marine and Natural Resources.

#### *Beneficiaries*

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

- Research institutions and networks of institutions;
- SMEs and microenterprises;
- County Enterprise Boards;
- Broadband Service Providers; Science Foundation Ireland; and
- Public bodies in the region.

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<sup>59</sup> For information see [http://ec.europa.eu/regional\\_policy/cooperation/interregional/ecochange/index\\_en.cfm](http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/index_en.cfm)

Indicator Class	Indicator	Baseline	Final Target (2013)
OUTPUT	Increase in no. of Regional Incubation Centres	5	9
	No. of collaborative research projects approved	0	4*
	No. of Principal Investigator Awards	7 (June '09)	12*
	No. of Research Centres (SRC & CSET)	2 (June '09)	4*
	No. of training days provided to SMEs	35,572	119,572
	No. of microenterprises supported	2,511	5,011
	No. of initiatives to enable broadband infrastructure and service provision	0	3
RESULT	Total employed in Incubation Centres	168	218
	No. of researchers engaged in the approved projects*	0	170* of which: 100 PRTL 70 SFI Awards
	No. of enterprises collaborating with SFI-funded centres	9	15*
	No. of enterprises in Incubation Centres	52	68
	No. of recipients of micro-enterprise training	26,550	61,530 of which: 27,562 male 33,668 female 300 other
	No. of jobs created in assisted enterprises	16,684	20,884
	Additional users with broadband available	0	89,377 Residential 5348 Commercial 28,261 Residential & Commercial
	IMPACT	The Managing Authority in co-operation with the Departments and Agencies implementing research activities under this priority, will commission an evaluation of the impact of the co-financed research projects on economic growth and job creation and on the broad strategic impact of the interventions.	

<sup>60</sup> Where feasible, core indicators recommended in the Methodological Working Paper on Monitoring and Evaluation have been used

### *Relevance to Earmarking*

All of the indicative operations envisaged under this Priority are eligible for consideration as contributing towards the Lisbon objectives (see Annex 7).

## 5.3 Priority Axis 2: Environment and Risk Prevention

The objective of this Priority is:

to contribute to the sustainable development of urban and rural areas and the protection and enhancement of the urban and rural environment and the protection of surface and groundwater from pollution. The priority will also stimulate energy efficiency, renewable energy deployment and the integration of sustainable energy practices into public policies.

The rationale for this priority is outlined in chapter 4. The Drinking Water Directive (98/83/EC) on the quality of water intended for human consumption places a number of obligations on Member States, principally a requirement to ensure that water intended for human consumption is wholesome and clean. Significant investment has taken place under the NDP/CSF 2000-2006 on water services infrastructure. Complementary niche investment is needed to protect vulnerable sources from point and diffuse sources of pollution. Rural drinking water quality deficiencies primarily exist where water is provided through private group water schemes, which depend on rivers, lakes or boreholes for their source of supply.

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

### **Intervention: Rural Water Source Protection**

It is proposed to provide funding towards source protection initiatives for the protection and enhancement of sources used for the abstraction of drinking water with an emphasis on high risk locations. It will apply the lessons of pilot projects undertaken in 2006 in implementing effective and workable source protection investments to protect valuable raw water sources. This intervention will complement the on-farm waste management measures and the on-farm rural environmental protection measures proposed under Axes 1 and 2 respectively of the Rural Development Programme 2007-13.

### **Intervention: Pilot Village Sewerage Systems**

Many small rural villages/communities do not have any waste water collection and treatment systems in place. An integrated strategy is required to protect rural drinking water sources and to deal with the waste water treatment needs of communities depending on these sources. This provides a rationale for the expansion of the collective sewerage treatment facilities in rural settlements. This intervention will provide funding towards the expansion of the collective sewerage treatment facilities in rural settlements. This is a sustainable cost efficient method based around the Septic Tank Effluent Drainage System (STEDS), whereby filtered effluent is discharged to a small treatment facility for final treatment. The added value of this pilot initiative will derive from its demonstration effects for mainstream investment programmes.

### **Intervention: Water Supply and Waste Water Treatment**

The rationale underpinning Priority 2 of the OP as set out in section 4.5 is that the provision of environmental services such as waste water treatment and water supply facilities can strengthen the synergies between environmental protection and economic growth. In line with this, consideration a number of strategic projects under the Water Services Investment and Rural Water Programmes will be supported in the OP. These projects will enhance the capacity of selected locations for business and employment growth and creation.

### **Intervention: Water Conservation**

Water conservation works are a practical and environmentally sustainable way of meeting the extra demand for water that will arise. Finding additional water supply capacity through leakage control and better supply system management facilitates urban renewal, reduces environmental pressures from extra abstraction at source and complements wider capital investment in new water services infrastructure throughout the BMW region. This intervention will reduce unaccounted for water in urban centres through water management and mains rehabilitations, and will provide an environmentally sustainable approach to infrastructure needs.

### **Intervention: Natural and Cultural Heritage**

This intervention will support the construction of Visitor Centres for Ballycroy National Park near the Castlebar-Ballina Hub and at Clara Bog Nature Reserve near the Athone-Tullamore-Mullingar Gateway; and also support the conservation restoration and upgrading of cultural (built) heritage sites in designated urban and rural areas in order to better present each site and manage visitor numbers. The works will, enhance the attractiveness of locations in the region to visitors, promote the sustainable enjoyment of the natural and cultural heritage and improve the quality of the built environment.

### **Intervention: Waste Management**

This intervention will support investment by local authorities in waste recovery and recycling infrastructure for municipal and other waste, to be developed in accordance with integrated regional and local waste management plans. It will reduce reliance on waste disposal and facilitate waste recovery and recycling, thereby enabling the region to achieve the ambitious target that 10% or less of waste is consigned to landfill.

### **Intervention: Renewable Energy**

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

The Sustainable Energy intervention will fund market and technological innovation to help structure a fertile environment for energy efficiency and renewable energy generation. Its promotional component will assist the stimulation of energy efficiency and wider uptake of uptake of renewable

energy sources. Financial support will be made available through a suite of schemes with clear aims and objectives for the stimulation of energy efficiency, renewable energy production, the development of efficient energy management systems, and for the promotion of clean and sustainable public transport, particularly in urban areas.

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

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

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

Indicative activities to be supported are as follows:

#### *Stimulate Energy Efficiency First*

- the promotion of fuel efficient vehicles through the provision of a number of *Low Emission and High Efficiency transport vehicles*;
- the delivery of an *Industrial Best Practice Initiative* targeting small and medium enterprises that supports investments that demonstrate the use of best-practice energy saving equipment and processes that address gaps in energy efficiency; and
- the development of a *Green Office and Public Buildings* demonstration programme that supports public sector and commercial organisations to innovatively apply more sustainable energy design strategies, technologies and services in new and retrofit projects. This programme will support generic design studies and model new and retrofit building projects.

#### *Renewable Energy Deployment*

- a *Renewable Energy Research Development and Demonstration Programme* that adopts an aggressive technology-led approach to renewable resolving technology and market barriers such as energy storage and demand management in the electricity sector. Innovative plug-in hybrid vehicles and smart metering technology will be considered for support;
- the development of a *CHP and Bioheat Boiler Deployment Programme* to assist in the deployment of small-scale fossil fired CHP, and biomass CHP and heating systems in industrial, commercial and public sectors; and
- the establishment of a *Green Buildings Information Office (GBIO)* that promotes the use of renewable technologies and resources in an energy efficient setting and provides information and advice on related financial, social and technical issues.

#### *Integration and Innovation*

- the integration of sustainable energy policy measures at a regional or “Gateway town” level through *Sustainable Development Zones (SDZs)* that will embrace a combination of all building types across all economic sectors including, industry, institutional, leisure, commercial and industrial buildings. This will be a flagship initiative within the Regional OP with high visibility and will demonstrate in a comprehensive, integrated manner new approaches to urban design, transport, energy efficiency, deployment of renewable energy etc in existing urban settings; and
- the promotion of *Public Sector Innovation* through direct participation in infrastructure and service development including public/private partnership.

#### *Performance Indicators<sup>61</sup>*

Indicator Class	Indicator	Baseline	Final Target (2013)
OUTPUT	No. of rural water source protection projects supported	0	12
	No. of STEDS projects supported	0	12

<sup>61</sup> Where feasible, core indicators recommended in the Methodological Working Paper on Monitoring and Evaluation have been used



	No. of energy schemes introduced <sup>62</sup>	0	8
	<b>No. of visitors to 2 new National Park Visitor Centres</b>	0	35,000
RESULT	Biological Oxygen Demand (BOD) Reduction in protected sources	n/a	75%
	Population equivalent served by STEDS schemes	0	2,800
	No. of organisations substantially engaged in energy-related projects <sup>63</sup>	0	972 <sup>64</sup>
	Additional jobs created at National Park Visitor Centres	0	10

#### *Intermediary Bodies*

The Intermediary bodies for the interventions under this Priority will include:

- Department of the Environment, Heritage and Local Government; and
- Sustainable Energy Ireland

#### *Beneficiaries*

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

- local authorities;
- group water schemes;
- businesses;
- Heritage Council; and
- public bodies

#### *Relevance to Earmarking*

The operations envisaged under the renewable energy intervention are eligible for consideration as contributing towards the Lisbon objectives (see Annex 7).

#### *5.3.1 Eligibility of new expenditure arising from OP Revision*

In accordance with Article 56(3) of the General Structural Funds Regulation, new expenditure added at the moment of revision of an operational programme [...] shall be eligible from the date of submission to the Commission of the request for revision of the operational programme.

1. The impact of the operational programme revision submitted on 15<sup>th</sup> July 2009 in terms of the geographic scope of Priority 2 is summarised as follows:

- Priority 2 is extended to include Gateways and Hub Towns for the following interventions: water supply and waste water treatment, water conservation, natural and cultural heritage and waste management
- Priority 2 extends the range of interventions for rural areas to include water conservation, natural and cultural heritage and waste management.

2. The impact of the Operational Programme revision in terms of the eligibility dates is that new expenditure considered eligible from 15<sup>th</sup> July 2009 only, is as follows:

- Water conservation, natural and cultural heritage and waste management in rural areas
- Water supply and waste water treatment, in Gateways or Hub towns

The eligibility date for Priority 2 interventions in the Gateway and Hub towns in the areas of water conservation, natural and cultural heritage and waste management (previously included under Priority 3) remains 1 January 2007.

The eligibility date for Priority 2 interventions in relation to water supply and waste water treatment in rural areas remains 1 January 2007

<sup>62</sup> This refers to the number of intervention schemes introduced by Sustainable Energy Ireland in promoting energy efficiency and renewable energy deployment

<sup>63</sup> This refers to the number of public and private organisations that have engaged with SEI funded schemes to undertake energy audits or invest in energy efficiency or renewable energy technologies

<sup>64</sup> This represents 30% of the national target of 3,240

## 5.4 Priority Axis 3: Urban Development and Secondary Transport Networks

The objective of this Priority is:

to strengthen the **spatial structuring** of the BMW Region by investing in integrated sustainable initiatives in order to enhance the competitiveness, accessibility and social cohesion of the region's urban growth centres and to modernise the region's transport infrastructure.

The rationale for this Priority is outlined in chapter 4. The BMW Region covers a large area with a relatively low population density. This results in a lack of 'critical mass' with sub-optimal impacts when resources are spread too thinly across the region. This weak urban structure was identified as a critical issue in chapter 3. There is recognition of the need for a strategic focus, concentrating the use of investment resources effectively and building on existing concentrations of economic activity. This is consistent with the National Spatial Strategy (NSS) 2002-2020 and has the potential to maximise impacts on the region. In addition, the provision of an efficient, flexible and safe transport infrastructure, meeting the requirements of sustainable development (particularly as far as the environment is concerned) is regarded as a necessary pre-condition for the economic development of the BMW Region by enhancing access to the region, connectivity within the region and facilitating the movement of people and goods.

### **Intervention: Urban Regeneration**

The rationale for the inclusion of an urban development intervention in this OP has been set out in chapter 4. It is recognised that the region's growth centres must become more attractive and more dynamic in their contribution to entrepreneurship and innovation and in reducing social disparities.

This will complement the large scale investment proposed under the National Development Plan 2007-13 that will address the key infrastructure deficits of the Gateways and Hubs. This EU co-funded intervention will support proposals bringing key players together around initiatives relating to access, capacity building, community development, networking, branding and some focused capital works i.e. urban renewal/physical improvement works, development of strategic sites, provision of cultural amenities, recycling facilities, social infrastructure, renewal of public areas, enhancement of natural and cultural heritage.

In addition, supports will be provided to promote and facilitate co-operation between the different actors and partners at Gateway/Hub level and the development of networks and joint initiatives between Gateways and Hubs, in particular among linked and polycentric Gateways and Hubs in order to strengthen the potential for synergies.

Under this theme, capital grant assistance will be available for the 5 NSS Gateways and 5 Hub Towns in the BMW region for projects which will improve the Gateways and Hub Towns economically, environmentally, socially, and/or culturally, and which fall within the scope of Article 8 of the ERDF Regulation 1080/2006, and are consistent with the overall integrated development strategy for the Gateway or Hub town..

This intervention will facilitate wide stakeholder input, address economic, environmental and social issues affecting the urban centres, explicitly contribute to gender equality and social inclusion, and promote sustainable development.

### **Intervention: Key Linking Routes**

Taking account of the dispersed settlement pattern within the BMW Region and the importance of connectivity within the region, this intervention will support a limited number of key linking routes, particularly aimed at improving accessibility to and between growth centres within the BMW Region and extending the functional area of the designated growth centres. This will dovetail with the National Road Authority's strategy for the development of the national secondary road network over the period 2007-2013 which has been determined having regard to national policy objectives set out in Transport 21. The roads base of much public transport provision in the BMW Region (i.e., bus services) also supports the need for improvements in the region's secondary roads infrastructure.

This development strategy incorporates the following:

- widening, realignment and reconstruction of deficient sections;
- the provision of small bypasses, minor inner relief roads;
- structural improvement measures, including new high quality road pavement and improved drainage;
- capacity improvements, including the provision of hard shoulders, and improved vertical and horizontal alignments;
- safety improvements including the improvement of layout of junctions and access points;
- provision of traffic calming schemes;
- provision of high quality signing, lining and reflective studs, and
- bridge replacement, reconstruction and strengthening.

High quality infrastructure in peripheral regions forms a critical element in underpinning continued competitiveness and the ongoing development of the national secondary road network will facilitate the efficient movement of people and goods in accordance with the objectives of the European Union.

High quality national secondary routes located in the BMW Region will enhance regional connectivity between Gateway and Hub towns as identified in the NSS.

## Intervention: Public Transport

A comprehensive and efficient transport network is essential in order to enable the movement of people and freight within and into and out of the BMW Region. There is also a need for public transport within major urban centres in the region. It is accepted that public transport is an environmentally friendly and safe mode of travel. Improvement works to be supported will include Quality Bus Corridors, integrated transport planning and investment in railway services in the BMW Region, for example:

- improvements in signalling;
- improvement of crossings;
- improvement of structures;
- removal of speed restrictions; and
- park and ride infrastructure.

The Managing Authority will seek to maximise investment in public transport in the BMW Region and these actions will be complemented by support for the deployment of clean energy public transport vehicles under Priority 2.

## Performance Indicators<sup>65 66</sup>

Indicator Class	Indicator	Baseline	Final Target (2013)
OUTPUT	No. of strategic applications approved	0	10
	No. of key linking routes supported	0	2
	Kms of new/improved linking routes	0	33**
	No. of new railcars serving destinations in BMW region	0	24
RESULT <sup>63</sup>	Timesavings on improved key linking routes	0	15.5 minutes peak time 8.7 minutes off-peak
	Daily Services on:		
	Dublin – Galway	6	10
	Dublin – Westport	3	5
	Increased annual capacity on railcars, per passenger journey	0	76,440
	Gateway Development Index Score	Dundalk 2.7 Galway 5.6 Letterkenny 3.2 Midlands 3.6 Sligo 5.0	All 5 to show improvement

\* Other projects to be determined

\*\* Indicative figure – subject to selection of routes

<sup>65</sup> Where feasible, core indicators recommended in the Methodological Working Paper on Monitoring and Evaluation have been used

<sup>66</sup> At least 3 research studies will be conducted over the lifetime of the OP to measure the impact of investments in Gateways and Hubs. Following the first study which will be completed before the end of 2007, additional result indicators will be developed to track the qualitative and quantitative impacts of the investments in the Gateways and Hubs.

### *Intermediary Bodies*

The Intermediary bodies for the interventions under this Priority will include:

- Department of Environment, Heritage and Local Government;
- Department of Arts, Sport and Tourism;
- Department of Community, Rural and Gaeltacht Affairs;
- National Roads Authority; and
- Department of Transport.

### *Beneficiaries*

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

- Local Authorities;
- Community and Voluntary Organisations;
- Public Bodies;
- Networks; and
- Public Transport Companies.

### *Contribution to Earmarking*

The public transport interventions under this Priority can be included in the resources 'earmarked' to support the Lisbon-related priorities (see Annex 7).

## 5.5 Priority Axis 4: Technical Assistance

Under this priority, funds will be used to finance the preparatory, management, monitoring, evaluation, and information/publicity and financial control activities of the OP together with activities to reinforce the administrative capacity for implementing the Funds, subject to an overall limit of 4% of the total funds allocation to the OP.

The Technical Assistance Priority will also cover the cost of recoupment of approved costs of the EU Operational Committees of the Regional Authorities (at NUTS III Level). The Technical Assistance Priority will cover the appropriate costs of the ERDF Financial Control Unit, Information Unit, ICT Unit and the costs of the management controls undertaken by the Managing Authority.

The Priority will be administered by the BMW Regional Assembly under the general control of the OP Monitoring Committee. Details of the proposed technical assistance and the arrangements for managing the programme will be approved by the Monitoring Committee.

### *Performance Indicators<sup>67</sup>*

<b>Indicator Class</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Final Target (2013)</b>
OUTPUT	Number of Monitoring Committee Meetings held	0	7 <sup>64</sup>
	Number of Evaluations & Studies conducted	0	3
	Verification Audits & Closure audits	0	7
	Number of annual publicity events	0	7
RESULT	% Achievement of Physical and Financial Targets	0	100%

### *Intermediary Bodies*

The Intermediary bodies for the interventions under this Priority will include

- Regional Assembly; and
- Department of Finance.

<sup>67</sup> Additional Monitoring Committee meetings will be held where it is deemed necessary

## Beneficiaries

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

- Regional Assembly;
- Regional Authorities;
- ICT Unit;
- ERDF Financial Control Unit; and
- Information Unit.

## Contribution to Earmarking

The expenditure that will take place under this Priority is not considered eligible for inclusion in the resources ‘earmarked’ to support the Lisbon objectives.

## 5.6 Complementarity between Priorities

The selected priorities and proposed interventions have been designed to be broadly complementary to each other, reflecting the priority axes of the ERDF regulations as they apply to regions under the Competitiveness and Employment objective. A number of specific interventions have potential for explicit complementarity with each other. For example:

- there is a potential strong relationship between the ICT intervention and microenterprise, e.g. by boosting the capability of enterprise and of promoting the establishment of ICT-based microenterprise;
- there is a strong complementarity between interventions to boost the role of the designated growth centres and the RTDI interventions, since the main RTDI related institutions are located in the Gateways and Hubs in the BMW Region;
- there is scope for complementarity between the RTDI interventions and those to protect the environment, e.g. by appropriately promoting environmental related RTDI (see also SEA report)<sup>68</sup>; and
- there will be complementarity between the investment in public transport under Priority 3 and the deployment of clean energy public transport vehicles under Priority 2.

## 5.7 Complementarity with Other Programmes

In accordance with article 9 and 37(f) of the General Regulation No. 1083/2006, the Regional OP should contain information on complementarity with other EU financed Programmes. This places an obligation on the Managing Authority to ensure that arrangements are put in place with other Programme Managers 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. The objective is to ensure that no duplication exists which might reduce the impact of the programme. In addition, during the implementation of interventions, it is standard practise for potential beneficiaries to provide details of other financial supports received or sought as part of application procedures.

In the design phase of this OP, due consideration has been given to the avoidance of duplication of effort between this and other EU co-funded programmes and national programmes, through interactions with the authorities managing the other EU co-financed programmes. As a consequence, the Managing Authority confirms that there is no overlap or duplication between this OP and the other programmes that are discussed below.

In order to ensure co-ordination across OPs, the Managing Authority will participate fully on the Committee on Co-ordination of EU funds to be established and chaired by the Department of Finance, as set out in the NSRF.

First, the European Social Fund co-financed Human Capital Investment Programme is outlined.

## 5.8 ESF Co-financed Human Capital Investment Programme

The ESF co-financed Operational Programme is focused on two priorities: Upskilling the Workforce and Activation and participation of those outside the labour force.

### Priority 1: Upskilling the Workforce

This Priority is concerned with the delivery of activities necessary to up-skill the Irish labour force as a means of enabling it to respond effectively to the evolving needs of industry and the economy. The following are examples of the type of interventions that may be supported under this Priority.

- training of employees;
- increased numbers of graduates to meet needs of the economy; and
- vocational education and accredited education.

### Priority 2: Activation and Participation of Groups outside the Labour Force

This Priority is designed to provide for the increased activation and participation within certain groups that are regarded as being a potentially valuable source of workers to Ireland’s labour force. The following actions give an indication of the type of interventions that may be co-financed under this Priority:

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<sup>68</sup> ERM Ireland, *Strategic Environmental Assessment of the BMW Regional Operational Programme, 2007-13*.

- supporting people with a disability;
- targeting young people and early school leavers;
- basic education skills;
- equality and equal opportunities; and
- migrant workers.

The BMW Region requires a well-educated and flexible workforce to meet the on-going demands of an increasingly competitive international environment. This requires a strong focus on life long learning initiatives.

The evidence suggests that the BMW Region faces a serious challenge in improving its stock of human capital. General educational attainment is lower than other Regions and graduates have more limited employment opportunities in the region. Increasing productivity, and living standards, in the region will depend on the ability of the regional economy to reverse this trend and provide opportunities for graduates.

There is no duplication between the ESF co-financed Human Capital Investment Programme and this OP. A suite of support services will be provided by the CEBs to enable existing and start-up microenterprises to increase their capability to raise productivity. This may include some human resource supports but these measures will complement the ESF Operational Programme. There is also potential for complementarity with the urban development priority in addressing the human resources and social inclusion needs of the designated growth centres.

## 5.9 National Rural Development Programme<sup>69</sup>

This programme is based on the EU framework for rural development and on the national rural development strategy formulated in line with that framework. The policy surrounding the new European Agriculture Rural Development Fund embraces both on-farm specific measures and measures to support the development of the wider rural economy. The framework sets three main priorities and these are reflected in the programme:

- improving the competitiveness of the agriculture and forestry sectors;
- improving the environment and the countryside by support for land management; and
- improving the quality of life in rural areas and encouraging diversification of economic activity.

The first two priorities are directed primarily at the agricultural and forestry sectors. Their competitiveness and environmental focus reflects the multifunctional nature of the sectors. This theme is also evident in the AgriVision 2015 Action Plan<sup>70</sup> for the agri-food sector. That plan is based on the vision of “an industry attaining optimal levels of efficiency, competitiveness and responsiveness to the market while also respecting and enhancing the physical environment”.

The third EU Priority – quality of life and diversification – recognises that agriculture and forestry are not the only contributors to rural development. The challenges include the provision of alternative and sustainable employment opportunities for people living in rural areas. Actions centred on the wider rural community such as the development of rural enterprises based on local natural resources, tourism, village enhancement and environmental initiatives will be delivered in a manner that addresses these challenges and complements on-farm measures.

In line with the EU framework, the programme also lays emphasis on local development strategies developed through a bottom up approach. These were previously primarily financed under a separate LEADER Initiative but are now an integral part of the rural development programme.

The BMW Region is predominantly rural with a low population density. One of the key priorities is to contribute to the sustainable development of rural areas and the protection of the rural environment. The quality of life and attractiveness of towns and villages is also important and the urban development and secondary transport networks priority is important in pursuing this agenda. The BMW Regional OP 2007-13 will complement the objectives of the Rural Development Programme by raising the competitiveness, innovation capacity and accessibility of region. Specifically, this OP will support investment in environmental risk prevention interventions in rural areas (off-farm rural water source protection and pilot village sewerage systems), renewable energy technologies, access to growth centres, microenterprise start-up and expansion and rural broadband availability.

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

- Accessibility – ERDF emphasis will be on public infrastructure, while EAFRD emphasis in Axis 3 will be on community-based services;
- Risk prevention – ERDF support will support publicly funded and managed (by local authorities) source protection and pilot treatment facilities related to their current remit to protect water intended for human consumption and to prevent risks to public water supplies. The EAFRD-supported rural development programme provides for on-farm privately co-financed pollution control, on-farm environmental protection and community amenity-type investments along waterways;
- Renewable energies – ERDF funding under this OP will support energy-efficient transport, public buildings and industrial premises, renewable energy demonstration projects, sustainable energy zones and innovation schemes. EAFRD support for renewable energies will apply to *on-farm* energy crop deployment and innovative rural community actions to reduce the local carbon footprint;

<sup>69</sup> The National Rural Development Programme is currently being prepared by the Department of Agriculture and Food and the Department of Community, Rural and Gaeltacht Affairs – <http://www.pobail.ie>

<sup>70</sup> Department of Agriculture and Food (2006) AgriVision 2015 Action Plan <http://www.daff.gov.ie/publicat/publications2006/AgriVision2015.pdf>

- Natural and cultural heritage – ERDF supports will assist the restoration and upgrading of natural and cultural heritage sites in designated *urban* growth centres. EAFRD funding is targeted at *rural* areas, including villages;
- Broadband – ERDF funding for broadband will focus on the provision of public infrastructure through the further roll-out of the MANs network and the introduction of a National Broadband Scheme. The EAFRD will be limited in scope to support for local actions to benefit from the availability of broadband infrastructure e.g., through access to public e-services etc.;
- Urban Renewal – Urban renewal measures supported under the ERDF will be limited to Gateway and Hub towns only. The village renewal measure under the EAFRD will be excluded from Gateway and Hub towns and will fully respect the definition of rural areas under the Rural Development Programme;
- Microenterprise – Support for business creation and development under Axis 3 of the EAFRD co-financed National Rural Development Programme will focus on the economic development of natural resources including rural/agri-tourism and adding value to local produce. It is a requirement, as applied under the 2000-2006 programming period, that a sectoral agreement be put in place between the Local Action Group and the relevant CEB. (cf. section 5.3.3 of the NRDP).

## 5.10 European Fisheries Fund

Like the EARDF, the European Fisheries Fund (EFF), there are four priority axes:

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

Support will be provided for measures aimed at maximising the value added of catches and products, and focused in particular at making the greatest possible quantity of products fit for human consumption. This will target micro and small enterprise.

In relation to capacity, the proposals are aimed at giving the Community the means to speed up the elimination of surplus capacity and to oversee stock recovery or management plans and other emergency measures. The proposals also aim to strengthen support for the development and dissemination of fishing techniques that are more compatible with the marine environment and fishing resources, and for investment in selected fishing gear.

The BMW Regional OP will support complementary investment in research and innovation capacity including the marine and fisheries sectors, SME start-up and expansion including in coastal areas and renewable energy and broadband provision that will benefit peripheral and coastal communities.

## 5.11 Seventh Research Framework Programme

The EU's 7th Framework Programme for Research and Technological Development (FP7) was adopted on 5th December 2006. With an EU-wide budget of €50.5bn this will support:

- Co-operation between universities, industry, research centres and public authorities in specified thematic areas;
- Establishment of an autonomous European Research Council;
- Strengthening training and career development for Europe's researchers; and
- Development of research capacity, (including the Regions of Knowledge<sup>71</sup> initiative).

The 7th Framework Programme aims 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: co-operation, ideas, people and capacities.

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

This is consistent with a number of interventions to be supported under this OP. These are Applied Research, Commercialisation and Incubation Intervention and the Building of Research Capacity in the region's research institutions. These will seek to enhance the research and innovation infrastructure and capacity of the BMW Region, to promote entrepreneurship and access to finance and to support collaboration and technology transfer between the research institutions and the business sector. In addition, implementation of Priority 1 of this OP will increase the capacity of Higher Education and research institutions in the BMW Region to compete for FP7 funding.

## 5.12 PEACE III Programme

As the Border NUTS III Region is contained within the BMW Region, complementarity with the provisions of the PEACE III Programme is

<sup>71</sup> The **Regions of Knowledge** initiative aims to **support trans-national mutual learning and co-operation** between research-driven clusters, bringing together regional authorities and development agencies, public research organisations, industry and other relevant stakeholders.

particularly important. The PEACE Programme 2007-13 will be managed by the Special EU Programmes Body (SEUPB) and administered through selected intermediary bodies.

The overall objective is to re-inforce progress towards a peaceful and stable society and to promote reconciliation within two priorities:

- reconciling communities through building positive relations at the local level; and
- contributing to a shared society through creating shared public spaces and developing key institutional capacities for a shared society.

The BMW Regional Assembly and the Special EU Programmes Body (SEUPB) are represented on the respective Monitoring Committees which will assist in ensuring coherence and co-ordination in programme delivery.

### 5.13 Territorial Co-operation (Objective 3) Programmes

Interreg is an EU-funded programme that supports co-operation between regions on a cross-border, transnational and inter-regional basis. The Border Midland and Western Region will be included in the following Territorial Co-operation Programmes:

- Ireland/Northern Ireland/Scotland Programme (Border Counties);
- Atlantic Area Programme;
- Northern Periphery Programme (Western Coastal Counties); and
- North West Europe Programme.

The region will be represented on the Steering and Monitoring Committees for the first three of the above programmes and has had an input into the drafting of the programming documents. The priority themes selected for the above programmes are complementary to those selected in the BMW Regional OP 2007-13. In addition, the region will participate, as appropriate in selected Inter-Regional (formerly Interreg IIIC) projects.

In addition, the Managing Authority will apply the resources of the OP to promote co-operation within Ireland (including North-South co-operation set out in section 5.15) in relation to the implementation of the priorities set out in the OP.

### 5.14 National Development Plan 2007-2013

In developing this programme the Managing Authority has been cognisant of the need to be complementary to the National Development Plan (NDP) 2007-2013. The NDP 2007-13 is a high level strategic document which sets out within a sustainable economic and budgetary framework the indicative multi-annual seven year investment allocations totalling almost €184bn. Unlike the previous funding period (2000-2006) where EU co-financed programmes were fully integrated within the NDP, the EU co-financed OPs 2007-13 are separate from the NDP.

The NDP with an emphasis on improving quality of life in a sustainable manner will take account of the NSS, environmental sustainability, impact on social inclusion, the all-island dimension, value for money considerations and the requirements of the EU Lisbon process. The new NDP in particular seeks to consolidate progress made under previous programmes and address the investment now necessary to maintain national competitiveness within a sustainable economic and budgetary framework. It also sets out the resourcing commitments necessary to achieve policy developments agreed under the *Towards 2016* agreement.

In developing this programme the Managing Authority has been cognisant of the fact that significant investment in the BMW Region will take place under the new NDP and that most publicly-funded developmental objectives will be supported through this mainstream framework.

As specified in Chapter 13 of the NDP 2007-13, the BMW Regional Assembly will participate on the NDP monitoring structures, thus ensuring co-ordination between interventions supported under this OP and those supported under the exchequer-funded NDP.

### 15.15 North-South Co-operation

The economies of both parts of the Island of Ireland are currently undergoing significant economic change, moving towards more innovation-oriented stages of development. Both economies face similar challenges related to the increased pace and intensity of global competition. The two economies must build areas of co-operation particularly in the areas of infrastructure, research and development, skills formation and innovation which will enhance both communities' capacity to position themselves in the knowledge economy of the future.

The Comprehensive Study on the All Island Economy<sup>72</sup> identified a number of areas where co-ordination of policy intervention can prove beneficial to the citizens of both jurisdictions. Amongst others areas these include

- intervention to support R&D and the development of the knowledge economy;
- interventions in education and training to enhance human capital;
- enhancing co-operation and co-ordination in the provision of key infrastructure including transport, energy and telecommunications; and
- enhanced co-operation in support of enterprise and development.

The investment in the Regional OP will facilitate where possible greater co-operation between communities institutions and enterprises on both parts of the Island especially the areas of infrastructure and enterprise. Consultation has taken place with the SEUPB and the Border Regional and Local Authorities in the preparation of this OP.

<sup>72</sup> This report is available at <http://foreignaffairs.gov.ie/uploads/documents/comprehensive>



## 5.16 Territorial Cohesion

The General Regulation (EC) 1083/2006 emphasises the need for territorial characteristics to be taken into account in the preparation of the OPs. The socio-economic and environmental analysis presented in chapter 3 of this OP sets out the specific characteristics and territorial needs of the BMW Region and of its constituent NUTS III regions. The development of the OP's strategy and objectives and the selection of the proposed priorities and interventions has taken cognisance of the specific characteristics of the BMW Region and applies the principle of geographical concentration in a number of proposed interventions in order to address specific needs and/or to avail of developmental opportunities, specifically in the following:

- the focussing of the proposed Broadband intervention on extending the provision of broadband to (mostly rural) areas that are not currently provided for;
- the targeting of the Rural Water Source Protection and Village Sewage schemes in rural areas where the environmental risk is greatest; and
- the inclusion of an urban priority in order to strengthen the capacity of the designated growth centres in the BMW Region to drive the region's competitiveness growth and to counterbalance the spatial imbalances that currently exist in the region.

# Chapter 6:

## Indicative Financial Allocations

### 6.1 Introduction

Following agreement by the European Council of the overall financial perspectives for the 2007-2013 period, the European Commission adopted on the 4th August 2006 the fixed annual breakdowns of the financial commitments for each Member State for 2007 to 2013. The overall allocation for Ireland for the period is €901.4 million. This allocation is then sub-divided regionally and between the ERDF and the ESF. The financial allocations to the BMW Region under the 'phasing-in' strand of the Regional Competitiveness and Employment Objective provide for a total investment of almost €458m over the seven years. Of the total investment, 50% (c. €229m) is co-financed by the European Regional Development Fund (ERDF). The ERDF is specifically designed to reduce the gap between the levels of development of European Regions through support for the development and structural adjustment of Regional economies.

### 6.2 Financial Allocations and Justification

As required by article 37.1(e) of the General Regulation a Financing Plan has been prepared consisting of two tables, which have been attached at Annex 4 and 5. 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 OP and for each Priority, the amount of the Community contribution and the national counterparts and the rate of contribution from the Funds. These envisage a total investment of c. €458m at a co-financing rate of 50% of the total public expenditure..

The financial concentration proposed across the 4 priorities reflects the detailed assessment, by the Managing Authority during the programme planning process, reflecting the region's investment needs, the outcomes of the Regional Foresight exercise, the ex ante evaluation, the priorities identified in the National Strategic Reference Framework. Furthermore the frontloading of the allocation to the BMW Region, with c. 80% of the allocation concentrated in the first 3 years, has influenced the selection of priority interventions and their scheduling over the 7 years of the OP.

In addition, as required by article 37.1(d) of the General Regulation an indicative breakdown by category of the programmed use of the contribution from the Funds to the OP is provided in Annex 7.

### 6.3 Mobilisation of Financial Flows

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

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

# Chapter 7:

## Cross-cutting themes: Equality and Sustainable Development

### 7.1 Introduction

In accordance with article 16 of Council Regulation (EC) 1083/2006 laying down the general provisions on the ERDF, the Operational Programme sets out information on the steps taken to ensure equality between men and women, the integration of a gender perspective and the prevention of 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, in the access to them.

The objectives of the OP will also be pursued within the framework of sustainable development and the promotion of the goal of protecting and improving the environment in accordance with article 17 of the above regulation. In addition, the OP will, as appropriate, incorporate mechanisms to promote social inclusion during implementation.

### 7.2 Sustainable Development

The concept of sustainable development is broadly defined as meeting the needs of the present generation without compromising those of future generations. 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. The EU's Sustainable Development Strategy, in tandem with the Lisbon Strategy for growth and jobs, seeks a more prosperous, cleaner and fairer Europe. Monitoring progress towards this overarching goal is an essential part of the Strategy<sup>73</sup>.

The EU Treaty also presents Sustainable Development as an overarching concept by requiring 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 concept of environmental integration is now more fully accepted as a feature of legislation, Government policy and national development programmes; there is a greater appreciation of the importance of shared responsibility for the environment on the part of all sectors of society. Public access to information in relation to the environment has been extended, encouraging awareness. In line with this, Council Regulation (EC) 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. The Funds' objectives are to be pursued in the framework of sustainable development and with reference to the Community's goal of protecting and improving the environment as set out in article 6 of the Treaty. Sustainable development is a fundamental objective under the Treaties. It requires dealing with economic, social and environmental policies in a mutually reinforcing way in order to reverse trends that threaten future quality of life.

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 Strategic Environmental Assessment (SEA) Directive was transposed in to law in Ireland in July 2004<sup>74</sup> 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. In accordance with the SEA Directive, this OP was subject to a Strategic Environmental Assessment.

The commitment to the principle of Sustainable Development is apparent both in the design of operations and in the measurement of their impact on the environment. This is a central underpinning of the Regional OP.

The need for balance between environment and development embodied in the concept of sustainable development was consistently recognised in the National Development Plan (NDP) 2000-2006. Integration of environmental considerations into other policies was both then and today, seen as a key means of securing sustainable development especially in terms of the NDP 2007-13. In terms of the broader policy context, the concept of environmental sustainability will remain a "horizontal principle" under the NDP 2007-13. This clearly signals the importance of environmental sustainability at Regional Programme level and will enhance the integration of environmental considerations into making and implementing policies in general.

The Managing Authority is committed to tracking the impact on the sustainable development Horizontal Principle at implementation level to ensure compliance with the regulation. In addition, the project selection criteria will ensure that the projects will be assessed on the basis of their compliance and promotion of the goal of sustainable development.

### 7.3 Gender Equality and Broad Equality Grounds

<sup>73</sup> Ireland's Environment 2004, EPA Third State of the Environment Report

<sup>74</sup> Statutory Instrument No. 435 of 2004 European Communities (Environmental Assessment of Certain Plans and Programmes) Regulations 2004 (<http://www.irishstatutebook.ie/ZZSI435Y2004.html> and Statutory Instrument No. 436 of 2004 Planning and Development (Strategic Environmental Assessment) Regulations 2004 <http://www.irishstatutebook.ie/ZZSI436Y2004.html>)

### 7.3.1 Gender Equality

Linking with the EU Lisbon Strategy and with the European Pact for Gender Equality adopted in 2006, the Community Strategic Guidelines require Member States and regions to pursue the objective of equality between men and women at all stages of the preparation and implementation of programmes and projects. This may be done through specific actions to promote gender equality 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 (gender mainstreaming).

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

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

### 7.3.2 Broad Equality Grounds

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

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

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

## 7.4 Social Inclusion

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

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

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

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

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

# Chapter 8:

## Implementation

### 8.1 Implementation Provisions

In accordance with the provisions of Council Regulation (EC) 1083/2006 this chapter sets out the implementing provisions of the Operational Programme.

### 8.2 Managing and Monitoring Arrangements

Management of the OP will be the responsibility of the Managing Authority under the control of the OP Monitoring Committee. The Border, Midland and Western (BMW) Regional Assembly has been designated as the Managing Authority for the BMW Regional OP. The Managing Authority shall be responsible for managing and implementing the OP in accordance with the principles of sound financial management. The implementation of the OP will be overseen by the OP Monitoring Committee. The Managing Authority and the Monitoring Committee will carry out their monitoring role with reference to financial and physical indicators.

#### Managing Authority

The responsibilities of the Managing Authority with regard to the management of the OP 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 OP and that they comply, for their whole implementation period, with applicable Community and national rules;
- b) verifying the delivery of the co-financed products and services and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules, as detailed in article 13(2) of the implementation regulation and in accordance with procedures provided for under article 74 (2) of the general regulation, relating to proportional control arrangements;
- c) ensuring that there is a system for recording and storing in computerised form accounting records of each operation under the OP 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 OP referred to in article 48(3) are carried out in accordance with article 47;
- f) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of article 90;
- g) ensuring that the certifying authority shall receive all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- h) guiding the work of the Monitoring Committee and providing it with the documents required to permit the quality of the implementation of the OP to be monitored in the light of its specific goals;
- i) drawing up and, after approval by the Monitoring Committee, submitting to the Commission the annual and final reports on implementation;
- j) ensuring compliance with the information and publicity requirements laid down in article 69;
- k) providing the Commission with information to allow it to appraise major projects; and
- l) chairing and providing the secretariat for the Monitoring Committee.

#### Monitoring Committee Membership

The OP Monitoring Committee will be established within three months of the Commission decision on the contribution of the funds. Membership of the Monitoring Committee will comprise *inter alia* representatives from:

- the Managing Authority;
- the Department of Finance;
- Government Departments involved in the implementation of the OP (or their Agencies);
- the Special EU Programmes Body;
- the Regional Authorities;
- Regional Bodies;
- each of the four Social Partners Pillars; and

- appropriate statutory body(ies) to represent each horizontal interest: social inclusion, gender equality and sustainable development.

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

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

### **Monitoring Committee Responsibilities**

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

- it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the OP and approve any revision of those criteria in accordance with programming needs;
- it shall periodically review progress made towards achieving the specific targets of the OP on the basis of documents submitted by the Managing Authority;
- 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);
- it shall consider and approve the annual and final reports on implementation referred to in article 67;
- it shall be informed of the annual control report, or of the part of the report referring to the OP concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- it may propose to the Managing Authority any revision or examination of the OP 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
- it shall consider and approve any proposal to amend the content of the Commission decision on the contribution of the Funds.

### **Rules and procedures of Monitoring Committee**

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

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

### **Regions for Economic Change**

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

- make the necessary arrangements to welcome into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;
- allow in the Monitoring Committee the presence of a representative (as an observer) of the network(s) where the region is involved, to report on the progress of the network's activities;
- foresee a point in the agenda of the Monitoring Committee at least once a year to take note of the network's activities and to discuss relevant suggestions for the mainstream programme concerned; and
- inform in the Annual Report on the implementation of the regional actions included in the Regions For Economic Change initiative.

## **8.3 Annual and Final Implementation Reports**

In accordance with article 67 of the general regulation, the Managing Authority will submit an Annual Implementation Report to the Commission within six months of the end of each full calendar year of implementation. The report must be examined and approved by the Monitoring Committee before it is sent to the Commission.

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

- the progress made in implementing the OP and priorities in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification, using the indicators referred to in article 37 (1)(c) at the level of the priority axis, and in relation to the context indicators attached at Annex 2;
- the financial implementation of the OP, detailing for each priority axis:
  - the expenditure paid out by the beneficiaries included in payment claims sent to the managing authority and the corresponding public contribution;
  - the total payments received from the Commission, and quantification of the financial indicators referred to in article 66(2); and

- (iii) the expenditure paid out by the body responsible for making payments to the beneficiaries;
- c) for information purposes only, the indicative breakdown of the allocation of Funds by categories, in accordance with the implementation rules adopted by the Commission according to the procedure referred to in article 103(3);
- d) the steps taken by the Managing Authority or the Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:
  - i) monitoring and evaluation measures, including data collection arrangements;
  - ii) a summary of any significant problems encountered in implementing the OP and any interventions undertaken, including the response to comments made under article 68(2) where appropriate;
  - iii) the use made of technical assistance;
- e) the measures taken to provide information on and publicise the OP;
- f) information about significant problems relating to the compliance with community law which have been encountered in the implementation of the OP and the measures taken to deal with them;
- g) where appropriate, the progress and financing of major projects;
- h) the use made of assistance released following cancellation as referred in article 98(2) to the Managing Authority or to another public authority during the period of implementation of the OP; and
- i) cases where it has been detected that there is a substantial modification under article 57.

The Managing Authority will ensure that the Annual Implementation Report is presented in a concise and readable format. In order to monitor the contribution of the OP to the principle of territorial cohesion, progress reports will where feasible provide data at NUTS III level.

#### **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 OP, the principal results achieved over the previous year, the financial implementation and other factors with a view to improving implementation. Any aspects of the operation of the management and control system raised in the last annual control report, referred to in article 62(1)(d)(i), may also be examined. After this examination the Commission may make comments to the Member State and the Managing Authority, which will inform the Monitoring Committee thereof. The Member State will inform the Commission of the action taken in response to those comments.

## 8.4 Implementation

The Intermediary Bodies (i.e., Government Departments and Agencies) will be required to ensure effective implementation of their Interventions and their full compliance with the Regulation, particularly those concerning financial management, control (defined in more detail below), publicity and public procurement.

## 8.5 Financial Management and Control Arrangements

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

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

#### **Role of Certifying Authority**

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

In accordance with articles 61 and 74(2) of the general regulation and article 26 of the implementation regulation, the Certifying Authority will be responsible for:

- a) drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
- b) certifying that:
  - i) the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents; and
  - 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 OP by deducting them from the next statement of expenditure.

### **Role of Managing Authority**

The Managing Authority will have primary responsibility for the correctness of management and implementation of those operations under the OP financed by Cohesion Policy (article 60). It is responsible for gathering reliable information, and for ensuring that proper accounts are kept, that the operations are correct and that Community rules are complied with.

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

### **Role of Intermediary Bodies**

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

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

### **Audit Authority**

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

In accordance with articles 62 and 74(2) of the general regulation and article 26 of the implementation regulation, the Audit Authority shall be responsible in particular for:

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

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

### **Eligibility of Expenditure**

In accordance with article 56, expenditure on co-financed Interventions is eligible for Community support only where it is incurred for operations decided on by the Managing Authority or under its responsibility, in accordance with criteria fixed by the Monitoring Committee.

New expenditure, added at the moment of the modification of the OP shall be eligible from the date of the submission to the Commission of the



request for modification of the OP.

The rules on the eligibility of expenditure shall be laid down at national level subject to the exception provided in the ERDF Regulations. They cover the entirety of the expenditure declared under the OP.

The starting date for the eligibility of expenditure for the OP is the 1st January 2007. Expenditure incurred before then is not eligible for support under this OP.

#### **Receipt of payments**

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

#### **Payment to Beneficiaries**

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

#### **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 Intermediary Body, is certified. They will be required to ensure that a clear audit trail exists in relation to EU funds and that all claims are supported by receipted invoices or, where this cannot be done, by accounting documents of equivalent probative value.

#### **Irregularity Reporting**

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

#### **Use of euro**

All amounts set out in the OP, 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).

#### **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 Intermediary Bodies and mechanisms are being developed to support data transmission from these bodies.

The Irish Computer System is designed to support programming, financial and physical monitoring and the making and monitoring of payments. It is based on a client/server application giving Government Departments and the Managing Authorities access to a central database. All required financial and physical progress information, appropriately codified, including annual reports, to enable the European Commission to fulfill its responsibilities under the appropriate Cohesion Policy 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.

## **8.6 Compliance with State Aid and Public Procurement Rules**

The Managing Authority will ensure that operations financed by the Funds, or receiving assistance from the EIB or from another financial instrument, will be in conformity with the provisions of the Treaty, with instruments adopted under it and with Community policies and actions in the field of competition and with procedural and material State aid rules applicable at the point of time when the public support is granted.

The Managing Authority will ensure that the European public procurement directives are complied with, in respect of the award of contracts for projects funded by European funds.

## **8.7 Selection Criteria**

In accordance with article 65 of the General Regulation, the Monitoring Committee shall consider and approve criteria for the selection of operations financed under this priority, within six months of the approval of the OP and approve any revision of those criteria in accordance with programming needs. The specific selection criteria for individual themes will be drawn up in consultation with the relevant Intermediate Bodies.

The following principles<sup>75</sup> will guide the selection process for operations to be financed under this OP:

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<sup>75</sup> These are taken from Fitzpatrick Associates (1999) Review of Project Selection Procedures and Appraisal Techniques in the CSF

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

Specifically in Priority 3, operations will be selected which address economic, social and environmental issues in the designated growth centres, consistent with the NSS, Regional Planning Guidelines and Gateway investment priorities. The Managing Authority will be responsible for ensuring that operations are selected for funding in accordance with the criteria applicable to the programme.

## 8.8 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 OP with respect to the specific structural problems affecting the BMW Region while taking account of the objective of sustainable development and of the relevant Community legislation concerning environmental impact and strategic environmental assessment.

Evaluations will be carried out by experts functionally independent of the programme authorities. The results shall be published according to the applicable rules on access to documents. Evaluations will be financed from the budget for technical assistance. The Irish authorities will provide the resources necessary for carrying out evaluations, 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 independent ex ante evaluation of the BMW Regional OP was conducted by Fitzpatrick Associates in parallel with the drafting and finalisation of the OP between July 2006 and February 2007. The overall aim of the evaluation was to improve the quality, effectiveness and consistency of the Structural Funds assistance and the implementation of the OP. The ex ante evaluation addressed the following:

- appraisal of socio-economic analysis and relevance of the draft programme;
- evaluation of the rationale of the draft programme and its consistency;
- appraisal of coherence of the strategy with regional and national priorities;
- evaluation of expected results and impacts; and
- appraisal of proposed implementation and monitoring systems

A summary of the main findings of the evaluation is set out in section 3.7 of the OP. The Ex Ante Evaluation Report is available on the Regional Assembly's web-site [www.bmwassembly.ie](http://www.bmwassembly.ie)

### Ongoing Evaluation

During the programming period, the Managing Authority will commission and launch evaluations linked to the monitoring of the OP, 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 OP. Thematic evaluations may also be undertaken over the lifetime of the programme. The results shall be sent to the Monitoring Committee for the OP and to the Commission.

Evaluation is primarily the responsibility of the Managing Authority, who have built up considerable expertise in these fields in commissioning various evaluations during the previous programming period. Sufficient financial resources have been provided within the Technical Assistance Priority to facilitate a comprehensive programme of evaluations technical advice is available from the Central Expenditure Evaluation Unit within the Department of Finance which has a remit to promote best practice in the evaluation and implementation of programme and project expenditure across all Government Departments and Public Sector Agencies.

### Ex Post Evaluation

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

### Implementing Recommendations of Evaluation

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

## 8.9 Information and Publicity

The Managing Authority will be responsible for information and publicity on the OP in accordance with the following principles:

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

Information actions on operations will be addressed to citizens and potential beneficiaries with the aim of highlighting the role of Community funding and ensuring transparency.

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

A Communications Action Plan will be drawn up in consultation with the Monitoring Committee, in accordance with article 2(2) of the Implementation Regulation<sup>76</sup>, for submission to the Commission within four months of the date of adoption of the OP.

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; and
- (e) an indication of how the information and communication measures are to be evaluated in terms of transparency, awareness of OP 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 OP shall include examples of information and communication measures for the OP taken in implementing the communication plan; the arrangements for the information and publicity measures and, where applicable, the electronic address at which those data may be found; and, the content of 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 OP is disseminated widely, with details of the financial contributions from the Funds concerned, and that it is made available to all interested parties. It will also ensure that information on the financing opportunities offered by joint assistance from the Community and the Member State through the OP is disseminated as widely as possible.

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

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 (including web-sites, brochures) at the appropriate territorial level. The Managing Authority will designate a contact person to be responsible for information and communication and inform the Commission accordingly.

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

The Managing Authority will organise a high profile event at which the OP will be launched. The Managing Authority will ensure that the actions

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<sup>76</sup> Commission Regulation (EC) 1828/2006 setting out rules for the implementation of Council Regulation (EC) 1083/2006  
[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/pdf/2007/fsfc/ce\\_1828\(2006\)\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/fsfc/ce_1828(2006)_en.pdf)

envisaged under the Communications Action Plan will be adequately resourced from the Technical Assistance Priority of the OP.

## 8.10 Performance and Contingency Reserves

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

## 8.11 Major Projects

Major projects are those which comprise an economically indivisible series of works fulfilling precise technical functions which have clearly defined aims and whose total cost taken into account in determining the contribution of the Funds exceeds €25m in the case of the environment and €50m in other fields.

Where the Managing Authority envisages the Funds contributing to a major project, it shall inform the Commission in advance and provide the information necessary for the Commission's appraisal of the project, as set out in article 40 of the General Regulation.

## 8.12 Partnership

In accordance with articles 11 and 32(2) of the general regulation, the Managing Authority has prepared this OP following consultation with national regional and local authorities, representatives of economic and social partners and non-governmental organisations. This builds on the well-established institutional arrangements that have been put in place as part the Irish social partnership process, up to and including the current agreement *Towards 2016*, and which was successfully applied to the previous programming periods. Details of the partners engaged in the preparation of the OP are set out in Chapter 1 and a list of the organisations with whom meetings were held and those that made submissions is attached in Annex 3. Many of the partners referred to above will be actively engaged in programme implementation as Intermediary Bodies and beneficiaries of the interventions. This partnership principle is also strongly reflected in the membership of the OP Monitoring Committee, which is set out in section 8.2. and in the conduct of evaluations as set out in section 8.7. Local Authorities will be responsible for commissioning rural water source protection and pilot sewerage treatment facilities and for commissioning and co-ordinating urban regeneration investments.

# Annex 1:

## Performance Indicators

### Priority 1: Innovation, ICT and the Knowledge Economy

<b>Output:</b>	<b>Final Target (2013)</b>
1. No. of Regional Incubation Centres	9
2. No. of collaborative research projects approved	4
3. No. of Principal Investigator Awards	12
4. No. of Research Centres (SRC & CSET)	4
5. No. of training days provided to microenterprises	119,572
6. No. of microenterprises supported	5,011
7. No. of initiatives to enable broadband infrastructure and service provision	3
<b>Result:</b>	
1. Total employed in Incubation Centres	218
2. No. of researchers engaged in the approved projects	170 of which: 100 PRTL 70 SFI
3. No. of enterprises collaborating with SRCs	15
3. No. of enterprises in Incubation Centres	68
4. No. of recipients of training	61,530 of which: 27,562 Male 33,668 Female 300 Other
5. No. of jobs created in assisted microenterprises	20,884
6. Additional users with broadband available	89,377 Residential 5348 Commercial 28,261 Residential & Commercial

The Managing Authority, in co-operation with the Departments and Agencies implementing research activities under this priority, will commission an evaluation of the impact of the co-financed research projects on economic growth and job creation and on the broad strategic impact of the interventions.

## Priority 2: Environment and Risk Prevention

Output	Final Target (2013)
1. No. of rural water source protection projects supported	12
2. No. of STEDS projects supported	12
3. No. of energy schemes introduced <sup>77</sup>	8
<b>4. No. of visitors to 2 new National Park Visitor Centres</b>	<b>35,000</b>
<b>Result</b>	
1. Biological Oxygen Demand (BOD) Reduction in protected sources	75%
2. Population equivalent served by STEDS schemes	2,800
3. No. of organisations substantially engaged in energy-related projects <sup>78</sup>	972
4. Additional jobs created at National Park Visitor Centres	10

## Priority 3: Urban Development and Secondary Transport Networks

Output	Final Target (2013)
1. No. of strategic applications approved	10
2. No. of secondary linking routes improved	2
3. Km of improved linking routes	33
4. No. of new railcars serving destinations in the BMW region	24

<sup>77</sup> This refers to the number of intervention schemes introduced by Sustainable Energy Ireland in promoting energy efficiency and renewable energy deployment

<sup>78</sup> This refers to the number of public and private organisations that have engaged with SEI funded schemes to undertake energy audits or invest in energy efficiency or renewable energy technologies

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**Result**

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1. Timesavings on improved key linking routes		15.5 mins peak-time 8.7 mins off-peak
2. Daily services on	Dublin – Galway	10
	Dublin – Westport	5
3. Increased annual capacity on railcars, per passenger journey		76,440
4. Gateway Development Index Score		All 5 to show improvement <sup>79</sup>

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**Priority 4: Technical Assistance**

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<b>Output</b>	<b>Final Target (2013)</b>
1. Number of Monitoring Committee Meetings held	7
2. Number of Evaluations & Studies conducted	3
3. Verification Audits & Closure audits	7
4. Number of annual publicity events	7

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<b>Result</b>	
1. % Achievement of Physical and Financial Targets	100%

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<sup>79</sup> Relative to 2008 baseline score

# Annex 2:

## Context Indicators

Category	Indicator	Baseline Value	Reference Year	Source
Macro-economic	GDP/Capita, BMW Region (EU27=100)	102.9	2004	CSO (2007)
	Total Employment in BMW Region	555,500	2006	CSO (2007)
	Net Output per person Engaged in Industry in BMW Region	€133,800	2004	CSO, Census of Industrial Production (2006)
Priority 1	Innovation Activity Rate <sup>80</sup> ,	47.2%	2004-2006	Forfás Innovation Survey (2006)
	Entrepreneurial Activity Rate in Ireland	9.8%	2005	National Competitiveness Council, Global Entrepreneurship Monitor (2006)
	% of Businesses with Broadband in Ireland	48%	2003	National Competitiveness Council, Eurostat Info Society (2006)
Priority 2	Average Drinking Water Compliance Level in BMW Region	95.6%	2004	Environmental Protection Agency (2005)
	Industrial Energy Efficiency in in Ireland	85	2005(100)	Sustainable Energy Ireland
Priority 3	Population of Gateways and Hubs	215,288	2002	CSO, Census of Population (2004)
	Annual Public Transport Usage(000)	298,123	2005	Department of Transport

<sup>80</sup> For Companies with more than 10 employees



# Annex 3:

## Programme Preparation Meetings and Submissions

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

- BMW Regional Assembly
- BMW Regional OP Monitoring Committee
- CEOs of County Enterprise Boards and LEADER Companies
- County Managers in the BMW Region
- Department of Communications, Marine and Natural Resources
- Department of Community, Rural and Gaeltacht Affairs
- Department of Education and Science
- Department of Enterprise, Trade and Employment
- Department of Environment, Heritage and Local Government
- Department of Finance
- Department of Transport
- DG Regio, EU Commission
- Enterprise Ireland
- Environment Protection Agency (EPA)
- European Anti-Poverty Network (Sligo Seminar)
- Forfás
- Heads of Higher Education Institutions in the BMW Region (Líonra)
- Higher Education Authority
- Iarnród Éireann
- IDA Ireland
- National Roads Authority
- Operational Committee (representatives of public bodies) of the Regional Assembly
- Sustainable Energy Ireland

**Submissions received by the Managing Authority during programme development and on the Draft BMW Regional OP 2007-13:**

- Association of County and City Enterprise Boards
- Athlone Institute of Technology
- Cavan County Council
- Cavan County Enterprise Board
- Central Expenditure Evaluation Unit
- Combat Poverty Agency
- Comhar – Sustainable Development Council
- County Leitrim Partnership
- Department of Agriculture and Food
- Department of Communications, Marine and Natural Resources
- Department of Education and Science
- Department of Enterprise, Trade and Employment
- Department of Environment, Heritage and Local Government

- Department of Transport
- Donegal County Council
- European Anti-Poverty Network
- Enterprise Ireland
- Equality Authority
- Galway City Council
- Galway County Council
- Galway County Development Board
- Gender Equality Unit, Department of Justice, Equality and Law Reform
- Granard Town Council, Granard Chamber of Commerce and Granard Area Action Group
- Higher Education Authority
- Iarnród Éireann
- Inland Waterways Association of Ireland
- Institute of Technology, Sligo
- Louth Local Authorities
- Mayo County Development Board
- National Roads Authority
- Offaly County Council
- Office for Social Inclusion
- Sustainable Energy Ireland
- Western Development Commission
- West on Track
- West Regional Authority

# Annex 4:

## Financing plan of the Operational Programme giving the annual commitment of each fund in the BMW Regional OP

Operational Programme reference (CCI number): 2007IE162PO001

	Structural Funding ERDF (1)	Cohesion Fund (2)	Total (3) = (1) + (2)
<b>2007</b>			
In Regions without transitional support			
In Regions with transitional support	76,071,817	0	76,071,817
<b>Total 2007</b>	<b>76,071,817</b>	<b>0</b>	<b>76,071,817</b>
<b>2008</b>			
In Regions without transitional support			
In Regions with transitional support	60,008,711	0	60,008,711
<b>Total 2008</b>	<b>60,008,711</b>	<b>0</b>	<b>60,008,711</b>
<b>2009</b>			
In Regions without transitional support			
In Regions with transitional support	43,272,654	0	43,272,654
<b>Total 2009</b>	<b>43,272,654</b>	<b>0</b>	<b>43,272,654</b>
<b>2010</b>			
In Regions without transitional support			
In Regions with transitional support	25,843,151	0	25,843,151
<b>Total 2010</b>	<b>25,843,151</b>	<b>0</b>	<b>25,843,151</b>
<b>2011</b>			
In Regions without transitional support			
In Regions with transitional support	7,699,159	0	7,699,159
<b>Total 2011</b>	<b>7,699,159</b>	<b>0</b>	<b>7,699,159</b>
<b>2012</b>			
In Regions without transitional support		0	
In Regions with transitional support	7,853,142	0	7,853,142
<b>Total 2012</b>	<b>7,853,142</b>	<b>0</b>	<b>7,853,142</b>
<b>2013</b>			
In Regions without transitional support			
In Regions with transitional support	8,010,204	0	8,010,204
<b>Total 2013</b>	<b>8,010,204</b>	<b>0</b>	<b>8,010,204</b>
<b>Total in Regions without transitional support (2007-2013)</b>			
<b>Total in Regions with transitional support (2007-2013)</b>	<b>228,758,838</b>	<b>0</b>	<b>228,758,838</b>
<b>Grand Total</b>	<b>228,758,838</b>	<b>0</b>	<b>228,758,838</b>

# Annex 5:

## Financial plan of the operational programme giving, for the whole programme period, the amount of the total financial allocation of each fund in the Operational Programme, the national counterpart and the rate of reimbursement by priority axis

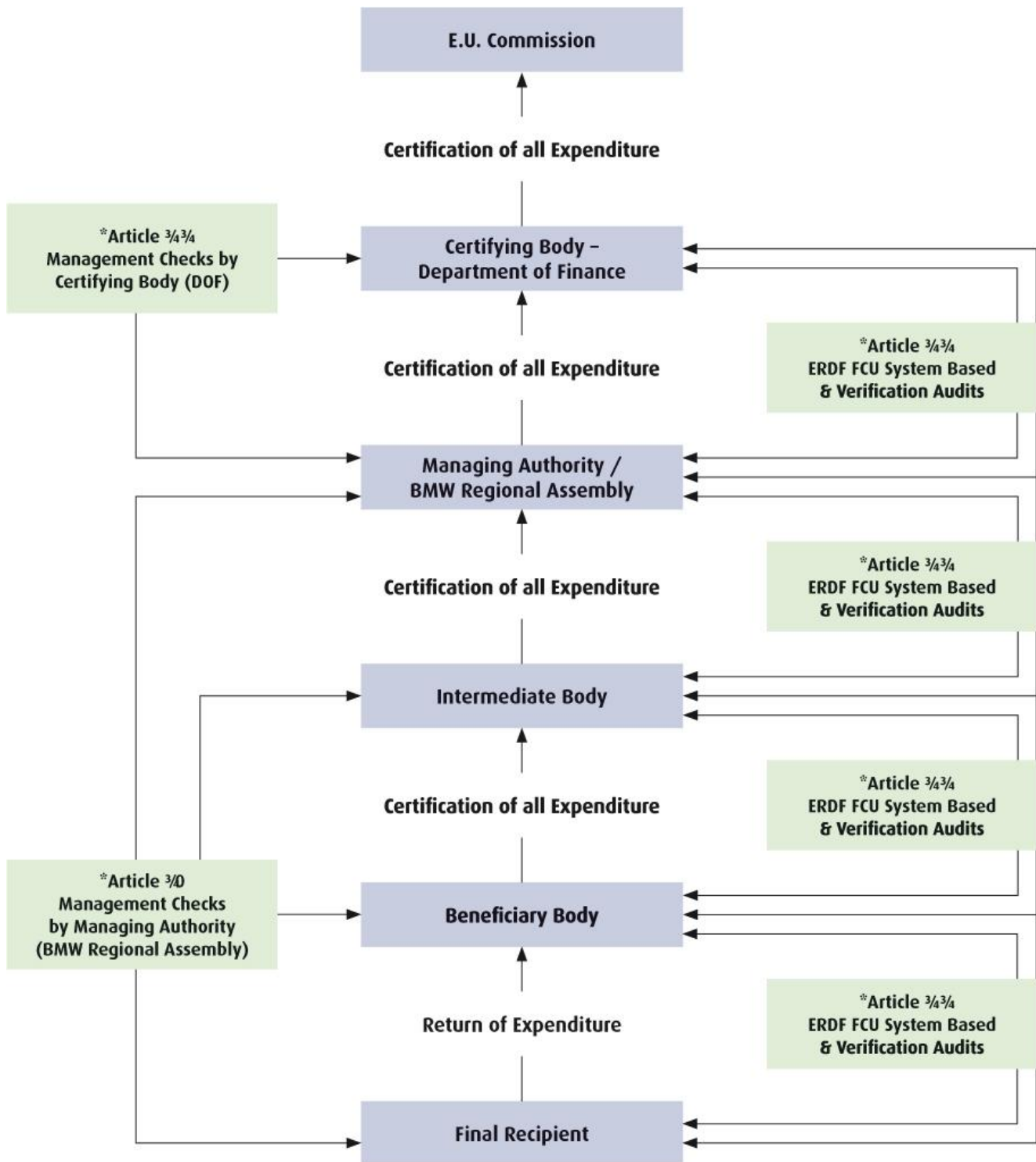
Operational Programme Reference (CCI number): 2007IE162PO001

### Priority Axes by source of funding (in EUR)

	Indicative breakdown of the national counterpart				Total funding (e) = (a) + (b)	Co-financing rate (f) = (a)/(e)	For information	
	Community Funding (a)	National Counterpart (b) = (c) + (d)	National Public Funding (c)	National Private Funding (d)			EIB contributions	Other Funding
<b>Priority 1: Innovation, ICT and the Knowledge Economy (ERDF)</b>	100,000,000	100,000,000	100,000,000	0	200,000,000	50%	0	0
<b>Priority 2: Environment and Risk Prevention (ERDF)</b>	37,500,000	37,500,000	37,500,000	0	75,000,000	50%	0	0
<b>Priority 3: Urban Development and Secondary Transport Networks (ERDF)</b>	89,000,000	89,000,000	89,000,000	0	178,000,000	50%	0	0
<b>Priority 4: Technical Assistance (ERDF)</b>	2,258,838	2,258,838	2,258,838	0	4,517,676	50%	0	0
<b>Total</b>	<b>228,758,838</b>	<b>228,758,838</b>	<b>228,758,838</b>	<b>0</b>	<b>457,517,676</b>	<b>50%</b>	<b>0</b>	<b>0</b>

# Annex 6:

## Border, Midland and Western Regional OP 2007-2013 Financial Management Control Chart



\* Council Regulation (EC) No 1083/2006

# Annex 7:

## Indicative breakdown of the Community contribution by category in the Operational Programme

Commission reference No: 2007IE162PO001

Name of the programme: Border Midland and Western Regional OP

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

Priority	Code	Amount €
Priority 1	02	12,000,000
	01	49,500,000
	08	20,000,000
	10	18,500,000
Priority 2	45	8,000,000
	46	5,000,000
	43	15,000,000
	44	3,000,000
	56	3,500,000
	58	3,000,000
Priority 3	61	15,500,000
	22	45,000,000
	16	28,500,000
Priority 4	85	2,000,000
	86	258,838
<b>Total</b>		<b>228,758,838</b>

### Dimension 2: Form of Finance Dimension

Priority	Code	Amount
Priority 1	01	94,500,000
	02	5,500,000

Priority 2	01	37,500,000
Priority 3	01	89,000,000
Priority 4	01	2,258,838
<b>Total</b>		<b>228,758,838</b>

### Dimension 3: Territorial Dimension

Priority	Code	Amount
Priority 1	01	90,000,000
	05	10,000,000
Priority 2	01	10,000,000
	05	27,500,000
Priority 3	01	89,000,000
Priority 4	00	2,258,838
<b>Total</b>		<b>228,758,838</b>

### Lisbon Earmarking Categorisation

Priority	Earmarking Code	Community Contribution
Priority 1	02	12,000,000
	01	49,500,000
	08	20,000,000
	10	18,500,000
Priority 2	43	15,000,000

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Priority 3	16	28,500,000
	20	25,000,000
<b>Total</b>		<b>168,500</b>

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The Managing Authority will take the necessary actions to reach as much as possible the Lisbon targets and increase the level of earmarking during implementation.



# Annex 8:

## SEA Statement

### SEA Statement for the Border, Midland and Western Regional Operational Programme:

An Environmental Report, in accordance with S.I. 435 of 2004, was prepared for the Border, Midland and Western Regional Operational Programme (BMW OP) in January 2007. Consultations on both the BMW OP and on the Environmental Report were undertaken for a four-week period, which concluded on the 12th February 2007. This SEA Statement summarises how the SEA process influenced the preparation of the BMW OP.

#### Summary of the likely significant effects of the implementation of the BMW Operational Programme

##### *Biodiversity, flora & fauna*

The Rural Water Source Protection and the Village Sewage interventions may result in significant, positive effects on local and regional biodiversity resources. These interventions seek are likely to result in improvements to groundwater and surface water quality, with resulting benefits for aquatic ecology. The probability of this positive effect is high in the selected locations.

Minor adverse effects are predicted regarding the Key Linking Routes intervention. This intervention will result in the construction of a small number of bypasses, minor inner relief roads, road widening and improvements, junction improvements, signage improvements and bridge improvements. Such developments are likely to have minor significant and adverse effects on local biodiversity.

##### *Population*

The broadband intervention will support the delivery of broadband access in the region. This will result in positive effects of minor significance to the region's population. The basis for these positive effects is that broadband can increase educational, social, economic and technological opportunities for the local population.

Urban regeneration proposals under this intervention include physical improvements to the region's growth centres which will make them more attractive and more dynamic. The region's population will benefit from the urban improvements through improvements to the urban townscape and the secondary/'spin-off' benefits which arise from urban regeneration projects.

Improvements to the region's road network, via the Key Linking Routes intervention, will result in minor and positive effects to the region's population through greater accessibility and connectivity within the BMW Region, reduced congestion and journey times, road safety and secondary/'spin-off' benefits which may arise as a result of improvements to the transport network.

Improvements to the region's public transport network through the public transport intervention under the OP will result in minor and positive effects to the region's population through enhanced and safer services greater public transport options within the region, which also benefits those members of the community who do not have access to private-car based transport.

##### *Human Health*

Both the Rural Water and Village Sewage scheme interventions will reduce the potential for aquatic pollution incidents to arise, thereby increasing the region's drinking water compliance rate and also protecting human health (i.e. reducing the risk of illness via contaminated water). This positive effect is of minor significance.

##### *Water*

The Rural Water Source protection and the Village Sewage interventions may result in significant, positive effects on the region's groundwater and surface water resources. There are strong inter-relationships with the positive effects under water and those under biodiversity, flora & fauna.

##### *Air & Climate*

The promotion of sources of renewable energy through the Renewable Energy intervention will result in positive and minor positive effects (i.e. reductions) in the volume of greenhouse gases (GHG) produced in the BMW Region.

The Key Linking Routes intervention is likely to increase GHG emissions as a result of greater car journeys which will arise as a result of improvements to the region's transport network. This is an adverse effect of minor significance. While air quality in the region is good, the potential increase in traffic emissions may increase the risk of exceedances for particulate matter (PM<sub>10</sub>). However, the Public Transport intervention may offset some of the increases in GHG production via the change in modal choice from cars to public transport.

##### *Material Assets*

The stock of public assets (transport infrastructure, telecommunication networks, environmental infrastructure e.g., energy and water services, public buildings and spaces) will have minor positive effects under the Broadband provision, Urban Regeneration, Rural Water Source protection, Village Sewage, Energy and Public Transport interventions.

##### *Cultural heritage*

Following a consultation submission from the *Department of Environment, Heritage and Local Government* (DEHLG), the Environmental Report

will be amended to reflect an adverse effect of minor significance on cultural heritage (which includes architectural and archaeological heritage) due to the Key Linking Routes measure. This measure may result in adverse effects on unknown archaeological resources.

#### *Landscape*

Effects of an unknown nature may arise due to the Broadband provision and Key Linking Route interventions. The nature of these effects is classed as unknown as the project-level detail is not known at this stage in the OP implementation.

Urban regeneration proposals under this intervention include improvements to the region's growth centres which will make them more attractive and more dynamic. This intervention will improve the townscape in the areas which are subject to urban regeneration efforts. This is a positive effect of minor significance.

#### **Consultation responses and their consideration by the BMW Regional Assembly**

SEA-related consultation response was received from the DEHLG; the *Department of Communications, Marine and Natural Resources* (DCMNR); and *An Comhar*. This raised two points (BMW Assembly's response follows each point):

1. It would be of benefit to the OP that the recommendations of the SEA Report, and all monitoring and reporting under any future SEA processes are considered, and incorporated into the standard monitoring and reporting of the OP.

*The BMW Regional Assembly have agreed to accept all the recommended mitigation measures in the Environmental Report. In addition, the SEA monitoring will be incorporated into the BMW OP Annual Implementation Report.*

2. 'Architectural and archaeological heritage and cultural heritage' are among the material assets to be taken into consideration within the SEA. It is recommended that the Regional Authority should establish that this has been done within the context of the SEA for the BMW OP in order to avoid any challenge on that account.

*The term cultural heritage refers to cultural heritage including architectural and archaeological heritage. In light of the DEHLG's response, the findings of the Environmental Report have been amended (see previous Section) to reflect that there is the potential that adverse cultural heritage impacts of minor significance may arise as a result of the Key Linking Routes measure.*

*The NRA will be the Implementing Agency for the Key Linking Routes as National Secondary routes are under their remit. Any developments which are partially-funded under the BMW OP must obtain the appropriate development consent (such as planning permissions). Thus, cultural heritage (and associated) issues will be considered at this appropriate stage in the development consent process. In addition, the NRA has an Archaeological Code of Practice which was agreed in June 2000 with the Minister for Arts, Heritage, Gaeltacht and The Islands.*

The DCMNR had no comment to make on the Environmental Report.

*An Comhar* (Sustainable Development Council) made a consultation response regarding the potential use of sustainable development indicators and their incorporation into the BMW OP Annual Implementation Report.

#### **Changes made to the BMW Operational Programme following consideration of the consultation responses**

All mitigation measures (*Section 6* of the Environmental Report) have been accepted and will be implemented as part of the adopted BMW OP.

Arising from the public consultation process on the draft BMW OP which coincided with the SEA consultation process and also taking on board the suggestions and recommendations arising from the ex ante evaluation, a number of minor drafting amendments were made to the OP by the Managing Authority. These included additional material on the recently-launched NDP and the updated NSRF in addition to some updated statistical material, re-definition of performance indicators and inclusion of references. None of the above will result in amendments to the Environmental Report.

#### **Reasons for choosing the BMW Operational Programme as adopted, in light of other reasonable alternatives**

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

However, notwithstanding this constraint, alternatives were considered in the preparation of the BMW OP. Specific alternatives were considered within the Urban Development and Secondary Transport Networks Priority. The BMW Regional Assembly considered various modal split options, but given the dispersed nature of the Region and the fact that the public transport system is primarily road-based, it was decided to fund both public transport and road infrastructure linked with the region's growth centres.

This decision was taken on the basis that road-based public transport system (primarily buses and Quality Bus Corridors) are more relevant and cost effective for the BMW Region. This is due to its dispersed population distribution, which makes rail and tram systems unviable.

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

The actual location of individual actions will be decided by the above bodies over the lifetime of the OP. For example, the location of the rural water source protection schemes will be focused on areas deemed to be of greatest risk of pollution. These areas will be identified by local authorities in accordance with Dept of the Environment criteria through examining water quality data, available from the relevant County Council, EPA,

Geological Survey of Ireland (GSI) and data under the WFD Catchment Reports.

### Monitoring measures of the BMW Operational Programme

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

#### BMW OP SEA monitoring programme

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

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

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

The SEA monitoring will be combined with the BMW OP's Annual Implementation Report.

# Annex 9:

## Glossary of Abbreviations

<b>BMW</b>	Border, Midlands and West NUTS II Region of Ireland
<b>BOD</b>	Biological Oxygen Demand
<b>CEBs</b>	County Enterprise Boards
<b>CSET</b>	Centres for Science, Engineering and Technology
<b>CSO</b>	Central Statistics Office
<b>DSL</b>	Digital Subscriber Line
<b>EARDF</b>	European Agriculture and Rural Development Fund
<b>EC</b>	European Commission
<b>EFF</b>	European Fisheries Fund
<b>EIB</b>	European Investment Bank
<b>EPA</b>	Environmental Protection Agency
<b>ERDF</b>	European Regional Development Fund
<b>ERM</b>	Environmental Resources Management Ireland Ltd
<b>ESF</b>	European Social Fund
<b>ESIOP</b>	Economic and Social Infrastructure Operational Programme
<b>ETS</b>	Emissions Trading Scheme
<b>EU</b>	European Union
<b>EU 15</b>	European Union 15 Member States prior to 1st May 2004 Accessions
<b>EU 25</b>	European Union 25 Member States including states post 1st May 2004 2004 and prior to 1st January 2007 Accessions
<b>EU 27</b>	European Union 27 Member States including states post 1st January 2007
<b>GDP</b>	Gross Domestic Product

<b>GEM</b>	Global Entrepreneurship Monitor
<b>GHG</b>	Greenhouse Gas
<b>GNP</b>	Gross National Product
<b>GVA</b>	Gross Value Added
<b>HEIs</b>	Higher Education Institutions
<b>ICT</b>	Information Communication Technology
<b>IoTs</b>	Institutes of Technology
<b>MANs</b>	Metropolitan Area Networks
<b>MIUs</b>	Major Inter-Urban routes
<b>NAPSIIncl</b>	National Action Plan for Social Inclusion
<b>NDP</b>	National Development Plan
<b>NDP/CSF</b>	National Development Plan and the EU Community Support Framework
<b>NESC</b>	National Economic and Social Committee
<b>NSRF</b>	National Strategic Reference Framework
<b>NSS</b>	National Spatial Strategy
<b>NUI</b>	National University of Ireland
<b>NUTS Regions</b>	Nomenclature of Territorial Statistical Units – a system of classification of regions across the EU used by the European Commission
<b>NUTS II</b>	The BMW and S&E are the NUTS II Regions in Ireland for Structural Funds purposes
<b>NUTS III</b>	The NUTS III regions are Dublin, Mid-East, Mid-West, South-East, South-West, Border, Midland and West Region
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OP</b>	Operational Programme
<b>PI</b>	Principal Investigator
<b>PRTLl</b>	Programme for Research in Third-Level Institutions

<b>R&amp;D</b>	Research & Development
<b>RPGs</b>	Regional Planning Guidelines
<b>RTDI</b>	Research, Technological Development and Innovation
<b>RTI</b>	Rural Transport Initiative
<b>S&amp;E</b>	Southern and Eastern NUTS II Region of Ireland
<b>SDZs</b>	Sustainable Development Zones
<b>SEA</b>	Strategic Environmental Assessment
<b>SEI</b>	Sustainable Energy Ireland
<b>SEUPB</b>	Special EU Programmes Body
<b>SFI</b>	Science Foundation Ireland
<b>SMEs</b>	Small and Medium Sized Enterprises
<b>SRC</b>	Strategic Research Centre (designated by Science Foundation Ireland)
<b>STEDS</b>	Septic Tank Effluent Drainage System
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>UN</b>	United Nations
<b>UNCED</b>	United Nations Conference on Environment and Development
<b>WRC</b>	Western Rail Corridor