EVALUATION OF THE MAIN ACHIEVEMENTS OF COHESION POLICY PROGRAMMES AND PROJECTS OVER THE LONGER TERM IN 15 SELECTED REGIONS

(FROM 1989-1993 PROGRAMMING PERIOD TO THE PRESENT)

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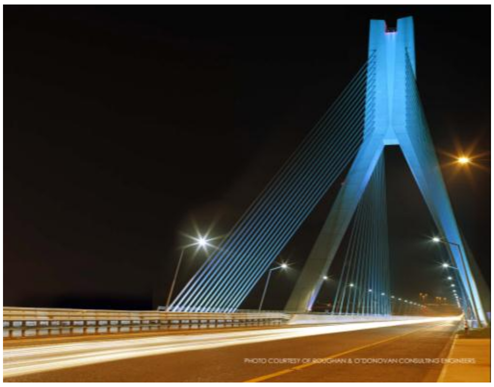

Case Study Ireland

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PREFACE

This report presents the case study for Ireland as part of the study 'Evaluation of the Main Achievements of Cohesion Policy Programmes over the Longer Term in 15 Selected Regions (from 1989-93 Programming Period to the Present)', managed by the European Policies Research Centre and London School of Economics.

The research was conducted over the period December 2011 to November 2012.

The case study has been drafted by Jim Fitzpatrick, Niall Crosbie and Brendan Shiels of Fitzpatrick Associates, Economic Consultants. The authors are grateful to the considerable number of individuals who participated in the study, providing valuable insights and supplying or identifying information sources.

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LIST OF ABBREVIATIONS

AADT	Annual Average Daily Traffic
BERD	Business Expenditure on Research and Development
BMW	Border, Midland, Western Region
CAS	Civic Amenity Sites
CAP	Common Agricultural Policy
CBA	Cost Benefit Analysis
CDIS	Cultural Development Incentive Scheme
CEB	County Enterprise Board
CERT	Council for Education, Recruitment and Training
CSF	Community Support Framework (pre-2000 terminology)
DBFO	Design, Build, Finance, Operate
DBO	Design, Build, Operate
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Community
EOCP	Equal Opportunities Childcare Programme
EPA	Environmental Protection Agency
EPRC	European Policies Research Centre
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIOP	Economic and Social Infrastructure Operational Programme
ESRI	Economic and Social Research Institute
EU	European Union
FDI	Foreign Direct Investment
FIFG	Financial Instrument for Fisheries Guidance
GDP	Gross Domestic Product
GERD	Gross Expenditure on Research and Development
GNP	Gross National Product
HEI	Higher Education Institution
HERD	Higher Education Expenditure on R&D
IB	Implementing Body
ICT	Information and Communications Technology
IOT	Institute of Technology
MIU	Major Inter-urban Route
NDP	National Development Plan
NOP	National Operational Programme
NRNS	National Roads Needs Study
NSRF	National Strategic Reference Framework
NSS	National Spatial Strategy
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
OMC	Office of the Minister for Children
OP	Operational Programme
OPLURD	Operational Programme for Local Urban and Rural Development
OTMI	Overseas Tourism Marketing Initiative
PI	Principal Investigator
PPP	Public-Private Partnership
PRTLI	Programme for Research in Third-level Institutions
PSOP	Productive Sector Operational Programme
QBC	Quality Bus Corridor
R&D	Research and Development
RAG	Regional Aid Guidelines
RCE	Regional Competitiveness and Employment
ROP	Regional Operational Programme
RTDI	Research, Technology Development and Innovation

S&E	Southern and Eastern Region
SFI	Science Foundation Ireland
SHAIS	Selective Hotel Accommodation Improvements Scheme
SMEs	Small- and Medium-Sized Enterprises
TA	Technical Assistance
TENs	Trans-European Network
VFM	Value-for-Money
VFR	Visiting Friends and Relatives

EXECUTIVE SUMMARY

Regional context

At the commencement of Cohesion Policy and programmatic funding in 1989 Ireland had one of the lowest per capita incomes in the EU, and major challenges included the need to modernise infrastructure, develop indigenous industry and support market diversification, and tackle endemic unemployment. The commencement of Cohesion Policy and associated larger funding as part of the wider 'Delors Package' was therefore extremely timely.

Throughout the subsequent multi-annual funding rounds, implementation of Cohesion Funding in Ireland has been very closely embedded in the national central administration. This meant that programmes were by definition closely integrated with national policy objectives and strategies, and national expenditure programmes. They were also administered, particularly up to 2000, through the national public administration with departments (ministries) acting as Managing Authorities and their executive agencies acting as Implementing Bodies. There has also been close sectoral alignment between departments and programmes, especially in the first two rounds. Given the country's single Objective 1 status up to 2000, the scale of EU funding and the centralised nature of programming of EU funds, Ireland's overall socio-economic transformation over the period since 1989 and the achievements of EU funding are very closely intertwined.

While considerable debate is possible about the specific role and achievements of Cohesion Policy programmes over the period, it is undoubtedly the case, as all commentators and consultees agree, that Cohesion Policy, especially in the early rounds, was a 'gamechanger' in Ireland's socio-economic development. The funds provided much-needed investment resources on a relatively large scale (2.0-2.5 percent of GDP at the peak), they involved multi-annual investment commitments, they invested in genuine regional needs, and they brought with them a new policy emphasis and new programme tools.

Relevance of ERDF programmes

European Regional Development Fund (ERDF) programmes and Cohesion Fund activities have maintained a clear relevance to Ireland. During the initial 1989-93 period, the National Development Plan (NDP) and the Community Support Framework (CSF) drew on a clear analysis and understanding of Ireland's key development problems at that time, an analysis that had been built up over a number of years and which was instrumental in highlighting the priorities for investment in this period. As a result, many of the weaknesses in the Irish economy that needed to be addressed at this time became priorities for direct intervention under the NDP and CSF.

Between 1994 and 1999 programmes sought to consolidate earlier progress, while at the same time starting to tackle a wider set of regional needs. Investment in transport therefore continued to be a high priority, though with a new focus on public transport as well as roads. Investment in environmental infrastructure was also a key priority, mainly through the Cohesion Fund. Investment in industry and tourism became more targeted, and addressing local development issues (including disadvantage at a local level) also came to the fore in this period.

ERDF support became smaller and much more focused during the 2000-06 and 2007-13 periods, given the changes in the wider economic and funding contexts and the reduced scale of funding.

However, ERDF support was still directed at clearly defined needs. Investment in RTDI, in particular, has been a strong focus of ERDF support for both periods, in line with EU and national strategies in this area, while large strategic infrastructure projects were a further focus of ERDF and Cohesion Fund support after 2000.

Effectiveness of ERDF spending

Irish Cohesion Policy programmes met the country's objectives and needs to a high degree. Key reasons for this are that there was generally a close alignment between national sectoral and other needs assessments, strategies and plans on the one hand, and EU support on the other. This support was generally used to fund development plans and was developed in response to those needs analyses.

In the 1989-93 period it is clear that individual sectoral OPs, and especially those that accounted for the bulk of ERDF spending, achieved considerable successes, and during the 1994-99 round substantive achievements arose at both macro and sectoral levels. These included real GDP growth in excess of 8 percent per annum, GNP growth of about 7.5 percent per annum, total investment growth of 14 percent per annum and net employment growth of over 74,000 per annum. Reflecting this, the unemployment rate fell by about 9.0 percentage points (from 15.0 percent to 6.0 percent), while the long-term unemployment rate fell by some 6.4 percentage points. Strong economic performance, in turn, also led to a rapid convergence with the overall EU economy, with GDP per capita increasing from 85 percent to 105 percent of the EU average, GNP per capita increasing from 79 percent to 88 percent of the EU average and the debt-to-GDP ratio falling to 56 percent. While not the only one, ERDF-programming was undoubtedly a significant contributing factor to these achievements.

At a sectoral level, infrastructure investment delivered widespread improvements, particularly to the national and non-national road network, resulting in significant travel - time savings and efficiency gains. Gross and net job creation targets in industry were exceeded, aided at least in part by the initiatives co-financed by the ERDF (and ESF), while EU-supported programmes in tourism and other areas made significant contributions to capacity and competitiveness gains experienced during the 1990s.

The effectiveness of Cohesion policy was in some ways less clear after 2000. Difficulties arose in achieving the targets that were set for economic and social infrastructure in the 2000-06 period particularly in terms of delivering the outputs promised. This is at least partly a reflection of levels of investment activity being ramped up very rapidly in this period, with consequences for planning, project management, and construction-cost inflation (and hence value for money). The experience showed that the Irish system tended to be more effective in achieving objectives in areas of ongoing need that had a proven capacity to absorb support effectively in the past, but less so with regard to innovative and newly-emerging investment areas of need in which appropriate supports to be established and implemented quickly in response to emerging priorities.

Complementarities of ERDF funding with domestic policy

Generally, there was a high level of complementarity between different ERDF-supported programmes in the period since 1989, essentially because these were part of national economic strategies and plans. Furthermore, good complementarities and synergies existed between ERDF measures and other EU co-financing, including the European Social Fund (ESF), European Agricultural Guidance and Guarantee Fund (EAGGF) and the Cohesion Fund.

This level of complementarity was heavily influenced by the fact that such programmes were generally informed by the overarching NDP and CSF for the time, which were quite strategic in nature. The OPs that gave effect to NDP and CSF strategies were, in turn, guided by these strategies, which enabled a shared understanding of investment needs and priorities.

The utility of ERDF programmes

Regarding utility, both the content and timing of availability of Cohesion Policy funding have been highly appropriate for Ireland. In the 1989-93 period, the enhanced Structural Funds programming (estimated at about double the previous 1980s annual level) provided timely finance for investment, and in addition its multi-annual nature provided a guarantee of its continuation and the motivation to the Exchequer to co-finance it. This allowed investment in historically neglected infrastructure such as rail and national roads, and new capital investment in areas such as RTDI facilities and tourism attractions. In terms of finance and confidence, the situation was, in the words of one interviewee, that ‘the EU was showing more confidence in us then we had in ourselves’.

This pattern continued in the 1994-99 CSF, which was in many ways an enlarged version of the 1989-93 one, and which again nearly doubled Ireland’s combined receipts of EU Structural and Cohesion Funds as a whole. Arrival of the Cohesion Fund (in 1992) also provided additional earmarked funding for investment in large transport and environment projects, combined with Commission insistence on the need for larger and more strategically planned investment in roads and rail, both public and private. Industry, tourism, education and training facilities also benefited – indeed by the standards of other ‘Cohesion 4’ countries, Ireland’s CSFs were seen as having relatively high shares of ‘non-infrastructural’ investment. So in both 1989-93 and 1994-99, EU funding was in the right place at the right time.

Virtually all commentators on the period credit EU funds as a whole, including the ERDF and Cohesion Fund, with a direct and indirect role in helping to create the ‘Celtic Tiger’ economy of the mid-to-late 1990s – a period which coincided with the peak of EU fund receipts and expenditure. This involved unprecedented growth in the ‘real’ economy and was reflected in very large growth in output, exports and employment, and a reversal in the traditional outward pattern of migration.

Positive effects also flowed into the 2000-06 period even after the fund receipts and expenditure had peaked, although in utility terms 2000 was a watershed. Thereafter fund receipts inevitably fell greatly as Ireland exceeded EU convergence eligibility thresholds. But the nature of programming also changed, with it now seeming relatively small within a much-enlarged national NDP, and concentrated within a small subsection of national and regional OPs.

The question does arise as to whether some of the multiple roots of the current economic and financial crisis might have been nourished by unintended or inadequately considered aspects of EU funding, however on balance, it can be concluded that any ‘negative utility’ of EU funding in the roots of the subsequent crisis is fairly indirect and peripheral.

What learning has taken place

Lessons learned regarding the effectiveness and utility of ERDF interventions in Ireland can be considered at two levels; firstly, that of investment content and types, and secondly investment procedures and processes.

In relation to investment content, both effectiveness and utility were probably easier to identify in earlier periods. Pressing national infrastructural deficits and the need for employment generation made the choices about investment easier and project and programme objectives clearer to identify. In later rounds, more complex challenges such as RTDI gaps and regional and local development needs became harder to focus on, to achieve consensus on, and to monitor.

Secondly, the effectiveness and utility of infrastructure investment and of investment in public goods generally in retrospect is seen by most as a major achievement and one that met real needs. There is less consensus about the effectiveness and utility of investment in 'softer' interventions including enterprise development, job creation and local development, and indeed quantitative indicators tend to justify these concerns.

A third lesson is that the potential to maximise effectiveness and utility in the choice of investment is very time- and context-specific. For example roads, tourism and childcare investments and their level and content in Ireland were reflective of, and responded to, the needs of the time. Investment in addressing road bottlenecks reflected the needs of the 1990s but by the 2000s investment in motorways was required (and many would say overdue) at least on some of the inter-urban routes, both to facilitate traffic growth and the scope for user charging. Similarly, the level of investment in tourism product in 1989-93 and 1994-99 did not need to continue beyond these periods while the need for childcare facilities was a new and pressing need in the labour market context of the 2000-06 period.

In relation to programming, a significant lesson is that the overall Irish 'integrated' and relatively centralised approach has both strengths and weaknesses. The approach is arguably quite effective in achieving absorption, but can have some disadvantages in relation to utility and achievements. In particular, it pushes programmes towards central objectives, and may also give rise to a degree of institutional rigidity which hinders responsiveness to new needs and priorities.

A second programming lesson is that there is a need for a balance to be struck between expenditure on well-established areas such as roads and more innovative projects in areas such as R&D, SMEs and other often less tangible interventions. Over-reliance on well-established tried-and-trusted approaches can lead to a lack of innovation. On the other hand, an over-emphasis on innovation can run risks with absorption.

Finally, the earlier Irish programming periods, and particularly 1994-99, suggest that in terms of effectiveness (including effective monitoring) a sectoral programme approach is desirable. This has advantages in terms of clarity and consistency, and of clear sectoral responsibilities, especially where these involve responsible line ministries and their agencies. More complex cross-sectoral and spatially-based programmes, including regional programmes, have attractions but also have disadvantages in terms of establishing and tracking achievements of heterogeneous activities, and can involve the need for more complex and co-ordinated administrative structures.

1 INTRODUCTION

Ireland joined the then EC in 1973, along with the UK and Denmark, and as part of the first enlargement from the original six members. During the 1970s, the economy experienced significant growth, boosted by freer trade and Common Agricultural Policy (CAP) subsidies. The 1980s were, however, a difficult decade with slower growth, high unemployment and a public finance deficit and cutbacks. By the time of commencement of Cohesion Policy in 1989, Ireland still had one of the lowest per capita incomes in the EU at 60% of the EU average. Major challenges included modernisation of infrastructure, indigenous industrial and market diversification, and tackling endemic unemployment. The commencement of Cohesion Policy and enhanced funding as part of the wider 'Delors Package' was therefore extremely timely.

Ireland has been in receipt of EU Structural and Cohesion funding for all four funding rounds to date, and indeed in the pre-funding round period from EU entry in 1973 onwards. In the first two periods, the country constituted a single Objective 1 region (which was unique among Cohesion countries at the time). From 2000 onwards, the country was divided into two NUTS 2 regions, with one in transition in 2000-06 and both regions moving to regional competitiveness status thereafter. The high point of the funding period was in 1994-99, which is critical to the story of the funds and their achievements, historically speaking. Ireland also received relatively high allocations in the early rounds in comparison to its size. Expenditure data in chapter 4 shows that during the first two rounds this ranged from 1.5 and 3% of GDP per annum. Another feature of Ireland's story was the strong emphasis put in education, training and human capital investments within overall EU structural interventions, particularly before 2000 but also since. While predominantly supported by the European Social Fund (ESF) rather than ERDF (and thus not a central focus of this report), such human capital investment played an important role that accompanied ERDF and CF funding under each successive round in Ireland.

Implementation of Cohesion Funds in Ireland has been very closely embedded in the national central administration. This is crucial to the Irish Structural Funds experience. It meant that programmes were by definition closely integrated with national policy objectives and strategies, and national expenditure programmes. They were also administered, particularly up to 2000, through the national public administration with departments (ministries) acting as Managing Authorities and their executive agencies acting as Implementing Bodies. Related to this was a close sectoral alignment between departments and programmes, especially in the first two rounds, i.e. there were OPs for transport, environment, enterprise development, tourism, human resources, and agriculture/rural development. This alignment did break down somewhat after the watershed year of 2000, when the number of individual OPs was reduced and new cross-sectoral regional OPs created. However, even then the relevant sectoral ministries and their agencies continued as Implementing Bodies for investment areas (Priority Axes) within their remit.

Given the country's single Objective 1 status up to 2000, the scale of funding and the centralised nature of the programme, the story of the role of EU funds and that of Ireland's overall socio-economic transformation over the period since 1989 are very closely intertwined. In what ways, and the role of EU funds in this wider transformation, are therefore central to this report. Uniquely among the 15 regions, the EU funding story is therefore not just a regional one, it is also a national one.

This research and report-drafting has been done at a time when Ireland is in the throes of a macro-economic crisis. This inevitably affects perspectives on past achievements and their underlying factors. While this crisis has a close relationship with Ireland's membership of the EU and the Euro area, it is generally perceived as not being closely associated with receipt of EU Structural Funds. Nevertheless, brief consideration is given in Chapter 7 to the question of whether aspects of either positive action, or lack of action, during those periods may have contributed in some way to the crisis.

As evident from its title, the case study is undertaken as part of a wider 'Evaluation of the Long-term Achievements of EU Cohesion Policy, Programmes and Projects in 15 Regions', Ireland being one of these 15 regions. The evaluation as a whole involves an extensive research programme including a literature review, data analysis, fieldwork and surveying.

This case study was prepared in the context of this wider work programme. Work specifically involving the case study team and contributing directly to this report included:

- location and inputting of data on planned and actual expenditure of ERDF and Cohesion Fund in Ireland;
- extensive desk research utilising programme documents, progress reports and previous assessments of the achievements and other key dimensions of the programmes over the study period. A selected bibliography of sources used is included as Annex VI;
- interviews with a total of 31 key stakeholders across a range of bodies at strategic, implementation, beneficiary and wider stakeholder level, and at both national and regional level (a list is given in Annex IV);
- a workshop with a total of 35 participants from among those interviewed and surveyed, at which preliminary findings were presented and discussed. This, was held in Dublin on 28 September 2012; and
- support to an online survey (carried out centrally by EPRC).

The online survey was undertaken to complement fieldwork and desk research, and enhance triangulation. This questionnaire was sent to 450 email addresses, comprising the interviewees plus representatives from local authorities, firms, regional and local socio-economic partners and interest groups. The questionnaire returned an overall response rate of 21.6 percent (97) and a full completion rate of 14.9 percent (67). The questions and a summary of responses are presented in Annex VII.

This report is organised as follows. Following this introduction, Chapter 2 summarises the regional context and analysis of needs; Chapter 3 examines the evolution and relevance of programmes since 1989 to the present; Chapter 4 analyses expenditure in terms of financial allocations and actual expenditure compared to these allocations; Chapter 5 contains an analysis of achievements; Chapter 6 assesses achievements against the objectives and needs; and Chapter 7 sets out the report's conclusions.

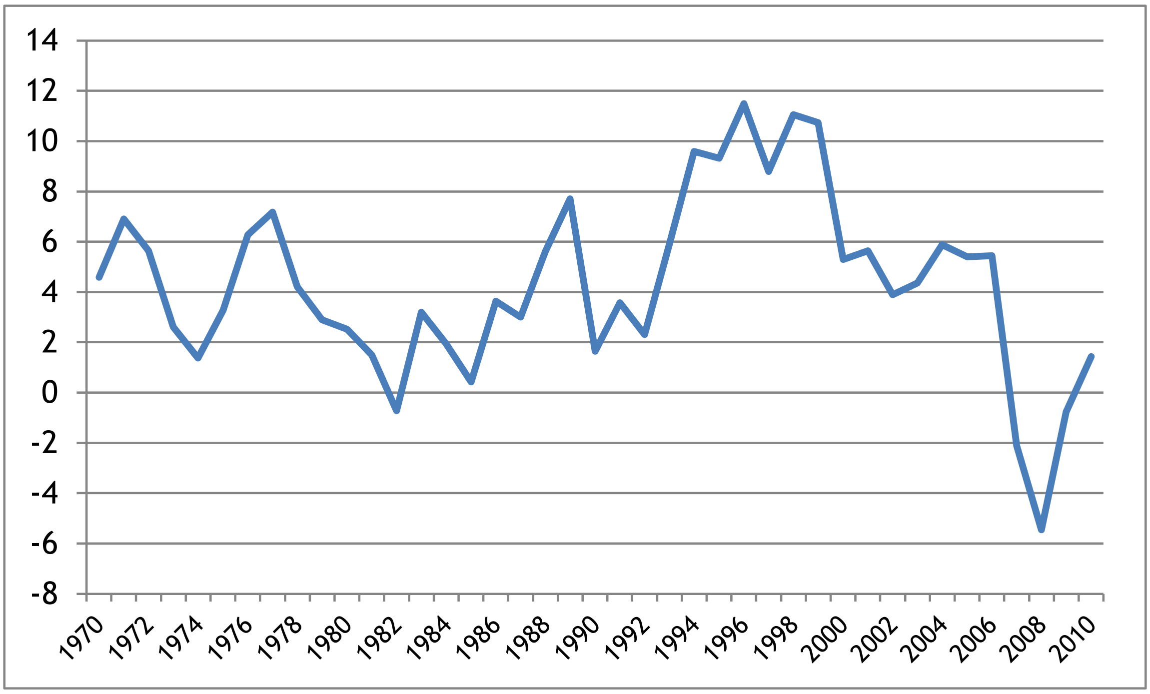
2. REGIONAL CONTEXT AND ANALYSIS OF NEEDS

2.1 Overview

The period of EU Cohesion Policy in Ireland from 1989 to the present has been characterised by dramatic economic change and transformation. At its outset, Ireland was among the least-developed countries in the EC, with income levels substantially below Community averages, and with a legacy of low growth, high unemployment and numerous structural economic problems constraining development and modernisation.

Over the subsequent rounds of Cohesion Policy, the Irish economy grew rapidly, although not consistently, experienced substantial sectoral and structural change, addressed long-standing infrastructural deficits, transformed its labour market and saw very substantial increases in living standards. Before the present crisis took hold in 2008, Ireland's GDP per capita was among the highest levels in the EU. The trend in annual real GDP growth rates is shown in Figure 1. There is, of course, no implication that EU Cohesion funding was the sole or primary cause of this pre-crisis transformation. Indeed, the extent and even direction of this causation is a central theme of subsequent chapters of this report.

Figure 1: Ireland – Annual Real GDP Growth Rates (%) 1970-2011

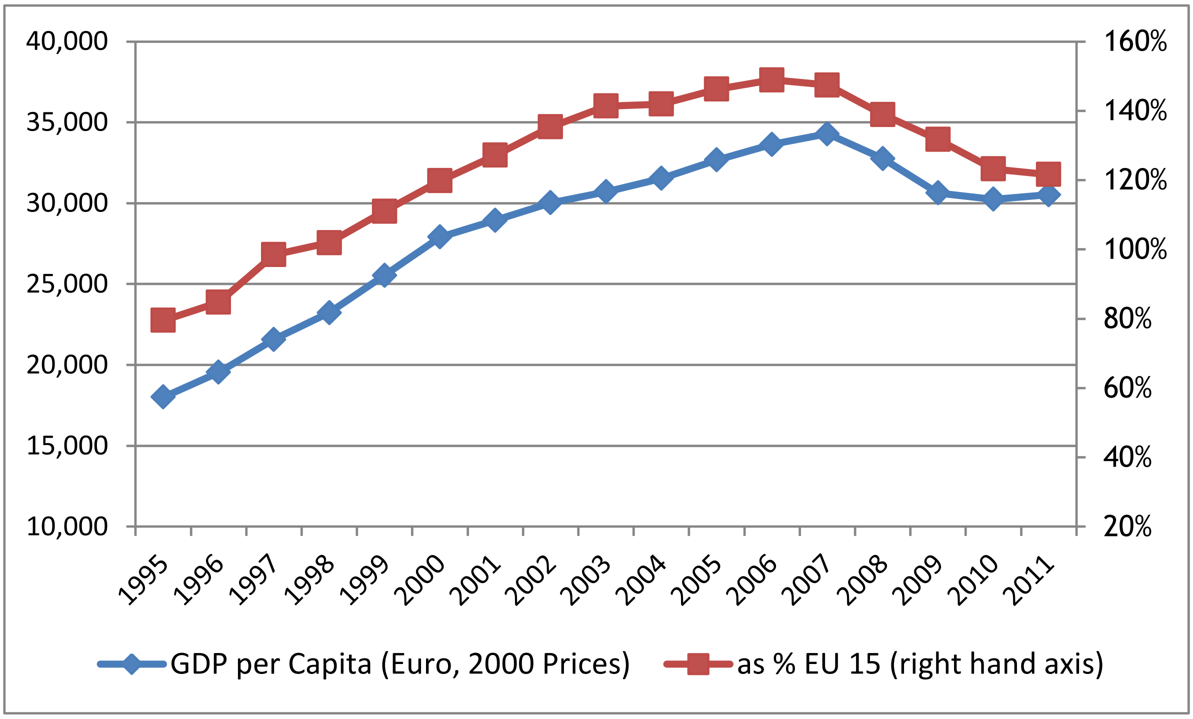


Source: Central Statistics Office.

Both in facilitating and responding to these changes, the underlying needs of the economy and of public policy more generally changed considerably over the period. From a point where policy needed to focus on enhancing the skills and employability of workers while supporting the growth of traditional and modern industrial sectors, priorities gradually needed to shift towards structural adjustment to higher-value-added sectors and activity, enhancing labour productivity rather than reducing unemployment, reducing or eliminating infrastructural constraints, and ensuring the sustainability of growth and development.

Over the period as a whole, the country has had considerable successes in addressing these long-standing development goals, while successes in other areas have remained significant challenges. The recent international economic crisis also quickly exposed deep imbalances and vulnerabilities that have eroded considerable previous progress in numerous respects and that have created new constraints to future growth and prosperity. Despite recent events, however, Cohesion Policy in Ireland since the late 1980s is widely considered a strong success story, and there is little doubt that it played a critical dual role in both ensuring appropriate consideration and identification of changing needs, and subsequently providing a financial platform for addressing them. Growth in GDP per capita, both in absolute terms and relative to EU averages, has been a distinct feature of Ireland's record over the period since the mid-1990s (Figure 2).

Figure 2: GDP per Capita - National and relative to EU15 1995-2011



Source: Eurostat.

2.2 Evolution of Needs

2.2.1 The Pre-1989 Context

Prior to the period of Cohesion Policy implementation that began in 1989, Ireland's economic performance had been considerably stronger in the period following EC membership in 1973 than before it, aided by both domestically re-oriented policies and the benefits of participation in the Single Market, the European Monetary System and the CAP.

However, even with this improvement in historical fortunes, Ireland remained economically weak by comparison with most EC Member States, and following reasonable growth performance in the 1970s, had experienced particularly slow growth and associated underdevelopment during the 1980s. Between 1980 and 1987, real GDP grew on average by less than 2 percent per annum, although with some significant years of both substantially higher growth as well as significant contraction. GDP per capita remained among the lowest in the EU and OECD, however, and unemployment was amongst the highest rates, exceeding 10 percent for most and 15 percent for many of the intervening years. Sectorally, the economy maintained a high dependence on agriculture, while the emergence of a strong foreign-owned manufacturing base was offset by a correspondingly weak indigenous manufacturing sector based on traditional sectors predominantly operating within only the domestic or the UK market.

The predominant underlying problems facing the Irish economy before 1989 included:

- very low per-capita income and output levels relative to other European countries, reflective of low productivity, high population dependency (in effect a low employment rate) and a weak industrial base;
- a very low labour demand, resulting in high short- and long-term unemployment and substantial emigration;
- a legacy of stark budgetary imbalances resulting in a high national debt, very substantial debt-servicing obligations and very limiting public expenditure and investment constraints;
- weak physical infrastructure in need of substantial upgrade and improvement, but with little prospect of such investment in the prevailing budgetary context;
- a weak indigenous industrial structure constrained by geographical peripherality from large international markets, underdeveloped human resources, skills and capabilities, and focused in low-value sectors with limited inherent international competitive advantages; and
- low levels of investment in R&D and innovation.

2.2.2 The Early 1990s: A Lagging Region

The Irish economy grew strongly during the 1989-91 period and decelerated in the following two years as international conditions weakened, although it maintained significant rates of growth. This performance was aided by the expansion in international economies and was driven by productivity growth which had continued, having initially taken hold during the 1980s, accompanied by growing exports, particularly from multinational manufacturing enterprises that had established operations in Ireland.

Aggregate output growth in the early 1990s was more a reflection of productivity rather than employment growth however, and it had very little impact on unemployment levels. This led to the phenomenon that became known as “jobless growth”. Along with persistent high unemployment, per-capita incomes remained internationally low in the face of high unemployment and high population dependency ratios. Entering the second (1994-99) programme period, the most pressing economic challenges remained a demographic structure and population profile for which the domestic economy remained seemingly incapable of providing sufficient employment.

Creating the conditions for maximum employment growth stood out as the national policy priority, therefore, but other policy and investment requirements were also numerous, including hard infrastructure investment particularly in transport and in water and sanitation (the latter driven by the EU directive compliance requirements), modernisation and diversification within the traditional agriculture and natural resource sectors, upgrading strategic telecommunications and energy infrastructure, supporting the development of tourism as an export market, and commencing significant investment in R&D and innovation.

2.2.3 The Late 1990s: Rapid Economic Growth

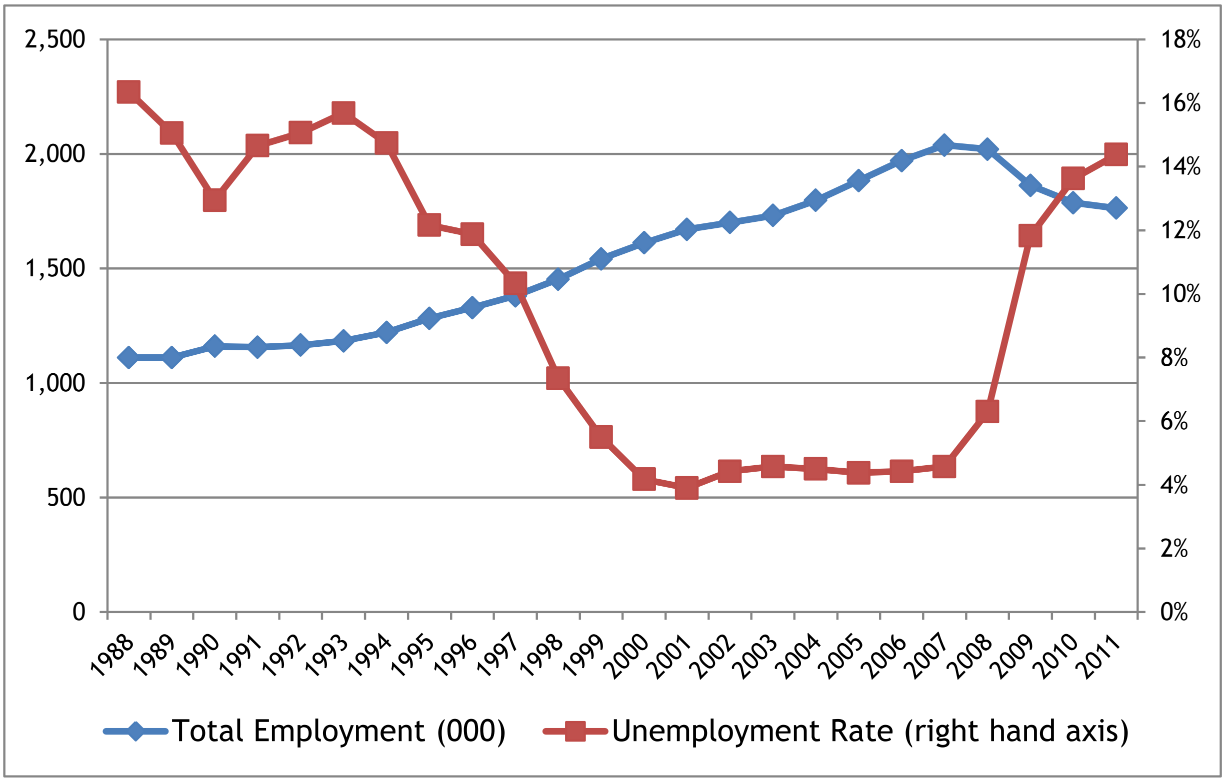
Ireland's period of remarkable economic expansion and development – the now infamous 'Celtic Tiger' - took hold in the mid-1990s. Between 1994 and 1999, GDP grew by an average of 9.3 percent per annum. Output and income per capita rose substantially relative to EU averages, and by the year 2000 Irish GDP per capita had exceeded EU averages significantly. Unlike previous periods of output growth, employment grew strongly year-on-year and unemployment fell dramatically from 14.7 percent in 1994 to just 4.8 percent in Q4 1999. The causes of the rapid economic expansion are numerous, but there is general agreement among most analysts and commentators (ESRI, 2001, Barry, 2005) that the main contributory factors included:

- a successful policy of attracting mobile international investment and maximising its domestic economic impact;
- a rapidly growing labour force, driven by increases in the numbers of working age, a return to inward net migration and greater increasing female labour force participation;
- a declining dependency ratio;
- substantial real productivity increases, driven by both general increases in the educational qualifications of the workforce and sectoral shifts towards export-oriented, high-tech, high-value-added industries and services;
- falling interest rates that were converging with core EU and German rates;
- strong exchequer budgetary discipline supported across the political spectrum;
- global economic recovery and rising demand in export markets, including markets relevant to Irish exporting firms;
- a strong model of central national wage agreements;
- a period of strategic and successful public investment supported by EU Structural and Cohesion Funds; and
- an economic gain associated with the Northern Ireland peace process and the gradual normalisation of its politics.

This period of remarkable economic growth and convergence significantly altered the needs of the country entering its next phase of economic development after 2000. This, of course, had a mutually reinforcing relationship with EU funds – these on the one hand contributed to the change and transformation, while on the other hand the change both altered priorities and lowered continued eligibility.

The benefits of the growth had included rapidly increasing incomes and living standards, a remarkable return to health in the national budgetary and debt position, increased domestic consumption (which supported further growth), and a transformed labour market and shift to, or close to, full employment (Figure 3).

Figure 3 Labour Market Trends, 1988 to 2011

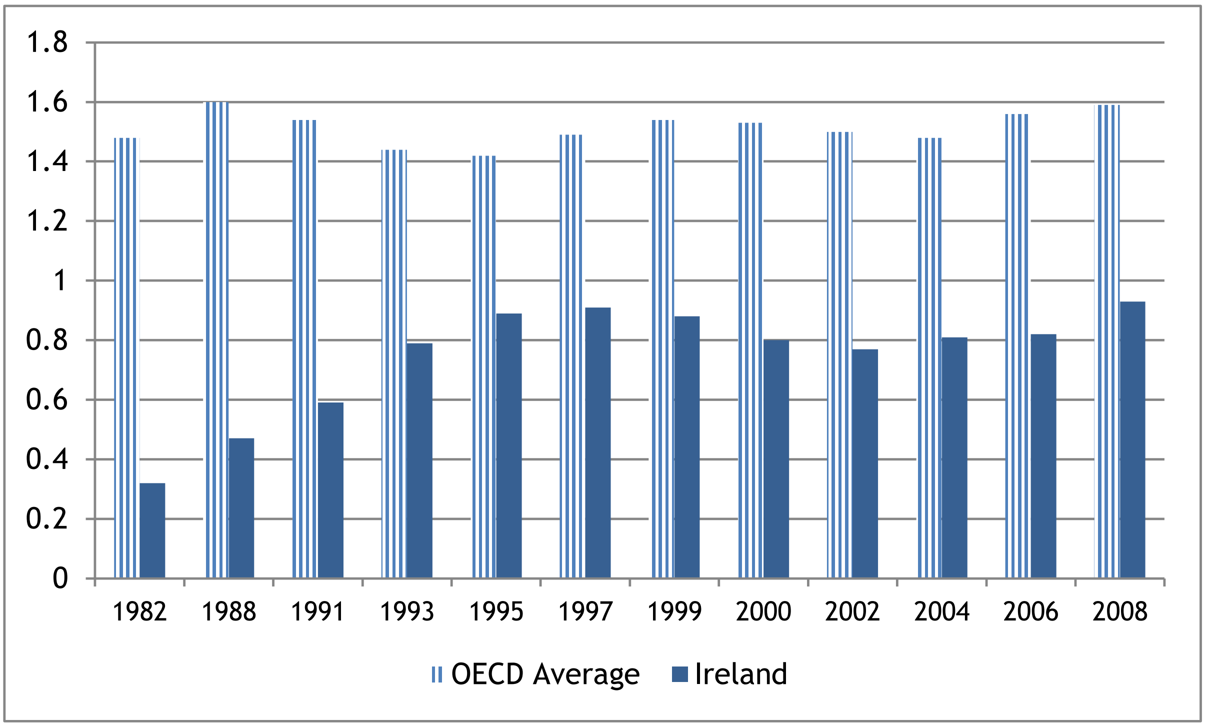


Source: Central Statistics Office.

Constraints to the sustainability of growth were already evident, however, including physical public and private infrastructure such as housing supply, transport network capacity, energy and telecommunications, environmental infrastructure, and cultural and recreational infrastructure.

From the point of view of maintaining output growth, there was recognition of the need to further shift industrial and service sectors towards higher-value activity, to develop and embed research and development capabilities and practices, to increase the export capacity of indigenous industry, and to ensure greater innovation in enterprise.

Figure 4: Business Expenditure on Research and Development as % of GDP 1982-2008



Source: Forfás.

Education, training and up-skilling also remained a national priority, given their role in supporting productivity growth, particularly as labour market growth began to show signs of tapering off. Finally, regional imbalances in growth and development had become apparent, with overheating in the South and East (especially around Dublin), and rates of growth and development in the Border, Midlands and West (BMW) Region that significantly lagged behind those elsewhere. Imbalances in the appropriate mix and management of urban and rural development were also becoming increasingly evident. Addressing these spatial aspects of development both geographically and institutionally became a further emerging challenge for policy-makers.

2.2.4 2000-06: Changed Nature of Growth

The year 2000 was, as described elsewhere, a watershed one in Ireland in many respects. The 2000-06 EU programme inevitably brought lower funding levels and a related change in implementation structures.

The new decade also brought a significant shift in economic performance. Real output growth decelerated in Ireland as the 2000s began, yet growth rates remained high by international and historic Irish standards. However, the early 2000s saw a gradual and, in retrospect, risky shift in the composition of Irish output growth away from enterprise and export-driven expansion to a more domestically-oriented expansion based increasingly on construction activity. House-building in particular reached extremely elevated levels in the early and mid-2000s, responding to what had been rapidly growing housing demand with accompanying accelerating house prices, growth in the household-forming population age groups, employment growth and rapidly expanding credit availability along with historically low interest rates that followed Ireland's membership of the single currency. Warning signs, such as a gradual loss of competitiveness, which were also evident in international indices, went largely unheeded. High-inward migration continued during the period, which continually supported expanding economic activity, and both public and private expenditure and investment remained historically high.

Constraints were evident beyond just the housing market, however, and prior expansions (EU co-financed in part) in the transport network, in water, waste, energy and telecommunications were all proving to be insufficient to cope with the new demands. Regionally-balanced development also remained challenging, and shifting the emphasis from private towards public transport provision was recognised as necessary for environmental sustainability reasons. Expansion and growth in enterprise activity became less of a priority in the face of full employment. Instead, the focus shifted to increasing productivity, innovation and the R&D intensity of existing enterprises, while sectorally there remained the challenge of shifting from traditional sectors (many of which had lost competitive strengths) to modern, high-tech and higher-value activities.

2.2.5 2007-13: From Boom Back to Crisis

As the current round of EU Cohesion policy and programming began, Ireland faced the challenges of addressing these particular future development challenges and investment needs, some of which were quite long standing and some of which were reflective of its most recent economic performance and experience. However, against these detailed requirements was an overriding imperative of steering the economy into a smooth lower-growth scenario and avoiding a ‘hard landing’ that may have been the result after a decade of expansion.

The international financial and economic crisis that began in 2007 soon eliminated any likelihood of a benign transition. It sparked a deep recession, accompanied by a collapse in property prices and construction activity, a banking and exchequer financial crisis, a return to high unemployment and emerging long-term unemployment, and a severe curtailment in public and household expenditure.

As the current economic crisis enters its sixth year, there is little sign of returning to more positive conditions in Ireland, and its domestic financial impact as well as the sustained weakness in international economic prospects leave little scope for proactive national policy measures that could hasten a positive turnaround.

The role of EU Structural and Cohesion funding has shifted from being a key national issue to being more of a niche regional and sectoral one, and this will inevitably continue into the 2014-20 period. More widely, the economy ironically has been facing a range of challenges resonant of those prevalent at the commencement of Cohesion funding three decades earlier – slow growth, rising unemployment including youth unemployment, and serious fiscal constraints – albeit at an overall much-higher average level of living standards.

3. PROGRAMME EVOLUTION AND RELEVANCE

3.1 Explicit and implicit strategies and their evolution

3.1.1 Overview

Ireland has been eligible for ERDF funding throughout the period from 1989 to date, and it was eligible for Cohesion Fund assistance from 1992 to 2003. For the period up to 2000, the country as a whole had Objective 1 status for Structural Funds purposes. In 2000-06, following division of the country into two newly designated NUTS 2 regions,[1] one region was given Objective 1 status while the other was classified as Objective 1 in transition. For 2007-13, all of the national territory, i.e. both NUTS 2 regions, is designated under the Regional Competitiveness and Employment (RCE) Objective.

The evolution of programme strategies over time has followed a reasonably consistent path, with strategies for use of ERDF support becoming especially more targeted. However, this should be seen within the context of the evolution of EU-aided Community Support Frameworks (CSFs) generally, and the ERDF/Cohesion Fund in particular, as funding sources for Irish National Development Plans (NDPs). In this regard, the contribution of both EU aid and the ratio of ERDF/Cohesion Fund to overall NDP investment has reduced substantially over time, but especially since the 1994-99 period, as Ireland's economy has developed and nationally-funded investment increased (see Table 1 below).

Table 1: Share of ERDF and Cohesion Fund Supports in NDPs and CSFs

	1989-93	1994-99	2000-06	2007-13
Size of NDP[1] (€mn, 2000 Prices)	15,278	26,417	60,954	157,872
CSF/Cohesion Fund Investment/Matched Funds (%)	73.8%	51.8%	12.9%	1.4%
Share of ERDF and Cohesion Fund Contribution (%)	15.2%	16.7%	4.1%	0.2%
1 NDP 1994 onwards includes Cohesion Fund				

Source: Various NDPs and CSFs for 1989-93, 1994-99, 2000-06 and 2007-13 periods.

At the outset, ERDF programmes in the 1989-93 period displayed a strong focus on infrastructure and capital investment. Investment in roads and air/sea transport were a major priority in dealing with Ireland's infrastructure constraint and bottlenecks in these areas, reflecting historical under-investment. A large share of ERDF-supported investment was also devoted to industry, including foreign direct investment (FDI) and indigenous enterprise support. Tourism was another key beneficiary of ERDF support in the period, and the only enterprise sector to receive large amounts of ERDF support through its own Operational Programmes (OPs)

The approach and set of priorities was heavily influenced by the traditional equation of economic development policy with industrial development policy, and indeed in the 1960s and 1970s the equation of industrial development with the attraction of mobile foreign direct investment (FDI) – this was the most dynamic element of the economy. The 1980s, prior to Cohesion Policy, had however already seen considerable debate about industry or enterprise policy (e.g. Telesis, 1982), including greater recognition of the need to build up Irish-owned as well as FDI-driven sectors. Hence, economic development, especially in the 1989-93 round, was still driven by a desire to

[1] This designation was also driven by Regional Aid Guidelines (RAG) considerations.

directly support both FDI and indigenous enterprise, and also to provide infrastructure, especially access transport infrastructure, that would help overcome Ireland's offshore location in the EU. In subsequent rounds, this enterprise-competitiveness approach was replaced by a more multi-faceted one that also involved R&D and local development, in part due to EU policy and in part due to ongoing national policy development.

The emphasis on transport, industry and tourism largely continued into the 1994-99 period, but it did so with increased levels of investment and the added support of the Cohesion Fund, which was directed especially at transport (roads and public) and environmental infrastructure. The focus was to build on the investment progress made during the 1989-93 period, which to some extent had only been a first step in addressing some of the very large development problems faced by the Irish economy, e.g. infrastructure, job creation. This meant further similar investment in roads, air and sea ports, industry and tourism, albeit with the emergence of some new investment priorities, e.g. public transport and local development, and from 2000 onwards regional development.

The context surrounding investment in ERDF programmes in the 2000-06 and 2007-13 periods, however, had changed considerably when compared to the context surrounding the earlier periods. For these periods, Ireland had largely caught up with the EU average in output/income terms. National investment across most of the main thematic areas was to continue, and on an even larger scale than was seen in the 1989-93 and 1994-99 periods, but the vast majority of this investment was not co-financed. ERDF support for the latter two periods was, in turn, much reduced in absolute and relative terms, and its investment priorities became much more focused. In particular, investment in research, technology, development and innovation (RTDI) and sustainable development were key priorities for ERDF support after 2000. However, further Cohesion Fund assistance did provide substantial other investment for both transport and environmental infrastructure in the 2000-06 period. While eligibility for new Cohesion Fund projects ceased in 2003, actual investment, crucial to this case study, inevitably lagged behind this.

Throughout the period, the Irish authorities have been notable for undertaking formal needs analyses, and for agreed national strategy and policy development processes, in areas such as transport, industry, R&D and tourism, and planning for investment programmes since 1989 has generally been heavily informed by these instruments. In some sectors, this tradition went back long before the onset of Structural Funds programmes, e.g. enterprise policy was an area of considerable analysis and debate throughout the 1980s. These generally commanded a reasonable degree of consensus, including inter-departmental and political consensus. Strategic priorities were therefore generally not highly controversial at the time, and there would be a high level of agreement (retrospectively perhaps too much agreement) with the emphasis on job creation driven by FDI and indigenous enterprise, with these in turn driven by direct supports and investment in associated support infrastructure, both hard (transport, environment) and soft (R&D, training). Exceptions to this consensus would be the local development emphasis introduced in the 1994-99 CSF and the regional development emphasis of the 2000-06 period.

The balance within transport investment, as between emphasising public transport or private car usage, also involved divergent views. There were, however, also notable gaps. In transport, there were separate modal strategies and plans but no national integrated transport plan (this is currently still the case).

The Cohesion Fund was by design a project-based funding mechanism, and not part of successive CSFs. In most periods, however, it was part of the wider NDP. In 1992-99, there was no dedicated explicit Cohesion Fund strategy, while a 'Strategic Reference Framework'[2] for the Cohesion Fund in the 2000-03 period was published in 2000 (Department of Finance, August 2000). Also, the European Commission required that Cohesion Fund support be split equally between transport and environmental infrastructure projects, and that 40% of spend on transport infrastructure be allocated to public transport with the remaining 60% allocated to either roads or ports. In addition, the Cohesion Fund was implemented via the same agencies, albeit as a parallel funding stream, which implemented the ERDF co-financed infrastructure investment.

The evolution of strategy in the different programme periods is dealt with in the following sections. Expenditure data refer to planned expenditure, as this is a reflection of explicit and implicit strategies. Chapter 4 addresses the issue of actual expenditure.

3.1.2 1989-93

As referred to in Chapter 2, at the beginning of the 1989-93 period, Ireland had one of the most underdeveloped economies in the EU. In particular, the economy was characterised by a number of major weaknesses: low income and output levels; a population structure producing a large labour supply and a high dependency ratio; persistently weak labour demand; constraints imposed by budgetary imbalances and public sector indebtedness; high access costs resulting from the country's peripheral location; poorly developed infrastructure; a heavy dependence on agriculture for both employment and output; weaknesses in the industrial structure within the economy; and low investment levels by EU standards. The nature of these weaknesses is outlined in Table 2.

Table 2: Weaknesses in the Irish Economy Prior to the 1989-93 Period

Key Weakness	Description
Low income and output levels	GNP per capita (in purchasing power terms) at only 58% of the EU average in 1987, or less than 40% of the average for the five richest regions of the EU.
Population structure	Large labour supply and high dependency ratio, with the natural rate of labour force increase projected to be 25,000 per annum up to the year 2000.
Weak labour demand	Unemployment rate of more than 18% in 1988 (seven percentage points higher than the EU average) and emigration of more than 30,000 per annum.
Budgetary imbalances/public sector indebtedness	Debt-to-GNP ratio of 133% in 1988 (well above the EU average of 60%) and with debt interest absorbing more than 30% of annual tax revenues in 1989.
High access costs	Transport costs for Irish exporters, at 9%-10% of exports sales volumes, about twice those of EU countries trading with one another on the European mainland.
Poorly developed infrastructure	Hindered development and added costs, exacerbated by low national income, low population density and a dispersed pattern of industrial settlement.
Heavy dependence on agriculture	Agriculture accounted for a large portion of output (11% of GDP) and employment (15% of those at work).
Weak industrial structure	Indigenous industry typically small and deficient in essential business functions like finance, marketing, production, technology, management and business planning.
Low investment levels	Less than two-thirds of the EU average in 1986, dependence on imports for capital goods (at about 75%).

Source: National Development Plan 1989-93.

[2] Not to be confused with the main National Strategic Reference Framework (NSRF) 2000-06, of which the Cohesion Fund was not a part.

The fundamental aim of the NDP 1989-93 was to contribute to the delivery of economic policy and to advance the national and EU aspiration towards greater economic and social cohesion. To this end, the NDP's stated objectives were to:

- prepare the Irish economy to compete successfully in the EU Internal Market when it was completed in 1992;
- stimulate the growth needed to reduce unemployment, raise productivity and begin to increase per capita income towards average EU levels;
- further improve the state of the public finances;
- accompany economic growth with a greater social dimension in society.

To advance these objectives, the measures proposed in the NDP aimed to both enhance the economy's output potential and stimulate balanced and sustainable growth by:

- addressing the economy's structural weaknesses and deficiencies, including those associated with peripherality and late development, which would place Ireland at a competitive disadvantage in the completed Internal Market; and
- supporting government efforts to create an environment that was conducive to increased productive investment, particularly in internationally-competing sectors, and domestic policies for developing and exploiting the potential of certain key economic sectors.

In practice, NDP and CSF investment was implemented through the suite of Operational Programmes (OPs), which covered investment in: agriculture and rural development; energy; environment; fisheries; hospital infrastructure; human resources; industry; transport; telecommunications and postal services; tourism; and sanitary and local services. Total planned investment under the NDP, in 2000 prices, came to €15.0 billion, which included EU aid of €4.7 billion. The CSF portion of the NDP came to about €11.0 billion and ERDF money alone accounted for investment of €2.1 billion, which was about 14 percent of total NDP investment and 19 percent of total CSF investment. Most OPs were also co-financed, receiving ESF and/or EAGGF support in addition to ERDF, while planned annual investment under the NDP was equivalent to about 6 percent of GDP each year.

Table 3 below shows that ERDF monies were focused mainly on investment in industry, tourism, transport and sanitary and local services, which accounted for a combined 92 percent of all ERDF support. In these (with the exception of industry), ERDF spend also typically accounted for between 30 percent and 40 percent of total OP spend. Projected investment in industry included a very high level of private sector investment, however, so ERDF spend accounted for a much higher proportion of all public expenditure in this area.

Table 3: ERDF Planned Role in the NDP/CSF 1989-93 (2000 Prices)

OP	Total OP Allocation (€ million)	CSF Share of Allocation (€ million)	ERDF (€ million)	ERDF as % of Total OP Allocation	% Share of Total ERDF Allocation
Industry	4,519.4	4,112.2	677.9	15.0%	32.2%
Tourism	496.1	485.1	193.0	38.9%	9.2%
Transport	2,353.0	1,346.7	912.8	38.8%	43.4%
Sanitary and Local Services	521.0	290.7	145.4	27.9%	6.9%
Energy	788.6	30.9	16.5	2.1%	0.8%
Telecommunications and Postal Services	641.7	58.0	31.7	4.9%	1.5%
Human Resources	3,315.4	2,554.3	88.2	2.7%	4.2%
Agriculture and Rural Development	2,384.8	2,143.4	38.7	1.6%	1.8%
TOTAL	15,019.9	11,021.4	2,104.3	14.0%	100.0%

Source: National Development Plan 1989-93, Community Support Framework 1989-93.

Investment in transport, which accounted for nearly 45 percent of all ERDF investment in the period, was focused mainly on improving Ireland's internal transport infrastructure, especially its roads, as well as improving the air and sea access infrastructure. Investment of more than €1.2 billion, for example, was earmarked to improve selected strategic national routes, namely Euroroute E01 (Rosslare-Border), Euroroute E20 (Portlaoise-Dublin) and Dublin-Kinnegad. However, this would only be a first step in addressing the infrastructure deficit identified in the Blueprint for Road Development, which estimated that €5.4 billion would be required to bring the Irish national road network up to a satisfactory standard. Investment of over €650 million in air and sea infrastructure focused mainly on improving facilities at the three State airports (Dublin, Cork and Shannon) and the main Irish commercial sea ports (Dublin, Rosslare, Waterford and Cork) as well as funding for the development of better air and sea freight services.

Investment in sanitary and local services was designed to reflect economic and demographic projections and to integrate fully with environmental protection needs. This included investment to support development policies in key sectors of the economy while also raising standards to meet the requirements of EU directives. Investment included measures to address industrial and other waste as well as water and air quality. However, investment in the environment in the second CSF period was actually a smaller share than in the first. This mainly reflected the arrival of parallel Cohesion Fund investment, which was of course earmarked for transport and environment infrastructure. Spend in the area of human resources was directed at the development of vocational training infrastructure, including: a new Institute of Technology (IT) in Tallaght, Co. Dublin; upgrading and enhancement of facilities at other ITs and universities; and construction of a new national training centre for the Council for Education, Recruitment and Training (CERT), the State tourism training agency.

Investment in industry under the NDP was intended to reflect reorientation of government policy, which placed increasing emphasis on measures to improve the competitiveness of Irish industry, FDI and indigenous, by upgrading the marketing, technological, financial and general management competence of firms. Nearly 70 percent of public/EU spend in this area was devoted to general industrial development support, which included equity and capital grants for manufacturing and international services firms, both indigenous and overseas, and modifications and additions to industrial building space. Another 17 percent of the public/EU spend, however, was devoted to upgrading the level of technology in Irish firms through advisory and information services, provision of applied research facilities in specific technologies (e.g. biotechnology, electronics, plastics, computers) and support for upgrading the technological capacity of firms through graduate placements and industry/higher education links. Lastly, 14 percent of public/EU support for industry was devoted to marketing development support and advisory services. The cornerstone of tourism development strategy for the period was based on major capital investment in the Irish tourism product, concentrated on culture and heritage, inland waterways and coastal marinas, outdoor special interest activities and leisure and health facilities (see Project Sample in Annex III).

3.1.3 1994-99

Following a near-doubling of annual funding in the first round, an increase close to this was achieved again following negotiation for the 1994-99 period (Brennan, 2008). Therefore, Ireland as a whole continued to be classified as a single NUTS 2 region eligible for Objective 1 funding. Again, a single NDP and CSF was produced for the period, with the centrally-agreed objectives of both being to:

- ensure the best long-term return for the economy by increasing output, economic potential and long-term jobs; and
- reintegrate the long-term unemployed and those at such risk into the economic mainstream.

The stated objectives of the NDP 1994-99 were broadly similar to those of the 1989-93 period, though with an even greater emphasis on job creation. Also, the NDP was again informed by other wider policy and strategy developments at the time, such as the Programme for a Partnership Government and the Report of the Industrial Policy Review Group (Industrial Policy Review Group, 1992). As a result, the development strategy to achieve these objectives contained four key but broadly defined priorities, which were to:

- strengthen the overall productive capacity of the economy and identify and support the development of key sectors with the best long-term growth potential;
- improve competitiveness by investing in economic infrastructure;
- develop the skills and aptitudes of those in work and those seeking employment by both addressing the needs of the productive sectors and by integrating those who are marginalised and disadvantaged; and
- harness the potential of local initiatives to contribute to economic development.

ERDF investment under the CSF was again delivered through a large suite of OPs, which included investment in: agriculture; economic infrastructure; environmental services; fisheries; human resources; industrial development; local urban and rural development; tourism; and transport. These were mostly co-financed also by other EU funds – ESF, EAGGF and FIFG – while Cohesion Funds, which were also part of the NDP, were administered in parallel on a project basis. Planned NDP investment for the period, in 2000 prices, was €24.7 billion, including State investment, EU aid and private sector investment. Investment over the 1994-99 period, therefore, showed a very large increase over the 1989-93 period. The CSF for the period accounted for over €11.9 billion of this spend, including EU aid of over €6.4 billion, State investment of nearly €2.7 billion, and private sector investment of nearly €2.8 billion. ERDF money alone accounted for nearly €2.9 billion of the EU funding, and about 12 percent of planned NDP investment.

Table 4, the table below shows how ERDF investment was divided across the NDP and CSF. It shows that industry, tourism and transport were again major focuses for investment, accounting for a combined 77 percent of all ERDF support. Furthermore, ERDF investment accounted for between 15 percent and 50 percent of all investment in these areas, or 36 percent of all public expenditure in the case of industry. However, there were also notable levels of ERDF support in the areas of local development and human resources. In addition, ERDF supported the development of hospital infrastructure through a new general hospital in Tallaght, Dublin. The rationale for this was to help address the lack of adequate social infrastructure available in Tallaght, which had seen population growth from about 2,500 in the 1960s up to about 75,000 in the late 1980s.

Table 4: ERDF Planned Role in the NDP/CSF 1994-99 (2000 Prices)

OP	Total OP Allocation (€ million)	CSF Share of Allocation (€ million)	ERDF (€ million)	ERDF as % of Total OP Allocation	% Share of Total ERDF Allocation
Industry	5,196.5	3,374.3	820.5	15.8%	28.1%
Agriculture, Forestry and Fisheries	2,250.3	2,215.3	28.5	1.3%	1.0%
Tourism	918.5	918.5	403.4	43.9%	13.8%
Transport	3,677.5	1,602.2	1,011.9	27.5%	34.7%
Energy and Communications	4,329.7	359.0	123.1	2.8%	4.2%
Environmental Services	924.7	143.6	88.9	9.6%	3.0%
Hospital Infrastructure	159.5	148.1	44.4	27.9%	1.5%
Human Resources	4,387.6	2,691.7	182.3	4.2%	6.2%
Local Urban and Rural Development	1,783.0	478.6	205.1	11.5%	7.0%
Community Initiatives	1,129.4	-	-	-	-
Technical Assistance	14.8	14.8	11.4	76.9%	0.4%
TOTAL	24,672.6	11,946.1	2,919.6	11.8%	100.0%

Source: National Development Plan 1994-99, Community Support Framework 1994-99.

Furthermore, investment in transport and environmental infrastructure received substantial additional support from the Cohesion Fund in this period. Cohesion Fund support for Ireland actually commenced in 1992, and between 1993 and 1999 it provided nearly €1.7 billion in investment support to Ireland (in 2000 prices). Support was more or less split equally between transport and environmental infrastructure (about €850 million each), with Cohesion Fund support equivalent to 84 percent of ERDF support for transport and more than 960 percent of ERDF support for environmental infrastructure.

The primary objective of transport investment in the 1994-99 period was to support sustainable economic development and employment creation, building on the progress made in the NDP and CSF 1989-93. For a start, the level of transport investment planned for the period represented a very substantial increase on the previous period. Further investment of €1.8 billion was also earmarked to improve national primary and secondary roads, with a focus on well-known traffic bottlenecks, while another €350 million investment was planned to further improve air and sea ports. However, there was a substantial increase in ERDF co-financed investment for non-national roads (€340 million) and mainline rail development (€270 million) – for long-distance passenger and freight transport and suburban passenger transport – while co-financed investment of €370 million was provided for public transport and traffic management measures in the Greater Dublin Area (through the Dublin Transportation Initiative). Investment in non-national roads was again to be targeted mainly on genuine and substantial improvement works for regional and local roads that were important to generating economic activity and jobs in industry, tourism, fisheries, forestry etc.

Added to this was the investment contributed by the Cohesion Fund over the period. Between 1993 and 1999, the Cohesion Fund contributed about €640 million for investment in roads infrastructure and another €160 million for investment in rail projects, with the balance of nearly €50 million mainly invested in sea ports. This investment was focused on a selected number of key projects and corridors, including the M50, M1, N4, N7 and N11 road routes, the upgrading of major rail corridors and extension of the DART suburban rail system in Dublin. Cohesion Fund investment in environmental infrastructure incorporated both water supply capacity and water conservation schemes, and included about €550 million spend on improving wastewater infrastructure and another €280 million spend on improved drinking water. In both transport and water, Cohesion Fund technical assistance was used to plan for investment carried out in the 2000-06 period, both EU and nationally financed, thereby playing a wider 'investment-enabling' role in these sectors. The Cohesion Fund rather than ERDF was therefore the primary source of EU investment in the environment in this period. The objectives included compliance with EU water and waste water quality Directives, as well as providing adequate infrastructure to meet the needs of enterprise development.

The essential objective of investment in industry under the NDP 1994-99 was to promote a strong internationally competitive enterprise sector, comprising both Irish-owned and foreign companies, which makes a maximum contribution to sustainable employment growth. The investment measures used to advance this objective were, broadly speaking, similar to those promoted under the NDP and CSF 1989-93. They included: upgrading and improving the capacity of indigenous firms to compete in the Single European Market; attracting new inward investment and developing the existing base of foreign firms in Ireland; building up marketing capabilities within firms; and enhancing R&D across Irish industry. However, there were some slight changes in emphasis, with a greater share of resources devoted to developing the food industry and small- and medium-sized enterprises (SMEs), increased resources for technology and R&D, greater emphasis on improving linkages to non-indigenous companies, and reorientation in favour of repayable forms of finance (e.g. equity).

ERDF support for tourism was, as in the 1989-93 period, focused mainly on product development and marketing, with the key objective being to increase foreign tourism revenue by 50 percent in real terms by the end of 1999. However, there were again some notable changes in emphasis. For example, the OP for Tourism 1994-99 set out a specific objective to address the issue of seasonality in the tourism industry, and setting a target to increase the number of overseas visitors arriving outside the peak July-September period from 60 percent in 1993 up to 66 percent in 1999. In addition, it adopted a more targeted approach to product development, with a particular focus on developing special interests (e.g. golf, angling, walking, cycling, equestrian), increasing investment in cultural and heritage attractions (including substantial investment in publicly-owned institutions and attractions) and developing a National Conference Centre. Furthermore, annual marketing expenditure was doubled compared to the 1989-93 period, with greater industry involvement in marketing continuing to be a priority.

Finally, whereas investment in industry, tourism and transport infrastructure was to a large extent building on investment made in the 1989-93 period, increased funding via a new dedicated OP for Local Urban and Rural Development (OPLURD) represented a new departure for the NDP and CSF 1994-99. Its genesis arose from the experience of a number of pilot interventions that had already been implemented, such as the Pilot Area Programme on Integrated Rural Development 1988-90, the LEADER Programme, area-based initiatives promoted under the Programme for Economic and Social Progress (a successor to the earlier Programme for National Recovery) and the EU Global Grant for Local Development. The experience gained from these initiatives suggested to government that considerable potential existed to generate enterprise and employment creation at a local level, if structured interventions were provided. In this context, therefore, ERDF investment was used to support initiatives, *inter alia*, such as:

- direct financial assistance for small enterprise development and training, business information and advisory and mentoring services, delivered through a network of City and County Enterprise Boards (CEBs); and
- area-based local development programmes for areas characterised by a high concentration of long-term unemployment, economic marginalisation, social exclusion and environmental degradation.

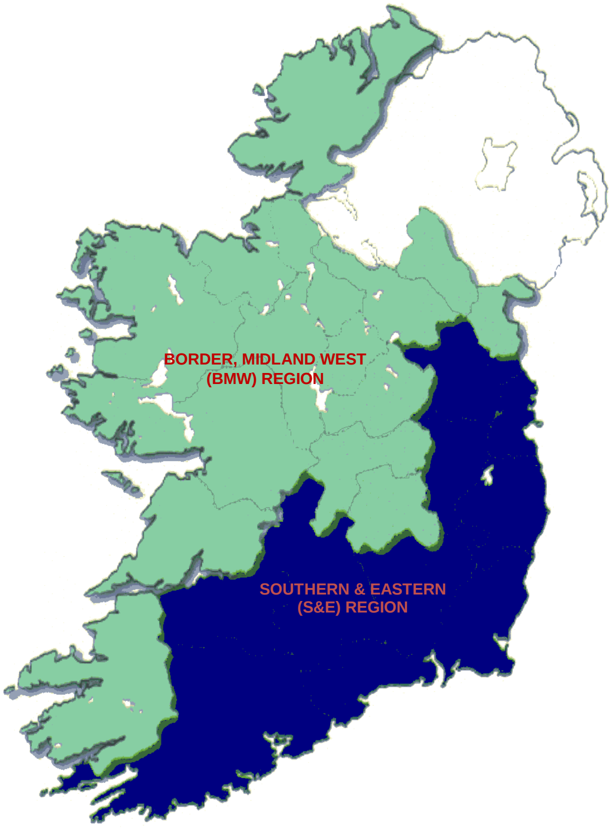
Alongside ESF, ERDF support for human resources investment included increased investment in vocational training infrastructure, which was also funded in the previous period, some investment in third-level infrastructure and capital investment to support training for people with disabilities. In addition, the border counties in Ireland received a further €70 million in ERDF support for cross-border co-operation through the PEACE I Programme and further small ERDF support through the Ireland-Northern INTERREG II Programme, while ERDF support was provided to the Dublin, Mid-East and South-East Regions through the Ireland-Wales INTERREG II Programme.

3.1.4 2000-06

As described in Chapter 2, planning for the 2000-06 period was framed against a radically different background to that of the 1994-99 period. In particular, planning for the period took place against a background of unprecedented 'Celtic Tiger' levels of growth in the Irish economy.

The programme for the 2000-06 period in Ireland also involved major administrative change when compared to programmes in the two previous periods. In particular, the period was notable for changes to Ireland's eligibility for funding, with Objective 1 status no longer being applied across the whole national territory. This was because Ireland's unprecedented economic transformation during the 1994-99 period had delivered substantial progress on key economic indicators, including GDP per capita. However, issues regarding the imbalance of development, both between and within regions, remained. Therefore, the country was split into two separate NUTS 2 regions for EU funding (and State Aid) purposes – the Border, Midland and Western (BMW) Region and the Southern and Eastern (S&E) Region - each with a new Regional Assembly to act as Managing Authority for new regional OPs.

Ireland: NUTS II Regions, 2000 onwards



These, in turn, were made up of groups of existing NUTS 3 (Regional Authority) regions. The BMW Region, the less developed of the two, retained Objective 1 status for the full programme period, while the S&E Region was designated as 'Objective 1 in Transition' and eligible for a 6-year phasing-out of Objective 1 support up to the end of 2005.

As with the earlier periods, there was still an overarching NDP and CSF document. The NDP 2000-06 was also, at the time, the largest national investment programme seen in Ireland, providing for more than €52.6 billion in investment (in 2000 prices) through EU, public and Public-Private Partnership (PPP) funding, or €61.0 billion in investment when private investment was included. While this is more than double the value of the 1994-99 NDP, this is partially explained by its inclusion of sectors of public investment previously outside the NDP, e.g. housing. Key national objectives for the 2000-06 period, which were to underpin the strategy for the NDP were outlined in broad terms as follows:

- continuing sustainable economic and employment growth;
- consolidating and improving Ireland's international competitiveness;
- fostering balanced regional development; and
- promoting social inclusion.

These objectives recognised the perceived successes and achievements of the NDP and CSF for the 1994-99 period and the very strong economic growth and development experienced at that time. At the same time, the objectives still sought to address remaining perceived weaknesses in the Irish economy. These included: continued infrastructural deficits, especially in transport and environmental services; congestion in major urban areas and on major road arteries; growth imbalances between and within regions; housing shortages, especially in urban areas; human resource skills and training needs; a still underdeveloped indigenous industrial sector; and concentrations of social and economic deprivation, with a lack of opportunities in certain areas.

However, unlike previous periods, the CSF accounted for only a very small portion of the overall NDP budget, and a majority of planned NDP investment was not co-financed. The CSF accounted for 12 percent of total NDP spend on this occasion (€7.2 billion), the total ERDF contribution was 3 percent of planned NDP spend (€1.9 billion) and the Cohesion Fund accounted for less than 1 percent of planned spend (€600 million). Again, this reflected the substantial economic progress made in Ireland in the 1994-99 period, the improved ability of the State to provide for capital investment needs without co-financing, the ambition underlying the new NDP, and the inclusion within it of a wider range of public expenditure than in previous plans.

The OPs for the 2000-06 period, which gave effect to the investment plans in the NDP, consisted of a mix of national OPs and regional OPs. These included: three national OPs – for economic and social infrastructure, employment and human resources development, and the productive sector; and two regional OPs – for the BMW Region and S&E Region. As a precursor to these programmes, regional development strategies had also been prepared for both NUTS 2 regions, which sought to outline regional investment priorities for national and regional OPs. The national OPs accounted for about 80 percent of planned NDP spend, with investment in economic and social infrastructure alone accounting for more than 40 percent. ERDF money was only used to support selected investment in economic and social infrastructure, the productive sector, both regional OPs and the PEACE II Programme (Table 5).

Table 5: ERDF Planned Role in the NDP/CSF 2000-06 (2000 Prices)

OP	Total OP Allocation (€ million)	CSF Share of Allocation (€ million)	ERDF (€ million)	ERDF as % of Total OP Allocation	% Share of Total ERDF Allocation
Economic and Social Infrastructure	26,564.4	1,511.1	873.0	3.3%	45.9%
Employment and Human Resources	17,140.5	1,597.9	-	-	-
Productive Sector	7,490.1	1,023.0	297.1	4.0%	15.6%
BMW Region	4,157.5	1,099.6	267.5	6.4%	14.1%
S&E Region	5,461.3	1,764.3	408.4	7.5%	21.5%
PEACE II Programme	129.7	144.0	52.1	40.2%	2.7%
Technical Assistance	10.2	10.2	5.1	50.0%	0.3%
TOTAL	60,953.7	7,150.1	1,903.1	3.1%	100.0%

Source: National Development Plan 2000-06, Community Support Framework 2000-06.

Included in this was the Cohesion Fund, which again provided further investment in transport and environmental infrastructure, totalling nearly €600 million, between 2000 and 2003. Support was again split almost equally between transport infrastructure and environmental infrastructure. In relative terms, Cohesion Fund support was also equivalent to 69 percent of the total ERDF support for economic and social infrastructure.

The Economic and Social Infrastructure OP (ESIOP) 2000-06 accounted for about €26.6 billion in planned NDP investment for the period. The objectives of the OP were quite broad, as it sought to: maintain economic growth and competitiveness by increasing the capacity of the national economic infrastructure; enhance the potential of all parts of the country to support and increase economic activity; improve capacity to protect and improve the environment; and improve quality of life. Investment was spread across six key Priorities – National Roads, Public Transport, Environmental Infrastructure, Sustainable Energy, Housing and Health Facilities. However, ERDF support under the OP was targeted on only a small number of key projects under National Roads, Public Transport, Environmental Infrastructure and Sustainable Energy, with ERDF money only accounting for about 8 percent of investment in national roads, 7 percent of investment in public transport, 2 percent of investment in environmental infrastructure and 20 percent of investment in sustainable energy. Examples of key co-financed projects included support for completion of gaps in Trans-European Network road routes (TENs), investment in public transport in Dublin and the other major urban centres, catchment protection under wastewater investment and energy conservation/efficiency and renewable energy measures.

Cohesion Fund assistance added to this over the first half of the period. Between 2000 and 2003, the Cohesion Fund contributed about €215 million for investment in roads infrastructure and another €70 million for investment in public transport. This investment was focused on further development of the M1 and M50 road routes and on rail projects in Dublin and the South-West. Cohesion Fund investment in environmental infrastructure, on the other hand, prioritised major urban wastewater projects in Dublin, Cork and Limerick. Investment totalled about €295 million, with some of this incorporating follow-on development of key 1994-99 projects. This was complemented by ERDF investment in small schemes, including rural schemes, under the Regional OPs.

The Productive Sector OP (PSOP) 2000-06 accounted for a further €7.5 billion in planned NDP investment. It sought to contribute to the key national objectives of the NDP and CSF by promoting investment in four Priorities – Industry (indigenous and FDI), RTDI, Marketing, and Sea Fisheries Development. However, ERDF money was used solely for investment in RTDI, accounting for about 8 percent of investment under the Priority and 4 percent of investment under the OP. Key activities funded included higher education/strategic research, industry-third level research collaboration, and industry-based R&D.

As the new element of the 2000-06 period, the BMW Region and S&E Region OPs accounted for €4.2 billion and €5.5 billion in planned NDP investment respectively. The two OPs sought to complement the national (inter-regional) OPs and extend their impact at local level across each region by investing in the four key Priorities of local infrastructure, local enterprise development, agriculture and rural development and social inclusion and childcare. However, ERDF money only accounted for 6 percent of investment under the BMW Region OP and about 7 percent of investment under the S&E Region OP. It was used to co-finance investment in local infrastructure, local enterprise development and social inclusion and childcare only, which included:

- investment in non-national roads, rural water schemes, waste management, urban and village renewal and e-commerce infrastructure;

- even more targeted investment in tourism products (including large strategic projects), continued investment in micro-enterprises, regional innovation strategies for the development of incubation space, and fishery harbours;
- investment in developing better childcare facilities throughout the country.

Other smaller ERDF support for cross-border co-operation and reconciliation was provided through the PEACE II Programme, the Ireland-Northern Ireland INTERREG IIIA Programme , and the Ireland-Wales INTERREG IIIA Programme.

3.1.5 2007-13

As was the case for the 2000-06 period, planning for the 2007-13 programme period in Ireland took place against a background of strong economic growth and development. However, unlike the previous period, this was in effect the calm before the economic storm, with 2007 in effect the turning point as the economy headed into the subsequent crisis. GNP growth had averaged an estimated 5.2 percent per annum over the 2000-06 period. Employment continued to expand at a robust pace, with growth averaging 3.4 percent per annum, while the unemployment rate fell to between 4.0 percent and 5.0 percent. The debt-to-GDP ratio fell to about 25 percent of GDP by 2007.

Total planned investment of €157.9 billion under the NDP as a whole, in 2000 prices, was split across five key Priorities: economic infrastructure; enterprise, science and innovation; human capital; social infrastructure; and social inclusion. Economic and social infrastructure priorities accounted for nearly 50 percent of investment, while investment in social inclusion accounted for more than 25 percent. However, this investment is no longer really relevant to the much smaller National Strategic Reference Framework (NSRF) 2007-13, and during this period the NDP and NSRF were essentially de-coupled, with the latter now being a more niche programme. In EU funding terms, for example, Ireland is designated as eligible under the new RCE Objective for the period. However, ERDF funding accounts for only €322.6 million, or 0.2 percent, of planned NDP investment (see Table 6).

Table 6: ERDF Planned Role in the NDP 2007-13 (2000 Prices)

OP	Total OP Allocation (€ million)	ERDF (€ million)	ERDF as % of Total OP Allocation	% Share of Total ERDF Allocation
BMW Region	491.5	196.6	40.0%	60.9%
S&E Region	315.4	126.0	39.9%	39.1%
TOTAL	806.9	322.6	40.0%	100.0%

Source: National Strategic Reference Framework 2007-13, Regional OPs 2007-13.

The NSRF, which replaces the earlier CSFs, involves two ERDF regional OPs and a national (inter-regional) ESF co-financed Human Capital Investment Operational Programme. It sets out the priorities for ERDF funding, and Cohesion Fund support no longer applies. Its stated strategic objective is to complement the investment priorities being pursued under the NDP by focusing on niche priorities in line with the Community Strategic Guidelines, ERDF regulations and regional priorities (identified in the findings of regional foresight exercises and regional needs analyses). In this regard, it therefore sets out two priorities for ERDF funding, which are:

- supporting innovation, knowledge and entrepreneurship within the regions;
- strengthening the competitiveness, attractiveness and connectivity of Gateways and Hubs designated under the National Spatial Strategy (NSS).

These objectives are implemented through the BMW and S&E Regional OPs. The BMW Region OP makes provision for a total investment of €492 million, including ERDF investment of €197 million. It states that its overall objective 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. Underpinning this are three priority objectives, which are to:

- enhance the research, innovation and ICT infrastructure and capacity of the BMW region, promote entrepreneurship and enterprise development and support collaboration and technology transfer between research institutions and the business sector;
- contribute to the sustainable development of rural areas and the protection and enhancement of the rural environment by protecting surface and groundwater from pollution, stimulating energy efficiency, renewable energy deployment and the integration of sustainable energy practices into public policies;
- 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.

The S&E Region OP makes provision for a total investment of €315 million, including ERDF investment of €126 million. It states that its overall objective is to contribute to increasing the productivity and competitiveness of the region, to support sustainable development and to help improve quality of life in the region through investment in the development of innovation and the knowledge economy, supporting the protection of the environment, sustainable development and the take-up of broadband, and supporting city regeneration and town renewal. Priority objectives underpinning its overall objective are:

- to develop further, in accordance with the Lisbon Agenda objectives, the knowledge, R&D, innovation and entrepreneurial base of the region's economy and to support collaboration and technology transfer between research institutions and the business sector in order to boost the region's growth and competitiveness;
- to invest in rural water collection and treatment systems, water source protection, renewable energy production and energy conservation and to increase broadband take-up throughout the region in order to contribute to the sustainable development of the region;
- to enhance the attractiveness of the designated Gateways and Hubs as places to live in, work in and invest in, and to support and complement efforts to ensure that the cities and towns maximise their potential.

3.2 Relevance of Programmes to Regional Needs

Over the period since 1989, the orientation of successive programmes, and the manner in which they have sought to address Ireland's development problems, has changed. However, ERDF programmes and Cohesion Fund activities have generally maintained a clear relevance to Ireland's development needs. This includes addressing different aspects of needs at different stages, where the problem has required a long-term intervention (e.g. transport infrastructure, enterprise and job creation), responding to a wider set of needs as programmes have expanded (e.g. public transport, local development) and targeting support on a limited number of key priorities as ERDF resources reduced.

During the 1989-93 programme period, the NDP and CSF drew on a clear analysis and understanding of Ireland's key development problems at that time, an analysis that had been built up over a number of years and which was instrumental in highlighting the priorities for investment in this period. As a result, many of the weaknesses in the Irish economy that needed to be addressed at this time, which have been outlined in Table 2 above, were priorities for direct intervention under the NDP and CSF 1989-93. For example, heavy investment in infrastructure (especially roads and air and sea ports) was directly targeted at dealing with the issues of poor infrastructure development and high access costs, investment in industrial development sought to tackle the weak industrial structure in the Irish economy, and investment in tourism was identified as a key sector with potential to create jobs. Therefore, investment during this period represented an important first step to address these problems.

Table 7: Comparison of Regional Needs and Programme Responses

	Regional Need	CSF Response	Project Focus
1989-93	job creation; enterprise growth; infrastructure deficit	broadly based CSF with a focus or direct support for enterprise, infrastructure, training	• enterprise capability • major infrastructure
1994-99	job creation; long-term unemployment; public transport	broadly based CSF with continued investment in infrastructure and enterprise, new local development OP	• support for R&D • increased infrastructure investment • local development initiatives • Dublin public transport
2000-06	infrastructure bottlenecks; regional development	focused NSRF[1] addressing innovation and regional development	• support for R&D in universities/IOTs • cross-sectoral Regional Operational Programmes on locally delivered initiatives
2007-13	implementation of NSS, maintenance of competitive economy	NSRF focus[1] on one national and two regional OPs	• support via regional OPs for innovation, environment, ICT and Gateway locations
[1]EU-funded component of larger NDP.			

As noted previously, programmes for the 1994-99 period sought to consolidate the investment progress made during the 1989-93 period, while at the same time starting to tackle a wider set of regional needs. Investment in transport therefore continued to be a high priority, though with a new focus on public transport as well as roads. Investment in environmental infrastructure was also a key priority, mainly through the Cohesion Fund. Investment in industry and tourism became somewhat more targeted, whereas addressing local development issues (including disadvantage at a local level) came to the fore in this period.

ERDF support became even more focused and targeted during the 2000-06 and 2007-13 periods, given the changes in the economic and funding contexts. However, ERDF support was still in most cases very much targeted at clearly defined regional needs. Investment in RTDI, in particular, has been a strong focus of ERDF support for both periods, in line with national strategies in this area (e.g. Strategy for Science, Technology and Innovation 2006-13), while large strategic infrastructure projects were a further focus of ERDF and Cohesion Fund support. Also, greater targeting of ERDF support between 2000 and 2013 has probably been more appropriate, given the more limited resources available and the danger of spreading resources too thinly over a wider set of needs.

Table 8: Needs and imputed objectives for eight thematic axes

	1989-93		1994-99		2000-06		2007-13	
Thematic Axis	**Needs**	**Imputed objectives**	**Needs**	**Imputed objectives**	**Needs**	**Imputed objectives**	**Needs**	**Imputed objectives**
Enterprise	++	5	++	3	++	4	++	4
Structural adjustment	++	4	++	5	++	4	+	3
Innovation	+	4	++	3	++	5	++	5
Environmental sustainability	++	4	++	4	++	5	+	2
Labour market	++	5	++	4	++	2	++	4
Social cohesion	++	2	++	4	+	2	+	4
Spatial cohesion	++	2	++	4	++	4	++	2
Infrastructure	++	5	++	5	++	5	+	2

Needs Scale (evaluation of the region at the start of the period)
++ Very high need: the region is highly deprived on this axis
+ High need: the region is somewhat deprived on this axis
= Average need: the region is around the national mean on this axis
- Low need: the region is above the national mean on this axis
-- Very low need: the region is already a European frontrunner on this axis

Imputed Objectives
5 Very high effort, this axis is a central aspect of the regional development strategy
4 High effort, this axis is an important element in the regional development strategy
3 Average effort, this axis is included in the regional development strategy but not particularly important
2 Low effort: this axis is only marginally considered in the regional development strategy
1 No effort at all on this axis

In conclusion, therefore, ERDF programmes have generally maintained a clear relevance to Ireland's development needs over time. However, these needs have been addressed to varying degrees at different times, as the focus of investment and the availability of ERDF resources has changed.

Interviewees generally felt that programmes tackled needs, and that these evolved appropriately over successive rounds. They generally justified this view through a combination of the fact that Cohesion Policy was used to support agreed national strategies, and that these strategies generally reflected national needs as they emerged from a mix of wider needs analyses and strategies, formal ex-ante evaluations carried out by the Economic and Social Research Institute (ESRI) and others, 'foresight' exercises (in a few cases), and wider political and public debate.

This positive assessment is also reflected in stakeholder survey results. When asked if programme objectives tackled needs, 80 percent of those expressing a view said ‘yes’, with the balance feeling that relevance was limited, but with almost no-one feeling that programmes were not at all relevant (see Annex VII).

A number of interviewees did, however, express a view that in hindsight they would feel there were some important ‘missed opportunities’, i.e. needs that might have been addressed or addressed better. Examples included infrastructure areas such as broadband/ICT and renewable energy, however these were cited by a small number of consultees only.

Policy failure was also cited, relevant to reaping the benefits of EU funds, although these were generally seen as primarily a national rather than EU responsibility. Examples included limited public sector reform and modernisation, difficulties in transport regulation, absence of user charges (most famously in domestic water) etc.

Failure to develop a serious, coherent regional development policy was also referred to. The National Spatial Strategy (Department of Environment, 2002), when finally launched in 2002, was a heroic effort, but it was arguably ‘too vague and too late’ in that Ireland was well into the third funding round.

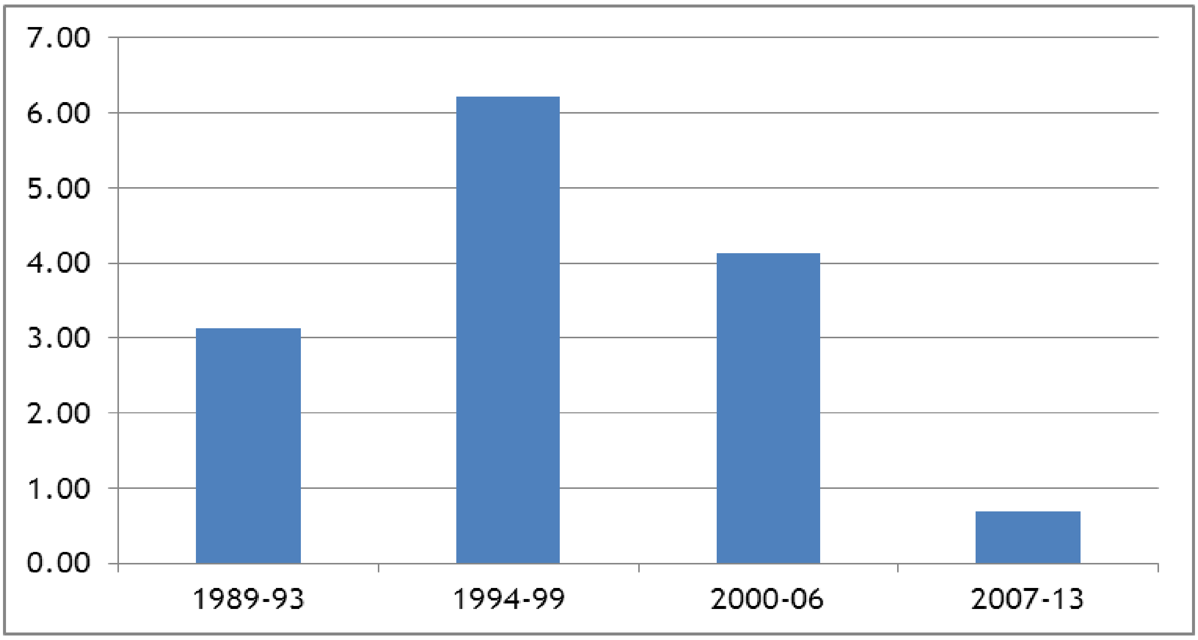
Slowness in decision-making and overlap in implementation, especially in relation to infrastructure, were also cited. To a degree, this meant that some major investment came rather late in terms of meeting its objectives, and also in the 2000-06 period it was pro- rather than anti-cyclical in its overall macro-economic sense.

4. EXPENDITURE ANALYSIS

4.1 Financial Allocations

Throughout this section, financial allocations and expenditure refer to total public EU and nationally co-financed spend combined. Over the period 1989 to date, financial allocations (i.e. planned expenditure) and expenditure (i.e. actual expenditure) in Ireland have varied in both their extent and targeting, reflecting Ireland's economic transformation, changing needs, and evolving Structural Funds policy and eligibility.[3] The absolute level of allocations over each programme period is shown in Figure 5, in constant 2000 prices.

Figure 5: Financial Allocations in Ireland by Programme Period (€ billion, 2000 Prices)



Source: Programme Documents.

From an initial allocation of just over €3 billion over the 1989-93 period, funds increased to €6.2 billion between 1994 and 1999, before falling to €4.6 billion in the 2000-06 period and then diminishing very substantially to just €0.6 billion for the current programme round. The variation is not as wide when annual averages are considered, whereby the allocations moved from €0.6 billion in the initial period, to €1.1 billion, €0.6 billion and approximately €0.1 billion over subsequent rounds. The table also shows that while the year 2000 is in many ways a watershed year in the history of Cohesion programmes in Ireland, considerable funding levels continued in 2000-06. In terms of funding level, the key year is 2007, when the fund levels fell off. It should also be noted that the high level of 2000-06 funding also reflects the presence of the Cohesion Fund up to 2003 (which was not part of the CSF) and use of real (2000) prices which lower the value of the 1989-93 period. The ERDF allocations included under each subsequent CSF were substantially added to by Cohesion Fund support over the years 1993-2004 (which straddles three programme periods), over

[3] It includes all investments exclusively or predominantly co-financed by the ERDF and/or Cohesion Fund, and excludes Structural Funds programmes exclusively or predominantly co-financed by other funds (e.g. ESF, FIFG, EAGGF etc). It excludes private matching expenditure as well as public expenditure not co-financed by EU sources.

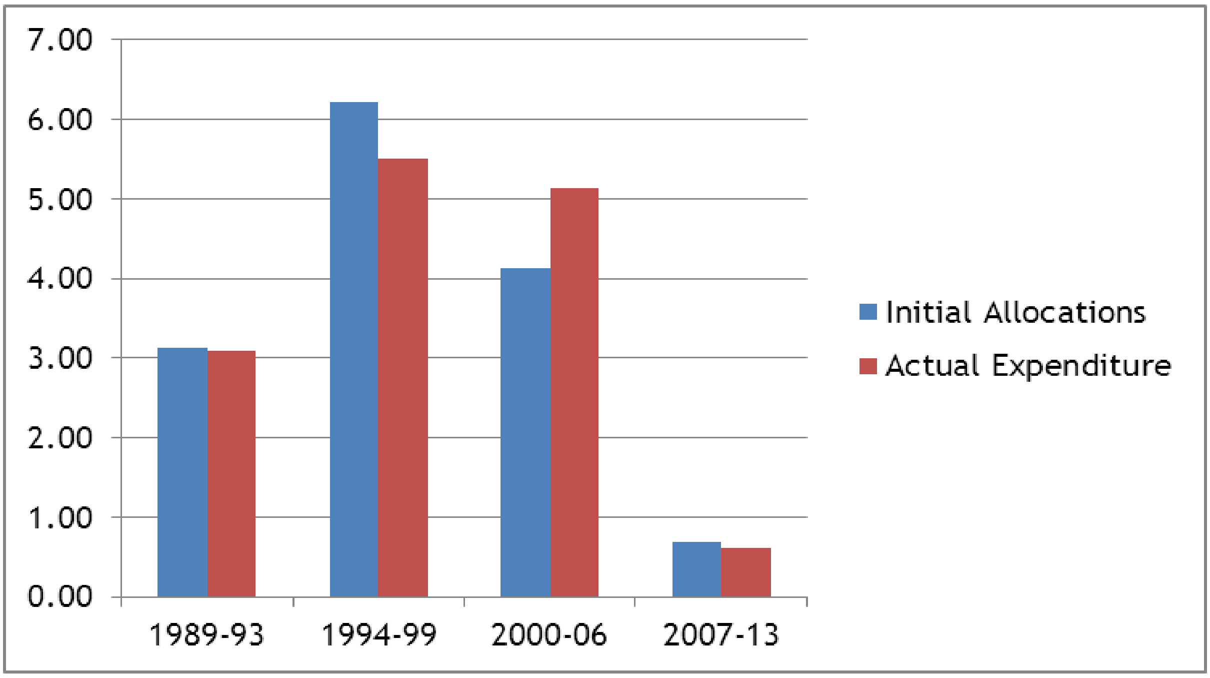
which time cumulative public investment allocations co-financed by the CF amounted to €2.3 billion.

4.2 Allocations Compared to Actual Expenditure

In overall terms, Ireland has a strong record of spending relative to allocations, i.e. absorption in the broader sense. This means that in financial terms programmes have been effective.

Figure 6 compares estimated cumulative expenditure of each spending round (up to 2010 inclusive under the current round), as compared to original allocations for each full period.

Figure 6: Actual Expenditure versus Initial Allocations, Ireland (€billion, 2000 Prices)



Source: Programme Documents.

Regarding planned and actual expenditure at thematic level, Figure 7 below compares these by period, and the following patterns emerge.

- In the 1989-93 period, planned and actual expenditure by theme are quite closely aligned. This reflects the fact that the period commenced with a considerable level of infrastructure investment programmes and projects that were ‘shovel-ready’ and hence able to absorb the funding levels available. In the case of non-infrastructure investment, especially enterprise development and innovation, programmes were utilising existing implementing agencies with established systems for project application, processing, expenditure and monitoring, most notably the enterprise agencies.
- In the 1994-99 period, the relationship between planned and actual expenditure was not quite so close. Infrastructure investment was somewhat higher than planned and industry investment lower. The higher level of infrastructure spend reflects the availability of infrastructure (especially roads) projects as an alternative use of funding and as a sector where (eligible) demand always exceeded supply.
- Regarding the 2000-06 period, a similar pattern is evident with investment in infrastructure being greater than planned and that in innovation lower. The lower-than-expected level of

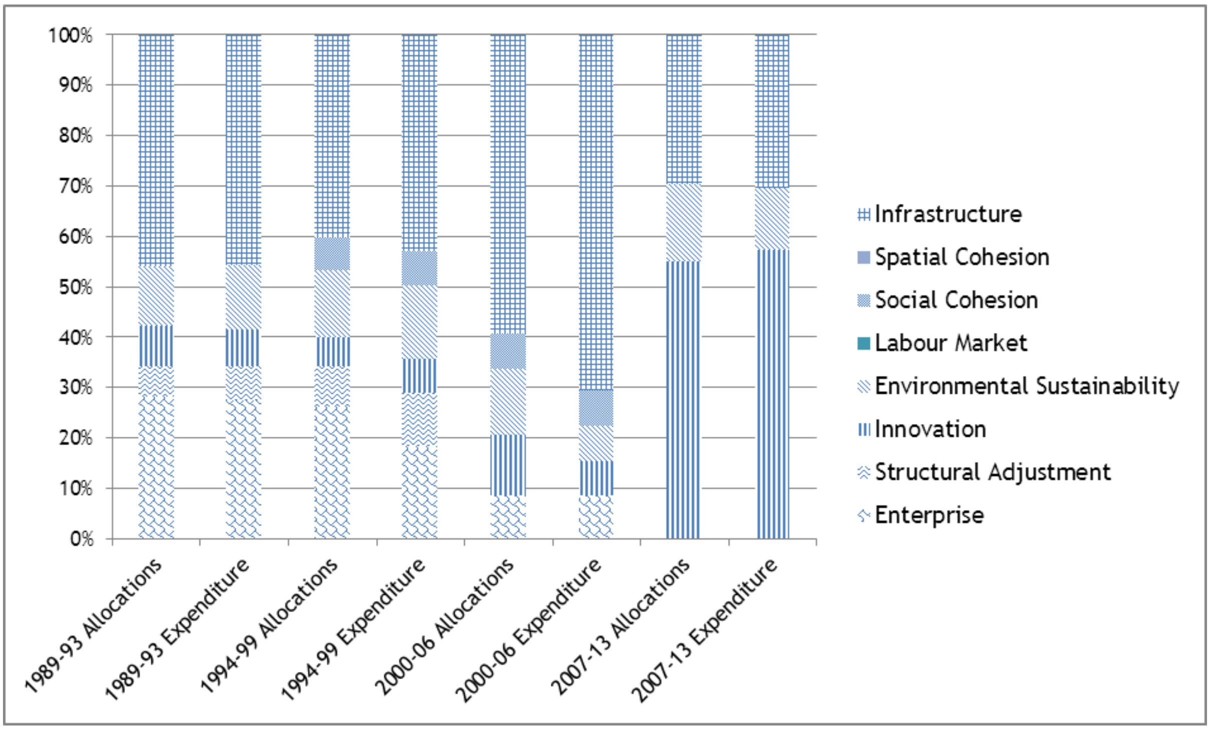
investment in innovation arose due to absorption problems in the Productive Sector Operational Programme. The OP contained what were in retrospect overly optimistic regional expenditure targets which the limited RTDI infrastructure in the region was unable to absorb.

- In the 2007-13 period, the previous pattern was reversed with the innovation running ahead of target and infrastructure behind target. This reflects delays in the commencement of infrastructure projects.

Potential for alternative interpretation of the thematic areas and data availability has limited the precision with which allocations and expenditure figures can be categorised according to the study thematic areas, but nevertheless significant trends can be observed with respect to the thematic focus of successive programme periods (see Figure 7).

Regarding allocation, in the 1989-93 period substantial proportions of funding were allocated to infrastructure, particularly transport infrastructure, within which road investment was most significant. Industrial development, covering a host of intervention types aimed at both indigenous and foreign-owned enterprise development, expansion and competitiveness also accounted for substantial proportions of the total funding in Ireland. The balance of funding was fairly evenly allocated into environmental projects, in particular water and wastewater systems, innovation, research and development and the tourism sector. Regarding allocations in the 1994-99 period, this was to a considerable extent an enlarged continuation of 1989-93. Hence, the thematic focus shifted only marginally. However, while investment in transport infrastructure remained predominant, it began to cover a more diverse set of areas. In addition to national primary and secondary roads, it included non-national roads, public transport and commercial seaports amongst its targets. The period also saw funds target location-specific disadvantage and social cohesion through the new dedicated Programme for Local Urban and Rural Development, while environmental infrastructure continued to feature strongly (which together with transport infrastructure were the focus of both ERDF and Cohesion Fund substantial investment under this period). Lower-than-anticipated expenditure in enterprise reflected a desire to move resources into public goods areas away from areas supporting sectoral growth, as the latter was occurring as a result of economic growth more generally, which had taken hold in the later years of this round.

Figure 7: Allocations and Expenditure by Thematic Axis (% of Programme Total)



Source: Based on Programme documents.

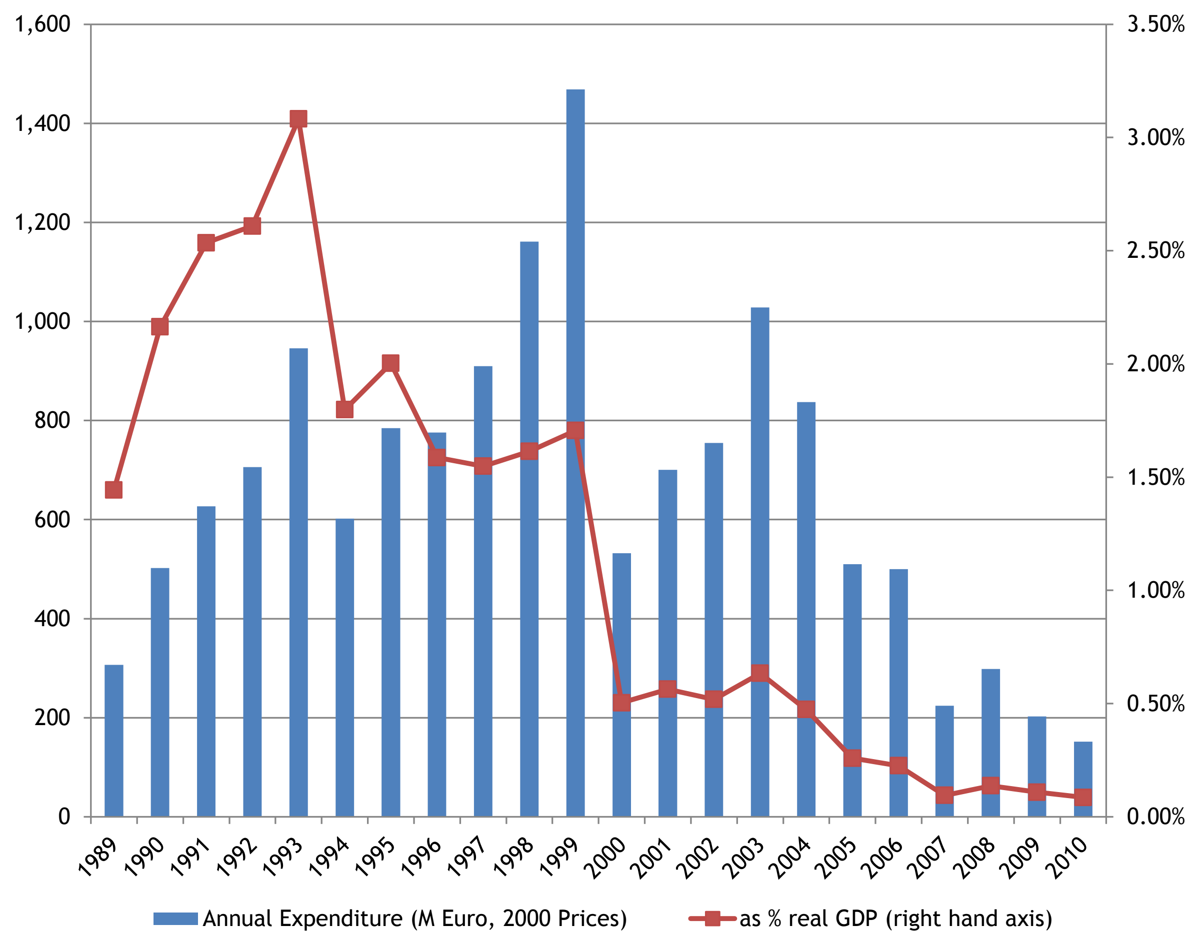
The 2000-06 period marked a much more significant shift in the thematic focus of funding. Transport investment saw its share of total funding grow substantially, in response to congestion and infrastructure inadequacies very much resulting from the rapid economic growth then underway. The inter-urban motorway network as well as major enhancements to suburban public transport were both major priorities.

Innovation came into much sharper focus, as full or close-to-full employment reduced the need to support the enterprise sector to increase its employment base, as had been a priority for industrial policy previously. The enterprise development focus in fact changed to RTDI generally given its role in improving output per head and in creating and expanding new enterprises and markets. Environmental infrastructure, in particular investments to ensure compliance with EU urban wastewater regulations, remained a focus and continued to benefit from both ERDF and Cohesion Fund support. However, investment in the productive enterprise sectors, in areas other than RTDI, had a much-reduced status amongst priorities. Spatial cohesion was also a priority, although in large part through the geographic targeting of investments in some of these other categories rather than constituting a stand-alone theme.

Regarding 2007-13 allocations, the much-reduced financial allocations for the period were targeted into more modest and specific areas of policy. Building on the focus under the 2000-06 round, investment in innovation, information and communications technology and research and development were the predominant focus of Structural Funds allocations, with the secondary focus on investments seeking to support more balanced regional and urban development through transport projects. The final focus of initial allocations under this funding period was on environmental sustainability, predominantly with respect to water and sustainable energy, but also with modest allocations in areas such as waste, recreation and heritage.

Previous sections have noted that the absolute expenditure pattern in Ireland grew and subsequently receded over the periods in question. Figure 8 shows the estimated extent of expenditure on an annual basis over the entire period, as well as the annual expenditure expressed relative to real GDP levels.

Figure 8: Annual Expenditure, Absolute and as % of GDP (Constant 2000 Prices)



[1]Comprehensive expenditure data in 2005 and 2006 were unavailable and here have been estimated to have remained at 2004 levels for the categories in question.

Source: Based on analysis of programme documents.

The degree to which annual expenditure increased gradually over the course of individual funding rounds is apparent, particularly the 1989-93 and 1994-99 rounds. Of greater note, however, is the degree to which spending, despite growing substantially between these two rounds, fell substantially relative to GDP, a trend that continued throughout subsequent years. This reflects the particularly high GDP growth experience in Ireland over much of the period under review.

5. ACHIEVEMENTS ANALYSIS

5.1 Reported and Actual Achievements

5.1.1 Programme-level Achievements

The analysis of programme-level achievements below is organised according to the four programme periods, i.e. 1989-93, 1994-99, 2000-06 and 2007-13.

(i) 1989-93

As noted in earlier sections, the overall performance of the Irish economy during the 1989-93 period exhibited a number of notable successes. Economic growth averaged about 5 percent per annum over the period, Ireland's GDP per capita rose from 62 percent up to 73 percent of the EU average, the General Government Balance fell to a deficit of under 2.5 percent of GDP, and the debt-to-GNP ratio fell by a projected 23.0 percentage points. However, employment growth of 41,000 between 1988 and 1993 remained well below the level needed to absorb the natural increase in the labour force and the impact of increased female participation, and the unemployment rate still averaged about 18 percent of the labour force.

At a sectoral level, evidence also suggests that individual OPs, and especially those OPs that accounted for the bulk of ERDF spending, achieved some successes. For example, an EU-wide evaluation of CSFs in Objective 1 regions for the 1989-93 period, carried out by Price Waterhouse, noted that the majority of OPs under the CSF in Ireland had broadly achieved their planned outputs estimated at the outset of each programme. These outputs included major improvements to the national primary road network, major infrastructure projects at ports and airports, enterprise and inward investment development assistance for several thousand projects and companies, and new tourism product developments such as improved waterways infrastructure, major cultural and heritage projects and improved conference and leisure facilities. Also, the overall view arising from this evaluation was that the impact of the individual OPs was generally strong (Price Waterhouse, 1995).

However, in many instances, it is less easy to link these outputs to the macroeconomic indicators and targets highlighted above, or to attribute success directly to ERDF support only, as there were other funding streams and, indeed, other economic and policy factors that played a part in helping to achieve OP targets. Therefore, for many of the successes, ERDF must more commonly be viewed as a contributing factor to the achievements of the period rather than the primary driver behind the achievements. At the same time, a number of studies have attempted to estimate the macroeconomic impact of Structural Fund intervention (including ERDF and Cohesion Fund but also other EU funds). The ESRI Mid-term Evaluation of the CSF 1994-99, for example, estimated that the combined effect of Structural Fund intervention in the 1989-93 and 1994-99 periods would be to raise the level of GNP by between three percent and four percent above what it would be without the Structural Funds.

At a headline sectoral level, the primary target established under the Industry OP 1989-93 was to create an average of 20,000 gross new jobs per annum in manufacturing and internationally traded services over the period. A review of the achievements of the 1989-93 CSF, appended to the 1994-99 NDP, found that this target was met over the first four years of the period, with a total of

80,883 jobs created. In net employment terms, there was an average annual gain of almost 2,900 between 1989 and 1992, or total net jobs created of 11,474 over four years. Overall, this performance represented an improvement on the continuous decline in net manufacturing employment between 1980 and 1987, when there was an average annual decline in employment of 5,500. However, these numbers are derived from the annual employment surveys of the relevant State enterprise agencies, so they reflect employment growth in all agency-assisted companies, and not solely those that were assisted under the Industry OP. Also, overall employment in manufacturing continued to remain static, with gross new jobs created doing no more than replacing the continuing attrition of manufacturing employment. In the evaluation of the 1989-1993 OP for Industrial Development, Deloitte and Touche reported that while gross job creation was close to target levels, net job creation was just 30 of gross for foreign companies and 4% for indigenous industry over the period 1989-1992.

In addition, analysis over the first four years of the NDP and CSF 1989-93 shows that Irish industry generally, in terms of employment, output and productivity, did considerably better than the EU average. In particular, manufacturing employment grew at a rate of 1.0 percent per annum over the 1989-92 period compared to a decline of 2.0 percent per annum for all EU countries. Ireland's output volume growth for the period was about 6.0 percent per annum, while productivity growth was 1.4 percent per annum. Furthermore, this included a relatively strong performance by the indigenous sector, which recorded average annual output growth of 3.5 percent, average annual employment growth of 0.3 percent and average annual productivity growth of 3.2 percent. However, it should be noted that some major developments that impacted on key industry issues such as competitiveness (e.g. wage moderation, fiscal policy), were primarily macro-economic in nature, and progress was not solely related to industrial policy expenditure under the Industry OP, or indeed to ERDF support within this expenditure. The specific export target of the Industry OP 1989-93 was to increase the exports of Irish SMEs by almost 75% by the mid-1990s. In 1992, the 1,200 indigenous companies that were the focus of support recorded exports that were up 76 percent on their 1988 outturn, which suggests significant achievement for this element of Cohesion funding. In addition, in its summary evaluation, Deloitte and Touche (1993) attributed significant successes to the 1989-1993 Industrial Development OP, particularly its support for inward investment, for medium-sized indigenous industry and for marketing.

Physical progress under the Peripherality OP 1989-93 included completion of about 50 major improvement projects on national primary roads, involving construction of 85 kilometres of motorway, 77 kilometres of dual carriageway and 137 kilometres of single carriageway. In capacity terms, these improvements were equivalent to approximately 10 to 15 percent of the total national primary road stock at that time. However, they provided a significant expansion of the very limited motorway and dual carriageway capacity available on Irish national primary roads prior to the OP. In addition, smaller improvement works were carried out on about 200 kilometres of the national primary network, and some 1,700 kilometres of other roads supporting "industrial and tourism development" were improved. In this instance, the availability of ERDF undoubtedly played a significant role as a source of funding, and a leverage for other funds, that delivered infrastructural improvements that would otherwise not have been possible. Also, airport investment under the OP enabled facilities at State airports to be upgraded to cater for growth of about 18 percent in passenger traffic between 1989 and 1993, while improvements at seaports facilitated growth in volume of goods and services handled of 31 percent and growth in value of 36 percent between 1989 and 1991, with passenger numbers increasing by 21 percent over the same period.

However, some issues were raised concerning the appropriateness of some of this spend. For example, an ESRI Evaluation of the 1989-93 CSF, carried out towards the end of the OP period, suggested that it was not clear that roads spend that supported “industrial development” was maximising beneficial impact in this area, while it also questioned the project selection underlying expenditure on roads supporting “tourism development”.

Finally, performance in the tourism sector was broadly in line with growth targets in the NDP and CSF 1989-93, notwithstanding a dramatic decline, halfway through the period, in international travel because of the first Gulf War and the subsequent economic recession in some of the world’s leading tourist markets. Between 1989 and 1992, foreign tourism revenue had increased by around 77% of the total targeted increase to end-1993, and an estimated 20,000 full-time job equivalents had been created (compared to an end-1993 target of 25,000), though growth in visitor numbers (about 33 percent) was somewhat off target. While business travel and people visiting friends and relatives (VFRs) remained relatively static at 1988 levels for the period, the number of holidaymakers visiting Ireland almost doubled.

Again, this could be considered to be partially attributable to the impact of the investment in the tourism product and overseas marketing under the NDP and CSF 1989-93. For example, the Final Report for the Tourism OP 1989-93 indicates that product outputs that were delivered under the OP included 180 kilometres of navigation improvements on inland waterways, over 500 new berths and moorings, over 100 new inland cruisers, establishment of five new coastal marinas, infrastructure improvements on 1,500 kilometres of walking trails, improvements at about 80 historic houses, castles and national parks, development of more than 20 new theme parks or day-visitor attractions, provision of nearly 20 new equestrian centres, development of new and improved facilities at about 40 golf courses and development of more than 15 new ‘theme towns’. ERDF support was again a major source of funds and a leverage for other funds that facilitated this development, while other trends in the tourism sector at the time provide evidence that the investment had a clear positive influence. For example, the Tourism Development Plan 1994-99, published by Bord Fáilte (now Fáilte Ireland), noted that visits to tourist attractions increased by 100 percent between 1988 to 1993, from 3.5 million to 6.9 million, while the number of boat weeks sold on inland waterways increased by more than 30 percent, from 6,200 to 8,200, between 1988 and 1992. The Final Report of the Tourism OP 1989-93 reported very strong trends in specialist tourism:

- golfing visitors in Ireland increased by 219 percent, from 52,000 to 166,000, between 1988 and 1993;
- angling visitors increased by 73 percent, from 106,000 to 184,000, in the same period;
- walking tourists increased by 60 percent, from 203,000 to 325,000;
- cycling visitors increased by 234 percent, from 50,000 to 167,000;
- equestrian visitors increased by 148 percent, from 25,000 to 62,000;
- visitors participating in sailing and yachting increased by 13 percent, from 31,000 to 35,000.

These achievements should also be viewed within the context of other key success factors driving tourism performance at that time (e.g. low-cost air fares). Also, the number of pure holidaymakers visiting for several of these activities (angling, golf, equestrian, cruising, cycling) were below original OP targets.

Finally, it is worth noting that concerns about overcapacity in some tourism market segments were being raised at this time. For example, the ESRI Evaluation of the 1989-93 CSF, referred to earlier, suggested that future policy emphasis on both inland waterways and golf products, from a tourism perspective, should shift from capital works to filling existing capacity.

(ii) 1994-99

The CSF for the 1994-99 period accounted for about half of the total planned spend under the NDP (including public, EU and private sources). Quantified overall objectives for the CSF that were developed for the period included:

- GDP growth of 4 percent per annum;
- GNP growth of 4 percent per annum;
- growth in investment (Gross Fixed Capital Formation) of 4 percent per annum;
- gross job creation of 33,000 jobs per annum;
- net employment change of 15,000 jobs per annum.

By the end of the period, these quantified objectives were largely exceeded. A review of the period contained in the NDP 2000-06, for example, states that real GDP expanded by an estimated average in excess of 8 percent per annum over the period, twice as fast as target growth. GNP growth also averaged about 7.5 percent per annum for the period, total investment expanded at a rate of 14 percent per annum and net employment expanded by an average of over 74,000 per annum (in the five years up to April 1999). Reflecting this, the unemployment rate fell by about 9.0 percentage points, from 15.0 percent to 6.0 percent, in the period.

Strong economic performance also led to a rapid convergence with the overall EU economy. GDP per capita increased from 85 percent of the EU average in 1993 up to an estimated 105 percent in 1999. GNP per capita was 88 percent of the EU average in 1999, up from 79 percent in 1994, while the country's debt-to-GDP ratio had fallen to 56 percent by 1998. Finally, long-term unemployment fell to under 44,000 in April 1999 compared to over 128,000 in April 1994, giving a fall in the long-term unemployment rate of some 6.4 percentage points.

The Mid-term Evaluation of the CSF 2000-06, carried out by the ESRI, estimated that the short-run impact of the CSF 1994-99 increased GNP by an estimated 3.0 percentage points over what it would otherwise have been, while the corresponding employment effect was estimated at about 33,000. Also, the ESRI evaluation described the CSF as representing a '*… notable success story*'. It continued that '*… funds have been deployed effectively to support and enhance what has been a remarkable economic recovery. Under the CSF process, medium-term planning of public expenditure has come to the fore, allowing a more systematic and effective programme in many areas. Capacity and capability has been increased in the productive sectors; there has been a quantum-leap in the provision of public infrastructure; education and training attainment forges ahead; and experimental institutional arrangements have galvanised local initiatives*' (ESRI, 2003).

Turning to ERDF more specifically, reported achievements (including outputs, results and impacts) in the main ERDF-supported investment areas under the NDP and CSF, i.e. infrastructure and industry, show that many targets were either met or exceeded during the 1994-99 period (see Annex III). Roads investment, for example, saw targets exceeded for improvements on national primary, national secondary and non-national roads, while targeted time-savings on key national primary corridors were also achieved. This delivered completion of key infrastructure projects on the four key national primary corridors and cumulative time savings of nearly 190 minutes across the four corridors. Also, nearly 150 kilometres of improvements were made on national secondary roads, along with improvements to over 2,000 kilometres of non-national roads. The ESRI, in its National Investment Priorities for the 2000-06 Period, noted that spending on non-national roads was largely spent on regional roads (i.e. the next class down from national roads) rather than local roads, and it was favourably evaluated in the Mid-term Evaluation of the Transport OP 1994-99, prepared by DKM Economic Consultants, as an alternative to wasteful short-term maintenance expenditures (DKM 1996).

Investment in industrial development saw targets achieved or exceeded for both gross and net job creation, for gross and business expenditure on R&D (BERD) and for increased value-added in industry. Furthermore, targets for Ireland's overall share of world trade, for the proportion of manufacturing employment in hi-tech sectors, and for sourcing of raw materials in Ireland were also achieved. In some cases, these targets were also exceeded by a very large margin (e.g. gross and net jobs created, value-added in industry). However, these targets were again not specific to either CSF- or ERDF- supported activity, while performance against targets that were specific to indigenous industry were less impressive.

Tourism was the other main area of ERDF investment under the NDP and CSF 1994-99. Reported achievements against key targets outlined in the Tourism OP show that the key targets for sectoral growth, i.e. growth in foreign exchange earnings and growth in jobs, were both exceeded over the period. However, these were again headline targets for the sector as a whole, and performance in this regard was influenced by a number of other factors, including the generally buoyant economic climate at the time, the availability of low-cost air access into Ireland, and the availability of tax incentives for developing improved hotel accommodation. Furthermore, the OP also set targets for smoothing the seasonal spread of overseas tourism business, and especially reducing the volume of overseas business arriving in the peak months of July and August. In this regard, it failed to achieve its main target, i.e. to reduce the July-August share of overseas arrivals from 30 percent to 25 percent. It also made no progress in moving more visitor arrivals into the shoulder season (May, June, September), though it did exceed its target (41 percent) for the share of arrivals in off-peak months (October-April).

A significant level of new and improved product was nonetheless funded by the Tourism OP. The Final Report for the Tourism OP 1994-99, for example, reports that this included nearly 40,000 m^2 of additional space at national and regional cultural institutions, about 40 new or improved arts and cultural facilities and theatres, improvements at about 30 historic properties or monuments, over 110 kilometres of new or improved navigable inland waterway channel, about 300 new or improved inland cruisers, about 3,000 new or improved waterway jetties, about 12 new or improved regional attractions, further improvements to and establishment of heritage and theme towns, about 4,000 new coarse and game angling places, nearly 10 new or improved adventure centres and about 3,000 kilometres of new or improved branded walking routes.

Activity indicators at the product level however present a somewhat mixed picture on achievements. The Final Report for the OP for Tourism 1994-99, for example, suggests that visitors to national cultural institutions, regional cultural institutions, historic houses/castles, monuments and heritage attractions were all below OP targets in 1999. In addition, visitor numbers for activities such as angling, cycling, walking, equestrian activities and golf were below target in the same year. While absolute growth in numbers was still achieved for many of these attraction and activity categories, visitor numbers recorded were below base-year 1993 levels in a small number of cases. The 2003 Report of the Tourism Policy Review Group also showed that angling, cycling, walking, golf and equestrian holidaymakers all declined between 1993 and 1999.

In conclusion, therefore, it is clear that there were some notable achievements made during the NDP and CSF 1994-99, and that many of the key targets set for this programme period were either met or indeed exceeded. However, as was the case for the 1989-93 period, successes were also influenced by the generally buoyant economic climate of the time and by other wider policy developments in the period.

(iii) 2000-06

The investment context for ERDF support in Ireland in the 2000-06 period was very different to the context during the 1989-93 and 1994-99 periods. ERDF support accounted for just three percent of total planned NDP spend for the period, and the support was more targeted than in the earlier periods.

ERDF-supported measures under the NDP and CSF 2000-06 were funded under the Economic and Social Infrastructure OP (ESIOP), the Productive Sector OP (PSOP), the BMW Region OP and the S&E Region OP. However, given that ERDF support accounted for only a small proportion of NDP spend generally and OP spend in particular, it is not possible to gauge the ERDF contribution to overarching programme-level targets. Therefore, in order to assess the achievements of the ERDF contribution in the 2000-06 period, the analysis needs to look at indicators for the relevant co-financed measures across the key co-financed OPs. Detailed tables outlining the progress against these indicators are provided in Annex III.

Final indicators for achievements under the ESIOP 2000-06 suggest that there were some difficulties in achieving the targets that were set for economic and social infrastructure, particularly in terms of delivering the output targets. Completion of the five major inter-urban routes was only at 51 percent of target by 2006, for example, while travel time savings achieved on these routes were also only at about half of their original target. Progress against a number of public transport, environmental infrastructure and sustainable energy targets were similarly lagging. Indeed, a number of OP targets were subsequently revised downwards from their original levels. This probably reflects, as discussed in the ESRI’s Ex-ante Evaluation of Investment Priorities for the NDP 2007-13, that investment in physical infrastructure was ramped up too rapidly in the 2000-06 period, with consequences for planning, project management and construction-cost inflation.

Reported achievements also highlight progress made against key output, result and impact indicators for the ERDF-supported elements of the PSOP during the 2000-06 period. As noted in Chapter 3 above, such measures were almost exclusively focused on innovation and RTDI. In general, it shows that the programme reported considerable progress against key targets for such measures. In particular, it comfortably exceeded targets for outputs such as: the number of RTDI applications supported; the number of postgraduate researchers engaged; the number of postdoctoral researchers engaged; and the number of research collaborations established. In terms of results, the programme well exceeded its targets for the number of new R&D performers among participating firms and the number of academic researchers engaged in industry collaboration.

A much more varied range of output, result and impact indicators are available for ERDF-supported measures under the regional OPs. Reported achievements, for example, suggest that the BMW Region OP achieved most of its key output targets across the priority areas of local infrastructure, local enterprise development and social inclusion and childcare. This included expansion of road capacity, water treatment capacity, broadband and telecommunications infrastructure, tourism attractions and activities, fishery harbour infrastructure and childcare infrastructure. In addition, the OP made a lot of progress against its targets for supporting micro-enterprise, including training and mentoring. The only areas where progress against targets was less positive, however, were under waste infrastructure and urban and village renewal.

In terms of result indicators for the BMW Region OP reported performance is strong, and results stated as achieved include targets for: population benefiting from new or improved water supply; tonnes of waste collected from new facilities; households, businesses and public buildings availing of improved broadband capacity; visits to tourism attractions and activities; enterprises hosted in Regional Incubation Centres; and childcare places provided. In addition, micro-enterprises recorded high levels of satisfaction with training and mentoring provided under the OP.

Finally, progress reported against impact indicators for the BMW Region OP suggests that targets have been achieved for: improved compliance with drinking water regulations; waste diverted from landfill; increased broadband subscriptions; jobs created in micro-enterprises; jobs supported in Regional Incubation Centres; and number of enterprises with defined technology links to Higher Education Institutes (HEIs). However, the target for increased regional share of overseas tourism revenue was not achieved.

In the S&E Region, output indicators reveal that the OP either met or exceeded its targets for expansion of road capacity, water treatment capacity, micro-enterprise support and fishery harbour infrastructure. In terms of broadband and telecommunications infrastructure, targets for DSL-enabled exchanges and community broadband services were met, though progress in installing fibre pairs and open access telecommunications ducting was behind target. For tourism, the OP exceeded its target for developed or upgraded special pursuits, but was behind target for new day-visitor attractions and clusters of existing attractions. Finally, the number of new childcare facilities developed was below target, though the number of existing facilities upgraded was near target.

In terms of results, the S&E Region OPs reported performance is again positive, and results stated as achieved include the targets for: population benefitting from new or improved water supply; tonnes of waste collected from new facilities; households, businesses and public buildings availing of improved broadband capacity; visits to tourism attractions and activities; enterprises hosted in Regional Incubation Centres; and childcare places provided. In addition, micro-enterprises recorded high levels of satisfaction with training and mentoring provided under the OP.

Progress reported against impact indicators for the S&E Region OP suggests that targets have been achieved for: improved compliance with drinking water regulations; waste diverted from landfill; increased broadband subscriptions; jobs created in micro-enterprises; jobs supported in Regional Incubation Centres; and number of enterprises with defined technology links to HEIs. However, as in the case of the BMW region, the target for regional share of overseas tourism revenue was not achieved.

(iv) 2007-13

ERDF support for the 2007-13 programme period has been concentrated on supporting measures within the BMW Region and S&E Region OPs 2007-13. Also, as for the 2000-06 period, the investment context for ERDF support in Ireland in the period was very different to the context during the 1989-93 and 1994-99 periods. With ERDF support at just 0.2 percent of total planned NDP spend for the period, allocation of ERDF support has again been considerably more targeted and selective than in the earlier periods.

ERDF support for the 2007-13 period has therefore been focused on initiatives to foster innovation and sustainable development. In this regard, detailed tables outlining the progress against specific indicators are again provided in Annex III. Reported Priority-level outputs for the BMW Region OP up to the end of 2011, for example, show that progress against final 2013 targets is generally good. In several cases, target outputs for 2013 have already been achieved, particularly in the areas of innovation and urban development. This includes targets for: research awards; initiatives to promote broadband provision; training provided to micro-enterprises; and a number of key transport initiatives aimed at major Gateways and Hubs. Other outputs are generally showing reasonable progress towards meeting their targets for 2013, though progress for some environmental and risk protection initiatives (e.g. energy schemes) appears to be lagging.

Reported Priority-level outputs for the S&E Region OP up to the end of 2011 show progress against targets for enterprise, and innovation measures are again progressing well. However, progress towards targets for renewable energy, accessibility and urban development initiatives is less impressive.

In terms of result indicators, data suggests that targeted Priority-level results for the BMW Region OP up to the end of 2011 have already been achieved or nearly achieved in many instances, including: enterprises in Regional Incubation Centres; numbers employed in Regional Incubation Centres; number of recipients of training in micro-enterprises; additional business users with broadband available; or number of organisations engaged in energy-related projects. Progress against most other result indicators appears to be broadly on track.

Finally, Priority-level results for the S&E Region OP up to the end of 2011 again suggest a lot of positives, with targets already achieved for: enterprises in Regional Incubation Centres; numbers employed in Regional Incubation Centres; additional researchers engaged in higher education institutes (HEIs); number of recipients of training in micro-enterprises; and additional businesses with broadband available.

5.1.2 Analysis by Theme

The previous section provided a review of the reported achievements of programmes during each of the four main programme periods. This section examines achievements according to some of the main thematic areas of investment. Figure 9 below again summarises actual expenditure versus initial allocations (in 2000 prices). It shows that most expenditure was provided through NOPs across the four periods, about 70 percent, with the remainder provided through the ROPs from 2000 onwards or through the Cohesion Fund between 1993 and 2003.

Figure 9: Actual Expenditure versus Initial Allocations, Ireland (€billion, 2000 Prices)

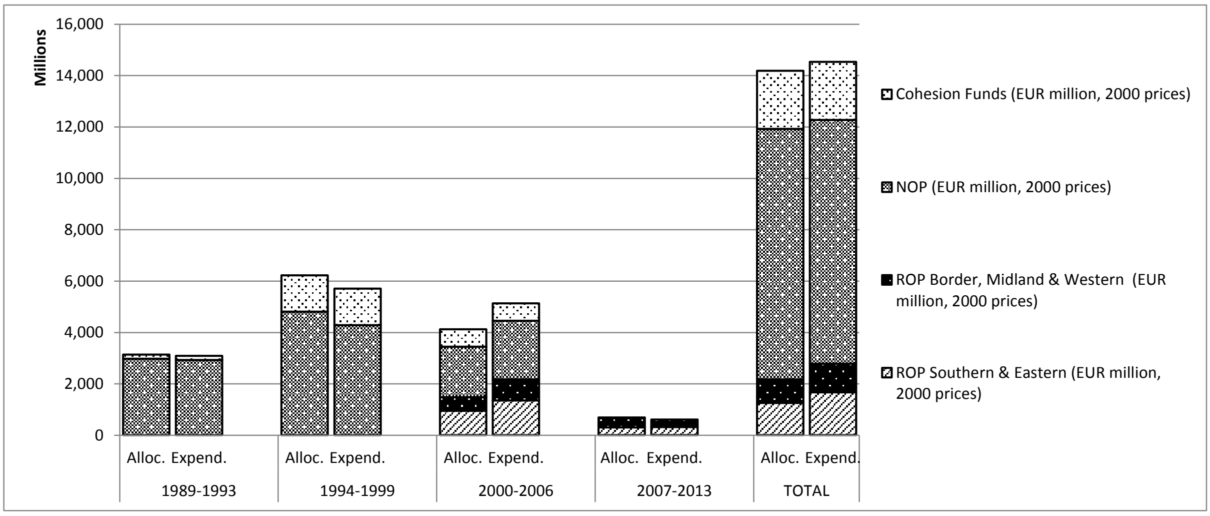
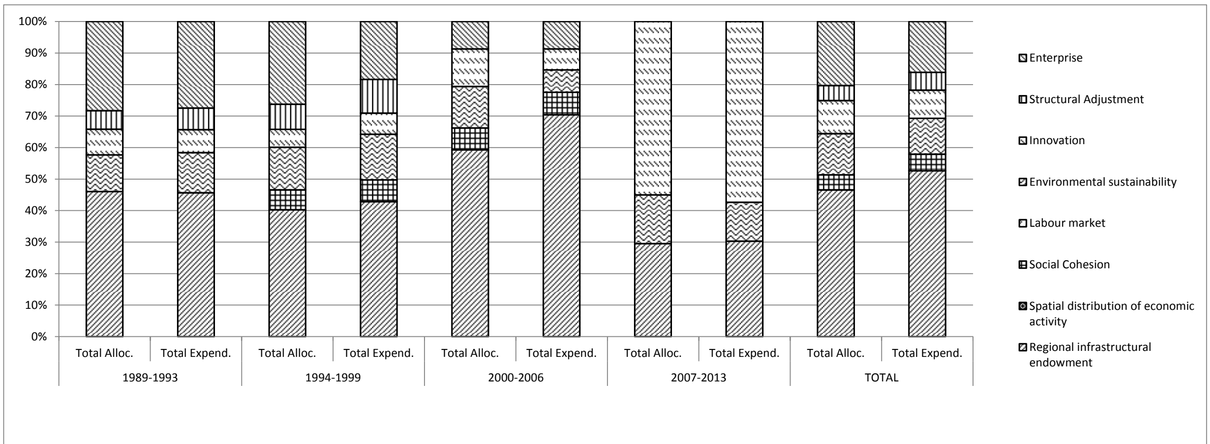


Figure 10 summarises allocations and expenditure by thematic axis. It shows that infrastructure accounted for about 53 percent of actual expenditure, with enterprise accounting for 16 percent, environmental sustainability (including environmental infrastructure) accounting for 11 percent, innovation accounting for nine percent, structural adjustment accounting for six percent and social cohesion accounting for five percent.

Figure 10 : Allocations and Expenditure by Thematic Axis (% of Programme Total)



(i) Infrastructure

Investment in infrastructure has been a major recurring component of ERDF and Cohesion Fund programmes in Ireland throughout the period since 1989. While its share of investment has declined in recent years, it has nonetheless remained a major focus of investment, right up to the 2007-13 period. The programmes reviewed in this report have invested about €7.6 billion (in 2000 prices) in ERDF and Cohesion Fund support in infrastructure, excluding environmental infrastructure, up to the end of 2010, equivalent to about 53 percent of overall ERDF and Cohesion Fund expenditure across the study period. In addition, much of the €1.7 billion invested in environmental sustainability (see below) was attributable to Cohesion Fund support for environmental infrastructure. Investment in infrastructure fluctuated over the periods, from 46 percent of expenditure in the 1989-93 period, to 43 percent of expenditure in the 1994-99 period, 70 percent of expenditure in the 2000-06 period and 30 percent of expenditure in the 2007-13 period (up to 2010). However, it should also again be noted that ERDF and Cohesion Fund support, and co-financed CSF support generally, accounted for a much smaller proportion of national investment plans in the 2000-06 and 2007-13 periods.

The enduring prioritisation of ERDF spend on infrastructure mirrors investment in infrastructure at the broader NDP level. Throughout all four of Ireland's NDPs infrastructure has remained a key investment priority, even though the contribution of co-financed investment to infrastructure has fallen dramatically. Added to this was the investment generated by the Cohesion Fund, which provided about €2.3 billion investment (in 2000 prices) in transport and environmental infrastructure between 1993 and 2003. However, ERDF support has become more targeted on key infrastructure projects as time has passed, such as major inter-urban road routes, the M50 road route around Dublin or the Luas light rail system in Dublin.

This ongoing focus on the need to develop infrastructure, both at the ERDF level and at the wider NDP level, reflects the importance of infrastructure for economic development generally and the scale of the infrastructure deficit that Ireland has sought to address over the past 20 years or more. The Mid-term Evaluation of the NDP and CSF 2000-06 noted that the stock and quality of the public physical infrastructure is one of the key determinants of long-run economic growth, which has a major impact on the overall competitiveness of an economy and which is a significant factor in determining the attractiveness of the country for FDI. This view has been reflected in numerous other evaluations over the last 20 years, which have generally continued to support the need to bring Ireland's infrastructure capacity up to international norms.

Co-financed investment in infrastructure has focused largely on transport infrastructure and environmental infrastructure. Achievements from investment in environmental infrastructure are dealt with separately in the section on environmental sustainability below. In terms of transport infrastructure, however, the main achievements relate to investment in road, rail, other public transport and air and sea ports.

ERDF and Cohesion Fund co-financing has delivered substantial outputs in terms of road infrastructure in Ireland since 1989. In terms of national primary roads the Peripherality OP 1989-93 funded the construction of 85 kilometres of motorway, 77 kilometres of dual carriageway and 137 kilometres of single carriageway on national primary roads. This was equivalent to approximately 10 to 15 percent of the total national primary road network at the time, but it also kick-started a significant expansion of Ireland's very limited motorway and dual carriageway capacity. Smaller improvement works were carried out on another 200 kilometres of national primary roads. Following on from this, another 438 kilometres of road improvements on national primary roads were completed under the Transport OP 1994-99, focused on four key strategic corridors, i.e. North-South (Belfast-Dublin-Rosslare-Waterford-Cork), South West (Dublin-Limerick/Shannon and

Cork), East/West (Dublin-Galway and Sligo) and Western (Sligo-Galway-Limerick-Waterford-Rosslare). Another 555 kilometres of national primary road was constructed in the 2000-06 period, including 179 kilometres of motorway, 152 kilometres of dual carriageway and 224 kilometres of single carriageway. Again, this included a key focus on five major inter-urban routes, though a very substantial amount of this more recent investment was not co-financed.

Outputs of other co-financed investment in roads over the period included improvements to 1,700 kilometres of national secondary roads and non-national roads in the 1989-93 period; improvements to about 130 kilometres of national secondary roads and over 2,000 kilometres of non-national roads in the 1994-99 period; and improvements to 2,300 kilometres of non-national roads during the 2000-06 period. This investment was generally targeted at routes supporting “industrial and tourism development”, including key link roads (to strategic corridors, ports etc) and roads that were regarded as important to key sector (e.g. tourism, fisheries, forestry, industry, rural development).

Other achievements included journey time savings of 189 minutes on key strategic corridors between 1994 and 1999 and journey time savings of another 95 minutes on the five major inter-urban routes between 2000 and 2006. However, it should again be borne in mind that much of the 2000-06 investment was not co-financed, and indicators were not provided to determine the specific impact of ERDF investment. The ESRI in its National Investment Priorities for the 2000-06 Period, noted that spending on non-national roads was largely spent on regional roads (i.e. the next class down from national roads) rather than local roads, and it was favourably evaluated in the Mid-term Evaluation of the Transport OP 1994-99, prepared by DKM Economic Consultants, as an alternative to wasteful short-term maintenance expenditures (DKM 1996). However, some issues had previously been raised concerning the appropriateness of some of this spend in the 1989-93 period. For example, an ESRI Evaluation of the 1989-93 CSF, carried out towards the end of the OP period, suggested that it was not clear that roads spend that supported “industrial development” was maximising beneficial impact in this area, while it also questioned the project selection underlying expenditure on roads supporting “tourism development”.

ERDF and Cohesion Fund supported investment in rail did not feature strongly in investment programmes in the 1989-93 period. In the 1994-99 period, however, co-financed investment delivered significant track renewal upgrades on the Dublin-Belfast line as well as more limited track renewal between Mallow and Killarney, Cherryville and Kilkenny and between Mullingar and Carrick-on-Shannon. Combined, this work delivered some 126 miles of track renewal. Other co-financed investment between 1994 and 1999 was attributable to new rolling stock (locomotives and carriages) for routes connecting Dublin to Belfast, Cork, Limerick, Galway and Waterford as well as new diesel cars for commuter services between Dublin and Dundalk.

Significant co-financed rail outputs were also delivered in the 2000-06 period. This included investment in track for the Luas, DART and Kildare commuter lines, investment in rolling stock for DART and other commuter services and selected investment in rail safety and infrastructure improvements on the mainline rail network. Investment included about 500 kilometres of track renewal, a passenger capacity of about 12,000 was delivered on Luas services in Dublin, while the passenger capacity of the DART service was increased to 27,000 and the capacity of other suburban rail services increased to 29,000. Again, however, ERDF and Cohesion Fund investment was complemented by other rail investment, in both track and rolling stock, that was not co-financed.

In addition, further co-financed investment in rail infrastructure and rolling stock has been supported in the 2007-13 period, through the Regional OPs.

Additional achievements arose from these outputs. Between 1994 and 1999 journey time savings of about 20 minutes were achieved on the Dublin-Belfast line, services were increased from six per day to eight per day, and passenger numbers increased from 315,000 to 412,000 per annum. Passenger numbers between Dublin and Cork increased from 2.4 million up to 3.6 million, passengers between Dublin and Limerick increased from 570,000 up to 700,000, passengers between Dublin and Galway increased from 950,000 up to 1.0 million, while passengers between Dublin and Waterford increased from 800,000 up to 900,000. Potential for journey time savings on other routes, however, appear to have been constrained by track renewal requirements and by the need to redevelop Heuston Station in Dublin, though further accumulated time savings of 104 minutes were achieved across nine routes by 2004.

Passenger numbers on intercity rail services increased from 7.8 million per annum up to 9.2 million per annum in the 1994-99 period, though numbers had only increased to 10.5 million per annum by 2006. Passengers using suburban rail services, increased from 3.0 mn per annum to 4.0 million per annum between 2000 and 2006, though passengers using DART services remained largely unchanged at about 20.0 million per annum in the same period.

As with rail, investment in other public transport measures did not feature prominently in the 1989-93 period. Co-financed investment for other public transport was introduced in the 1994-99 period, however, with a focus on improving public transport within the Greater Dublin Area. Co-financed investment in this period delivered 50 new double deck buses (out of a total of 150 purchased by Dublin Bus) for use on 12 quality bus corridors (QBCs) in the Greater Dublin Area, 40 new low floor accessible buses and 20 other “midi-buses”. In addition, it funded the development of a number of traffic management projects within the Greater Dublin Area, including the construction of QBCs, development of cycling facilities and improved traffic calming and traffic management measures.

Co-financed investment in public transport in the 2000-06 period was solely rail-based, both in the Greater Dublin Area and in the rest of Ireland, while much of the limited co-financed investment supported in the 2007-13 period to date has also been rail-based.

Very notable other achievements arising from these outputs included reductions in journeys times on QBCs, increased frequencies on the routes and increased passenger numbers. Monitoring data available from 2001, for example, and quoted in the Final Report of the Transport OP 1994-99, showed a reduction in morning peak bus journey times on QBCs by up to 57 percent, an increase in morning peak bus frequencies of up to 400 percent and increases in morning bus patronage of up to 210 percent.

Co-financed investment in air and sea ports mainly occurred during the 1989-93 and 1994-99 periods. Between 1989 and 1993, investment in airports included projects such as improvements to terminal buildings, apron extensions, runway extensions and improved runway/approach lighting at the State Airports at Dublin, Cork and Shannon. In addition, support provided for the further development of smaller regional airports at Donegal (Carrickfin), Sligo, Mayo (Knock), Galway (Oranmore), Kerry (Farranfore) and Waterford, including the upgrading of runway, terminal and other facilities. Investment in seaports included improvements at major commercial ports such as

Dublin, Cork, Rosslare and Waterford as well as improvements at regional ports such as Drogheda, Dundalk, Foynes, Galway, Kinsale, Limerick and New Ross. This investment included development of lo/lo and ro/ro terminal facilities, bulk-handing crane and storage facilities and deepwater berth extensions.

Between 1994 and 1999, ERDF co-financing provided further support for pier modifications, apron and taxiway developments, ramp extensions and approach/taxiway lighting at the State Airports. Investment in sea ports was also of a similar nature to that funded in the 1989-93 period.

These investments, particularly for seaports, were regarded as addressing fundamental deficiencies that resulted from a traditional lack of investment. Also, they would have helped to reduce the need to increase air and sea port charges as a means to fund investment, which would have increased transport costs for the user. While it is difficult to tie achievements directly to benefits (given other factors, such as the liberalisation of air travel), it could be noted that the investment probably helped to cater for the 18 percent growth in passenger traffic at State Airports between 1989 and 1993, and the near 100 percent growth in passenger traffic between 1993 and 1999. Furthermore, the volume of goods and services handled by Irish ports increased by 31 percent between 1985 and 1991, and passenger numbers on ferry services increased by 21 percent, while annual ro/ro traffic in the 1994-99 period increased from 220,000 units to 630,000 units, lo/lo traffic increased from 410,000 units to 710,000 units, bulk traffic increased from 22 million tonnes to 29 million tonnes and passenger traffic on ferry services increased from 3.0 million to 4.2 million. However, the sustainability of some of the investment in regional (rather than national) airports has, over time, become questionable, as many of these airports have struggled to attract services and have often depended on public service obligations (PSOs), national Exchequer funding or ancillary services to survive.

Finally, achievements across the different categories of transport infrastructure have not happened without encountering some difficulties. Progress in some areas or on some major projects, such as major national roads projects, the Luas light rail system or QBCs, did not occur as rapidly as planned, and several programme outputs were ultimately behind original OP targets. In particular, the large expansion in infrastructure development in the 2000-06 period placed serious pressures on building and construction capacity, on project management and on the planning system, which delayed the delivery of many planned outputs. Furthermore, the capacity-demands of the NDP 2000-06 contributed to a sharp upward rise in construction-cost inflation, with the result that costs for delivering key infrastructure projects were higher than anticipated.

In addition, the rapid growth in the Irish economy, especially in the period from about 1994 up to 2007, has made closing the infrastructure gap a 'moving target'. This is because the level of growth over this period of 10-12 years has been so unprecedented that it placed even further demands on infrastructure, over and above what might originally have been planned for. For example, the Mid-term Evaluation of the NDP and CSF 1994-99 noted that traffic growth at that time was running at twice the rate planned for in the NDP, while much the same trends continued during the 2000-06 period.

Nonetheless, the Ex-ante Evaluation of Investment Priorities for the NDP 2007-13 noted that the Irish economy would have 'choked from lack of infrastructure' without all the investment that has been delivered under successive NDPs. Therefore, while progress may not have reduced bottlenecks and congestion as much as was planned, these would have been much worse without the investment, and the rapid growth from the mid-1990s onward would have been severely hampered. Infrastructure investment, especially in the major inter-urban transport routes, was seen by interviewees as both responding to needs and as the major achievement of ERDF and Cohesion Funds. Areas of some concern, although not necessarily of consensus, about fit with needs, would be that these sometimes came too late given project delays, or that public transport in Dublin and other centres received less priority than might have been desirable.

(ii) Enterprise Development

ERDF support for enterprise development was a cornerstone of the NDP and CSF programmes in the 1989-93 and 1994-99 periods, at a time when the Irish economy was still very much on a path towards convergence with its EU counterparts. During this time, generating sustainable employment growth was, unsurprisingly, an overarching objective of industrial development policy in Ireland. However, as noted in Chapter 3, one of the key deficiencies in the Irish economy, as cited in 1989, was the weakness of the structure of Irish industry, much of which consisted of small indigenous businesses that were lacking in essential business functions and skills like finance, marketing, production, technology, management and business planning. Strengthening the indigenous Irish industry base was therefore regarded as a key requirement in order to generate employment growth, alongside a parallel strategy to promote the growth of FDI.

The programmes reviewed have invested about €2.3 billion (in 2000 prices) in ERDF support in enterprise development up to the end of 2010, equivalent to about 16 percent of overall ERDF and Cohesion Fund expenditure across the study period. The relative share of expenditure gradually reduced over the periods, however, from 28 percent of expenditure in the 1989-93 period, to 18 percent of expenditure in the 1994-99 period, nine percent of expenditure in the 2000-06 period and zero percent of expenditure in the 2007-13 period (up to 2010).

Programmes of NDP and CSF support for industrial development have been among the more complex of the OPs seen in either the 1989-93 or the 1994-99 periods. The Industrial Development OP 1994-99, for example, provided for 52 different measures or sub-measures (including FDI and R&D) covering a wide range of initiative types. This diversity of measures reflected the continuous evolution of a long-established suite of policies for manufacturing and internationally traded services, combined with an injection of new EU-inspired initiatives. The types of interventions involved that responded to needs included:

- capital grants or equity participation (including venture capital);
- financial incentives and advisory/consultancy services to upgrade the marketing capacity of Irish firms;
- advisory and consultancy support services to upgrade the management and business-planning capacity of selected firms;
- support for promotion of industrial linkages and sub-supply;
- support for provision and refurbishment of factory space on a selective basis;
- special initiatives at a sectoral level to promote the development of particular sectors with good potential, e.g. software, electronics, aerospace.

These interventions have improved the assistance available for indigenous Irish industry, and ERDF support has helped to expand supports that were previously quite poorly developed in Ireland. ERDF support played a key role in the development of a venture capital market in Ireland, for example, while it has also helped to mainstream support such as mentoring.

During the 1989-93 and 1994-99 periods, however, the issues of high unemployment and a weak industrial structure in the indigenous sector meant that attracting inward investment had to be a key focus of the country's economic development strategy. The focus of inward investment strategy, in turn, was to concentrate on sectors and market niches in which Ireland had the greatest competitive advantage. Furthermore, the creation in 1994 of a separate dedicated agency for attracting inward investment – IDA Ireland – was further designed to focus development efforts in this area.

Evidence from the 1989-93 and 1994-99 periods also shows that Ireland made very positive progress in attracting and retaining inward investment at this time. For example, data available from the Annual Employment Survey, carried out by Forfás, shows that foreign-owned agency-assisted firms in manufacturing and internationally traded services generated a cumulative net change in full-time, permanent employment of about 75,000 jobs between 1989 and 2000. There were nearly 162,000 jobs created in foreign-owned firms in the period, with about 87,000 jobs lost, and the stock of employment in foreign-owned firms increased from about 90,000 in 1989 up to about 165,000 in 2000. Furthermore, the Ex-ante Evaluation of Investment Priorities for the 2000-06 Period noted that Ireland was extremely successful in attracting a very large share of all mobile investment in Europe during these periods, and it developed a particularly strong market position in electronics, software, pharmaceuticals, teleservices and healthcare. While expenditure co-financed by the EU towards foreign-direct investment was significantly more substantial under the 1989-1993 round than between 1994 and 1999, the policy and programmatic focus on such investment had significant achievements in both periods. For example, Deloitte and Touche (1993) found that against a stock of foreign-owned firms that employed approximately 95,000 in 1993, the 1989-1993 inward investment sub-programme of the Industrial Development OP had achieved gross job creation of some 36,000 up to 1992. In the later programming round, the MTE of the corresponding 1994-1999 OP (Ernst and Young, 1997) found gross job creation under the inward investment sub-programme averaging approximately 9,000 per annum over the period 1993 to 1995, which it considered a highly-successful sub-programme up to that point, in large part due to its strategic focus on specific sectors, markets, and industrial and service activities.

However, while it is clear that OP measures contributed substantially to the growth of foreign-owned industry in the period, it should be noted that the favourable international and domestic economic environment at the time also greatly assisted this performance, as did other policy measures designed to attract and keep FDI in Ireland (e.g. a low corporation tax rate). Therefore, it is difficult to isolate the specific contribution and impact of ERDF support to the promotion of FDI in Ireland.

The relative success of enterprise development measures between 1989 and 1999, however, is difficult to gauge, partly because OP targets were mainly set at an overall industry level (i.e. indigenous and foreign-owned) and partly because there were considerable changes in the Irish economy and the external environment in the period. Consultees generally felt that enterprise supports did have a positive effect, however, although generally less so than in infrastructure. Support to innovation was also perceived as more relevant to needs than other enterprise support.

Section 5.1.2 has shown that many targets under the Industrial Development OP 1994-99 were achieved, but there were no sub-targets to demonstrate the contribution of the indigenous sector in meeting the targets. Furthermore, a variation in achievement between the indigenous and foreign-owned sectors has been noted in other evaluations. For example, the Mid-term Evaluation of the Industrial Development OP 1994-99 highlighted the following trends:

- an analysis of the performance of grant-aided companies showed that these companies increased employment by 11 percent between 1993 and 1995, while employment in non-grant aided companies declined by 6 percent;
- grant-aided foreign-owned firms, however, performed better than Irish-owned firms in creating jobs. There was some increase in employment (4 percent) in Irish-owned manufacturing firms between 1993 and 1995, but employment in foreign-owned manufacturing firms during the same period grew by 12 percent. Total jobs grew by 16,310 during the period, of which 11,426 (70 percent) were in foreign-owned firms;
- exports by Irish-owned manufacturing companies grew by 23 percent between 1993 and 1995, while exports by foreign-owned firms grew by 35 percent.

In general, the Ex-post Evaluation of Objective 1 in Ireland in the 1994-99 Period also noted that targets relating to total industry (e.g. total exports, share of world trade, value-added, business expenditure on R&D, share of hi-tech sectors) were exceeded, while targets relating to indigenous industry (e.g. indigenous exports, the number of indigenous firms with turnover that exceeded minimal thresholds) were not achieved. This again reflects the relatively stronger performance of the inward investment sector in the period. Also, the Ex-ante Evaluation of Investment Priorities for the 2000-06 Period noted that the level of exports by indigenous Irish SMEs was still well below the EU average in the 1994-99 period. Therefore, while ERDF support probably helped to improve the capability of indigenous Irish industry in the 1989-99 period, its performance continued to be overshadowed by a very strong foreign-owned industry base, and further potential for improvement remained. A number of issues were highlighted in framing future support to the industry/enterprise sector in this context. These included the need to recognise that future growth would become increasingly dependent on knowledge-based industries such as electronics, pharmaceuticals and software; the need to develop a leadership position in developments and applications in the information society and telecommunications-based services; the need to support existing and new indigenous enterprise not only though its greater engagement in R&D, but also through enhancing its human resource capability and access to capital; and to seek to enhance the regional and spatial spread of enterprise and economic activity. However it should be noted that ERDF co-financed support for medium and large enterprise development predominantly occurred prior to 2000, after which it was essentially discontinued (except in relation to some R&D support).

(iii) Structural Adjustment

The programmes reviewed in this study have invested about €820 million (in 2000 prices) in ERDF support in structural adjustment up to the end of 2010, equivalent to about six percent of overall ERDF and Cohesion Fund expenditure across the study period. The relative share of expenditure has fluctuated, from seven percent of expenditure in the 1989-93 period, to 11 percent of expenditure in the 1994-99 period, but down to very small levels of expenditure in the 2000-06 and 2007-13 periods.

The declining relative importance of agriculture has been a feature of the Irish economy for several decades, and the trend in its decline has been very much evident in the period since 1989 and has provided the backdrop for investment in structural adjustment. As a result, measures to effect structural change in the Irish economy, which could offset the decline in agriculture, have long been a feature of ERDF-supported programmes in Ireland. In particular, a key area of investment promoting structural adjustment in Ireland was funding for the tourism sector.

The development of the tourism industry in Ireland was central to government economic policy and strategy for much of the period since 1989, but especially during the 1989-93 and 1994-99 periods. In particular, developing tourism became a key priority for stimulating job creation, as the nature of the business is very labour intensive. Furthermore, as noted earlier, the overall growth of the tourism industry was also very impressive over the 1989-93 and 1994-99 periods. Between 1989 and 1992, for example, foreign tourism revenue had increased by around 77% of the total targeted increase to end-1993, and an estimated 20,000 full-time job equivalents had been created (compared to an end-1993 target of 25,000). Reported achievements against key targets for the 1994-99 period show that targets for sectoral growth (i.e. foreign exchange earnings and jobs) were both exceeded over the period.

However, these targets applied to the sector as a whole, and performance in this regard was influenced not only by public investment but also by a number of other factors, including the generally buoyant economic climate at the time, the growth of business traffic, the availability of low-cost air access into Ireland, the growth of short-stay city breaks and the availability of tax incentives for developing improved hotel accommodation. In contrast to this, evidence for the performance of key market segments, which benefitted from product investment that was co-financed by the ERDF, is a bit more mixed. In the early part of the period, for example, visits to tourist attractions increased by 100 percent between 1988 to 1993, from 3.5 million to 6.9 million, while the number of boat weeks sold on inland waterways increased by more than 30 percent, from 6,200 to 8,200, between 1988 and 1992. Golfing visitors in Ireland increased by 219 percent, from 52,000 to 166,000, between 1988 and 1993; angling visitors increased by 73 percent, from 106,000 to 184,000, in the same period; walking tourists increased by 60 percent, from 203,000 to 325,000; cycling visitors increased by 234 percent, from 50,000 to 167,000; equestrian visitors increased by 148 percent, from 25,000 to 62,000; and visitors participating in sailing and yachting increased by 13 percent, from 31,000 to 35,000.

At the same time, these achievements should be viewed within the context of other key success factors driving tourism performance at that time (e.g. low-cost air fares). Also, the number of pure holidaymakers visiting for several of these activities (angling, golf, equestrian, cruising, cycling) were below original OP targets. Similarly, the Final Report for the OP for Tourism 1994-99 suggests that visitors to national cultural institutions, regional cultural institutions, historic houses/castles, monuments and heritage attractions were all below OP targets in 1999, while visitor numbers for activities such as angling, cycling, walking, equestrian activities and golf were also below target in the same year. While absolute growth in numbers was still achieved for many of these attraction and activity categories, visitor numbers recorded were below base-year 1993 levels in some cases.

The 2003 Report of the Tourism Policy Review Group also showed that angling, cycling, walking, golf and equestrian holidaymakers all declined between 1993 and 1999.

However, on the plus side, visitor satisfaction with the quality of the Irish tourism product generally improved over the same period, and in some cases it improved by a considerable margin. Results from Visitor Attitude Surveys, carried out by Fáilte Ireland and other sources and referenced in the Final Report for the OP for Tourism 1994-99, show the following trends in the percentage of overseas holidaymakers who were 'very satisfied' with the following tourism products:

- satisfaction with museums and art galleries increased from 68 percent in 1993 up to 71 percent in 1999;
- satisfaction with theatres and concerts increased from 79 percent in 1993 up to 85 percent in 1999;
- satisfaction with historic houses and castles increased from 67 percent in 1993 up to 70 percent in 1999; and
- satisfaction with heritage attractions and interpretative centres increased from 71 percent in 1993 up to 75 percent in 1999.

In terms of activities, trends in the percentage of overseas holidaymakers who were 'very satisfied' with the quality of activities were as follows:

- satisfaction with coarse angling increased from 57 percent in 1994 up to 60 percent in 2000;
- satisfaction with game angling increased from 50 percent in 1994 up to 58 percent in 2000;
- satisfaction with sea angling increased from 60 percent in 1994 up to 83 percent in 2000;
- satisfaction with golf increased from 78 percent in 1993 up to 82 percent in 1999;
- satisfaction with equestrian activities increased from 58 percent in 1993 up to 76 percent in 1999;
- satisfaction with cycling increased from 67 percent in 1993 up to 71 percent in 1999;
- satisfaction with walking increased from 73 percent in 1993 up to 83 percent in 1999.

Therefore, there appeared to be quite a strong correlation between ERDF support for tourism development and subsequent visitor satisfaction with the quality of the tourism product on offer, even though growth in activity levels for attractions and activities was lower than expected. Also, views on the contribution of NDP/CSF intervention in general and ERDF support in particular in the tourism sector have remained largely positive. For example, ERDF support is perceived to have provided a general uplift in quality for much of the Irish tourism product during the 1989-99 period, at a time when a similar scale of resources for investment would otherwise not have been available. Key flagship projects in Ireland that benefited from ERDF investment between 1989 and 1999 include many of the attractions and activities that are now synonymous with the Irish tourism product offering, spread across the national territory. Such projects (see below) included Belvedere House, Birr Castle, Brú na Bóinne, Castletown House, Céide Fields, Clonmacnoise, the Irish Museum of Modern Art, Kilkenny Castle, King John's Castle, Muckross House, the National Botanic Gardens, the National Gallery and the National Museum (Collins Barracks, Museum of Country Life), and many of these attractions achieved strong growth in visitor numbers following investment. In addition, ERDF support helped to leverage other funds for product investment, and locations such as

Kilkenny, Tralee and Westport/Castlebar emerged during this time as important tourism destinations, with help from ERDF support for key visitor attractions.

Visitor Attractions	**Visits 1993**	**Visits 1999**	**Growth (%)**	
Belvedere House	5,200	44,500	755.8%	
Birr Castle	32,700	47,000	43.7%	
Brú na Bóinne	134,000	219,000	63.4%	
Castletown House	11,700	13,300	13.7%	
Céide Fields	64,500	36,000	-43.3%	
Clonmacnoise	109,500	145,000	32.4%	
Irish Museum of Modern Art	185,000	251,000	35.7%	
Kilkenny Castle	143,000	180,000	25.9%	
King John's Castle	49,000	52,000	6.1%	
Muckross House	189,000	238,000	25.9%	

Source: Fáilte Ireland Statistics

Finally, the outputs arising from the Tourism OPs did raise some other issues which are pertinent to the achievements of ERDF investment in the sector. For example:

- a number of evaluations, such as the Mid-term Evaluation of the Tourism OP 1994-99 and the Mid-term Evaluation of the CSF 1994-99, criticised the perceived 'scattergun' approach to the spread of tourism investment throughout Ireland and the lack of a more targeted area-based approach to where money is spent. Also, this approach was exacerbated by a 'first come, first served' approach to project selection and appraisal;
- allied to this, concerns about congestion in established tourism destinations emerged, with potential threats to environmental sustainability and carrying capacity in certain flagship areas. A less targeted approach to project selection and appraisal did not help this, though much of the concern derived from increased tax-based investment in new hotel capacity, which occurred outside NDP and CSF programmes;
- evaluations also questioned the pure 'tourism' value-for-money of some spend under the Tourism OPs, especially spend on arts centres and theatres, which mainly served local communities rather than tourists. An example of this was the Cultural Development Incentive Scheme (CDIS), which provided funding for capital investment in about 40 arts and cultural facilities and theatres throughout Ireland. However, it could also be argued that this investment did provide benefits to local communities in terms of improved social capital;
- some issues regarding possible deadweight were raised, particularly regarding schemes for improvements to hotel-based facilities (e.g. the Selected Hotel Accommodation Improvements Scheme funded under the Tourism OP 1994-99);
- failure to deliver certain key projects that were earmarked for investment in the OPs, such as a National Conference Centre, was criticised.

Some lessons were learned and indeed acted on, both during the 1994-99 period and in the 2000-06 period. Firstly, a more targeted approach to product-development funding was adopted in the 2000-06 period, which sought to develop major attractors and specialist activities in undeveloped and developing tourism areas rather than established destinations. This was somewhat slow to deliver, but was nonetheless welcome. Second, selection and appraisal for tourism projects was carried out on a competitive rather than a queuing basis. This meant that projects that had the best fit with objectives and key target areas could be better identified. Third, a Pilot Initiative on Tourism and the Environment, which was a key recommendation of the Mid-term Evaluation of the Tourism OP 1994-99, was introduced as a new sub-measure under the Tourism OP 1994-99 in order to test approaches to tackling congestion and other environmental sustainability issues in tourism.

Further discussion of ERDF-supported investment in tourism development is provided in the Project Examples in Annex I.

(iv) Innovation

Spending on innovation, and on R&D measures in particular, has become an ever more important focus of ERDF investment in Ireland over the past 20 years. The programmes reviewed in this study have invested about €1.3 billion (in 2000 prices) in ERDF support in innovation up to the end of 2010, equivalent to about nine percent of overall ERDF and Cohesion Fund expenditure across the study period. The relative share of expenditure has stayed at a level of about seven percent of expenditure across the 1989-93, 1994-99 period and 2000-06 periods, but it increased to 57 percent of expenditure in the 2007-13 period (up to 2010).

Therefore, while overall ERDF expenditure in Ireland, in absolute terms, has fallen substantially between 1989 and the present, R&D's share of ERDF spending, in relative terms, has grown substantially in the same period.

In absolute terms, however, the volume of public expenditure on R&D in Ireland has increased rapidly over the last 20 years, reaching a planned €2.6 billion (in 2000 prices) over the 2000-06 period and a planned €5.2 billion (in 2000 prices) for the 2007-13 period. The share of ERDF investment as a proportion of total R&D investment has therefore declined over time, and current ERDF investment in the area is more targeted in specific areas.

This increased emphasis on R&D investment reflects the key role that it now plays in Ireland's economic policy, a role that has been acknowledged in several evaluations of investment programmes since 1989. The Ex-ante Evaluation of Investment Priorities for the NDP 2007-13, for example, states that R&D investments and innovation play a central role in the process of wealth creation and that expenditure in R&D in Ireland has increased rapidly in recent years to address the historic under-investment in the area. R&D-related outputs from public and private investment have obviously increased significantly in tandem with this, and highlights delivered through innovation and R&D spend across successive NDPs and CSFs include the kind of outputs noted in earlier sections, such as:

- large increases in the number of researchers engaged in third-level institutions, including postgraduate and postdoctoral. The Final Report for the Productive Sector OP 2000-06, for example, states that nearly 2,000 postgraduate and postdoctoral researchers were engaged

under the programme. This compares to an estimated total number of (full-time equivalent) researchers in the third level sector of just over 6,100 in 2008 (Forfás, 2010);
- increased numbers of academic researchers collaborating with industry, with over 1,000 additional researchers recorded between 2000 and 2006 under the relevant ERDF-supported scheme (against an original target of 200);
- increases in the volume of R&D activity carried out within firms in Ireland, including increased R&D spend by firms participating in the ERDF-supported Competitive RTDI scheme (over €360 million in nominal terms) and increases in the number of firms engaging in R&D for the first time (about 600) between 2000 and 2006 (the total number of enterprises engaged in R&D in 2009 was just under 1,300 (CSO, 2011));
- increased incubation space for high-potential start-ups through the development of 14 Regional Incubation Centres (against an initial target of 15), with about 180 new enterprises located in such centres between 2000 and 2006.

As a result, investment under successive NDPs and CSFs, including ERDF investment, has helped to markedly improve Ireland's relative performance in supporting R&D investment over a number of years. The Mid-term Evaluation of the NDP and CSF 2000-06, for example, noted that the Irish economy experienced strong growth in R&D-related activities within the 1990s, with the result that Irish R&D expenditure significantly out-performed the aggregate EU and OECD areas, both for gross expenditure on R&D (GERD) and business expenditure on R&D (BERD). The first half of the decade, in particular, showed remarkable increases in absolute volumes of GERD and BERD, though this development decelerated in the second half of the decade. However, the average growth rate for both GERD and BERD between 1996 and 1999 was still around 7 percent per annum, and progress in Ireland meant that it converged more rapidly to the international average than other Cohesion countries such as Spain, Portugal or Greece.

Data published by Forfás suggest that foreign-owned firms accounted for about two-thirds of BERD in 1999, with indigenous firms accounting for the other third. This split, however, was consistent with the trend evident in previous surveys in 1993, 1995 and 1997. Furthermore, research intensity (R&D spend as a percentage of gross output) was higher for indigenous firms, at 0.9 percent, than for foreign-owned firms, at 0.8 percent.

Progress was also notable during the 2000-06 period. For example, Ireland's higher education expenditure on R&D (HERD) increased by 44 percent in real terms between 2002 and 2004, growing from 0.31 percent of GDP to 0.40 percent of GDP and improving its OECD ranking from nineteenth to sixteenth. Also, Irish HERD increased from 71 percent to 93 percent of the EU average between 2000 and 2004. The Programme for Research in Third Level Institutions (PRTLI) involved substantial capital and current expenditure in developing the research capacity of the higher education sector over this period, and under its first three cycles (awarded between 1999 and 2001), some 29 third-level research institutes were supported through capital investment co-financed by the ERDF, substantially enhancing and expanding the sector's research capacity.

BERD as a share of GDP actually fell from 91 percent to 87 percent of the EU level between 1999 and 2003, and BERD in Ireland also had a more skewed concentration in the hi-tech sectors (73 percent) and in foreign-owned firms (72 percent). Cohesion spending was also supportive of business R&D however, with the ERDF and exchequer supporting R&D collaborations between industry and third level sector, as well as direct business-sector R&D projects through a competitive scheme between 2000 and 2006. The former increased the number of third-level researchers engaging with industry as well as the number of businesses collaborating with the third-level research sector, while the latter scheme increased the level of business expenditure on R&D as well as the number of firms undertaking R&D for the first time.

The research activity, capacity and partnerships financed with ERDF support complemented wider investments in innovation and R&D over the 2000-2006 period that were funded through national sources only. For example, Science Foundation Ireland (SFI) established 163 research groups led by Principal Investigators (PIs) and centres employing 450 PhDs and 1,150 other research staff (20 percent of research staff in HEIs).

The most recent figures on Ireland's R&D performance, available from Forfás, relate to 2009 and 2010. These figures show that:

- Ireland's GERD as a percentage of GNP was 2.21 percent in 2010, higher than the EU average of 1.92 percent;
- Ireland's BERD as a percentage of GNP was 1.47 percent in 2010, higher than the EU average of 1.17 percent;
- Ireland's HERD as a percentage of GNP was 0.63 percent in 2009, higher than the EU average of 0.46 percent;
- foreign-owned firms' share of BERD continued to be about 70 percent, with indigenous firms accounting for about 30 percent of spend;
- BERD by small firms in Ireland (fewer than 50 employees) stood at about €300 million in nominal terms in 2009, up from less than €200 million in 2001.

Ireland's more recent performance must, of course, be viewed within the context of a sharply declining level of GDP and GNP since 2007. Also, the Ex-ante Evaluation of Investment Priorities for the NDP 2007-13 noted that any assessment of the policy effectiveness of public R&D investments is complicated by the uncertain and highly skewed returns from different R&D projects and the relatively long timescales that attach to R&D investments, which means that any evaluation inevitably reflects operational outputs rather than economic outcomes. Nonetheless, the figures suggest that Ireland's R&D performance has largely been successful in converging towards EU norms, and that investment in R&D has remained a key priority despite severe economic recession and cutbacks in public spending. ERDF investment, especially in the first half of the period since 1989, has also played a key role in building the base of R&D in Ireland towards convergence with its EU counterparts. Among consultees, the role of Cohesion Policy in both highlighting the importance of and financially supporting investment in RTDI is the subject of widespread agreement. After infrastructure, this area is generally seen as the one where needs were addressed. However, views vary considerably about the relative importance of different types of RTDI investment, often depending on the constituency from which people emanate, e.g. as against the relative importance of investment in public research institutions against enterprise, in basic as against more applied research, and in the mechanism (theories of change) through which the economic gains from research emerge. Regarding this latter point, there has been a wide policy consensus of the need to invest in both EU and national resources in RTDI in both colleges and companies, and especially in R&D. However, a variety of different rationales have also been evident: its role in attracting FDI; its role in improving quality of lecturers and course content, its role in improving quality of graduates, and its role in providing a basis of future enterprise. A mix of these is evident in key policy statements (Interdepartmental Committee on Science, Technology and Innovation (2004), Dept. of Enterprise, Trade and Employment (2006)). However, the distinction between and the relative importance of such objectives is important in deciding both how policies are operationalised, the specific interventions, that are appropriate, and how these are to be monitored and evaluated. A corollary of this was on associated emphasis on RTDI targets which reflected inputs and outputs rather than results, impacts and societal benefits, i.e. levels of R&D expenditure, number of researchers. The same point can of course also be made regarding many EU-level RTDI objectives, including those of EU 2020.

(v) Environmental Sustainability

Earlier chapters have shown that, alongside transport, the environment has been one of the main beneficiary sectors of Cohesion Policy funding in Ireland during successive rounds, especially after commencement of the Cohesion Fund at the end of the first round in 1993. Thereafter it rather than ERDF was the main EU Fund involved, although ERDF funds did also continue right up to the present. Funding has been devoted primarily but not exclusively to water and waste water infrastructure.

The programmes reviewed in this study have invested about €1.7 billion (in 2000 prices) in ERDF and Cohesion Fund support in environmental sustainability up to the end of 2010, equivalent to about 11 percent of overall ERDF and Cohesion Fund expenditure across the study period. This share fluctuated slightly over the periods, from 13 percent of expenditure in the 1989-93 period, to 15 percent of expenditure in the 1994-99 period, seven percent of expenditure in the 2000-06 period and 12 percent of expenditure in the current 2007-13 period (up to 2010).

The funding was a very significant share of all national investment in the sector. Over the first three rounds EU finance constituted in the region of one-quarter of all national investment in water, and total co-financed investment for about one-third. In the 1994-99 period nearly the totality national investment was EU co-financed.

Throughout there have been three parallel stated objectives: compliance with EU Directives regarding drinking water quality and coastal effluent, meeting the needs of enterprise at both national and location-specific level, and from the mid-1990s onwards meeting the needs of a growing economy and population generally. The period coincided with greatly increased water needs in terms of both quantity and quality modern enterprise, including high-tech enterprise.

In practice investment occurred in water and sewage treatment plants serving both major urban centres including Dublin, Cork, Limerick and Galway, but also in smaller urban centres and rural locations. The Cohesion Fund, akin to the pattern in transport, funded large numbers of smaller projects in 1993-99, and thereafter fewer but much larger (effectively regional) projects.

Alongside transport, the sector is one of major highly visible achievements of EU funds in Ireland. This has included provision of water supplies to major urban centres including those which grew rapidly in the period after the mid-1990s, ensuring Irish compliance with relevant EU Directives, improvement in water quality in coastal areas, rivers and lakes during a period of rapid economic growth. Given the share of EU and co-financed investment in total investment these would not have occurred without the presence of Cohesion Policy. National-level environmental indicators in areas directly related to this investment have shown a positive trend over the period.

A dedicated review of investment in water services under the 2000-06 NDP summarised achievements as follows:

- a total capacity increase in secondary waste-water treatment equivalent to a population of 3 million, expected to reach over 5 million by programme completion, serving residential, commercial, industrial and tourism purposes;
- an increase in compliance with the EU Urban Waste Water Treatment Directive from 25% at programme start, to 90% at end 2004, and expected to reach 100% by programme end;
- major urban drainage projects completed in Dublin, Cork, Limerick, Galway, Swords, Dundalk, Drogheda, Wexford, Leixlip, Navan, Malahide and many other towns;
- a total capacity increase in water treatment equivalent to a population equivalent of approximately 600,000 at end 2004, including major schemes at Leixlip, Sligo, Waterford, Wexford (Fardystown), Waterford and Monaghan, and many more schemes at various stages of construction and planning including for Cork city, Letterkenny, Lucan, Sandyford, Ballymore Eustace, Leixlip, Galway, Kilkenny, Portlaoise, Limerick Thurles, Arklow and Bray, all serving residential, commercial, industrial and tourism purposes;
- an increase in compliance with the EU Drinking Water Directive between 2000 and 2003 from 95.7% to 97.7% for public supplies, and from 91.2% to 91.5% for group schemes;
- the servicing of new sites for approximately 70,000 housing units by end 2004, expected to reach 200,000 by programme-end;
- up to 200,000 persons served by Group Water Schemes receiving improved quality and reliability; and
- improving quality of rivers, lakes, estuaries and bathing waters is likely to have occurred, most directly in waters receiving treated effluent from recently improved schemes, although nationally, the quality of water in rivers, lakes and estuaries has not improved dramatically between 1998/2000 and 2001/2003, the periods for the EPA data is available. In relation to bathing water, the number of blue flag awards for beaches has increased and has included beaches in Dublin and Galway thought to have improved significantly as a result of the treatment works completed. (Fitzpatrick Associates, 2005).

A more recent Value-for-Money Review carried out by the Department of the Environment again highlighted how EU and national investment (during both 1994-99 and 2000-06) had dramatically improved the capacity of the sector over the period from 2000-2010. This included growth of waste water treatment, in population equivalents, equal to over 3.7 mn, treatment plant; increased water treatment capacity equivalent to the needs of well over 1 mn, and increased water storage capacity equivalent to the needs of over 1.6 mn people (Dept. of the Environment, Community and Local Government 2010).

Successive evaluations, both NDP/CSF wide and sector-specific confirm these achievements. This investment facilitated the economic and demographic growth that occurred, and it allowed this to occur without some of the environmental damage that would otherwise have resulted.

There has been some criticism in evaluations, particularly from the Economic and Social Research Institute, that waste water investment was overly focused on meeting EU Directives, and that these may have been more appropriate for more densely populated EU regions than for Ireland's less dense and island location. For example, the Institute's ex ante evaluation of National Investment Priorities for the 2000-06 period commented that "given the assimilative capacity of the sea, it may be that a lower level of treatment than the secondary treatment required by the directive would suffice for the next planning period…" (Fitzgerald et al 1999). However, this debate is now largely historical in this specific context. Also, the Irish authorities had agreed to meet these standards. It is, however, still pertinent in highlighting the danger that EU-wide standards may not always be optimal at any specific point in time in a specific Member State or region.

Other questionmarks about achievements included project delays and over-runs against initial estimated costs. However, these were common in many Member States in relation to large projects (see RGL Forensics et al 2011). Cost over-runs were also met by national funds, not the Cohesion Funds. Nevertheless, better skills in estimating initial costs of major infrastructure projects is clearly a vital requirement in EU co-financed and other infrastructure investment generally. Other criticisms included failure to fully address high levels of water leakages, failure to impose domestic water charges (now being introduced), and the overall dominance of water infrastructure in environmental investment. This latter is now present in current, albeit much smaller, Regional OPs 2007-13, which include investment in sustainable energy.

Other earlier instances of responding to needs for environmental sustainability measures more widely have included:

- A limited sub-programme to address priority coastal erosion problems, which was funded as part of the Environmental Services OP 1994-99;
- A sub-programme to support improvement and expansion of environmental monitoring and R&D under the Environmental Services OP 1994-99;
- Introduction of a sub-measure in the Tourism OP 1994-99, following the Mid-term Evaluation of the OP, which funded a Pilot Initiative on Tourism and the Environment;
- Investment in sustainable energy projects under the ESIOP 2000-06, which included measures targeted at energy conservation and alternative and renewable energy.

(vi) The presence of EU funding is seen as also contributing more widely to environmental issues. It gave increased traction to EU environmental regulations, to wider environment awareness as a 'horizontal principle' in programmes, and in being a factor in the development of new institutional infrastructure including the Environmental Protection Agency (EPA).*Social Cohesion*

The programmes reviewed in this study have invested about €760 million (in 2000 prices) in ERDF support in social cohesion up to the end of 2010, equivalent to about five percent of overall ERDF and Cohesion Fund expenditure across the study period. This money was spent solely in the 1994-99 and 2000-06 periods, when expenditure on social cohesion accounted for about seven percent of total ERDF expenditure in each period.

Support for measures to address social inclusion has become a major focus of investment under recent NDPs in Ireland, but especially under the 2000-06 and 2007-13 NDPs. However, it was funded by the ESF and national sources, more than ERDF.

Social inclusion has also been a core cross-cutting theme or high-level objective for all NDP investment across these periods. Many of the wider investment priorities funded during these and other periods can help to indirectly address social inclusion issues, e.g. improved access through better transport infrastructure, and investment in tourism offering potentially more opportunities for remote or under-developed areas.

ERDF's direct contribution to investment in social inclusion measures has never been significant however. An exception to this was investment under the Local Urban and Rural Development OP 1994-99, which included a programme of integrated development for designated disadvantaged areas and other areas. This programme specifically targeted disadvantaged areas through local 'bottom-up' approaches and the establishment of area-based development partnerships, providing services that included financial support, education and training, placement and advisory services and community development. Views about the extent to which this investment was effective vary. It is indeed seen as addressing a very real need of serious and multi-dimensional social disadvantage, including long-term unemployment, through locally-led initiatives. This approach has subsequently been maintained and mainstreamed. There are, however, concerns that these initiatives subsequently became overly institutionalised, paralleling the role of national and local public agencies. A process of rationalising these structures is currently (2012) underway (see Dept. of Environment, Community and Local Government, 2012).

Also, ERDF investment has funded the development of childcare facilities under the Social Inclusion and Childcare Priority of the BMW Region and S&E Region OPs 2000-06. This is generally seen as a significant social and economic contribution by Cohesion Policy, helping to kick-start an important element of social provision that has been absent.

(vii) Programme Indicator Systems

A crucial issue in considering reported achievements is the nature of the indicators used and the systems for the collection and analysis of data.

A number of features have helped the usefulness and validity of indicator information in the Irish CSF context. Firstly, there was experience of performance indicators and the issues surrounding them prior to Cohesion Fund programmes. This was particularly so in the case of support to enterprise where the concept of employment creation, its measurement and the associated difficulties had been much debated during the 1980s in a national policy context. Second, the duration of EU programmes means that there has been a lot of effort and investment in developing valid indicator systems over successive rounds, particularly in the 1994-99 period and reflecting Commission emphasis on this. Programme Complements in that period contained comprehensive suites of output, result and impact indicators and accompanying effort was put into ensuring appropriate data collection systems were in place, and that performance indicators were linked to funding. Third, there was no particular culture of or gain from overly positive reporting. Indeed, if there was strategic behaviour this may have related to under ambitious targets, e.g. some targets were exceeded many times over, although probably in a very small number of cases. The net effect of these factors is not of course a perfect indicator system. However, they contributed significantly to what was in general a reasonably strong system that attempted and commonly succeeded in providing an objective, quantitative framework for measuring and monitoring progress, and in ways that quite evidently related back to policy and programme goals and objectives.

These outcomes were supported by the emphasis placed on such indicator frameworks by the Commission, in regulations and programming requirements, by central national agencies and Managing Authorities seeking to comply with them, and also by their consistent and continual examination under ex-ante, mid-term and thematic independent external evaluations of OPs, which explored what indicators reported and what they revealed about progress, and the appropriateness of existing targets and their need for revision, but also the overall quality and efficacy of the indicators themselves, and the need for improved selection and utilisation of performance indicators.

All that said, performance indicators have continued to be challenging up to the present time. A number of factors underlie this. Firstly, as is increasingly recognised, defining indicators that reliably capture causation effects is inherently difficult, especially more downstream ones of result and impact level. Second, the close integration of EU funds into national expenditure programmes added to the challenge. All EU-funded programmes are mostly also nationally co-financed, so in fact there is never any uniquely pure ERDF (or Cohesion Fund) investments. However, the Irish approach meant that there was also in some cases parallel non-cofinanced national investment in the same programmes and for the same ends, and within the same programme there were also non-cofinanced measures. This issue reached its zenith in 2000-06 when indicators were defined for OPs and Priorities as a whole, so that there was no system to capture indicators above the co-financed measure level.

In practice, therefore, prior to 2007-13, the indicators utilised (and provided in Annex III) do face a series of imitations:

- different kinds of projects can lead to a diversity of outputs, which makes it difficult to fit project outputs into a small number of indicators. This in turn can lead to a large number of indicators being used, which makes analysis more complex;
- the diversity of projects and their outputs makes it difficult to aggregate outputs. Furthermore, some targets at an individual project level can overlap with other projects, which might lead to double-counting when aggregated and therefore give an unrealistically high assessment of levels of achievement against targets;
- the realism and reliability of what individual projects achieve depends on how targets are being defined. This means that what one project interprets as meeting a target might be different to how another project defines it, unless clear, common definitions are put in place and communicated to projects. For example, outputs focused on advice or support to SMEs can be problematic if they give no sense of the type of assistance provided, its quality, its fit with the needs of a firm, etc;
- the causal relationship between assistance under a programme, the outcomes reported and other factors external to a programme can be difficult to determine. For example, result and impact indicators can present difficulties because of problems estimating the consequences of a discrete activity for firms assisted or individuals and problems assessing net results (taking into account duplication, displacement and deadweight);
- some result indicators that have been developed might be more commonly classified as impact indicators, and vice versa;
- the realism of indicator targets would also depend on the robustness of the assumptions behind the targets as well as other ongoing changes in the external environment. For example, targets for several indicators outlined above have been exceeded by a very

substantial margin, which might suggest that the targets set were either quite modest or that they were overtaken by other wider changes in the external environment.

(viii) Institutional Capacity

In considering achievements regarding institutional capacity, a series of areas can be distinguished: policy-making and the policy-making process; the nature and content of policy; mechanisms for programme implementation; and monitoring and evaluation.

The role of the EU funds in policy-making has been very significant. However, it is arguably not transformative. The policy-making process in Ireland has improved, but it is probably not remarkably different from what it would have been in earlier periods even before the Structural Funds. It has become more evidence-based and somewhat less politicised (in the negative sense). However, it still has many weaknesses, as evidenced by the current crisis, which most commentators would attribute, at least in part, to failures in macro-economic policy-making.

In terms of the policy content, there is a mixed picture. There are some sectors where the presence of EU funds has made a very significant positive contribution to policy. This may have come about through the overt policy wishes of DG Regio, but also importantly by the fact that the presence of EU funding gave greater traction to other EU policies, e.g. in such areas as environmental sustainability, State aids and public procurement. While Ireland would, irrespective of Structural and Cohesion Funding, have been subject to these EU-wide policies, the presence of the funding gave them a greater impetus, and compliance was even more of a consideration where co-financed expenditure was involved.

In the case of policy approaches strongly espoused by DG Regio, these include the partnership approach to programme implementation, and an emphasis on the regional and local, and not just the national, priorities and perspective. There is little doubt but that the inclusion of the Operational Programme for Local, Urban and Rural Development in the 1994-99 period was specifically intended to meet the expressed and/or implicit wishes of the Commission, and it reflected a new awareness of the role of bottom-up developmental approaches needs previously less clearly articulated. In areas such as enterprise development and R&D and innovation, there is perhaps a danger of over-crediting the EU funds for policy innovation. The role was significant, but it was probably more one of enabling the Irish authorities to implement policies and plans that they already had, rather than helping to develop those policies in the first place. In particular, the enterprise development and RTDI areas were policy-rich environments, even as far back as the 1970s and 80s, and the contribution of the EU funds was the timely arrival of resources (esp. in 1989-93) to help implement some of these strategies.

An exception could be support for R&D in industry, where there was a direct intervention by the Commission during the 1989-93 period in the form of the R&D Initiative (Measure 6) of the then Industrial Development Programme to support grants for R&D in companies; up until then, these grants had been given only to public sector organisations, including third-level colleges.

There are also some areas where the Structural and Cohesion Funds may have had unintended negative consequences on policy or policy implementation. For example, it could be argued that the availability of Cohesion funding in Ireland, coupled with a lack of strong insistence from the Commission that there should be accompanying domestic water charges, postponed this issue in Ireland up to the present time, so that it is only now being addressed out of necessity in the context of the wider crisis. In fairness to the Commission it was consistently always pushing for charges and reduced the level of aid from a maximum 85% for most water services projects. But this pressure was insufficient to move the Irish authorities. This is a case where a well-targeted absolute ex ante conditionality would have been very appropriate.

There is considerable consensus that the EU Structural Funds programming has contributed to multi-annual investment planning and programming in Ireland. The periods of Irish National Development Plans to date coincide with EU Structural Funds periods (which of course are the EU budget periods). The concept of clearer goal-setting, of committing funds over a multi-annual cycle, of systematically monitoring investment as it progresses, and of subsequently assessing impact, has seeped into the Irish public administration generally, and investment programming in particular. However mixed actual practice might be, the principles of clear needs analyses, strategies, monitoring and evaluation, are now unquestioned.

On the specific issue of evaluation, there is a frequent tendency to associate this with the onset of EU funds in Ireland. However, while it is quite correct that the subject was introduced by EU funding to many sectors where it had not been seen before, the concept already existed in Ireland well in advance of EU funding, e.g. evaluations in areas like enterprise and science and technology were being performed back in the 1970s. The 1989-93 period introduced the concept much more widely, with the regulatory requirement for ex ante, ongoing and ex post evaluation. The 1994-99 period coincided with a peak in the level of evaluation activity at both OP and CSF level, which was then very widespread and very much associated with EU funding. This included a mix of both external and internal evaluators in some Programmes, and it frequently included evaluation units within Managing Authorities. In hindsight, this was also the period in which evaluation was most effective, because it was most closely associated with Managing Authorities.

The 2000-06 period saw the establishment of a central evaluation function in the Department of Finance at CSF level and the scaling back of evaluation efforts for individual funds or OPs. However, this also became an NDP/CSF Evaluation Unit so that its remit, in principle, ran across all NDP investment. In retrospect, this dimension was probably a bridge too far, as was the introduction to EU-type programming across all public investment under the enlarged NDP. This suffered the weakness that many of the key parties did not fully accept their involvement according to these principles, so that in the case of non-cofinanced expenditure this model was never fully operational.

Another feature of evaluation in that period is that advantages gained through the increased ‘independence’ of a centralised function were counterbalanced by the fact that this removed the ‘ownership’ of evaluation from Managing Authorities and IBs and turned it into an externally-imposed requirement, closely associated with the Department of Finance.

Another weakness of the Irish system was the minimal amount of ex post evaluation, perhaps not helped by the DG Regio responsibility for the regulatory requirements. It also hampered monitoring and evaluation of EU co-financed investment. As programming also incorporated non-cofinanced investment in the same areas, the role of the specific EU co-financed investment was (and remains) harder to identify. On a most positive note, after a period of more limited attention being paid to evaluation, it is now very much back in vogue and is the subject of a much reinvigorated effort under the aegis of the Department of Public Expenditure and Reform (Hearne and Watt 2011).

5.1.3 Institutional Factors Affecting Achievements

There have been a number of institutional, organisational and administrative factors that have impacted on the achievements of ERDF and Cohesion Fund programmes in the period since 1989.

As is evident from the discussion in Chapter 3 above, successive NDPs and CSFs in Ireland have benefitted from being strategic in nature, with close links to wider national economic strategies and policies, and from being closely tied to key agreed development needs at the time. In this regard, NDP and CSF strategies have therefore probably provided a good guide for what was needed in development terms. Close integration with the national public administration, combined with the reasonable administrative quality of much of that administration, was a positive element in general efficiency and effectiveness terms. As set out below, however, there were of course also negative factors.

Therefore, the greatest institutional issues faced have mainly related to implementation. Also, some of the greatest obstacles have affected investment in infrastructure, and especially investment in this area during the 2000-06 period. The Ex-ante Evaluation of Investment Priorities for the NDP 2007-13, for example, noted that the level of investment in transport under the NDP 1994-99 was, in hindsight, probably not ambitious enough, while the level of transport investment in the NDP 2000-06 was probably ramped up too rapidly. This latter placed considerable pressures on organisational and administrative capacity to deliver infrastructure under the NDP 2000-06, and delays in the delivery of projects would have partially occurred because of the pressures placed on project management resources and the difficulties encountered in getting some projects through the planning system. These problems were in turn a symptom of the underlying success of the Irish economy, however, as the rapid growth in the economy generally contributed to the dramatic increase in demand for output from the building and construction sector between 2000 and 2006. Furthermore, the impact of these issues was exacerbated by the very high construction-cost inflation that prevailed at the time, though this was not an organisational or administrative issue.

Alongside its advantages in terms of policy coherence and administrative simplicity, the heavy reliance on the national public administration can also be seen as a source of inflexibility and lack of innovation, and an indication that programmes were sometimes developed around what agencies did or wanted to do, rather than as a pure new response to an identified need. Of course, agencies were also responding to needs as they saw them. EU finance, as an integral part of departmental and agency core budgets, could be a victim of a degree of defensiveness and rigidity. There were, for example, only relatively small movements of funds after successive Mid-term Reviews.

Project selection and appraisal systems that were used in ERDF-supported programmes have been reasonably good. This was helped by the Irish model of utilising the pre-existing suite of professional state development agencies as implementing bodies, entities which did not necessarily exist in other Member States and regions. Furthermore, lessons were often learned about the strengths and weaknesses of such systems over time, and improvements were made as a result. This meant that selection and appraisal became reasonably effective at assessing projects in a systematic manner, which in turn gave a good assessment of how different projects fitted with key programme objectives. There was also under Cohesion Policy influence a move towards greater competition in project selection, particularly in enterprise development and innovation.

However, efforts to further improve selection and appraisal procedures did at times present difficulties. In some cases, these difficulties led to delays in getting projects approved, which affected the quantity and timing of outputs delivered. For example, selection and appraisal procedures for co-financed tourism measures in the 2000-06 period introduced a competitive process, with defined application deadlines, which was designed to overcome the earlier criticisms of the ‘first come, first served’ approach that was more commonly used in the 1989-93 and 1994-99 periods. Instead of assessing applications as they came in, with applications effectively placed in a queue depending on when they were submitted, all applications for a particular call for proposals were now assessed together, with grants awarded on the basis of the best scores achieved against the selection and appraisal criteria. While this was helpful in delivering a more strategic approach to matching selection and appraisal with programme objectives, the implementing agencies took time to get used to the pressures of assessing a large volume of applications at the same time, with the result that project approvals were generated at a much slower rate than expected.

Finally, another common problem that programmes and measures faced was the need to and delays in obtaining EU State Aid clearance. This was an issue that was faced by a number of programmes and measures in the 2000-06 period, and it meant that some measures were not able to get off the ground until well into the programme period.

5.2 Complementarities and Synergies

5.2.1 Complementarity Between ERDF-Funded Programmes

Generally, there was a reasonably high level of complementarity between different ERDF-supported programmes in the period since 1989. Furthermore, complementarity and synergies were also quite good between ERDF measures, the Cohesion Fund and other EU co-financing, including ESF or EAGGF.

This level of complementarity was largely derived from the fact that such programmes were generally informed by the overarching NDP and CSF for the time. The OPs that gave effect to NDP and CSF strategies were, in turn, guided by these strategies, which gave a clear understanding of the investment needs and priorities at the time.

In most cases, sectoral and thematic programmes were co-funded by both ERDF and other EU Structural Funds. Similarly, the agreed strategies underlying NDPs and CSFs reduced the likelihood of overlap and duplication between ERDF support in different programmes. Examples of this level of co-ordination and delineation of roles include:

- funding for infrastructure, particularly in the transport area, combined the use of ERDF and Cohesion Fund support in a complementary manner, and via the same MAs and IBs. However the EU-driven separation of ERDF and Cohesion Fund programme was arguably an anomaly, creating administrative burdens and coordination issues;
- cross-fertilisation between ERDF and Cohesion Fund investment was evident in the usage of T.A. For example, T.A. under the 1993-99 Transport OP and the 1993-99 Cohesion Fund supported preparation of both strategic and project level plans for transport investment (e.g. M.C. O'Sullivan 1998) including co-financed investment in the 2000-06 period;
- funding under the Enterprise and Tourism OPs in the 1989-93 and 1994-99 periods provided ERDF support for product development and marketing alongside ESF support for e.g. tourism education and training;
- funding for human resources programmes, co-financed by the ESF, also included complementary ERDF support for vocational training infrastructure, particularly in ITs and universities;
- in the fisheries sector, ERDF support for fishery harbour infrastructure complemented other wider sectoral support co-financed by the Financial Instrument for Fisheries Guidance (FIFG).

Throughout the different programme periods, Managing Authorities and Implementing Bodies for programmes also sought to put in place procedures to ensure that complementarity was maximised and overlap and duplication minimised. This included consultation and interaction with counterparts in other related programmes, cross-membership of boards and project selection panels, and checks regarding other EU funding received by project applicants. Considerable challenges remained, however, most notably in the local development sphere.

5.2.2 Complementarity with Domestic Policies

Successive NDPs and CSFs throughout the period since 1989 involved complementarity with domestic policies and strategies in Ireland. Just as individual OPs were heavily informed by their overarching NDP and CSF, so the NDPs and CSFs were informed by the prevailing policy developments at the time, and by the progression of domestic policy over time. In addition, Managing Authorities and Implementing Bodies for OPs and their constituent sub-programmes and measures were, in most cases, government departments or State agencies responsible for the relevant sectors.

The NDP and CSF for the 1989-93 period, for example, was heavily informed by the macro-economic priorities and broad economic strategy that had earlier been agreed in the Programme for National Recovery, agreed in 1987. Investment in roads infrastructure was guided by the Blueprint for Road Development, which had been prepared at the time, while investment in tourism was informed by an earlier White Paper on Tourism Policy, which was regarded as the first comprehensive statement of policy for the sector. The NDP and CSF for the 1994-99 period was informed by further major developments in policy and strategy, with support for industry in particular being heavily influenced by the Culliton Report.

As noted in Chapter 3 above, ERDF and Cohesion Fund support, in relative terms, accounted for a much smaller proportion of total investment planned under NDPs from 2000 onwards. ERDF support, therefore, became more targeted. Nonetheless, this support still maintained a fit with domestic policies and as a contribution in implementing strategies in key target areas, such as RTDI (e.g. Strategy for Science, Technology and Innovation 2006-13). At the broader level, the NDPs in the 2000-06 and 2007-13 periods continued to be quite strongly linked to prevailing economic and sectoral policies, and reflective of the very considerable changes that had occurred since the 1989-93 and 1994-99 NDPs.

An important policy area where EU and national policy did not fully gel was in relation to regional policy. Here it can be said there was fault on both sides. On the one hand, the Commission probably tended to overplay its hand in trying to encourage Ireland down a regionalisation route that it was reluctant to follow. Whatever the merits or demerits of the Commission emphasis, the Irish political system had no great appetite for this, and on subsidiarity grounds the Commission should perhaps have been more willing to accept national realities in this regard. On the Irish side, there was (and perhaps still is) a great deal of policy confusion about 'regional' policy and its multiple dimensions and interpretations. It was also perhaps too willing to go along with creation of 'light' regional structures to seem to be doing something rather than having and defending a clear position, even if that was to not have regional structures. This focus, coupled with a parallel strand of Commission-encouraged 'local development', also perhaps contributed to inadequate reform of the local government system, which in Ireland was and remains the longest-established and most deeply embedded sub-national tier. Significantly, the area of regional policy and regional and local administrative and development structures continues to be the subject of debate and change (Dept. of the Environment, Community and Local Government, 2012).

6. ASSESSMENT OF ACHIEVEMENTS AGAINST OBJECTIVES AND NEEDS (EFFECTIVENESS AND UTILITY)

6.1 Overall Achievements of ERDF Programmes Measured Against Programme Objectives (Effectiveness)

The effectiveness of programmes refers to the extent to which the objectives of those programmes were achieved through the projects funded. As such, the objectives can be split into two levels: the overarching programme objectives, often stated in terms of overall economy development; and the specific objectives or targets of individual Priorities and Measures. The former has usually been set in terms of aggregate indicators such as GDP, employment or narrowing gaps with the EU. The latter was usually set in terms of more narrowly-defined indicators, most commonly outputs. As a consequence, in assessing effectiveness, it is necessary to reconstruct the logic of how measures contribute to the overall objectives and how the achievements of projects and measures fit with the performance indicators used to define the programme objectives.

For overarching programme objectives in Ireland, the outcomes generally show that high-level objectives were largely achieved. In particular, this is evident in the 1989-93 and 1994-99 periods, when ERDF and Cohesion Fund support accounted for a significant proportion of overall national investment under the CSF and NDP.

As noted in Chapter 3, the key high-level objective in the 1989-93 period was to contribute to the delivery of economic strategy and to advance the national and EU aspiration towards greater economic and social cohesion. To this end, stated objectives were to: prepare the Irish economy to compete successfully in the EU Internal Market; stimulate the growth needed to reduce unemployment, raise productivity and begin to increase per capita income towards average EU levels; improve the state of the public finances; and accompany economic growth with a greater social dimension in society. Achievements in the period included economic growth of about 5 percent per annum, increase in GDP per capita from 62 percent up to 73 percent of the EU average, reduction in the General Government Balance to a deficit of under 2.5 percent of GDP, and a fall in the debt-to-GNP ratio of about 23.0 percentage points.

Overall objectives for the 1994-99 period, included: GDP growth of 4 percent per annum; GNP growth of 4 percent per annum; growth in investment of 4 percent per annum; gross job creation of 33,000 jobs per annum; and net employment change of 15,000 jobs per annum. Achievements for the period included real GDP growth in excess of 8 percent per annum, GNP growth of about 7.5 percent per annum, total investment growth of 14 percent per annum and net employment growth of over 74,000 per annum. Reflecting this, the unemployment rate fell by about 9.0 percentage points (from 15.0 percent to 6.0 percent), while the long-term unemployment rate fell by some 6.4 percentage points. Strong economic performance, in turn, also led to a rapid convergence with the overall EU economy, with GDP per capita increasing from 85 percent to 105 percent of the EU average, GNP per capita increasing from 79 percent to 88 percent of the EU average and the debt-to-GDP ratio falling to 56 percent.

It is not possible to attribute such headline achievements exclusively to ERDF and wider EU Cohesion Policy support only, as there were other funding streams and, indeed, other economic and policy factors that played a large part in helping to achieve targets. Therefore, for many of the macro-economic successes since 1989, ERDF must be viewed as an important contributing factor to the achievements of the period. As many evaluations and other analyses have shown, it was an important part of a wider virtuous circle that also included a benign international environment, EU membership, strong inward investment and good fiscal management. Macro-economic modelling has also confirmed the distinct contribution that Cohesion Policy made to these wider achievements.

Several Industry OP targets were met in the 1989-93 period, for example, in terms of overall jobs created, manufacturing employment, output volume growth and productivity growth. Investment in industrial development in the 1994-99 period saw targets achieved or exceeded for both gross and net job creation, for gross and net business expenditure on R&D and for increased value-added in industry. Many major developments that impacted on key industry issues, such as competitiveness (e.g. wage moderation, fiscal policy), were primarily macro-economic in nature, and progress was not solely related to industrial policy expenditure under Industry OPs, or indeed to ERDF support within this expenditure. Also, performance against targets that were specific to indigenous industry were often less impressive.

Similarly, performance in the tourism sector was broadly in line with or ahead of growth targets in the NDPs and CSFs for the 1989-93 and 1994-99 periods, e.g. growth in foreign exchange earnings and growth in jobs. Performance in this regard was again influenced by a number of other factors outside the Tourism OPs, including a generally more buoyant economic climate at the time, the availability of low-cost air access into Ireland and the availability of tax incentives for developing improved hotel accommodation. It would thus be wrong to attribute the achievement of either macro-economic or headline sectoral targets solely to the impact of the NDPs/CSFs and their constituent OPs, or to ERDF support in particular. On the other hand, such other factors would not have had the same effect without the EU investment which enabled and facilitated growth.

At a thematic level there is also clear evidence that ERDF and Cohesion Fund support has been successful in delivering on key programme objectives. The stock and quality of the public physical infrastructure in Ireland, for example, has improved dramatically in the period since 1989 through completion of significant road construction on major inter-urban routes and other national primary routes, improvement works on several thousand kilometres of national secondary roads and non-national roads, significant improvements to rail and other public transport infrastructure, development of facilities at State airports and seaports and major construction and upgrading of wastewater treatment plants and other environmental infrastructure. The scale of this investment, the major role of EU co-financing within it, and the direct physical links between inputs, outputs and achievements such as road traffic speed and safety, water quality standards and compliance, and reduction of harmful discharges, mean that levels of target achievement are clear from indicator data.

More widely, ERDF and Cohesion Fund support was critical in kick-starting a sustained period of major infrastructure development in Ireland at a time when it was badly needed and when the resources to do it were not available from other sources. This directly addressed key programme objectives in the 1989-93 and 1994-99 periods, which were focused on improving a capital stock of infrastructure that was considered inadequate and that needed to be upgraded to remove bottlenecks, remedy capacity deficiencies etc, thereby providing a more effective input to the overall competitiveness and efficiency of the economy. In addition, it has been instrumental in building the momentum for and tackling programme objectives regarding major infrastructural development in Ireland since then, including a continued need to build the capital stock to (a) sustain higher levels of economic activity under changed economic circumstances and (b) enhance the potential of less developed areas through balanced regional development, which was a fundamental objective of the 2000-06 NDP. In overall terms, therefore, ERDF and Cohesion Fund support for infrastructural development has significantly advanced the stock and quality of a key determinant of long-run economic growth in Ireland, which has a major impact on the overall competitiveness of the economy and which is a significant factor in determining the attractiveness of the country for FDI.

Admittedly, the rapid growth in the Irish economy, especially in the period from about 1994 up to 2007, made closing the infrastructure gap into a 'moving target', which means that improvements in terms of reduced congestion, lower journey times, and improved water and waste services have not always emerged as quickly as was anticipated. This is because the level of growth over this period of 10-12 years was so unprecedented that it placed even further demands on infrastructure, over and above what may originally have been planned for. However, the economy would probably have choked from a lack of infrastructure without the investment that has been delivered under successive NDPs, and any bottlenecks or congestion that still exist would have been much worse without the investment that has taken place.

Enterprise development was a major focus of ERDF support in Ireland during the 1989-93 and 1994-99 periods, but the effectiveness of these measures is the most difficult to gauge in retrospect. Key programme objectives in these periods were the creation and maintenance of employment in enterprise, but also the development of a strong and competitive enterprise sector and industrial structure, including a wide range of domestic and foreign-owned firms, which were capable of competing successfully in international markets.

Regarding deadweight in the provision of enterprise supports, this issue has been a constant source of concern in Ireland. Various evaluations have confirmed its existence. However, a number of counterbalancing points need to be made. Firstly, use of experienced and professional organisations as IBs can ease it Secondly, while deadweight as such does not arise on public-good projects, other problems that can have similarly wasteful effect can, e.g. cost rises, delays and dangers of gold-plating. So while being alert to the dangers of deadweight, this can be seen as a risk factor to be mitigated, not a semi-ideological reason to avoid supporting enterprise.

Investment in FDI was already a key component of industrial policy in Ireland at the time EU funding commenced, and continued to be so under the ERDF programmes, but there was an additional increased emphasis on making the indigenous sector internationally competitive. However, quantified objectives were mainly set at an overall industry level (i.e. indigenous and foreign-owned). Furthermore, a variation in achievement between the indigenous and foreign-owned sectors has been noted, with foreign-owned firms generally out-performing indigenous firms. Over 20 years between 1990 and 2010, for example, employment in agency-assisted indigenous firms has only grown by about 20 percent, while relative export intensity in such firms has only changed to a limited extent. Therefore, while ERDF support probably helped to improve the capability of indigenous Irish industry in the 1989-99 period, the evidence would not suggest that a step-change in indigenous industry performance occurred as a result.

While enterprise supports, particularly towards indigenous firms, played an important role in addressing competitive and productivity weaknesses in the early periods, by the late 1990s the general macro-economic buoyancy weakened the economic justification for ongoing publicly-funded grant support, and heightened the risk of deadweight therein. The gradual phasing out of such supports was recommended for post-2000, and while (non co-financed) exchequer support remained in place, funding co-financed by the ERDF towards enterprise development was discontinued in the 2000-2006 round (except for R&D and some small schemes supporting SMEs).

As regards other structural adjustment, views on the contribution of NDP/CSF intervention to achievement of objectives in general, and ERDF support in particular, in the tourism sector have remained largely positive, even though several other factors outside of investment programmes again influenced sectoral performance in the period. For example, ERDF support is certainly perceived to have contributed significantly to the general uplift in quality for much of the Irish tourism product during the 1989-99 period, at a time when a similar scale of resources for investment (as with infrastructure) would otherwise not have been available. In addition, ERDF support helped to leverage other funds for product investment. Therefore, ERDF support was instrumental in meeting key programme objectives, both in the 1989-93 and 1994-99 periods in particular, to develop and expand the Irish tourism product and to provide high quality, marketable amenities and facilities. As noted in Chapter 5 and the Project Example in Annex 1, there were some issues raised regarding the targeting of and rationale for certain sub-measures with the overall tourism investment programmes. However, these issues do not detract from the overall view of the importance of ERDF support to tourism product development, without which the ability to capitalise on other positive factors would have been reduced.

Regarding innovation, key programme objectives across the period sought to introduce a greater RTDI element to industrial policy in Ireland, to develop an R&D infrastructure in the economy and generally raise the overall innovative capacity of Irish firms and researchers. In terms of this objective, ERDF support has again provided a base of expenditure in R&D in Ireland that has increased rapidly in subsequent years, thereby addressing an area of previous under-investment and helping to build momentum to tackle it. R&D-related outputs from public and private investment have increased significantly in tandem with this, including: large increases in the number of researchers engaged in third-level institutions, including postgraduate and postdoctoral; increased numbers of academic researchers collaborating with industry; increases in the volume of R&D activity carried out within firms in Ireland; and increased incubation space for high-potential start-ups through the development of Regional Incubation Centres. Support has also helped the objective of bringing Ireland's R&D performance towards EU norms. However, views vary considerably about the relative importance of different types of RTDI investment, often depending on the constituency from which consultees emanate, e.g. regarding the relative importance of investment in public institutions against enterprise, in basic as against more applied research, and in the mechanism (theories of change) through which the economic gains from research emerge.

Table 9: Imputed Objectives and Achievements for Eight Thematic Axes

Thematic Axes	1989-present		1989-93		1994-99		2000-06		2007-present	
	Imputed Objectives	Achieve ments	Imputed Objectives	Achieve ments	Imputed Objectives	Achieve ments	Imputed Objectives	Achieve ments	Imputed Objectives	Achieve ments
enterprise	+	4	++	4	=	3	+	3	+	3
structural adjustment (sectoral development)	+	4	+	4	++	2	+	4	=	4
innovation	++	3	+	3	=	3	++	3	++	4
environmental sustainability	+	2	+	4	+	2	++	4	-	4
labour market/social inclusion	+	3	++	4	+	4	-	3	+	3
community development	-	4	-	4	+	4	-	3	+	3
spatial distribution of economic activity within the region	+	2	-	2	+	2	+	3	-	2
infra-regional infrastructural endowment	++	5	++	4	++	5	++	5	-	4

Imputed Objectives Scale

++ Very high effort, this axis is a central aspect of the regional development strategy
+ High effort, this axis is an important element in the regional development strategy
= Average effort, this axis is included in the regional development strategy but is not particularly important
- Low effort: this axis is only marginally considered in the regional development strategy
-- No effort at all on this axis

Achievements Scale

++ Very high achievement, the results for this axis are considerably above expectations, given the effort put in and ex-ante conditions
+ High achievement, the results for this axis are above expectations, given the effort put in and ex-ante conditions
= Average achievement, the results for this axis are those which could be expected, given the effort put in and ex-ante conditions
- Negative achievement, the results for this axis are below expectations, given the effort put in and ex-ante conditions
-- Very negative achievement, the results for this axis are considerably below expectations or even nil

6.2 Utility

Utility here refers to the extent which overall achievements of Cohesion Policy funding addressed Irish development needs.

Throughout successive rounds, Ireland's highly integrated approach to EU programming, EU co-financed CSFs were part of wider National Development Plans. These were themselves agglomerations of agreed sectoral strategies, developed at government level. After the commencement of EU funds, NDPs and CSFs were also the subject of externally commissioned ex ante evaluations, undertaken by the ESRI. The combination of these factors means that programmes were by and large responsive to genuine development needs. At the commencement of programming in 1989, availability of enlarged and multi-annual programmatic ERDF (and other EU) funding was very timely for Ireland. Not unlike present circumstances, the economy was coming out of a very difficult period during the 1980s. Unemployment was high, the economy faced multiple challenges and bottlenecks, the public finances were fragile, and confidence was low. There was very limited capital investment, and even less for discretionary investments, but various unresourced expenditure plans were available.

The enhanced Structural Funds programme (estimated at about double the previous 1980s annual level) provided much needed finance for investment, and in addition its multi-annual nature provided a guarantee of its continuation and the motivation to the Exchequer to co-finance it.

This allowed investment in historically neglected infrastructure needs such as rail and national roads, and new capital investment in areas such as RTDI facilities and tourism attractions. In terms of finance and confidence, the situation was, in the words of one consultee, that 'the EU was showing more confidence in us than we had in ourselves'.

This pattern of addressing evident and agreed needs continued in the 1994-99 CSF, which was in many ways an enlarged version of the 1989-93 one. It again nearly doubled Ireland's combined receipts of EU Structural and Cohesion Funds as a whole. Arrival of the Cohesion Fund (in 1992) also provided additional earmarked funding for investment in large capital projects, combined with Commission insistence on the need for larger and more strategically planned investment in roads and rail, and also in RTDI, both public and private. Indigenous industry, tourism, education and training facilities also benefited – indeed by the standards of other 'Cohesion 4' countries, Ireland's CSFs were seen as having relatively high shares of 'non-infrastructural' investment. So in both 1989-93 and 1994-99, EU funding was in the right place at the right time.

We would share the view of virtually all commentators on the period, who credit EU funds as a whole, including the ERDF and Cohesion Fund, with a high level of responsiveness to needs and a direct and indirect role in helping to create the 'Celtic Tiger' economy of the mid-to-late 1990s – a period which coincided with the peak of EU funds receipts and expenditure. This involved unprecedented growth in the 'real' economy and was reflected in very large growth in output, exports and employment, and a reversal in the traditional outward pattern of migration.

The period of Celtic Tiger growth in the late 1990s itself clearly affected the nature of needs in the period after 2000. Increased population, labour force and enterprise all led to new demands on public infrastructure and a need for further investment in transport, environment and wider social infrastructure. It also reduced the need for some forms of traditional investment, notably support to enterprise development (also of course influenced by State-aid rules). These changed needs were reflected in public investment programmes, including those co-financed by the 2000-06 and 2007-13 CSF and NSRF respectively.

In utility terms, 2000 was a watershed. Fund receipts inevitably fell greatly as Ireland exceeded EU convergence eligibility thresholds. But the nature of programming also responded, with it now seeming very small within a much-enlarged national NDP, and concentrated within a small subsection of national and regional OPs. At the same time, OPs, especially the new ROPs, also became much less homogenous and sector-specific, and in consequence somewhat harder to articulate in terms of clear goals, objectives, and performance indicators.

Also significant in terms of evidence of meeting needs is the extent to which investment in previously co-financed sectors continued after EU funding ceased, i.e. the national authorities still saw these areas as ones of real need, not ones where investment was EU-driven. Much of the investment in the motorway network (described in Annex 1) was nationally financed in the 2000-06 and 2007-13 periods. Similarly, until the onset of the current crisis, annual investment in water infrastructure continued up to 2010 at a level similar to that throughout the 2000-06 period.

In the 2007-13 period, this changed response to needs continued and probably improved, with much smaller ERDF funding focused within two regional OPs and on a limited number of very specific more niche interventions. Although useful, well programmed and well managed, these are essentially the regional components of national interventions, and implemented by the relevant national bodies, i.e. Managing Authorities are regional, but Implementing Bodies are national.

Throughout much of the period EU programming also contributed very positively to addressing the challenge of peace in Northern Ireland, and related strains in the relations between the two parts of the island. Aspects of this included positive EU interest in this long-standing problem, presence of North-South links as a horizontal theme in OPs, INTERREG funding for joint cross-border projects, the dedicated “Peace” Programmes for community-based projects, and a single “Ireland” desk in DG Regio dealing with both parts of the island.

In the context of the current economic and financial crisis, consideration of the ultimate impact and utility of ERDF and Cohesion Fund investment and policy in Ireland cannot avoid considering whether any aspects of that policy may have contributed to the crisis as an unintended consequence.

In Ireland, the ‘glory’ days of EU funding are long over, and chronologically they are associated with the genuine real expansion of the late 1990s rather than the financial bubble of the 2000s. While the causes and the handling of the crisis has many EU dimensions (especially Euro membership and associated low interest rates, EU bailout funds), few in Ireland would think of the EU Structural and Cohesion funds as one of them.

Nevertheless, the issue does arise as to whether some of the multiple roots of the crisis might have been nourished by unintended or inadequately considered aspects of EU funding. One such aspect is that for EU co-financed capital investment the ongoing operating costs were possibly not sufficiently considered. In the case of public infrastructure, these costs often fell on the taxpayer. Another aspect of a possible detrimental link is that Cohesion Funds could be said to have allowed

Ireland to meet environmental directives without having to levy domestic water or other environmental charges.

A further dimension of the link with public expenditure is that Cohesion Policy helped create not just physical infrastructure such as roads and water/wastewater facilities, but also new institutions and expenditure programmes. In Ireland, the local development sector is often cited in this regard as a sector that has tended to have both supporters and detractors. But more significant is possibly the RTDI sector, where large-scale infrastructure was established in and around universities, the cost of which now falls on the national Exchequer.

The timing of major, albeit mostly nationally-financed, road investment in 2000-06 which was planned during 1994-99 (often with Cohesion Fund TA) contributed to the construction and general boom in the early 2000s, and this timing also meant that the infrastructure was built at historically a very high-cost time in terms of land and construction costs. More widely still, it could be argued that EU funds supported a public expenditure and investment culture, and fostered public expenditure as the solution to most challenges – as against regulatory and other reforms, and supported a policy focus that espoused unsustainable national (although not EU-driven) investment levels that with hindsight were inappropriate from the point of view of macro-economic management. Against this, it must be said that the 2000-06 'Lisbon Agenda' was intended to foster just such reforms in parallel.

On balance, it can be concluded that any 'negative utility' of EU funding regarding the roots of the subsequent crisis is fairly indirect and peripheral.

Table 10: Needs and achievements for eight thematic axes

Thematic Axes	1989-present		1989-93		1994-99		2000-06		2007-present	
	Needs	Achievements	Needs	Achievements	Needs	Achievements	Needs	Achievements	Needs	Achievements
enterprise	++	4	++	4	++	3	++	3	++	3
structural adjustment (sectoral development)	++	4	++	4	++	2	++	4	+	
innovation	++	3	+	3	++	3	++	3	++	4
environmental sustainability	++	2	++	4	++	2	++	4	+	4
labour market/social inclusion	++	3	++	4	++	4	++	3	++	3
community development	+	4	++	4	++	4	+	3	+	
spatial distribution of economic activity within the region	++	2	++	2	++	2	++	3	++	2
infra-regional infrastructural endowment	++	5	++	4	++	5	++	5	+	4

Needs Scale, evaluation of the region at the start of the period

++ Very high need: the region is highly deprived on this axis
+ High need: the region is somewhat deprived on this axis
= Average need: the region is around the national mean on this axis
- Low need: the region is above the national mean on this axis
-- Very low need: the region is already a European front-runner on this axis

Achievements scale, end of period with respect to beginning of period

5 Very high achievement, the results for this axis are considerably above expectations given the effort put in it and ex-ante conditions
4 High achievement, the results for this axis are above expectations given the effort put in it and ex-ante conditions
3 Average achievement, the results for this axis are those which could be expected given the effort put in it and ex-ante conditions
2 Negative achievement, the results for this axis are below expectations given the effort put in it and ex-ante conditions
1 Very negative achievement, the results for this axis are considerably below expectations or even nil

6.3 Key Elements of Success and Failure

6.3.1 Good Practices and Successes

The Irish ERDF, Cohesion and other EU fund assistance, as referred to in the introduction, were deeply integrated into the national public administration system, probably to an extent not surpassed in any other Member State. This had a number of distinct dimensions. Firstly, the Department of Finance acted as the CSF/NSRF Managing Authority for the CSF and other EU programmes. Second, during the first two rounds, government departments (ministries) acted as the Managing Authorities for OPs while executive agencies reporting to them acted as Implementing Bodies. Third, from a financial perspective, programmes were run as an integral part of the national public financial system with EU funds entering as income into that system and being expended through it. All public co-financing was effected by the Exchequer.

Good and bad programme practice in Ireland, therefore, reflect differing dimensions of the operation of this model. Many of these have emerged already in earlier Chapters. Possible aspects of the Irish model are that it:

- ensures very close linkage with national policy priorities, strategies and plans;
- removes, as noted above, the issue of pre-financing or at least places that role on the international Exchequer;
- means that implementation is carried out through the existing national bodies, rather than creating new or parallel ones that can frequently cause overlap and duplication;
- in the case of Ireland, which had a relatively effective public administration system from the outset, provides a cadre of people broadly familiar with the type of role they were expected to perform, e.g. at the level of project selection. Use of long-established, professional development agencies (e.g. IDA Ireland, Enterprise Ireland, Shannon Development, Údarás na Gaeltachta) as Implementing Bodies is an example of this, with an ability to help deal with challenges of good project selection, minimising deadweight and displacement;
- ensures high absorption due to the ability of the public administration, especially IBs in the infrastructure OPs, to have a queue of 'shovel-ready' projects. This impacted in two ways: first, it ensured that OP commencement could begin quickly; and second, in cases where individual projects encountered planning, regulatory or eligibility difficulties, alternative valid projects could be substituted;
- an eventual concentration on a small number of major priorities – roads, public transport, water and sanitation infrastructure, and RTDI.

6.3.2 Bad Practices and Failings

Weaknesses are in many ways the mirror image of the advantages of the integrated model. As they emerge from earlier chapters, they include: the danger of a departmental and agency-driven approach which pursued, particularly at agency level, institutional objectives rather than national ones; a degree of inflexibility in both policy and practice, particularly where EU funds constituted the core budget of agencies; a tendency towards a lack of innovation and even of mainstreaming of innovation; a greater difficulty in implementing new interventions rather than continuing investment in tried and trusted areas, e.g. county roads over innovation; a slowness to address difficult reforms which would have contributed to the wider achievement and impact of EU investment, e.g. in sectors such as public transport deregulation, energy and other public utilities, and the water sector; inadequate attention to the operating and maintenance costs of large infrastructure, and a slowness to introduce user changes; overly late preparation of a National Spatial Strategy, and a somewhat vague one when it was finally agreed, although with the caveat that this was still desirable and supported by EU investment.

The EPRC stakeholder survey, see Annex VII, findings are consistent with a number of these points. The survey asked respondents about aspects of programme design and implementation that they felt could be improved. The responses to the pre-defined questions include a desire for increased responsiveness to change (69%), simplified procedures (63%), greater concentration on priorities (58%), and better targeting of resources (57%) (See Annex VII, Question No. 22).

7. CONCLUSIONS

7.1 EQ1: To what extent did the programmes address regional needs and problems over time?

EQ1a: What were the initial regional needs and problems and what has been their evolution?

In the late 1980s, Ireland was one of the four poorest Member States of the then EU12, alongside Spain, Portugal and Greece. At the commencement of Cohesion Policy programming in the late 1980s, the needs identified to address this situation focused on employment creation, addressing key infrastructural deficits and improving human resource capacity. These needs evolved over the programme periods.

Initially, in the 1989-93 programme period, the pressing issues of unemployment and infrastructure gaps resulted in a focus on transport and other infrastructure and on employment generation through foreign investment, and indigenous enterprise growth, including tourism. These were highly relevant to the context of the time.

The 1994-99 period initially involved strong continuity of these identified needs, but with an increasingly proactive emphasis on key factors underlying modern economic growth, and ensuring that Ireland was up to international standards in these terms. This led to a continued emphasis on infrastructure, but also on the need to move enterprise up the value chain, and on the promotion of R&D and innovation both at State and company level. An increased focus on distribution as well as production issues was also relevant, and on recognition of the challenges of achieving internal national as well as EU convergence through supporting poorer areas and local communities.

The dramatic economic growth that took place during the late 1990s - in part a consequence of EU investment - was a generator of new needs. There was a need for further investment in transport and environmental infrastructure in order to cope with the increased levels of economic activity and of population and labour force growth. Employment generation ceased to be a priority need. However, at this stage, the role of EU funding reduced, and many of the new needs had to be met from national resources.

EQ1b: What was the strategy of ERDF programmes of each programme period? What has been their evolution?

Over the programme periods, ERDF and Cohesion Funds were utilised to support agreed national investment strategies, while also taking account of EU priorities and eligibility requirements. The role of Cohesion funding reflected these evolving needs over time, and indeed contributed to their evolution.

ERDF programmes in the 1989-93 period had a strong focus on infrastructure and capital investment, as well as on employment generation through enterprise development. Investment in roads and air/sea transport were a major investment priority in dealing with Ireland's severe infrastructure constraint and bottlenecks, and reflecting historical under-investment. A large share of ERDF-supported investment was also devoted to industry, especially indigenous industry support. Tourism was another key enterprise beneficiary of ERDF support in the period, again reflecting a need to focus on enterprise investment to generate output and employment.

The emphasis on infrastructure and industry including tourism largely continued into the 1994-99 period, though with very increased levels of ERDF investment and the added support of the Cohesion Fund. It was accompanied by continued investment in enterprise and an enhanced focus on RTDI. The aim was to build on the investment progress made during the 1989-93 period, which to some extent had been a first step in addressing some of the very large development problems faced by the Irish economy. This meant further similar investment in roads, air and sea ports, industry and tourism, albeit with a more targeted approach in some sectors and the emergence of some new investment priorities, e.g. public transport and local development. Investment in environmental sustainability, and in particular in water and wastewater infrastructure, was a large feature of Cohesion Policy funding in 1994-99, facilitated mainly by the Cohesion Fund more than the ERDF(the share of ERDF funding devoted to the environment in 1994-99 actually fell). This investment did also reflect economic needs, but was also influenced by compliance with EU Directives and by the pre-determined allocation of the Cohesion Fund investment to transport and the environment.

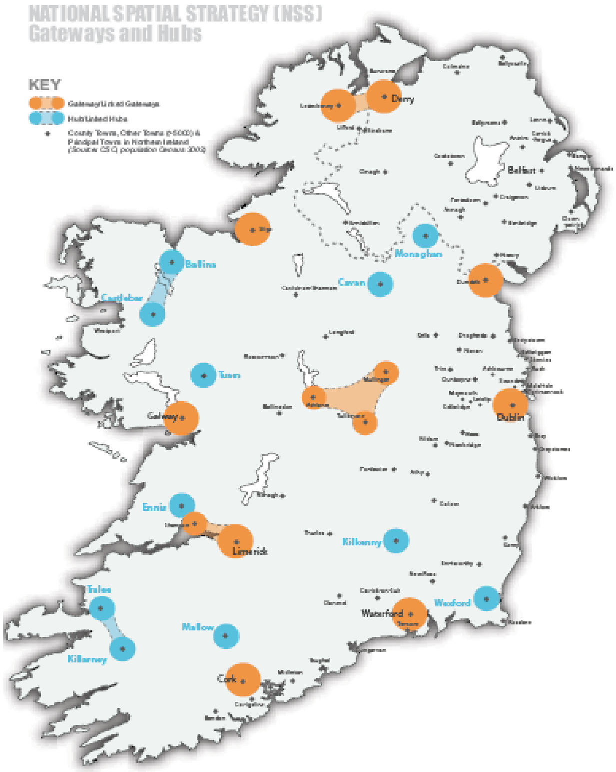
Programmes in the 1994-99 period reflected these requirements. In retrospect, however, emergence of the “Celtic Tiger” during the 1994-99 period did not elicit as significant a shift in priorities as it could have, and institutional inflexibility contributed to this. In particular, the shift towards investment in infrastructure which occurred from 2000 onward should have occurred during the 1994-99 period. A contributory factor was that the MTR for that period occurred just before the full extent of the “Tiger” period growth was fully evident.

The year 2000 is a watershed in EU funds programming in Ireland. The context surrounding investment in ERDF and Cohesion Fund programmes in the 2000-06 and 2007-13 periods had changed considerably when compared to the earlier periods. For these periods, Ireland as a whole had largely caught up with the rest of the EU in output/income (GDP/GNP) terms. National investment across most of the main thematic areas was to continue, and on a larger scale than was seen in the 1989-93 and 1994-99 periods, but the vast majority of this was not co-financed.

ERDF support for the periods was, in turn, considerably reduced in both absolute and relative terms, and investment priorities became much more focused. In particular, investment in RTDI and sustainable development were key priorities for ERDF support, reflecting both national investment strategy and EU Lisbon Agenda priorities. However, further Cohesion Fund assistance did provide substantial other investment for transport and environmental infrastructure in the 2000-06 period. ERDF support in the 2007-13 period is via two Regional OPs. While much more focused than the more macro-economic strategies of earlier periods, these have retained relevance to specific needs with their focus on environmental sustainability, including sustainable energy, on innovation and on infrastructure needs of Gateways.

Regarding “Gateways” and “hubs” these are the designated old and new centres for national and regional growth, and include the five “traditional” cities (Dublin, Cork, Limerick, Waterford and Galway) plus four newly designated ones (Midlands, Sligo, Letterkenny/Derry, And Dundalk).

While only finally designated in the 2002 National Spatial Strategy (Department of the Environment and Local Government 2002) these were already signalled in the 2000-06 National Development Plan. Cohesion Policy funding has been quite supportive of the Gateway concept during both the 2000-06 and current 2007-13 periods. ERDF and Cohesion Fund (up to 2003) contributed to planning and funding of the motorway network between Dublin and the other Gateways, in development of water and waste water infrastructure in a number of them, and latterly in supporting smaller public investment to support them in their role.



Two weaknesses of the NSS and Gateway model, however, are that they came somewhat late-in-the-day from a Cohesion Policy perspective, and that they involved designation of too many locations as growth leaders. This is a case where earlier and more robust ex ante conditionality could have been helpful. Strategies have largely been explicit and reflected in programme documentation, rather than implicit or imputed. Throughout the period, government has undertaken formal needs analyses and agreed national strategy and policy development processes in areas such as transport, industry, and tourism, which has generally heavily informed planning for investment programmes since 1989. These initiatives commanded a reasonable degree of consensus, including interdepartmental and political consensus. However, there were also notable gaps. In transport, there were separate modal strategies and plans but not (even today) a national integrated transport plan.

The Cohesion Fund was by design a project-based funding mechanism, and not formally part of successive CSFs. In 1994-99, there was no explicit Cohesion Fund strategy. However, it was agreed that 50% of funding should be for transport projects and 40% of that should be for public transport. Roads should be euroroute or connected to euroroute. A 'Strategic Reference Framework'[4] for the Cohesion Fund was published in 2000 (Department of Finance, August 2000). Again, it was part of the wider NDP, but not of the CSF. In addition, it was implemented via the same agencies that implemented the ERDF infrastructure investment, albeit as a parallel funding stream.

EQ1c: What were the priorities and objectives of ERDF programmes of each programming period? What has been their evolution? Were the objectives SMART?[5]

Over the period since 1989 the orientation of successive programmes, and the manner in which they have sought to address Ireland's development problems, has evolved as described above.

[4] Not to be confused with the main National Strategic Reference Framework 2000-06, of which the Cohesion Fund was not a part.

[5] Smart = Specific, Measurable, Attainable, Relevant, Timely.

However, ERDF programmes and Cohesion Fund activities have generally reflected Ireland's development needs. This includes addressing different elements of problems at different stages, where the problem has required a long-term intervention (e.g. transport infrastructure, enterprise and job creation), responding to a wider set of needs as programmes have expanded (e.g. public transport, local development) and targeting support on a limited number of key priorities as ERDF resources have reduced.

During the 1989-93 programme period, the NDP and CSF drew on analyses and understanding of Ireland's key development problems at that time, an analysis that had been built up over a number of years and which was instrumental in highlighting the priorities for investment in this period, including ex ante evaluation processes. As a result, many of the weaknesses in the Irish economy that needed to be addressed at this time were targets for intervention under the CSF for the period. For example, heavy investment in infrastructure, especially roads and air and sea ports, was directly targeted at dealing with the issues of poor infrastructure development and high access costs, whereas investment in industrial development sought to tackle the weak industrial structure in the Irish economy, and tourism was identified as a key sector with potential to create jobs. Therefore, as noted above, investment during this period represented an important first step to address these problems.

As noted previously, the 1994-99 CSF sought to consolidate the investment progress made during the 1989-93 period, while at the same time starting to tackle a wider set of regional and local needs. Investment in transport therefore continued to be a high priority, though with a new focus on dedicated public transport as well as roads. While it can be argued that the focus on public transport was late and slow in coming and slow in implementation, a mix of EU and national funding has made great strides in public transport provision over the full period of EU funding – the Dublin DART urban rail (ERDF co-financed pre-1989), the Dublin LUAS light rail, upgrading suburban rail in Dublin, and renewal of rail connections and rolling stock between Dublin and all cities are all examples. Also, CSF classification of investment into "roads" and "public transport" masks the important fact that roads support bus as well as car travel, and there is an upsurge of new coach services between Ireland's cities. Wider spatial issues regarding population distribution means that in many parts of Ireland buses remain the only viable form of public transport. Investment in environmental infrastructure was also a key priority, mainly through the Cohesion Fund.

Investment in industry and tourism became more targeted, while addressing local development issues (including disadvantage at a local level) also became part of the CSF in this period.

After 2000, ERDF support became much more focused and targeted, given both the changes in the economy and the reduced funding levels. However, ERDF support was still in most cases very much directed at clearly defined needs. Investment in RTDI, in particular, has been a strong focus of ERDF support for both periods, in line with national and EU strategies in this area (e.g. Strategy for Science, Technology and Innovation 2006-13), while large strategic infrastructure projects were a further focus of ERDF and Cohesion Fund support.

Therefore, Cohesion funding programmes have generally maintained a clear relevance to Ireland's development needs over time. These needs have been addressed to varying degrees at different times, however, as the focus of investment and the availability of EU resources has changed.

Quantified priorities and objectives were developed at CSF and OP level. There was extensive investment of effort to ensure these were "SMART" and further improvements were made as a result of evaluations. Especially from 1993 onwards, these were typically quantified and data sources were available to match this quantification, and a high level of effort went into developing and improving indicator systems. If anything, in the 1994-99 period there was a surfeit of indicators, including at the Programme Complement level, so that in some OPs the indicator systems became overly large. During 2000-06 the situation was simpler when less activities were co-financed. However, it was complicated by the fact that the indicator system was designed to capture the NDP as a whole, including co-financed and non-cofinanced expenditure.

Persistent challenges with indicator systems remained, especially in measurement of impact, despite extensive efforts. Experience confirms that it is extremely difficult to develop perfect indicator systems, and challenges of causation are difficult to entirely overcome. Experience would support the DG Regio proposal for the 2014-20 round that impact is best seen as a matter for evaluation rather than monitoring, and that the concept of reliable "impact indicators" is unrealistic.

EQ1d: What has ERDF support been spent on in each programme period? Have there been significant transfers from initial allocations of ERDF resources to other priorities in any period?

Two distinct periods are identifiable regarding ERDF (and Cohesion Fund) expenditure in Ireland – the period before 2000 and the period afterwards. During the former, a very substantial focus of expenditure was on transport and waste/wastewater infrastructure, notably on improvements to the primary and secondary road network. In addition, the development of the scale, competitiveness and employment capacity of the industrial base was a notable priority for expenditure.

The period following 2000 saw priorities refocused. Infrastructure retained its prominence but changed its focus to the major inter-urban routes (see Annex I, Project Example). The emphasis was on fewer and larger projects in both transport and infrastructure.

A further important feature of the refocusing related to the re-orientation of enterprise and industrial intervention towards supporting RTDI rather than the previous emphasis on increasing capacity, competitiveness and exports, and EU-supported investment in the productive enterprise sectors in areas other than RTDI had a much-reduced status amongst priorities. Spatial cohesion and sustainable urban/rural development was also a priority, although in large part through the geographic targeting of wider transport, innovation and enterprise support.

During successive programme periods, Ireland has generally spent according to priorities and allocations established at the outset, although there were some modest changes within programme periods. The speed of the economic expansion that started in the mid-1990s, and the resulting pressures on various forms of public infrastructure, required adjustments. Thereafter, absorption problems, particularly within the less-developed BMW Region, created needs to rebalance EU allocations between 2000 and 2006. But these developments generally represented small reorientations rather than substantial shifts in overall priorities.

A lack of flexibility to make greater adjustments during programme periods, especially at mid-term stage, is a criticism of the Irish context cited by many consultees. However, it generally refers to ESF (rather than ERDF or Cohesion Fund) during the 1994-99 period, when a gradually transformed labour market context seemed to have relatively little impact on the volume and context of expenditure.

7.2 EQ2: To what extent do ERDF achievements meet regional objectives and needs in each programming period and across all periods?

Based on the combined evidence including CSF and OP performance indicators, trends in pertinent national indicators, the findings of previous evaluations, and the views of highly experienced key informants, the main direct demonstrable achievements of EU Cohesion policy in Ireland have been its contribution to a dramatic improvement in transport infrastructure including the road network and public transport, including the inter-city and suburban rail, improved capacity and quality of water and waste-water infrastructure and services, support to the development of research and innovation infrastructure and capability especially in third level colleges, its contribution to HRD infrastructure especially at third level, and its albeit more mixed role in enterprise development. These achievements were aligned with needs. Key reasons why this was so are:

- There was generally a close alignment between national sectoral and other strategies and plans, and EU support, and this support was generally used to support agreed national plans and strategies. This was manifest in particular in the close relationship between the national NDP and the EU-supported CSF/NSRF, the latter being a sub-set of the former.
- There is an equal perception that national strategies were generally reasonably well founded, were based on a degree of analysis of national needs, and also reflected a high degree of national consensus among policy-makers and other stakeholders. This was also facilitated by the wider 'national partnership' process that flourished at this time.
- The existing needs analysis and strategies were augmented by the formal ex ante analysis carried out for successive rounds of EU funding by the ESRI, which provided a degree of external validation of needs and requirements, and priorities for both national and EU investment.
- Established targets for objectives were generally met, although with some exceptions.

EQ2a: What are the reported achievements of each programming period?

1989-93

In the case of the industry OP, the primary target established under the Industry OP 1989-93 was to create an average of 20,000 gross new jobs per annum in manufacturing and internationally traded services over the period. A review of the achievements of the 1989-93 CSF, appended to the 1994-99 NDP, found that this target was met over the first four years of the period, with a total of 80,883 jobs created. In net employment terms, there was an average annual gain of almost 2,900 between 1989 and 1992, or total net jobs created of 11,474 over four years. Overall, this reported performance represented an improvement on the continuous decline in net manufacturing employment between 1980 and 1987, when there was an average annual decline in employment of 5,500. However, these numbers are derived from the annual employment surveys of the relevant State enterprise agencies, so they reflect employment growth in all agency-assisted companies, and not solely those that were assisted under the Industry OP. In the evaluation of the 1989-1993 OP for

Industrial Development, Deloitte and Touche reported that while gross job creation was close to target levels, net job creation was just 30 percent of gross for foreign companies and 4% for indigenous industry over the period 1989-1992.

In the case of the peripherality (Physical progress) reported included completion of about 50 major improvement projects on national primary roads, involving construction of 85 kilometres of motorway, 77 kilometres of dual carriageway and 137 kilometres of single carriageway. In capacity terms, these improvements were equivalent to approximately 10 to 15 percent of the total national primary road stock at that time. However, they provided a significant expansion of the very limited motorway and dual carriageway capacity available on Irish national primary roads prior to the OP. In addition, smaller improvement works were carried out on about 200 kilometres of the national primary network, and some 1,700 kilometres of other roads supporting 'industrial and tourism development' were improved. In this instance, the availability of ERDF undoubtedly played a significant role as a source of funding, and a leverage for other funds, that delivered infrastructural improvements that would otherwise not have been possible. Also, airport investment under the OP enabled facilities at State airports to be upgraded to cater for growth of about 18 percent in passenger traffic between 1989 and 1993, while improvements at seaports facilitated growth in volume of goods and services handled of 31 percent and growth in value of 36 percent between 1989 and 1991, with passenger numbers increasing by 21 percent over the same period.

Reported performance in the tourism sector was broadly in line with growth targets in the NDP and CSF 1989-93, notwithstanding a dramatic decline, halfway through the period, in international travel because of the first Gulf War and the subsequent economic recession in some of the world's leading tourist markets. Between 1989 and 1992, foreign tourism revenue had increased by around 77% of the total targeted increase to end-1993, and an estimated 20,000 full-time job equivalents had been created (compared to an end-1993 target of 25,000), though growth in visitor numbers (about 33 percent) was somewhat off target. While business travel and people visiting friends and relatives (VFRs) remained relatively static at 1988 levels for the period, the number of holidaymakers visiting Ireland almost doubled.

1994-99

Reported achievements (including outputs, results and impacts) in the main ERDF-supported investment areas under the NDP and CSF, i.e. infrastructure and industry, show that many targets were either met or exceeded during the 1994-99 period (see Annex III). Roads investment, for example, saw targets exceeded for improvements on national primary, national secondary and non-national roads, while targeted time-savings on key national primary corridors were also achieved. This delivered completion of key infrastructure projects on the four key national primary corridors and cumulative time savings of nearly 190 minutes across the four corridors. Also, nearly 150 kilometres of improvements were made on national secondary roads, along with improvements to over 2,000 kilometres of non-national roads. The ESRI, in its National Investment Priorities for the 2000-06 Period, noted that spending on non-national roads was largely spent on regional roads (i.e. the next class down from national roads) rather than local roads, and it was favourably evaluated in the Mid-term Evaluation of the Transport OP 1994-99, prepared by DKM Economic Consultants, as an alternative to wasteful short-term maintenance expenditures (DKM, 1996).

Investment in industrial development saw targets achieved or exceeded for both gross and net job creation, for gross and business expenditure on R&D (BERD) and for increased value-added in industry. Furthermore, targets for Ireland's overall share of world trade, for the proportion of manufacturing employment in hi-tech sectors, and for sourcing of raw materials in Ireland were also achieved. In some cases, these targets were also reported as exceeded by a very large margin (e.g. gross and net jobs created, value-added in industry). However, these targets were again not specific to either CSF- or ERDF- supported activity, while performance against targets that were specific to indigenous industry were less impressive.

Tourism was the other main area of ERDF investment under the NDP and CSF 1994-99. Reported achievements outlined in the Tourism OP show that the key targets for sectoral growth, i.e. growth in foreign exchange earnings and growth in jobs, were both exceeded over the period. However, these were again headline targets for the sector as a whole, and performance in this regard was influenced by a number of other factors, including the generally buoyant economic climate at the time, the availability of low-cost air access into Ireland, and the availability of tax incentives for developing improved hotel accommodation. Furthermore, the OP also set targets for smoothing the seasonal spread of overseas tourism business, and especially reducing the volume of overseas business arriving in the peak months of July and August. In this regard, it failed to achieve its main target, i.e. to reduce the July-August share of overseas arrivals from 30 percent to 25 percent. It also made no progress in moving more visitor arrivals into the shoulder season (May, June, September), though it did exceed its target (41 percent) for the share of arrivals in off-peak months (October-April).

A significant level of new and improved product was nonetheless funded by the Tourism OP. The Final Report for the Tourism OP 1994-99, for example, reports that this included nearly 40,000 m^2 of additional space at national and regional cultural institutions, about 40 new or improved arts and cultural facilities and theatres, improvements at about 30 historic properties or monuments, over 110 kilometres of new or improved navigable inland waterway channel, about 300 new or improved inland cruisers, about 3,000 new or improved waterway jetties, about 12 new or improved regional attractions, further improvements to and establishment of heritage and theme towns, about 4,000 new coarse and game angling places, nearly ten new or improved adventure centres and about 3,000 kilometres of new or improved branded walking routes.

Activity indicators at the project level however present a somewhat mixed picture on achievements. The Final Report for the OP for Tourism 1994-99, for example, reported that visitors to national cultural institutions, regional cultural institutions, historic houses/castles, monuments and heritage attractions were all below OP targets in 1999. In addition, visitor numbers for activities such as angling, cycling, walking, equestrian activities and golf were below target in the same year. While absolute growth in numbers was still achieved for many of these attraction and activity categories, visitor numbers recorded were below base-year 1993 levels in a small number of cases. The 2003 Report of the Tourism Policy Review Group also showed that angling, cycling, walking, golf and equestrian holidaymakers all declined in number between 1993 and 1999.

2000-06

ERDF-supported measures under the NDP and CSF 2000-06 were funded under the Economic and Social Infrastructure OP (ESIOP), the Productive Sector OP (PSOP), the BMW Region OP and the S&E

Region OP. However, given that ERDF support accounted for only a small proportion of NDP spend generally and OP spend in particular, it is not possible to gauge the ERDF contribution to overarching programme-level targets. Therefore, in order to identify the reported achievements of the ERDF contribution in the 2000-06 period, the analysis needs to look at indicators for the relevant co-financed measures across the key co-financed OPs. Detailed tables outlining the progress against these indicators are provided in Annex III.

Final indicators for achievements under the ESIOP 2000-06 suggest that there were some difficulties in achieving the targets that were set for economic and social infrastructure, particularly in terms of delivering the output targets. Completion of the five major inter-urban routes was only at 51 percent of target by 2006, for example, while reported travel time savings achieved on these routes were also only at about half of their original target. Progress against a number of public transport, environmental infrastructure and sustainable energy targets were similarly lagging. Indeed, a number of OP targets were subsequently revised downwards from their original levels. This probably reflects, as discussed in the ESRI's Ex-ante Evaluation of Investment Priorities for the NDP 2007-13, that investment in physical infrastructure was ramped up too rapidly in the 2000-06 period, with consequences for planning, project management and construction-cost inflation.

Reported achievements also highlight progress made against key output, result and impact indicators for the ERDF-supported elements of the PSOP during the 2000-06 period. As noted in Chapter 3 above, such measures were almost exclusively focused on innovation and RTDI. In general, it shows that the programme reported considerable progress against key targets for such measures. In particular, it comfortably exceeded targets for outputs such as: the number of RTDI applications supported; the number of postgraduate researchers engaged; the number of postdoctoral researchers engaged; and the number of research collaborations established. In terms of results, the programme well exceeded its targets for the number of new R&D performers among participating firms and the number of academic researchers engaged in industry collaboration.

A much more varied range of output, result and impact indicators are available for ERDF-supported measures under the regional OPs. Reported achievements, for example, suggest that the BMW Region OP achieved most of its key output targets across the priority areas of local infrastructure, local enterprise development and social inclusion and childcare. This included expansion of road capacity, water treatment capacity, broadband and telecommunications infrastructure, tourism attractions and activities, fishery harbour infrastructure and childcare infrastructure. In addition, the OP made a lot of progress against its targets for supporting micro-enterprise, including training and mentoring. The only areas where progress against targets was less positive, however, were under waste infrastructure and urban and village renewal.

In terms of result indicators for the BMW Region OP reported performance is strong, and results stated as achieved include targets for: population benefiting from new or improved water supply; tonnes of waste collected from new facilities; households, businesses and public buildings availing of improved broadband capacity; visits to tourism attractions and activities; enterprises hosted in Regional Incubation Centres; and childcare places provided. In addition, micro-enterprises recorded high levels of satisfaction with training and mentoring provided under the OP.

Finally, progress reported against impact indicators for the BMW Region OP suggests that targets have been achieved for: improved compliance with drinking water regulations; waste diverted from landfill; increased broadband subscriptions; jobs created in micro-enterprises; jobs supported in Regional Incubation Centres; and number of enterprises with defined technology links to Higher Education Institutes (HEIs). However, the target for increased regional share of overseas tourism revenue was not achieved.

In the S&E Region, output indicators reveal that the OP either met or exceeded its targets for expansion of road capacity, water treatment capacity, micro-enterprise support and fishery harbour infrastructure. In terms of broadband and telecommunications infrastructure, targets for DSL-enabled exchanges and community broadband services were met, though progress in installing fibre pairs and open access telecommunications ducting was behind target. For tourism, the OP exceeded its target for developed or upgraded special pursuits, but was behind target for new day-visitor attractions and clusters of existing attractions. Finally, the number of new childcare facilities developed was below target, though the number of existing facilities upgraded was near target.

In terms of results, the S&E Region OPs reported performance is again positive, and results stated as achieved include the targets for: population benefitting from new or improved water supply; tonnes of waste collected from new facilities; households, businesses and public buildings availing of improved broadband capacity; visits to tourism attractions and activities; enterprises hosted in Regional Incubation Centres; and childcare places provided. In addition, micro-enterprises recorded high levels of satisfaction with training and mentoring provided under the OP.

Progress reported against impact indicators for the S&E Region OP suggests that targets have been achieved for: improved compliance with drinking water regulations; waste diverted from landfill; increased broadband subscriptions; jobs created in micro-enterprises; jobs supported in Regional Incubation Centres; and number of enterprises with defined technology links to HEIs. However, as in the case of the BMW region, the target for regional share of overseas tourism revenue was not achieved.

2007-13

ERDF support for the 2007-13 programme period has been concentrated on supporting measures within the BMW Region and S&E Region OPs 2007-13. Also, as for the 2000-06 period, the investment context for ERDF support in Ireland in the period was very different to the context during the 1989-93 and 1994-99 periods. With ERDF support at just 0.2 percent of total planned NDP spend for the period, allocation of ERDF support has again been considerably more targeted and selective than in the earlier periods.

ERDF support for the 2007-13 period has therefore been focused on initiatives to foster innovation and sustainable development. In this regard, detailed tables outlining the progress against specific indicators are again provided in Annex III. Reported Priority-level outputs for the BMW Region OP up to the end of 2011, for example, show that progress against final 2013 targets is generally good. In several cases, target outputs for 2013 have already been achieved, particularly in the areas of innovation and urban development. This includes targets for: research awards; initiatives to promote broadband provision; training provided to micro-enterprises; and a number of key transport initiatives aimed at major Gateways and Hubs. Other outputs are generally showing reasonable progress towards meeting their targets for 2013, though progress for some environmental and risk protection initiatives (e.g. energy schemes) appears to be lagging.

Reported Priority-level outputs for the S&E Region OP up to the end of 2011 show progress against targets for enterprise, and innovation measures are again progressing well. However, progress towards targets for renewable energy, accessibility and urban development initiatives is less impressive.

In terms of result indicators, data suggests that targeted Priority-level results for the BMW Region OP up to the end of 2011 have already been achieved or nearly achieved in many instances, including: enterprises in Regional Incubation Centres; numbers employed in Regional Incubation Centres; number of recipients of training in micro-enterprises; additional business users with broadband available; or number of organisations engaged in energy-related projects. Progress against most other result indicators appears to be broadly on track.

Finally, Priority-level results for the S&E Region OP up to the end of 2011 again suggest a lot of positives, with targets already achieved for: enterprises in Regional Incubation Centres; numbers employed in Regional Incubation Centres; additional researchers engaged in higher education institutes (HEIs); number of recipients of training in micro-enterprises; and additional businesses with broadband available

EQ2b: To what extent were objectives achieved in each programming period?

In the 1989-93 period at a sectoral level it is also clear that individual OPs, and especially those OPs that accounted for the bulk of ERDF spending, achieved considerable success. However, employment growth of 41,000 between 1988 and 1993 remained well below the level needed to absorb the natural increase in the labour force and the impact of increased female participation, and the unemployment rate still averaged about 18 percent of the labour force.

By the end of the 1994-99 period, quantified objectives were also largely exceeded. Chapter 5 noted that real GDP expanded by an estimated average in excess of 8 percent per annum over the period, twice as fast as target growth. GNP growth also averaged about 7.5 percent per annum for the period, total investment expanded at a rate of 14 percent per annum and net employment expanded by an average of over 74,000 per annum (in the five years to April 1999). Reflecting this, the unemployment rate fell by 9.0 percentage points, from 15.0 percent to 6.0 percent.

A strong economic performance, in turn, led to a rapid convergence with the overall EU economy. GDP per capita increased from 85 percent of the EU average in 1993 up to an estimated 105 percent in 1999. GNP per capita was 88 percent of the EU average in 1999, up from 79 percent in 1994, while the country's debt-to-GDP ratio had fallen to 56 percent by 1998. Finally, long-term unemployment fell to under 44,000 in April 1999 compared to over 128,000 in April 1994, giving a fall in the long-term unemployment rate of some 6.4 percentage points.

Many key targets were also exceeded at OP level, so it is clear that there were considerable achievements made during the NDP and CSF 1994-99. Furthermore, this is evident not just for NDP/CSF achievements generally but also for achievements in the specific investment areas supported by the ERDF and the Cohesion Fund. While, for the 1989-93 and 1994-99 periods, achievement of many targets was heavily influenced by the generally buoyant economic climate of the time and by other wider policy developments in the period. It would thus be wrong to attribute the achievement of macro-economic or headline sectoral targets solely to the NDP/CSF and its constituent OPs, although macro-economic analysis by the ESRI and others has identified a specific contribution from EU funds.

Chapter 3 above has already noted that ERDF support accounted for only a small proportion of NDP spend generally and OP spend in particular during the 2000-06 and 2007-13 periods. Therefore, it would not be possible to gauge the ERDF and Cohesion Fund contribution to overarching NDP programme-level targets. However, reported achievements for relevant NDP and CSF measures across these periods are generally positive.

EQ2c: To what extent were needs met in each programming period? To what extent can observed changes in regional needs and problems be imputed to ERDF programmes over time?

Regarding utility, both the content and timing of Cohesion Policy funding were highly appropriate for Ireland. In the 1989-93 period, the enhanced Structural Funds programming (estimated at about double the previous 1980s annual level) provided timely finance for investment, and in addition its multi-annual nature provided a guarantee of its continuation and the motivation to the Exchequer to co-finance it. This allowed investment in historically neglected infrastructure such as rail and national roads, and new capital investment in areas such as RTDI facilities and tourism attractions. In terms of finance and confidence, the situation was, in the words of one interviewee, that ‘the EU was showing more confidence in us than we had in ourselves’.

This pattern continued in the 1994-99 CSF, which was in many ways an enlarged version of the 1989-93 one, which again nearly doubled Ireland’s combined receipts of EU Structural and Cohesion Funds as a whole. Arrival of the Cohesion Fund (in 1992) also provided additional earmarked funding for investment in large capital projects, combined with Commission insistence on the need for larger and more strategically planned investment in roads and rail, and also in RTDI, both public and private. Indigenous industry, tourism, education and training facilities also benefited – indeed by the standards of other ‘Cohesion 4’ countries, Ireland’s CSFs were seen as having relatively high shares of ‘non-infrastructural’ investment. So in both 1989-93 and 1994-99, EU funding was in the right place at the right time.

Virtually all commentators on the period credit EU funds as a whole, including the ERDF and Cohesion Fund, with a direct and indirect role in helping to create the ‘Celtic Tiger’ economy of the mid-to-late 1990s – a period which coincided with the peak of EU funds receipt and expenditure. This involved unprecedented growth in the ‘real’ economy and was reflected in very large growth in output, exports and employment, and a reversal in the traditional outward pattern of migration. Positive effects also flowed into the 2000-06 period even after the fund receipts and expenditure had peaked. For example, technical assistance expenditure under the Cohesion Fund planned much of the new road and water infrastructure in the 2000-06 period, even where the investment was no longer co-financed.

The period of Celtic Tiger growth in the late 1990s affected the nature of needs in the period after 2000. Increased population, labour force and enterprise all led to new demands on public infrastructure and a need for further investment in transport, environment and wider social infrastructure. It also reduced the need for some form of traditional investment, notably support to enterprise development (also of course influenced by State-aid rules). These changed needs were reflected in public investment programmes, including those co-financed by the 2000-06 and 2007-13 CSF and NSRF respectively.

In utility terms, 2000 was a watershed. Fund receipts inevitably fell greatly as Ireland exceeded EU convergence eligibility thresholds. But the nature of programming also changed, with it now seeming very small within a much-enlarged national NDP, and concentrated within a small subsection of national and regional OPs. At the same time, OPs, especially the new ROPs, also became much less homogenous and sector-specific, and in consequence harder to articulate in terms of clear goals, objectives, and performance indicators.

In the 2007-13 period, this changed response continued and probably improved, with much smaller ERDF funding focused within two regional OPs and on a limited number of very specific more niche interventions. Although useful, well programmed and well managed, these are essentially the regional components of national interventions, and implemented by the relevant national bodies, i.e. Managing Authorities are regional, but Implementing Bodies are national.

In the context of the current economic and financial crisis, consideration of the ultimate impact and utility of ERDF and Cohesion Fund investment and policy in Ireland cannot avoid considering whether any aspects of that policy may have contributed to the crisis as an unintended consequence. In Ireland, the ‘glory’ days of EU funding are long over, and chronologically they are associated with the genuine real expansion of the late 1990s rather than the financial bubble of the 2000s. While the causes and the handling of the crisis has many EU dimensions (especially Euro membership and associated low interest rates, EU bailout funds), few in Ireland would think of the EU Structural and Cohesion funds as one of them.

Nevertheless, the issue does arise as to whether some of the multiple roots of the crisis might have been nourished by unintended or inadequately considered aspects of EU funding. It may have contributed to a sense of dependency on public spending as a key solution to most problems. It also gave rise to ongoing operational and maintenance costs of new institutions (e.g. in local development) and new physical infrastructure (e.g. in water/waste water). The centrality of EU funded investment within the wider (and much larger) national investment programmes post-2000, and its legacy of being the dominant force in previous national public investment programmes, probably meant Cohesion funding between 2000 and 2006 supported an unsustainable political and policy climate of capital investment, although many other factors also played their part in this.

On balance, it can be concluded that any ‘negative utility’ of EU funding regarding the roots of the subsequent crisis is fairly indirect and even peripheral. Also, Cohesion Policy weaknesses were ones of what they did not do rather than what they did, i.e. address already existing or emerging essentially national failings. While the current crisis has Ireland’s relationship with the EU at its core in terms of both causes and solutions, EU Structural and Cohesion policy and funds rank very low down on the list of EU dimensions or contributory factors.

EQ2d: What have been the complementarities and synergies of ERDF interventions with ESF, EAGGF/EAFRD, and domestic regional policy interventions?

There has been a considerable level of complementarity between different ERDF-supported programmes in the period since 1989. Furthermore, complementarities and synergies were also evident between ERDF measures and other EU co-financing, including ESF, EAGGF and the Cohesion Fund.

This level of complementarity was largely born from the fact that such programmes were generally informed by the overarching NDP and CSF for the time, which were quite strategic in nature. The OPs that gave effect to NDP and CSF strategies were, in turn, guided by these strategies, which gave a clear understanding of the investment needs and priorities.

In most cases, this allowed sectoral and thematic programmes to be co-funded by both ERDF and other EU Structural Funds without any obvious overlap or duplication. Similarly, the clear strategies underlying NDPs and CSFs reduced the likelihood of overlap and duplication between ERDF supports in different programmes.

Throughout the successive programme periods, Managing Authorities and Implementing Bodies for programmes also sought to put in place procedures to ensure that complementarity was maximised and overlap and duplication minimised. This would include consultation and interaction with their counterparts in other related programmes, and checks regarding other EU funding received by project applicants.

As is evident from the discussion in Chapter 3, various NDPs and CSFs throughout the period since 1989 have maintained a high level of complementarity with domestic policies and strategies in Ireland. Just as individual OPs have been heavily informed by their overarching NDP and CSF, the NDPs and CSFs have been informed by the prevailing policy developments at the time, and by the progression of domestic policy over time. In addition, Managing Authorities and Implementing Bodies for OPs and their constituent sub-programmes and measures were, in most cases, either government departments or State agencies.

EQ2e: What has been the overall contribution of ERDF programmes to regional development?

The overall contribution of ERDF and Cohesion Funds to Ireland’s development can, with hindsight, be seen as being of a number of distinct types: macro-economic effects; sectoral/thematic effects; and policy and administrative effects.

The macro-economic contribution involves the type of effect most quantified to date. Econometric analysis is one of the main ways (perhaps the only way) through which distinct quantified effects of Cohesion funding can be potentially identified. As cited in Chapter 5, macro-economic analyses by the ESRI and others have shown that in each period following investment in any period, the macro-economic performance both during that period and subsequent to it will be somewhat higher than would otherwise have been the case. The ESRI Mid-term Evaluation of the 1994-99 Programme estimated that the macro-economic contribution in terms of the addition to the level of GNP would have peaked at about four percent by the end of 1999, and would have been about two percent a decade later. This represents the cumulative effects of the 1989-93 and 1994-99 periods. Subsequent modelling for the 2000-06 period suggested higher long-term impacts of between five percent and ten percent of GDP for funding during the 2000-06 period. A weakness was an absence of parallel sectoral and micro-economic analyses, of ERDF and Cohesion Fund investment, which would have helped to highlight areas of relatively strong and less strong performance. One factor in this is that other evaluations frequently focused on programme management and performance than on ex post impact. This type of analyses was more prevalent in the case of ESF than the ERDF and Cohesion Fund. Another contributing factor in this differential performance may be that ESF-related data assists quantitative counter-factual analysis in a way that is more difficult in relation to infrastructure. Lack of access to administrative data, e.g. on enterprise development, was also a factor. More widely, a gap between policy making and implementation and socio-economic research has also been cited in this regard (Ruane, 2012).

Whatever percentage effects are taken as valid, this clearly accords with the view that the funds helped the Irish economy to converge on EU average GDP by increasing average GDP per capita.

With regard to the contribution of sectoral/thematic effects, the transformation of the Irish economy over the EU Structural Funds period is evident from sectoral trends. While much of the transformation had multiple origins, it has been evident in areas that were the direct beneficiary of ERDF and Cohesion funding.

In the view of key stakeholders, there were four main sectoral effects or legacies of Structural and Cohesion funding as being:

- public infrastructure including in particular roads, public transport, and water/waste water;
- RTDI, including investment in both companies and third-level education, and links between the two; development in human resource capacity, particularly via technical education and the IOTs (although this is in part at least as much the result of ESF as ERDF funding); and
- the impact on enterprise, although there is uncertainty about this, and more conviction of it among those close to enterprise development policy than those not close to it (who expressed a degree of scepticism and made continued references to the dangers of 'deadweight and displacement').

Regarding the contribution of policy and administrative effects, these relate to the effects of EU Cohesion Policy and funding on national policy content, on national policy-making, and on how policy was implemented, monitored and evaluated.

EU contributions have been very significant in this regard and have left a footprint now widely mainstreamed and often taken for granted, e.g. prevalence of multi-annual public sector investment plans, the use of EU concepts and practices, and widespread acceptance of the role of monitoring and evaluation.

Actual EU policies and policy emphases have influenced Irish policy directly and indirectly, often linked to co-financed investment. This includes areas such as the environment, RTDI, public transport, and gender and other equality. The DG Regio Ex Post Evaluation of the 2000-06 period, for example, confirmed that the S&E Regional OP made a positive contribution to gender equality through a mix of direct interventions and wider policy emphasis (IRS/CSIL, 2009).

EU practices in policy implementation areas such as public procurement and competition for public subvention have also derived from or been closely related to EU funding programmes. Cohesion Policy had a major role in spreading the use of formal appraisal and evaluation, including CBA.

However, a culture of evidence-based informed policy-making and of risk assessment is probably still not universally prevalent in policy-making at senior levels. Indeed, its absence is seen by many as a contributory factor to the current crisis. While there was a great deal of evaluation of EU co-financed CSFs and OPs, much of it of reasonable quality, in hindsight this was perhaps overly regulation-driven. Also, there was not much ex post impact evaluation. Regarding the use of CBA, Cohesion Policy is widely credited with raising its role in project appraisal and subsequently in decision-making. Although its use is not universal, the extent, quality and impact of CBA has greatly improved (see Irish case study in Frontier/Atkins/ITS, 2011).

7.2 EQ3: What are the main lessons learnt on the effectiveness and utility of ERDF interventions in each region?

Lessons learned regarding the effectiveness and utility of ERDF interventions in Ireland can be considered at two levels, firstly that of investment content and types, and secondly investment procedures and processes.

In relation to investment content, i.e. the type and nature of projects, the situation is complicated by the fact that a huge range of investments took place over the programming period since 1989, and over a very large range of OPs. Particularly, in the first two periods (1989-93 and 1994-99) the EU was co-financing a considerable part of national public investment. The large range of projects funded means that it is difficult to generalise about what specific sectors or projects were more or less effective. In addition, the radical change in the wider socio-economic context adds to the complexity.

But a number of lessons do emerge. Firstly, both effectiveness and utility were probably easier to identify in earlier periods. Pressing national infrastructural deficits and the need for employment generation made the choices about investment easier and project and programme objectives clearer to identify. In later rounds, more complex challenges such as RTDI gaps and regional and local development needs became harder to focus on and to achieve consensus on.

Secondly, and very evident in consultations, the effectiveness and utility of infrastructure investment and of investment in public goods generally in retrospect is seen by most as a major achievement and one that met real needs. There is less consensus about the effectiveness and utility of investment in “softer” interventions including enterprise development, job creation and local development, and although less so RTDI, and indeed quantitative indicators tend to justify these concerns.

Thirdly, following from the second issue above, investment outside infrastructure probably needs to be selected and implemented in a very targeted way. Some aspects of such investment in Ireland did constitute a high level of effectiveness and utility. The examples of tourism and of childcare (see Annex 1) do constitute cases in point.

Fourthly, the potential to maximise effectiveness and utility in the choice of investment is very time- and context-specific. For example, the roads, tourism and childcare investments and the level and content of it in Ireland were reflective of, and responded to, the needs of the time. Investment in addressing road bottlenecks reflected the needs of the 1990s but by the 2000s investment in motorways was required (and many would say overdue). Similarly, the level of investment in tourism product in 1989-93 and 1994-99 did not need to continue beyond these periods, while the need for childcare facilities was a new and pressing need in the labour market context of the 2000-06 period.

In relation to the programming issue, the distinct Irish approach also has lessons that are now evident in retrospect. Firstly, the overall Irish 'integrated' and relatively centralised approach has both strengths and weaknesses. These are outlined further in Section 7.5 below. Essentially, the approach is arguably quite effective in achieving absorption, but can have some disadvantages in relation to utility and achievements. In particular, it pushes programmes towards central objectives, and may also give rise to a degree of institutional rigidity in relation to the evolution of priorities over time. These do not constitute an inherent argument for or against the approach, but rather are points of caution for countries implementing such an approach.

A second lesson relates to the balance between expenditure on well-established areas such as roads and more innovative projects in areas such as R&D, SMEs and other often softer interventions. The Irish lesson is that there is a need for a balance here. Over-reliance on well-established tried-and-trusted approaches can lead to a lack of innovation. On the other hand, an over-emphasis on innovation can run risks with absorption. While pure absorption is obviously not the sole objective of Cohesion programmes, absorption is nevertheless a necessary, even if not sufficient, condition for programme achievements. Thirdly, the earlier Irish rounds, and particularly 1994-99, suggest that in terms of effectiveness, including effective monitoring, a sectoral programme approach is desirable. This has advantages in terms of clarity and consistency, and of clear sector responsibilities, especially where these involve responsible line ministries and their agencies. More complex cross-sectoral and spatially-based programmes, including regional programmes, have attractions but also have disadvantages in terms of monitoring and establishing the achievements of heterogeneous co-financed activities, and can involve the need for more complex and co-ordinated administrative structures. This is not a general argument against regional or other spatially-focused programmes, but instead suggests that such programmes need relatively sophisticated planning, management and monitoring in order to ensure that the whole is more than the sum of the individual sectoral parts. This is especially so where there are no existing or natural regions. For example, it is argued that while the Irish Regional Operational Programmes during the 2007-13 period have been managed and delivered reasonably effectively, it is not clear what added value this has had beyond the same types of interventions when administered through central sectoral Operational Programmes. Against that, it is equally arguable that sectorally focused programmes such as the OP for Tourism 1994-99, constitute easier cases for establishing clear agreed objectives, interventions, and responsibilities, although it does give rise to the need for coordination with other relevant sectoral programmes, e.g. transport (see Annex I for the OP Tourism 1994-99 case study).

EQ3a: What are the main good/bad practices?

An overarching aspect of the implementation of ERDF, Cohesion Fund and other EU funding programmes in Ireland is the extent to which it was integrated into the national public administration system and public expenditure system.

This integration had a number of dimensions. Firstly, the Department of Finance acted as the CSF/NSRF Managing Authority for the CSF and Cohesion Fund. Second, prior to the 2000-06 round, different configurations of government departments (ministries) acted as the Managing Authorities for OPs (or Priority Axes), while State executive agencies reporting to them acted as Implementing Bodies. Third, from a financial perspective, programmes were run as an integral part of the national public financial system with EU funds entering as income into that system and being expended through it. Related to this, most public co-financing was performed by the Exchequer. Fourth, EU funds generally supported agreed national strategies and investment programmes.

Good and bad practice in Ireland, therefore, in many ways reflect differing dimensions of the operation of this 'embedded' programme model. The positive features are as follows.

- It ensures very close linkage with national policy priorities, strategies and plans.
- An important related feature of the Irish system was the availability of wider sectoral strategies in areas such as enterprise development and RTDI. This meant that they were available to guide Cohesion funding, and new separate strategies were not necessary for Cohesion programmes. However, there were important gaps. While separate transport mode strategies were developed, a single overarching integrated transport plan was not – and investment would have benefited from it. Arguably, co-existence of improved road and road links from Dublin to other cities now involves an element of overcapacity. The National Spatial Strategy, finally published in 2002, was too late to impact on the bulk of Cohesion Policy funds, although it has since provided more coherence to national and EU-funded investment (Dept. of the Environment, Heritage and Local Government, 2002).
- It is done through the existing national bodies, rather than necessitating creating new ones (new or parallel ones can frequently cause overlap and duplication).
- In the case of Ireland, which had a moderately effective public administration system from the outset, it provides a cadre of development managers broadly familiar with the type of role they were expected to perform, e.g. at the level of project selection.

Weaknesses include:

- the danger of a departmental and agency-driven approach which pursued, particularly at agency level, institutional objectives rather than national ones;
- a degree of inflexibility in both policy and practice, particularly where EU funds co-financed the core budget of organisations;
- a tendency towards a lack of innovation and mainstreaming of innovation;
- greater difficulty in implementing new things rather than continuing investment in tried and trusted areas, e.g. county roads over innovation; and
- retaining the public administration status quo rather than encouraging its reform.

At the level of individual Priority Axes and projects, good practices have included: the availability of a pipeline of eligible implementation-ready projects referred to above; a mix of old reliables to ensure absorption alongside newer or riskier investment areas; and the introduction of more competitive bidding from financial support.

Possible bad practices include: an over-emphasis on absorption over impact; frequent difficulties in commencing expenditure in newer or more innovative areas; and overly late availability of the National Spatial Strategy (published in 2002).

EQ3b: What conclusions can be drawn for improving ERDF programme design, implementation, results-based management, achievements?

Conclusions regarding design, implementation, results-based management and achievements of ERDF interventions in Ireland can be seen at two levels; firstly that of investment content and types, and secondly investment procedures and processes.

In relation to investment content, both effectiveness and utility were probably easier to identify in earlier periods. Pressing national infrastructural deficits and the need for employment generation made the choices about investment easier and project and programme objectives clearer to identify. In later rounds, more complex challenges such as RTDI gaps and regional and local development needs became harder to focus on and to achieve consensus on.

Secondly, the effectiveness and utility of infrastructure investment and of investment in public goods generally in retrospect is seen by most as a major achievement and one that met real needs. There is less consensus about the effectiveness and utility of investment in 'softer' interventions including enterprise development, job creation and local development, and although less so RTDI. Indeed, quantitative indicators tend to justify these concerns.

A third lesson is that the potential to maximise effectiveness and utility in the choice of investment is very time- and context-specific. For example, roads, tourism and childcare investments and their level and content in Ireland were reflective of, and responded to, the needs of the time. Investment aimed at addressing road bottlenecks reflected the needs of the 1990s, but by the 2000s investment in motorways was required (and many would say overdue) - at least on some of the inter-urban routes - both to facilitate traffic growth and the scope for user charging. Similarly, the level of investment in tourism products in 1989-93 and 1994-99 did not need to continue beyond these periods (and may arguably have been excessive in the periods), while the need for childcare facilities was a new and pressing need in the labour market context of the 2000-06 period.

In relation to programming, a significant lesson is that the overall Irish 'integrated' and relatively centralised approach has both strengths and weaknesses. The approach is arguably quite effective in achieving absorption, but can have disadvantages in relation to utility and achievements. In particular, it pushes programmes towards central objectives, and may also give rise to a degree of institutional rigidity and challenges regarding responsiveness to the evolution of priorities over time.

A second lesson here is that there is a need for a balance to be struck between expenditure on well-established areas such as roads and more innovative projects in areas such as R&D, SMEs and other often less tangible interventions. Over-reliance on well established, tried-and-trusted approaches can lead to a lack of innovation. On the other hand, an over-emphasis on innovation can run risks with absorption.

Finally, the earlier Irish rounds, and particularly 1994-99, suggest that in terms of effectiveness, including effective monitoring, a sectoral programme approach is desirable. This has advantages in terms of clarity and consistency, and of clear sectoral responsibilities, especially where these involve responsible line ministries and their agencies. More complex cross-sectoral and spatially-based programmes, including regional programmes, have positive attributes but also have disadvantages in terms of monitoring and establishing the achievements of heterogeneous co-financed activities, and can necessitate more complex and co-ordinated administrative structures.

8. ANNEX I – ANALYSIS OF PROJECT SAMPLES

8.1 Childcare Infrastructure and Services

Summary description

The Equal Opportunities Childcare Programme (EOCP) operated in Ireland under the 2000-06 period and was delivered as parallel measures within both the Border, Midlands and West (BMW) and Southern and Eastern (S&E) Regional Operational Programmes. The programme supported the capital costs of childcare facilities along with the costs associated with staffing those facilities, and was co-financed by both the ERDF and ESF respectively for these purposes. A total public investment of approximately €526 million co-financed investment was involved.

Underlying problem and context

As the 1990s drew to a close in Ireland, a range of factors combined to present a public policy urgency around the area of childcare provision. These included:

- a period of rapid economic growth, with high demand for labour and record employment growth;
- increasing female labour force participation;
- increasing population, particularly population of working age, through both natural increase and inward net migration;
- relatively high recent birth and fertility rates, resulting in high numbers of young working mothers and working couples with young children;
- rapidly increasing childcare costs, reflective of a situation where childcare services had been incapable of keeping up with growing demand; and
- an emphasis on equality and equal opportunities.

The government recognised the need to improve childcare services and support for families, reflected in six distinct commitments in its 2002 Programme for Government:

- to ensure that every county implemented a Childcare Strategy, providing the planning and funding basis to significantly increase childcare provision;
- to seek to significantly expand the number of new childcare places supported by State funding;
- to significantly increase capital grants for community and private childcare facilities;
- to seek to streamline the application process for childcare capital grants and increase the grant limits for all providers, subject to overall compliance with EU State Aid rules;
- to ensure that there is a network of support in place for childminders; and
- to expand support for the provision of out-of-hours childcare programmes based in schools.

Such commitments were considered supportive of wider national policy objectives including those of increasing female labour force participation (which, while it had grown substantially, still remained below international norms), and increasing the proportion of 3 to 5-year-olds in full-time education. They were also considered supportive of EU policies including the Lisbon Agenda requirements to increase female labour force participation and the childcare and early-age education targets established at the Barcelona summit.

Detailed description

The Equal Opportunities Childcare Programme (EOCP) 2000-06 was included in the 2000-06 National Development Plan. It formed part of the Social Inclusion Sub-Programme of the Border, Midland and Western (BMW) and Southern & Eastern (S&E) Regional Operational Programmes, financed via a combination of government monies and EU Structural Funds (ERDF and ESF). Its primary aim was to increase access to training, education and employment opportunities for parents via provision of quality childcare supports, while specific objectives included:

- to improve the quality of childcare in Ireland;
- to increase the number of childcare facilities and childcare places; and
- to introduce a coordinated approach to the delivery of childcare services.

Support was to be provided for services that included care for babies, full-day care, part-time places, pre-school places, school age childcare and child-minding. This support is delivered via three measures: the Capital Grant Scheme for Childcare Facilities; Support for Staffing Costs; and the Quality Improvement Programme.

Public financial support was provided in three distinct areas:

- capital grants for childcare facilities were provided to renovate, upgrade or build a suitable facility for the purpose of providing a childcare service, subject to qualifying conditions. Grant assistance was also available to equip such facilities with suitable materials and equipment. Applications could be made by community-based/not-for-profit groups and organisations, a private-sector childcare provider or a community-based consortium consisting of both types of organisation;
- support for costs of staffing, which operated in a similar way, but unlike capital grants was only available for those community-based/not-for-profit groups operating in an area of significant disadvantage or for services that had a specific focus on disadvantage; and
- quality improvement measures that sought to improve the quality of childcare services through the training and education of childcare workers and establishment of support networks for childcare providers. It was implemented differently from the other two measures as it involved provision of operational funding to relevant network-type organisations (mainly to 33 City/County Childcare Committees and seven National Voluntary Childcare Organisations) to implement Strategic Plans, which impacted on the EOCP objectives.

The Department of Justice, Equality and Law Reform was designated lead responsibility for the delivery of the EOCP, becoming the implementing body, with Pobal (an agency already established to implement numerous local and national social and economic development initiatives) given responsibility for day-to-day management and operations on behalf of the department. In December 2005, responsibility for the childcare programmes was transferred to the new Office of the Minister for Children (OMC) in the Department of Health and Children.

Amongst the department's responsibilities were to receive and administer applications, provide funding for disbursement by Pobal to successful applicants, monitor and report on progress and activity, define and elaborate government policy with respect to childcare, and verify and certify co-financed expenditure. Amongst Pobal's responsibilities were to undertake detailed assessments of applications against pre-defined criteria, present draft recommendations on funding, manage contractual relationships with all grantees, manage the payment of grants in agreed instalments, and monitor and report on activity.

By the end of 2006, total expenditure on the programme had reached €564 million. Of this total, €526 million was co-financed, and the remainder funded solely by the Irish Exchequer. Of the total co-financed expenditure of €526 million, some 53 percent related to capital grants, 33 percent to supports towards staffing costs, and 14 percent to quality-improvement measures.

Outputs and achievements

A total of 1,612 capital grants co-financed by the ERDF were awarded between 2000 and 2006, with the average grant size just under €163,000. In addition, a total of 2,103 grants were awarded in relation to staffing costs, with the average grant size just under €91,000. Funding to County Childcare Committees under the quality improvement component was disbursed by allocations rather than grant award process, based on criteria such as county populations, socio-economic characteristics and existing childcare structures, while a small number of nationally-structured voluntary childcare organisations also received grant support under this measure.

According to reports submitted to the Monitoring Committees of the two Regional Operational Programmes up to mid-2006, 31,750 new childcare places had been provided as a result of the EOCP, of which 13,454 are full-time in nature, and 4,039 full-time staff and 4,613 part-time staff had been supported via EOCP interventions. The number of places provided was close to the number targeted for the programme over the full 2000-2006 period, and a sizeable proportion of the national demand growth of 40,000 places up to 2010, as predicted in a 1998 research study that formed a central policy impetus for the EOCP (Goodbody Economic Consultants, 1998).

Value-added

The EOCP was generally found to have been effective in meeting its overall aims and objectives, particularly in relation to expanding the scale of childcare provision and in extending the provision of qualified staff and personnel. From a 'standing start' at commencement, it exceeded many of its performance targets and original objectives. The rationale for public support for the programme lay in 'market failure' and 'public good' arguments, which contended that without such support an appropriate supply of childcare services would not emerge that was supportive of both labour force participation and wider education policy objectives.

The programme's role in establishing and supporting County Childcare Committees was generally found to have been worthwhile and a valuable contribution over the longer term. They were seen to have ensured effective local partnership approaches to understanding needs and planning childcare provision locally, they helped to promote best practice locally via the provision of training and advocating adherence to standards, and they encouraged and supported local promoters to develop projects. The programme also enshrined a strong community and voluntary ethos that aided cooperative and collaborative local provision, and supported cost containment and efficiency.

While the emphasis of its objectives evolved somewhat over time, the initiative supported and complemented a range of wider policy objectives that included increasing labour-force participation and employment levels, equality of opportunity, widening the delivery of early education, supporting the community and voluntary sector, targeting public support into areas of social disadvantage and encouraging regional and local partnership in policy delivery and implementation. The programme also exemplified strong synergy between ERDF and ESF support, in that it represented a single, self-contained programme of intervention with objectives that complied with those of both funds, with a single managing and administrative structure ensuring compliance with the requirements of both, and with the financial support of both funds of complementary benefit to a single cohort of target beneficiaries within a defined area of need.

Management and monitoring issues

A number of issues regarding the management and monitoring of the programme emerged during its implementation.

While a multi-annual system for staffing grant funding was operated under the programme in its initial and final stages, an attempt to move to a short-term renewal basis led to difficulties and uncertainty for the childcare facilities and staff concerned. This was addressed by returning to a longer-term approach, and provided a lesson for future approaches. A multi-tiered project selection and application process that was in place for the EOCP was felt by some to be overly complex, and a more simplified approach that involved streamlining the initial stages of the process and an increasing role for the County Childcare Committees in identifying local needs and appraising applications in the first instance was likely to be a more efficient model. There was also concern about a perceived lack of transparency in the process, with applicants unable to track an application through the process or obtain information about when a decision might be forthcoming.

The programme was evaluated as part of the mid-term and mid-term (update) evaluations of the entire Border, Midlands and West, and Southern and Eastern Operational Programmes under the 2000 and 2006 funding round, and was also the subject of a separate independent review undertaken in 2006. As with all measures funded under the regional OPs, it was subject to a monitoring and reporting system that was built upon a set of pre-defined and quantified key performance indicators and targets, that were generally monitored and reported upon frequently and as required. While these were generally illustrative of progress in relation to core aims and objectives, they were of less value in monitoring performance under wider policy objectives such as the quality of childcare provision, the wider costs of childcare and the relationship between local needs and programme outputs. Monitoring with respect to efficiency and value-for-money was also impeded due to problems with measuring and comparing unit costs across different projects and beneficiaries.

A weakness in its implementation and delivery however was in relation to the future financial sustainability of the childcare providers supported. This was highlighted in the 2007 review (Fitzpatrick Associates, 2007), which drew attention to insufficient consideration of this criteria in allocating capital funding to individual projects, as well as weaknesses in the processes whereby local providers would seek to maximise local funding to offset operational expenditure. Such weaknesses included the non-adoption of tiered fee-charging systems for services that serve users from different economic backgrounds, unwillingness to charge certain users at rates equivalent to private providers in the same locations, and the adoption of a system of minimum charges to ensure users make some contribution to overhead costs.

Conclusions

In overall terms, the EOCP was a successful programme, the achievements of which responded directly to well-acknowledged and well-documented needs. It met and exceeded its core objectives and targets considerably, and those targets reflected those needs appropriately. It acted to support increased labour-force participation, higher levels of employment, particularly female employment, and the expansion of early education. In all of these respects, it contributed to regional development.

A number of its features constituted good practices. These included its firm basis within a defined and elaborated policy context, the existence of a strong rationale for public intervention, its reactiveness to an emerging genuine need and development constraint, its relatively simple management and implementation structure with clear responsibilities, its ability to incorporate both ERDF and ESF co-funding in a complementary model, and its performance monitoring, reporting and evaluation processes.

Like all programmes, however, it had weaknesses and areas that required improvement. These included an overly-complex application process, some lack of transparency in that process from the point of view of applicants and potential beneficiaries, attempts to impose too rigid a model of staffing cost subvention, a performance-monitoring framework that was arguably too narrow to capture the appropriate breadth of impacts and effects, and insufficient attention given to the future financial sustainability of projects and local service providers supported..

8.2 Investment in Tourism Development

Summary description

Investment in tourism development has been a major feature of ERDF intervention in Ireland over the past two decades. Support for the sector was most pronounced during the 1989-93 and 1994-99 periods, when the sector benefited from investment under two consecutive dedicated Operational Programmes, i.e. the OP for Tourism 1989-93 and the OP for Tourism 1994-99.

The respective final reports for the two OPs show that more than €170 million in nominal ERDF monies was spent on tourism development under the OP for Tourism 1989-93, and another €330 million in nominal monies was spent under the OP for Tourism 1994-99. The vast majority of this spending was devoted to product development, including spend on projects in both the public and private sectors.

Underlying problem and context

The development of the tourism industry in Ireland was a key element of government economic policy and strategy for the 1989-93 and 1994-99 periods. In particular, developing tourism became a priority for stimulating job creation, as the nature of the sector is very labour intensive, including opportunities for relatively low-skilled people. In addition, the sector was prioritised because:

- Ireland was perceived to have considerable natural advantages, such as high-quality scenery, a rich cultural heritage, a tradition of friendliness and hospitality, a relatively unspoilt environment and a folk tradition that was reflected in a vibrant arts sector;
- the impact of tourism expenditure is often widely dispersed, so it has the potential to bring revenue and employment to remote and underdeveloped areas, often where few other sources of new employment or wealth creation are available; and
- it combines well with agriculture in supporting population levels in rural areas by providing supplementary income and alternative land use.

However, Ireland had consistently lost market share in overseas tourism in the decade up to the mid-1980s due to a lack of competitiveness (especially in terms of access transport costs), a low level and ineffective use of marketing resources, and deficiencies in the tourism product in terms of range, standards and facilities. Therefore, investment in the sector became a key focus of ERDF during the first two rounds in particular.

Detailed description

Investment in product development under the OP for Tourism 1989-93, as well as ERDF support of more than €170 million, was provided through two key sub-programmes of the OP. Sub-Programme 1 provided assistance for public sector bodies or similar bodies for tourism infrastructure and development. It included investment in: navigational improvements on major inland waterways; better infrastructure for walking, cycling and riding facilities; improvements in angling infrastructure and other water-based-facilities; and investment in signposting, visitor information and heritage and culture interpretative facilities.

Sub-Programme 2 of the OP for Tourism 1989-93 provided support to the private sector for tourism product development. This included investment in similar areas to those eligible under Sub-Programme 1, but it also incorporated investment in marina facilities and golf courses, theme towns and theme parks, culture and heritage products, leisure facilities linked to tourist accommodation, and conference facilities.

Investment in product development under the OP for Tourism 1994-99 was also provided through two sub-programmes, which provided ERDF grant support of about €250 million. Sub-Programme 1 – Natural and Cultural Tourism - was largely public-sector driven, and it focused on investment in national and regional cultural activities, national monuments and historic properties and the natural environment.

Sub-Programme 2 of the OP for Tourism 1994-99 – Product Development – was more private-sector-oriented. It focused on investment in large tourism projects, tourist information and heritage projects, tourism angling, special interest holiday facilities, specialist-accommodation-related development and tourism and the environment.

In addition, more than €70 million of ERDF monies was provided under Sub-Programme 3 – Marketing for a national Overseas Tourism Marketing Initiative (OTMI) and for individual company or specific sectoral marketing activity.

Outputs and achievements

Most commentators acknowledge that the outputs that were generated by ERDF spending in the tourism sector, and the improvements that this spending made in the sector, played an important role in addressing deficiencies in the range and standard of the tourism product. Key outputs from co-financed ERDF spend, for example, incorporated:

- extensive development of Ireland's stock of visitor attractions, including very large investments in public cultural and heritage institutions as well as other major privately-owned attractions;
- substantial improvements in Ireland's stock of activities and special pursuits for visitors, particularly for sectors like walking, cycling, golf, angling, cruising and other water-based activities, or equestrian pursuits;
- selected improvements to conference, leisure and other hotel-based products and activities, such as leisure centres and spa facilities;
- expansion in the provision of Tourism Information Centres and investment in improved tourism signposting;
- significant investment in marketing of Irish tourism overseas, including destination marketing.

Flagship projects in Ireland that benefited from ERDF investment between 1989 and 1999 include many of the attractions and activities that are now synonymous with the Irish tourism product offering. Such projects include Belvedere House, Birr Castle, Brú na Bóinne, Castletown House, Céide Fields, Clonmacnoise, the Grand Canal, the Irish Museum of Modern Art, Kilkenny Castle, Killykeen Forest Park, King John's Castle, Malahide Marina, Muckross House (Killarney), the National Botanic Gardens, the National Concert Hall, the National Gallery, the National Museum (Collins Barracks, Museum of Country Life), the Royal Canal, the Shannon-Erne Waterway and major internationally renowned golf courses such as Adare Manor, Ballybunion, Doonbeg, Lahinch, Mount Juliet or Old Head of Kinsale.

Some of these developments have brought major tourist attractions to local areas that previously did not have attractions of a similar scale. Céide Fields, for example, now attracts about 30,000 visitors per annum to Ballycastle in Co. Mayo, while the Museum of Country Life attracts about 100,000 visitors per annum to Turlough in Co. Mayo. The National Museum at Collins Barracks has also brought a major attraction to a part of Dublin that was previously less well served.

Also, the main headline targets for tourism performance under both OPs were largely achieved. Between 1989 and 1992, foreign tourism revenue had increased by €490 million (compared to an end of 1993 target of €640 million) and an estimated 20,000 full-time job equivalents had been created (compared to an end of 1993 target of 25,000). Growth in foreign exchange earnings and jobs were also above target over the 1994-99 period, with increased earnings of €1.4 million and increased jobs of over 50,000.

At the same time, despite an impressive headline performance in the tourism industry, it would be wrong to attribute the achievements of these targets solely to the impact of the two Tourism OPs. In particular, the performance of tourism during this period was influenced by several other important factors, which include:

- the generally buoyant economic climate that prevailed at the time, both in the Irish economy and in key source markets;
- the impact of low-cost fares on air routes into Ireland, which resulted from gradual deregulation and liberalisation of air routes from 1987 onwards; and
- the impact of tax incentives for product development, particularly in the hotel sector, which were also a major driver of investment in certain products.

Also, activity indicators at the product level present a somewhat mixed picture on achievements. In the early part of the period, for example, visits to tourist attractions increased by 100 percent between 1988 to 1993, from 3.5 million to 6.9 million, while the number of boat weeks sold on inland waterways increased by more than 30 percent, from 6,200 to 8,200, between 1988 and 1992. Golfing visitors in Ireland increased by 219 percent, from 52,000 to 166,000, between 1988 and 1993; angling visitors increased by 73 percent, from 106,000 to 184,000, in the same period; walking tourists increased by 60 percent, from 203,000 to 325,000; cycling visitors increased by 234 percent, from 50,000 to 167,000; equestrian visitors increased by 148 percent, from 25,000 to 62,000; and visitors participating in sailing and yachting increased by 13 percent, from 31,000 to 35,000. However, the number of pure holidaymakers visiting for several of these activities (angling, golf, equestrian, cruising, cycling) were below original OP targets for 1993, while the Final Report for the OP for Tourism 1994-99 suggests that visitors to national cultural institutions, regional cultural institutions, historic houses/castles, monuments and heritage attractions were all below OP targets in 1999. In addition, visitor numbers for activities such as angling, cycling, walking, equestrian activities and golf were below target in the same year. While absolute growth in numbers was still achieved for many of these attraction and activity categories, visitor numbers recorded were below base-year 1993 levels in a small number of cases. The 2003 Report of the Tourism Policy Review Group also showed that angling, cycling, walking, golf and equestrian holidaymakers all declined between 1993 and 1999. Nonetheless, it is positive that visitor satisfaction with the quality of the Irish tourism product generally improved over the same period, and in some cases it improved by a considerable margin. Results from Visitor Attitude Surveys, carried out by Fáilte Ireland and other sources and referenced in the Final Report for the OP for Tourism 1994-99, show the following trends in the percentage of overseas holidaymakers who were ‘very satisfied’ with the following tourism products:

- satisfaction with museums and art galleries increased from 68 percent in 1993 up to 71 percent in 1999;
- satisfaction with theatres and concerts increased from 79 percent in 1993 up to 85 percent in 1999;
- satisfaction with historic houses and castles increased from 67 percent in 1993 up to 70 percent in 1999; and
- satisfaction with heritage attractions and interpretative centres increased from 71 percent in 1993 up to 75 percent in 1999.

In terms of activities, trends in the percentage of overseas holidaymakers who were ‘very satisfied’ with the quality of activities were as follows:

- satisfaction with coarse angling increased from 57 percent in 1994 up to 60 percent in 2000;
- satisfaction with game angling increased from 50 percent in 1994 up to 58 percent in 2000;
- satisfaction with sea angling increased from 60 percent in 1994 up to 83 percent in 2000;

- satisfaction with golf increased from 78 percent in 1993 up to 82 percent in 1999;
- satisfaction with equestrian activities increased from 58 percent in 1993 up to 76 percent in 1999;
- satisfaction with cycling increased from 67 percent in 1993 up to 71 percent in 1999;
- satisfaction with walking increased from 73 percent in 1993 up to 83 percent in 1999.

Therefore, there appeared to be quite a strong correlation between ERDF support for tourism development and subsequent visitor satisfaction with the quality of the tourism product on offer, but growth in activity levels for attractions and activities was lower than expected. This probably reflects the fact that much of the overall visitor growth over this period included short city-breaks and increased business traffic, driven by the general buoyant state of the economy, the availability of low-cost access into Ireland (especially Dublin) and the enhancement of the hotel product in the country.

Lastly, the outputs arising from the Tourism OPs did raise some issues pertinent to the achievements of ERDF investment in the sector. For example:

- A number of evaluations, such as the Mid-term Evaluation of the Tourism OP 1994-99 and the Mid-term Evaluation of the CSF 1994-99, criticised the perceived 'scattergun' approach to the spread of tourism investment throughout Ireland and the lack of a more targeted area-based approach to where money is spent. Also, this approach was exacerbated by a 'first come, first served' approach to project selection and appraisal.
- Allied to this, concerns about congestion in established tourism destinations emerged, with potential threats to environmental sustainability and carrying capacity in certain flagship areas. The 'first come, first served' approach to project selection and appraisal did not help this, though much of the concern derived from the increased tax-based investment in new hotel capacity, which occurred outside NDP and CSF programmes.
- Evaluations also questioned the 'tourism' value for money of some spend under the Tourism OPs, especially spend on arts centres and theatres, which mainly served local communities rather than tourists. For example, the tourism value for money of the Cultural Development Incentive Scheme (CDIS), which was funded under Sub-Programme 1, Measure 1 of the OP for Tourism 1994-99, was queried in this regard. Similarly, some investment in inland waterways has had more benefit for domestic visitors and other users than for tourism.
- Some issues regarding possible deadweight were raised, particularly regarding schemes for improvements to hotel-based facilities. This included investment under the Selective Hotel Accommodation Improvements Scheme (SHAIS), funded under Sub-Programme 2, Measure 5 of the OP for Tourism 1994-99, which provided grant support to a large number of projects, often at aid rates as low as 10-15 percent of eligible costs.
- There was a failure to deliver certain projects that were earmarked for investment in the OPs. This included proposed interpretative centres in the Burren and Wicklow National Parks, and the proposed National Conference Centre, which was earmarked for investment under the OP for Tourism 1994-99, as well as other large 'national' projects that did not materialise (e.g. Carton Demesne).

Value-added

As was the case with infrastructure development in Ireland during this period, and especially the development of road infrastructure, the availability of ERDF support provided a level of budget for tourism development that was previously unavailable in the country. This allowed the development both of new tourism product and of improvements to the existing tourism product on a scale that had not been previously seen in Ireland. Most importantly, it provided funding to develop and improve tourism products that were major visitor attractors (e.g. National Museum, National Gallery), but which were unlikely to be able to attract private investment for development.

Furthermore, ERDF-supported development of the tourism product in Ireland also contributed indirectly to improving the social infrastructure in Ireland generally. In this regard, it made available a greater choice of day-visitor attractions, walking and cycling trails, theatres and arts centres, angling sites, golf courses etc, which could be used by local people as much as (if not more than) visiting tourists. This in turn would infer quality-of-life benefits on the local population, even if some of the investment (e.g. CDIS) was questioned on pure tourism grounds.

Management and monitoring issues

Within the productive sector, the tourism industry in Ireland was unique in having its own dedicated OP for investment throughout the 1989-99 period. This dedicated focus probably helped to simplify the management and monitoring for investment in the sector, especially given that there was also a lead government department with clear responsibility for tourism during the period (initially the Department of Tourism and Trade, followed by the Department of Tourism, Sport and Recreation). There was also, especially in the 1994-99 OP, clear quantified goals and targets, a clear intervention logic, and performance indicators for monitoring purposes, making the OP and its implementation a model of good practice.

Also, it is notable that a number of lessons were learned over the course of the two OPs for Tourism, and many of these lessons were acted on to improve the subsequent management of investment in tourism development. For example, a number of changes were made to address the ‘scattergun’ nature of tourism investment. Firstly, a more targeted approach to product development funding was adopted in the 2000-06 period, which sought to develop major attractors and specialist activities in undeveloped and developing tourism areas rather than established destinations. Second, selection and appraisal for tourism projects in the 2000-06 period was carried out on a competitive rather than a ‘first come, first served’ basis. This meant that projects that had the best fit with objectives and key target areas could be better identified. Third, a Pilot Initiative on Tourism and the Environment, which was a key recommendation of the Mid-term Evaluation of the Tourism OP 1994-99, was introduced as a new sub-measure under the Tourism OP 1994-99 in order to test approaches to tackling congestion and other environmental sustainability issues in tourism.

Conclusions

ERDF spending in the tourism sector, especially in the 1989-99 period, has contributed to a notable improvement in the quality of the tourism product on offer. In particular, it has addressed deficiencies in the range and standard of product, which had been identified as a key weakness of the Irish tourism offering and which is important to the long-term competitiveness of the tourism sector.

Tourism product improvements were only one factor in the performance of Irish tourism during this period, however. Several other factors played a major role in contributing to the overall headline performance of the tourism sector, including overall buoyant economic conditions and much-improved air and sea access to Ireland.

8.3 National Roads Programme

Summary Description

The National Roads Development programme commenced in 1989 through the 1989-93 Community Support Framework (Operational Programme for Peripherality). It has continued through each of the programme periods since then. The programme focused on bringing the national primary roads network up to motorway or high-quality dual carriageway standard.

This was mainly centred on upgrading the radial routes between Dublin, as the capital city, and the other major cities, i.e. Cork, Limerick, Galway, Waterford and Belfast (in Northern Ireland). In addition, access roads to the main ports and airports were upgraded to a similar standard. In total, 1,190 kilometres of motorway or high-quality dual carriageway roadway has been provided.

The National Roads programme was funded through a combination of Cohesion, Structural and TEN-T funds together with national Exchequer and private funding. In relation to the Cohesion Fund, over 37 percent of funds given to Ireland in the 1994-99 period was allocated to the roads sector compared to 28 percent for the original four Cohesion counties as a whole.

Underlying problem and context

Prior to commencement of EU funding programmes, Ireland had two pre-eminent infrastructural deficiencies - the telecommunications and road networks. Work to address the telecommunications problem commenced in the early 1980s, but it was not until the late 1980s that major attention was given to the roads issue.

Ireland had no previous history of motorway development. In 1994, Ireland's motorway provision was measured at less than one-tenth of the EU average, (UK Department of Transport, 1998). The inter-city connections were laid out as radial routes from Dublin to the four major urban centres in the Republic of Ireland, to Belfast in Northern Ireland and also to the large ferry port in Rosslare outside Wexford town in the south-east. These roads, the N1 (Belfast), N4/N6 (Galway), N7 (Limerick), N7/N8 (Cork), N7/N9 (Waterford) and the N11 (Wexford) were designated as national roads and, although maintained to a reasonable standard, consisted largely of single carriageways.

Road transport accounted for 86 percent of internal freight traffic and 97 percent of passenger traffic in the mid-1990s. This was a much higher level of dependence on roads than in other EU countries (Fitzpatrick Associates, 1998). The need to upgrade the road system to support such traffic concentration and to facilitate projected growth in traffic volumes was widely accepted.

National Primary Road Network, 2012

Travel times between major urban centres were both high and unpredictable, due to the potential for delays at key bottlenecks through towns along the routes. The number of accidents was also deemed to be unnecessarily high.

The World Economic Forum's Global Competitiveness Report 1999 placed Ireland 39th out of 59 countries. Many of the deficiencies identified related to transport infrastructure.

Prior to the EU Cohesion Policy funding, investment in the six principal national primary roads took the form of either ongoing maintenance, improvement to or removal of dangerous stretches of roads (e.g. bends, narrow stretches), or the alleviation of specific bottlenecks. The latter were mainly in provincial towns and were addressed by building ring roads or by-passes, e.g. Portlaoise, Co Laois, which was the point of separation of the N7 and N8 primary roads.

The sub-standard road network led to inefficiencies in both commercial and private traffic flows, including excessive journey times, greater vehicle maintenance costs and higher accident frequency and costs. This impacted on national competitiveness across a range of sectors notably industry and tourism.

The major inter-urban (MIU) roads investment programme was a strategic response to address these inefficiencies and constraints.

Detailed Description

The programme was implemented through the National Roads Authority (established in 1998), the Department of the Environment, Heritage and Local Government, the Department of Transport, and local authorities.

The overall objective was to upgrade the national primary road network to or close to full motorway standard in order to improve the reliability of the road transport system by removing bottlenecks, addressing capacity deficiencies and reducing journey times and journey-time variability. This would facilitate improved competitiveness nationally and improved access to different parts of the country. A key aim of the project was to achieve a minimum level of Service C (minimum 96kph average inter-urban speed).

The project involved a total construction of 750 kilometres of motorway/high-quality dual carriageway standard road on the five main roads, (MI, M4/M6, M7, M8, M9/M10) and a total of 1,190 kilometres overall. Over 580 bridges were built as part of the investment.

The main road developments were as follows.

The M1 (Dublin – Border) forms part of the Euroroute 01 (Larne – Wexford) and is the principal cross-border route between the Republic of Ireland and Northern Ireland. The route involved seven towns being bypassed and included the construction of the 350 metre cable-stayed bridge over the River Boyne.

The M4/M6 (Galway – Dublin) links the Western region to Dublin. Two sections (Kilcock – Kinnegad and Ballinasloe East – Galway) totalling 95 kilometres were built using PPPs.

The M7 (Dublin – Limerick), which also serves the Midlands region, involved by-passing 12 towns and villages. An important environmental aspect of this route included protecting the habitat at Pollardstown Fen through the construction of the mid-Kildare aquifer as part of the Kildare bypass (13 km).

The M8 from Cork to Portlaoise joins with the M7 to provide a single high-quality route to Dublin. It involved by-passing 12 towns and the construction of the 450-metre viaduct over the Blackwater.

The route of the M9 was chosen to allow it to serve Carlow and Kilkenny in addition to its destination of Waterford city. Twelve towns and villages are by-passed by the road.

Other roads were upgraded, including the N11/M11 with the Arklow-Gorey and Ashford–Rathnew by-passes, the completion of the M50 ring road around Dublin, and the completion of the Dublin Port Tunnel.

Outputs and Achievements

There is widespread agreement that the programme was highly successful in terms of meeting its objectives (effectiveness), while somewhat less so (especially in the earlier years) in terms of doing so within planned timescales and budgets (efficiency). Projects funded under the Cohesion Fund were shown to have been effective in terms of meeting their objectives.

The table below shows the expected improvement in travel times on individual roads. Estimates by the National Roads Authority suggest that these gains were exceeded, significantly so in some cases.

Table 11 Expected improvement in travel times on radial routes from Dublin 1999-2010

Destination/ Route Dublin to	Distance (km.)	% motorway/high-quality dual carriageway 2010	Estimated journey time from Dublin 1999 (minutes)	Estimated journey time from Dublin 2010 (minutes)	Time-Saving (minutes, %)
Border	90	100	79	55	24 (30%)
Cork	150*	100	205	147	58 (28%)
Limerick	200	100	145	114	31 (21%)
Galway	195	100	157	121	36 (23%)
* From M7 exit at Portlaoise					

Source : Department of Finance.

In addition, the completion of the M50 ring road around Dublin, stretching from the M1 to the M11, linked the motorway network while the completion of the Dublin Port Tunnel alleviated traffic congestion in Dublin city through an HGV ban in the city centre and also improved access to Dublin port.

Total motorway/high-quality dual carriageway provision on national primary roads is now approximately 1190 kilometres with over 25 percent of this operated by PPPs.

At local level, the new roads removed traffic from the local towns and villages, reducing travel times while improving the environment and quality of life. For example, according to the National Roads Authority, Rochfordbridge Co. Westmeath experienced Annual Average Daily Traffic (AADT) of 11,600 before the M6 motorway was built; this fell to 2,700 AADT after its construction, a reduction of 76 percent (National Roads Authority, 2011).

Other analysis concludes that the project has been effective in its delivery: 'The development of these (Southern and Eastern Region) motorways and national roads has been effective, with most projects completed on time and to budget and significant reduction in journey times secured' (Steer Davies Gleave, 2009). Steer Davies Gleave also conclude that, in relation to the challenge to 'improve internal road transport infrastructure', this was achieved with MIUs having 'improved at a dramatic rate' and 'travel times between Dublin and the major cities have been dramatically reduced'.

Ex-post cost benefit analysis of a selection of specific road projects indicates that in the earlier period, the economic rate of return was lower than expected in a number of cases. This was attributable to higher-than-expected construction inflation, higher-than-expected cost of and prolonged land acquisition periods, delays due to public opposition to certain stretches of roadway, and environmental issues that arose during the construction phase (Fitzpatrick Associates/Ecotec, 2003).

However, this improved as the planning and management of projects was enhanced. A one-year ex-post appraisal by Frontier Economics, Atkins/ITS in March 2011 of two linked sections of the MI (totalling 16.4 kilometres) showed benefit-cost ratios of 18.35 and 11.9, while the five-year ex-post appraisal showed benefit-cost ratios of 20.1 and 11.8 respectively. The economic rate of return for both sections for both time periods was in excess of 50 percent. The largest benefits accrued from reduced journey times, but significant benefits were also identified in relation to vehicle operating costs and improved safety. In the case of the latter, it was estimated that between 375 and 395 accidents could be avoided on this stretch of roadway over 30 years (Frontier Economics/Atkins, 2011).

Value-added

The lack of large-scale budgets prior to the availability of ERDF and Cohesion funding meant that road investment projects tended to be small and focused mainly on localised problems. It is clear that these funds were both a catalyst and an enabler for a much more strategic approach to road infrastructure provision. Hence, the level of investment would not have commenced and would not have taken place without these funds.

The development of major strategic transport corridors had a transformative impact on the economy generally and had significant spin-off benefits to a wide range of projects in other sectors and programmes. The implementation of the Operational Programmes for industry, tourism, local and regional development and others were facilitated by the improved and improving road network. It also encouraged the growth of inter-city bus transport, offering a greater transport modal choice to consumers.

The roads programme also contributed to the objective of achieving balanced regional development and supported the broad aims of the National Spatial Strategy (Department of Environment, 2002).

Management and Monitoring Issues

Some initial management inefficiencies were apparent in the early years of the investment, specifically a tendency to underestimate costs due to optimism bias or in order to enhance prospects for budgetary approval, poorly-specified projects resulting in frequent changes after initial design, limited managerial and technical capability, and limited application of cost-benefit techniques.

The National Roads Needs Study (1998) (NRNS) led to a greater focus on strategic road corridor development, a longer-term horizon for projected traffic growth, and a clearer specification of the type of road required to meet the objectives. Prior to this, projects tended to be more ad-hoc, e.g. town by-passes which while alleviating pressure in one location may have simply moved it to the next town along the route. This led to some inefficiencies in spending in the earlier years. The failure to adopt a more strategic approach in the 1990s may also have resulted in increased costs by the time the large-scale projects were undertaken. The strategy adopted by the Irish Government went further than the recommendations of the NRNS in relation to the road standards required. This may have given rise to over-investment in some cases given the levels of traffic flows that subsequently evolved, although this is at least partly due to the economic recession.

A study by RGL Forensics showed that Ireland had the highest unit cost for new road construction of the Cohesion Fund countries in the 2000-06 period. The cost per single lane kilometre was €5.33 million, compared to the next highest, Slovakia, at €3.62 million and the lowest, Lithuania, at €0.4 million (RGL Forensics, AECOM, 2011). Many of these issues were addressed in the later round of funding, particularly improved cost management and cost certainty and the implementation of a formal requirement for cost-benefit analysis to be undertaken for major projects.

The COBA 11 model was adopted by the NRA to undertake ex-ante cost benefit analysis of project proposals. This allows sensitivity analysis to be undertaken on the impact of changing key assumptions. However, it focuses on local benefits only and does not include more widespread benefits to the whole network. It that sense, it may have underestimated the overall value of projects. Ex-post analysis subsequently undertaken allowed for greater precision in calculating the economic return on investment.

The Department of Finance guidelines now require that CBA be undertaken at route selection, preliminary design and final completion, with the level of detail required increasing through the three stages. In addition, a post-project review must be completed after a sufficient period of time has elapsed to allow the benefits to be realised.

There is evidence of a significant improvement in the capacity and competence of the Irish public sector to plan and deliver major capital projects based on the experience gained in the early years of the Cohesion Fund: 'The particular experience of developing multi-tiered approaches to financial control procedures associated with the Cohesion Fund and improvements in project management … are widely recognised' (Institute of Public Administration/Department of Finance, 2004). This was enhanced by the establishment of dedicated administrative bodies such as the National Roads

Authority and the National Road Regional Design offices. The latter, of which there are 11, are staffed by the relevant local authority offices to ensure greater coordination of the project design and planning, statutory approval, procurement and land acquisition.

The national practice of pre-funding projects helped to accelerate projects during the planning and funding negotiation stage. In addition, the practice of having fully-planned and approved projects held in reserve allowed funding to be switched where lengthy delays occurred in approved projects. An example of this was with the final element of the South East Motorway section of the M50 Dublin Ring Road in 2003, where legal action led to delays and uncertainty regarding the completion date. Part of the uncommitted Cohesion Fund assistance was switched to another project to ensure that all funds could be drawn down.

The use of public-private partnerships (PPP) became increasingly important as the project developed. As these were structured as Design, Build, Finance and Operate (DBFO) projects, they transferred much of the risk at the construction stage from the public to the private sector in return for a revenue flow from toll charges over an agreed period of time. Over 25 percent of the Major Inter-Urban roads are now managed through PPPs.

Significant improvement took place from 2000 onwards in the degree of complementarity between the Cohesion and other Structural Funds. Steer Davies Gleave point out that 'Effective co-ordination of resources were managed through "Reference Frameworks" which identified priorities and activities for ERDF co-financing' (Steer Davies Gleave, 2009). The IPA points out that 'In the case of Ireland, it is now relatively easy to ensure coherence between relevant Structural Fund programmes and Cohesion Fund priorities, as Cohesion Fund assistance is currently concentrated on a small number of major construction projects' (Institute of Public Administration/Department of Finance, 2004).

Conclusions

The overall aim of the project has been substantially met in that journey times on major national roadways, particularly on the radial routes emanating from Dublin, are now significantly shorter and more consistent, and accident frequency and severity has been reduced.

The M1, M6, M7, M8, and M9 motorways are complete to the required standard. The M2, M3, M4, and M11 are partly complete. In addition, roads linking urban areas other than Dublin have been substantially upgraded, e.g. the N25 Cork-Waterford-Wexford road.

The National Roads Programme coincided with and supported the economic transformation of the country from the early 1990s to the late 2000s and facilitated the doubling in GDP/capita in the 20 years from 1990-2010. At the beginning of the period, Ireland's GDP per capita was less than 90 percent of the EU average.

The dramatically improved national primary road network has enhanced national competitiveness, particularly for the tourism and industrial sectors.

In the case of the former, with over 80 percent of overseas visitors entering the country through seaports and airports in the east of the country, easier accessibility to the western and south-western parts of the country, both traditional tourist destinations, has enhanced the overall attractiveness of these areas.

In the case of industry, with close to 90 percent of freight carried by road, transportation and logistical costs have been reduced for both domestic market and export-oriented firms. In addition, the greatly-improved road network is now a more important element in the marketing of the country for foreign direct investment.

While there are some indications of over-capacity in certain areas, motorway investment was always intended to be a long-term investment, and it has positioned Ireland well in this regard. A key legacy of the investment is that Ireland now has, at least in terms of access to and from its capital city, a road network capable of facilitating and supporting prospects for renewed economic growth when conditions improve.

It is unlikely in the current budget-constrained environment that the pace of road-upgrading in the medium term will match that of the 1993-2006 period. However, the experience gained in planning and implementing major road development projects will facilitate a more efficient process when budgetary conditions allow. The move to stricter tendering procedures and the increased use of DBO and DBFO agreements in the later years of the funding period will both streamline the procedures and reduce the risk carried by the State in the future.

9. ANNEX II – STRUCTURE OF PROGRAMMES 1989-2013 IN IRELAND

PROGRAMME	EU Funding source	ERDF Alloc (€000s, 2000 Prices)	Other EU Alloc (€000s, 2000 Prices)	National Funds incl Private (€000s, 2000 Prices)	Total Funds (€000s, 2000 Prices)
INDUSTRY OP 1989-93 SP1 – Industrial Promotion SP2 – Technology SP3 – Marketing	ERDF ESF	677.9	616.4	3,225.1	4,519.4
TOURISM OP 1989-93 SP1 – Public Developments SP2 – Private Developments SP3 – Training SP4 – Research and Support Activities	ERDF ESF	193.0	46.5	256.6	496.1
PERIPHERALITY OP 1989-93 SP1 – Roads SP2 – Rail and Bus SP3 – Airports SP4 – Sea Ports SP5 – Sea Freight SP6 – Air Channel	ERDF	912.8		1,440.2	2,353.0
SANITARY AND LOCAL SERVICES OP 1989-93	ERDF	145.4		375.6	521.0
ENERGY OP 1989-93 SP1 – Gas SP2 – Electricity SP3 – Peat VALOREN Programme	ERDF	16.5		772.1	788.6
COMMUNICATIONS OP 1989-93 SP1 – Telecommunications SP2 – Postal Services	ERDF	31.7		610.0	641.7
HUMAN RESOURCES OP 1989-93 SP1 – Training SP2 – Recruitment SP3 – Temporary Employment SP4 – Vocational Training Infrastructure	ERDF ESF	88.2	1,130.2	2,097.0	3,315.4

AGRICULTURE AND RURAL DEVELOPMENT OP 1989-93 SP1 – On-farm Investment SP2 – Marketing and Processing SP3 – Forestry SP4 – Set-aside, Extensification and Conversion SP5 – Integrated Rural Development Pilot Programme SP6 – Compensatory Payments	ERDF ESF EAGGF	38.7	869.4	1,476.7	2,384.8
INDUSTRY OP 1994-99 SP1 – Development of Indigenous Industry SP2 – Development of Inward Investment SP3 – Research and Development SP4 – Market Development SP5 – Gaeltacht Development SP6 – Development of Food Industry SP7 – Land and Buildings SP8 – Technical Assistance	ERDF ESF EAGGF	820.5	352.1	4,023.9	5,196.5
TOURISM OP 1994-99 SP1 – Natural/Cultural Tourism SP2 – Product Development SP3 – Marketing SP4 – Training SP5 – Technical Assistance	ERDF ESF	403.4	116.2	398.9	918.5
TRANSPORT OP 1994-99 SP1 – Roads SP2 – Mainline Rail SP3 – DTI and Other Public Transport SP4 – Airports SP5 – Ports	ERDF	1,011.9		2,665.6	3,677.5
ECONOMIC INFRASTRUCTURE OP 1994-99 SP1 – Energy SP2 – Telecommunications SP3 – Postal Services	ERDF	123.1		4,206.6	4,329.7
ENVIRONMENTAL SERVICES OP 1994-99 SP1 – Water and Sewerage Schemes SP2 – Solid Waste SP3 – Environmental Research and Monitoring SP4 – Coastal Erosion	ERDF	88.9		835.8	924.7
HOSPITAL INFRASTRUCTURE – TALLAGHT HOSPITAL	ERDF	44.4		115.1	159.5
HUMAN RESOURCES OP 1994-99 SP1 – Initial Education and Training SP2 – Continuing Training SP3 – Programmes for the Disadvantaged SP4 – Supporting Measures	ERDF ESF	182.3	1,791.4	2,413.9	4,387.6

FISHERIES OP 1994-99 SP1 – Fleet Development SP2 – Aquaculture Development SP3 – Processing SP4 – Capital Development SP5 – Marine Research	ERDF ESF FIFG	28.5	60.4	117.2	206.1
LOCAL DEVELOPMENT OP 1994-99 SP1 – Local Enterprise SP2 – Area-based Local Development SP3 – CEDP/SES SP4 – Urban Renewal	ERDF ESF EAGGF	205.1	87.7	1,490.2	1,783.0
ECONOMIC AND SOCIAL INFRASTRUCTURE OP 2000-06 P1 – National Roads P2 – Public Transport P3 – Environmental Infrastructure P4 – Sustainable Energy P5 – Housing P6 – Health Facilities	ERDF	873.0		25,691.4	26,564.4
PRODUCTIVE SECTOR OP 2000-06 P1 – Industry P2 – RTDI P3 – Marketing P4 – Sea Fisheries Development	ERDF FIFG	297.1	43.0	7,150.0	7,490.1
BMW REGION OP 2000-06 P1 – Local Infrastructure P2 – Local Enterprise Development P3 – Agriculture and Rural Development P4 - Social Inclusion and Childcare	ERDF ESF EAGGF FIFG	267.5	141.3	3,748.7	4,157.5
S&E REGION OP 2000-06 P1 - Local Infrastructure P2 – Local Enterprise Development P3 – Agriculture and Rural Development P4 – Social Inclusion and Childcare	ERDF ESF EAGGF FIFG	408.4	175.7	4,877.2	5,461.3
BMW REGION OP 2007-13 P1 – Innovation, ICT and the Knowledge Economy P2 – Environment and Risk Protection P3 – Urban Development and Secondary Transport P4 – Technical Assistance	ERDF	196.6		294.9	491.5
S&E REGION OP 2007-13 P1 – Innovation and the Knowledge Economy P2 – Environment and Accessibility P3 – Sustainable Urban Development P4 – Technical Assistance	ERDF	126.0		189.4	315.4

10. ANNEX III: REPORTED ACHIEVEMENTS

CSF 2007-13

Main Output Indicators for the BMW Region OP 2007-13

Priority 1: Innovation, ICT and the Knowledge Economy	Baseline	Actual (2011)	Final Target (2013)	Actual as % of Target
No. of Regional Incubation Centres	5	6	9	66.7%
No. of PRTLI research awards	n/a	19	19	100.0%
No. of Principal Investigator awards	10	21	12	175.0%
No. of research centres (SRC and CSET)	2	3	4	75.0%
No. of training days provided to micro-enterprises	35,572	119,793	119,572	100.2%
No. of micro-enterprises supported	2,511	3,878	5,011	77.4%
No. of initiatives to enable broadband provision	0	3	3	100.0%
Priority 2: Environment and Risk Protection	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
No. of new water treatment plants	0	18	23	78.3%
No. of energy schemes introduced	0	3	8	37.5%
No. of visitors to two new National Park visitor centres	0	14,541	35,000	41.5%
Priority 3: Urban Development and Secondary Transport Networks	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
No. of strategic applications approved	0	12	12	100.0%
No. of secondary linking routes improved	0	2	2	100.0%
Km of improved linking routes	0	33	33	100.0%
No. of new railcars serving the BMW Region	0	24	24	100.0%

Source: BMW Region OP 2007-13 (Update May 2011), Annual Implementation Report 2011.

Main Output Indicators for the S&E Region OP 2007-13

Priority 1: Innovation and Knowledge Economy	Baseline	Actual (2011)	Final Target (2013)	Actual as % of Target
No. of Regional Incubation Centres	9	12	16	75.0%
No. of training days provided to micro-enterprises	74,294	226,199	249,294	90.7%
No. of micro-enterprises supported	4,029	6,489	8,029	80.8%
Priority 2: Environment and Accessibility	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
No. of energy schemes introduced	0	4	6	66.7%
No. of initiatives to enable broadband provision	0	1	3	33.3%
Priority 3: Sustainable Urban Development	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
No. of integrated growth centre strategies approved	0	n/a	10	n/a

Source: S&E Region OP 2007-13, Annual Implementation Report 2011.

Main Result Indicators for the BMW Region OP 2007-13

Priority 1: Innovation, ICT and the Knowledge Economy	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
Total employed in Regional Incubation Centres	168	258	218	118.3%
No. of researchers engaged in approved projects	0	98	170	57.6%
No. of enterprises collaborating with SRCs	n/a	11	15	73.3%
No. of enterprises in Regional Incubation Centres	52	82	68	120.6%
No. of recipients of training	26,550	60,456	61,530	98.3%
No. of jobs created in assisted micro-enterprises	16,684	14,740	20,884	70.6%
Additional users with broadband available - residential	0	n/a	89,377	n/a
Additional users with broadband available - business	0	33,990	33,609	101.1%
Priority 2: Environment and Risk Protection	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
Population served by new water treatment plants	0	19,000	27,327	69.5%
No. of organisations engaged in energy-related projects	0	1,536	972	158.0%
Additional jobs created at National Park visitor centres	0	9	10	90.0%
Priority 3: Urban Development and Secondary Transport Networks	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
Time savings on improved routes – peak (mins)	0	15.5	15.5	100.0%
Time savings on improved routes – off-peak (mins)	0	8.7	8.7	100.0%
Daily rail services on Dublin-Galway route	6	8	10	80.0%
Daily rail services on Dublin-Westport route	3	4	5	80.0%
Increased annual capacity on railcars per pax journey	0	61,152	76,440	80.0%
Gateways with improved GDI scores (vis-a-vis 2008)	n/a	n/a	5	n/a

Source: BMW Region OP 2007-13 (Update May 2011), Annual Implementation Report 2011.

Main Result Indicators for the S&E Region OP 2007-13

Priority 1: Innovation and Knowledge Economy	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
Total employed in Regional Incubation Centres	284	653	434	150.5%
No. of additional researchers in HEIs	0	708	560	126.4%
No. of recipients of training	57,159	145,628	141,159	103.2%
No. of jobs created in micro-enterprises	24,858	24,157	32,558	74.2%
No. of enterprises in Regional Incubation Centres	62	153	108	141.7%
Priority 2: Environment and Accessibility	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
No. of energy efficient buildings supported	n/a	n/a	900	n/a
Additional businesses with broadband available	0	25,991	23,125	112.4%
Priority 3: Sustainable Urban Development	**Baseline**	**Actual (2011)**	**Final Target (2013)**	**Actual as % of Target**
Increased public transport usage in Gateways	0	n/a	20%	n/a

Source: S&E Region OP 2007-13, Annual Implementation Report 2011.

CSF 2000-06

Selected Key Indicators for the Economic and Social Infrastructure Operational Programme 2000-06

Priority 1: National Roads	Baseline	Actual	Final Target	Actual as % of Target
% completion of MIUs to motorway/dual carriageway standard	19.5	51.3	100.0	51.30%
% completion of GDA projects (M50/Dublin Port Tunnel)	0	100.0	100.0	100.0%
Travel time savings on MIUs (mins)	0	95	180	52.8%
% of other primary routes with LoS D achieved	n/a	75.0	90.0	83.3%
Priority 2: Public Transport	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
Length of light rail track completed (km)	0	24.2	24.2	100.0%
No. of railcars delivered for suburban rail network	0	60	60	100.0%
Passenger capacity of light rail network	0	11,951	11,951	100.0%
Passenger capacity of suburban rail network	7,040	28,800	25,200	114.3%
Passenger capacity of DART service	14,000	26,950	26,950	100.0%
Priority 3: Environmental Infrastructure	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of waste water schemes completed	0	110	245	44.9%
% length of river classified as unpolluted	67.0	70.0	80.0	87.5%
Priority 4: Sustainable Energy	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of research, development and demonstration projects	0	263	188	139.9%
No. of additional homes insulated	0	10,752	13,500	79.6%
No. of public sector design studies for energy performance	0	79	90	87.8%
Additional clustered connection capacity available (MWe)	0	140	132	106.1%
No. of district heating/CHP pilot studies	0	13	5	260.0%

Source: ESIOP 2000-06 Programme Complement, ESIOP Progress Report to June 2005, Mid-term Evaluation of the ESIOP 2000-06, Update Evaluation of the CSF in Ireland 2000-06.

Main Indicators for the Productive Sector Operational Programme 2000-06

Output Indicators	Baseline	Actual	Final Target	Actual as % of Target
No. of postgraduate researchers engaged	132	1,302	900	144.7%
No. of postdoctoral researchers engaged	60	665	500	133.0%
No. of RTDI applications supported	300	2,215	1,250	177.2%
No. of collaborations established	0	1,375	750	183.3%
Result Indicators	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
Level of increased spend on R&D by participating firms (€mn)	0	363.9	600.0	60.7%
No. of new R&D performers	0	594	500	118.8%
No. of academic researchers in industry collaboration	0	1,014	400	253.5%
Impact Indicators	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
Sales from products developed with RTDI support (€mn)	0	n/a	1,500.0	n/a
No. of non-R&D performing firms involved in collaboration	0	n/a	280	n/a

Source: PSOP 2000-06 Programme Complement, Final Implementation Report.

Main Output Indicators for the BMW Region OP 2000-06

Priority 1: Local Infrastructure	Baseline	Actual	Final Target	Actual as % of Target
No. of km improved under co-financed schemes	0	1,218	768	158.6%
No. of water treatment plants constructed/upgraded	0	230	230	100.0%
Density of bring banks per 1,000 population	n/a	0.56	1.00	56.0%
No. of civic amenity sites	n/a	28	45	62.2%
No. of urban and village renewal projects completed	0	351	464	75.6%
Additional km of fibre pairs installed	0	1,018	1,000	101.8%
Additional km of open access telecoms ducting installed	0	418	400	104.5%
No. of additional exchanges provisioned for DSL services	0	12	12	100.0%
No. of community broadband services grant aided	0	80	75	106.7%
Priority 2: Local Enterprise Development	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of day visitor attractions developed	0	1	1	100.0%
No. of clusters of existing attractions developed	0	5	4	125.0%
No. of special interest pursuits developed/upgraded	0	29	23	126.1%
No. of micro-enterprises supported/created	0	2,511	2,900	86.6%
No. of micro-enterprise feasibility studies supported	0	334	380	87.9%
No. of recipients of training	0	26,550	26,600	99.8%
No. of training days provided	0	35,573	50,000	71.1%
No. of mentoring visits provided	0	5,344	1,700	314.4%
No. of schools/colleges in enterprise education initiatives	0	546	550	99.3%
No. of Regional Incubation Centres developed	0	5	6	83.3%
No. of new/extended fishery landing places	0	25	20	125.0%
No. of landing facilities upgraded/access improved	0	61	50	122.0%
No. of on-shore facilities constructed	0	8	10	80.0%
Priority 4: Social Inclusion and Childcare	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of new childcare facilities established	0	240	220	109.1%
No. of childcare facilities upgraded	0	475	320	148.4%

Source: BMW Region OP 2000-06 Programme Complement, Final Implementation Report.

Main Result Indicators for the BMW Region OP 2000-06

Priority 1: Local Infrastructure	Baseline	Actual	Final Target	Actual as % of Target
No. benefitting from new/improved water supply schemes	0	258,856	115,000	225.1%
Tonnes of solid waste collected at bring centres and CAS	n/a	74,799	34,172	218.9%
Additional households with 256Kbps/128 Kpbs broadband	0	78,000	78,000	100.0%
Additional businesses with 512Kbps/128 Kpbs broadband	0	12,000	12,000	100.0%
Additional public buildings with 512Kbps/128 Kpbs broadband	0	1,800	1,800	100.0%
Additional businesses with >2Mbps fibre-based services	0	5,879	5,700	103.1%
Additional public buildings with >2Mbps fibre-based services	0	886	850	104.2%
Priority 2: Local Enterprise Development	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of annual visits to new day visitor attractions/clusters	0	303,562	250,000	121.4%
Overseas visitors participating in historical/cultural pursuits	731,000	1,024,000	866,000	118.2%
No. of annual visits to new/upgraded special interest pursuits	0	289,159	90,000	321.3%
Overseas visitors participating in special interest pursuits	336,000	372,000	404,000	92.1%
Total private investment in micro-enterprise generated (€mn)	n/a	56.1	77.5	72.4%
% of feasibility studies leading to project start-up	n/a	17.0	50.0	34.0%
% of training participants who are satisfied with training	0	96.3	80.0	120.4%
% of mentoring participants who are satisfied with mentoring	0	97.9	80.0	122.4%
No. of new enterprises in Regional Incubation Centres	0	61	20	305.0%
No. of fishery harbours with improved draft	0	18	10	180.0%
Length of new or improved harbour berthage (metres)	n/a	4,114	3,132	131.4%
Priority 4: Social Inclusion and Childcare	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
Increase in childcare places available (full- and part-time)	0	14,229	10,000	142.3%
No. of childcare places in quality enhanced facilities	0	1,752	2,300	76.2%

Source: BMW Region OP 2000-06 Programme Complement, Final Implementation Report.

Main Impact Indicators for the BMW Region OP 2000-06

Priority 1: Local Infrastructure	Baseline	Actual	Final Target	Actual as % of Target
% compliance with drinking water regulations	60.0	96.0	95.0	101.1%
% waste diverted from landfill via CAS and bring banks	n/a	13.7	8.0	171.3%
% of urban/village renewal centres with increased 'Tidy Towns' score	n/a	100.0	100.0	100.0%
No. of subscribers to broadband	1,000	421,698	202,000	208.8%
Priority 2: Local Enterprise Development	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
% share of overseas tourism revenue in BMW Region	26.0	24.0	29.0	82.8%
No. of microenterprises supported surviving in BMW Region	n/a	3,666	5,800	63.2%
No. of jobs (full- and part-time) in supported microenterprises	n/a	10,460	10,000	104.6%
Total employment in Regional Incubation Centre enterprises	n/a	196	60	326.7%
No. of enterprises with defined technology link to host/other HEI	n/a	22	15	146.7%
Priority 4: Social Inclusion and Childcare	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
% parents engaging in employment, training and education	n/a	80.0	60.0	133.3%
% retention of facilities (two years after full grant expenditure)	n/a	98.0	90.0	108.9%

Source: BMW Region OP 2000-06 Programme Complement, Final Implementation Report.

Main Output Indicators for the S&E Region OP 2000-06

Priority 1: Local Infrastructure	Baseline	Actual	Final Target	Actual as % of Target
No. of km improved under co-financed schemes	0	1,087	874	124.4%
No. of water treatment plants constructed/upgraded	0	130	130	100.0%
Density of bring banks per 1,000 population	n/a	0.43	1.00	43.0%
No. of civic amenity sites	n/a	63	55	114.5%
No. of urban and village renewal projects completed	0	514	597	86.1%
Additional km of fibre pairs installed	0	1,048	1,300	80.6%
Additional km of open access telecoms ducting installed	0	320	400	80.0%
No. of additional exchanges provisioned for DSL services	0	40	40	100.0%
No. of community broadband services grant-aided	0	76	75	101.3%
Priority 2: Local Enterprise Development	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of day visitor attractions developed	0	1	2	50.0%
No. of clusters of existing attractions developed	0	2	3	66.7%
No. of special interest pursuits developed/upgraded	0	17	13	130.8%
No. of micro-enterprises supported/created	0	4,029	4,600	87.6%
No. of micro-enterprise feasibility studies supported	0	841	900	93.4%
No. of recipients of training	0	57,159	45,500	125.6%
No. of training days provided	0	74,294	140,000	53.1%
No. of mentoring visits provided	0	19,497	7,830	249.0%
No. of schools/colleges in enterprise education initiatives	0	425	750	56.7%
No. of Regional Incubation Centres developed	0	9	9	100.0%
No. of new/extended fishery landing places	0	18	18	100.0%
No. of landing facilities upgraded/access improved	0	42	36	116.7%
No. of on-shore facilities constructed	0	0	5	0.0%
Priority 4: Social Inclusion and Childcare	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of new childcare facilities established	0	441	580	76.0%
No. of childcare facilities upgraded	0	796	880	90.5%

Source: S&E Region OP 2000-06 Final Implementation Report.

Main Result Indicators for the S&E Region OP 2000-06

Priority 1: Local Infrastructure	Baseline	Actual	Final Target	Actual as % of Target
No. benefitting from new/improved water supply schemes	0	317,039	150,000	211.4%
Tonnes of solid waste collected at bring centres and CAS	n/a	179,299	186,259	96.3%
Additional households with 256Kbps/128 Kpbs broadband	0	237,000	237,000	100.0%
Additional businesses with 512Kbps/128 Kpbs broadband	0	36,000	36,000	100.0%
Additional public buildings with 512Kbps/128 Kpbs broadband	0	5,000	5,000	100.0%
Additional businesses with >2Mbps fibre based services	0	7,805	7,700	101.4%
Additional public buildings with >2Mbps fibre-based services	0	1,064	1,100	96.7%
Priority 2: Local Enterprise Development	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
No. of annual visits to new day visitor attractions/clusters	0	940,310	160,000	587.7%
Overseas visitors participating in historical/cultural pursuits	n/a	n/a	2,013,000	n/a
No. of annual visits to new/upgraded special interest pursuits	0	207,902	140,000	148.5%
Overseas visitors participating in special interest pursuits	n/a	n/a	782,000	n/a
Total private investment in microenterprise generated (€mn)	n/a	67.1	122.0	55.0%
% of training participants who are satisfied with training	0	93.0	80.0	116.3%
% of mentoring participants who are satisfied with mentoring	0	93.0	80.0	116.3%
No. of new enterprises in Regional Incubation Centres	0	112	30	373.3%
No. of fishery harbours with improved draft	0	16	4	400.0%
Length of new or improved harbour berthage (metres)	n/a	2,524	1,763	143.2%
Priority 4: Social Inclusion and Childcare	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
Increase in childcare places available (full- and part-time)	0	25,141	21,372	117.6%
No. of childcare places in quality enhanced facilities	0	3,019	3,500	86.3%

Source: S&E Region OP 2000-06 Final Implementation Report.

Main Impact Indicators for the S&E Region OP 2000-06

Priority 1: Local Infrastructure	Baseline	Actual	Final Target	Actual as % of Target
% compliance with drinking water regulations	n/a	96.0	95.0	101.1%
% waste diverted from landfill via CAS and bring banks	n/a	11.0	10.0	110.0%
% of urban/village renewal centres with increased 'Tidy Towns' score	n/a	100.0	100.0	100.%
No. of subscribers to broadband	n/a	632,952	292,000	216.8%
Priority 2: Local Enterprise Development	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
% share of overseas tourism revenue in S&E Region	n/a	n/a	56.0	n/a
ME/SE/MW sub-region share of overseas tourism revenue in S&E Region	n/a	25.0	30.0	83.3%
No. of micro-enterprises supported surviving in S&E Region	n/a	6,161	8,000	77.0%
No. of jobs (full- and part-time) in supported micro-enterprises	n/a	14,012	15,000	93.4%
Total employment in Regional Incubation Centre enterprises	n/a	423	100	423.0%
No. of enterprises with defined technology link to host/other HEI	n/a	51	25	204.0%
Priority 4: Social Inclusion and Childcare	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
% parents engaging in employment, training and education	n/a	80.0	60.0	133.3%
% retention of facilities (two years after full grant expenditure)	n/a	98.0	90.0	108.9%

Source: S&E Region OP 2000-06 Final Implementation Report.

Community Support Framework 1994-99

Achievements of the NDP and CSF 1994-99 – Selected[6]

OP: Transport	Baseline	Actual	Final Target	Actual as % of Target
% of four key national primary corridors completed	35.0	71.0	58.0	122.4%
Cumulative time savings on four key national primary corridors (mins)	0	189	176	107.6%
Km or roadway of national secondary roads improved	0	148	130	113.8%
Realigned, improved or strengthened non-national roads (km)	0	2,063	2,000	103.2%
Replaced, reconstructed or strengthened bridges	0	122	350	34.9%
No. of mainline rail passengers	n/a	10.2	9.2	110.9%
Passengers at State airports (mn)	n/a	16.5	15.5	106.5%
Freight traffic at State airports (metric tonnes)	n/a	202,412	200,000	101.2%
% reduction in combined port and shipping costs to users	0	15.0	15.0	100.0%
OP: Industrial Development	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
Gross jobs created (per annum)	20,048	36,479	22,000	165.8%
Net jobs created (per annum)	2,268	11,000	5,000	220.0%
Value of exports (IR£bn, 1993 prices)	20.3	n/a	28.8	n/a
Value of indigenous exports (IR£bn, 1993 prices)	3.5	n/a	6.5	n/a
Business expenditure on R&D (% of GDP)	0.79	0.88	0.82	107.3%
Gross expenditure on R&D (% of GDP)	1.19	1.22	1.30	93.8%
No. of indigenous firms with gross turnover > IR£100 mn	9	15	40	37.5%
Value-added in industry (IR£bn)	8.5	24.8	12.0	207.5%
% share of hi-tech sectors in manufacturing employment	24.8	33.4	27.5	121.5%
% share of raw materials of overseas companies sourced in Ireland	30.2	30.7	31.0	99.0%
% share of world trade	0.70	1.03	0.84	122.6%
OP: Environmental Services	**Baseline**	**Actual**	**Final Target**	**Actual as % of Target**
Increase in raw volume of water treated (m^3 per day)	0	18,319	1,727	1,060.7%

Source: Fitzpatrick Associates/ECOTEC (2003) Ex-post Evaluation Objective 1 1994-99: National Report - Ireland.

Community Support Framework 1989-93

NDP and CSF 1989-93 – Main ERDF Supported OPs – Summary of Impacts

OP	Size of Impact	Comments
Industrial Development	Strong	Overall a successful programme
Tourism	Strong	Overall a successful programme
Peripherality (Transport)	Strong	Overall a successful programme
Sanitary and Local Services	Strong	Helped Ireland to comply with EU Directives
Training Infrastructure	Strong	Overall a successful programme

Source: Price Waterhouse (1995) Evaluation of the CSFs for the Objective 1 Regions in the Period 1989-93.

[6] Values stated in Ir£ in original documents so not converted to Euro here

11. ANNEX IV: LIST OF INTERVIEWEES

Name	Position (current and former roles where relevant)	Place	Date	Form
Jim Higgins	Retd.[1] Head of CSF and CF Managing Authority, (2 Funding Rounds), Dept. of Finance	Dublin	June 22nd, 2012	Face-to-face
Dermot McCarthy	Retd. Secretary General, Department of An Taoiseach (Prime Minister), Chair OPLURD OP	Dublin	June 25th, 2012	Face-to-face
John Fitzgerald	Research Professor, Economic and Social Research Institute	Dublin	June 28th, 2012	Face-to-face
Kieran Moylan	Assistant Director, Border, Midlands and Western Regional Assembly	Ballaghadereen	June 29th, 2012	Face-to-face
Fergal O'Brien	Economist, Irish Business and Employer's Confederation	Dublin	July 4th, 2012	Face-to-face
Brid O'Brien	Head of Policy and Media, Irish National Organisation for the Unemployed, Member HRD OP Monitoring Committees 2000-06, 2007-13	Dublin	July 4th, 2012	Face-to-face
Sean Murphy	Deputy Chief Executive Chambers of Commerce of Ireland	Dublin	July 4th, 2012	Face-to-face
Aidan Pender	Director, Education & Training Fáilte Ireland	Dublin	July 5th, 2012	Face-to-face
Michael Leahy	Retd. Enterprise Ireland	Dublin	July 6th, 2012	Face-to-face
Gerry Galvin	Dept. of Environment, Community and Local Government	Dublin	July 6th, 2012	Face-to-face
Paul Bates	Assistant Secretary, Dept. of Transport and Sport	Dublin	July 6th, 2012	Face-to-face
Gearoid O'Keeffe	Principal Officer, Department of Public Expenditure and Reform/Head, NSRF Managing Authority	Dublin	July 9th, 2012	Face-to-face
Jim Deane	Assistant Principal, EU Structural Funds and North South Programmes Policy Unit Department of Public Expenditure and Reform/Secretary, NSRF Managing Authority	Dublin	July 9th, 2012	Face-to-face
John Murphy	Secretary General Dept. Jobs, Enterprise and Innovation Ex-Head of Managing Authority Transport OP 2000-06/Secretariat CSF 1989-92/1994-99	Dublin	July 9th, 2012	Face-to-face
Ned Costello	Chief Executive, Irish Universities Association formerly Secretariat, Industry Operational Programme 1994-99	Dublin	July 11th, 2012	Face-to-face
David Hegarty	Economist, Dept. of Finance, Ex-Head of NDP/CSF Evaluation Unit (2 funding rounds), Department of Finance	Dublin	July 11th, 2012	Face-to-face

Name	Position (current and former roles where relevant)	Place	Date	Form
Ciaran Connolly	Retd. Department of Finance, Head, CSF Managing Authority 1994-99, CSF Secretariat 1989-93	Dublin	July 12th, 2012	Face-to-face
Denis Leamy	Chief Executive, Pobal	Dublin	July 12th, 2012	Face-to-face
Jim Humphreys	Retd. Dept. of Transport, Secretary Transport OP Monitoring Committee	Dublin	July 13th, 2012	Face-to-face
Sean O'Riordain	Sean O'Riordain & Associates	Dublin	July 16th, 2012	Face-to-face
Brigid McManus	Retd. Secretariat CSF Monitoring Committee 1994-99 Department of Health	Dublin	July 16th, 2012	Face-to-face
Liam Hennessy	Retd. Secretary of Cohesion Fund Managing Authority 1993-99, 2000-06	Dublin	July 17th, 2012	Face-to-face
Declan Hughes	Manager, Competitiveness Division Forfás	Dublin	July 17th, 2012	Face-to-face
Stephen Blair	Director, Southern and Eastern Regional Assembly (Managing Authority for 2007-13 Regional ERDF Programme)	Dublin	July 18th, 2012	Face-to-face
Joe Allen	Retd. Local Government Policy, Dept.of Environment, Community and Local Government	Dublin	July 19th, 2012	Face-to-face
Kathy Walsh	Consultant, Local Development Programme 1984-99,2000-06	Dublin	July 26th, 2012	Face-to-face
Gerry Finn	Director, Border, Midlands and Western Regional Assembly (Managing Authority 2007-13 Regional ERDF Programme)	Dublin	Aug. 1st, 2012	Face-to-face
Niall O'Donnellan	Manager, Enterprise Ireland (formerly Evaluation Unit, Industry OP 1994-99	Dublin	Aug. 24th, 2012	Face-to-face
Carmel Keane	Retd. Department of Finance/Secretariat of CSF 1989-93, 1994-99	Dublin	Aug. 30th, 2012	Face-to-face
Simon Nugent	Advisor, Dept. Communications, Energy and Natural Resources, Formerly Member CSF Managing Authority 1989-93	Dublin	Aug. 30th, 2012	Face-to-face
Peter Brennan	Consultant, Former Head Irish Business Bureau, Brussels	Dublin	Oct. 23rd, 2012	Face-to-face
[1] Retd. = retired				

12. ANNEX V: OVERVIEW OF SOURCES USED FOR THE CASE STUDY

Programme name	OP	FIR	Spend (by measure & year)	Evaluation reports	Strategic interviews	Operational interviews	External interviews	Stakeholder/ Beneficiary interviews	Workshop
Industry 1989-93	✓	✓	✓	✓	✓	✓	✓	✓	
A&RD 1989-93	✓	✓	✓	✓	✓	✓	✓		
Tourism 1989-93	✓	✓	✓	✓	✓	✓	✓	✓	✓
HRD 1989-93	✓	✓	✓	✓	✓	✓	✓		
Peripherality 1989-93	✓	✓	✓	✓	✓	✓	✓	✓	✓
Telecoms and Post 1989-93	✓	✓	✓	✓	✓	✓	✓	✓	
Energy 1989-93	✓	✓	✓	✓	✓	✓	✓	✓	
Sanitary and Local Services 1989-93	✓	✓	✓	✓	✓	✓	✓	✓	
Industrial Development 1994-99	✓	✓	✓	✓	✓	✓		✓	✓
Agriculture, Rural Dev. Forestry 1994-99	✓	✓	✓	✓					
Transport 1994-99	✓	✓	✓	✓	✓	✓		✓	✓
HRD 1994-99	✓	✓	✓	✓	✓				✓
Fisheries 1994-99	✓	✓	✓	✓					
Tourism 1994-99	✓	✓	✓	✓	✓	✓	✓	✓	✓
Economic Infrastructure 1994-99	✓	✓	✓	✓	✓	✓			
Environmental Services 1994-99	✓	✓	✓	✓	✓	✓	✓	✓	
Local, Urban and Rural Development 1994-99	✓	✓	✓	✓	✓	✓		✓	

13. ANNEX VI: REFERENCES

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14. ANNEX VII: SURVEY RESULTS

A total of 450 contacts were invited to take part in the online survey for Ireland. This number includes 34 who were interviewed by the case study team, plus 416 additional invitees. The 416 additional invitees were broken down as follows: 24% were local authority contacts (selected senior administrators and political leaders in local authorities and bodies representing them); 22% were firms (whether beneficiaries or unsuccessful applicants); 2% were regional/local level political party representatives; 16% were regional/local social partners, third sector organisations and trade unions; 16% were from other local interest groups; and the remaining 20% were from other organisations not classified within these categories (or which were unspecified). The overall response rate (i.e. those who started the survey and answered at least one question) was 21.6% (97), though the percentage of invitees who completed the entire survey (i.e. up to and including the final question) was lower at 14.9% (67). For the questions applicable to all, the response rates varied between 8.0% - 21.6%. There were also questions which related to each specific programming period only and these were accordingly filtered.

Within the above-mentioned categories, the breakdown of non-interviewee respondents was as follows (fully completed responses): 14% were local authority contacts; 32% were from the sample of firms; 0% were regional/local level political party representatives; 14% were from the category regional/local social partners, third sector organisations and trade unions; 9% were from other local interest groups; and the remaining 32% were other/unspecified.[7]

Proportionally speaking, regional/local social partners, third sector organisations and trade unions were the least responsive group (of non-interviewees), in that only 9% of them responded to the survey invitation in any way. Invitees from other/unspecified category had the highest completion rate, of 75% (i.e. the proportion of those starting who then progressed up to and including the final question).8 Regional/local level political party representatives had the lowest completion rate, with none submitting a fully completed survey.

[7] Does not total 100% due to rounding.

[8] In practice, these included a large proportion of CEB and central government respondents, as well as some individuals from private sector not-for-profit organisations such as advisory companies.

The responses received on key questions are summarised below.

1. What type of organisation do you represent? Please tick all that apply, e.g. if you have changed status throughout the period or if more than one condition applies (e.g. beneficiary and unsuccessful applicant, beneficiary and representative of local interest group).

	Answer		Response	%
1	Central Government Department/Agency		17	17%
2	Regional Government Department/Agency		9	9%
3	Local authority		18	18%
4	Political party or political constituency		0	0%
5	Firm		20	20%
6	Socio-economic organisation		5	5%
7	Interest group (e.g. environmental or social association/citizens' movement)		6	6%
8	None of the above (please describe)		31	32%

3. Please specify which firm type you represent:

	Answer		Response	%
1	Micro (		13	72%
2	Small (		2	11%
3	Medium (		1	6%
4	Large		2	11%
	Total		18	100%

4. Please specify which type of socio-economic organisation you represent:

	Answer		Response	%
1	Trade Union		0	0%
2	Entrepreneurial association		2	40%
3	Third sector organisation		2	40%
4	Other (please specify)		1	20%
	Total		5	100%

5. What type of interest group do you represent?

	Answer		Response	%
1	National		4	67%
2	Regional		0	0%
3	Local		1	17%
4	Other (please specify)		1	17%
	Total		6	100%

6. Was your involvement in the ERDF programmes direct or indirect?

	Answer		Response	%
1	Direct		30	33%
2	Indirect		43	47%
3	Both direct and indirect		18	20%
	Total		91	100%

7. Please indicate how you were directly involved:

	Answer		Response	%
1	As a political decision maker		1	2%
2	As an administrator		22	47%
3	As a beneficiary		18	38%
4	Other (please specify)		6	13%
	Total		47	100%

8. Please indicate how you were indirectly involved:

	Answer		Response	%
1	As a politician (not directly involved in the programmes)		0	0%
2	As an indirect recipient of support (not receiving directly resources from the programme)		17	29%
3	As a stakeholder (e.g. member of an organisation representing specific interests)		22	37%
4	As a member of the public		2	3%
5	Other (please specify)		18	31%
	Total		59	100%

9. Please indicate in which of the following period/s your involvement in ERDF programmes took place (please tick all that apply):

	Answer		Response	%
1	1989-93		12	13%
2	1994-99		32	36%
3	2000-06		55	62%
4	2007-13		59	66%

10. Could you please assess the extent to which the ERDF programmes delivered achievements in the fields outlined below (across the entire period, i.e. 1989 to date)?

	Question	Very significant	Significant	Quite significant	Modest	None	Don't know	
1	Increase in numbers of new firms	7	16	19	15	3	11	71
2	Increased growth of existing firms	8	18	20	16	0	9	71
3	Enhanced competitiveness such as increased exports	7	15	21	14	2	11	70
4	Enhanced internationalisation, better marketing	2	16	20	19	2	13	72
5	Attraction of foreign investment	2	21	16	11	5	15	70
6	Site reclamation and premises for industry	2	7	19	14	5	21	68
7	Job creation	9	16	23	19	0	5	72
8	Shift to growth clusters	0	10	18	18	7	16	69
9	Growth in manufacturing	4	10	15	22	4	13	68
10	Growth in professional services	5	15	15	21	0	11	67
11	Growth in tourism and creative industries	3	24	21	12	2	8	70
12	Increased R&D and provision of technical support from public and non-profit sector	3	23	17	10	3	9	65
13	Increased R&D and innovation in business	2	20	19	12	4	12	69
14	Enhanced adoption of process technologies	1	13	16	15	3	20	68
15	Adoption of good practices in managerial processes	1	14	21	17	5	9	67
16	Improvement of environmental quality (e.g. waste and water treatment, decontamination of land, enhanced biodiversity.)	10	21	14	9	2	12	68
17	Reduction of energy consumption and Co2 emission in productive processes	0	12	19	15	7	15	68
18	Development of environmental friendly transport systems, sustainable lighting/heating etc.	1	11	22	15	5	14	68
19	Labour market inclusion (e.g. re-integration of long-term unemployed and marginalised groups etc.)	4	17	14	16	8	12	71
20	Provision of community services for disadvantaged areas	6	18	16	16	5	9	70
21	Community development/social enterprise	6	23	14	15	3	9	70

22	Communications and infrastructure to improve accessibility to wider markets (e.g. ports, airports etc.)	4	20	26	4	3	13	70
23	Regional communications infrastructure for improved accessibility within the region	7	17	24	7	2	12	69
24	Overall improvement in image for the region	9	25	24	6	0	7	71
25	Other (please specify)	0	0	3	0	0	10	13

12. In your view, did the objectives of the ERDF programmes address regional needs?

	Question	Yes, very significantly	Yes, significantly	Yes, quite significantly	Yes, but to a limited degree	No, not at all	Don't know	
1	1989-93	2	10	12	16	1	33	74
2	1994-99	6	13	18	12	1	24	74
3	2000-06	7	16	23	12	2	14	74
4	2007-13	5	13	23	16	4	13	74
5	Across the entire period	2	19	25	12	0	16	74

13. In your view, was there ever a mismatch between regional needs and the ERDF support provided?

	Question	Yes, a considerable mismatch	Yes, but not too considerable	No, ERDF programmes met the needs	Don't know	
1	1989-93	3	15	15	41	74
2	1994-99	3	23	19	29	74
3	2000-06	4	27	20	23	74
4	2007-13	8	21	22	23	74
5	Across the entire period	3	24	24	23	74

19. For the entire period (i.e. 1989 to date), please rate the following statements. When a statement does not apply, please choose 'N/A' (not applicable)

	Question	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree	N/A	
1	The programmes entailed appropriate strategies	1	26	20	5	0	2	0	10	64
2	The programmes targeted support appropriately (via the selection criteria adopted)	1	24	19	3	3	2	0	11	63
3	The allocation of funding was in line with needs	3	19	22	5	3	2	0	9	63
4	The concentration of funding on selected fields enhanced the programmes' effectiveness	3	20	17	8	3	2	0	11	64
5	The concentration of funding on few, large projects enhanced the programmes' effectiveness	2	13	14	11	7	3	0	14	64
6	The design of the programmes was improved by the involvement of stakeholders	5	17	15	11	3	2	0	12	65
7	The programmes' strategy was enhanced by the use of evaluation evidence	5	21	15	6	1	3	0	13	64
8	Implementation was effective	3	28	16	5	1	2	0	9	64
9	The performance of the programmes was enhanced by ongoing monitoring of its implementation	5	20	17	9	2	2	0	9	64
10	The implementation of the programmes was enhanced by the involvement of partners/stakeholders	3	18	15	12	2	1	0	12	63
17	The programmes achieved a fruitful integration with other EU policies	1	16	21	9	1	3	0	12	63
18	The programmes achieved a fruitful integration with domestic policies	2	20	18	10	0	3	0	11	64
19	The programmes were flexible enough to accommodate changing socio-economic needs	1	13	17	11	5	4	0	12	63
14	The programmes were flexible enough to accommodate changing recipients' needs	2	11	16	12	7	6	0	9	63
15	Other (please specify)	0	1	1	2	0	1	0	19	24
16	Other (please specify)	0	1	1	2	0	1	0	18	23

20. On the whole, could you assess the impact of ERDF programmes? For current programmes, please assess the level of impact which you anticipate they will have.

	Question	Very positive	Positive	Quite positive	None/negligible	Quite negative	Negative	Very negative	Don't know	
1	1989-93	7	19	11	2	0	0	1	27	67
2	1994-99	14	20	12	1	0	0	1	19	67
3	2000-06	16	20	16	2	1	1	0	11	67
4	2007-13	12	13	20	7	1	1	0	13	67
5	Across the entire period	7	30	16	0	0	1	0	13	67

22. Looking to the future, are there any aspects of ERDF design and implementation that would need to be improved to increase the extent to which support meets regional needs and enhance achievements?

	Answer		Response	%
1	Programme design more responsive to regional needs via more use of evaluation evidence		41	61%
2	Programme design more respondent to regional needs via improved involvement of local authorities		22	33%
3	Programme design more respondent to regional needs via improved involvement of socio-economic partners and stakeholders		30	45%
4	Better targeting of interventions		38	57%
5	Increased funding concentration on key priorities		39	58%
6	Increased funding concentration on key target groups		26	39%
7	Increased funding concentration on fewer, bigger projects		13	19%
8	Increased funding of smaller projects		24	36%
9	Increased packaging of smaller projects		21	31%
10	Increased flexibility during the programme period to adapt programmes to changing needs		46	69%
11	Increased flexibility during the programme period to accommodate changing beneficiary needs		34	51%
12	Widening of eligible expenditure categories		29	43%
13	Better integration with other EU funding sources		29	43%
14	Better integration with domestic funding sources		24	36%
15	Simpler administration of the funds for programme authorities		37	55%
16	Simpler administration of the funds for programme beneficiaries		42	63%
17	Increased transparency in project selection		28	42%
18	Increased competitiveness in project selection		15	22%
19	Increased results-orientation in project selection		24	36%
20	Increased upfront funding for project beneficiaries (advances)		27	40%
21	Increased clarity on administrative requirements for project holders		31	46%
22	Other (please specify) ….		2	3%
23	Don't know		1	1%