



EUROPEAN COMMISSION

**OBSERVATIONS ON THE IRELAND PARTNERSHIP AGREEMENT  
(CCI: 2014IE16M8PA001)**

**PART I**

**Introduction**

The observations set out below have been made within the framework of the Common Provisions Regulation (CPR)<sup>1</sup> and the fund-specific regulations and are based on the Commission Services' Position Paper (CPP)<sup>2</sup> for the use of the European Structural and Investment (ESI) Funds in 2014-2020.

The observations refer to the Partnership Agreement (PA) submitted by Ireland on 22 April 2014<sup>3</sup>.

The observations are presented following the structure of the PA as set out in the template. The most critical issues for the Commission are noted in part I.

**1. ASSESSMENT OF IRELAND'S POLICY OBJECTIVES**

The PA needs to take into account any relevant country-specific recommendations (CSRs) adopted in the framework of the 2014 European Semester, in accordance with Article 15(1)(a)(i) CPR.<sup>4</sup> Ireland is thus requested to explain in which way CSRs 2-5 inclusive will be addressed and through which funding streams (EU, national or mixed) the corresponding remedial measures will be financed.

- The PA submitted by the Irish authorities is still too general and the absence of a more detailed analysis of disparities, development needs and growth potential leads to a deficient intervention logic. Moreover the general approach of the PA is fund-based as opposed to the required country-wide assessment. Accordingly the intervention logic is deficient. The initial sections of the Partnership Agreement should provide a comprehensive analysis for the country as a whole rather than the piece-meal fund-based approach currently presented. Therefore a thorough

<sup>1</sup> Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 - OJ L 347 of 20 December 2013, p. 320.

<sup>2</sup> Ares (2012) 1320527 of 9 November 2012

<sup>3</sup> Ares (2014) 1298351

<sup>4</sup> See COM(2014) 408 final, Commission Recommendation for a Council recommendation on Ireland's 2014 national reform programme and delivering a Council opinion on Ireland's 2014 stability programme

reorganisation/revision of the 22 April submission is required – particularly in terms of section 1.1 (incorporating sub-sections 1.1.1 – 1.1.9 of the Ireland PA text.

- The Commission reminds the Irish authorities that the purpose of the PA is to provide a clear intervention logic specifying socio-economic needs and challenges and the proposed integrated common ESIF approach to meeting some of these within defined national and/or territorial contexts. The needs analysis requires a country-wide perspective as opposed to the present fund-based approach.
- Notwithstanding the above remarks, the Commission acknowledges the efforts made by the Irish authorities to place the PA within the context of the European Semester, Ireland's National Reform Programme, the Common Strategic Framework and relevant national strategies and policy statements. The Commission notes that the PA also refers to several national policy frameworks such as Ireland's Medium Term Economic Strategy and the Action Plan for Jobs. It remains unclear, however, how such strategies actually impact on prioritisation of funding choices and on the subsequent selection of thematic objectives and investment priorities. Their relevance to prospective implementation of ESI funding streams is not at all clear.
- In view of the deficient intervention logic, the Commission considers that the case for investment across all thematic objectives and ESI funding streams is insufficiently clear. The purpose of the PA is to enlarge on the circumstances and key factors/criteria that objectively validate the selection of the relevant thematic objectives across the ESI funds. Thus it cannot be sufficient merely to refer to EU2020 headline targets as a means of justifying subsequent funding choices. Additional corroborative information, data and evidence-based factors need to be introduced that justify the subsequent selection of Thematic Objectives (TOs) and Investment Priorities (IPs).
- In terms of presentation, the PA submitted by the Irish authorities does not adhere to the structure of the PA template. This leads to a confusing narrative and difficulties in following the intervention logic presented by the Irish authorities. The Commission asks the Irish authorities to ensure that future iterations of the PA comply strictly with the latest version of the "draft template and guidelines on the content of the partnership agreement" with all narrative and tables inserted in the correct section and in the right order.
- The Commission notes that Ireland has identified a wide variety of development needs and growth potentials not all of which can be addressed through ESIF investment streams. To the extent that these competing needs and growth potentials are not tackled through ESIF, it should be made clear how such needs and potentials will be met through other EU, national or mixed (EU/national funding sources).
- The Commission notes that Ireland has not specified peat bog restoration as a development need or a growth potential, notwithstanding the invitation to consider this possibility during the informal dialogue. The Commission invites the Irish authorities to demonstrate – with reference to specific funding streams – how peat-bog restoration will be achieved in such a way as to meet the requirements of EU legislation (cf. Article 8 of the Habitats Directive). This

requirement is important in terms of other areas where Ireland has not yet satisfied requirements of the Union "acquis" – notably in the environmental field such as water and waste management. This includes, notably, the Urban Waste Water Directive where infringements remain open. The Commission invites the Irish authorities to indicate how they intend to fund the corresponding investment necessary projects.

- Consistency is lacking in the way environmental related legislation is addressed across the PA. The PA seems to be developed in isolation from key strategic environmental policy instruments and Rural Development Programme (RDP) priorities. In sections of the text relating to T04, T05 and T06, the corresponding EU-2020 targets, Natura legislation and the Priority Action Framework, the EU Biodiversity 2020 strategy, EU Forestry strategy, EU Resource Efficiency strategy, the National Emissions Ceiling in relation to Ammonia, Ambient Air Quality Directive, national soil strategies, the Water Framework Directive, the Floods directive and the EU Pesticides and Nitrates directives and respective national programmes should be referred to.
- On the Integrated Marine Plan 'Harnessing Our Ocean Wealth', the assertion that 'the Government is determined to ensure that our ocean wealth will be a key component of our economic recovery and sustainable growth, generating benefits for all our citizens'. However, in the absence of further information, this and other strategies referred to in the text do not equate to development needs and growth potentials – the latter need to be substantiated, particularly in the light on the sustainable 'Blue Growth' opportunities.
- The issue of biodiversity (including marine biodiversity) and challenges arising from the state of the ecosystems on earth and the sea should be appropriately in the PA with challenges related to sustainable use of marine resource and marine biodiversity translated, where necessary, into concrete strategic actions under T06.
- The PA is obliged to consider the nature and extent of territorial challenges. The Commission requests substantial revision to the Ireland PA as the territorial analysis has, thus far, only taken into account the NUTS 2 areas, thereby reflecting principally ERDF features and factors. In line with comments previously made during informal dialogue the Commission accordingly considers that the description of territorial imbalances, development needs and growth potentials is inadequate as it fails to provide a country-wide perspective taking into account territorial imbalances arising in rural, coastal, maritime and urban areas.
- Furthermore the nature and extent of territorial challenges needs to be described in sufficient detail to justify the use of such locally-led implementation approaches as Community-Led Local Development (CLLD) and Sustainable Urban Development (SUD) and/or the invocation of sub/macro-regional strategies or sea basin strategies as a point of reference for implementation of ESI funds.
- The Commission reminds the Irish authorities that any analysis of maritime/coastal areas (currently missing) should not merely be considered as an analysis of fisheries issues or EMFF-related matters. The same is valid for rural areas in respect of which the analysis should not limit itself to agriculture/agri-

food issues. Section 1.1.3 of the template is designed to capture specific challenges and opportunities presented by territories and areas irrespective of subsequent ESI funding implications.

- Cross-sectorial, cross-border and cross-jurisdictional challenges are not even mentioned, particularly in the context of Marine Strategy for the Atlantic Ocean.
- The Commission is of the view that the Irish authorities need to provide a stronger needs' assessment for higher broadband coverage and connection speed. Thus the factors and circumstances considered supportive of the case for broadband investment under TO2 should be described more fully. In particular there should be a commitment that only areas that are not covered or expected to be covered by Next Generation Access (NGA) infrastructure will be beneficiary of support. The possible technologies to be deployed should also be mentioned, with specific reference to rural areas. This point has to be developed in accordance with the Digital Agenda for Europe targets and with the ambition of the Irish national broadband plan. The PA should also pinpoint the prospective funding roles across all ESI funding streams and the roles to be played by ESIF in encouraging take-up and ensuring re-skilling explained.
- The Irish authorities are requested to provide a justification for deviations from the CPP in regard to TOs 8 to 10.
- The Irish authorities are asked to explain how, in accordance with Article 9 of the ESF Regulation, it is proposed to support social innovation.
- Given the significance that the additional YEI allocation has, and the urgent need to implement measures for young people, a reference to YEI and YGIP should be made in the document.
- The Commission observes that, in relation to EAFRD, the ex ante evaluators state that the proposals regarding the aim, focus, priorities and financial balance of the draft RDP has emerged from a strong and considered assessment of the agricultural context and from a detailed and objective examination of needs, both general and specifically in relation to the six Union Priorities for Rural Development. Given the lack of information on the current situation in the PA and the lack of evidence supporting the needs assessment as well as the selection of priorities by Ireland in the PA, the Commission considers this conclusion surprising at this stage.
- The outline of main results should take the form of the main changes sought for each of the ESI Funds and the YEI, especially in relation to EU 2020 and to the relevant CSRs. The provided text does not provide these results and the section on EAFRD is not as specific as for other Funds. Concerning expected results for ESF/all ESI Funds, these are still too vague and need further development so as to express the change that should be achieved. Please be also more specific on target groups.
- The lessons learned should also take on board the lessons derived from implementation of EAFRD and EFF programmes. Such lessons learned are important in validating identified development needs and growth potentials. Evaluations carried out in the period 2007-2013 should be considered as an additional source for lessons learned.

## **2. FINANCIAL ALLOCATIONS PROPOSED BY IRELAND**

- Taking into account the need to optimise the leverage effect of funding, the Commission asks Ireland to identify, where appropriate, those priority axes within specified Operational Programmes under ERDF, EMFF and EAFRD for which it intends to modulate the co-financing rates in accordance with Article 121 CPR and recalls that as set by Article 120 CPR the co-financing rate is to be determined on a case by case basis and the maximum co-financing rates should not always be applied to their full extent.
- The Commission is unable to identify the combined allocation of the Funds to climate change actions. ESI Funds should demonstrate that at least 20% of the overall budget is related to climate change related actions. *Inter alia*, this will allow the Commission each year in the Draft Budget to pinpoint the budget allocation to climate change related actions and their relevant objectives under the ESI Funds.
- The Irish authorities are reminded of the regulatory requirement to ring-fence at least 20 % of ESF for social inclusion, ideally within a specific priority axis.
- The total financial allocation of the EMFF programme broken down by year should now be provided.
- For section 1.4 (Table 8), with regard to the total ERDF and ESF amounts, there is a rounding error (1 euro missing to the maximum amount). This euro is also missing in the overview table per operational programme for the year 2016.

## **3. CROSS-CUTTING POLICY ISSUES AND EFFECTIVE IMPLEMENTATION**

- It is still not clear how partners have been selected for PA consultation. It is said that partners were selected using existing structures and organisation involved in structural funding 2007-2013. It is not mentioned how new partners (for example from the environmental (including marine) fields) were involved or how they can, in future, be brought within prospective partnership arrangements. In terms of EMFF, the Commission considers that consultation should be broader, as the new enabling framework has been extended.
- There appears to be a bias in favour of ERDF and ESF programmes and in favour (only) of gender equality. Non-discrimination and accessibility are principles to be applied for each ESIF programme and are not merely applicable to ESF and ERDF. The specific section on p.101 gives the impression that ESF only is involved and thus calls for a more comprehensive description of principles and methodologies to be applied to ESI funds as a whole.
- As the key question is how these principles will be converted into practice at the level of intermediate bodies and/or managing authorities, the narrative should include a description of any general arrangements at national or regional level that ensure the promotion and monitoring of these principles across different types of programmes. Any revised text should explain the extent to which selection criteria will be influenced by these principles.

- The section on sustainable development remains quite general. On the polluter pays principle, the PA limits itself to the following: 'The principle of polluter pays will be given full consideration in the design and implementation of programme interventions where relevant and the responsible programme authorities will be required to deliver and monitor compliance on this obligation'. The practical implications of this statement require further development in future iterations of the PA.
- Other cross-cutting sustainable development arrangements, including those applicable to protection of biodiversity and marine ecosystems are missing. The PA should explain how the objective of enhancement of marine biodiversity will coherently addressed through the mix of available financial and regulatory tools. In this regard, particular attention should be paid to setting out how key EU directives (Marine Strategy Framework Directive, Maritime Spatial Planning, Natura 2000) will be reflected in programme implementation.
- The Irish authorities are asked to be more specific regarding the arrangements with respect to social inclusion, outlining how they will be put into practice. What is the link between the National Action Plan for Social Inclusion of Ireland and the Rural Development Programme? How are the three ESI Funds mentioned in this section ensuring that synergies will emerge from each individual programming exercise? Given the significant amount dedicated to promoting social inclusion and combating poverty and any discrimination in the Rural Development Programme it is worth expanding this section and including some examples of the measures envisaged.
- The analysis of complementarities between EU and national instruments does not identify areas where national instruments are essential to achieve the main results set out for the Funds, or where the latter are critical to complement the use of national funds.
- Persons with disabilities are identified as a vulnerable group at risk of social exclusion and one of the priorities is to support working age people with disabilities through activation measures and the provision of services to increase employment and participation. However it is important to define extensively complementarities and synergies between the Funds in order to effectively implement social inclusion policies for persons with disabilities to allow for long-term and sustainable improvement in the situation of persons with disabilities.
- The coordination between the ESI Funds is only addressed in general terms and does not really address the matter of complementarity– referring frequently to potential complementarities rather than pro-active encouragement of the same. An identification of areas of intervention where the ESI Funds will be used in a complementary manner is necessary (not areas where potential synergies between two or more funds exist). The PA should seek to identify (1) those areas where demarcation is needed and (2) where/how the scope for effective synergies can be maximised. The mechanisms designed to encourage and assist beneficiaries in using the funds in a complementary way should be better described.
- The Commission believes that section 2.1.1 of the Ireland PA fails to address the key question, namely through what means and which agencies (e.g. one stop shops, advice, mentoring and training) the coordination between ESI Funds and other EU and national funding instruments and the EIB will actually be

encouraged in order to achieve more effective results. The approach chosen by the Irish authorities for analysing potential synergies is not comprehensive as fund/programme-based approaches based on two funds do not cover all combinations of funds and are not focussed on areas of intervention which can be served by more than two funds. Accordingly the Commission pinpoints the weaknesses of the needs assessment approach of the PA as it does not cover themes or areas of intervention but is fund based. As a result, the analysis of the needs assessment for rural areas was only partially done and no global needs assessment has resulted from the exercise.

- The Irish authorities have been requested to elaborate on the methodology and mechanisms for the performance framework. As matters stand, this section only provides the assurance from the side of the DPER that the system and procedures put in place will be robust by also reviewing the ex-ante reports on this aspect. The PA contains no overview on how consistency on the selection of indicators and the setting of milestones and targets is ensured across programmes and priorities.
- The PA suggests that the suitability of milestones has been specifically addressed in the ex ante evaluations. A summary of the relevant conclusions, extracted as appropriate from the ex ante evaluations, should be provided.
- Because of weaknesses in earlier sections of the text (notably in terms of territorial challenges), the Irish authorities are asked to elaborate on their approach to CLLD, notably by outlining the main challenges to be tackled, the main objectives to be achieved, the thematic objectives towards which CLLD will contribute (for LEADER and EMFF), the types of territories targeted, prospective administrative and preparatory set-up arrangements and the approximate planned budget allocation for each fund.
- The Commission observes that the Irish authorities are proposing to maintain the current Fisheries Local Action group (FLAGs) geography. This is not acceptable as such a decision should result from the application of the rules/restrictions in the CPR and EMFF regulations and in the light of past/current experience (weak in Ireland). In particular, the selection of FLAGs should be based on a bottom-up approach, whereby the most relevant local strategies and the best organised groups are selected. No *á priori* decision should be made in the PA. Assurance should be given that the procedures will be followed and the bottom-up approach encouraged.
- In terms of sustainable urban development (SUD), the Commission considers that the narrative is still much too vague. A specific priority axis is chosen for SUD for each OP but both these specific priority axes must involve at least two TOs and the Irish authorities should clearly specify under which TOs, investment in SUD will actually occur. SUD needs to involve at least two TOs and relevant investment priorities which are mutually reinforcing and coherent. The use of a single TO is unacceptable for the purpose of implementing SUD.
- The Commission considers that, in echoing the potential usefulness and areas of cooperation, the text would benefit from further narrative on potential synergies and how these can be pro-actively encouraged. Seven specific areas are identified by Ireland as potentially benefiting from ETC. However, the narrative is weak on

possible synergies/complementarities between mainstream programmes and the ETC.

#### **4. OTHER CRITICAL ISSUES**

- The Commission would like to recall the conclusions of the European Council of 25 October 2013 inviting Member States to make good use of the opportunities offered by the SME Initiative, with a view to expand the volume of loans to SMEs across the EU. The legal framework allowing MS to provide voluntary contributions of ERDF and EAFRD resources for joint financial instruments regarding (1) uncapped guarantees providing capital relief and (2) securitisation of existing debt finance and new loans to SMEs is now in place (Article 39 and other relevant provisions of CPR to be complemented by the model funding agreement soon to be adopted by an Implementing Act). The ex-ante assessment identifying SME funding gaps at EU level and in each Member State has been made available to Member States.
- In line with the Commission's letter of 26th November 2013 and following the meeting between Commission services, representatives of the EIB/EIF and the Irish authorities on 10 April last, during which the objectives, functional characteristics and potential advantages (including drawdown, co-funding and State Aids modalities) of the SME Initiative were discussed, the Commission invites the Irish authorities to specify definitively in the PA whether Ireland intends to contribute ERDF and/or EAFRD resources to such new financial instruments to be set up under the SME initiative, the amount of such possible contribution and the type of financial instrument to be supported. Should Ireland opt for the Initiative, this will imply a series of corresponding changes in the PA.



## **PART II – FURTHER OBSERVATIONS**

- The Irish authorities are asked to delete any remaining explanations of concepts or EU strategies, programmes, procedures, requirements. There is, thus, no need to quote legislation at length or to refer to EU policy documents that are already in the public domain (e.g. p.70: "The Commission therefore proposes to frontload the YEI, notably by not submitting it to the performance reserve mechanism, to achieve tangible impact early on in the implementation").
  - It would help if key documents were attached as links through the PA, such as the ERDF/ESF needs assessment from August 2013.
  - A synoptic table would be helpful in illustrating to what extent the implementation of national strategies will be accommodated through (1) ESIF intervention, (2) purely national funding streams.
  - For the reasons of comparability, the assessments in the PA should, where possible, make use of available European statistics. In case the necessary data are not available on EU level, it is recommended to provide next to the national data source also links to similar datasets in European statistics.
  - In addition, for comparability, is it crucial that any territorial analysis on sub-national level makes use of harmonised spatial definitions (e.g. NUTS); urban, rural, coastal and metropolitan regions referred to in the analysis shall be delineated according to the harmonized definitions published by the European Commission.
  - In relation to the snapshot of the Irish economy, there is a strong case for reviewing the figures on p.12 in the light of more recent forecasts.
  - In relation to the section on "Adequate Minimum Income", the Commission emphasises that the Financial Assistance Programme for Ireland, in relation to fiscal conditionality, included no conditions specific to the level of welfare savings or the appropriate composition of individual measures, beyond general advice that all fiscal measures should, where possible, protect the most vulnerable in society. The Commission at no point called for a reduction in weekly welfare payment rates. The Irish authorities were free to choose the mix of policy measures required to meet overall fiscal targets. Certain transfers which have been retained in their current form, and which carry significant fiscal cost (e.g. for instance child benefit payments) are currently not means tested. The text should therefore be adjusted to make this clear.
  - In relation to section 1.5.4., the Commission analysis shows that employment status is the single biggest determinant of poverty risk. The section outlining the approach to delivery on the National Social Target for poverty reduction should clearly point to the link with active labour market policies. Analysis in the PA should also reflect the latest data from the Survey on Income and Living Conditions (SILC).
- 1. ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH AS WELL AS THE FUND SPECIFIC MISSIONS**

**PURSUANT TO THEIR TREATY-BASED OBJECTIVES, INCLUDING ECONOMIC, SOCIAL AND TERRITORIAL COHESION (ARTICLE 15(1) (A) CPR)**

**1.1. An analysis of disparities, development needs, and growth potentials with reference to the thematic objectives and the territorial challenges and taking account of the National Reform Programme, where appropriate, and relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and relevant Council recommendations adopted in accordance with Article 148(4) TFEU**

- As it cannot be sufficient merely to refer to EU2020 headline targets as a means of justifying subsequent funding choices, additional corroborative information, data and evidence-based factors need to be introduced that justify the subsequent selection of TOs and IPs. The identification of the development needs should be based on this more thorough analysis and a description of the current situation in Ireland, the national EU2020 targets, the distance to these targets (presently only the target for research expenditures as a percentage of GDP is provided and commented upon), as well as experience from the 2007-2013 period.
- By way of example, in relation to National Reform Programme (NRP) Target 1 and/or Target 4, the skills mismatch on the labour market should be described, the need to re-skill the unemployed should be mentioned in addition to challenges in the sphere of further education and training and apprenticeship reform. For the avoidance of doubt, NRP Target 4 on education does not, per se, justify the selection of the investment priority "improving .... and access to tertiary and equivalent education....".
- As Ireland envisages investment under TO4, section 1.1.3 should include reference to the Strategic Energy Technology Plan (SET Plan) since the SET Plan objectives contribute to the Union Strategy for smart, sustainable and inclusive growth. Moreover the SET Plan priorities are becoming increasingly prevalent since the March 2014 European Council, where reducing EU energy dependency, in particular through increasing diversity of energy supply, was declared a top priority.
- The PA should mention and link to the Irish policy framework on climate change adaptation (National Climate Change Adaptation Framework). It should also make reference to sectorial and local climate change adaptation plans and cover key sectors (water, emergency planning, marine, agriculture, forestry, biodiversity, heritage, communications, flood defence and health). Specific adaptation measures included in the National Climate Change Adaptation Framework should be referred to and linked to the climate related TOs. It should also be made explicit how such measures are to be funded (ESIF and national/local funding).
- The National Climate Change Strategy for 2013-2020 should explicitly be referred to in the revised PA. Reference should be made to the Planning and Development (Amendment) Act 2010 requiring development plans to contain an additional mandatory objective for the promotion of sustainable settlement and transportation strategies in urban and rural areas, including the promotion of measures to reduce energy demand and man-made greenhouse gas emissions.

- All elaborations related to the Rural Development Programme are limited purely to the needs driven by the implementation of National Strategy Food Harvest 2020. It seems that the majority of sources dedicated to environment are going to be spent only on abatement measures that are needed if the strategy that proposes an increase of dairy production by 50 % and added value of beef by 40 % is implemented. The PA should re-assess the relationship between agriculture and environment taking into account the existing obligations under European legislation (air, biodiversity, water etc.).
- **Section 1.1.4** (see 1.1.1. above) presents national strengths and weaknesses, but these are presented in bullet points with no direct link with the long listing of national targets and strategies listed before. For each of these bullet points the question of "how is this conclusion reached" needs to be replied by providing an analysis of the current situation in a more detailed manner. For example, major environmental challenges with regard to greenhouse gas (GHG) emissions, habitat quality and the low-carbon economy and the link to investments and land use decisions are mentioned as a weakness but they are not corroborated in any meaningful way and are not part of an intervention logic that places them in relation to development needs, challenges and opportunities..
- The ultimate choice of thematic objectives must, therefore, be based on more reasoned and substantiated analysis confirming the existence of development need/growth potential and the type of investment needed to respond to the need and/or exploit the growth potential. This principle applies to all investment priorities and thematic objectives across all ESI funding streams.
- Matters relating to fisheries and aquaculture, as well as maritime policy are absent from the PA text. Following the adoption of the reformed Common Fisheries Policy (CFP), the Irish authorities should be able to indicate concrete means for its implementation with a focus on sustainable exploitation of fishing stocks and improving competitiveness of the sector. Growth in the aquaculture sector needs to be pursued, addressing the economic viability and the environmental sustainability of the sector. Employment in coastal areas should be sought through re/up-skilling and diversification in emergent sectors.
- The main development needs and growth potentials as described in **section 1.1.5** relate to ERDF and ESF. The Commission asks that the needs analysis be presented at the level of the country as a whole pinpointing any particular sectors presenting needs or growth potentials. The Commission further observes that the PA contains no reference to specific development needs and growth potentials for rural, coastal or marine areas.
- In terms of **section (1.1.6)** on territorial imbalances, the Commission considers that this section is still quite generic in terms of its territorial analysis and no real explanations are provided to support and provide context to the bullet points that are listed as strengths and weaknesses etc. The characteristics, pertinent challenges and development needs of the different areas are not comprehensively portrayed. By way of example, the development needs and growth potentials derived from territorial analysis should be properly described and substantiated rather than listed through bullet point. For example, the statement ‘Agricultural, Forestry and Fishing (AFF) remains an important part of the regional economies particularly in the South-East Region’ (p.39) falls short in terms of describing territorial specificities and underpinning investment decisions. Similarly, taking

account of Ireland's geography, more emphasis should be put on Blue Growth opportunities, the nature of these opportunities and any possible implications for the targeting of ESI Funds. The Commission wishes to make the following additional remarks:

- there are some inconsistencies in the analyses made for the two regions (BMW and S&E): in the S&E region the Agriculture, Forestry and Fisheries sector is presented as a share (%) of the national sectorial component of GVA, but not in the BMW;
- the two sectors agriculture/forestry and fisheries are cumulated (global AFF); however, separate assessment would be far more relevant;
- the AFF sector is defined as strong, but it is not explained what strong means;
- the reference year (p.42) is missing: the contribution of BMW region to national GVA is 17.8% (when?);
- the possible implications, in spatial terms, of the Research Prioritisation Exercise (RPE) should be explained. If this is not possible, the Ireland authorities should examine whether research prioritisation within a smart specialisation context justifies the targeting of ESI funds at specific HEI institutions at the expense of others particularly as the two Ireland regions present different profiles in terms of research capacity.
- the research capacity imbalance between the two regions warrants specific reference in the narrative and careful consideration of implications in terms of programming approach. The Commission suggests that presenting identical wording in terms of "bottlenecks" fails to capture the need for differential approaches.
- the reference to "emerging systems and processes that will assist sustainable development and resource use" (specified as a strength in both BMW and S&E regions) is too vague. This reference requires substantiation in line with the general requirement that development needs and growth potentials need corroboration.
- the text explains (inter alia) the importance of high value sectors in Dublin and of manufacturing and pharmaceuticals in certain Irish regions but fails to explore the implications of such findings.
- similarly, while the decline of the construction industry is mentioned, there is no indication as to whether and how this can be redressed and what potential role ESI funds may play in this.
- the reference to urban needs (p.40) is too wide/vague to be of practical use. A more analytical approach is required.
- section 1.1.6 does not address the question as to whether territorial imbalances and development needs/potential justify the spatial targeting of ESI Funds and, if so, which thematic objectives should primarily be invoked for such targeting.
- in view of the blue growth/maritime perspective, it is necessary to identify specific types of renewable energy (i.e. on/off-shore wind, tidal, wave energy) when reference to renewable energy is made in the narrative.

- The Commission considers that much lip service is paid to the importance of the 'blue economy' but this has to be seen in the light of the following quote " The Irish Authorities recognise the potential opportunities for Blue Growth, but further work is required to quantify the costs and benefits, and to fit this into wider Irish policy priorities for marine and coastal regions. Some of this will be via engagement with partners in Atlantic regions. Ireland is also keen to identify common goals across the Irish Sea in developing a successor Ireland/Wales cross-border programme for 2014-20 and take the emerging strategy into account in developing the new programme".
- The national strategy Harnessing Our Ocean Wealth (reference contained on page 33) sets out high-level goals and integrated actions across policy, governance and business to enable the marine potential of Ireland to be realised. Despite the Irish acknowledgment of the huge natural potential offered by the ocean and opportunities for the blue economy, it seems difficult to reconcile this with the concrete investment priorities set out in the PA. In particular, no reference is made to the potential support of blue growth domains, including aquaculture, marine tourism, marine biotechnology, coastal management etc.
- In terms **of section 1.1.7**, the PA states that "the joint ERDF/ESF needs analysis looked at possible funding priorities under each of the thematic objectives ....and reached the following conclusions." The needs analysis is thus based on a joint ERDF/ESF approach but appears to invoke the use of both EAFRD and EMFF under TO5. The grounds for this are wholly unclear as are the references to EAFRD and EMFF under TO6.
- The Commission observes that Section 1.1.7, entitled "needs analysis" actually contains no information concerning "needs analysis" but instead refers to thematic objectives under consideration. In the absence of more corroborating detail, the Commission considers both section 1.1.7 and 1.1.9 of limited relevance.
- The Commission has already observed that the choice of thematic objectives must be based on more reasoned and substantiated analysis confirming the existence of development need/growth potential and the type of investment needed to respond to the need and/or exploit the growth potential.
- EAFRD and EMFF thematic objectives are dealt with separately. In fact these sections should be integrated with the ERDF/ESF sections of the text in order to provide a country-wide assessment of needs.
- The Commission further emphasises that the selection of TOs should not depend on considerations of absorption capacity but of the TO capacity to lead to smart, sustainable and inclusive growth.
- The statement (section 1.1.7 of the Ireland PA text) that support for RTDI should be continued just because the needs analysis says so is inadequate. Accordingly the inclusion of RTDI needs to be substantiated through reference to development need and growth potential and whatever additional evidence-based factors corroborate and justify selection of the relevant thematic objective. This may include the track record in technology transfer or the potential growth opportunities inherent in the Research Prioritisation Exercise (RPE). Should infrastructure deficits exist, the nature of these and their relevance in terms of the

RPE should be explained and any ex ante conditionality implications addressed. As findings of the needs analysis have not been described in any meaningful way, it is not possible to determine in what way and why ESI funds should be invoked for such investment.

- Digital growth is not included as an investment need which might have been considered under TO2. A FORFAS paper<sup>5</sup>, drawn up in the wake of the Research Prioritisation Exercise, suggests that that Ireland can display a basis for strong enterprise development and growth as well as fostering innovation for business. The strategy further suggests the population can benefit from digital growth arising from the deployment of infrastructure that is synergic to the introduction of digital services. From the 4 main fields identified in the paper, the first one, i.e. "A: Building on Ireland's strengths (ICT, health, Life sciences, Financial Services, Agri-Food" clearly falls in the domain of ICT growth. The Irish authorities should therefore specify if they intend to fund the ICT-related parts of the RIS3 with ESI Funds and if yes under which TO.
- Similarly, in terms of prospective TO3 investment under ESIF, the narrative should clearly state the considerations and factors taken into account in concluding that such investment is justified – rather than stating that the needs analysis "strongly supports the case for investment in Ireland's SMEs." In the absence of needs analysis, it is not clear to what extent TO3 will focus on companies of a particular size and/or on particular sectors. Any text will benefit from reference to the exclusion of low growth companies.
- It is not clear which ESI funds will be used for investment in renewable energy and there appears to be a lack of clarity of intentions between renewable energy and energy efficiency measures. In order to justify investment in low carbon measures further substantiation is required, not least the extent of possible future investment in renewable energy sources and certainly some information explaining and quantifying the poor energy performance of social housing and public buildings and a summary description of proposed ways and means for achieving reductions in greenhouse gas emissions. References to strong regional growth potentials are too vague to be of practical use. When renewable energy is mentioned it is important to specify the source, e.g. wind, off-shore wind, wave, tidal, biomass etc.
- Whatever the eventual composition of investment under TO4, section 1.1 of a revised PA should also include an assessment of the potential for job creation and economic development in the areas of green growth, green jobs, employment in retrofitting of houses and public buildings for energy efficiency purposes.
- The PA makes reference several times to a feasibility study into the potential use of FI in the renewable energy, retrofit of social housing schemes and energy efficiency fields. It is not clear if the study is still being carried out or is completed and also if it is carried out on behalf of EIB (as stated on p.51) or by EIB (p.129).

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<sup>5</sup> Development and Implementation of the National Research Prioritisation Exercise, Ireland's national smart specialisation strategy, FORFAS, December 2013.

- It is also unclear what investment activities financial instruments will support as contradictory information on renewable energy and energy efficiency is given (cf. p.51, p.112 and p.129).
- Prospective ERDF investment in sustainable multi-modal urban mobility schemes should be accommodated under TO4 (e). Any such investment is pre-conditioned by the existence of integrated sustainable urban development strategies in the relevant towns and cities and by a focus on investment activity leading to low carbon shift.
- The Commission reminds the Irish authorities that, subject to confirmation of development needs and growth potentials, it is expected that EMFF will contribute to TOs 3, 4, 6 and 8. EMFF support to the relevant TOs should be confirmed once a complete needs assessment is finished.

**1.2. A summary of the ex-ante evaluations of the programmes or key findings of the ex-ante evaluations of the Partnership Agreement where the latter evaluation is undertaken by the Member State at its own initiative**

- In relation to the section (1.2) on summary of ex ante evaluations of the programmes, the Commission requests more information on the grounds for the conclusions reached respect in certain instances. In order to achieve a more detailed understanding of the responsibilities of the ex ante evaluators, their respective terms of reference should be briefly summarised.
- Given the lack of information on the current situation in the PA and the lack of evidence supporting the needs assessment as well as the selection of priorities by IE in the PA, it is surprising at this stage that such conclusions could be made by the ex ante evaluators. It would be interesting to inform the PA (sections 1.1.1, 2 and 3) with information which formed the basis for the analysis of the ex ante evaluators.
- In the case of EAFRD the ex ante evaluators state that the proposals regarding the aim, focus, priorities and financial balance of the draft RDP have emerged from a strong and considered assessment of the agricultural context and from a detailed and objective examination of needs, both general and specifically in relation to the six Union Priorities for Rural Development. It would be interesting to enrich the PA with this information that formed the basis of the conclusion of the ex ante evaluators.
- In relation to ERDF (p.64) reference is made to the "robust evidence base" for the chosen thematic objectives. As pointed out above, the Commission believes that the evidence base has not been adequately reflected in the narrative in Commission template sections 1.1.1 – 1.1.3 inclusive (Ireland PA sections 1.1.1 – 1.1.9).
- The narrative states that the evaluators consider that the proposed programme (strangely in the singular) has the potential to contribute to the Union strategy for smart, sustainable and inclusive growth. Stronger wording is required here
- The ERDF narrative specifies that RTDI priority is focussed on enterprise engagement with strategic research centres and industry-led R&D investment.

This appears at variance with the earlier references including regional development need 1, for both Ireland regions, which seems to include basic research ("employment of high quality researchers and those on research-focussed programmes of study").

- In relation to Next Generation broadband, there is nothing to suggest that roll-out will assist enterprises in the absence of as yet unspecified flanking measures designed to encourage take-up and upgrade skills.
- In relation to internal coherence, the ERDF narrative refers to 9 objectives – for ease of understanding these objectives should be described. In the absence of further information it is not at all clear what linkages there are between the objectives and the internal coherence of programmes. Internal coherence implies that strengths and development needs have been properly identified and that the choice of thematic objectives and investment priorities dovetail appropriately with other EU and national instruments. It would also be useful to have a listing of the EU and national instruments referred to in the final paragraph and, as stated already above, a synoptic overview of the prospective use of national and EU funding streams in tackling the development

### **1.3. Selected thematic objectives, and for each of the selected thematic objectives a summary of the main results expected for each of the ESI Funds**

- In terms of section 1.3, the Commission emphasises that links between development needs and TOs need only be made for those TOs which are selected for funding and across all ESIF funds involved. This implies that not all TOs need to be discussed.
- The outline of main results should take the form of the main changes IE aims to achieve under each TO for each ESI fund.
- The lessons learned from the past should be removed from this section and integrated in an appropriate place in section 1.1 in line with the prescribed structure of the PA template.
- The Irish authorities are asked to explain how the minimum requirements of 30% EAFRD spending on environment-related measures will be met.
- Readability could be improved by having a single synoptic table covering selected TOs, selected Investment Priorities, justification for selection and the results expected as opposed to the 17 pages of tables presently provided. The Commission further points out that Tables 5, 6 and 7 are not mutually consistent. By way of example, Table 6 refers to the prospective use of five investment priorities under TO4 whereas Table 7 presents the results expected for only one investment priority. Similarly, for TO6, Table 5 presents two investment priorities whereas the ERDF results (Table 7) relate to urban regeneration.
- TO 4 (p.69) is mentioned as being financed under EAFRD while in the financial allocation table there is no budget earmarked for TO 4. However, activities under TO 5 resemble and reflect the activities of TO 4 and are linked to low emission technologies, green on-farm investments etc.



- Under section 1.3, Table 7 on Thematic Objectives and Results Expected for Each Operational Programme 2014-2020, TO 5 on 'Promoting Climate Change adaptation, risk prevention and management', expected results should seemingly also cover risk prevention and management.
- TO 8 to 10 should also include information on other Funds (in particular EAFRD and EMFF) as they could also support these objectives.
- The Commission wishes to make some additional comments in relation to specific thematic objectives:
  - On TO1 the results expected should properly reflect the type of investment activity undertaken. Commission services have expressed reservations that some funding will be directed towards basic research and infrastructure – in which case the results expected look inconsistent with investment activity;
  - The results expected have been specified but it appears that some of the results expected may actually be output indicators and not indicators reflecting the change sought. This appears to be particularly the case with the Broadband investment where take-up by commercial operators would seem a more effective result indicator – in line with growth potential bullets on page 45;
  - On TO3, the jobs creation potential of micro-enterprise has not been presented as a growth potential in either section 1.1.1 or 1.1.3 although it is weakly referenced in national strengths and weaknesses;
  - Given the Irish potential and accomplishments so far, it is expected that the maritime sector will be fully considered as one of the areas where innovation and technological development will be fostered;
  - In view of the major challenges faced, support to aquaculture and fishing should also be addressed under TO3, where both sustainability of fish stocks and improved competitiveness of the sector should be tackled;
  - Under TO4, support to production and distribution of energy from renewable sources is highlighted. However, clarification and consistency regarding the types of the renewable energy are needed across the PA. Clear identification of energy sources, strengthening the link with the expected results (expected results on renewable energy in general are missing), making clear the role played by the financial instruments would be very welcome;
  - The support under TO6 is expected to aquaculture and fishing sectors in the view of the major challenges they are facing to. However, consistency needs to be further improved;
  - when addressing sustainability of fish stocks, the Irish authorities should pay special attention to landing obligations, reaching maximum sustainable yield (MSY) and reducing overcapacity of the fishing fleet in order to achieve the balance between the fishing capacity and fishing resources and improving competitiveness of the sector;
  - biodiversity degradation and sustainable fishing practices should be addressed under this TO;

- links should be reinforced with the sustainable development section as concerning Marine Strategy Framework Directive (MSFD), Maritime Spatial Planning (MSP) and Integrated Coastal Zone Management (ICZM).
- It is mentioned on page 53 that Ireland's environment remains in good condition. This statement should be placed in relation to the Ireland's Prioritised Action Framework (PAF) and conservation priorities in 2014-2020.
- In relation to TO7, the Commission has consistently consistency pointed out that urban mobility should be integrated within TO4. This has important EAC implications. The Commission reminds the Irish authorities it is possible to support actions related to sustainable transport in urban areas under IP 7 (c) under ERDF but this would be subject to the relevant EAC.
- TOs 6, 7 and/or 4 appear relevant to Sustainable Urban Development, yet the table on page 91 sets out an ERDF allocation against TO6 only – this needs to be clarified;
- TO8: as investment priority 8.iv (equality...) has been selected for funding, this needs also to be reflected in the results expected;
- Regarding TO8, 9 and 10: although justification on the basis of reducing unemployment is acceptable for TO8 and 9, it is not acceptable so far for TO10.
- The same justification for thematic objective 9 appears twice and is arguably too broad. Any need to reduce long-term unemployment and youth unemployment should fall primarily under TO8 and should include specific reference to women
- TO 9: In terms of EU2020 target 5 and expected results, women, as such, should not be regarded as marginalised groups; marginalised groups that will be supported should be better described including Roma/ traveller communities);
- TO 10: The Irish authorities are asked to re-consider the result "quality and capacity of adult literacy is increased" as such a result suggests an improvement of systems and structures.
- The Irish authorities are asked to explain how the minimum requirements of 30% EAFRD spending on environment-related measures will be met.
- In addition, In view of the significant challenges in the fisheries sector coupled with noteworthy potential growth of the "blue economy", significant importance should be attributed to employment and training initiatives for supporting coastal communities. Opportunities should be available both inside and outside the sector, allowing people to improve skills in line with new challenges of the CFP but also to r/up-skill and diversify into other emerging blue growth areas.

#### **1.4. The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds, as well as the total indicative amount of support envisaged for climate change objectives**

- The PA is required to indicate the total indicative amount of support envisaged for climate change objectives in accordance with Article 15(1)(a)(iv) CPR, in line with the ambition to devote at least 20% of the budget of the Union to those objectives, and based on the methodology laid down in Commission Implementing Regulation (EU) No 215/2014.
- As an ESF amount of EUR 10 m for ESF represents not even 2 % of the total ESF allocation the Irish Authorities are requested to consider an increase for TA (the regulatory maximum of 6% - Article 119(5) CPR) due to the increased requirements in the period 2014-2020.
- Similar considerations apply to ERDF – in respect of which the EUR 4 million figure specified in Table 8 looks very low.

#### **1.5. The application of horizontal principles referred to in Articles 5, 7 and 8 of the CPR and policy objectives for the implementation of the ESI Funds**

##### *1.5.1. Arrangements for the partnership principle including an indicative list of the partners referred to in Article 5 CPR and a summary of the actions taken to involve them in accordance with in Article 5 CPR and of their role in the preparation of the Partnership Agreement and the progress report referred to in Article 52 CPR*

- The PA should specify the main added value of the partnership, what questions were raised during consultations, the number of submissions per consultation received, which groups of partners mainly delivered submissions, overall outcome and how this is reflected in the PA. The main results of the consultation(s) with partners, including significant concerns/comments/recommendations, should be included in the PA.
- Regarding the list of consulted partners it is worthwhile to know how the maritime sector and environmental stakeholders were involved in the consultation process.
- The final paragraph on page 96 should refer to Article 52 CPR and not to Article 46 CPR.

##### *1.5.2. Promotion of equality between men and women, non-discrimination and accessibility (with reference to Article 7 CPR)*

- In terms of section 1.5.2, the PA contains a paragraph stating that the Equality Authority is proposing a programme to enhance education, training and other labour market providers' capacity and capability in relation to horizontal equality and anti-discrimination. More information on what this programme looks like would be useful. Also, does "education, training and other labour market providers" cover all bodies involved in implementation of ESF and also all implementing bodies of ESI Funds where applicable?

- The Commission further observes that notwithstanding the Irish government's publication of guidelines departments on conducting a Disability Impact Assessment and the National Disability Authority has also developed detailed guidance, such guidance does not equate to training.
- The references to accessibility appear to focus primarily on ESF-funded activities whereas other ESI funds are ignored. Section 1.5.3 should therefore be revised in order to include an overview of prospective means and measures taken at national and/or regional level to promote and monitor the principle across all ESI funds.

### *1.5.3. Sustainable development (with reference to Article 8 CPR)*

- In terms of section 1.5.3, the PA states that the managing authority will 'ensure that project selection criteria will assess projects on the basis of environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention'.
- The Commission is of the view that the actions managing authorities will undertake, as appropriate, with regards to sustainable development should be better described. The principles evoked on p.105 should be extended to intermediate bodies and the modalities for ensuring that managing authorities apply the principles (guidance, expert advice) clarified as appropriate.
- Given the TO selection made by the Irish authorities more detailed information is required on how the relevant national or other arrangements will ensure that the requirements of Article 8 CPR are be respected.
- Notwithstanding the Irish authorities' stated commitment to sustainable development set out in the PA, underpinned by the policy document "Our Sustainable Future – A Framework for Sustainable Development for Ireland", the Commission is aware of gaps identified under the Conservation and Management of Natural Resources chapter in relation to integrated maritime and coastal management. Accordingly the following areas need to be more comprehensively addressed:
  - marine biodiversity issues and how they will be taken into consideration within the horizontal principle context should be addressed under the sustainable development chapter; thus the PA should explain how marine biodiversity will be enhanced and coherently addressed through the mix of the available financial and regulatory tools. In this regard, particular attention should be paid to setting out how key EU directives (Natura2000, MSFD and Maritime Spatial Planning) will be implemented.
  - challenges related to sustainable use of marine resource and marine biodiversity should be translated into concrete strategic actions under TO6;
  - a consolidated approach concerning the three key EU legislations (i.e. Natura2000 network (Habitat and Birds Directives), Marine Strategy Framework Directive (MSFD) and Maritime Spatial Planning (MSP)) would be welcome. Additional information on practical implementation and use of the Maritime Spatial Planning and Integrated Coastal Zone Management in Ireland would also be welcome.

- it is not clear that green procurement applies solely to the EAFRD programme. To the extent that other funds will invest in infrastructure, the ways and means of integrating green procurement principles within programme/project management should be described. The Irish authorities should bear in mind the extent to which EU regulation impacts on e-procurement with a series of requirements taking effect that provide for a gradual transition to mandatory e-procurement
- the Commission welcomes the steps which Ireland has undertaken to implement e-procurement, and which have resulted in significant progress on the ground. The Irish authorities should be reminded that the recently-adopted revised directives on public procurement provide for a gradual transition to mandatory e-procurement by October 2018.
- With regard to mainstreaming arrangements in the sphere of social inclusion (section 1.5.4), the Irish authorities are asked how such arrangements will work in practice. Furthermore the implications for the Rural Development Programme in terms of the National Action Plan for Social Inclusion should be summarily described.

## 2. ARRANGEMENTS TO ENSURE THE EFFECTIVE IMPLEMENTATION OF ESI FUNDS

### 2.1. Arrangements, in line with the institutional framework of the Member States, that ensure coordination between the ESI Funds and other Union and national funding instruments and with the EIB

- In terms of **section 2.1.1** the Commission observes that, although assurances on complementarity are provided it is not clear which organisation/committee will actually ensure this and/or eradicate possible duplication of funding. In this regard, the text calls for a more detailed description not just of the high level National Coordination Committee of the Funds (NCCF) but also how managing authorities and intermediate bodies will avoid duplication and ensure synergies across all funding streams. It may be instructive to explain how effectively the NCCF has functioned in the past and what changes in its responsibilities are envisaged in order to comply with the new regulatory framework.
- An identification of areas of intervention where the ESI Funds will be used in a complementary manner is necessary (not simply areas where potential synergies between two funds exist). Identification of areas where demarcation are needed and synergies exist and mechanisms established to help beneficiaries use the funds in a complementary way should be better described. Furthermore and specifically for the EAFRD, the Irish authorities should demonstrate how synergies will be maximised for interventions under the Common Agricultural Policy (CAP)'s 1st and 2nd pillars?
- The Commission observes that the approach described for analysing and presenting potential synergies is not comprehensive as descriptions based on 2 fund approaches do not cover all combination of funds) and do not focus on prospective areas of intervention which can be served by more than two funds at a time.
- The Commission considers that part of the section relating to "designation of authorities should be adjusted as the section generally repeats what is already laid

down in regulatory texts. Thus the references to the functions of the managing, certifying and audit authorities should be replaced by reference to the relevant CPR Articles. In view of the importance of intermediate bodies in the implementation of ESIF programmes, the text should also be supplemented by reference to Article 123(6) CPR.

- Synergies between ESIF and Horizon 2020 are vital in order to maximise their impact and we note the detailed references to this issue in Section 2.1. The Commission suggests that Horizon 2020 be included within the listing of bullet-pointed instruments on page 122.
- The Commission believes that monitoring committees, as currently established, are not geared to ensure effective performance of a coordinating role. Thus managing authority and intermediate body responsibilities for seeking complementarities need to be described in more detail as, quite frequently, it will be these bodies that need to proactively pursue and promote synergies.
- The functions of NCCF and Partnership Agreement Monitoring Committee (PAMC) appear to be more or less the same. A revised narrative should provide more detail on the objectives and functional characteristics of both bodies and highlight any distinguishing features.
- The Commission notes that the ESF managing authority, namely the Department of Education and Skills does not appear to be a member of the NCCF. Also, it could be argued that the Department of Social Protection.(DSP) and the Equality Authority should be members of the NCCF.
- As the PAMC will also comprise national representatives of the economic and social partners and the Irish Environmental Network, the Commission suggests that there is a case for membership of the Irish National Organisation of the Unemployed.
- In relation to **section 2.1.2**, the Commission considers the narrative unclear in terms of how synergies with other instruments will actually be achieved.
- The second paragraph refers to "two instruments" but it is unclear to which instruments the narrative actually refers.
- The Irish authorities are asked to carry out this reflection already at this stage of the strategic process and inform this section of the PA. A strong analysis of the state of play per TO and themes of intervention as well identification of needs at country/region level (and not by fund) would help in this exercise. For example it would be helpful if this section were, in relation to needs relating to environment, climate change, to specify the Natura2000 areas that will be covered by each ESI fund and LIFE instruments respectively. The relevance of LIFE Integrated Projects within a CLLD context should also be explained.
- In line with the priorities relating to Research and Innovation of the Common Strategic Framework, synergies with Horizon 2020 should also take account of complementarities with Public-Public Partnerships (Joint Programming Initiatives, ERA-NET, initiatives under Article 185 of the Treaty); Public-Private Partnerships (initiatives under Article 187 of the Treaty) and actions under Part IV of Horizon 2020 relating to Spreading Excellence and Widening Participation,

where Ireland is a country with potential advanced partners in all Widening actions.

- The EU Programme for Employment and Social Innovation (EaSI) has replaced the Programme for Social Change and Innovation (PSCI). Thus, references to PSCI in the text are redundant. Please also update the text on EaSI, for example on the basis of information provided at EMPL's website: <http://ec.europa.eu/social/main.jsp?langId=en&catId=1081>. Reference to the EASI budgets should be confirmed. Erasmus is mentioned twice, first as Erasmus For All and secondly as Erasmus+. In fact only Erasmus+ needs to be mentioned.
- Also, coordination between the Fund for European aid to the Most Deprived (FEAD) and social inclusion activities co-funded by ESF, EAFRD and EMFF needs to be ensured.
- The Commission notes the references to the Connecting Europe Facility. More detail should be provided on whether and how the Facility will be used by Ireland. Potential synergies between the Facility and ESIF should be briefly summarised.
- The section on financial instruments contains a number of material inaccuracies. For example, JESSICA instruments are not operated by the EIB in conjunction with the European Commission. The Commission recommends a thorough reappraisal of the text (the bespoke DG REGIO web-site constitutes a useful information source) and suggests that appropriate text be introduced as a supplementary element of narrative in the description of thematic objectives where financial instruments will actually be deployed.
- The Irish authorities should clarify whether the use of financial instruments (FI) is also envisaged for other ESIF funds beyond ERDF. Ireland is encouraged to explore the possibilities offered by the FI in ESIF programmes 2014-2020 (see reference guide for Managing Authorities). As stated above, the section should also include a clearer statement of position with regard to the SME Initiative in relation to which ESI funding allocations can be linked with COSME and H2020 funding in order to boost the overall impact of EU funding streams. The potential role of EIB/EIF in relation to the SME Initiative is not described.
- In the section summarising the ex ante evaluations, the PA states that the ex-ante evaluators "have also noted that there is evidence that the thematic priorities and activities to be financed will complement other EU and National policies". Also, (the) "coherence of the draft OP with wider EU and national instruments has also been a strong consideration in its preparation, and is an evident feature of the emerging Programme". Notwithstanding these statements, this analysis of complementarities between EU and national instruments does not identify areas where national instruments are essential to achieve the main results set out for the Funds, or where the latter are critical to complement the use of national funds.
- The Commission requests clarification as to what is meant by "proportionality in the control of the operational programmes..." (p.119).

### **2.3. A summary of the assessment of the fulfilment of applicable ex ante conditionalities in accordance with Article 19 and Annex XI of the CPR at national level and, in the event that the applicable ex-ante**

**conditionalities are not fulfilled, of the actions to be taken, the bodies responsible, and the timetable for their implementation of those actions**

- The listing of the general ex ante conditionalities (GEAC) should be rearranged to reflect their order in the regulation. The Commission wishes to make the following comments in relation to general and thematic ex ante conditionalities:
- Regarding GEAC 1, clear reference should be made to CPR Annex XI Part II: "Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union anti-discrimination law and policy". The same applies to GEAC 2 and 3, where applicable.
- With regard to GEAC 1 and 2, the PA should include details of concrete actions. The column reference should include web-links, as is the case for GEAC3.
- GEAC 3 should also contain reference to: "Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes".
- It is not clear why, in relation to GEAC 4, the explanation is limited to the Rural Development Programme; thus, the narrative should be extended to incorporate all ESIF.
- As regards GEAC 5 the Commission observes that the information needed to demonstrate compliance is incomplete. The provisions referred to by the Irish authorities appear to relate to the scope of the state aid provisions in relation to the EAFRD. They do not in any way address the issue raised by the first criterion, namely how the Irish authorities ensure compliance with the state aid rules across ESI Funds where those rules do apply.
- As regards the GEAC 5 second criterion, concerning arrangements for training and dissemination of information for staff involved in the implementation of the funds, the Commission considers that the PA contains no information in relation to dissemination and exchange of information. As regards training, the draft PA states that the managing authorities have and will continue to provide training to staff involved in the implementation of the ESI funds. However, no details are given as to the training programme provided
- As regards the GEAC 5 third criterion, relating to arrangements to ensure administrative capacity for implementation and application of EU State aid rules, THE Commission notes that the PA refers to a guide to state aid published by the Irish authorities. It also states that the State Aid Section of the Department of Jobs, Enterprise and Innovation is able to provide advice and assistance in relation to state aid. However, no information is provided on the availability of appropriate administrative capacity, in terms of a sufficient number of appropriately qualified staff. In addition, the guide to state aid referred to by the Irish authorities is dated May 2007, and is therefore seriously out of date (for example, it predates the first General Block Exemption Regulation).
- In relation to all three criteria, the Commission invites the Irish authorities to transmit fuller information with a view to providing the necessary reassurance



that all three criteria are fulfilled. In doing so, the Commission reminds the Irish authorities that the State aid rules will significantly change as of 1 July 2014, when the State Aid Modernisation package will enter into force. Any future iteration of the PA should take the impact of such changes in terms of the implementation of State Aids rules.

- Thematic ex ante conditionalities relating to the relevant ESIF should be included in future iterations of the PA. These include risk prevention and risk management (3.1), water sector (5.2) and renewable energy (5.3), 6 and 7. Future iterations of the PA should ensure that appropriate summaries of fulfilment should be provided for all investment priorities deployed across the funds.
- As matters stand, the Commission considers that the smart specialisation strategy ex ante conditionality (relating to TO1) is on the way to fulfilment. The Commission nonetheless considers that the Irish authorities have not yet submitted the information required to demonstrate that the ex ante conditionality 1.2 (Annex XI, CPR) has been met.
- In relation to smart specialisation, the Commission considers that any such strategy must, by definition, be dynamic in nature. Thus the Irish authorities may wish to consider ways and means of adapting the strategy in the light of the following (non-exhaustive) factors:
  - ensuring ongoing (private and 3<sup>rd</sup> sector) stakeholder involvement in the roll-out of the present strategy and during future reviews of the strategy;
  - providing further information on development/direction of the strategy beyond its current time-frame;
  - arrangements for evaluation of the strategy and its adaptation in order to encourage a research environment that is alert to emerging opportunities and responsive to the needs of the business sector;
  - constructing a clear process for policy learning so that priority areas may be reviewed regularly against realistic targets and revised where necessary;
  - an easy-to-grasp understandable monitoring framework on the basis of which the success (or otherwise) of the strategy can be objectively judged;
  - an outward-looking approach implying awareness of research efforts/opportunities arising outside Ireland leading to enhancement of co-operation, exploitation of research strengths and avoidance of duplication in the European research space;
  - pinpointing and quantifying relevant EU funding streams and their contribution towards fulfilment of strategic objectives.
- In relation to TOs 8, 9 and 10, the Commission remarks that some tables need re-formatting and re-editing. With this in mind, a good example is the table for IP 10.2. which contains relevant references and elements. In terms of table 10.2, the Commission nonetheless recommends the inclusion of links to data on drop-out/retention rates and measures and gender data analysis and measures. Please ensure that the next version of the PA assesses – for the selected IPs – all criteria for fulfilment as set out in Annex XI, part 1 (CPR).

- The Commission considers that EAC 4.1 is not met on the following grounds:

In relation to criterion 1 (consistency with Articles 3,4 and 5 of Directive 2010/31/EU), the Commission considers Ireland's transposition of the Directive incomplete for the following reasons:

- Article 3 of the Directive 2010/31/EU (Energy Performance of Buildings Directive (recast)) sets out the provisions for the adoption of a methodology for calculating the energy performance of buildings. Irish legislation transposing the provision refers to a methodology for calculating the energy performance of buildings, but does not state that the methodology is in accordance with Annex I of the EPBD. Furthermore, Annex I has not been explicitly transposed, and the methodology is set out in technical documents (DEAP and NEAP).
- Article 4 of the of Directive 2010/31/EU (Energy Performance of Buildings Directive (recast)) set out the provisions for setting the minimum energy performance requirements; The requirements relating to general indoor climate conditions (i.e. in order to avoid possible negative effects such as inadequate ventilation in Article 4.1, indent 3, local conditions and the designated function and the age of the building have not been transposed by Ireland.
- Furthermore, the exemptions in respect of minimum energy performance requirements are broader in Ireland than the Article 4.2 of the Directive allows.

In respect of the criterion above, an action plan is required to ensure the fulfilment of the criterion of the ex-ante conditionality, indicating the actions to be taken, the bodies responsible and a corresponding timetable for the introduction of the relevant measures

#### **2.4. The methodology and mechanism to ensure consistency in the functioning of the performance framework in accordance with Article 21 CPR**

- In relation to section 2.4, the Irish authorities are asked to expand on the methodology and mechanisms for the performance framework. At this stage this section only provides the assurance from the side of the DPER that the system and procedures put in place will be robust by also reviewing the ex-ante reports on this aspect.

#### **2.5. An assessment of whether there is a need to reinforce the administrative capacity of the authorities involved in the management and control of the programmes and, where appropriate, of the beneficiaries, as well as, where necessary, a summary of the actions to be taken for that purpose**

- In relation to section 2.5, the technical assistance commentary appears to cover only ERDF and ESF. It is not clear whether reinforcement of administrative capacity may impact on the range of technical assistance activities under ERDF. The position regarding the other funds should be described. Additional remarks are as follows

- The Irish authorities are asked to set out the main actions to be taken in order to implement capacity building in the context of local government reform and to outline where technical assistance will be used. As new programmes will involve reinforced provisions in the area of evaluation and changing provisions in the area of public procurement, the Irish authorities should specifically consider any implications in terms of administrative capacity, training and corresponding budgetary resource. Prospective changes in the cascade system and in electronic data transmission systems and ICT generally may also have important budgetary repercussions.

**2.6. A summary of the actions planned in the programmes, including an indicative table, for achievement of a reduction in the administrative burden for beneficiaries**

- Regarding section 2.6, the Commission observes that, according to the previous section 2.5, the Irish authorities appear to be considering the streamlining/facilitation of the cascade system. In such circumstances, references to "examining scope" should be extended to include a more detailed explanation of prospective simplification. It is not clear why the extension of Simplified Cost Options is not being considered for other ESI funds beyond ESF. In general, the section appears unduly ESF centric and should be extended to incorporate all ESIFs.
- Furthermore, the Irish authorities should specify whether there are/will be mechanisms in place to help applicants and beneficiaries use the funds in a complementary way – these might include joint e-Governance solutions and "one stop shops" for the provision of advice on the opportunities of support available from ESI funding streams.

**3. DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 15(2) (A) CPR)**

**3.1. The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas (Article 15(2)(a)(i) CPR)<sup>6</sup>**

3.1.1. Community-led local development (CLLD)

- Complementarities between EARDF (LEADER) and EMFF need to be explored in greater depth;
- Additional information on the reform of the local government ('Putting People First: Action Programme for Effective Local Government') and implications for

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<sup>6</sup> Includes comments on sections 3.1.1 (CLLD); 3.1.2 (ITIs); 3.1.3 (sustainable urban development); 3.1.4 (ETC) and 3.1.5 (integrated approach to address specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion) and 3.1.6 (integrated approach to address demographic challenges of regions or specific needs of geographical areas which suffer severe and permanent natural or demographic handicaps).

the introduction of locally-based implementation arrangements (including CLLD), would be very useful.

### 3.1.3. *Sustainable Urban development*

- The narrative suggests that a competition of some sort is foreseen. At this stage, however, it is unclear how this competition will be organised and some of the wording used implies a misunderstanding of the regulation – it seems that 'bidders' will apply for funding for individual actions from a central fund. It needs to be clear that any nationwide competition should be on the basis of the proposed integrated urban strategies and not on the basis of individual actions which is implied in the text. It would then be for the chosen urban authorities to select the individual actions to be funded within the context of their integrated strategies.
- Given the amount allocated for SUD (EUR 40 million) and the need for critical mass (several of the urban hubs in the map have populations of approximately only 10,000) it is recommended that the number of eligible areas should be narrowed down. In order for specific objectives to be measurable, the Irish authorities are advised to narrow down the number of fields in which SUD investment should be targeted.
- Finally the Irish authorities should confirm, in relation to Table 20, whether SUD will incorporate any additional ESI Funds

### 3.1.4. The main priority areas for cooperation, under the ESI Funds, taking account, where appropriate, of macro-regional and sea basin strategies

- The Partnership Agreement does not specify the mechanisms designed to ensure synergies between ETC cooperation programmes and Growth and Jobs programmes, LIFE programme or other EU programmes related to innovation.
- ETC Programmes have demonstrated their capacity to act as laboratories of ideas with an enormous potential to build on. Therefore, the ESIF Programmes should not lose the opportunity to capitalise on the research studies, joint planning, or networking carried out under ETC Cooperation Programmes. Furthermore, LIFE projects or project funded under EU innovation Programmes such as Horizon 2020 can complement or prepare the way for the development of interesting cooperation projects in the fields of innovation, environment or climate change.
- Some mechanisms to ensure this coordination might include the setting up of a tracking system for synergies between ETC programmes and other EU programmes, e.g. by requesting, in application forms, information on previous EU support received or on parallel actions being undertaken that lead to synergies between one or more EU funding streams.
- An analysis of the cross-sectorial or cross-border coordination challenges, particularly in the context of the Atlantic Strategy, is also missing. The intervention logic justifying the main priority areas for cooperation within the context of macro-regional and sea-basis in strategies is deficient and should be revised in future iterations of the PA text. The PA narrative should describe more clearly how ETC and cross-border programmes will be used for implementing the

Atlantic Action Plan, in as much as it involves cooperation with other Member States

3.1.5. Where appropriate, an integrated approach to addressing the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, persons with disabilities, the long term unemployed and young people not in employment, education or training (Article 15(2)(a)(iii) CPR)

- The Commission recalls that Article 96(4)(a) CPR states: "where appropriate, the identification of whether and how it addresses the specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, and persons with disabilities, and where relevant the contribution to the integrated approach set out in the PA;"
- Chapter 3.1.5 provides some further information concerning poverty in Ireland and refers social inclusion as being an important horizontal theme for ESF (but not under TO 9). For EAFRD no specific target group is identified. Furthermore, it is stated that ESF and ERDF MAs and IBs should ensure that the OPs ensure a decisive impact on poverty although it is unclear what is meant "incorporating measures to ensure social inclusion and minimise social exclusion in the development and implementation of the OPs." Further clarification is required on these points.
- If the Irish authorities decide that Article 96(4) CPR should be applied, the Commission considers that this section requires further development with a view to providing:
  - further information in terms of the specific needs arising in the geographical areas most affected by poverty, there is little or
  - the identification of the strategic strands and policies in place to address these needs and the role to be played by the ESI funds within a context of an integrated approach.
- It should also be borne in mind that social inclusion will be dealt with under TO9 and that it is also included once under section 1.5.4 as a horizontal policy objective. If this is deemed the best way to treat the issue of social inclusion, the Irish authorities are asked to make the link between the various approaches clear. It is important to have a logical and coherent view of the proposed intervention logic.
- If the Irish authorities decide that it is appropriate to address specific needs, Table 24 outlining the needs and the planned actions should be completed. Further clarification is required on which Funds will contribute to this integrated approach and for which target groups and for which indicative activities.
- This section should also specify whether (or not) specific vulnerable groups such as Roma and traveller communities might benefit from this integrated approach.

3.1.6. *Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of*

*geographical areas which suffer from severe and permanent natural or demographic handicaps as referred to in Article 174 of the TFEU (Article 15(2)(a)(iv) CPR)*

- It is specified in the corresponding guidelines that a response is only needed if regions suffer from severe and permanent natural or demographic handicaps which also require integrated intervention from one or more ESIF funds. If the Irish authorities consider that there is a real need to address demographic challenges in Ireland, they are asked to explain their choice better and to provide a summary of how the ESIF funds will be used for this purpose.

#### **4. ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE ESI FUNDS**

##### **4.1. An assessment of the existing systems for electronic data exchange, and a summary of the actions planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for management and control of programmes to be carried out by electronic data exchange**

- The Commission acknowledges that the Irish Authorities indicate in section 4.1 that existing systems are currently being assessed. It is also acknowledged that actions planned will depend on the assessment of existing systems of data exchange. The Commission therefore will comment in more detail once data is included in a revised PA.
- The Commission points out that there is no reference to Intermediate Bodies anywhere in the text. The extent to which prospective electronic data exchange might benefit the applicant community is unclear from the text.
- In terms of section 4.2, the Commission notes the reference to E-cohesion but considers that any commitment is diluted and governed by the proportionality principle. The relevance of the proportionality principle to this sphere of activity needs to be clarified in addition to the summary of proposed actions and the deadline for their introduction.