The European Regional Development Fund co-finances investments into the regions with Governments across the European Union and supports activities in the regions contributing to a balanced level of development.

The European Union have made €276.8 billion available for regional development across the European Union between 2014 and 2020.

The European Structural and Investment Funds are delivered through Programmes. In Ireland there are two Programmes co-funded by the European Regional Development Fund:

Border, Midland and Western Regional Operational Programme
Southern and Eastern Regional Operational Programme

The map below shows the division of Ireland between these two programmes and illustrates the performance targets that the programmes are expected to achieve.

As well as funding the two regional investment programmes, the European Regional Development Fund is used to co-fund cooperation programmes that invest in more than one country.
Our Operational Programme

The eligible region as covered by this OP is called the Border Midland and Western (BMW) Region which is a NUTS II region. It covers a total of thirteen counties and encompasses the former Border, Midland and West Regional Authority areas.

The BMW Region accounts for 47% of the land area of Ireland, 26.5% of the population and 19% of GDP.

*The Border, Midland and Western (BMW) Regional Operational Programme is a funding package of €320m million from the European Regional Development Fund (ERDF), the Irish exchequer and Local Authorities and invested in the region over the programme period.*

*Investment is concentrated on research and innovation, information and communication technologies (ICT), small and medium sized enterprises (SMEs) and promoting a low-carbon economy as required by the regulations. In addition the programme provides for an increased focus on sustainable urban development.*
Summary of Progress Achieved under the Operational Programme

For all priorities under the BMW ROP, a total of €247,659m in public eligible expenditure selected has been reported with €210,128m in public expenditure paid by the body responsible for making payments to beneficiaries reported. The Managing Authority declared eligible expenditure for the period up to the 31/12/2018 in the first half of 2019 in advance of the June 2019 financial milestones deadline. As a result, the total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority across all priorities for the period 01/01/14 to 31/12/2018 as of 28th June 2019 was €81,930,283m. By the end of 2019, the total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority across all priorities for the period 01/01/14 to 31/12/2019 was €90,643,530m.

The BMW ROP does not include any financial instruments. All ex-ante conditionalities were fulfilled on the adoption of the ROP. Therefore, no actions were required to be taken during programme implementation.

Good progress has been made in the implementation of all the Investment Priorities included in the Regional Operational Programme. The Operational Programme is being delivered in an effective and planned manner and is achieving impressive results. It is achieving its targets, the selection rate is high, physical outputs are high and the expenditure reported by IBs is also high.
Summary of Progress Achieved under the Operational Programme

The financial milestones for Priority 1, Priority 3 and Priority 4 at 30th June 2019 have been achieved in line with Article 6.2 of Commission Implementing Regulation (EU) No 215/2014. The only milestone relating to Priority 2 is a Key Implementation Step, that the procurement process for the National Broadband Plan has been launched, and this milestone was achieved. The financial milestone at 30th June 2019 for Priority 5 was not achieved but substantial progress has been reported since then regarding completion of works in respect of projects included under Priority 5.

Following on an audit mission to Ireland in November 2019 (Audit No. REGC3141E0171) in respect of the re-performance of management verifications with a focus on the respect of State aid rules, Member State was requested to clarify or validate the facts presented in the draft audit report submitted on 12th February 2020 and express its agreement or disagreement with its findings, actions and recommendations set out in the report. A interruption notification dated 13th February 2020 was also received which communicated a 6 month interruption of the payment deadline from that date.

A detailed response to the draft report together with a comprehensive Action Plan to address the draft audit findings was submitted to the Commission on 12th June. This Action Plan demonstrates the Member State’s commitment to satisfactorily address the Commission’s findings in the draft report. After analysing the information contained in the response the Commission by letter dated 27th July 2020 confirmed the lifting of the interruption of the payment deadline.

The Commission auditors will shortly communicate the final version of this report following examination of the draft audit report reply from the Member State. The Member State will then be invited to inform the Commission auditors on the implementation of recommendations and actions within the deadlines indicated for each recommendation in the final audit report.

It is clear that the Covid-19 pandemic will have a significant adverse impact on Ireland’s economy, the degree to which this impact will be felt across our region, is uncertain. Under a proposed Operational Programme Modification issued by written procedure on 31st July 2020 the Managing Authority has proposed a new Priority No. 7 - Health Support Scheme under the Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response Investment Initiative (CRII+) to address the immediate crisis presented by COVID-19 in the region. It is proposed to transfer all undeclared funds in Priorities 1.2 and 3 to this new Priority.

The content of this report focuses on progress up to the end of 2019 and predates those changes.
2019 Performance v Final Targets

- **123%**: Number of new researchers in supported entities
  - 279

- **52%**: Number of enterprises receiving R & D supports
  - 63

- **57%**: Employment increase in supported enterprises
  - 2.085

- **138%**: Enterprises receiving EI financial support
  - 152

- **85%**: Number of households with improved energy consumption classification
  - 8683

- **100%**: Number of integrated growth centre strategies submitted
  - 7
Priority 1: Strengthening RTDI

The overall objectives of this Priority are to: (a) increase the level of research taking place in the BMW region, with company engagement, by supplying applied research and (b) to increase the number of companies undertaking Industry R&D in the BMW region. It comprises of 7 individual schemes around research centres, marine research, and commercialisation of research.

Progress on Priority 1 is strong in terms of expenditure and impact and the priority has exceeded the final measure target for the number of new researchers in supported entities.

As at December 2019 eleven awards were made under the Investigator Programme which are based in the BMW Region. To date two awards INSIGHT and CURAM with an SFI award value of €73m, (direct cost budget) have been made which are based in the National University of Ireland Galway (NUIG) and as at December 2019 all Research Centres awards were fully operational.

To date there have been no Spokes awarded to NUI Galway. It would be up to either of the two Research Centres INSIGHT and CURAM to apply for a Spokes award which is linked to the main research centre award. No awards have been made to date and it’s unlikely that the final target of 5 spokes awards will be met.

Science Foundation Ireland (SFI), the IB for the Research Centres and Spokes Programme, undertook a review of their Management Information System (MIS) and were preparing a revised final target for performance indicator CO24, No. of new researchers in supported entities (FTE), and performance indicator 1.3, No. of awards under the Spokes Programme in the BMW Region. The Managing Authority had been closely monitoring the progress and implementation of these schemes.
Priority 1: Strengthening RTDI

The number of enterprises receiving R&D supports in the BMW region has met its milestone. This programme continues to be rolled out successfully and there have been no significant problems.

The ERDF Programme to strengthen Research, Technology Development and Innovation remains effectively and efficiently provided for within Enterprise Ireland. Enterprise Ireland has a final target of 95 companies to receive Innovation Partnership support by 2020 and the programme is on track to meet the final target. The pipeline for 2020 has been strong however, it is expected that the Covid-19 interruption may have an impact on the capacity of some enterprises to focus on innovation activities in the short term.

In 2019 the Commercialisation Fund performed very strongly in the BMW Region and future prospects are also strong.

The Managing Authority were confident that strong continuous management of the scheme would have ensured that the targets were met.

The Managing Authority and Enterprise Ireland were confident that activity levels were in place to deliver on agreed targets for the Innovation Partnership and Commercialisation Fund Schemes in the BMW Region.

The Marine Institute published a competitive call for applications for eight Post-Doctoral Fellowships on 1st August 2019. These fellowships have been selected for ERDF co-funding. A total of 17 proposals were received by the closing date of 18th September 2019 requesting total funding of €6.4m. Following the evaluation process grant offers were made to fund eight fellowships with a total investment of €3m to three higher education institutes - NUI Galway five awards, University College Cork two awards and Galway-Mayo Institute of Technology one award. Two proposals have also been held in reserve should funding become available in 2020.

The total grant-aid awarded to the BMW partners is €2.4m. The total investment for ERDF co-funding is now €7.4m with €3.1m awarded in the BMW region.

For this priority €96.457m in public eligible expenditure has been reported, representing 92.75% of the total allocation to the priority. Public eligible expenditure paid to beneficiaries is reported as €78.288m which represents 75.28% of the total allocation to this priority.

In response to the effects of the Covid pandemic it is proposed under OP modification letter dated 31st July 2020 to transfer all undeclared expenditure in Priority 1 to the proposed new Priority No. 7 Health Support Scheme.
Priority 2: ICT Infrastructure

The National Broadband Plan for Ireland was published in 2012 as part of the Government’s commitment to the deliver high speed broadband throughout Ireland. The NBP aims to ensure that every home, school and business in Ireland regardless of how remote or rural, has access to high speed broadband. The objectives to increase broadband connectivity outlined in the NBP is of great importance for jobs, economic growth, innovation and social cohesion.

On the 19th November 2019 the Government signed the contract with National Broadband Ireland (NBI) to roll out high speed broadband to 1.1 million people living and working in the nearly 540,000 premises including 100,000 businesses and farms and over 600 schools where commercial operators will not commit to deliver the service. NBI, by the end of 2021, plans to pass approximately 115,000 premises. Approximately 70,000 to 100,000 premises will be passed each year thereafter with the final premises to be completed in 2026. The NBI network will include over 1.5 million poles, over 15,000 km of underground ducts and up to 146,000 km of new fibre cable. The network will make available 150 Mbps broadband product for consumers upgraded to 300Mbps by year 6 and 500Mbps by year 10. The network is designed with a roadmap to upgrade the services over 25 years. This ensures that the network is future proofed to meet requirements in years to come. Business and residential customers will be able to avail of 1Gbps from day 1.

In response to the effects of the Covid pandemic it is proposed under OP Modification letter dated 31st July 2020 to transfer all funding in Priority 2 to the proposed new Priority No. 7 Health Support Scheme.
Priority 3: SME Support, Promotion and Capability Development

This priority seeks to promote entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators. The priority also seeks to support the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes.

Implementation on Priority 3 is strong in terms of expenditure and impacts. Output indicators under this priority in relation to employment increase in supported enterprises and the number of enterprises receiving Enterprise Ireland financial support, have both exceeded their milestones. The financial milestone for Priority 3 has been achieved.

Entrepreneurship in the Micro enterprise scheme is delivered through the 13 Local Enterprise Offices (LEOs) located in the Border, Midlands and Western region. 3,149 new jobs were created in businesses supported by the Local Enterprise Offices in 2019. Since the Local Enterprise Offices were established in 2014, they have supported the creation of over 18,600 jobs nationwide with 144,830 entrepreneurs and business people trained in a range of skills over the five years.

Enterprise Ireland undertook to complete a review of their Management Information System (MIS) with respect to the potential for double indicator data reporting and to eliminate any duplicates identified. The indicative timeline to complete the review was H1 2020. The Managing Authority will continue to monitor this situation with an objective of agreeing revised final targets informed by this exercise, in Q3 2020.
Priority 3: SME Support, Promotion and Capability Development

The New Frontiers programme forms an important element of Enterprise Ireland's strategy in the promotion of entrepreneurship and creation of new business start-ups across the regions. There are currently 12 programmes run across 16 Institutes of Technology/Universities and are open to applications from a diversity of sectors. Each year, New Frontiers supports over 400 Phase 1 and 160 Phase 2 participants. In 2019 a total of 168 participants passed through Phase 2 of the programme of which 52 hailed from the BMW area. A pilot funded Phase 3 commenced in 2019 for a total of 36 participants, selected from across the 12 programmes. This will be reviewed at the end of 2020 to determine if this additional support will result in a higher number of quality projects that could move to EI HPSU or LEO.

The SME Competitiveness Programme continues to be rolled out successfully and to-date no issues have hindered the performance of the programme.

However, Enterprise Ireland has reported that the Coronavirus outbreak and Brexit represents a potentially significant risk to enterprise development. At this juncture it is unclear of the precise nature of this risk. As a result, the LEOs now have a Covid-19 Business Continuity Response and Brexit tool kit developed which may be implemented if an economic crisis unfolds.

Overall, implementation of the SME Development Priority is well advanced with achievements reported against all agreed output indicators in accordance with target values.

Assuming the economic development conditions prevail and that there will not be an adverse effect from Brexit and the Coronavirus, Enterprise Ireland is confident about delivering the performance targets agreed under the BMW ROP.

For this priority €61.791m in public eligible expenditure has been reported, representing 104.33% of the total allocation to the priority. Public eligible expenditure paid to beneficiaries is reported as €50.797m which represents 85.77% of the total allocation to this priority.

In response to the effects of the Covid pandemic it is proposed under OP Modification letter dated 31st July 2020 to transfer all undeclared expenditure in Priority 3 to the proposed new Priority No. 7 Health Support Scheme.
Priority 4: Low Carbon Economy

This priority focuses on supporting energy efficiency, smart energy management and renewable energy use in public infrastructures, including in public buildings, and in the housing sector. The priority comprises of two initiatives.

The principle objective of the programme is to meet Ireland’s commitments in relation to carbon emissions reduction and energy reduction target for 2020. The specific objective of the priority is to improve energy efficiency in the housing stock in the BMW Region. It is intended that the retrofitting proposal will fully meet the stringent requirements and ambitious targets of the Energy Efficiency Directive.

Progress on the implementation of Priority 4 is very strong. The milestone target relating to the number of households with improved energy consumption classification has been significantly exceeded and expenditure on the ground has been strong.

In H1 2019, the two Intermediary Bodies for the Low Carbon Economy Priority undertook a quality review of the indicator data reported for C031 Energy efficiency: Number of households with improved energy consumption classification. The Managing Authority engaged the IBs in a series of meetings whereby the agreed action plan required each IB to complete the exercise they commenced in 2019 for the indicator C031 Energy efficiency: Number of households with improved energy consumption classification.

A new baseline and target have been proposed for Results Indicator 4c.1, average thermal performance of housing units in the BMW Region.
Priority 5: Sustainable Urban Development

Priority 5 relates to capital flagship projects within urban centres that were classified as Gateways under the National Spatial Strategy. These projects must go through robust planning and procurement processes before works can commence.

In 2019, the Managing Authority effected the OP modifications arising from the requirement to reallocate the Performance Reserve from Priority 5 as the financial milestone target for Priority 5 was not achieved in the BMW Region due to insufficient expenditure declared.

The OP modification for the BMW ROP was approved by the Monitoring Committee in November 2019 and adopted by the European Commission in April 2020. Some of the projects under this scheme were still at the early stages of implementation during 2019; however, substantial progress has now been reported with four of the projects completed to date, and construction started on two others.

The Managing Authority continues to monitor the physical and financial performance of this Priority very closely, with a key focus on declaration of eligible expenditure and ensuring robust project management and regular communication with the local authorities concerned to minimise any further delay.