

UPDATE TO THE ETI COMMITTEE ON THE INTERREG IVA PROGRAMME AND THE PARTICIPATION OF CROSS BORDER GROUPS

Background

1. The INTERREG IVA Programme is a European Union supported Structural Funds Programme which aims to promote greater territorial cohesion between Northern Ireland, the border region of the Republic of Ireland (ROI) and Western Scotland. Priority I of the Programme aims to diversify and develop the economy of the eligible region by encouraging innovation and competitiveness in enterprise and supporting business and tourism development.
2. The Programme is administered by the Special EU Programmes Body (SEUPB) as Managing Authority who issue calls for applications. SEUPB is a North/South body responsible to DFP in Northern Ireland. DETI acts as Northern Ireland Accountable Department for Enterprise, Tourism, Energy and Telecoms themed projects as the Northern Ireland portion of funding under these themes flows through the Department to SEUPB.
3. SEUPB makes an assessment of projects submitted via calls and presents cases to a Steering Committee for endorsement. The Steering Committee includes officials from each jurisdiction as well as representatives from social partner organisations. All endorsed projects then undergo a full economic appraisal and, where appropriate, presented to DETI by SEUPB for approval. DETI, as the Accountable Department must satisfy itself that grant provided is delivered in line with Northern Ireland Public Expenditure and EU regulatory requirements.
4. Five local authority groups in Northern Ireland / Republic of Ireland were invited by SEUPB to seek financial assistance for Multi Annual Plans (MAPs) from the INTERREG IVA Programme. These high level documents were considered by the INTERREG IVA Steering Committee in July 2008 and certain component projects within each MAP selected to go forward to the next stage of the process. This has involved promoters further developing/refining their proposals and passing them to SEUPB for assessment and economic appraisal. Only when SEUPB is satisfied that projects represent value for money do they present them to Accountable Departments in Northern Ireland and the Republic of Ireland for final consideration. Of the 40 or so individual Enterprise/Tourism MAP projects in the SEUPB pipeline, so far just 4 have been passed to DETI.
 - ICBAN submitted its Multi Annual Plan in November 2007 as requested by SEUPB.
 - We adopted a strategic cross-border regional development approach to the compilation of the MAP. However, as well as the strategic positioning, this also included working up the detail of individual projects, quite significantly.
 - ICBAN's Multi Annual Plan totals some 400 pages, and is not only high level but also includes substantial project level details.

- Others cross border groups may have adopted a different approach, using Programme Themes instead of project details. Hence this may be where some confusion lies.
- Subsequently, SEUPB then asked for thematic application forms to be completed, which ICBAN accordingly submitted.
- Our understanding was that projects were assessed by SEUPB, presented to Steering Committee and approved, subject to positive economic appraisal and accountable department approval. We would expect that this may have led to some refinement, taking account of any recommendations of the appraisal process - but not a wholesale re-assessment of projects, which is now the case.

The Assessment Process

5. Ms McCann has stated that cross border groups have received 'indicative' letters of offer which have been superseded by a new assessment process introduced at the start of September. This is not the case. As indicated above, each of the Groups submitted MAPs in 2008 which were endorsed by Steering Committee and an overarching approval letter was issued to partnerships by SEUPB.

- In fact this is the case.
- (As per our response to Paragraph 4, ICBAN submitted its MAP in November 2007, not 2008 as stated here.)
- The Steering Committee approved certain projects with the MAP in July 2008 and SEUPB issued Letters of Offer in December 2008. This was 6 months after the projects were presented to Steering Committee and over a year from when the MAP was submitted.
- We were then informed in June 2009 that there would be a new assessment process. We were given the details of the process on 3rd September 2009.

6. The MAPs are strategic documents that outline the development needs of their respective areas for enterprise, tourism and public sector collaboration, at a high level. Although the MAPs include headline level information on component projects, they take different approaches and none contains sufficient detail for SEUPB to recommend an expenditure commitment. All of the Groups have been aware since the end of 2008 that they needed to develop their project outlines into project applications which can be assessed and appraised before expenditure begins. This position has not changed.

- Not only does ICBAN's MAP present a high level strategic analysis of all actions, it also provides detail on all proposed actions. Our MAP submission was 400 pages long.

- During the period from November 2007 (when the MAP was submitted) until the new assessment process was mooted by SEUPB in June 2009, ICBAN was not made aware that our proposals did not contain sufficient detail, or that we needed 'to develop their project outlines into project applications which can be assessed and appraised before expenditure begins'.
- We have understood that the Letters of Offer received were an expenditure commitment in themselves, subject to Economic Appraisal and Accountable Department approval.
- We would strongly contend that a lot of problems have arisen in this process due to the poor quality of the Economic Appraisals commissioned by SEUPB and which has led to these having to be re-visited since.
- ICBAN was not made aware since the end of 2008 that we needed to develop our applications for assessment and appraisal, rather we were working on the basis that additional information may be required on particular issues raised by the consultants carrying out the Economic Appraisals, similar to the process carried out on the INTERREG IIIA Programme, for which we had direct experience of taking projects through the approval process. It was in June 2009 that we first became aware that there would be a new process.

7. Delays have mainly been experienced where insufficient detail has been presented to secure multi million pound funding commitments and consequently appraisal findings have been inconclusive on issues such as need and value for money. As a result, the partnerships have been advised by SEUPB that projects to be considered for approval must have a proportionate business plan providing details of the project, the options available, why and how it represents value for money, and how it will be managed. These are standard requirements for all public expenditure and no more or less burdensome than for any other group. The partnerships accept this and the value of appraisal but are concerned that the information required will take time to be produced and assessed and that they are still some way from full implementation.

- From our experience we must contend that the delays have been caused primarily by the inadequate quality of the economic appraisals returned from the consultants commissioned by SEUPB to work on the projects. These have since had to be re-visited with the associated time delays resulting.
- This does not explain the delay as to why it took from July 2008 (when Steering Committee approved projects and the MAPs) until 3 September 2009, for a new Appraisal Process to be introduced.

Factors Contributing to the Delay

8. As sponsor Department for SEUPB, DFP has provided, a synopsis of the circumstances leading to delays in the INTERREG IVA process. Their view is that during the INTERREG IIIA Programme, partnerships had more control over the approval process as they managed smaller scale projects. The partnerships lack

experience of dealing with larger projects. This is one of the reasons why it has been difficult to get them to provide SEUPB with the necessary supporting material for their proposals. It is also taking them time to respond to questions about their projects and to provide evidence of sufficiently robust planning and assessment. It is understood that they often contract this work out.

- DFP has not consulted with ICBAN on our own particular views as to why there have been delays in the process.
- ICBAN certainly has experience in managing both large and small scale projects under the previous round of EU funding, both in its role as Implementing Agent and also as a Project Promoter. For example, ICBAN has managed the following large projects, among others:
 - Harbours - €945,922
 - Minor Roads Improvements - €3,269,091
 - Errigal Fish Company - €564,800
 - Blackwater Natural Resource Tourism - €1,274,390
 - Responsible Tourism - €723,550
 - Castle Leslie - €1,264,500
 - Seaside Towns Programme - €1,274,154
 - Innovation Enterprise Initiative - €856,391
 - North West Environment & Energy Consortium - €529,755
 - Beyond Computing - €552,500
 - Robotics and Integrated manufacture for the 21st Century - €1,422,171
- ICBAN disputes any perception arising that the organization does not have the skills base and expertise to develop the level of detail - this is unfounded and inaccurate. Our track record in this regard would contend otherwise.
- It is true that under the previous programme we did have more control in our role as 'Implementing Agent' but that has not caused any difficulty - rather we as Groups have a very thorough understanding of the processes involved here.
- ICBAN has provided information to SEUPB each time it has been requested, allowing for the natural time needed to consult with all relevant project partner Councils. ICBAN is working closely with its 10 member Councils and other project partners to respond to SEUPB / Consultants queries quickly, however as this is a partnership of multiple partners it takes time to discuss and get agreement from all partners - it is important that ICBAN retains the commitment of all partners and therefore it is essential that all partners are given the opportunity to feed into the process.

Furthermore with regard to the comment that we might often contract this work out;

- ICBAN has not contracted out any of this work post submission of the MAP.
- ICBAN carries out its work internally and has not bought in consultants for same.
- Some specific studies are being funded under the MAP and ICBAN works closely with SEUPB in following the procurement procedures laid down.

9. A critical issue for SEUPB is the number of projects arriving at the same time. The cross border partnerships alone will have over 60 projects (approximately 40 of which will be relevant to DETI). It is proving challenging for SEUPB to process all projects quickly. DFP has seconded an economist, at SEUPB's request, to help improve this.

- ICBAN is acutely aware of this and duly concerned as to how the process of appraisals and approvals can be managed timeously and expeditiously. The Management Board of the organisation has raised this at 2 meetings with SEUPB in September.
- While completely accepting the need for a due appraisal process, we nevertheless stress the need at this stage, given the plethora of information already provided, that there is timely and efficient decision-making embedded into the managing of the process and that there are sensible levels of bureaucracy required. Otherwise we might all still be awaiting many project approvals in 2011.

Current DETI Position

10. As indicated above, projects only reach Accountable Departments when they have completed the SEUPB stage of the process. To date, DETI has had limited visibility of the multi annual plan component parts. Of the 40 or so enterprise and tourism related projects in the pipeline, the Department has been presented by SEUPB with just 4 for final consideration and approval. Of the four projects, three have been from the ICBAN region and one from the North East Partnership.

11 .Details of these 4 projects and their current position are included in the table below:

Partnership	Project	Current Position
ICBAN	Higher Attainment Through Training Cross Border Hubs (HATTCH)	Presented to DETI casework committee 30 Sept. Project promoter to provide a number of additional pieces of information around need and alignment with existing provision. Currently with promoter / SEUPB. Subject to this

		information being provided, approval anticipated Nov 2009.
ICBAN	Enniskillen Airport Workspace Development	Presented to DETI Casework Committee 29 March. Commercial business plan recommended by Economic Appraisal had not been prepared, therefore panel unable to form a view. Commercial appraisal recently completed and currently with SEUPB for consideration. Once formally resubmitted by SEUPB, a DETI casework committee will be scheduled promptly to consider the case.
ICBAN	Innovation Enterprise Programme	Amendments to economic appraisal currently being undertaken to address issues of need and duplication. Currently with SEUPB. Once formally resubmitted by SEUPB, a DETI casework committee will be scheduled promptly to consider the case.
NEP	Innovation & Growth Project	Amendments to economic appraisal currently being undertaken to address issues of need and duplication. Currently with SEUPB. Once formally resubmitted by SEUPB, a DETI casework committee will be scheduled promptly to consider the case.

Timescale for Receipt of Funding

12. The Committee has asked when the bodies are likely to receive funding for core funds and project costs. With the exception of the 4 cases detailed above, all others have yet to be presented to DETI for consideration. DFP as the NI sponsor Department for SEUPB (the body processing the applications) would be better placed to advise on likely timescales. Furthermore, the administration of partnership core funds does not fall within DETI's remit but is also a matter for DFP.
13. Having said that, concerns around the time taken to bring forward viable proposals are shared by DETI. The process is taking longer than everyone had hoped and it is in no ones interest for Programme implementation to be delayed.

While there is no risk to the 2009 EU expenditure targets those for end 2010 are much higher.

14. A delegation from East Border Region, met the DETI Minister on Monday 9 November to outline their concerns. At that meeting, the Minister made a commitment that DETI officials would meet with each of the 5 Cross Border Partnerships to assist them in shaping projects in a way which increases their chances of success when they eventually come to us for approval. This offer was very positively received by the EBR representatives and meetings are being arranged over the next few weeks.
15. All stakeholders (including DETI) need this process to be made to work and it is a matter of everyone committing themselves to maintain momentum over the coming months to bring as many projects as possible to a conclusion.