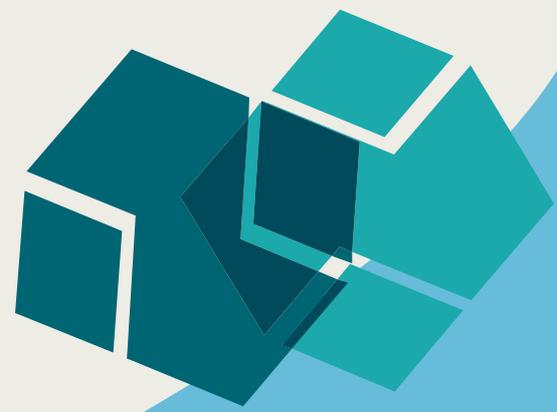


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Cohesion Policy Lessons From Earlier EU/EC Enlargements. Ireland Case Study Report

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1 Introduction

Ireland's economic and social development under Cohesion policy has been notable for a number of reasons. From its accession to the EU in 1973 as part of the 'second wave' enlargement, Ireland benefited from substantial financial allocations through the Structural Funds, and received more per capita than any other Member State up until the end of the second funding period (1993-1999) (Finnegan, 2001: 179). As one of the four 'Cohesion countries' (with Spain, Portugal and Greece), it also received Cohesion Fund allocations from 1993-2003. Ireland's economic development trajectory has been extremely varied. In the 1970s and 1980s the country performed poorly in relation to average EU development indicators. However, its economic performance from the late 1980s was remarkable, averaging 7% per annum between 1994 and 2007 (OECD 2011), but experiencing a significant reversal with the onset of the 2008 economic crisis.

Ireland is a relatively small Member State and has a modestly sized population (4.58 million as of the 2011 census). Divided into just two NUTS 2 regions, it does not have a strong regionally differentiating development policy. These characteristics have led to a traditionally centralised mode of national (and Cohesion policy) governance, which has changed relatively little over successive funding periods. However, Structural Funds have also been well integrated into national development strategy. Cohesion policy is judged by majority consensus to have been of significant benefit to the country over time. There is little doubt that its influence has been significant - not least in terms of the quantity of funds allocated (which accounted for 2.0%–2.5% of GDP at their peak) - and the priorities and objectives of Cohesion Policy have changed as Ireland's national development trajectory has evolved. As of the end of 2008, Ireland had received over €17 billion in Structural Funds support.¹

Based on qualitative analysis of strategic documents, evaluations and academic literature, the aim of this report is to describe the impacts of Structural Funds programmes implemented in Ireland in the 1973-1988, 1989-1993, 1994-1999, 2000-2006 and 2007-2013 periods. A main objective is to profile the impact of Cohesion policy in particular thematic fields - with a view to assessing the contribution it has made to national and regional development over time.

2 Economic Development in Ireland

2.1 Macroeconomic Development

From its accession to the EU (then the EEC) in 1973, up to the present, Ireland has seen some of the most significant macroeconomic changes of all EU Member States. In the 1970s, the country was characterised by low economic growth, high unemployment and high net out-migration. Structurally, the national economy remained largely geared towards agriculture, although national policy in the 1960s had begun to emphasise modernisation and greater internationalisation (Brunt 1988, p.65).

¹ <http://eustructuralfunds.gov.ie/home/faqs/faq7/>

From 1973 to 1988, Ireland made a notable transition towards greater economic openness, shifting away from the protectionist economic policies which defined its post-war years. This policy approach would eventually position it as one of the EU's most open economies by the late 1980s (Bradley *et al.* 1992, p.4). Despite modest progression in reforming macroeconomic strategy, and the open market opportunities afforded by EU membership, Ireland's economy experienced limited growth in the 1970s and early 1980s, due in part to unfavourable global economic conditions and less than optimal domestic macroeconomic strategy.² Real GNP/GDP growth averaged 2.4% per annum from 1973-88 inclusive, with negative growth in 1982, 1983 and 1986 (Mjøset 1992, p.318).

The second half of the 1980s – specifically from 1987 onwards – did, however, see improved national economic performance in Ireland. This was partly due to a new government policy of fiscal retrenchment, as well as low corporation tax levies which served to attract significant foreign direct investment (FDI), particularly from high tech American MNCs. US FDI averaged approximately 2.75% of Ireland's GNP between 1994 and 1998 (McCarthy 1999; Murphy 2000, p.15). Driven by a combination of factors including favourable domestic policy, an English speaking workforce, MNC investment, Europeanisation, increased international trade, and strong service sector growth, Ireland's economy witnessed significant and rapid growth between 1995 and 2008 (Ferreira and Vanhoudt 2004). Over these years, its parallels with the South East Asian tiger economies led to the 'Celtic tiger' moniker becoming well established.

The 2008 global financial crisis and recession reversed Ireland's economic success. The Irish economy proved particularly vulnerable thanks to large financial sector losses and unsustainably high levels of public debt. Real GDP fell by 4.8% between 2008 and 2011 (CSO National Income and Expenditure Accounts 2011) and household disposable income declined in real terms in 2008, 2009 and 2010 (see Table 1). The construction sector, which had grown considerably during the boom period, was significantly affected, as were the manufacturing and 'trade, restaurants and hotels' sectors (OECD 2011, p.22). As of 2013, the Irish economy is showing early signs of recovery.

2.2 Regional Economic Development

Ireland has just two NUTS 2 regions - the Border, Midland and Western (BMW) region, and the Southern and Eastern (S&E) region. There are eight NUTS 3 regions in total.³ Economic success in Irish regions has, over time, become increasingly concentrated in those encompassing the major urban centres – notably Dublin. This has resulted in a widening of regional inequality over time; although both regions have progressed towards convergence with EU average indicators over time, their rates of convergence have been markedly different. This trend was at its most obvious during the boom years of 1995 to 2008. At NUTS 2 level, the S&E region exceeds the BMW region in key macroeconomic indicators.

² It is of note that 'there is no substantial body of opinion, in Ireland at least, that associated the decline in Ireland's economic fortunes during the 1970s with the country's accession to the EU' (Barry, 2003: 398).

³ Of which three are in the BMW NUTS 2 region (Border region, Midlands region, and West region) and five are in the S&E region (Dublin region, Mid-East region, Mid-West region, South-East region, and South-West region).

Table 1 provides statistical data relating to the EU27 average, national and regional levels, where available.

Table 1. Irish National and Regional Indicators, 2006-2011

Indicator	Region	2006	2007	2008	2009	2010	2011
GDP per capita (Euros/inhabitant as % of the EU average)*	Ireland	176	173	161	154	143	-
	BMW	127	119	112	105	94	-
	S&E	194	192	179	172	161	-
Disposable income (percentage change on previous period) [□]	EU27	3.3	3.2	0.3	-4.3	2.1	1.6
	Ireland	5.4	5.4	-2.1	-5.5	-0.8	1.4
	BMW	-	-	-	-	-	-
	S&E	-	-	-	-	-	-
Unemployment rate (% of population aged 15 years and over) [†]	EU27	8.2	7.2	7.0	9.0	9.6	9.6
	Ireland	4.4	4.6	6.0	11.7	13.5	14.4
	BMW	4.6	4.8	7.0	13.0	14.0	15.5
	S&E	4.3	4.5	5.7	11.3	13.3	14.0
Total intramural R&D expenditure (GERD) (Euros/inhabitant, all sectors) ^Δ	EU27	438.5	462.9	481.2	474.2	491.8	510.5
	Ireland	526.8	564.4	594.5	637.7	598.2	611.8
	BMW	386.2	380.5	395.2	438.7	421.6	-
	S&E	578.1	631.6	667.5	711.1	688.5	-

* Eurostat, 2013 (nama_r_e2gdp, updated 21/02/2013)

† Eurostat, 2013 (lfst_r_lfu3rt, updated 22/02/2013)

□ Eurostat, 2013 (nama_inc_k, updated 05/04/2013), millions of euro, chain-linked volumes, reference year 2000 (at 2000 exchange rates)

Δ Eurostat, 2013 (rd_e_gerdreg, updated 29/11/2012)

The National Spatial Strategy (NSS) 2002-2020 designates a total of nine national level 'Gateway cities', of which five are in the BMW region. However, the four S&E region Gateway cities include the three most populous cities in Ireland – Dublin, Cork (South-West region) and Limerick (Mid-West region). Dublin's influence, in particular, is a major reason for the S&E region's success - the Dublin NUTS 3 region alone accounted for 42.1% of national GVA in 2010 (CSO 2013a).⁴

3 Structural Funds Programmes in Ireland

3.1 Structural Funds 1973-1988

At the time of Ireland's accession to the EU in 1973, Community regional policy as an explicit aim within the European project was at a very early stage of development. The Thomson report of 1973 prominently addressed the issue of regional imbalance in the EC, and was a major causal factor in the establishment of the ERDF in 1975 (the ESF and EAGGF were already established) (CEC 1973). However, European regional policy in the period 1973-1988 was essentially a redistributive mechanism, the primary purpose of which was to enable intergovernmental budgetary transfer (Manzella and Mendez 2009). It lacked a unified focus on promoting European cohesion.

In 1973, Ireland's regional policy was largely focussed on job creation, primarily in manufacturing, manifested through an industrial policy focussing on the demand side (i.e.

⁴ GVA at Basic Prices, population and persons at work for each region

the firms and enterprises providing employment). However, rather than being used for dedicated programmes, European money was spent on a project-by-project basis and was largely subsumed into national frameworks. Therefore Structural Funds in Ireland in this period were used to support regional development activities which might have occurred regardless of Cohesion policy:

'...in its early years, Community regional policy consisted largely of an element of EC support for the national regional policies of the member-states... in Ireland, central government had control of the use of funds received from the ERDF, so long as they were spent in line with the eligibility criteria' (O'Donnell 1991, p.62).

The ERDF was initially set up for a three year period beginning in 1975. Funds were distributed on the basis of a quota system. Ireland was allocated 6% of the 1,300 Million Units of Account (MUA) over the 1975-78 period – equivalent to approximately 78 MUA. Its share was increased to 6.46% for the 1978-80 period, or approximately 131 MUA (Bache 1998, p.56). The allocation for the 1985-89 period was set with a lower limit of 5.64% and an upper limit of 6.84% (De Witte 1986, p.425).

In sectoral terms, the manufacturing sector absorbed the greatest proportion of ERDF money in 1975 (73.3%). However, public capital programmes quickly overtook it as the biggest area of ERDF expenditure. Infrastructure projects consistently accounted for the majority of ERDF grants from 1976 to 1988. ERDF money also became increasingly important in this area, accounting for 0.37% of the public capital programme in 1975, but increasing to 5.6% in 1987 (O'Donnell 1991, p.67-68). More detailed financial and/or evaluative information regarding the Structural Funds in Ireland in this early period is extremely difficult to find.

3.2 Structural Funds 1989-1993

Following the Single European Act (1986), Cohesion policy adopted a more formal, unified and coherent structure, assuming the funding period system which remains in current use. In the 1989-1993 period, Ireland in its entirety was designated as a single Objective 1 region for Cohesion policy purposes. It also received funds from the EAGGF through Objective 5a. Ireland's National Development Plan (NDP) and Community Support Framework (CSF) jointly laid out Ireland's holistic development approach.

The total amount allocated in the CSF for Irish OPs was 4.09 billion ECU in 1992 prices. This figure rises to 4.33 billion ECU if Community Initiatives are included. The ERDF accounted for 46% of the Structural Funds contribution (1.99 billion ECU), although the ESF also contributed a substantial 36% (1.59 billion ECU). Although Objectives 3 and 4 ('combating long-term unemployment' and 'facilitating the occupational integration of young people' respectively) were specific to the ESF, Ireland was one of three member states - along with Greece and Portugal – in which ESF allocations were effectively integrated into Objective 1. As shown in

Table 2, Structural Funds allocations were significant in comparison with national public funding.

Table 2. CSF 1989-1993 Indicative Allocations (ECU in millions)*

Sources	All OPs/actions	Community Initiatives (excl. Interreg)	TOTAL
EC contribution	4,093.0	234.6	4,327.6
<i>Of which: ERDF</i>	1,796.1	198.4	1,994.6
<i>Of which: ESF</i>	1,559.8	27.7	1,587.5
<i>Of which: EAGGF</i>	727.7	8.4	736.1
<i>Of which: Other</i>	9.4	-	9.4
National contribution	2,603.4	263.3	2,866.6
Private expenditure	2,255.1	59.4	2,314.4
TOTAL	8,951.4	557.2	9,508.6

Source: Department of Finance, November 1992

* Figures based on the IEP:ECU annual exchange rate 1992 (Eurostat - ert_h_eur_a, last updated 24/01/2012).

Figures may not total due to rounding.

Additional to this was the Cohesion Fund, which in 1993 was financed under an interim facility, and did not come into significant effect until 1994-1999. Because of this, 1993-99 is considered to be the first programming period of the Cohesion Fund (CF), and the CF is fully considered in Section 3.3 below (ECORYS 2005, p.5).

The 1989-1993 CSF was based upon four priorities: agriculture, fisheries, forestry, tourism and rural development; industry and services; measures to offset the effects of peripherality; and human resources measures. Despite Ireland's designation as one region, the composition of programmes was relatively complex. 12 Operational Programmes (OPs) were established in total. In contrast to the regional focus adopted in later funding periods, the 1989-1993 OPs effectively amounted to national sectoral programmes (for example, OPs were based on industrial development, tourism, peripherality, sanitary service, and forestry, amongst others). OPs were further divided into multiple sub-programmes – OP Industry, for example, had eight in total. Each OP was delegated to a specific Government Department, acting as an Intermediate Body, although the Department of Finance held the position of Managing Authority throughout.

The 1989-1993 NDP/CSF was largely focussed upon development at the national level, and incorporated regional differentiation to a limited extent (<http://www.iro.ie/EU-structural-funds.html>). However, despite Ireland's unusual designation as a single Objective 1 region, some efforts were made to account for sub-regional differentiation. Ireland's seven sub-regions (increased to eight in the Local Government Act 1991) each had Working and Advisory groups established in order to identify their needs and priorities, and sub-regional review committees were set up in order to monitor CSF progress and liaise with respective OP Monitoring Committees (Department of Finance 1992, p.10).

3.3 Structural Funds 1994-1999

Ireland retained its eligibility and status as a single Objective 1 region in the 1994-1999 period. The 1994-1999 CSF allocated 10.38 billion ECU from all sources - excluding the Cohesion Fund - of which 5.62 billion was Structural Funds. This included 2.56 billion ECU from the ERDF, 1.95 billion ECU from the ESF, and 1.06 billion ECU from the EAGGF. The newly-created Financial Instrument for Fisheries Guidance (FIFG) accounted for 47 million ECU. The EU's Cohesion Fund contribution was 1.3 billion ECU (to which an additional 229 million ECU was contributed by the state – see Table 3.

In comparison with the 1989-1993 period, Ireland benefited from significant increases in allocations of the three main Structural Funds instruments (ERDF, ESF and EAGGF).⁵ The Cohesion Fund represented an additional resource for transport and environment projects, though it was not incorporated into the CSF in the same manner as the Structural Funds – projects took place through a separate management and implementation structure (although CF and Structural Funds money could be used in a combined and complementary manner).

Nine OPs were approved, covering four priorities: the productive sector; economic infrastructure; human resources; and local urban and rural development (plus Technical Assistance - see Table 3). The reduction from 12 to nine priorities reflected recognition of the need to rationalise and simplify Structural Funds delivery in Ireland, which had been recognised as being needlessly complicated in some thematic areas, such as natural resources (ESRI 1993, p.13). Thematically, the CSF 1994-1999 retained a strong focus on economic cohesion, aiming to bolster Ireland's productive capacity through industry support. Despite economic growth in 1989-1993, unemployment remained a significant issue and so the development of human capital was afforded significant emphasis.

As in the 1989-1993 period, the delivery of Structural Funds in Ireland in 1994-1999 made little provision for regionally differentiated programme design and delivery. Management and administration continued to be undertaken primarily by Central Government, and OPs contained no integrated regional distinctions. The establishment of eight Regional Authorities in 1994 signified the more formal recognition of the role of regions in Ireland, although their role 'remained ambiguous throughout the period' (Fitzpatrick Associates 2003, p.28).

⁵ The Delors II package, approved in 1992, resulted in a 67% increase in the allocation of Structural Funds to Objective 1 regions.

Table 3. CSF 1994-1999 Indicative Allocations (ECU in Millions)*

Priorities	Operational Programmes	EC contribution	Of which: ERDF	Of which: ESF	Of which: EAGGF	Of which: FIFG	National contribution	Private expenditure	TOTAL
Priority 1: Productive sector	OP Industry	1,029	720	154	155	-	362	1,470	2,861
	OP Agriculture, forestry and rural development	945	-	62	883	-	327	495	1,767
	OP Fisheries	78	25	6		47	20	79	177
	OP Tourism	456	354	102	-	-	104	246	806
Priority 2: Economic infrastructure	OP Transport	888	888	-	-	-	518	-	1,406
	OP Energy and Communications	108	108	-	-	-	136	71	315
	OP Environmental Services	78	78	-	-	-	34	14	126
Priority 3 : Human resources	OP Human Resources Development	1,732	160	1,572	-	-	630	-	2,362
Priority 4: Local urban and rural development	OP Local Urban and Rural Development	257	180	57	20	-	110	53	420
	Technical Assistance	10	10	-	-	-	3	-	13
	Cohesion Fund	1,301	-	-	-	-	229	-	1,530
	TOTAL	6,921	2,562	1,953	1,058	47	2,564	2,428	11,913

Source: Community Support Framework 1994-1999

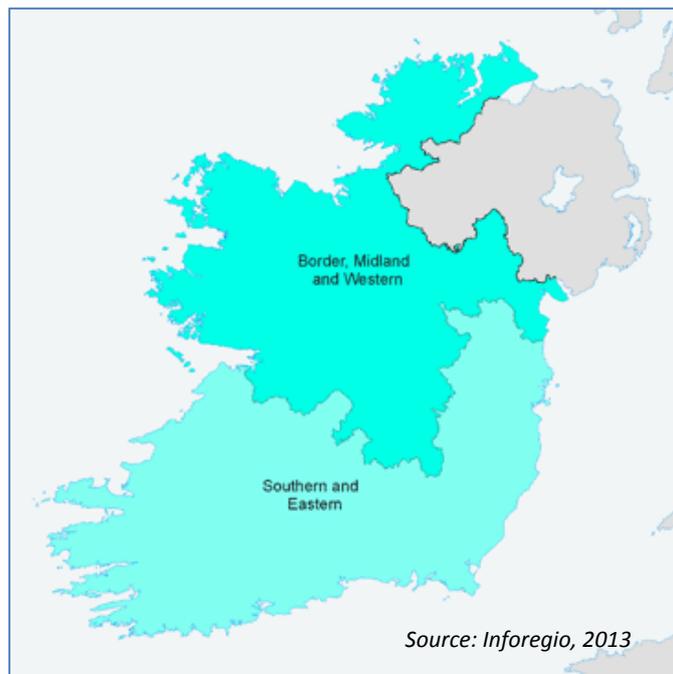
Figures in 1994 values. The 'Hospital infrastructure' category is not detailed but is included in totals. Figures may not total due to rounding.

*

3.4 Structural Funds 2000-2006

In the 2000-2006 period, Ireland was divided into two NUTS 2 regions: the Border, Midland and Western (BMW) region, and the Southern and Eastern (S&E) region, the latter accounting for 53% of the country by area (see Figure 1). Whilst the less economically developed BMW region retained Objective 1 status, the Southern and Eastern region was designated as an 'Objective 1 in transition region', eligible for Objective 1 funding until 2005. This division was a reflection of Ireland's macroeconomic success over the 1989-1999 period (see Chapter 2), and recognition of the fact that regional disparities had become more substantial.⁶ The S&E region – encompassing Dublin and Cork – enjoyed comparative prosperity. More pressingly in the context of Cohesion policy, Ireland in its entirety would have become ineligible for Objective 1 funding had it remained as a single Objective 1 area, creating a political incentive to designate two regions. Accordingly, as per the 1989-1993 and 1994-1999 period, there were no Objective 2 OPs in Ireland in 2000-2006, though it continued to receive ESF funding, which was implemented through Objective 1 and 'Objective 1 in transition'.

Figure 1. NUTS 2 Regions in Ireland In 2000



The Structural Funds allocation to Ireland in this period was €3.17 billion, in 1999 prices, of which €1.86 billion was ERDF. This represented a significant reduction in absolute terms from 1994-1999. Similarly, the CSF accounted for a much lesser share of the NDP budget – it was now some 12%, compared to approximately 48% in the 1994-1999 period (Fitzpatrick *et al.* 2013). As per the two previous periods, the NDP/CSF programming setup was retained. Four priorities were set: economic and social infrastructure; employment and human resources; the productive sector; and regional development. Five OPs – three national (NOPs) and two regional (ROPs) – were implemented. Additional to these were PEACE II (an interregional programme) and Technical Assistance. Of the NOPs, Employment and Human Resources received the largest allocation in the CSF, although the Economic and Social Infrastructure OP received more in total (i.e. in the NDP). In 2003, Ireland became the first Cohesion country to cease to meet Cohesion Fund eligibility criteria, rising above 90% of EU average GNP per capita.

⁶ From 1988 to 1996, GDP per capita in the S&E region increased from 83% to 105% of the EU average. The BMW region increased from 60% to 74% in the same period (CSF 2000-2006, p.11).

Table 4. CSF 2000-2006 Indicative Allocations (€ In Millions)*

Priorities	EC contribution	Of which: ERDF	Of which: ESF	Of which: EAGGF	Of which: FIFG	National contribution	Private expenditure	TOTAL
Priority 1: Economic and social infrastructure	855 ^Δ	855	-	-	-	625 ^Δ	-	1,480
<i>Of which transitional support</i>	509 ^Δ	509	-	-	-	509 ^Δ	-	1,019
Priority 2: Employment and human resources	901	-	901	-	-	663	-	1,565
<i>Of which transitional support</i>	532	-	532	-	-	531	-	1,063
Priority 3 : Productive sector	333	291	-	-	42	213	456	1,002
<i>Of which transitional support</i>	197	180	-	-	18	133	259	589
Priority 4: Balanced regional development	972	662	115	169	26	728	1,104	2,805
<i>BMW region</i>	400	262	33	89	16	220	456	1,077
<i>S&E region</i>	572	400	82	80	10	509	648	1,728
PEACE II	106	51	40	13	3	35	-	141
Technical Assistance	5	5	-	-	-	5	-	10
<i>Of which transitional support</i>	3	3	-	-	-	3	-	5
TOTAL	3,172	1,863	1,057	182	71	2,270	1,560	7,002
<i>Of which transitional support</i>	1,813	1,091	614	80	27	1,685	907	4,405

Source: Community Support Framework 2000-2006

* Figures in 1999 values.

^Δ This figure includes the Cohesion Fund contribution, totalling €567 million from the EU plus an additional €111 million from the Irish state. Figures may not total due to rounding.

3.5 Structural Funds 2007-2013

The 2007-2013 period saw the adoption of the National Strategic Reference Framework (NSRF), which replaced the CSF in Ireland. The NDP and the NSRF also became less closely related than had the Irish NDPs and CSFs in previous periods, partially because the NSRF became much smaller in relation to the NDP (Fitzpatrick *et al.* 2013, p.31). For the first time, both the BMW and the S&E regions were designated under the Regional Competitiveness and Employment (RCE) objective (formerly Objective 2). Additionally, the BMW region was afforded 'phasing-in status' due to its more recent transition from a 'pure' Objective 1 region, meaning that the majority of spending was weighted to the first years of the period.

Ireland's total Structural Funds allocation for 2007-2013 is €901 million, comprising €526 million of ERDF aid, dedicated primarily to ROPs. €150 million of this ERDF amount is dedicated to the ten Territorial Cooperation programmes in which Ireland participates. A further €375 is sourced from the ESF (see Table 5). It is of note that the Structural Funds in

the current period account for less than 1% of anticipated investment in the NDP (Charles 2012, p.1).

In contrast to earlier periods, multi-fund programmes are not part of the implementation of Cohesion policy in the current period. There are two ROPs, both of which are ERDF-funded – the OP Border, Midland and Western, and the OP 'Southern and Eastern' – plus a Human Capital Investment (HCI) OP funded solely through the ESF. The latter operates at the national level.

Table 5. NSRF 2007-2013 Indicative Allocations (€ In Millions)*

Programmes	EC contribution	Of which: ERDF	Of which: ESF	National contribution	Private expenditure	TOTAL
ROP Southern & Eastern	147	147	-	220	-	367
ROP Border, Midland and Western	229	229	-	229	-	458
OP Human Capital Investment [†]	375	-	375	528	3	906
Territorial Cooperation (various programmes) ^Δ	150	150	-	-	-	150
TOTAL	901	526	375	977	3	1,881

Source: EPRC compilation, based on various sources

* Figures in 2006 values. Figures may not total due to rounding. †

Figures shown here are those which were set through formal revisions in 2009. Δ

Territorial Cooperation programmes require a minimum of 15% co-financing from each participating Member State.

Ireland's 2007-2013 NSRF lays out five investment priorities: economic infrastructure; enterprise, science and innovation; human capital; social infrastructure; and social inclusion. However, given that these priorities relate to holistic macro-level development, and so are primarily delivered through the current NDP, the NSRF specified three strategic priorities which are more specific to its rationale. These are:

- The ESF Priority: Human Capital Investment through upskilling the workforce and increasing the participation and activation of groups outside the workforce.
- ERDF Priority 1: Supporting innovation, knowledge and entrepreneurship in the regions.
- ERDF Priority 2: Strengthening the competitiveness, attractiveness and connectivity of the NSS⁷ Gateways and Hubs through improved access to quality infrastructure and promoting environmental and sustainable development.

3.6 Changing Priorities and Focus

In the 1973-1988 period, ERDF spending was primarily directed towards infrastructure projects, followed by manufacturing (capital grants to industry), as part of a focus on the demand side. In the 1989-1993 period, Structural Funds were aligned with Ireland's primarily

⁷ The National Spatial Strategy – Ireland's spatial development plan for the period 2002-2020.

industrial policy. OPs were generally sectoral in nature, rather than being horizontal or geographical. High unemployment rates meant that human resources measures were also afforded significant emphasis, supported by a sizeable ESF allocation (1.56 billion ECU in 1992 prices) and an EAGGF allocation towards rural development measures. There was a strong emphasis on cohesion and structural adjustment (preparing the Irish economy for the single market in 1992). The 1994-1999 period saw a continued focus on 1) increasing national economic productivity, and 2) reducing unemployment and worklessness (CSF 1994-1999). The strategic priorities remained similar to those in the preceding period, again focussing largely on creating employment through human capital development, whilst strengthening productive capacity. It is of note that the Tourism and Agriculture OPs received sizeable funding (see

Table 3), reflecting the continued importance of the latter in an economy in transition. Multi-fund OPs were implemented, again with little regional discrimination. The Cohesion Fund provided additional substantial means for infrastructure (environment and transport) development.

Planning for the 2000-2006 period took place in the context of strong economic growth, thus differing from previous periods (Fitzpatrick *et al.* 2013). The allocation of Structural Funds aid to Ireland also decreased. As a result of these developments, and the designation of two NUTS 2 regions, the focus shifted somewhat in 2000-2006. Sustainable economic growth and human capital remained significant (the latter under the heading 'social inclusion'), but international competitiveness was also designated as a stated aim in the NDP. Balanced regional development was included as a strategic priority in the CSF for the first time. Two new ROPs aimed to focus upon 'local infrastructure, local enterprise development, agriculture and rural development and the promotion of social inclusion' (CSF 2000-2006, p.43). Until 2003, the Cohesion Fund continued as a means to address infrastructural deficits, incorporated into the Economic and Social Infrastructure OP.

The NSRF (and NDP) for the 2007-2013 funding period were prepared under favourable economic conditions (similarly to the CSF for 2000-2006). The two ERDF-related priorities – supporting innovation, and strengthening the competitiveness of gateway cities and the regional hubs – reflect the emergence of high tech, high-value-added industry in Ireland, and its transition to a knowledge-based economy (in urban regions – much of Ireland remains rural in character). The two ROPS have similar objectives based on developing ICT infrastructure, supporting R&D and encouraging entrepreneurialism. They signify a stronger regional focus than Ireland has had in any previous period, though this remains modest in comparison with other Member States such as Germany, for example, which has a far more regionally devolved Structural Funds administration. Ireland's Human Capital Investment OP, funded through the ESF, was revised in 2009. In light of the recession and its significant impact on employment, some OP activities (notably Skills Training for the Unemployed) had their budgets significantly increased (see Section 4.4.4).

4 Impacts

In general, the impacts of Cohesion policy on Ireland have been judged to have been positive and contributory to Ireland's economic and social development over time. Such impacts are

more definite in certain areas – notably RTDI and infrastructure (in part thanks to the Cohesion Fund) – than in others, such as cohesion. Evaluating the impacts of Cohesion policy is difficult because of inconsistency in evaluation findings, and causal uncertainty in separating the influence of programmes from other factors. Determining the impacts of Structural Funds programmes has always been problematic (Manzella and Mendez 2009). In Ireland, a range of evaluations have been undertaken over successive periods which collectively provide an evidence base for the assessment of impact over time and in specific thematic areas, albeit with recognition of the caveat above. The aim of this section is to provide an overview of deduced impacts in six thematic areas.

Assessing the role and influence of the Structural Funds in Ireland in the 1973-1988 period is extremely difficult, because reliable data and/or evaluations are scarce. European money was spent on a project by project basis. In addition, the Structural Funds in this period were limited in their effectiveness. As outlined in Chapter 2, although the national economy developed at varying rates, Ireland failed to achieve any real macroeconomic convergence with the rest of Europe in this period. For these reasons, the 1973-1988 period is not considered under exclusive sub-sections in this chapter.

4.1 Cohesion

In comparison with many other EU Member States, Ireland has never had a strong regionally focussed development policy in terms of minimising disparity between geographical subdivisions. Even in the current 2007-2013 period, allowing for the evolution of Cohesion policy and its management and implementation over successive preceding periods, it 'does not have a strong regional policy but rather a national economic development policy that seeks to be inclusive of all regions' (Charles 2012, p.1). This stance is less common, though not unique in the EU. Assessing the impact of Structural Funds is feasible for the 2000-2006 period, which saw the introductions of ROPS, and in the current period (in which the NSRF places emphasis on balanced regional development), but is less so for 1999 and earlier. Infrastructure is also of relevance from 2000 onwards, because (transport and communications) infrastructure development have been increasingly seen as an enabler of better regional cohesion.

4.1.1 1989-1993

Ireland's single-region status and the focus on productivity and employment in the CSF 1989-1993 meant that regional cohesion was not a significant consideration in the period. Convergence with Europe was the main focus. However, one of the four priorities established – 'measures to offset the effects of peripherality' - had an implicit emphasis on reducing regional inequality, albeit through a focus on rural areas rather than designated political/administrative regions. Infrastructure development can also be expected to have had a beneficial effect through improving interregional accessibility. However, no evidence determining the long term knock-on effects on cohesion could be located, and evidence on the effect of the Structural Funds in promoting regional equality was not available for this period.

4.1.2 1994-1999

Ireland's economic success was well established by the start of the 1994-1999 period, and all regions converged on the EU average. Whilst the focus on cohesion remained minor in the CSF, there was political institutional change in the form of the establishment of eight regional authorities (in January 1994), which signified greater recognition of the role of (sub-)regions in the delivery of the Structural Funds (see Section 4.6). However, again there is little or no evidence quantifying the effects of EU Cohesion policy on economic equality between regions in Ireland. The ex post evaluation (Objective 1) acknowledges that convergence between regions did not occur, but that issues 'relate more to socio-economic than to geographical or territorial disparities, and geographical/territorial disparities frequently reflect underlying socio-economic ones rather than territorial ones per se' (Fitzpatrick Associates 2003, p.113).

4.1.3 2000-2006

The 2000-2006 period was the first in which ROPs were designated, signifying greater recognition of the need for Structural Funds expenditure to address regional cohesion. By this point, the BMW and S&E regions faced varying development challenges (see Sections 2.2 and 3.4). Measures for the BMW region therefore focussed more heavily upon infrastructure development (62% of ROP funding) through measures such as non-national road development and digital infrastructure. Enterprise support measures in tourism, forestry, aquaculture and harbour development aimed to enhance regional competitiveness. The S&E region, including the Dublin region and with a stronger private sector, received slightly less of an emphasis on infrastructure and more geographically targeted interventions. However, despite this differentiation, it was noted that:

'Although there was no apparent narrowing of the disparity between the two regions between 2000 and 2006 as a result of these various measures, their effect may have been to prevent a further widening' (Applica, Ismeri Europa and wiiw 2010, p.130).

Therefore the impact of Structural Funds on cohesion in this period appears to have been modest, and was complementary rather than decisive.

4.1.4 2007-2013

The 2007-2013 NSRF saw a further increased emphasis on cohesion, influenced by the NSS 2002-2020. ERDF Priority 2 in particular was 'designed to address the weaknesses in the BMW and S&E Regions in strategic infrastructure and inter-gateway and hub connectivity' so as to improve transport and communications links (NSRF 2007, p.40). The S&E region draws large numbers of commuters from the BMW region, and infrastructure weaknesses persist in Ireland. Enhancing infrastructure through the NSRF is stated as a means of facilitating balanced regional development and the BMW ROP had delivered 100% of secondary linking routes (under its Priority 3 – Urban Development and Secondary Transport Networks) as of 2011 (BMW ROP 2007; BMW AIR 2011).

4.2 Economic Growth

At the broadest level, impact on economic growth is assessed purely on the basis of calculated contribution to financial productivity indicators (usually GDP). As GDP is an extremely broad indicator, and reflects the culmination of multiple productive activities, it is of note that Structural Funds expenditure in Ireland is generally recognised as one of many factors in Ireland's economic success between 1987 and 2008 (see Section 2.1). However, as the private sector is the primary source of productivity, this section considers the impacts of the Structural Funds on industry. Economic impact analysis, concerned with disaggregating causal influences, is a discipline in its own right and two models are generally used in regional economic impact studies – QUEST and HERMIN. The latter is favoured by DG Regio.

4.2.1 1989-1993

The 1989-1993 programme had a strong focus on reinforcing the indigenous industrial base, in addition to attracting FDI. The Industry OP achieved most of its targets, though in general, those relating to indigenous industry were less successful (Fitzpatrick *et al.* 2013, p.58). FDI attraction was highly successful both in this period and in 1994-1999. The Department of Finance estimated that the Structural Funds boosted Ireland's national economic growth by 0.25%-0.5% between 1989 and 1992, and were described as having a 'significant impact in strengthening the basic capacity of the Irish economy' (Department of Finance 1992, p.12). 1993 GDP per capita was 77.7% of the EU average, up from 64.1% in 1988 (CSF 1994-1999). The attraction of FDI made a large contribution to national economic growth. Assessments of the 1989-1993 present a strong consensus – that the Structural Funds made a definite, positive impact on macroeconomic growth.

4.2.2 1994-1999

An assessment of the economic contribution of Objective 1 Structural Funds in this period, undertaken by the Economic and Social Research Institute (ESRI) as part of the ex post evaluation, and based on the HERMIN model, judged that the CSF – the majority of which was made up of Structural Funds and the Cohesion Fund – increased Ireland's 1994 GDP by 1.6%. The corresponding figure in 1999 was 2.8%, with a long term impact estimated at just over 1% (Fitzpatrick Associates 2003). Given that Ireland's economy was undergoing a process of rapid structural adjustment in this period the role of the Structural Funds (especially ERDF) in supporting Irish industry is of importance. 'Hard' interventions such as direct financial support were combined with 'soft' support such as consultancy to positive effect – additional manufacturing output peaked at +4.7% in 2009. However, the ex post evaluation for Objective 1 in this period notes that impacts such as this were generally short term and that demand side impacts declined after 1999 (Fitzpatrick Associates 2003).

4.2.3 2000-2006

Evaluation of the impact of the Structural Funds in Ireland on macroeconomic growth in this period is complicated by the advent of the 2008 global financial crisis. Assessment is also difficult due to a combination of factors including data lag and the setting of ineffective or unrealistic indicators for monitoring and evaluation purposes. The ex post evaluation for DG Regio was completed in 2010, and judged that effects of Objective 1 (and Objective 1 in

transition) programmes in 2000-2006 in Ireland would have contributed an additional 2.0% to Ireland's GDP by 2009 (base year 2000 – Varga and in 't Veld 2009). This estimate increased to 7.5% when based on HERMIN. Although such statistics were invalidated by the 2008 recession, they serve to demonstrate that the 2000-2006 Structural Funds made a contribution to national growth which was verified through rigorous analysis.

4.2.4 2007-2013

The 2008 recession presented a significant challenge to Cohesion policy delivery in Ireland. The BMW ROP was revised in 2009, in recognition of the 'changed socio-economic circumstances' (BMW AIR 2010, p.16).⁸ However, the general strategic direction remained unchanged, and alterations primarily concerned Priority 2 (Environment and Risk Prevention) – and were not evidently altered with any intention of boosting macroeconomic stimulus. The S&E ROP was judged to require no revisions.

The RCE status afforded to both Irish regions in 2007 signified a greater focus on enterprise development and innovation support through the two ERDF-funded ROPs. Alongside a declining national economic contribution made by the manufacturing sector, both programmes incorporated greater emphasis on training and support to micro-enterprises. Despite (or perhaps because of) the 2008 recession, both the BMW and S&E ROPs were well on target to achieving their 'Number of micro-enterprises supported' targets as of 2011: the BMW ROP was 77% complete, whereas the S&E ROP was 81% complete (BMW AIR 2011; S&E AIR 2011). On balance, it is too early to assess the impact of programme delivery on growth in the current period.

4.3 Achievements in Innovation and R&D

Innovation, R&D and the development of the knowledge economy were not prominent areas for Structural Funds expenditure in Ireland in the 1989-1993 and 1994-1999 periods, though they did receive dedicated aid (generally under 'Science and Technology' sub-programmes). However, since 2000, R&D supporting measures in Ireland have received a steadily increasing share of ERDF aid, helping to transform Ireland from a Member State ranked in the bottom quartile of industrialised countries in 1985 into the ninth ranked globally in 2012 (OECD 1985; Dutta 2012). However, some structural innovation weaknesses in Ireland persist in the current period, and there is ongoing debate over the optimal use of Structural Funds in this field.

4.3.1 1989-1993

In the 1989-1993 period, OPs in Ireland were sectoral in nature. Structural Fund money spent on RTDI was therefore dispersed across multiple programmes and was not always easy to single out for impact analysis. One of the most explicitly relevant was the Industrial Development OP, which had an explicit RTDI focus through its 'Science and Technology' sub-programme. This sub-programme accounted for 27% of the total Structural Funds allocation to the OP. The ex post evaluation for this period reported that the Industry OP attained

⁸ This also necessitated a revision of implementation plans, and indicators.

107% of its Business Expenditure on R&D (BERD) target, though its Gross Expenditure on R&D (GERD) target fell slightly short at 94% (Fitzpatrick Associates 2003).

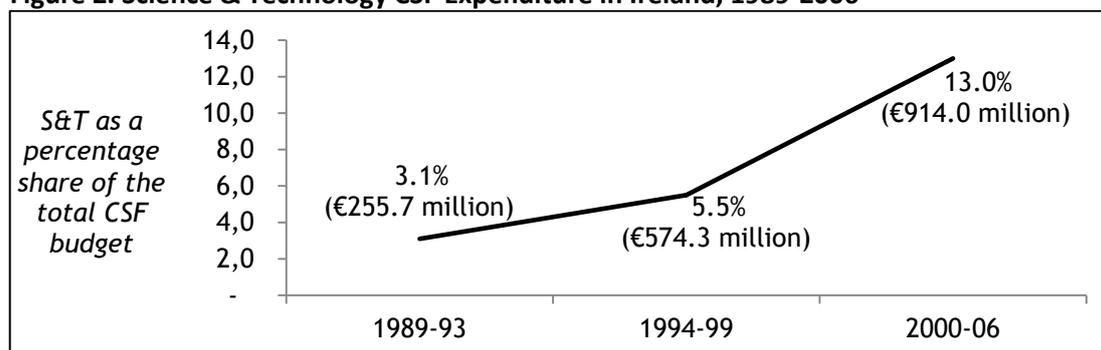
4.3.2 1994-1999

R&D investment and activity in Ireland increased substantially in the 1994-1999 period. The Industry OP was the main programme of relevance to RTDI in this period. Its BERD target of 0.82% by 1999, from a baseline of 0.79% in 1993, was exceeded by 0.06% - the eventual 1999 figure was 0.88% (Fitzpatrick Associates 2003, p.61). However, by some other measures, this OP was not wholly successful in enhancing R&D; Gross Expenditure on GDP increased from a 1993 baseline of 1.19% to 1.22% in 1999, missing its target of 1.30% (*Ibid.*, p.61).

4.3.3 2000-2006

In the 2000-2006 period, R&D and innovation support was implemented through the Productive Sector OP as well as both regional OPs. SMEs received particular attention in the form of support for research collaboration, RTDI applications and researcher training. In addition, Regional Innovation Strategies were developed at NUTS 2 level with Structural Funds co-financing (Fitz Gerald *et al.* 2003). Expenditure continued to increase as a proportion of the CSF budget, as shown in Figure 2.

Figure 2. Science & Technology CSF Expenditure in Ireland, 1989-2006*



Source: Fitzpatrick Associates 2006, p.30

* Figures in brackets denote absolute S&T expenditure (Structural Funds contribution plus co-funding from other sources)

The impacts of the ROPs and the Productive Sector OP are considered to have been positive in evaluations. As per usual, Cohesion policy generally co-financed industry-targeted initiatives and in the area of R&D therefore served to leverage private sector buy-in and raise the profile of innovative activities. The MTE noted that BERD in Ireland in 2000-2006 exceeded the EU average.

4.3.4 2007-2013

The present funding period has seen a dramatic increase in innovation and R&D expenditure as a share of Ireland's Cohesion policy budget. 57% of ERDF aid was allocated to innovation in 2007-10 and overall R&D investment in Ireland has remained high despite the impact of the 2008 recession and the ongoing suppression of public spending (Fitzpatrick *et al.* 2013,

p.62, 64). The 'Enterprise, Science and Innovation' investment priority was allocated €20.0 billion in the 2007-2013 NDP. Recent assessment has noted that:

'...the role of Cohesion policy in both highlighting the importance of and financially supporting investment in RTDI is the subject of widespread agreement. After infrastructure, this area is generally seen as the one where needs were addressed' (Fitzpatrick et al. 2013, p.64).

Despite this positive impact, Structural Funds co-financed OPs have not yet fully addressed all RTDI weaknesses. Knowledge transfer and cooperative linkages between research institutions - particularly HEIs - and industry remain somewhat underdeveloped (Martin 2009). There is also weak research and technology absorption capacity in firms; an issue more prevalent amongst indigenous industry.

4.4 Achievements in Increasing Employment

Employment is closely tied to general economic performance. As such, trends in employment over time tend to follow macroeconomic patterns. As mentioned, consensus regarding the impact of the Structural Funds on employment in Ireland is less definite than it has been in some other thematic areas. Available evidence suggests that there were more verifiable impacts in the first two funding periods (1989-1993 and 1994-1999).

4.4.1 1989-1993

Human resources were the dedicated focus of four of the 12 OPs in 1989-1993. Approximately 49,000 individuals per annum were engaged with throughout the first four years (1989-1992), of which 32,000 per annum benefited from measures providing apprenticeships and vocational training. Structural Funds were credited as a key factor in a net increase of 39,000 non-agricultural jobs in the two years to April 1991 (Department of Finance 1992, p.12). As with other thematic assessments however, it is difficult to disaggregate this effect from the growth in jobs which would have been both cause and effect of Ireland's improved economic performance from 1987 onwards.

4.4.2 1994-1999

In the five years to April 1999, unemployment in Ireland decreased by approximately 9% (CSF 2000-2006, p.20). In the 1994-1999 period, the Human Resources Development OP was the largest programme in terms of its Structural Funds allocation (see

Table 3) and provided training to over 1.5 million people (CSF 2000-2006, p.25). Support categories included continued training for the unemployed (with a focus on long term unemployed) and 'adaptation to industrial change', this being a particular need due to structural adjustment, growth in high value added industries, and the need for labour force upskilling as the relative size of the manufacturing workforce decreased. The CSF notes that 'the Operational Programme has clearly played an important role in providing trained people in sufficient numbers to cater for employment growth over the period' (*Ibid.*, p.25). However, this is not easily quantifiable and is essentially an inferred impact, deduced through consideration of output indicators in the context of favourable economic conditions.

4.4.3 2000-2006

The 2000-2006 period saw the establishment of the Employment and Human Resources Development Operational Programme 2000-2006 (EHRD OP) - the first mono-fund human resources based OP in Ireland. Strong net national employment growth in this period complicates assessment of its impact - net employment increased by 22% in Ireland between 2000 and 2006 (Eurostat 2013).⁹ The BMW ROP achieved its target in relation to jobs created/safeguarded in supported micro-enterprises (104%). However, the S&E ROP fell slightly short in the same indicator (94%). In addition, the stance adopted in Ireland with regard to monitoring and evaluation of employment outputs makes assessment of collective impact more difficult, because 'data on gross employment effects is aggregated to the measure level, but no further aggregates are provided at the programme level' (CSES 2006, p.116).

4.4.4 2007-2013

As per the 2000-2006 period, confident assessment of the impact of Cohesion policy in the current period is problematic, and is further compounded by the effects of the 2008 recession. The most current data are available from the 2011 Annual Implementation Reports (AIRs). Following its revision in 2009, the ESF-funded HCI OP 2007-2013 has had two main priorities; Increasing Activation in the Labour Force, and Increasing Participation and reducing inequality in the Labour Force (plus Technical Assistance as a third priority). As of 2011 (the most recent year for which finalised data are available) the HCI OP had achieved approximately 69% of its output indicator target (649,201 of 945,459 individuals supported) and approximately 56% of its result indicator target (222,243 of 393,472 accredited programme completions). However, as shown in Table 6, the achievement indicator missed its target in 2010. Whilst the HCI OP AIR 2011 reported increasing unemployment at the national level, more recently available data has indicated that unemployment in Ireland progressively decreased in Q2, Q3 and Q4 in 2012 (CSO 2013b). The impact of Structural Funds co-financed programmes on employment growth in the current period is largely determined by macroeconomic trends. Ireland's more positive economic outlook as of Q1 2013 is undoubtedly a factor. The AIR 2011 suggests that the HCI OP is having mixed success to date in achieving its targets.

Table 6. HCI OP Progress Indicators in 2011*

Year	Output Indicator (Total no. of persons supported)		Result Indicator (Total no. of persons successfully completing accredited programmes)	
	Achievement	Target	Achievement	Target
2007	81,127		11,892	
2008	138,197		39,945	
2009	123,640		45,213	
2010	146,984	141,292	53,497	64,040
2011	159,253		71,696	
2012	-		-	
2013	-	149,956	-	73,362
2014	-		-	

⁹ *lfst_r_lfe2emp*, last updated 04/04/2013

TOTAL	649,201	945,459	222,243	393,472
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Source: HCI OP Annual Implementation Report 2011, p.12

*Priority

1 and Priority 2 combined

4.5 Environmental Impacts and Sustainable Development

Environmental infrastructure development has been a significant focus of Structural Funds expenditure in Ireland, particularly since 1989. The consensus of most evaluations in this area is that the Structural Funds have made a significant contribution - Fitzpatrick *et al.* (2013, p.65) note that 'the sector is one of the major highly visible achievements of EU funds in Ireland'. Water and water treatment has been the main focus of measures, though roads have also received increasing emphasis as balanced regional development has become more prominent in CSFs/the NSRF, and infrastructure capacity has been outpaced by macroeconomic growth.

4.5.1 1989-1993

The need to meet EU Directives was a contributing factor in the emphasis on environmental improvement in 1989-1993. By the end of the period, 94% of the population of Ireland had access to water satisfying EU quality requirements. The Sanitary and Local Services OP was the main vehicle for water and sewerage project delivery and included, for example, a major scheme to improve drinking water and effluent quality in the Dublin Bay area (Dun Laoghaire - Department of Finance 1992). An Environmentally Friendly Farming sub-programme was also established in order to complement EAGGF-funded measures addressing rural development and providing aid to agriculture.

4.5.2 1994-1999

The 1994-1999 period saw the adoption of the Environmental Services OP (ERDF funded), which included a sub-programme on coastal erosion. The impact of the Cohesion Fund from 1993 was also significant. Investment in water services increased from €95 million in 1992 to approximately €205 million in 1997 (from all sources), aided by Cohesion Fund input. As well as water and waste water based measures, the Cohesion Fund was used to support solid waste projects, though this area was slower to develop and the first major policy statement was not introduced until 1998 (Fitzpatrick *et al.* 2011, p.5).

Environmental OPs and projects do not necessarily lend themselves to direct cost vs. benefit impact assessment. For example, the ex post evaluation of the Dublin Waste Water Treatment (DWWT) plant, which was constructed between 1995 and 2003 and co-financed by the Cohesion Fund (53%), concluded that the project itself was not self-sufficient on a purely financial basis. However, when considering wider socioeconomic benefits such as the effects on industry, property and tourism, DWWT was found to have a 10.3% economic rate of return (Centre for Industrial Studies and DKM Economic Consultants 2012, p.54).

4.5.3 2000-2006

All Irish Structural Funds investment on environmental infrastructure in 2000-2006 was directed towards enhancing access to drinking water, the disposal of waste, and waste water; an additional 770,000 inhabitants were connected to water supply in this period

(Applica, Ismeri Europa and wiiw 2010, p.93, 98). The Economic and Social Infrastructure OP (ESIOP) also incorporated a sub-programme on sustainable energy. Whilst ESIOP was judged to have been effective in its sub-programmes pertaining to enhancing water services, its output results were less uniformly achieved in energy efficiency, cogeneration, and energy control. In 2000-2006 an additional four environment projects were implemented via Cohesion Fund co-financing, though none were completed until after the end of the period.

4.5.4 2007-2013

The 2007-2013 period has seen the completion – often following significant overruns – of many of the environmental projects which were initiated in 2000-2006. This has been a characteristic which has received some criticism. Although programmes over 1989-2006 were successful in enabling far greater compliance with EU environmental and water quality directives, it has been noted that there are ‘on-going issues with environmental compliance, and out-dated sewage water and waste water collection systems’ (Fitzpatrick *et al.* 2011, p.17). Therefore, whilst the impact of the Structural Funds in this area has been positive since 1989, environment and sustainability considerations continue to require significant attention. Ireland’s changed economic profile and rising living standards have led to air quality and pollutant emissions becoming more topical in Cohesion policy.¹⁰ The NSRF noted that transport was responsible for 18.4% of national greenhouse gas emissions in 2007, almost 9% higher than in 1990 (NSRF 2007-2013, p.21). Therefore, renewable energy is now included as a focus in both the BMW and S&E ROPs.

4.6 Community Added Value

Cohesion policy in Ireland has had an influence on both the domestic political agenda and on institutional and governance structures in Ireland. It has been observed that:

‘...probably more important than the actual investment was the way the Structural Fund process has affected the administrative and political system [in Ireland] — the CSFs have enforced the introduction of long-term planning and shifted policy makers’ focus away — at least in part — from merely short-term political-economic pressures’ (Ferreira and Vanhoudt 2004, p.211)

The ‘community added value’ impact is considered to be positive and tangible in this regard. The role of Cohesion policy in influencing Ireland’s domestic policy over time is generally considered to have been important, but should not be overstated. Fitzpatrick *et al.* (2013, p.70) note that development policy has become more evidence-based and less politicised in Ireland, but is perhaps not ‘remarkably different’ from pre-Cohesion policy years. The introduction of a regionally specific OP in the 1994-1999, in response to Cohesion policy emphasis on economic and social cohesion between/within Irish regions, may also have contributed to raising the profile of regional imbalances. However, equally, the growing gap between the BMW and S&E regions may well have resulted in this issue becoming topical nonetheless. The following sections consider these developments in more detail. As noted at the beginning of this report, Ireland’s Structural Funds administration remains relatively

¹⁰ Environmental protection was included in the Lisbon Agenda in 2001.

centralised.

4.6.1 1989-1993

Programme design in the 1989-1993 period was relatively complex. Multiple measures across 12 sectoral OPs were implemented. In this period (and the subsequent period) the sectoral nature of OPs lent themselves to having relevant Government departments assigned as Intermediate Bodies, each with a 'proxy' management function (though the Department of Finance was the Managing Authority for all programmes). The introduction of the sub-regional review committees for the 1989-1993 period represented an initial move towards engaging with locally representative actors in Structural Funds delivery, motivated in part by Cohesion policy principles. In addition to taking partial responsibility for monitoring at the sub-regional level, the Review Committees were required to provide feedback into the design of the CSF 1994-1999.

4.6.2 1994-1999

Eight sub-regional authorities were established for this period, through the Local Government Act 1991 (see CSF 1994-1999). In addition to taking on the responsibilities which had been held by the sub-regional review committees in the previous period, they were also responsible for co-ordinating public service provision in general. One of the motivations for this change was to streamline administrative procedures and simplify the management and implementation process (CSF 1994-1999). This development complemented the reduction in NOPs from 12 (in 1989-1993) to nine.

4.6.3 2000-2006

The 2000-2006 period saw significant changes in the institutions concerned with Cohesion policy delivery in Ireland. The designation of the two NUTS 2 regions saw the establishment of the BMW and S&E Regional Assemblies (in addition to the sub-regional authorities). Their primary responsibilities were to manage and monitor their respective ROPs (taking over from the Department of Finance as the new Managing Authorities for regional programmes only), to make proposals in relation to the impacts of Cohesion policy aid, and to promote public awareness of the programmes. The further rationalisation of Cohesion policy programmes (from nine NOPs in 1994-1999, to three NOPs in 2000-2006) had implications for Structural Funds management. Because the sectoral approach was no longer in place, and because OPs became broader in scope (organising their priorities around horizontal or broad thematic foci), it was less straightforward to assign appropriate government departments as Intermediate Bodies. The solution was to disaggregate Priority Axes, so that departments could take on responsibility for thematically appropriate axes across multiple NOPs.

The Cohesion Fund had an additional influence on Ireland's management and implementation structures in this period (and in 1993-1999), as it was managed under a separate administrative system to the Structural Funds. It is credited with creating the rationale for special administrative bodies such as the Rail Procurement Agency (established in 2001) and the NRA (National Roads Authority) Regional Design Offices, as well as process improvements in fields such as public procurement (Fitzpatrick *et al.* 2011). At the sub-

regional level, County/City Development Boards (CDBs) were also established in order to guarantee effective participation from stakeholders such as local government and enterprise boards (CSF 2000-2006, p.75).

4.6.4 2007-2013

The current period (2007-2013) has seen the further simplification of programmes as Ireland’s budgetary Structural Funds allocation has decreased (see Table 7). Cohesion policy delivery in Ireland is now very strongly determined by the current NDP – perhaps more so than previously, although Structural Funds have always been well integrated into national development priorities - and there is a strong emphasis on stakeholder engagement and partnership between responsible institutions.

Table 7. Cohesion Policy Programme Responsibilities 2007-2013

Operational Programme	Managing Authority	Certifying Authority	Audit Authority
BMW ROP	BMW Regional Assembly	Department of Finance	ERDF Financial Control Unit – Department of Finance
S&E ROP	S&E Regional Assembly	Department of Finance	ERDF Financial Control Unit – Department of Finance
HCI (N)OP	Department of Enterprise, Trade and Employment	Department of Enterprise, Trade and Employment	ESF Financial Control Unit – Department of Enterprise, Trade and Employment

Source: adapted from NSRF 2007-2013, p.57

For example, the OP Monitoring Committees aim to include representatives from the Department of Finance, government departments (ministries), the Regional Assemblies, the NUTS III Regional Authorities and the four Social Partnership Partners Pillars (NSRF 2007-2013, p.59). Therefore, whilst Ireland’s Structural Funds governance does remain relatively centralised, concerted efforts have been made in the current period to ensure that the principles of partnership, multi-level governance and stakeholder engagement have been observed.

5 Conclusions

Ireland has a long history of Cohesion policy implementation. There is general consensus that the contribution made by Structural Funds expenditure has been positive and contributory. At the same time, it should be stressed that Ireland’s remarkable economic growth over the two decades to 2008 was the result of a combination of favourable factors, of which Cohesion policy was only one.

Over time, the focus of Structural Funds expenditure has shifted from relatively direct approaches to industry (especially manufacturing) development and job creation - often through hard interventions such as capital grants to individual firms - towards R&D, innovation and ‘soft’ support to the service sector and high-value-added enterprise. Environment and infrastructure priorities, and FDI attraction, have been constant underlying emphases. Such changes reflect the structural adjustment which has taken place in Ireland’s economy since 1973. Structural Funds have been consistently well integrated into national development strategies, and OPs closely mirrored NDP objectives in all periods. This is especially the case in 2007-2013.

As Section 4 has outlined, the impacts of Cohesion policy are generally difficult to verify. In the case of Ireland, the degree of certainty varies between themes. Of the six considered in this report, impacts are generally more verifiable in economic growth, innovation and R&D, environment and sustainability and community added value. Monitoring reports and evaluations present a much less unified case for the impacts of the Structural Funds on the themes of cohesion and employment growth. The cohesion theme is perhaps less applicable to Ireland than it would be for other Member States, because Ireland's designation as a single region for Cohesion Policy purposes until 1993 makes it somewhat unique. It did not have (nor was it inclined to have) regionally bounded programmes (i.e. ROPs) until 2000. The designation of two NUTS 2 regions has still not resulted in strong geographically differentiated programmes, though there has been increasing accommodation of regional specificities.

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