European Union
European Regional
Development Fund
Investing in your future

Special EU Programmes Body
Foras Um Chláir Speisialta An AE
Boord O Owre Ocht UE Projecks

UPDATE ON IMPLEMENTATION OF THE INTERREG VA PROGRAMME

1.0 Introduction

1.1   This paper outlines the progress made on implementation of the INTERREG VA Programme since the last Monitoring Committee meeting on 9 December 2015.

1.2   The focus of the programme has continued to be on ensuring the timely opening of calls for applications, assessment of applications and the ongoing development of processes to enable effective and simplified implementation. This paper will provide an update on progress in each.

2.0 Implementation Progress – Programme level

2.1   The programme has now fully opened and calls for applications across all priorities have been released. There has been significant progress in the processing of applications received which can be summarised as follows;

- **53** applications have been received into the programme;
- **7** stage one steering committee meetings have taken place resulting in;
  - **30** applications progressed to stage two;
  - **13** applications rejected;
- **10** applications await stage one assessment by the Steering Committee;

2.2   Overall, the applications received have been strategic and of a high quality, demonstrating a result and output orientation and effective partnership arrangements. An update on implementation at the Priority level follows.

Priority Axis 1 - RESEARCH AND INNOVATION (€60.9m ERDF)

The key aim of this priority area is to encourage investment in sectors that offer the most growth potential, whilst building on existing strengths, and helping the region to become more competitive in a global marketplace. Two areas are targeted to meet the objectives of the priority, namely;

Enhancing Research and Innovation (€45m ERDF) which aims to increase business and industry relevant research and innovation capacity across the region with two target sectors: **'Health & Life Sciences' and 'Renewable Energy'.** It will **Result** in *an increase in the annual number of peer reviewed journal and conference publications within the two sectors, with cross-border authorship and with the potential to create economic impact.* This was the last area of the programme to open;

Call opened:	21 March 2016
Call closed:	6 May 2016
Applications received:	10
Stage One Steering Committee:	29 June 2016
Development workshops:	22 March 2016 (Londonderry-Derry)
	24 March 2016 (Inverness)

Business Investment in Research & Innovation (€15.9m ERDF) which aims to increase the number of SMEs engaged in cross-border research and innovation activity in the region aimed at the development of new products, processes and tradable services which will **Result** in *an increase in the percentage of SMEs and micro-businesses in the eligible area which are involved in R&I involving cross-border collaborations.*

Call opened:	7 September 2015
Call closed:	21 October 2015
Applications received:	3
Stage One Steering Committee:	25 November 2015
Applications progressed to Stage Two:	2
Applications rejected:	1
Stage Two Steering Committee:	22 June 2016

Priority Axis 2 - ENVIRONMENT   (€72m ERDF)

The key aim of this priority area is to encourage investment to achieve a resource efficient, sustainable economy through the implementation of green infrastructure and environmental risk management strategies. In delivering this sustainable growth, the priority focuses on two target areas with four objectives:

- **Priority 2a - Protecting and restoring biodiversity**

    o   Objective 2.1 - Recovery of protected habitats and species

    o   Objective 2.2 - Management of protected areas and species

- **Priority 2b - Investment in the water sector**

    o   Objective 2.3 - Improvement of water quality in transitional waters

    o   Objective 2.4 - Improvement of freshwater quality in river basins

Recovery of protected habitats & priority species (€11m ERDF) aims to promote cross-border cooperation to facilitate the recovery of selected protected habitats and priority species. It will **Result** in *an increase in the percentage of selected protected habitats in or approaching favourable condition.*

Call opened:	7 October 2015
Call closed:	8 January 2016
Applications received:	4
Stage One Steering Committee:	23 February 2016
Applications progressed to stage two:	2
Applications rejected:	2
Stage Two Steering Committee:	7 September 2016

Manage marine protected areas and species (€11m ERDF) aims to develop cross-border capacity for the monitoring and management of marine protected areas and species. It will **Result** in *a corresponding increase in cross-border monitoring and management capacity.*

Call opened:	7 October 2015
Call closed:	8 January 2016
Applications received:	6
Stage One Steering Committee:	23 February 2016
Applications progressed to Stage Two:	4
Stage Two Steering Committee:	7 September 2016

Improve water quality in transitional waters – (€30m ERDF) aims to improve water quality in shared transitional waters. It will **Result i**n *an increased percentage of shared transitional waters in the region with good or high quality.*

Call opened:	5 August 2015
Call closed:	30 October 2015
Applications received:	1
Stage One Steering Committee:	25 November 2015
Applications progressed to Stage Two:	1
Stage Two Steering Committee:	22 June 2016

Improve freshwater quality in cross-border river basins (€20m ERDF) aims to improve freshwater quality in cross-border river basins, and will **Result** in an increased percentage of cross-border freshwater bodies in cross-border river basins with good or high quality.

Call opened:	7 October 2015
Call closed:	8 January 2016
Applications received:	2
Stage One Steering Committee:	23 February 2016
Applications progressed to Stage Two:	2
Stage Two Steering Committee:	7 September 2016

Priority Axis 3 – Sustainable Transport (€40m ERDF)

The key aim of this priority is to promote cross-border, intermodal and sustainable mobility in the region which will **Result** in *an increase in the number of sustainable transport journeys utilising greenways, electric vehicles and public transport in the cross-border region.*

Cross-Border Greenways (€14m ERDF) aims to develop cross-border greenways and cycle networks to reduce car journeys in cross-border transportation.

Call opened:	4 December 2015
Call closed:	29 January 2016
Applications received:	4
Stage One Steering Committee:	8 March 2016
Applications progressed to Stage Two:	4
Stage Two Steering Committee:	7 September 2016

Multi Modal Hub (€20m ERDF) aims to develop a cross-border, multi-modal hub which facilitates a shift to public transport by providing modern, cross-border, integrated services, such as park and ride, public cycle schemes and car share.

Call opened:	4 December 2015
Call closed:	29 January 2016
Applications received:	2
Stage One Steering Committee:	8 March 2016
Applications progressed to Stage Two:	1
Applications rejected:	1
Stage Two Steering Committee:	21 December 2016

Electric Vehicles Network (€6m) aims to develop existing cross-border infrastructure for electric vehicles, including upgrading/establishing rapid transport chargers and battery storage units. A call for applications was opened on 4 December 2015 and closed on 29 January 2016 with no applications submitted. The Joint Secretariat is currently in discussions with the transport departments to identify an appropriate way forward which may

result in a need to make amendments to the Output indicators under the Sustainable Transport Priority Axis.

Priority Axis 4 – Health & Social Care (€53m ERDF)

The key aim of this priority is to improve the health and well-being of people living in the region by enabling them to access quality health and social care services in the most appropriate setting to their needs. It will **Result** in *an increased number of 'episodes of care' delivered on a cross-border basis.*

The Health & Social Care budget has been split across seven 'Critical Areas'.

Call opened: 2 October 2015
Call closed: 16 November 2015
Applications received: 21
Stage One Steering Committee: 13 January 2016
Applications progressed to Stage Two: 14
Applications rejected: 7
Stage Two Steering Committee: 27 July 2016

The 14 applications progressed to Stage Two are under the following 'Critical Areas';

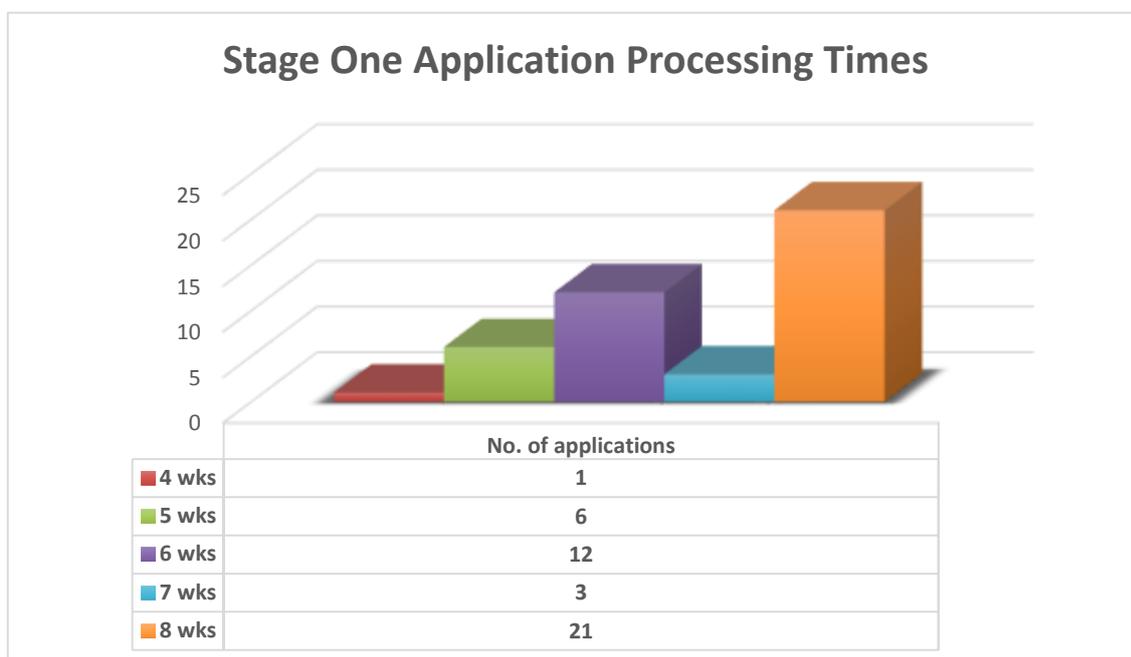- Acute Services: 1
- Children's Services: 3
- Disability Services: 2
- Health care Intervention Trials: 2
- Mental Health: 1
- Population Health: 4
- Primary Care and Older People: 1

3.0   Update on Measures to Reduce the Administrative Burden

3.1   Application Assessment

As issued to the PMC, the assessment process must not be any longer than 36 weeks in total, the reasons for any delays must be published on the SEUPB website. The Member States have agreed a process to meet the agreed 36 week requirement. In relation to the two stage assessment process introduced to ensure timely decision making for applicants, stage one should take no longer than 8 weeks.

Of the 53 applications received across the programme to date, 43 have undergone stage one assessment, with all applications receiving a decision within or at the 8 week deadline as outlined in the graph below:

Stage One Application Processing Times

	No. of applications
■ 4 wks	1
■ 5 wks	6
■ 6 wks	12
■ 7 wks	3
■ 8 wks	21

3.2   Simplified Cost Options

The Programme is proactively promoting the implementation of simplified costs. All relevant projects will avail of a flat rate for overheads. Where there is a suitable basis for unit costs, this methodology will be mandatory.

All calls released to date offer applicants the option to utilise standard scales of unit costs and/or flat-rate financing for overhead and/or staff costs. Simplified cost options are established at Stage Two of the application process in consultation with the successful applicant and in accordance with Commission guidance.

3.3   Support to potential applicants

The SEUPB has continued to provide support to potential applicants by providing sector workshops for each call for applications. Three workshops have been held since the last monitoring committee meeting as follows;

Priority Axis/Description of event	Date	Location	No. of attendees
Research & Innovation – 'Health & Life Sciences & Renewable Energy'	22 March 2016	Londonderry-Derry	51
Research & Innovation – 'Health & Life Sciences & Renewable Energy'	24 March 2016	Inverness	26
State Aid training for R&I potential applicants	15 April 2016	Belfast	33

In addition, SEUPB has continued to hold a series of seminars to assist applicants to design their projects to meet the requirements of the horizontal principles of Equality and Sustainable Development.   The seminars concentrate on best practice in terms of putting

equality and sustainable development at the heart of project design and implementation, with a particular focus on the EU regulatory requirements.

Since the last PMC meeting, a further Equality seminar took place on 2 March in Dundalk and two Sustainable Development seminars have been delivered on 20 January in Belfast and 10 March in Dundalk. To date, over 200 potential applicants have availed of this training. The next seminars will be held on 30 June in Glasgow and will focus on potential applicants of the INTERREG VA Programme.

4.0 Regulatory Requirements

4.1 Annual Implementation Report 2015

The Annual Implementation Report is produced in fulfilment of Article 50 (1) of Council Regulation (EC) 1303/2013 to submit an Annual Report on Implementation for each year from 2016 to 2023.

The 2015 report which relates to the period 1 January 2015 to 31 December 2015, was circulated to Members for comments in March 2016 and a final report was issued to Members on 23 May 2016. The report along with a Citizen's Summary (accompanies paper) was submitted to the Commission in advance of the regulatory deadline of 31 May 2016.

4.2 Compliance with E-Cohesion

In its communication on the Multiannual Financial Framework for 2014-2020, the European Commission launched an agenda of ambitious simplification across EU Programmes. This agenda set out the requirement for both EU Institutions and Member States to share the responsibility of reducing the administrative burden on beneficiaries of EU Funds.

The 2014 – 2020 regulatory framework fully reflects this and includes the requirement for programmes to fully adopt the concept of e-cohesion in relation to data storage and transfer.

At the inaugural PMC meeting Members were advised that a single database was commissioned by the Department of Finance in 2014, to cover the requirements of the EU programmes managed by the SEUPB and other Northern Ireland Departments. Following

the appointment of a contractor in 2015, an initial delivery timetable was agreed which involved a staged rollout of the system during 2015, and a completion date of December 2015. The SEUPB is a member of the Project Board along with other Programme representatives.

In line with the requirements under e-Cohesion, the system was designed to provide the functions for electronic project application, assessment, contracting, financial processing and verification. To date the contractor has failed to deliver fully on any of the aforementioned stages. The Central Procurement Directorate (DoF), acting on behalf of the Project Board, has been in discussions with the contractor regarding delivery failure. These discussions have resulted in contract termination.

Due to the absence of a database, the Joint Secretariat in SEUPB is currently using a manual system for application processing and it is envisaged that the issuing of initial contracts will also be processed through manual systems. This has and will continue to have resource implications which have the potential to impact service delivery. The Project Board is pursuing contingency arrangements to ensure delivery of a functioning database within the timescale to meet N+3.

4.3   Designation of the Authorities

In January 2016, SEUPB submitted to the Audit Authority procedures to enable formal designation of the Managing Authority and Certifying Authority. Programmes are not permitted to submit payment claims to the Commission until formal designation has taken place.

The Audit Authority are responsible for assessing the Management and Control System and the procedures against the Commission's requirements. The procedures outline the processes for implementation which are underpinned by a drive for simplification and the reduction of administrative burden. SEUPB awaits comments and feedback for the Audit Authority.

In addition to the submitted procedures, and in line with e-Cohesion requirements, there must be a fully functioning database to enable formal and full designation. As outlined

above, a database has not been delivered at this stage. The Programme will not be able to claim expenditure from the Commission until a fully functioning database is available.

Recommendation

The Monitoring Committee is requested to:

- **Note** the Progress in implementation of the programme
- **Note** the risks identified in relation to delivery of the database and formal designation