



Research Paper 09/02

15 March 2002

# **Briefing Paper on the Role and Scope of the Department of Finance and Personnel Responsibilities for EU Funds in Northern Ireland**

This paper outlines the responsibilities of the Department of Finance and Personnel for the negotiation, co-ordination and management of EU funds in Northern Ireland. It presents a brief overview of the EU Structural Funds, introduces the Community Support Framework (CSF) for Northern Ireland and presents in detail the two Programmes making up the CSF - Building Sustainable Prosperity and Peace II. A brief discussion of the four Community Initiatives, INTERREG III, LEADER +, EQUAL and URBAN II is also included. It is the first in a series of papers designed to support the Committee of Finance and Personnel in its inquiry into the role of DFP in EU Funds in Northern Ireland.

Library Research Papers are compiled for the benefit of Members of The Assembly and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

## SUMMARY OF KEY POINTS

- The Department of Finance and Personnel has a substantial role to play in the negotiating, co-ordinating, management and monitoring processes of EU funds in Northern Ireland.
- The main sources of EU funds in Northern Ireland are the Structural Funds. There are four Structural Funds and they consist of the European Regional Development Fund (ERDF), European Social Fund (ESF), European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG). For the purpose of these funds allocation regions are categorised into one of three objectives based on a needs and priority basis. Northern Ireland qualifies as an Objective 1 in transition region.
- Structural Funds in Northern Ireland are delivered in two ways, through the Community Support Framework (CSF) and the Community Initiatives. The CSF is worth €1315m /£848.38m to Northern Ireland and aims to achieve a transition to a more peaceful, stable, prosperous, fair and outward-looking society, sustained by a better physical environment. It is made up of two operational programmes.
- The first CSF operational programme is the Building Sustainable Prosperity (BSP) programme and is the largest component of the CSF. It is worth €890m/ £575m and it's main objective is to move Ireland to a state of sustainable prosperity in a competitive modern economy.
- The second operational programme is the EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland, also known as Peace II. It follows on from Peace I and is worth €425m/£274.194m. The main aim of Peace II is to help Northern Ireland progress towards a peaceful and stable society and to promote reconciliation in Northern Ireland and the Border Region of Northern Ireland.
- The Community Initiatives are made up of four initiatives which are INTERREG III, LEADER+, EQUAL and URBAN II. Total allocation of €118m/ £76.13m for Northern Ireland.
- INTERREG III has a budget of €81m/£52.25m for NI and is a cross-border trans-national and inter-regional co-operation that is intended to encourage a harmonious and balanced development of European territory.
- LEADER+ is an initiative that aims to encourage innovative development in rural areas. €15m/£9.67m has been allocated for this initiative in NI.
- EQUAL is an initiative trans-national programme that aims to combat all forms of inequalities and discrimination in the labour market. €12m/£7.74m has been allocated to NI for this initiative
- URBAN II has a budget of €10m/£6.45m in NI and is intended to support innovative development in cities and urban neighbourhoods and to maintain sustainable development in these areas.
- Department of Finance & Personnel plays a role as a Managing and Paying Authority for Structural Funds. A Managing Authority generally adopts the programme complement, delegates to the implementing body and selects projects. A Paying Authority is responsible for all certified payments.
- Department of Finance & Personnel plays an important role in the negotiation process. In that they prepare plans, consult with partners and then forward the plans and programmes to the Commission.
- Department of Finance and Personnel provides Secretariat to BSP Monitoring Committee.

## CONTENTS

1. Introduction .....	1
2. EU Funds and Northern Ireland .....	1
2.1 The Structural Funds .....	1
2.2 The Relationship between the Structural Funds and EU Funds in Northern Ireland .....	3
3. The Community Support Framework for Northern Ireland .....	3
3.1 The Northern Ireland Programme for Building Sustainable Prosperity (BSP) (2000-2006) .....	4
3.2 The EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland (2000-2004) .....	5
4. The Community Initiatives .....	7
4.1 INTERREG III .....	8
4.2 LEADER + .....	8
4.3 EQUAL .....	9
4.4 URBAN II .....	9
5. The Role of DFP in EU Funds in Northern Ireland .....	10
5.1 Negotiating .....	10
5.2 Co-ordinating and Managing .....	10
5.3 Monitoring .....	11
ANNEX A .....	13
Fig 1. The relationship between the EU Structural Funds, the Community Support Framework and the Community Initiatives. ....	14
Fig. 2 Funding and Management Information Flows in BSP .....	15
Fig. 3 Funding and Management Information Flows in PEACE II .....	16
Figure 4: The Structural Funds Negotiation Process .....	17
ANNEX B .....	18
Table 7: Membership of the PEACE II Programme Monitoring Committee .....	19
Table 8: Membership of the BSP Programme Monitoring Committee .....	20

## **1. INTRODUCTION**

This briefing paper, commissioned by the Committee for Finance and Personnel (CFP), details the role and scope of the Department of Finance and Personnel (DFP) responsibilities for EU funds in Northern Ireland. In addition, it outlines the formal arrangements for the Department to meet its strategic objectives of negotiating, co-ordinating and overall management of these funds. It is the first in a series of papers designed to support the Committee for Finance and Personnel in its Inquiry into the Role of DFP in EU funds in Northern Ireland.

The paper is structured as follows. Section 2 presents a brief overview of the EU Structural Funds. Section 3 introduces the Community Support Framework for Northern Ireland, and presents in detail the two Programmes making up the CSF for Northern Ireland: Building Sustainable Prosperity, and PEACE II. A brief discussion of the four Community Initiatives, INTERREG III, LEADER +, EQUAL, and, URBAN II is presented in Section 4. The final section, Section 5 identifies the role of DFP in these Programmes and Community Initiatives in relation to the Department's strategic objectives for negotiating, co-ordinating and managing Structural Funds.

## **2. EU FUNDS AND NORTHERN IRELAND**

The main sources of EU funds in Northern Ireland are the Structural Funds. These are the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF), and the Financial Instrument for Fisheries Guidance (FIFG).

### **2.1 THE STRUCTURAL FUNDS**

The Structural Funds work towards the goal of achieving economic and social cohesion in the European Union. Resources are targeted at actions that help bridge the gaps between the more and the less developed regions and which promote equal employment opportunities between different social groups. In the period 2000-2006 they are worth in total €195bn / £125.8bn<sup>1</sup>. There are four Structural Funds:

- **The European Regional Development Fund (ERDF)** aims to reduce regional disparities in the Union while at the same time encouraging the development and convergence of regions.
- **The European Social Fund (ESF)** aims to prevent and combat unemployment, as well as developing human resources and promoting integration into the labour market.

---

<sup>1</sup> In this paper the conversion rate used is 1.55 in line with DFP. The market rate is approximately 1.62.

- **The European Agricultural Guidance and Guarantee Fund (EAGGF)<sup>2</sup>** supports rural development and the improvement of agricultural structures, within the framework of European economic and social cohesion policy.
- **The Financial Instrument for Fisheries Guidance (FIFG)** aims to contribute to achieving a sustainable balance between fishery resources and their exploitation. It also seeks to strengthen the competitiveness of the sector and the development of areas dependent upon it.

**Table 1: Member States in receipt of most EU Structural Funds**

Rank	Member State	€ bn	£ bn
1	Spain (E)	€42.887	£27.669
2	Italy (I)	€28.388	£18.314
3	Germany (D)	€28.049	£18.096
4	Greece (EL)	€20.961	£13.523
5	Portugal (P)	€16.414	£10.589
6	United Kingdom (UK)	<sup>3</sup> €15.514	£10.009

Source: Compiled from [www.inforegio.ece.eu.int/wbover/overmap/uk/uk\\_en.htm](http://www.inforegio.ece.eu.int/wbover/overmap/uk/uk_en.htm) and [http://europa.eu.int/comm/regional\\_policy/](http://europa.eu.int/comm/regional_policy/)

For the purposes of Structural Funds allocations regions within Member States are identified and categorised into one of 3 objectives:

**Table 2: Structural Funds Support to Objective 1, 2 and 3 Regions**

Objective	Definition	Structural Funds Available			
1	Promoting the development and structural adjustment of regions whose development is lagging behind	ERDF	ESF	EAGGF	FIFG
2	Supporting the economic and social conversion of areas facing difficulties	ERDF	ESF		FIFG
3	Supporting the adaption and modernisation of policies and systems of education, training and employment			ESF	

Source: EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland 2000-2004 Operational Programme.

Objective 1 is targeted on the poorest regions in the EU. It receives the highest priority, accounting for almost 70% of the total available Structural

<sup>2</sup> Also known by the French acronym FEOGA

<sup>3</sup> This is made up of €6.251bn / £4.033bn for Objective 1, €4.695bn / £3.029bn, for Objective 2, €4.568bn / £2.947bn for Objective 3. This figure includes PEACE (2000-2004), but does not include figures for UK allocations of €961m / £620m for Community Initiatives, and €121m / £78.06 from FIFG to areas outside Objective 1 for actions taken under the Common Fisheries Policy ([www.inforegio.ece.eu.int/wbover/overmap/uk/uk\\_en.htm](http://www.inforegio.ece.eu.int/wbover/overmap/uk/uk_en.htm))

Funds. To qualify a region must have a *per-capita* GDP<sup>4</sup> of less than 75% of the EU average for the previous 3 years. Although Northern Ireland exceeded this threshold, it was able to qualify under the new 'Objective 1 In Transition' arrangements for regions formerly of Objective 1 status. Under these arrangements, Northern Ireland has access to Objective 1 funds, but on a gradually reducing basis over the period to 2006.

## **2.2 THE RELATIONSHIP BETWEEN THE STRUCTURAL FUNDS AND EU FUNDS IN NORTHERN IRELAND**

Structural Funds packages are drawn up between the Member States/Regional Authorities and the European Commission on the basis of the needs and priorities of that Member State/Region. They are managed at a Member State/Regional level and projects are based in that area. Structural Funds support for Northern Ireland is mainly delivered through two mechanisms: the Community Support Framework for Northern Ireland, and the Community Initiatives. Figure 1 at Annex A illustrates the relationship between these mechanisms, and Table 3 below presents the EU Structural Funds Programmes and Community Initiatives in Northern Ireland.

**Table 3: EU Programmes and Initiatives in Northern Ireland (2000-2006)**

<b>EU Funding Mechanism</b>	<b>€ m</b>	<b>£ m</b>
<b>Community Support Framework</b>		
PEACE II	€425.0	£274
Building Sustainable Prosperity	€890.0	£575
<b>Community Initiatives</b>		
INTERREG III	€81.00	£52.14
LEADER+	€15.00	£9.95
EQUAL	€12.00	£7.54
URBAN II	€10.00	£6.45
<b>Total</b>	<b>€ 1433</b>	<b>£ 925.08</b>

Source: DFP Communication 22/01/02

## **3. THE COMMUNITY SUPPORT FRAMEWORK FOR NORTHERN IRELAND**

The Community Support Framework for Northern Ireland, worth €1315m / £848.38m, aims to achieve a transition to a more peaceful, stable, prosperous, fair and outward-looking society, sustained by a better physical environment. This aim is carried over into five Priorities and nine Horizontal Principles. The two Operational Programmes making up the Community Support Programme for Northern Ireland (CSF) are:

- The Northern Ireland Programme for Building Sustainable Prosperity (2000-2006);
- The EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland (2000-2004).

<sup>4</sup> Gross Domestic Product.

### **3.1 THE NORTHERN IRELAND PROGRAMME FOR BUILDING SUSTAINABLE PROSPERITY (BSP) (2000-2006)**

BSP is a Transitional Objective 1 Operational Programme and the largest component of the CSF. It is worth €890m / £575m, and accounts for 68% of the Structural Funds allocated to Northern Ireland. This Programme will therefore be the main instrument for the realisation of the economic and social development identified in the CSF.

BSP will play the key role in achieving the overall CSF objective of a transition to a more peaceful, stable, prosperous, fair and outward looking society, sustained by a better physical environment. The overall objective of BSP is to move Northern Ireland to a state of sustainable prosperity in a competitive modern economy by focusing on the restructuring of its businesses and the key skills development of its people while maintaining a quality environment. To do this, the programme identifies 5 Priorities (see Table 4 below), to be delivered through a total of 46 measures.

**Table 4: BSP in Northern Ireland - Priorities and Allocations<sup>5</sup>**

<b>Building Sustainable Prosperity – Priorities</b>	<b>Allocations</b>	
Priority 1: Economic Growth and Competitiveness	€352m	£227.09m
Priority 2: Employment	€341m	£220 m
Priority 3: Urban and Social Revitalisation	€50m	£32.26 m
Priority 4: Agriculture, Rural Development, Forestry and Fisheries	€107m	£69.03 m
Priority 5: Environment	€38m	£24.51 m

Source: Compiled from [www.eugrants.org](http://www.eugrants.org), & the Northern Ireland Programme for Building Sustainable Prosperity 2000-2004 Operational Programme

There are a number of bodies involved in the design, delivery and monitoring of BSP (See Figure 2 at Annex A). **The European Commission** approves programmes in Member States and provides the Structural Funds for their implementation. The **Member State**, the United Kingdom is involved in negotiating and overseeing the programme. The Department of Finance and Personnel acts as the channel for European Funding to Northern Ireland, and co-ordinates all the Structural Funds Programmes in Northern Ireland.

The Managing Authorities have overall responsibility for the running of the Programmes. They also co-ordinate the work of the Government Departments and other Implementing Bodies who approve projects under particular Measures and Priorities of the Programme. The **Managing Authority** for BSP is the Department of Finance and Personnel, and works closely with Northern Ireland Departments who are accountable for the relevant expenditure. The **Paying Authority** for BSP depends on the

<sup>5</sup> Table total is € 888m. The balance, €2m, is allocated to programme technical assistance.

Structural Fund supporting the Priority and Measure. A number of Northern Ireland Government Departments perform this function<sup>6</sup>.

Responsibility for implementing the various parts of BSP is delegated by the Managing Authority (DFP) to the **Implementing Bodies**. The Implementing Bodies are responsible for processing applications, selecting projects, and receiving claims for payment. In Northern Ireland, BSP is delivered primarily by Government Departments and their agencies through a mix of calls for projects, and programmes of government expenditure that qualify for EU funding<sup>7</sup>.

The role of the **BSP Programme Monitoring Committee** is to ensure satisfactory progress is being made towards the stated and agreed objectives and targets of the programme. The committee works closely with the managing authority and in consultation agrees the management arrangements for the Programme. It also approves the selection of projects and the Annual Report from the Managing Authority. Membership of the BSP Programme Monitoring Committee is made up of balanced representation from political representation from the Northern Ireland Assembly, business, trade unions, the agriculture/rural development/fisheries sector, the community and voluntary sector, district council and those representing environmental and equal opportunities interests<sup>8</sup>. Table 8 at Annex B details the membership of the BSP Monitoring Committee.

### **3.2 THE EU PROGRAMME FOR PEACE AND RECONCILIATION IN NORTHERN IRELAND AND THE BORDER REGION OF IRELAND (2000-2004)**

The EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland (2000-2004), also known as PEACE II, follows on from but is distinctive from PEACE I (formally known as the Special Support Programme for Peace and Reconciliation) 1994-1999. PEACE II is one of the two operational programmes funded through the Structural Funds within the Community Support Framework for Northern Ireland (see Figure 1 at Annex A). The Northern Ireland allocation is worth € 425m / £274.194m.

The aim of PEACE II in Northern Ireland is to help Northern Ireland progress towards a peaceful and stable society and to promote reconciliation in Northern Ireland and the Border Region of Northern Ireland. In order to be

---

<sup>6</sup> DFP is the paying authority for priorities and measures supported by ERDF, DEL is the paying authority for priorities and measures supported by ESF, and DARD is the paying authority for priorities and measures supported by EAGGF and FIG. (Northern Ireland Programme for Building Sustainable Prosperity 2000-2006 Operational Programme).

<sup>7</sup> The implementing Bodies for BSP are Department of Enterprise, Trade and Investment (DETI), Local Enterprise Development Unit (LEDU), Industrial Research and Technology Unit (IRTU), Northern Ireland Tourist Board (NITB), Department for Employment and Learning (DEL), Department for Social Development (DSD), Department of Agriculture and Rural Development (DARD), Environment and Heritage Agency (EHA).

<sup>8</sup> Particular effort should be made to promote the balanced participation of women and men. (Northern Ireland Programme for Building Sustainable Prosperity 2000-2006 Operational Programme).



considered all applications for funding under PEACE II must address at least one of two specific and distinct objectives of PEACE II:

- Addressing the legacy of the conflict
- Taking opportunities arising from peace

**Table 5: PEACE II in Northern Ireland - Priorities and Allocations**

<b>PEACE II Priorities</b>	<b>Allocations</b>	
Priority 1: Economic Renewal	€154 m	£99.35m
Priority 2: Social Integration, Inclusion & Reconciliation	€107 m	£69.03m
Priority 3: Locally Based Regeneration & Development Strategies	€86 m	£55.48m
Priority 4: Outward and Forward Looking Region	€25 m	£16.13m
Priority 5: Cross-border Co-operation	€40 m	£25.80m
Priority 6: Technical Assistance	€14 m	£9.03m

Source: Compiled from [www.eugrants.org](http://www.eugrants.org), & EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland, 2000-2004 Operational Programme

There are a number of bodies involved in the design, delivery and monitoring of PEACE II (See Figure 3 at Annex A). **The European Commission** approves programmes in Member States and provides the Structural Funds for their implementation. Two **Member States**, the United Kingdom and the Republic of Ireland, are involved in negotiating and overseeing the programmes for which individuals and groups in Northern Ireland and the Border Region of the Republic of Ireland may apply. The Department of Finance and Personnel acts as the channel for European Funding to Northern Ireland, and co-ordinates all the Structural Funds Programmes in Northern Ireland.

The Managing Authorities have overall responsibility for the running of the Programmes. They also co-ordinate the work of the Government Departments and other Implementing Bodies who approve projects under particular Measures and Priorities of the Programme. The **Managing Authority** for the PEACE II Programme is the Special European Union Programmes Body (SEUPB). The **Paying Authority** for the PEACE II Programme depends on the Structural Fund supporting the Priority and Measure. A number of Northern Ireland Government Departments perform this function<sup>9</sup>.

Responsibility for implementing the various parts of PEACE II is delegated by the Managing Authority (SEUPB) to the **Implementing Bodies**. The Implementing Bodies are responsible for processing applications, selecting

<sup>9</sup> DFP is the paying authority for priorities and measures supported by ERDF, DEL is the paying authority for priorities and measures supported by ESF, and DARD is the paying authority for priorities and measures supported by EAGGF and FIFG. (EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland 2000-2004 Operational Programme).

projects, and receiving claims for payment. In Northern Ireland, there are three types of implementing body: *Government Departments*<sup>10</sup>, *Local Strategy Partnerships (LSPs)* and *Intermediary Funding Bodies (IFBs)*

The role of the **Programme Monitoring Committee of PEACE II** is to ensure satisfactory progress is being made towards the stated and agreed objectives and targets of the programme. The committee also approves the selection of projects and the Annual Report from the Managing Authority. Membership of the Monitoring Committee should be made up of equal representation from both jurisdictions, and should also have permanent advisors from the European Commission and from Government Departments North and South. The International Fund for Ireland, the Department of Trade and Industry (UK) and the Implementing Bodies also have observer status on the Committee. Table 7 at Annex B details the membership of the PEACE II Monitoring Committee.

#### **4. THE COMMUNITY INITIATIVES**

The Community Initiatives are special forms of assistance proposed to the Member States by the Commission. They can be implemented throughout the European Union and are financed by a Structural Fund with the aim of solving specific problems<sup>11</sup>. They are complementary to a region's Community Support Framework.

The Community Initiatives have three particular features that give them added value when compared to other measures financed by the Structural Funds, in that they aim to

- Encourage trans-national, cross-border and interregional co-operation
- Increase involvement of people on the ground ("bottom up" approach)
- Deliver support through a real partnership of those involved in the Community initiatives

Each Member State appoints a national or regional agent<sup>12</sup> responsible for implementing each Initiative. Project promoters must contact these agents for information on how the programmes they are involved in are progressing or for getting their proposals included.

The Community Initiatives were reformed as part of the overall reform of the Structural Funds under Agenda 2000. The European Commission wanted to increase the European dimension of the initiatives and strengthen the way

---

<sup>10</sup> DARD, DCAL, DE, DETI, DRD, DSD and OFMDFM. Source: Compiled from Personal Communications (1) and (3) and EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland 2000-2004 Operational Programme and Programme Complement.

<sup>11</sup> INTERREG III is financed by ERDF. LEADER + is financed by EAGGF. URBAN II is financed by ERDF. EQUAL is financed by ESF. Personal Communication (1) 22/01/02

<sup>12</sup> This is the Managing Authority

they complement the priority Objectives. For the period 2000-2006, there are four Community Initiatives, each financed by an individual Structural Fund.

They have a total budget of €10.44bn / £6.735bn or 5.3% of the budget allocated to the Structural Funds. A total of €961m / £620m has been allocated to the UK for all four Initiatives, with €118m / £76.13m of this allocated to Northern Ireland. Table 6 below identifies the community initiatives' allocations, and their supporting structural fund.

**Table 6: Community Initiatives in Northern Ireland – Supporting Structural Fund and Allocations**

Community Initiative	Supporting Structural Fund	Allocation	
INTERREG III	ERDF	€81m	£52.25 m
LEADER +	EAGGF	€15m	£9.67 m
EQUAL	ESF	€12m	£7.74 m
URBAN II	ERDF	€10m	£6.45 m

Source: Compiled from [www.inforegio.cec.eu.int](http://www.inforegio.cec.eu.int) & Personal Communication (1) 22/01/02

#### **4.1 INTERREG III**

The INTERREG III Programme which deals with European cross-border, trans-national and inter-regional co-operation and is intended to encourage the harmonious and balanced development and spatial planning of the European territory. It is funded by the ERDF and comprises 3 strands:

- Strand A: Cross-border co-operation
- Strand B: Trans-national co-operation
- Strand C: Interregional co-operation

INTERREG III has a total budget of €4,875 bn / £3145bn. The UK allocation is €362m / £233.54m, of which €81m / £52.25m has been allocated to Northern Ireland.

#### **4.2 LEADER +**

The new LEADER + initiative follows on from and strengthens the actions carried out under LEADER II during the 1994-1999 period. It aims to encourage the design and implementation of innovative development strategies for rural areas. To achieve this, LEADER + is based on partnerships established at local level to address rural development via integrated programmes and co-operation between local action groups. LEADER + also supports interregional and trans-national co-operation. All rural areas in the European Union may participate in the LEADER + initiative. LEADER + is funded by the EAGGF and comprises three strands:

- Strand 1: support for integrated and innovative development strategies for rural areas
- Strand 2: support for interregional and trans-national co-operation
- Strand 3: networking all EU rural areas

The total LEADER + budget for 2000-2006 is €2020m / £1303.2m, of which €106m / £68.38m has been allocated to the UK. Of this €15m / £9.67m has been allocated to Northern Ireland.

#### **4.3 EQUAL**

The EQUAL Programme supports trans-national co-operation to promote new approaches to combating all forms of discrimination and inequalities in connection with access to the labour market. It is a recent addition to the Community Initiatives and leads on from the two previous human resources initiatives - ADAPT and EMPLOYMENT. EQUAL covers all EU Member States. However, funding will be concentrated on a limited number of large-scale projects run by several partners. These projects must respond to a range of priorities defined by the Member States and the Commission. EQUAL is funded by the ESF and comprises three strands:

- Strand A: Tackling discrimination and inequalities linked to the labour market
- Strand B: Networking projects at national level to enable information exchanges and the dissemination of best practice
- Strand C: Joint work by the Commission and Member States to learn the lessons of good practice

The Northern Ireland EQUAL Programme will target its efforts on the following two priorities:

- Employability
- Equal Opportunities for Women and Men

The EQUAL budget for 2000-2006 is €2,847m / £1836.77m. The UK allocation is €376m / £242.58m, of which €12m / £7.74m has been allocated to Northern Ireland.

#### **4.4 URBAN II**

The new URBAN II initiative is funded by the ERDF. It is intended to support the design and implementation of innovative development models for economic and social regeneration of cities and urban neighbourhoods in crisis, with a view to promoting sustainable urban development. It also aims to strengthen exchanges of information and experience on sustainable urban development in the EU. The urban areas included may be inside or outside Objective 1 and 2 areas and must fulfil at least three of the following conditions:

- High long-term unemployment
- Low rate of economic activity

- High level of poverty and exclusion
- The need for structural adjustment due to economic and social difficulties
- High proportion of immigrants, ethnic minorities or refugees
- Low level of education, major gaps in terms of qualifications and a high rate of pupil failure
- High level of criminality and delinquency
- Unstable demographic development
- Particularly poor environmental conditions

Each URBAN programme must also include measures for strengthening information exchanges and sharing experience on the regeneration of urban areas in crisis.

The URBAN II budget for 2000-2006 is €700m / £451.61m. Of this, €117m / £75.48m has been allocated to the UK, with €10m / £6.45m allocated to Northern Ireland.

## 5. THE ROLE OF DFP IN EU FUNDS IN NORTHERN IRELAND

The Department of Finance and Personnel plays a number of roles across the various EU Structural Funds mechanisms in Northern Ireland. The statutory remit of the Department encompasses three distinct functions: negotiating, co-ordinating and managing, and monitoring. The role of DFP in discharging these statutory responsibilities in relation to EU Funds in Northern Ireland, together with short descriptions of these roles are given below. See Figure 4 in Annex A for a diagram of the negotiation process.

### 5.1 NEGOTIATING

The European Division (EUD) of DFP's Central Finance group, in co-operation with the other Government Departments, is responsible for developing the Northern Ireland Plan and leading the negotiations with the European Commission on the Northern Ireland Community Support Framework and the two Operational Programmes and INTERREG III. In this they co-ordinate and prepare plans and programmes, consult with the partners, and forward the plans and programmes to the Commission. See Figure 4 at Annex A for further details of the negotiation process.

### 5.2 CO-ORDINATING AND MANAGING

The Managing and Paying Authority for the two Operational Programmes and 4 Community Initiatives are as follows: -

Programme	Managing Authority	Paying Authority
PEACE II	SEUPB <sup>3</sup>	ERDF – DFP ESF – DEL EAGGF/FIFG – DARD
BSP	DFP	ERDF – DFP ESF – DEL

		EAGGF/FIFG – DARD
INTERREG IIIA	SEUPB	SEUPB
LEADER+	DARD	DARD
EQUAL	DEL	DEL
URBAN II	DSD	DFP

Source: DFP Communication 22/01/02

DFP is the **Managing Authority** for the CSF and BSP, and the Special EU Programmes Body (SEUPB) is the Managing Authority for PEACE II. DFP and SEUPB as Managing Authorities, adopt the programme complements and send them to the Commission for information, and where necessary amend the programme complements within the limits of the objectives and of the resources allocated to each of the priorities. The Managing Authorities also implement the programme, or delegate this task to implementing bodies, and have a key role in organising the selection of projects.

Article 9(o) stipulates that the **Paying Authority** is responsible for drawing up and submitting certified payment applications and receiving payments from the Commission. DFP is the Paying Authority under Peace II and BSP for those Priorities and Measures supported by ERDF.

The Managing and Paying Authorities undertake similar tasks for the Community Initiatives. In cases where the task of Managing and Paying Authority falls to one organisation, a clear separation of duties must be maintained.

### **5.3 MONITORING**

The task of Monitoring the implementation of the various Structural Funds Programmes and Initiatives lies with the Monitoring Committees. The Minister of Finance and Personnel chairs the Community Support Framework (CSF) Monitoring Committee, which is tasked with overseeing all of the Structural Funds including The Northern Ireland Programme for Building Sustainable Prosperity, PEACE II and the Community Initiatives. His deputies are the two Junior Ministers representing the Office of the First and Deputy First Ministers.

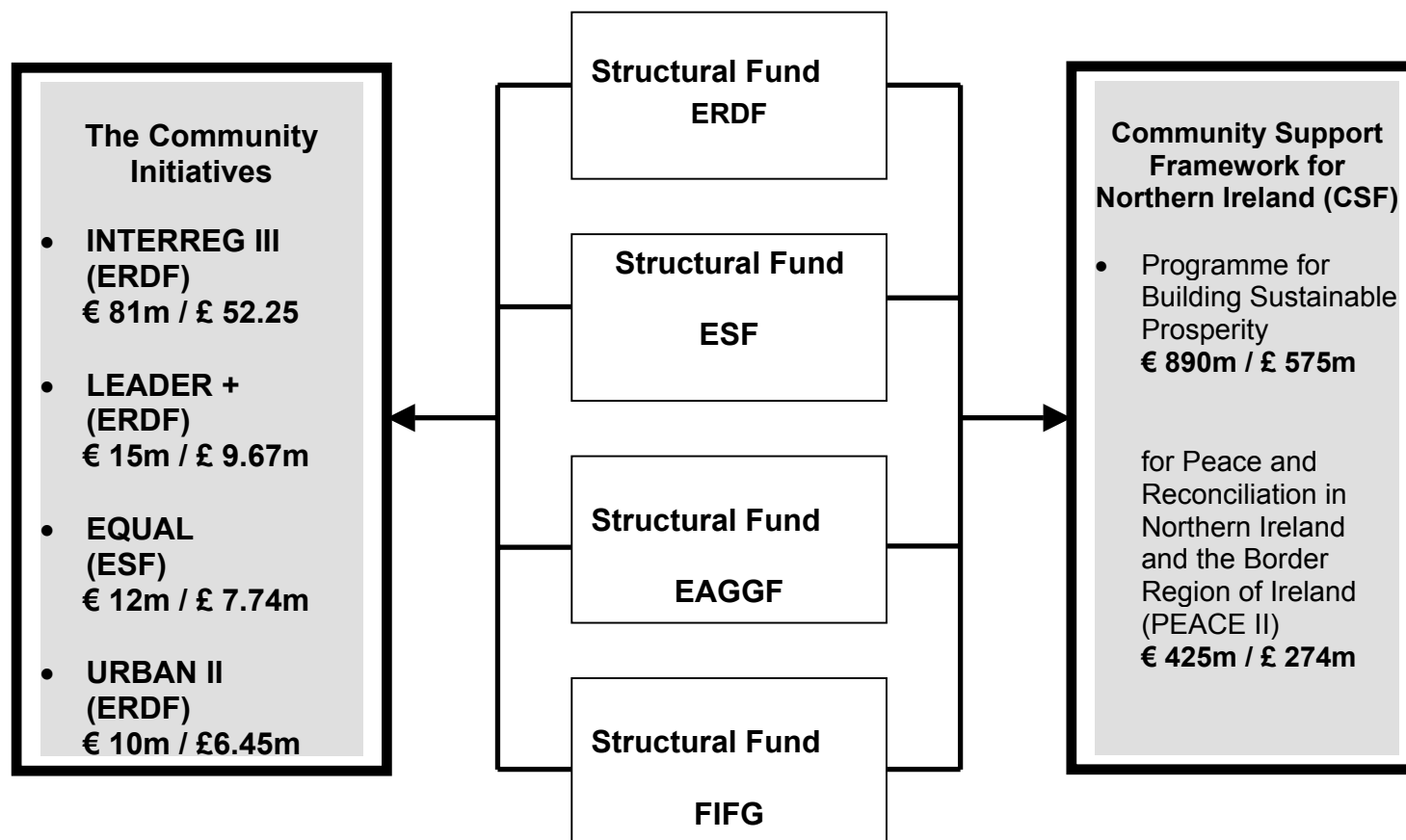
Each Programme is also supervised by a Programme Monitoring Committee, and the Programme Monitoring Committees also approve the Programme Complement. Membership of Monitoring Committees (see Tables 7 and 8 at Annex B) includes representation from business, trade unions; the agriculture/rural development/fisheries sector the community and voluntary sector, district councils and those representing environmental and equal opportunities interests. The Commission participates in an advisory capacity. The Monitoring Committee is chaired by a representative of the Managing Authority, the head of European Division in the case of BSP and the Chief Executive of SEUPB in the case of PEACE II. The Secretariat for the Programme Monitoring Committee is provided by EUD and SEUPB for their

respective committees. These are responsible for the preparation of documentation relating to monitoring, reports, agendas and records of meetings.

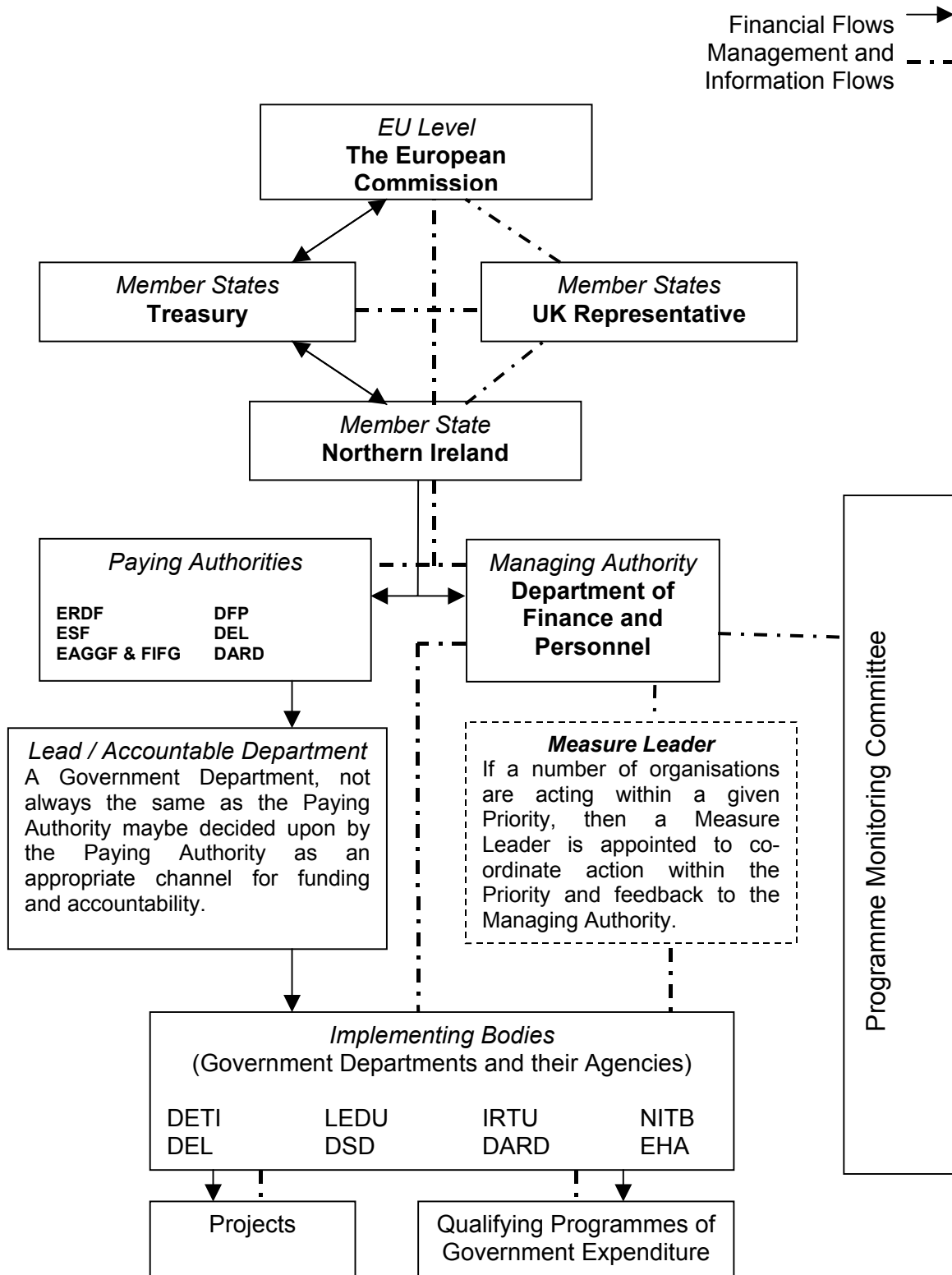
## ***ANNEX A***



**FIG 1. THE RELATIONSHIP BETWEEN THE EU STRUCTURAL FUNDS, THE COMMUNITY SUPPORT FRAMEWORK AND THE COMMUNITY INITIATIVES.**

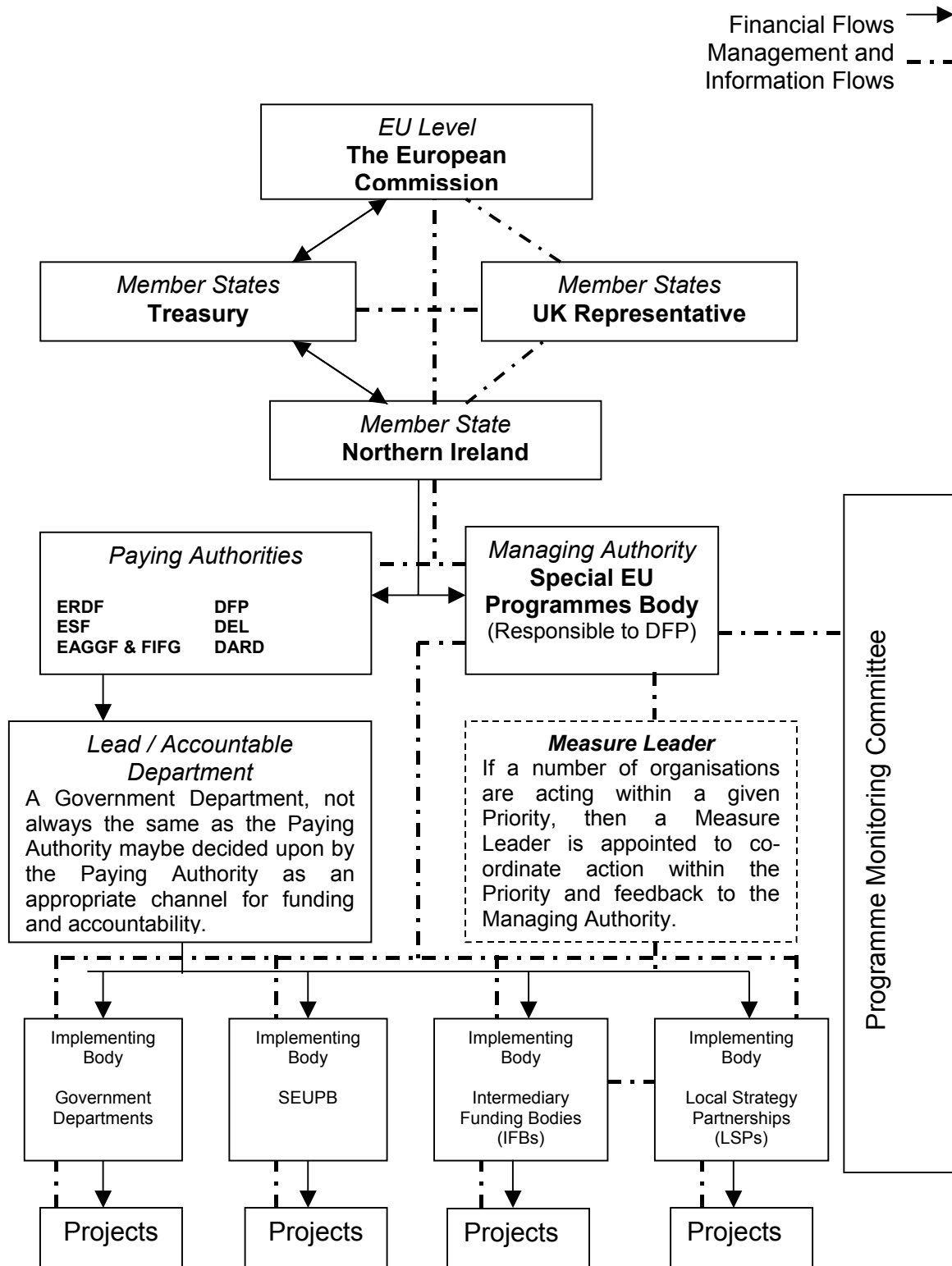


**FIG. 2 FUNDING AND MANAGEMENT INFORMATION FLOWS IN BSP**



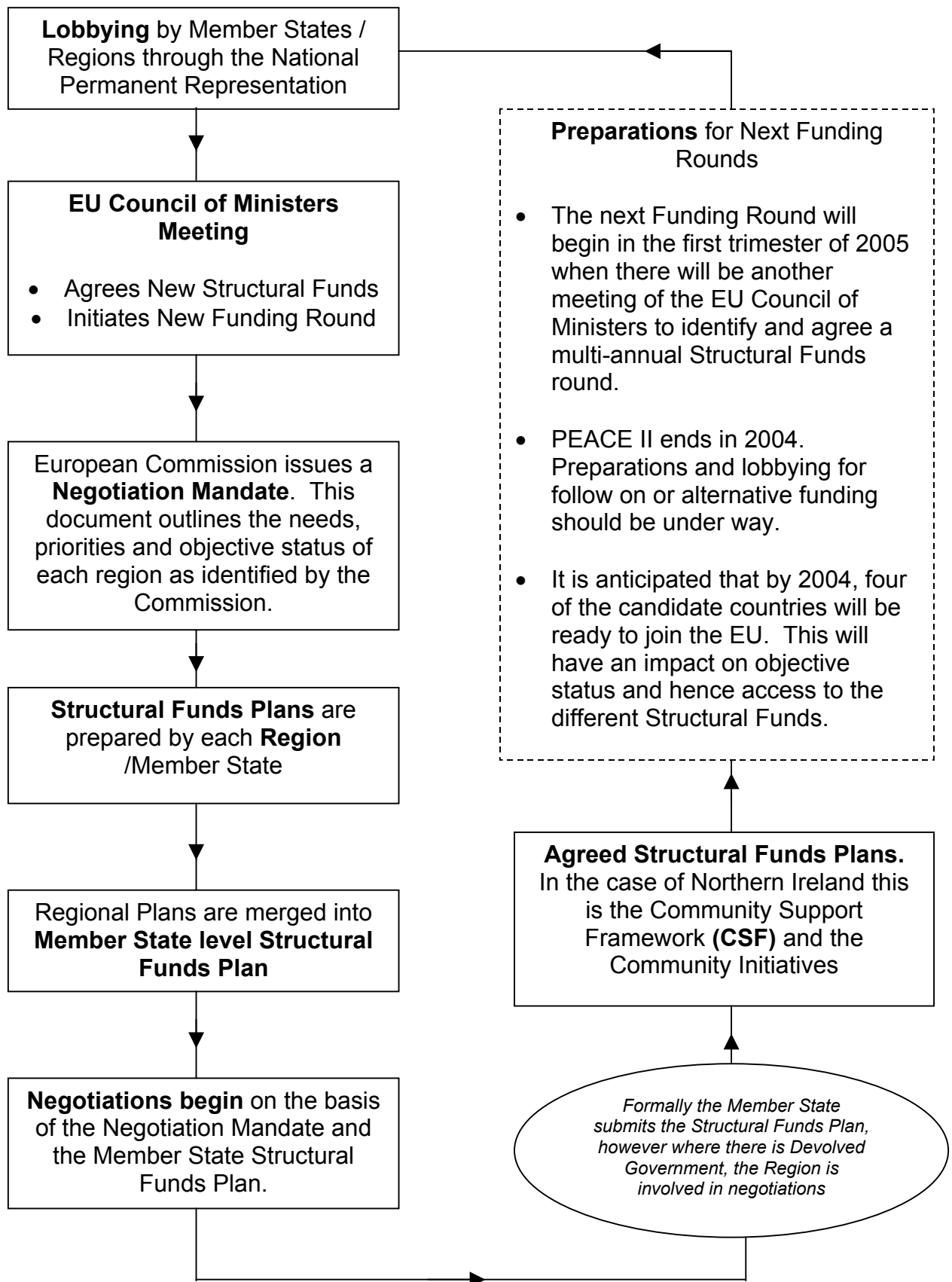
Source: Compiled from Northern Ireland Programme for Building Sustainable Prosperity 2000-2006 and Programme Complement, Structural Actions 2000-2006 Commentary and Actions, and Northern Ireland Community Support Framework 2000-2006

**FIG. 3 FUNDING AND MANAGEMENT INFORMATION FLOWS IN PEACE II**



Source: Compiled from Personal Communications (1) and (3) and EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland 2000-2004 Operational Programme and Programme Complement.

**FIGURE 4: THE STRUCTURAL FUNDS NEGOTIATION PROCESS**



Source: Compiled from Personal Communication (8) 06/02/0

***ANNEX B***

**TABLE 7: MEMBERSHIP OF THE PEACE II PROGRAMME MONITORING COMMITTEE**

Role/Representation	Organisation	No.
<b>Chair</b>	SEUPB	1
<b>Regional/Sub-Regional/Local Government interests</b>	<b>Northern Ireland:</b> OFM/DFM, Local Government	5
	<b>Border Region:</b> BMW <sup>14</sup> Regional Assembly, Regional Authorities	4
<b>Cross-Cutting Interests</b>	Equality Organisations	2
	Environmental Organisations (equal numbers North and South)	2
<b>Social and Economic Partners</b>	Voluntary and Community Sectors	2
	Businesses	2
	Trade Unions	2
	Agriculture, Rural Development and Fisheries (equal numbers North and South)	2
<b>Paying Authorities</b>	<b>Northern Ireland:</b> DFP (ERDF), DEL (ESF), DARD (EAGGF/ FIFG)	4
	<b>Ireland:</b> DoF (ERDF), DETE (ESF), DAFRD (EAGGF), DMNR (FIFG)	5
<b>Total</b>		<b>31</b>

Source: Compiled from <http://www.eugrants.org/>, & EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland, 2000-2004 Operational Programme

<sup>14</sup> The Republic of Ireland is divided into two regions for the purpose of the Structural Funds. These are the Border Midlands and Western Region (BMW Region) which will be a Transitional Objective 1 region until 2006, and the Southern and Eastern Region (S&E Region) which will be a Transitional Objective 1 region only until 2005.

**TABLE 8: MEMBERSHIP OF THE BSP PROGRAMME MONITORING COMMITTEE**

Role/Representation	Organisation
<b>Chair</b>	Department of Finance and Personnel (1)
<b>Deputy Chair</b>	Representatives of the OFM/DFM (2)
<b>Equality Organisation</b>	The Equality Commission for Northern Ireland
<b>Environmental Body</b>	Council for Nature, Conservation and the Countryside
<b>Social Partners<sup>15</sup></b>	Voluntary and Community – <i>NICVA</i> Business – <i>CBI/IOD/NICCI</i> Trade Unions – <i>NIC/ICTU</i> Agriculture, Rural Development and Fisheries – <i>UFU/NIAPA/RDC/RCN</i>
<b>Sub-Regional</b>	Newry and Mourne District Council Fermanagh District Council Craigavon Borough Council (2)
<b>Paying Authorities<sup>16</sup></b>	Representatives of the Paying Authorities for the ESF (DEL), ERDF (DFP), and EAGGF/FIFG (DARD)
<b>Advisors</b>	Representatives of the European Commission Representatives of the Northern Ireland Departments
<b>Observers</b>	Department of Trade and Industry (DTI), International Fund for Ireland (IFI), Representative of the Special EU Programmes Body (SEUPB)

Source: Compiled from <http://www.eugrants.org/>, & Northern Ireland Programme for Building Sustainable Prosperity 2000-2006 Operational Programme

<sup>15</sup> Northern Ireland Council for Voluntary Action (NICVA), Confederation of British Industry (CBI), Institute of Directors (IOD), Northern Ireland Chamber of Commerce and Industry (NICCI), Irish Congress of Trade Union (ICTU), Ulster Farmers Union (UFU), Northern Ireland Agricultural Producers Association (NIAPA), Rural Development Council (RDC), Rural Community Network (RCN)

<sup>16</sup> See footnote 6 above.