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

This summary paper provides a brief outline of the responsibilities of the Department of Finance and Personnel (DFP) for the negotiation, co-ordination and management of EU funds in Northern Ireland. It presents details of the Community Support Framework (Building Sustainable Prosperity 2000-2006 and Peace II 2000-2004) and the Community Initiatives (INTERREG III, LEADER +, EQUAL, URBAN II) in summary form. This is the second paper in a series designed to support the Committee of Finance and Personnel in their inquiry into the role and responsibilities 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.

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1. INTRODUCTION

This briefing paper 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.

2. EU FUNDS AND NORTHERN IRELAND

The main sources of EU funds in Northern Ireland are the Structural Funds. They aim to work towards the goal of achieving economic and social cohesion in the European Union. In the period 2000-2006 they are worth in total €195bn / £125.8bn¹. There are four Structural Funds:

- The European Regional Development Fund (ERDF)
- The European Social Fund (ESF)
- The European Agricultural Guidance and Guarantee Fund (EAGGF)²
- The Financial Instrument for Fisheries Guidance (FIFG)

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)	³ € 15.514	£ 10.009

Source: Compiled from www.inforegio.ece.eu.int/wbover/overmap/uk/uk_en.htm and http://europa.eu.int/comm/regional_policy/

2.1 THE RELATIONSHIP BETWEEN THE STRUCTURAL FUNDS AND EU FUNDS IN NORTHERN IRELAND

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 in the main Paper illustrates the relationship between these mechanisms, and Table 2 below presents the EU Structural Funds Programmes and Community Initiatives in Northern Ireland.

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

² Also known by the French acronym FEOGA

³ 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)

Table 2: EU Programmes and Initiatives in Northern Ireland (2000-2006)

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

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 Programme making up the CSF are outlined at 3.1 and 3.2 below.

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 / £575, and accounts for 68% of the Structural Funds allocated to Northern Ireland. This Programme will therefore be the main instrument for the realisation of economic and social development in Northern Ireland as 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 3 below), to be delivered through a total of 46 measures.

Table 3: BSP in Northern Ireland - Priorities and Allocations⁴

Building Sustainable Prosperity – Priorities	Allocations	
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, & the Northern Ireland Programme for Building 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 in the main Paper).

⁴ Table total is € 888m. The balance, €2m, is allocated to programme technical assistance.

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 different than 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 of the main Paper). 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 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 4: PEACE II in Northern Ireland - Priorities and Allocations

PEACE II Priorities	Allocations	
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, & 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 in the main Paper).

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 problems⁵. 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)

⁵ 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

- Deliver support through a real partnership of those involved in the Community initiatives

Each Member State appoints a national or regional agent responsible for implementing each Initiative⁶. Project promoters must contact these agents for information on how the Programmes they are involved in are progressing or for getting their proposals included. They have a total budget of €10.44 bn / £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 5 below identifies the community initiatives' allocations, and their supporting structural fund.

Table 5: Community Initiatives in Northern Ireland – Supporting Structural Fund and Allocations

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

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

For the period 2000-2006, there are four Community Initiatives, each financed by an individual Structural Fund. These are:

- The **INTERREG III** Programme which deals with European cross-border, trans-national and inter-regional co-operation. It is funded by the ERDF and comprises 3 strands (see the main Paper for details). 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.
- The new **LEADER +** aims to encourage the design and implementation of innovative development strategies for rural areas. LEADER + is funded by the EAGGF and comprises three strands (see the main Paper for details). 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.
- 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. EQUAL is funded by the ESF and comprises three strands (see the main Paper for details). 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.

⁶ This is the Managing Authority

- 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. 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.

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 of the main Paper 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	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

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. Each Programme is supervised by a Programme Monitoring Committee, and the Programme Monitoring Committees also approve the Programme Complement (see Tables 7 and 8 at Annex B of the main Paper for details of membership of the

Monitoring Committees). Monitoring Committees are chaired by a representative of the Managing Authority and the Secretariat for the Programme Monitoring Committee is provided by EUD and SEUPB for their respective committees. They are responsible for the preparation of documentation relating to monitoring, reports, agendas and records of meetings.