

Me Walker / Kent 29/12

(538)

Copy of new EC proposal
for information.

PLA. Peace Bids
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21 December 1994

cc Secretary (Without Enclosures)

TO: Mr McCann
Mr Crozier
Mr Gibson
Mr Morrison
Mr McDonnell
Mr Buckland
Mr Henderson

cc Billy
Helen
Tom

For information
29/12

FROM: A W Hamilton

ESPECIAL EC PROGRAMME FOR NORTHERN IRELAND

I attach for information a copy of the Commission proposal which was accepted by the Council at Essen recently. The package consists of 300 mecu (cf240 m) over 3 years, to be shared with the border counties of the ROI. The unannounced split is 82:18 in favour of NI and a further award may be made in 1998. The eligible categories remain urban and rural regeneration, employment, cross-border activities, social inclusion and investment and industrial development.

The Commission (in negotiation with the UK and ROI) will now produce guidelines to govern the measure (probably February) after which an earning programme must be tabled. It may, therefore, be April or May before we get to application stage. However, we will wish to review our thinking before then, to ensure that the emerging guidelines are in line with our requirements. Could I ask you, therefore, to begin to reconsider and prioritise and size your previous suggestions of earning actions. A further contribution by mid-January would be helpful.

One possible means of proceeding would be for a small group here to give initial consideration to your suggestions, but the Secretary may wish to settle our final priorities at a Departmental Board meeting.

A W HAMILTON

NWH0336JMK



DEPARTMENT OF ECONOMIC DEVELOPMENT
An Equal Opportunities Organisation

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Rev. 4

A SPECIAL SUPPORT PROGRAMME FOR PEACE AND RECONCILIATION IN NORTHERN IRELAND

Communication from the Commission to the Council and the European Parliament

A SPECIAL SUPPORT PROGRAMME FOR PEACE AND RECONCILIATION IN NORTHERN IRELAND

I Introduction

The Joint Declaration of the United Kingdom and Irish Prime Ministers on 15 December 1993, which launched the present peace process, recognised the need to lay down a framework for peace based on a number of key principles articulated by both governments.

The European Union welcomed the signing of this Joint Declaration and the European context of the statement, highlighting in its response the European Union's commitment to promote social and economic progress in the region, especially through the application of the Structural Funds.

The next significant stage of this peace process was the announcement by the IRA and the Loyalist paramilitary organisations of a complete cessation of violence. In a public statement following these announcements President Delors on behalf of the Commission declared its full commitment to the peace and reconciliation process. In addition, it restated the Commission's view that the achievement of peace in Northern Ireland would bring many social and economic benefits, not only to the region and the Member States concerned, but also to the European Union as a whole.

As a first response to the new situation, the Council adopted Regulation N° 2687/94 of 31 October 1994¹, providing a continuing basis for three years of funding by the European Union to the International Fund for Ireland while endorsing the increase of the annual contribution from 15 to 20 mecu.

At the same time, the Council and the European Parliament emphasised the importance of the peace process for the European Union. On 14 September 1994, the President of the European Parliament exceptionally opened a plenary session with a statement about the events in Northern Ireland. A resolution on this matter was adopted by the European Parliament². Equally, members of the European Parliament from Northern Ireland and the border counties of the Republic have played an active role in the continued promotion of peace.

Shortly after the cessation of violence in Northern Ireland, a special Commission Task Force was created. Its remit was to look into further ways of giving practical assistance to Northern Ireland and the border counties of the Republic in consultation with the two Member States most directly concerned. In particular the Task Force was requested to consider ways to develop and refocus the policies of the European Union to help those people who have been

¹ OJ L 286, 5/11/94, p. 5

² EP 182021, p.4

most affected by the conflict to live together in mutual respect and economic prosperity. The Task Force adopted a broad and open consultative approach. The MEPs for Northern Ireland and the border counties of the Republic were in close touch with the Task Force. Extensive consultations took place and valuable submissions were received from many different quarters including local authorities, business, trade unions, voluntary, and other groups. The input from this consultative process was of great interest and indispensable for the work of the Task Force.

II Priorities for Action

On the basis of the Task Force's work, the Commission has focused its attention on the new opportunities and additional needs brought about by the cessation of violence in Northern Ireland, and on the possible measures to address these new priorities.

The need to promote growth and expand job opportunities is paramount. This is a general requirement, but it is most acute for those who are marginalised from the economy, particularly the young and long-term unemployed. Unemployment as a whole, and within that long-term unemployment, is particularly acute in Northern Ireland, as well as in the border counties of the Republic. In Northern Ireland there are currently about 101 000 people unemployed, of whom 54 000 have been unemployed for more than one year, and 18 000 for more than 5 years. Over 37 000 are unemployed in the border counties of the Republic, representing 18 % of the workforce as against the national average of 15.6 %. Of these, 31 % have been unemployed for more than two years. Northern Ireland has a very high number of school leavers without formal educational qualifications, and more than 50 % of the unemployed have no formal qualifications. It is imperative to act quickly to prevent people from joining the ranks of the long-term unemployed and thus becoming disaffected with the peace process. Due to the new situation forecasts suggest that in the short-term 20 000 jobs may be lost in the security and other sectors. This means a need to redirect redundant skills arising from the peace process. However, in the longer-term there should be a significant net increase in jobs, especially in service industries.

Acceleration of urban and rural regeneration would have an immediate and visible impact within Northern Ireland and the border counties of the Republic. Improvement of the physical environment, of the inadequate outdoor facilities and community services would provide an important boost to the region. The commercial life and heart of not only the towns, but also of the villages have been restricted by the violence and many have the scars of destruction from bombings. Improvements to the physical environment of towns and villages, including local development, would contribute to overcoming existing constraints to their successful regeneration.

Analysis has shown that the potential for cross-border cooperation across a wide range of domains is far from fully exploited. The new situation offers scope to realise this potential, for example by reinstating closed cross-border roads and the establishment of new business links.

The new circumstances provide a challenge to all to promote social inclusion, to put behind them the alienation and marginalisation caused by the violence. In particular, those who have been victims, whether individuals or whole communities, and those who have not benefitted from life in a normal society, expect the new developments to bring about a clear change. A basic ingredient will be the promotion of understanding, communication and partnership by developing a reconciliation process, in particular in those areas most damaged by the conflict, which develops and builds on the existing solidarity within communities.

The current process of peace and reconciliation enhances the opportunities for business and investment in the region. To take advantage of these opportunities, a significant and sustained level of productive investment is required to upgrade the competitiveness of the local business sector, mostly consisting of small and medium sized enterprises (SMEs), and gradually to reduce unemployment levels over the coming years. Moreover, certain companies will have to undertake major restructuring and transformation efforts to safeguard their future development.

The Commission has therefore come to the conclusion that, as a result of the cessation of violence, the following priorities should be addressed:

(i) Employment

This would include measures to boost economic growth and employment, including mechanisms to anticipate labour market trends and skill and qualification needs, to strengthen innovation and R&D (especially in SMEs) and to support and enhance the expected growth in sectors such as tourism (including agri-tourism). It should also reinforce efforts for the long-term unemployed, and the young, provide for the greater participation by women in the labour force, and support the redirection of redundant skills, especially in the security sector. More concrete examples could include innovative schemes designed to place the long-term unemployed in work; support for expanded training courses and facilities; community-based guidance services; and the coordinated pooling of training facilities between various training institutions.

(ii) Urban and rural regeneration

This would involve the promotion of wide-ranging local development and of social and economic regeneration, in particular through the improvement of the social and physical environment in urban areas, towns and villages, including village renewal, landscaping, the clearing and development of derelict sites, and measures to meet the needs of rural dwellers. It would also include community development and the provision of facilities for small businesses, small rural infrastructures and social and cultural activities to be established and developed. More concrete examples could include development, training and capacity building related to urban and rural regeneration; investments to remedy the physical problems of the 15 peace lines; the pedestrianisation of selected areas; and the provision of parks and children's playgrounds.

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(iii) Cross-border development

This would involve a wide range of measures to exploit the opportunities for increased cross-border development arising from the new situation through, for example, enhanced trade, economic and agricultural cooperation as well as the upgrading of infrastructures. Assistance could be given to companies to establish joint ventures, and to undertake joint marketing and R&D on a cross-border basis. More concrete examples could include establishing energy links; reinstating closed cross-border roads and bridges; and joint animal health, food and forestry actions.

(iv) Social inclusion

This would aim to promote pathways to reconciliation by encouraging grass roots cross-community cooperation especially in the most deprived areas in Northern Ireland and the border counties as well as action to address the specific difficulties faced by vulnerable groups. It would combine economic and social measures to help tackle the problems experienced by victims, children, young people, and those previously caught up with violence. Examples of activities which offer particular scope for bringing communities and individuals together include culture and the arts, sports and leisure, the environment, education and care services. This would also include the encouragement of cross-community contacts and exchanges in Northern Ireland and the border counties of the Republic following models which have been successful in other Community programmes. More concrete examples could include actions to provide integrated nursery places and assistance for children in the most disadvantaged areas; schemes to improve pupil performance in basic skills; social advice and information; and cross-community art and cultural facilities.

(v) Investment and Industrial Development

This would aim to enhance existing facilities to promote productive investment, industrial development and services, particularly the development of SMEs

In order to address these new priorities, the Commission examined existing Community policies with a view to their possible refocusing and considered new initiatives and instruments as supplementary means of supporting the process of peace and reconciliation.

III Existing Policies

Northern Ireland is at present a significant beneficiary of the Union's policy of economic and social cohesion, principally through the Structural Funds. Northern Ireland received over one billion ECU from the European Structural Funds between 1989 and 1993, and the Commission agreed a six year programme at the end of July 1994, the Single Programming Document (SPD), with European funding of over 1.2 billion ECU. Further assistance is foreseen under a number of Community Initiatives such as INTERREG, LEADER, URBAN and EMPLOYMENT.

The structural funding for the Republic is set out in the Community Support Framework (CSF). In this context Ireland will receive a total of 5 620 mecu over the period of 1994-1999. Further assistance is foreseen under the Community Initiatives and the Cohesion Fund.

Moreover, both areas will receive assistance under several other Community policies. The Cork-Dublin-Belfast-Larne-Stranraer link is on the first priority list for the Trans European Network programme (TEN).

A number of facilities and programmes exist to promote investment and industrial development (Seed and Venture Capital and the SME Initiative under the Structural Funds, EIB loans, SME Facility and EIF loan guarantees).

However, it has become clear that these existing policies in their present form are not sufficient in themselves to address the new opportunities and additional needs occasioned by the changing situation. New approaches are needed, both within existing policies and through new measures, to ensure that the full potential of the region is now realised.

IV The New Package

The Commission considers that a new overall support package is required if Community assistance is to contribute successfully to this unique opportunity for reconciliation, and social and economic recovery. The new priorities of the area can best be met by the introduction of a special distinct support programme with an immediate and lasting impact on the ground. This programme should be multi-annual, comprehensive and complementary to existing policies under the Structural Funds.

Moreover such a programme should be additional in its funding both as to the Community's contribution and as to the matching parts from both governments. Its central objective should be reconciliation; the programme should benefit all communities in an equitable and balanced way while focusing more particularly on those areas and sections of the population suffering most acute deprivation.

Finally, the Commission considers that at the local level, local authorities, business, trade unions and voluntary organisations should be involved in shaping and implementing the

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proposed package of measures.

On the basis of these considerations the Commission proposes that a specific support programme for Northern Ireland be established based on the following elements :

- (i) The commitment of the two governments to use the existing adjustment mechanisms to refocus existing Structural Fund programmes (the SPD in Northern Ireland and the CSF in Ireland) in order to accommodate the new demands and challenges which have arisen from the cessation of violence and thereby optimise support for the sustained social and economic development of the region.
- (ii) The commitment of the two governments to take the best advantage of the new situation in finalising and implementing their operational programmes under the existing Community Initiatives.
- (iii) The introduction by the Commission of a new integrated and distinct Community Initiative for Northern Ireland and the border counties of the Republic aimed at supporting fresh actions particularly in deprived and marginalised areas and at promoting reconciliation through :
 - urban and rural regeneration
 - promoting employment
 - cross-border development
 - social inclusion.
- (iv) Moreover, it would be advisable to maintain an interest subsidy on EIB loans to SMEs both in Northern Ireland and the border counties of the Republic for a further period after the expiry on 1/7/95 of the existing SME Facility. Such a specific facility, which could be integrated into the new Community Initiative outlined above, would provide investors with a reasonable time horizon to prepare and implement investment plans. This would promote the development of SMEs which are the backbone of sustainable growth and job creation in the region. However, a small increase of the existing interest rate subsidy and more flexible conditions have to be considered.
- (v) The examination of programmes and actions in other policy areas in the light of the new situation such as TENs (e.g. Newry-border motorway).
- (vi) The integrated management of existing and new policy instruments in order to ensure full coherence and complementarity, with special attention to the scope for co-financing programmes or parts thereof with such organisations as the International Fund for Ireland.

V Further Arrangements

The appropriate involvement of local and grass roots organisations in shaping and implementing the programmes is strongly recommended. Appropriate consultative platforms for the whole package should also be considered. Monitoring and management arrangements should build on the experience with cross-border programmes under INTERREG.

Information on how to access the funding should be readily available.

The Commission is of the opinion that the new Community Initiative should be established for a five year period coinciding with the remaining period covered by the Structural Fund programmes. Additional funding should be allocated for the first three years. A total of 300 mecu is proposed as additional EC aid. Further financing for the last two years will be subject to a review on the basis of a Commission report. However, the costs of the suggested interest subsidies on EIB loans to SMEs should be spread over five years.

As far as the co-financing rate is concerned, it is suggested that, as a rule, the Community should finance 75 % of the cost of the measures under the new single Community Initiative.

VI Conclusion

The Commission recognises that both the society and economy of Northern Ireland and the border counties of the Republic have suffered as a direct consequence of the violence of the last 25 years. To strengthen the present fragile peace, the problems, in particular of the most deprived areas, need to be addressed further to demonstrate to the ordinary people that there is a real benefit to be gained from continuing this process.

The Commission is of the opinion that current developments offer many new opportunities to bolster reconciliation and economic and social regeneration in the area. These opportunities and the additional needs must be addressed, for example, the redirection of redundant skills. Concrete results must be obtained as quickly as possible.

The European Union has a clear interest and a vital role to play in maintaining the momentum of the peace process. It therefore proposes a special support programme for peace and reconciliation for Northern Ireland and the border counties of the Republic consisting of the elements outlined in this Communication.

The Commission will prepare the necessary steps in early 1995 to establish a new integrated and distinct Community Initiative to promote reconciliation through the support of fresh actions in the area of urban and rural regeneration, employment, cross-border development, social inclusion and investment promotion.