

INTRODUCTION

1. The purpose of EU Regional Policy is to provide EU Member States, and regions within Member States, with assistance to overcome structural deficiencies and to enable them to strengthen their competitiveness and increase employment. The EU Structural & Cohesion Funds, the second largest item of EU expenditure, can be used for a wide range of activities including developing transport and communications, investing in infrastructure, supporting innovation, enterprise and business development, protecting and enhancing the environment, supporting specific sectoral and regional economies, delivering active labour market policies, improving skills and education levels.

2. The current cycle of Structural Funds programmes will come to an end in 2006 with new programmes coming into effect in 2007. Agreement on the EU Budget was reached at European Council on 17 December 2005. The Agreement, which diverts EU resources to the new Member States, means that the UK will receive considerably reduced levels of EU funding – about half the level of Structural Funds received for 2000 to 2006. This reduction carries through to Northern Ireland which will receive in total £325 million for Competitiveness & Employment EU funding. Final agreement by the Council and the European Parliament at the end of July 2006 on the package of new Structural Funds Regulations and the EU Community Strategic Guidelines¹ (CSGs) provide the framework for how the funds can be spent and sets out the EU strategic priorities i.e.
 - Making Europe and its regions more attractive places to invest and work;
 - Improving knowledge and innovation for growth; and
 - More and better jobs.

¹ [Community Strategic Guidelines](http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/050706osc_en.pdf)
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3. The new General Regulation introduced provisions to strengthen the strategic focus of EU regional policy. In addition to the agreement of the CSGs, each Member State is required to draw up a National Strategic Reference Framework (NSRF) setting out its main priorities for spending their Structural Funds – its purpose being to provide a reference framework for drawing up its Structural Funds Operational Programmes in line with the CSGs and its National Reform Programme (NRP) for delivering the Lisbon Agenda. The UK Government consulted on a draft NSRF in early 2006 and published its NSRF² in October 2006 – this included a Northern Ireland Chapter setting out a strategy and overall priorities for spending Competitiveness & Employment funding for the seven years 2007 to 2013. The UK opted not to include in the NSRF its priorities for Territorial Cooperation funding, because of the need to closely consult with other Member States on these Programmes.

4. The General Regulation established three Objectives for the Funds:
 - a Convergence Objective (replacing the current Objective 1), to support the economic convergence of poorer regions with GDP per capita below 75% of the EU average;
 - a Regional Competitiveness and Employment Objective (replacing the current Objectives 2 and 3), to increase competitiveness and employment in more prosperous regions; and
 - a Cooperation Objective (which replaces the current *Interreg* Community Initiative), to finance cross-border and trans-national cooperation projects.

Northern Ireland qualifies for Competitiveness & Employment funding and under the Cooperation Objective will receive funding under a further Peace & Reconciliation Programme, a cross-border programme with Ireland & Scotland and have access to transnational programmes for individual project funding.

² National Strategic Reference Framework <http://www.dti.gov.uk/files/file34769.doc>

5. The General Regulation also established a timetable for the submission of proposals for operational programmes to the European Commission within 5 months of the adoption of the CSGs ie with CSG adopted 6 October 2006, draft Programmes need to be submitted to the Commission by 6 March 2007. Another noteworthy requirement introduced by the General Regulation was the European Council's December 2005 decision that a minimum of 75% of EU Competitiveness & Employment spending in each Member State must be focused on set activities to support the Lisbon Agenda i.e. to make the European economy the most dynamic and successful in the world by 2010.

6. Each Operational Programme, as set out in the General Regulation³, must contain:
 - A socio economic analysis of the region in question;
 - A summary of the policy context for the programme;
 - A description of the programme aims, objectives and priorities;
 - Co-ordination arrangements with other EU Community funding; and
 - Arrangements for delivery and evaluating the programme

7. Preliminary financial tables for consultation purposes have been included as Annex 1 in the draft Competitiveness & Employment Programmes at Annex A & B, and indicative budgetary allocations under each priority are given. Full financial tables and further details on the programme implementation arrangements will be included in the final versions of the draft programmes.

8. In accordance with the General Regulation, an ex-ante evaluation has been undertaken for each of the two draft Operational Programmes. These evaluations have been undertaken on an iterative and independent basis by the Northern Ireland Statistics and Research Agency (NISRA) throughout the development of the draft programmes. The purpose of the ex-ante

³ [General Regulation](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/ce_1083(2006)_en.pdf)
[http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/ce_1083\(2006\)_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/ce_1083(2006)_en.pdf)

evaluations is to review the development of Operational Programmes to identify and appraise any disparities, gaps and potential for development and to ensure the coherence of the programmes with EU priorities. The ex-ante evaluation report for each programme will be available with the final version of the draft Operational Programmes.

9. Equal Opportunities Impact Assessments screening and a Strategic Environmental Assessment screening has been carried out on both draft programmes. Also, a rural proofing exercise has been carried out for each Programme and there are no negative implications.

10. Finally, as required by the EU Regulations, the Government is committed to developing and delivering Structural Funds Programmes in partnership with stakeholders. Partnership involves a wide range of organisations – including economic and social partners, local authorities and voluntary and community organisations – and NI public representatives and relevant staff from the European Commission. The Department of Finance and other key NI Departments developing these programmes, have consulted informally with NI's political, social and economic representatives in the drawing up of the NI Chapter of the UK NSRF and took part in a number of consultation events across Northern Ireland during the formal consultation in early 2006 on the draft UK NSRF. At that time a Consultative Partnership Group was established with a full range of partner interests to inform the development of the Competitiveness & Employment Programmes. The Group met on three occasions, and discussed and commented upon various drafts of the programmes.