

# **Northern Ireland Community Support Framework**

**Annual Implementation Report  
2005**



**EU Structural Funds  
2000 – 2006**

**CCI No: - 1999/GB 161 CC 006**



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# 1. INTRODUCTION

## 1.1 DETAILS OF THE REPORT

This is the fifth Annual Implementation Report (AIR) on the Northern Ireland Community Support Framework (CSF) (CCI No: - 1999 GB 16 1 CC 006) and relates to the calendar year 1 January 2005 – 31 December 2005. The Monitoring Committee approved it by written procedure on 19<sup>th</sup> September 2006.

## 1.2 THE COMMUNITY SUPPORT FRAMEWORK

The Northern Ireland Community Support Framework (CSF) is the 'umbrella' strategic document, which sets the priorities for and steers the implementation of the Structural Funds in NI. It is made up of two Operational Programmes, the **Building Sustainable Prosperity (BSP) Programme (1.1.2000 – 31.12.2006)** which applies to Northern Ireland only and the **EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland (PEACE II)** i.e. the border counties of Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo (1.1.2000-31.12.2004). Only the Northern Ireland component of the PEACE II Programme contributes to the NI CSF. In June 2005 the PEACE II Programme was extended for a further 2 years for the period 2005-2006 with an additional £120m (€160m).

The distinct but complementary roles of the two Operational Programmes in delivering the objectives of the CSF is described in the CSF document, chapter 12. In summary, the BSP Programme, a Transitional Objective 1 Programme, addresses the wider developmental issues facing Northern Ireland and therefore operates in a similar way to other Structural Funds interventions throughout the European Union. The PEACE II Programme, a Special Programme of the EU, addresses the economic and social issues identified in the CSF in the more specific context of Northern Ireland's current transition to a more peaceful and stable society.

The original EU contribution under the CSF was €890m for BSP and €425m for PEACE II. During 2004 as a consequence of the allocation of the BSP Performance Reserve, the EU contribution to BSP was raised to €929m.

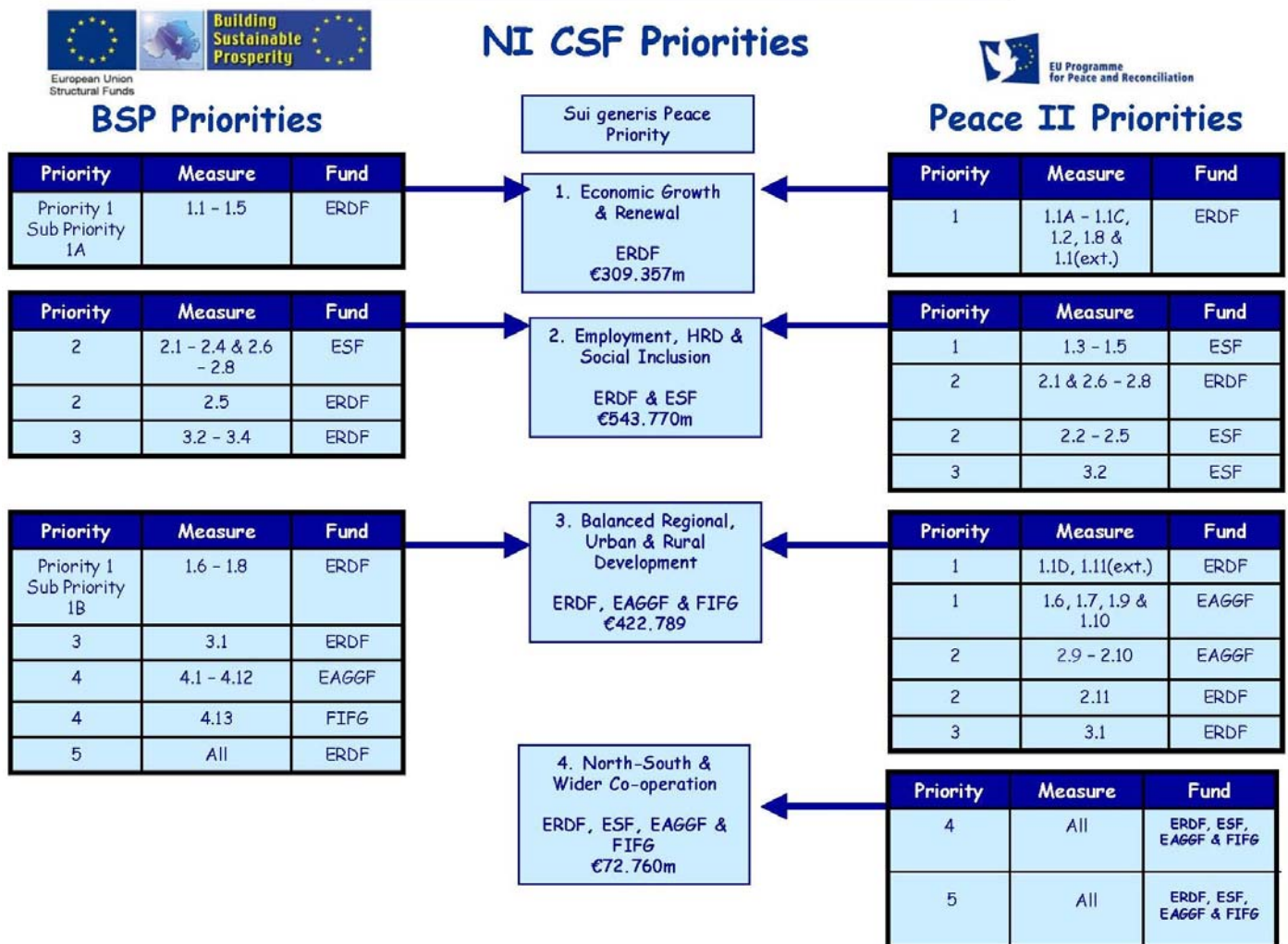
The amendments to the CSF to reflect these changes to the BSP were reported in the 2004 Annual Report. In spring 2005 the CSF was again revised to incorporate the extra funding proposed for the PEACE II Extension and updating of the document text to reflect changes in regulations, etc. since 2000. This amendment was approved by the CSF Monitoring Committee through written procedure on 29 April and forwarded to the European Commission who issued a fresh Commission Decision, C(2005)1591 on 2<sup>nd</sup> June 2005. A revised Commission Decision for the PEACE II Programme, C(2005)1721, was issued on 3<sup>rd</sup> June 2005.

Operating outside the CSF there are also four EU wide Community Initiatives in Northern Ireland, which as special financing instruments are a means of addressing specific problems affecting the EU as a whole. The CSF Monitoring Committee takes an overview of these Initiatives. They are EQUAL (Promoting equality of access to the Labour Market), INTERREG IIIA (Cross border and inter-regional co-operation), LEADER+ (Rural Development) and URBAN II (Inner City Regeneration).

### 1.3 AIM OF THE CSF

The CSF 2000-2006 aims to achieve a transition to a more peaceful, stable, prosperous, fair and outward looking society, sustained by a better physical environment. The CSF has translated this aim into 5 Priorities and Figure 1 below shows how the BSP and PEACE II Programme Priorities contribute to the CSF Priorities.

Mapping post-Mid-term Review and PEACE II extension to 2006



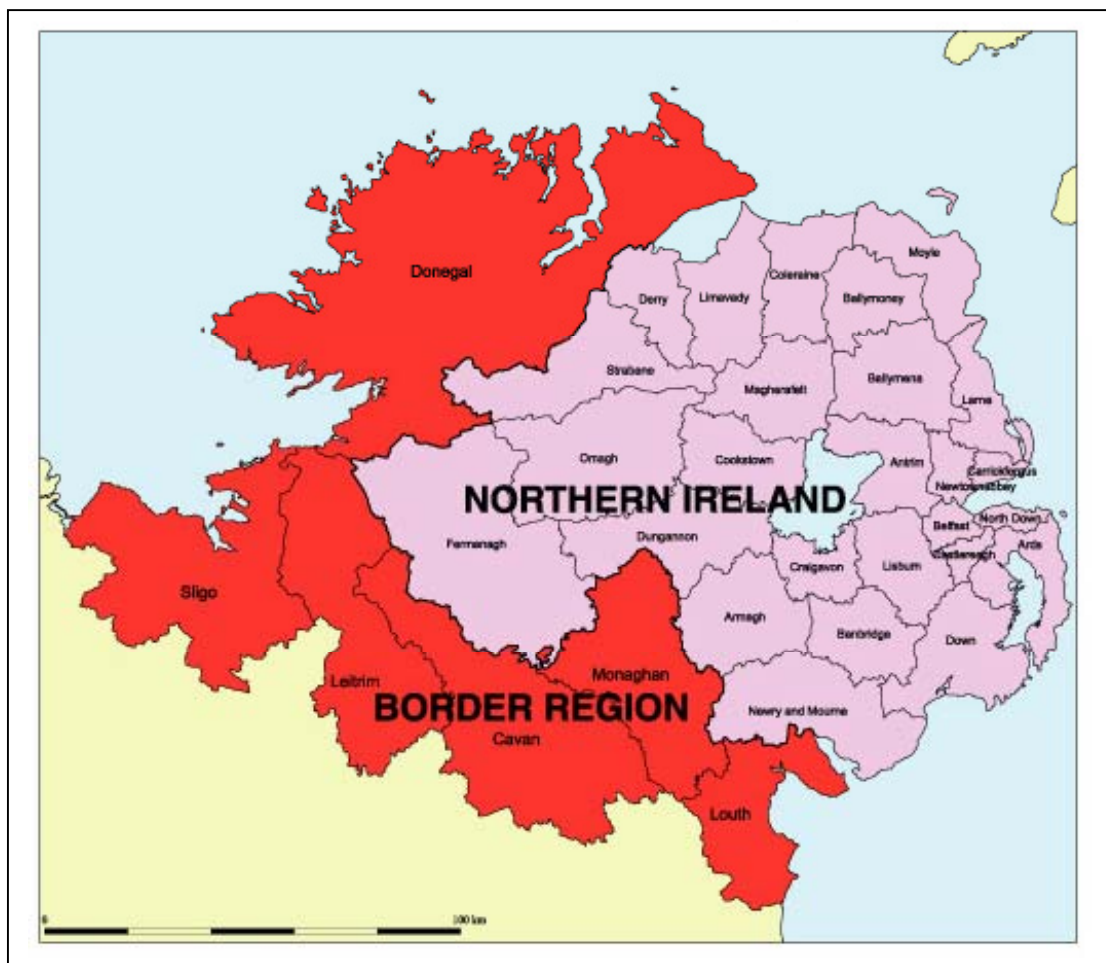
During the period of this report, the NI CSF has added value to the above aim in several areas, which are reported on in more detail in subsequent sections:

- ❖ Employment measures have contributed to record employment levels in the region (see sections 2.1.3, 2.2 and Priority 2).
- ❖ Business support, R & D and infrastructure measures have contributed to the continuing growth in the economy (see sections 2.1.3, 2.1.6, 2.1.11, Priorities 1 and 3).

- ❖ The PEACE II Programme has acted as a catalyst for change and engagement and has aided in building skills, capacity and confidence (see Sui Generis Priority).

#### 1.4 AREA COVERED: NORTHERN IRELAND

Geographically, Northern Ireland is situated on the North West periphery of the United Kingdom and the European Union. Northern Ireland is the smallest region in the UK with an area of 14,160 square kilometres, of which 584 square kilometres comprises inland water. It is comparable in size to the West Midlands in the UK (12,998 square kilometres), Vlaams Gewest in Belgium (13,512 square kilometres) and Campania in Italy (13,595 square kilometres). Northern Ireland is bordered by the Atlantic Ocean to the North and the Irish Sea to the East. To the South and West a continuous land border with the Republic of Ireland stretches for 499 kilometres.



On Census Day 2001 the population of Northern Ireland was 1,685,267. Males comprised 49% of the total and females 51%.

Northern Ireland is predominately rural with two-thirds of its population living within a 50 kilometre radius of Belfast, in the East of the region.

With a 2001 population density of 124 persons per square kilometre, Northern Ireland was the second most sparsely populated UK region. Only Scotland had a lower population density.

Over the last 100 years the population of Northern Ireland has grown by around 37%. The population of Northern Ireland grew by 0.5% on average each year over the period 1981-2001, compared with a 0.3% average annual increase for the United Kingdom.

A full social, economic and environmental profile of the region is set out in chapter 1 of the Community Support Framework document, which forms the background for this report.

## **2. CHANGE IN GENERAL CONDITIONS – SOCIO ECONOMIC REVIEW**

### **2.1 SOCIO-ECONOMIC REVIEW**

#### **2.1.1 SUMMARY**

The Northern Ireland economy at the macro level has improved considerably in recent years, boasting record high levels of employment and solid rates of economic growth. The UK's strong macro-economic fundamentals and strong growth in public expenditure have contributed towards Northern Ireland's positive performance. Improvement has been made across most industry sectors, particularly so in the service sector which has experienced an increase of more than twice that of the UK over the past year. Similarly, manufacturing output in Northern Ireland showed higher growth in 2005 than it did in the UK. The unemployment rate has moved from being highest amongst UK regions to a much more favourable position below the UK average. Although on the surface the economy gives a generally positive impression there still remain a number of areas that need attention. In the labour market, economic activity rates have shown little sign of improvement over the six years to 2005 and inactivity rates remain highest amongst the UK regions. The main contributor to the production industries, manufacturing, has experienced heavy job losses since 1999 even though output growth within the industry has been positive. Indeed, Gross Value Added (GVA) estimates released in December 2005 would suggest that whilst there has been steady year on year growth for Northern Ireland, there has been minimal change relative to the UK overall position post 1999. Other indicators show that, although improving upon the UK average, by April 2005, median gross weekly earnings for full-time employees across the UK regions were reported second lowest in Northern Ireland.

#### **2.1.2 MAIN CHANGES SINCE THE IMPLEMENTATION OF THE PROGRAMME**

During 2005, the Northern Ireland Assembly has remained in suspension and direct rule from Westminster has been in place. Assembly elections were

held in November 2003, but as yet the devolved administration has not been restored and pressure continues to mount on political parties for a return to power-sharing. It is difficult to gauge the economic impact of the Assembly's suspension, but a PWC survey carried out for the BBC in 2002 found that most firms cited "political stability" as the main factor that would stimulate Northern Ireland economic growth.

Although there have been changes in socio-economic conditions, which are detailed later in this section of the Annual Report, most of these reflect ongoing trends that were evident at the outset of the Programme. However, it must be noted that there are areas that have seen positive change since 1999 but others that continue to be problematic. For example, the size and spending power of the public sector continues to largely influence economic growth irrespective of private sector achievement. Unemployment rates have continued to decline but longer-term unemployment is still a major problem, which is proving difficult to address. Nevertheless, employment in Northern Ireland remains at record high levels with total employee jobs totalling 693,450 in September 2005. However, this upward trend has been evident since 1993. The agricultural sector has continued to struggle and is expected to continue to face challenges following the most recent CAP reforms as well as the cost and practical problems involved in the delivery of a range of EU environmental directives.

### 2.1.3 RELATIVE IMPACT OF SOCIO-ECONOMIC DEVELOPMENTS

The Government has retained the five priorities<sup>1</sup> contained in the former Executives last draft Programme for Government (September 2002) as the basis for its work and as reported last year there has been no shift in policy in the period covered by this report, with a continuing focus on infrastructure investment and on reform and modernisation of public services across all five priorities. This focus has been further enhanced by the publication of an 'Investment Strategy for Northern Ireland' by the Strategic Investment Board. The Strategy contains a blueprint for transforming Northern Ireland into a

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<sup>1</sup> Growing as a Community; Working for a healthier people; Investing in Education and Skills; Securing a Competitive Economy; and Developing North/South, East/West and International Relations.

successful, competitive, regional economy with high quality public services. As noted by the Secretary of State, *“we are clearly signaling Government’s strong commitment to taking forward major programmes of work including education, health and transport and, of course, those areas that fall within EU compliance”*.

Furthermore the Review of Public Administration, announced in November 2005, details large-scale re-structuring of local government, health and education authorities. In addition, the ‘Economic Vision for Northern Ireland’ sets out a strategic vision which *‘aims to ensure that Northern Ireland benefits from the Government’s long-term focus on faster economic growth and improving living standards across the United Kingdom’*. This is further support for the former Executives key priorities and is in line with UK policy.

There have been a number of positives regarding the economic conditions within Northern Ireland where growth in the economy has continued throughout 2005 although several challenges remain, particularly in the traditional and low value added sectors. However, overall there has not been a significant change in the general conditions in Northern Ireland that would necessitate an adjustment to the current Programme strategy. In fact, the focus of the current programme is entirely consistent with the Government’s strategy on improving productivity, that is innovation, entrepreneurship, skills and investment.

One current challenge to continued growth in the economy is the increasingly global nature of the marketplace. This is the challenge facing businesses in not only Northern Ireland but across all EU regions over the next few years and the importance of competitiveness in the marketplace will be key, which is consistent with the Lisbon Strategy.

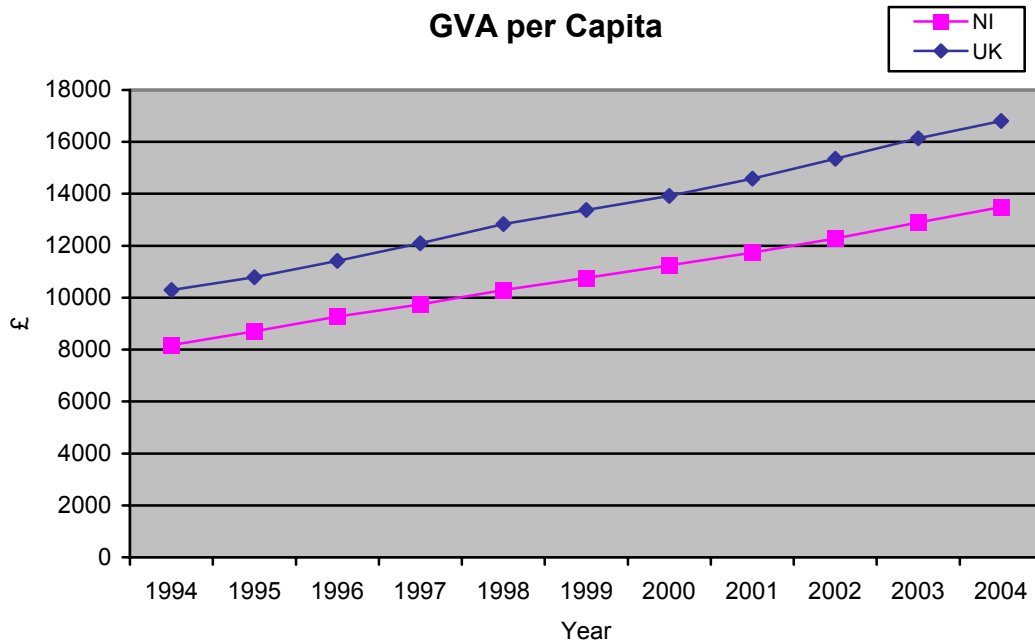
Expenditure on R&D is also a key area in developing the economy within Northern Ireland. The reason for this is that Northern Ireland continues to have relatively low levels of expenditure on R&D when compared with the rest of the United Kingdom, however recent years have seen R&D expenditure growing at a faster rate than the UK. Improvements have also been made in the manufacturing sector as Northern Ireland gradually moves to higher value added sectors (as noted in the CSF ex-ante in 1999). Nevertheless, improvements will need to continue both in R&D expenditure and in the

manufacturing sector to close the gap in economic performance with the UK and other EU regions. This is also a key priority of the Lisbon Strategy.

The remaining paragraphs in this section discuss further the socio-economic conditions.

#### 2.1.4 GROSS DOMESTIC PRODUCT/GROSS VALUE ADDED

Gross Value Added is used globally as a measure of economic performance. Under the European System of Accounts 1995, the term Gross Value Added (GVA) is used to denote estimates that were previously known as Gross Domestic Product (GDP) at basic prices. The latest available data shows that in Northern Ireland GVA per capita increased by 65.0%, in nominal terms, between 1994 and 2004 compared to the overall average UK growth rate of 63.1%. As a percentage of UK GVA per capita, the Northern Ireland position has risen from 79.3% in 1994 to 80.2% in 2004. However, the five-year period between 1999 and 2004 highlights growth rates more consistent with the UK: 25.2% in Northern Ireland and 25.6% across the UK. Similarly, as a percentage of the UK GVA per capita average, Northern Ireland has remained consistently around 80% over the 1999-2004 period. GVA estimates for all of the UK Government Office regions (including Northern Ireland) are produced annually by the UK Office for National Statistics (ONS). Eurostat, the statistical body for the European Union, produce estimates of GDP per inhabitant, calculated using Purchasing Power Parities (used to account for differing regional price levels). The latest of such estimates show that in 2003 Northern Ireland stood at 93% of EU 25, comparing to the UK at 116% of EU25, and Ireland at 134% of EU 25.

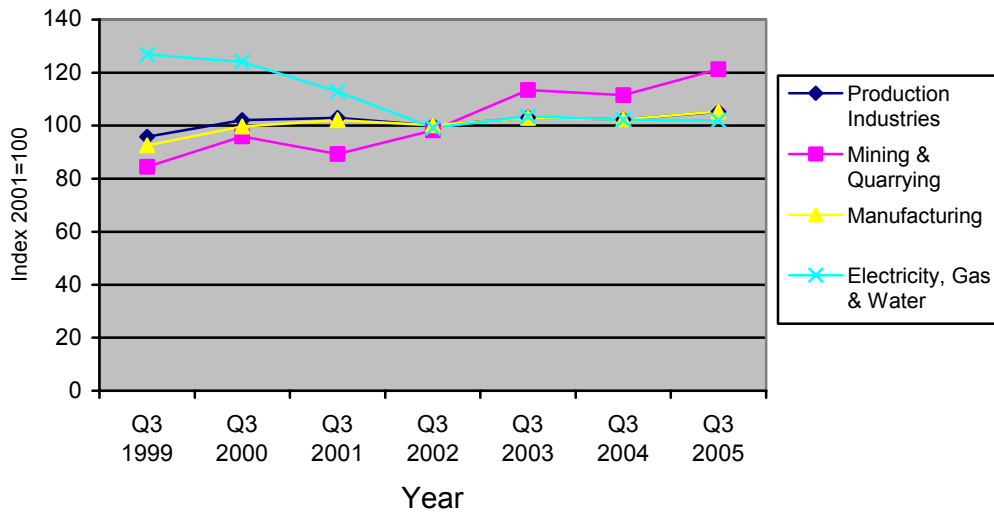


### 2.1.5 OUTPUT

The index of Production is a quarterly survey of over 600 companies and is designed to provide a general measure of changes in the output of the Manufacturing, Electricity, Gas and Water, and Mining and Quarrying industries. Output from all the production industries increased by 2.8% over the year to quarter three of 2005 in Northern Ireland, with the manufacturing component of this increasing by 3.1%. In contrast, the UK figure for all production industries fell by 1.2% over the same period, with the UK manufacturing component showing an increase of 0.1%. Manufacturing is typically the main determinant of change in the production sector and continues to maintain an important position within the Northern Ireland economy. Within Northern Ireland, the manufacturing sub-section that showed the greatest increase over the year to Q3 2005 was Engineering and Allied Industries (13.7%), while the sub-section showing the greatest decrease in output was Leather, Textiles and Textile Products (-16.1%). Over the period Q2 1998 to Q2 2003 Northern Ireland manufacturing output increased by 27% compared to a UK decrease of 1.6%, while the sub-sector of engineering and allied industries increased by 37.3% in Northern Ireland compared to a decrease of 0.4% in the UK. Over the six years between Q3

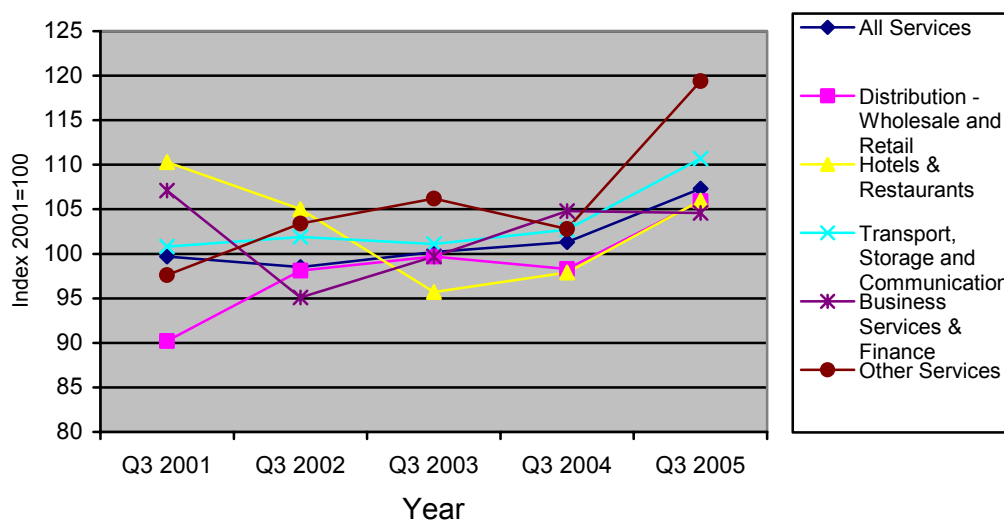
1999 and Q3 2005, manufacturing output in Northern Ireland increased by 13.8%.

### Output of the Production Industries



As a result of increasing demand for better short-term measures of the performance of the service sector in Northern Ireland, the Department for Enterprise, Trade and Investment has developed a new experimental Quarterly Inquiry into the Distribution and Services sector. The survey is designed to provide a general measure of changes in output of the private service sector industries. Northern Ireland's increase in the Service sector over the year to the third quarter of 2005 (5.9%) is higher than that for the UK as a whole, which increased by an estimated 2.5%. Historically, Northern Ireland Services have increased by 14.6% from quarter one of 2001 to quarter three of 2005, compared to an estimated increase of 13.7% for the UK as a whole over the same period.

### Northern Ireland Index of Services



The Index of Construction (indexed to 2000) provides a quarter 4 2005 figure of 97.8, a rise from 94.9 in the corresponding quarter of 2000. Over this period there was a notable degree of fluctuation. With specific regard to output, the estimated seasonally adjusted value (at 2000 prices) was £542 million in quarter 4 2005, an increase of 7.3% on the corresponding quarter in 2004 (£505 million), and an increase of 3% on the corresponding quarter in 2000.

#### 2.1.6 PRODUCTIVITY

Economic growth in Northern Ireland is largely driven by productivity growth, which can be measured as output per hour worked. GVA per hour worked in Northern Ireland as a proportion of the UK increased from 85% in 1999 to 86.2% in 2001, but then subsequently fell to 84.3% in 2003.

Similar to the calculation of overall productivity growth, the index of manufacturing productivity measures the number of units of output produced per person per paid hour. Between Q3 1999 and Q3 2005, manufacturing productivity in Northern Ireland increased by 41%. The index of manufacturing productivity has shown an upward trend in recent years due to the fact that manufacturing output has remained fairly stable despite a fall in the numbers employed in the manufacturing sector.

Total expenditure on Research and Development (R&D) in Northern Ireland was £272.7 million in 2004, representing a rise of 4.2% in cash terms (2% real terms) from the 2003 figure. Of this 2004 total, £124.3 million (45.6%) was spent by businesses, £136.1 million (49.9%) by the Higher Education sector and the remainder (£12.3 million) was Government Expenditure. Both business R&D and higher education R&D rose in real terms over the period, the former by 0.4% and the latter by 4.2%. Analysis of R&D expenditure at industry level shows a decrease under manufacturing of 4.3% to £82.2 million in 2004, compared to an increase under Services and other sectors of 19.6% to £41.5 million. Expenditure recorded by small sized firms (less than 50 employees) has increased in 2004, and now represents 28.2% of total R&D expenditure, compared to 21.9% in 2003.

The resources devoted to Research and Development determine the level of innovation undertaken, which is in turn essential for the economy to compete. As such it is worth noting (as produced by Eurostat) that the percentage of total population classified as human resources in Science and Technology is 31% in Northern Ireland and 35% in the UK.

Priority 1 of the BSP Programme incorporates an indicator targeting support of 286 Research and Development projects over the course of the programme, of which 80% are to be successfully completed. There are currently 365 such projects receiving support, 52% of which have been successfully completed, and 40% of which are ongoing. In addition, eighteen Centres of Excellence have been established as a result of funding provided under Priority 1 of the Peace II Programme, to engage in R&D activity.

#### 2.1.7 EMPLOYMENT

Employment experienced a period of sustained growth between the late 1990's and early 2000's, recording an average increase of 10,000 people per year between Autumn 1995 and Autumn 2004.

In more recent years the number in employment has increased by 6.6% from a spring 1999 figure of 692,000 to a Spring 2005 figure of 738,000. There were 750,000 people in employment in the period October-December 2005. More specifically, working age employment increased by 6.4% to 714,000 over the same period. The working age employment rate increased from

66.9% in spring 1999 to 68.2% in spring 2005, and then to 68.7% by October-December 2005. The slight increase in the employment rate given the large increase in employment numbers can be explained by the steady rise in the working age population. By the fourth quarter of 2005, the Northern Ireland working-age employment rate remains lowest of the UK regions, 5.8 percentage points below the UK average of 74.5%. Harmonised Eurostat estimates show that the employment rate in 2004 for those aged between 15 and 64 years is 65% in Northern Ireland, 63% in EU25 and 72% in the UK.

Similar to the slight movement in the employment rate, the decrease in the working age economic activity rate by 0.6 percentage points over the spring 1999 to spring 2005 period can be explained by the rising working age population. Meanwhile the number of economically inactive persons at quarter 4 2005 rose by 8,000 over the year. The working age economic inactivity rate is in fact 28%, significantly higher than the UK average of 21.4%, and the highest of the 12 UK regions.

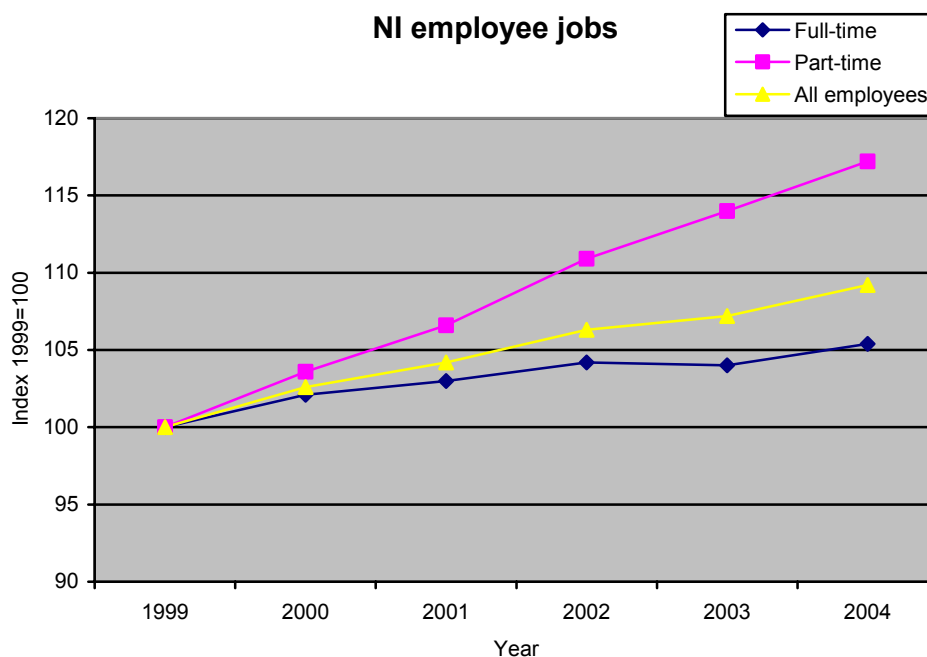
Furthermore a significant difference exists between working age employment rates of men and women in Northern Ireland. In this instance working age is calculated as 15-64 year olds. Using harmonised Eurostat estimates, the 2004 employment rate in Northern Ireland for males (71.4%) is over 13 percentage points higher than that for females (58%). This compares to a difference of just over 12 percentage points in 1999. In the EU 25, the male working age employment rate (70.7%) is just over 15 percentage points higher than the equivalent female figure (55.5%) in 2004. In the UK in 2004, the difference is just over 12 percentage points (77.8% for males and 65.6% for females).

In terms of employee jobs, between September 1999 and September 2005 an increase of 9.7% was recorded, bringing the figure to 693,450, the highest on record. Over the year to September 2005 employee jobs increased by 1.4% (9,720), the majority (77%) of which can be attributed to increases in full-time work.

In line with what has already been mentioned, this increase over the six-year period was not uniform across all industries. In fact employee jobs decreased between September 1999 and September 2005 by 17.7% in manufacturing, while the corresponding figure increased in the construction industry and

services industry by 15.4% and 16.2% respectively. There has also been a noticeable shift in the proportion of total employee jobs attributable to manufacturing and services between 1999 and 2005, with manufacturing now contributing 13% of all employee jobs, compared to 17% in September 1999. Simultaneously, employee jobs in the services industry now comprises 79% of total employee jobs, compared to 75% in September 1999.

For the purpose of a full-time/part-time split, figures for the period June 2004 and June 2005 are used. The increase in employee jobs over the period amounts to 2%; the majority of the increase was in full-time jobs 2.1%, whereas part-time jobs rose by 1.9%. This is in contrast to the period June 2003 to June 2004 when the increase in part-time jobs outweighed that of full-time jobs. As noted the service sector continues to account for more than 75% of all employee jobs in Northern Ireland.



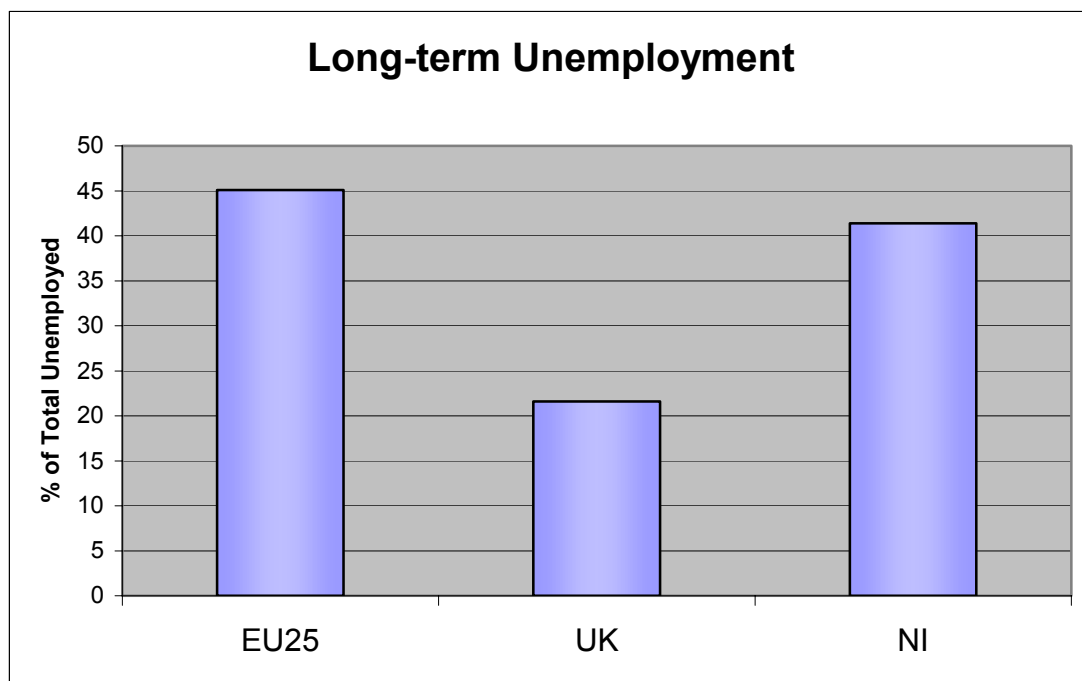
### 2.1.8 UNEMPLOYMENT

The number of people registered as unemployed in Northern Ireland has fallen dramatically since the early 1990's with the current figure standing at less than half of that which it was ten years ago. To set in the context of the Programming period, the Spring 2005 figure (38,000) is 17,000 less than it was six years previous in Spring 1999 (55,000). This translates into a fall in the unemployment rate from around 7.5% to under 5% over the period. Using

the October 2005 figure for comparison purposes, it is clear how far Northern Ireland has moved from being historically the region with highest unemployment rate, to a current rate of 4.5% (October-December 2005) which compares favourably to the UK average of 5.1%, and even more so to the EU 25 average of 8.5%.

There is also a falling number of unemployed who come under the category of long-term unemployed. In quarter 4 of 2004, long-term unemployment as a percentage of total employment stood at 43.2%. This figure has fallen by 7.8 percentage points to 35.4% over the course of the year to quarter 4 of 2005.

For comparison purposes, latest available figures from Eurostat show that in 2003, the long-term unemployment rate in Northern Ireland was 41.4%, which was almost double that of the UK average at 21.6%, and slightly less than EU 25 average of 45.1%.



In 2004, Eurostat estimate the unemployment rate for those aged 15-24 years old to be 18.5% in EU25, 12% in UK and 11.5% in Northern Ireland.

Priority 2 of the CSF has influence in this area through the ESF policy fields. Under the Active Labour Markets measure there has been 39,661 (of which 34% are female) annual participants, 5,124 qualifications gained, and 8,373 unemployed have now entered employment. In fact 11,320 are now deemed to have achieved a positive outcome under this measure. Under the Equal

Opportunities for All in Accessing the Labour Market measure there has been 40,792 (of which 39% are female) annual participants, leading to 4,020 unemployed entering employment to end 2005. Adaptability and Entrepreneurship field records 70,022 (28% female) annual participants, 26,809 qualifications gained and 1,599 people achieving positive outcomes.

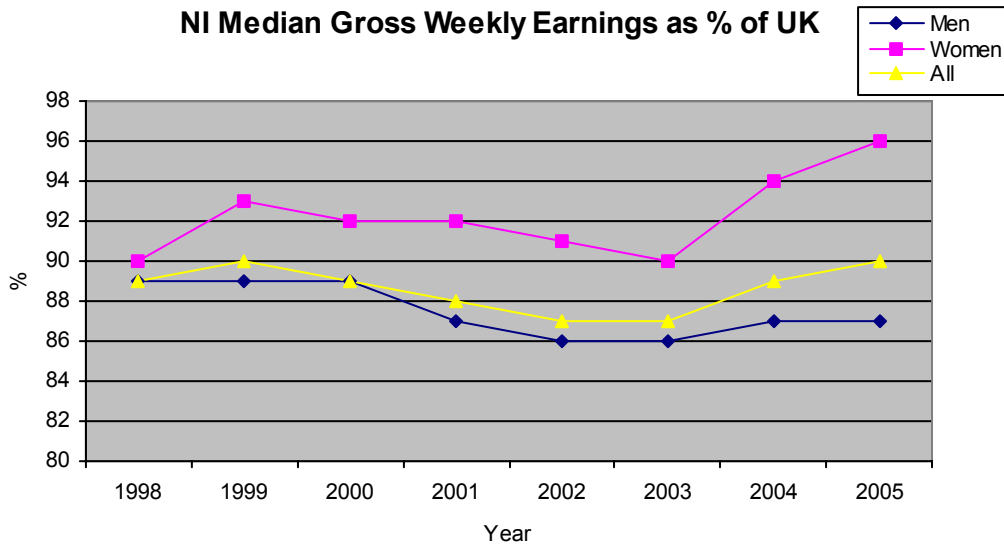
### 2.1.9 INCOME AND EARNINGS

The median gross weekly earnings, taken from the Annual Survey of Hours and Earnings (ASHE), for all employees in Northern Ireland at April 2005 was £320.5, representing growth of 4.9% over the year. This compares with UK equivalent earnings of £349.6, which are 1.2% higher than in the previous year. The ratio between male and female median hourly earnings excluding overtime has increased to almost 96%, up from 94% in 2004, which indicates that the gender pay gap in Northern Ireland is continuing to narrow. The corresponding UK ratio is 87%.

The earnings gap between Northern Ireland and the UK continues to be greater for men than women (87% compared to 96%). Over the period since 1999 the earnings gap for both males and females has tended to widen, relative to Great Britain. However, data since 2004 appears to reverse this trend, particularly so for females.

Trends have continued into 2005 when compared to the eleven other UK regions. Median gross weekly earnings of full-time men in Northern Ireland are lowest amongst UK counterparts, while earnings of full-time women in Northern Ireland maintain a ranking of fifth highest.

Within Northern Ireland in 2005, public sector earnings (£377.2) were 29% higher than private sector earnings (£292.3). This figure has fallen three percentage points from 2004, and indicates that median gross weekly earnings grew by more in the private sector over the year than they did in the public sector. In the UK average weekly public sector earnings (£375.6) were 9.8% higher than private sector earnings (£342).



The proportion of Northern Ireland household income accounted for by wages and salaries or from self-employment income has remained between 70% and 73% over the past 5 years. Over the same period, the UK average remained around 75%. Furthermore, Northern Ireland sources a higher proportion of household income from self-employment (13%) than the UK as a whole (9%) in the period 2003-04. Of the UK regions, Northern Ireland along with the North East has the highest percentage of household income sourced from non-disability Social Security Benefits (8%).

Throughout the period 1999 to 2004 Northern Ireland, had the highest proportion of income support claimants of the UK regions and countries. In January 2004, 4.1% of the Northern Ireland estimated total workforce were claiming income support. This figure has fallen to 3.5% in January 2005. The UK Department of Trade and Industry use the proportion of income support claimants within a region as a measure of social deprivation.

#### 2.1.10 AGRICULTURE

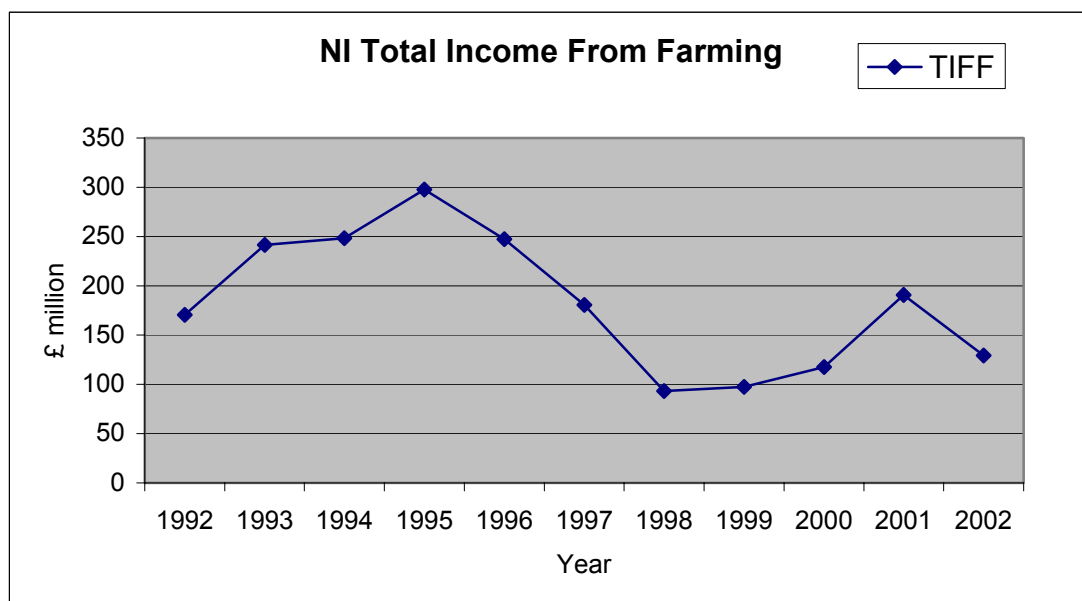
In 2005, provisional figures show that Total Income From Farming (TIFF), which measures the return to farmers and all members of their families working on farms increased by 4.9% to £186million, a rise of 2% from the 2004 figure after allowing for inflation. This followed a 25% increase in 2003

and a 4% increase in 2004 in real terms. Despite the increases in the past three years, TIFF remains 10% below the average for the last 20 years, after allowing for inflation. Over the same period, the number of people gaining a living from farming has also decreased noticeably.

The increase in income in 2005 can be attributed to 3 main factors; first, improved productivity; second, improvement in the price of finished cattle and in the output of milk and third, increases in subsidy receipts.

Further research on rural incomes shows that the highest levels of average weekly household income are found in 'accessible rural areas', when compared to 'less accessible rural areas', Belfast Metropolitan Urban areas' and 'other urban areas'. The percentage of total average weekly household income derived from self-employment income is higher in rural areas compared to urban areas. Having said this, a different picture arises when comparing earnings of individuals: average gross weekly earnings of people in rural areas are consistently below those of people living in urban areas over the years from 2000 to 2003. In regard to employment, the percentage of people in full time employment is higher in urban areas than in rural areas.

At United Kingdom level, TIFF fell by 8.9% in money terms in 2005, to £2.52 billion, a fall of 11.4% in real terms. The main reasons for income rising in Northern Ireland whilst falling in the UK is that the price of cereals has fallen, thereby reducing income in the arable areas of Great Britain but decreasing the cost of feed inputs in Northern Ireland.



### 2.1.11 TOURISM

The Tourism Barometer is a survey of 411 tourism enterprises in Northern Ireland carried out by Tourism Development International. It reports that 2005 has been another good year for most tourism enterprises in Northern Ireland. In the hotel sector, together with the self-catering, caravan and camping, and hostel sectors, the overall volume of bednights increased compared to 2004. However there has been a downturn reported in the volume of bednights reported in guesthouses and B&B's.

Visitor Tourism Performance, as reported by the Northern Ireland Tourist Board, records a one percent decrease in total visits between 2004 and 2005, bringing the figure to 1,967,000. However, the total number of nights spent by visitors in Northern Ireland has increased by 13% to 9,578,000. This translates into a total tourism revenue of £354 million in 2005, an increase of 13% on the 2004 figure (£313 million). Figures prior to 2004 cannot be reliably compared due to the adoption of ROI data in new methodologies.

The number of full-time equivalent jobs supported by tourism is provisionally estimated at around 19,000. Priority 1 of the BSP Programme seeks to support 15 marketing initiatives per annum across key markets, and in addition create 1,400 additional jobs in the sector. To date continued support has been provided for the Regional Tourism Organisations that delivered in excess of 75 marketing initiatives. Activity funded under Priority 4 of the Peace II Programme, has supported the five Regional Tourism Organisations, and also nine Product Marketing Organisations, to develop annual business plans/strategies. In addition, Peace II funding provided to the Natural Resource Rural Tourism Initiative (NRRTI) partnerships has been used to develop tourist amenities and accommodation, and to promote Northern Ireland as a tourism destination.

### 2.1.12 TRANSPORT

Over 60 billion tonnes of freight were transported by road within Northern Ireland by vehicles weighing over 3.5 tonnes in 2004. Crude minerals were the greatest single commodity transported within Northern Ireland at 41% of

all tonnes moved. Of the 7,422 tonnes transported on international outward journeys, the single largest commodity was Building materials (44%).

There were 883,261 vehicles licensed in Northern Ireland by 31 December 2004, 84% of which were Private Light Goods Vehicles. Over the five-year period from 1999 to 2004, the Northern Ireland licensed vehicle stock increased by 23% compared with 18% in Wales, 15% in Scotland and 13% in England. During 2004-05, 741,701 tonnes of petroleum were delivered for use in Northern Ireland, a 12% increase on the 2003-04 figure.

There were almost 7 million rail passenger journeys undertaken in 2004-05, which is the same as the previous year. These generated passenger receipts of approximately £17.2million, a rise of 3% from the previous period. Between 1999 and 2004, the number of terminal passengers, using both Belfast International Airport and Belfast City Airport, increased by just over half (51%). There were approximately 65.1 million bus passenger journeys in Northern Ireland in 2004-05 accounting for £90 million in passenger receipts. While this represents a fall in passenger journeys by 300,000 from a 2003-04 figure of 65.4 million, passenger receipts have increased by 7.1% from just over £84 million in 2003-04.

### 2.1.13 ENVIRONMENT

The sustainable development of the Northern Ireland Economy has been assisted by the provision of additional water and sewage treatment schemes since 1999. In particular, activity under Priority 5 of the BSP Programme has supported the completion of 3 new water treatment schemes and 2 sewage treatment schemes to the end 2005. The provision of these additional schemes will facilitate the continued expansion of the Northern Ireland industrial and business economy without further environmental deterioration and neglect.

In terms of air quality in Northern Ireland, there were 62 exceedances of the standards for ozone at the Derry monitoring site, compared with 18 exceedances at the Belfast Centre site and 17 at the Lough Navar site. The standard for carbon monoxide has not been exceeded over the period 1999 to 2004.

The Environment Agency (within DEFRA) which compiles data on the chemical quality of rivers and canals, reports that the proportion of river length classified as good in Northern Ireland has increased from 55% in 2002 to 58% in 2004. Simultaneously however, the percentage classified as poor or bad also increased from 3% to 7%. In England and Wales the proportion classified as poor or bad increased from 6% to 7%.

Based on a methodology adopted following the update of the Ex-ante environmental impact assessment projects should be assigned a development path. This reflects their anticipated environmental impact and will enable monitoring through the central database.

### **Conclusion**

The preceding text demonstrates the current state of socio-economic conditions in Northern Ireland. Whilst it can be seen that progress has been made at the macro level with, for example, continued growth in GVA and jobs, it is also clear that a number of problems persist, for example inactivity rates and long-term unemployment.

## **2.2 COHERENCE WITH THE NATIONAL ACTION PLAN FOR EMPLOYMENT AND WITH EMPLOYMENT RECOMMENDATIONS FOR THE UK**

### **The Northern Ireland Employment Context: Progress towards the three overarching objectives**

The recent performance of the Northern Ireland economy has been favourable. Unemployment has fallen considerably and at 4.5% (Oct-Dec 2005) is lower than the equivalent rate for the UK (5.1%). Employment levels have been increasing and with an estimated 750,000 people now in work (Oct-Dec 2005). The working age employment rate in Northern Ireland stands at 68.7% (Oct-Dec 2005), this is significantly below the UK rate of 74.5% and is the lowest of all the UK regions. Northern Ireland has an employment rate of 66.6% for people aged from 15 to 64. This is higher than the rate for the EU25, which currently stands at 63.7%, but is currently below both the Lisbon target of 70% and the Stockholm intermediate target of 67%.

While unemployment in Northern Ireland is low, it tends to be longer-term in nature. Long Term unemployment in Northern Ireland at 33.8% is the highest of all the UK regions. Economic Inactivity, at 28% (Oct-Dec 2005), remains significantly higher than the UK average rate (21.4%). While this can partly be explained by Northern Ireland's youthful population, and its high participation rate in further and higher education, there has been an increase in the number of claimants of incapacity benefits.

Productivity levels in the local economy are considerably lower than the UK average (Northern Ireland is the least productive region in the UK) – this poor performance has persisted for some time. While educational attainment has been relatively high in Northern Ireland this has not always translated into the labour market. Northern Ireland's workforce has a significantly higher proportion of people with no qualifications while a smaller proportion receive job-related training.

In February 2005 the Government published an Economic Vision for Northern Ireland. This sets out the framework for how Northern Ireland would become a high value-added, highly skilled, creative, innovative and enterprising economy that could compete globally, thus leading to greater wealth creation

and better employment opportunities for all its citizens. This Vision is fully consistent with the UK's National Reform Programme for delivering long term sustainable growth, high employment and a fair and inclusive society and therefore with the Lisbon agenda and its renewed focus on jobs and growth.

***Responses to the specific Integrated Guidelines and the Joint Employment Recommendations to the UK in 2004.***

This section explains how the Programmes support the Integrated Guidelines for Growth and Jobs (2005-2008) and Council Recommendations to the UK in 2004. Northern Ireland contributes to the UK National Reform Programme.

BSP aims to promote a labour market open to all through the development of innovative ways of overcoming disadvantage and exclusion. There is therefore overlap between the Programme's ESF policy fields and the Integrated Guidelines, as for example, increasing labour supply and gender equality cuts across all policy fields in the programme.

Given the nature of the PEACE II Programme, there is a strong focus in the Measures funded by ESF on building social capital, where small amounts of funding are delivered effectively and efficiently to increase community cohesion and to increase employment and employability at local level. These actions are focussed on the most disadvantaged areas. The Programme recognises that in many cases e.g. victims, ex-prisoners, there may be a need for intensive capacity building, in order to create the conditions to enable integration in the labour market in the longer term.

ESF funded activity under the Programmes adds value to the range of Northern Ireland Government employment and skills programmes and initiatives, including those described in the UK National Reform Programme (October 2005).

**Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.**

*Council Recommendation to the UK: ensure that active labour market policies and benefit systems prevent de-skilling and promote quality in work, by improving incentives to work and supporting the sustainable integration and progress in the labour market of inactive and unemployed people; address the rising number of people claiming sickness or disability benefits, and give particular attention to lone parents and people living in deprived areas.*

Employment policies and programmes in Northern Ireland focus on helping unemployed people to find work and improving the skills of the present and future workforce in line with the needs of the Northern Ireland economy. Initiatives to improve the employability of the economically inactive and hard to help include the integrated Jobs and Benefits Offices and the development of a new menu-based approach to provision.

Jobs and Benefits Offices provide an integrated service to jobseekers, benefit claimants and employers under the Welfare to Work arrangements, getting into employment is at the centre of the benefit claiming process. Services include access to jobs, guidance and/or training opportunities and the New Deal programmes. Two pilot programmes, 'Pathways to Work' for Incapacity Benefit claimants and Progress2work(NI) for people who have a history of substance misuse, homelessness or are ex-prisoners commenced in 2005.

A new 'menu-based' approach to employment and training provision is being developed. Personal Advisers in the Jobs and Benefits Offices will be able to select, from the menu, those elements which would best address an individual's barrier(s) to employment.

### Support from ESF

ESF continues to add value to active labour market policies in Northern Ireland under measures 2.1 and 2.2 of the BSP Programme. Measure 2.1 aims to provide new entrants to the labour market with the skills necessary to participate successfully and measure 2.2 aims to re-integrate the long-term unemployed into the labour market and to prevent vulnerable groups from becoming long-term unemployed.

Under the PEACE II Programme Measure 2.4a aims to promote a labour market open to all by continuing the work started under the PEACE 1 Programme, promoting the integration and inclusion of victims and survivors.

### **PROMOTE A LIFECYCLE APPROACH TO WORK**

Council Recommendation to the UK: improve access to and affordability of childcare and care for other dependants and take urgent action to tackle the causes of the gender pay gap.

In Northern Ireland the Government aims to publish a cross-departmental strategy in March 2006 to tackle gender inequalities and promote gender equality, with two subsequent departmental action plans, one for women and one for men.

The Equal Pay Act is the main legislative instrument dealing with gender inequality in contractual terms, particularly pay. The Equal Pay (Amendment) Regulations (Northern Ireland) 1984 provided for equal pay for work of equal value. The Government is also committed to closing the gender pay gap and has established an Equal Pay Forum for Northern Ireland and published guidance on specific pay issues impacting on the gender pay differential. Commissioners from the UK Women and Work Commission visited Northern Ireland in June 2005 to gather oral and written evidence from men and women and views from stakeholders including employers, trade unions, and the Equality Commission for Northern Ireland.

The Commission is expected to report to Government early in 2006, making recommendations on tackling the pay gap between women and men.

### Support from ESF

Both Programmes adopt a dual approach to gender equality and promoting equal opportunities. ESF support is provided for specific gender equality actions, while equal opportunities is mainstreamed throughout the programme planning, implementation, monitoring and evaluation in line with Northern Ireland's Section 75 statutory obligations.

Measure 1.5 of the PEACE II Programme is focused exclusively on improving women's access to and participation in the labour market and to improve entrepreneurship among women.

Measure 2.8 of BSP is focused exclusively on the vertical and horizontal segregation issues for women in the labour market. ESF project activity funded under this Measure adds value to the Government policy relating to Integrated Guideline 18 and the associated Council Recommendation by reducing the barriers that prevent women from participating in training or employment, particularly childcare.

### **Ensure inclusive labour markets for job-seekers and disadvantaged people.**

Council Recommendation to the UK: ensure that active labour market policies and benefit systems prevent de-skilling and promote quality in work, by improving incentives to work and supporting the sustainable integration and progress in the labour market of inactive and unemployed people; address the rising number of people claiming sickness or disability benefits, and give particular attention to lone parents and people living in deprived areas.

In Northern Ireland Targeted Initiatives<sup>2</sup> have been set up in four areas of lowest employment and high social deprivation: West Belfast, Greater Shankill, Derry and Strabane. Targeted Initiatives test innovative approaches to help the inactive and hard to help get into employment. They include Job Assist Centres (tailored support for those with barriers to employment), Transitional Employment Programmes (waged employer placements) and partnerships between statutory agencies, local voluntary and community organisations and employers.

Two pilot programmes, 'Pathways to Work' for those in Receipt of Incapacity Benefit and Progress2work(NI) commenced in 2005, details below;

- The 'Pathways to Work' pilot will assist people claiming Incapacity Benefit to make the transition back to work. The improved service will be available in three pilot offices from October 2005 with roll-out of the pilots to cover 30% of new claimants in Northern Ireland by October 2006.
- Progress2work(NI) is aimed at providing specialist employability support to people experiencing difficulty in accessing the labour market as a result of having a history of substance misuse, being homeless or who are an ex-offender or ex-prisoner. The Progress2work(NI) pilot programme will run until March 2007 and aims to help 300 customers make the transition to education, training and employment.

### Support from ESF

Measure 2.3 of BSP aims to promote a labour market open to all through the development of innovative ways of overcoming disadvantage and exclusion.

Measure 3.2 of the PEACE II Programme aims to develop a range of actions at local level which will ensure that the training and development needs of the local community are met. This will specifically include the development of training interventions tailored to meet the needs of the most socially excluded

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<sup>2</sup> Taskforce on Employability & Long-term Unemployment, First Review and Progress Report.  
<http://www.delni.gov.uk/tasforcedec04revision.pdf>

who through lack of qualifications and competencies have been unable to access the labour market.

**Promote flexibility combined with employment security and reduce labour market segmentation**

Council Recommendation to the UK: increase access to training for low paid women in part-time work; implement national and regional skills strategies to provide better incentives for lifelong learning and thereby increase productivity and quality in work; place particular emphasis on improving literacy and numeracy of the workforce, the participation of 16-19 year olds, and low-skilled workers, especially those in poorly paid jobs.

In Northern Ireland the Government's Skills Strategy is the overarching strategy for skills development. The Strategy focuses on raising the skills levels of the workforce, enhancing the quality of those entering the workforce and addressing the employability of those not in employment. A three year implementation programme will be taken forward under the following four themes;

- Understanding the demand for skills;
- Improving the skills levels of the workforce
- Improving the quality and relevance of education and training; and
- Tackling the skills barriers to employment and employability.

The Essential Skills for Living Strategy<sup>3</sup> is helping adults to improve their literacy and numeracy skills (and ICT from September 2005). The Strategy aims to support 46,000 adults by 2007, of which 18,500 will have achieved a qualification, so far 25,000 learners have been supported. An Essential Skills Strategy in the Workplace has been developed to encourage employers to identify and address literacy and numeracy needs within the workforce.

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<sup>3</sup> Essential Skills for Living Strategy [http://www.delni.gov.uk/essential\\_skills.pdf](http://www.delni.gov.uk/essential_skills.pdf)

### Support from ESF

Measure 1.3 of the PEACE II Programme funds actions to improve the level of basic skills among men and women across the working population, particularly those who have been affected by the conflict and those whose existing employment is threatened by change.

Measure 2.1 of BSP funds activities to provide guidance and training in vocational skills, up to NVQ Level 3, for school leavers who are not yet equipped to find and retain employment. ESF is adding value to Government programmes and initiatives by supporting activities to widen participation in lifelong learning and develop basic and vocational skills. For example the CSV Media Action NI project provides unemployed people with: media & ICT skills training; work experience with BBC N.I.; and the opportunity to become involved in social action media projects of benefit to the community.

### **North/South Co-operation**

The UK National Reform Programme (October 2005) Annex 1, contains a 'Common Contribution by the British and Irish Governments' which examines the possibility of providing a joint contribution in reporting progress towards realising the Lisbon Strategy goals. The two Governments, North and South believe that opportunities exist to advance co-operation for the mutual benefit of both regions, for example to enable people to acquire and maintain the skills needed for a modern, dynamic knowledge economy and to adapt to changes over their working lives and to remove barriers to physical, labour and academic mobility as part of the completion of the European single market.

### Support from ESF

Under Measure 2.8 of BSP an allocation of €2m will be provided to develop cross-border initiatives focused exclusively on the vertical and horizontal segregation issues for women in the labour market. Project activity will

contribute to the promotion of North/South co-operation, co-ordination and the exchange of and exposure to ideas and expertise.

Priority 5 of the PEACE II Programme aims to promote economic, social and cultural cross-border co-operation, and to provide a strategic framework for support to cross border initiatives and projects across a variety of sectors and organisations. A total ESF allocation of €30.99M under Measures 5.4 and 5.5 supports the work of the institutions and bodies established under the provisions of the Belfast (Good Friday) Agreement. Under Measure 5.4 ESF supports cross-border co-operation initiatives and projects with a particular focus on promoting equal opportunities for all and accessing the labour market and promoting lifelong learning in the workplace. Measure 5.5 aims to develop innovative projects and programmes for children, young people, teachers and youth workers which aim to address a range of issues of common concern in local communities.

## 2.2.1 CSF PRIORITY 2 ESF FUNDING PER MEASURE

The table below sets the ESF allocation per measure under CSF Priority 2.

TABLE: Indicative ESF Allocations by Policy Field

<b>Policy Field</b>	<b>TOTALS Policy Fields</b>	
	<b>Indicative ESF Allocation (€)</b>	<b>Allocation as % of total ESF in CSF</b>
Active Labour Market Policies	117,786,000.00	27.22%
Promoting equal opportunities for all in accessing the labour market	108,326,471.00	25.03%
Lifelong Learning	107,316,023.00	24.80%
Adaptability and Entrepreneurship	72,104,491.00	16.66%
Improving women's access to the labour market	27,256,398.00	6.30%
<b>Total</b>	<b>432,789,383.00</b>	<b>100,0%</b>

### 2.3 SOCIAL INCLUSION UPDATE

At an EU level there are still a significant number of people affected by relative income poverty with 16% of the EU population living at risk of poverty in 2003. The risk of poverty tended to be significantly higher for particular groups such as the unemployed, single parents (mainly women), older people living at home (also mainly women) and large families with dependants. At particular risk of poverty are young people deprived of sufficiently solid skills.

[Joint Report on Social Inclusion - [http://ec.europa.eu/comm/employment\\_social/social\\_inclusion/jrep\\_en.htm#joint\\_report](http://ec.europa.eu/comm/employment_social/social_inclusion/jrep_en.htm#joint_report)]

In Northern Ireland a number of trends have been noted in relation to need for social inclusion. For example, the Department for Work and Pensions publication "*Households Below Average Income*" (HBAI) reports that in 2004/05, individuals living in households without work where the head of the household was unemployed were more likely to have low incomes, with almost three quarters of this group falling into the bottom 40% bracket for income. In terms of family type, it is lone parents that demonstrate the highest risk of being in low income. Where the head or spouse was sick or disabled (50%) the main source of income was from Social Security benefits. When compared to the UK regions in 2004/05 Northern Ireland had the highest percentage of income sourced from non-disability Social Security benefits (7%) along with the North East, the North West and Merseyside and Yorkshire and the Humber, according to the Family Resources Survey.

The UK National Action Plan for Social Inclusion is set out in accordance with the common European Union (EU) objectives. The strategy incorporates facilitating participation in employment; access by all to resources, rights, goods, and services; preventing the risks of exclusion; protecting the most vulnerable; and mobilising all relevant bodies.

In Northern Ireland, New Targeting Social Needs (New TSN) is the main policy for tackling poverty, through which all Government Departments use more of their available resources to benefit the most disadvantaged. During 2005 a new policy paper "Lifetime Opportunities" was drawn up, after extensive consultation this paper, when launched, will set out Government's strategic priorities for tackling poverty and social exclusion in Northern Ireland

for the future. In the mean time the current New TSN is enhanced by financial support from the EU Structural Funds. For a more detailed analysis see Section 5.1.

### 3. REVIEW OF CSF AT PRIORITY LEVEL

#### 3.1 SUI GENERIS PRIORITY

The distinctiveness criteria differentiates PEACE II from other Structural Fund interventions operating in Northern Ireland and Ireland. The distinct objectives of PEACE II are:

- **addressing the legacy of the conflict:** seeking to address specific problems generated by the conflict in order to assist the return to a normal peaceful and stable society; and
- **taking opportunities arising from Peace:** seeking to encourage actions which have a stake in peace and which actively help promote a stable and normal society where opportunities can be grasped.

Projects funded by the PEACE II Programme need to fulfil one or both of these objectives to meet the 'distinctiveness criteria'. In addition, projects must state how they are 'paving the way to reconciliation' through the promotion of mutual understanding and respect between and within communities and traditions in Northern Ireland and the border counties. The programme is primarily aimed at those most affected by the conflict, notably target areas, target sectors and target communities and groups as defined in the programme complement.

With the extension of the PEACE II Programme the distinctiveness criteria have been refined with a more detailed focus on reconciliation. During 2005 the Distinctiveness Working Group was particularly active in designing a new project selection Guidance Note for the selection of projects in the extension. Both Distinctiveness and Reconciliation were given more weight in terms of scoring projects (both 20%) which is expected to lead to a more focused portfolio of projects during the Extension period.

#### **Analysis of the Implementing Body Distinctiveness Reports**

Implementing bodies are required to produce an annual distinctiveness report. This requirement emanated from a recommendation by the 60 Day Action

Team<sup>4</sup> and this is the second year distinctiveness reports have been produced. SEUPB issued guidance to implementing bodies on the preparation of distinctiveness reports, suggesting seven broad questions that may be used to structure reports. The purpose of the reports is to report on distinctiveness and how this relates to the overall programme objectives. Details of these reports can be found in the PEACE II Annual Implementation Report.

The conclusions of the distinctiveness reports provide clear evidence of significant distinctiveness related outputs/results as a result of the PEACE II Programme. There is also evidence that the work of the implementing bodies is having an impact on Peace and Reconciliation although this tends to be project rather than programme level. Impacts are also primarily indirect rather than direct.<sup>5</sup> Interpretation of the distinctiveness criteria has proved challenging and still varies between Implementing Bodies. To this end, the Implementing Bodies welcome the adoption of the five interwoven strands on reconciliation and the importance of providing guidance and support on this is recognised. The Distinctiveness Working Group commissioned research to develop guidance for the preparation of distinctiveness reports in future years taking into consideration the policy change in relation to reconciliation in 2005. This research will be complete in June 2006.

Peace building requires commitment at all levels from grassroots to the political. The PEACE II Programme may have made some changes at a grassroots level, but this is challenged by the unstable political environment and absence of top level shared leadership. Modelling of peace and reconciliation work at the political level is present at times but severely limited. While this makes it more difficult to achieve Peace and Reconciliation objectives, it also confirms the rationale for the programme and its importance in continuing to drive forward the promotion of mutual understanding and respect between and within communities and traditions in Northern Ireland

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<sup>4</sup> SEUPB, 60 Day action Team Report, PEACE II Programme. In 2003, the Minister of Finance and Personnel Ian Pearson MP, established a '60 Day Action Team' to oversee and ensure delivery of PWC's proposed 'Nine Action Plan Tasks' to simplify the programme.

<sup>5</sup> Interpretation of direct and indirect impacts is consistent with the interpretation used in PwC report *PEACE II Qualitative Assessment of the Economic Measures*.

and/or on a North and South basis. There is a potential for the community-based work to change the political and social environment from the bottom up, but this is a long-term and challenging process that requires ongoing support.

Since 2004, the Managing Authority and the Implementing Bodies have made substantial progress in capturing the peace and reconciliation outputs and results of the programme. In addition, increasingly impacts are beginning to be captured. Through its current work programme, the Distinctiveness Working Group will continue to work closely with implementing bodies to define, measure, monitor and evaluate the peace and reconciliation impacts of the programme.

## **PEACE II PROGRAMME LEVEL INDICATORS**

There were a total of 5,493 projects (excluding Technical Assistance) approved on or before 31 December 2005, with a total value of approvals of £531,460,277 (€823,763,430). Of these approved projects, 818 (15%) were in the Border Region, with a value of approvals of £65,871,287 (12%). In Northern Ireland, there were 4,675 (85%) approved projects, with a value of approvals of £465,588,990 (88%). The following paragraphs provide information on the Northern Ireland approved projects.

An exchange rate of £1 = €1.55 has been used.

### Output: Number and value of projects with a principal focus on targeted groups / sectors / areas

Of the 4,675 projects approved, in Northern Ireland, 4,031 (86%) contained information on the groups, sectors and areas being targeted. In terms of the financial value, these accounted for 90% (£418,033,988) of the total value of approved projects.

The table below provides Priority level information on the proportion of projects for which targeting information is available. Priority 5 had the highest proportion of projects reporting on distinctiveness (98%). Priority 1 was

second with 94% reporting, followed by Priority 4 with 89% reporting on distinctiveness. Priority 3 had a total of 87% reporting on distinctiveness and Priority 2 had 77%. (Appendix 1 provides a more detailed Measure level breakdown).

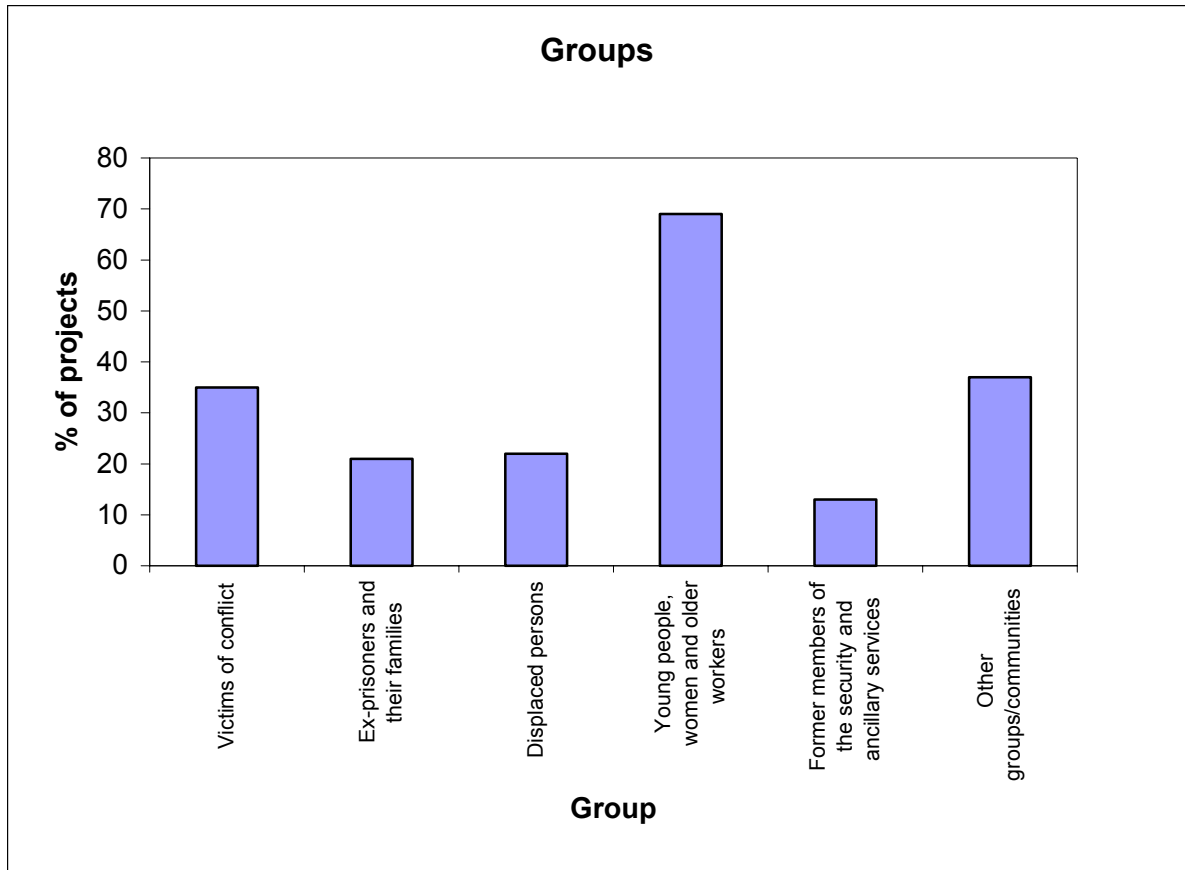
<b>Priority</b>	<b>Projects with targeting information</b>	<b>Total approved projects</b>	<b>% of projects with information</b>
<b>1</b>	<b>1,211</b>	<b>1,291</b>	<b>94</b>
<b>2</b>	<b>1,216</b>	<b>1,583</b>	<b>77</b>
<b>3</b>	<b>1,187</b>	<b>1,359</b>	<b>87</b>
<b>4</b>	<b>156</b>	<b>176</b>	<b>89</b>
<b>5</b>	<b>261</b>	<b>266</b>	<b>98</b>
<b>Total<sup>1</sup></b>	<b>4,031</b>	<b>4,675</b>	<b>86</b>

Source: CSF Central Database

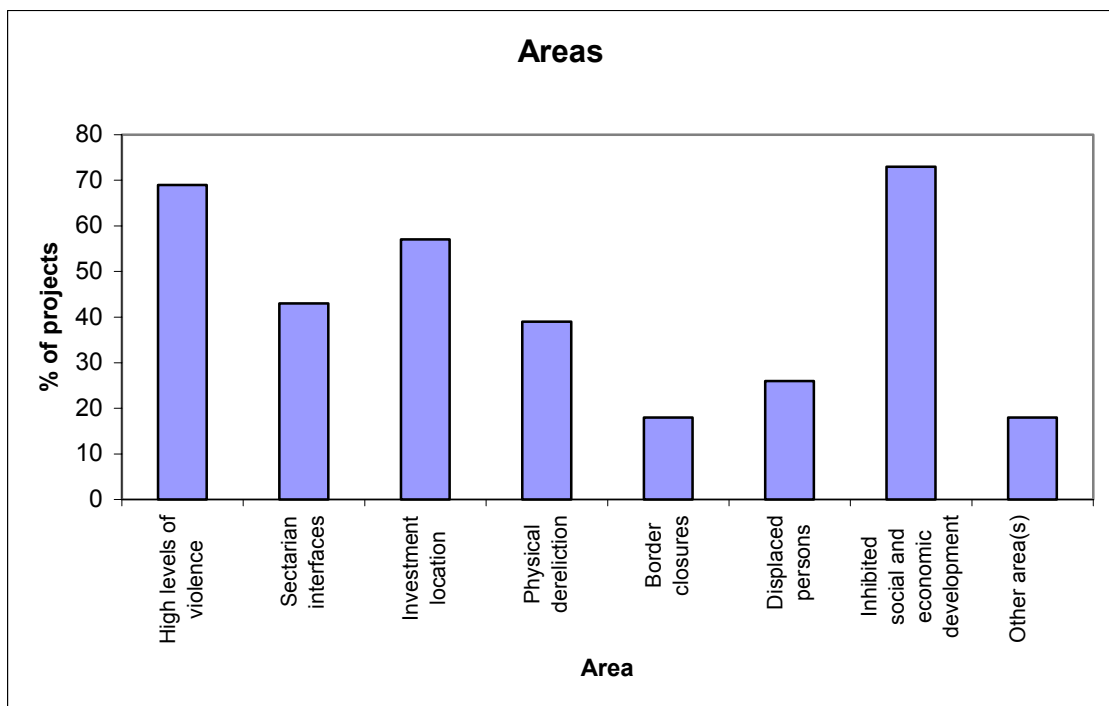
<sup>1</sup>These totals do not include Priority 6, which have been excluded from the analysis.

Analysis was carried out, on the 4,031 projects, on the proportions of the projects directly targeting the groups/sectors/areas specified in Section 3.7 of the PEACE II Operational Plan (see Appendix 2 for detailed results).

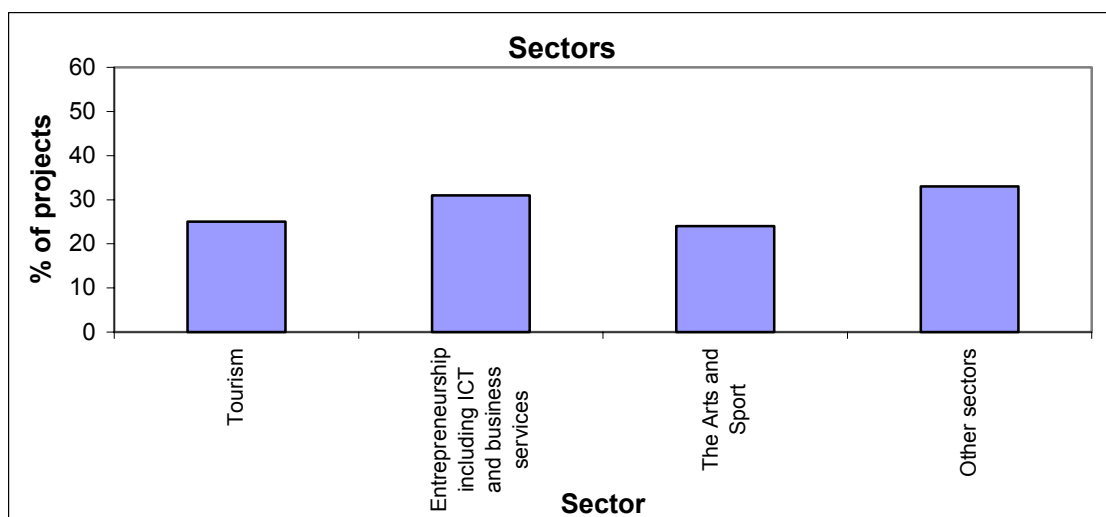
Overall 73% of projects, in Northern Ireland, are targeting 'Area(s) where social and economic development has been inhibited by the conflict' and 69% are targeting 'Young people, women and older workers'.



Source: CSF Central Database



Source: CSF Central Database



Source: CSF Central Database

Section 3.7 of the Operational Programme states that the Entrepreneurship and Arts and Sport sectors will be targeted 'particularly in the context of those areas, groups and communities also targeted in the Programme'. In order to examine if this was in fact the case, additional analysis was carried out on those projects, which have stated they are targeting sectors (See Appendix 3). Four fifths (80%) of those projects targeting the entrepreneurship sector also targeted 'Area(s) where social and economic development has been inhibited by the conflict', while 76% of projects targeting the arts and sports sector also targeted 'Young people, women and older workers'.

Output: Number and value of projects under local partnerships /IFB/ Government management

IFBs are the implementing body for the highest proportion of projects (37%), while the value of projects implemented by government departments account for over half (54%) of the value of approvals.

Type of funder	Northern Ireland	
	% of projects	% of value <sup>2</sup>
Local Govt.	33	17
IFBs <sup>1</sup>	37	30
Govt. depts.	30	54
Base	4,675	£465,588,990

Source: CSF Central Database

<sup>1</sup> IFBs includes SEUPB.

<sup>2</sup> Percentage of total value of approvals.

Output: Number and value of cross-community/single identity projects

Of the 4,675 projects on the database, 3,643 (78%) specified whether they were cross-community or single identity projects. Of these, 82% were cross-community, accounting for 91% of the total value of approvals.

Type of project	Northern Ireland	
	% of projects	% of value <sup>1</sup>
Cross-community	82	91
Single identity	18	9
Base	3,643	£386,019,243

Source: CSF Central Database

<sup>1</sup> Percentage of total value of approvals.

## Results

There were over 1.1 million instances of participants in projects that identified as cross-community, 89% of all participants in the Programme. For those projects specified as single-identity, 55% of the project promoters are involved in cross-community networks. There are 863 members on LSP Boards. Information on the remaining two result indicators is not yet available.

Indicator	Northern Ireland
	Position at end Dec 2005
Number of instances of people participating in cross-community projects	1,140,135 (89% of all participant instances)
Number of project promoters from single community projects involved in cross-community networks	361 (55% of all single identity projects)
Number of final beneficiaries by Community	This information will be taken from the Equality Monitoring Returns, which are as yet insufficiently representative across the Programme to analyse.
Number of new/continuing cross-community resources or facilities resulting from the Programme	To be confirmed whether this information can be obtained from current data recorded on monitoring database.
Numbers involved in local community management	863 members on LSP Boards

Source: CSF Central Database

## 3.2 PRIORITY 1

### Economic Growth and Renewal

	(EU Grant only)
Total Allocation	€309,357,248
Expenditure claimed	€262,599,497
% Claimed	85

#### Priority Objectives.

The objectives of this Priority are to improve existing business competitiveness and stimulate new business start-ups, build on the opportunities of knowledge-based and creative industries and the information society, increase research and development and realise the potential of the tourist industry.

#### Applications and Approvals.

According to information on the Central Database, there have been 1,307 applications to this Priority of which 199 have been to BSP, 1,054 to PEACE II and 54 to the PEACE II Extension. The number of successful applications now stands at 721, broken down into 191 for BSP and 530 for PEACE II.

#### Links to the Operational Programmes.

This priority is operationalised by Sub-Priority 1A of the BSP Programme (measures 1.1 to 1.5), measures 1.1A, 1.1B, 1.1C, 1.2 and 1.8 of the PEACE II Programme and measure 1.1 of the PEACE II Extension.

#### Narrative.

Under the BSP Operational Programme, Measure 1.1, the number of high tech sector jobs will exceed targets established at the outset of the programme.

Measure 1.2 continues to deliver a range of programmes including a series of seminars and workshops to businesses communicating best practice.

Through Measure 1.3, Enhancing Business Tourism, a total of 52 tourism accommodation projects have been supported which will enhance the Northern Ireland Tourism product as well as increasing international competitiveness.

Most projects under Measure 1.4 are currently proceeding at a satisfactory rate. However, some have had to be abandoned or shelved due to delays in planning permission or projects securing additional funding from other bodies. This is currently being addressed through regular meetings with Councils in relation to potential new projects.

All programmes under Measure 1.5 are currently proceeding in advance of expectation.

Under the PEACE II Operational Programme, DETI the Implementing Body responsible for measure 1.8a *Technology support for the Knowledge Based Economy*, reports that during 2005 the Technology and Engineering Innovation Centre has transitioned from the funded period to a self sustaining phase. Most aims and objectives of the centre were achieved, with peak occupancy rates of 70% achieved by January 2005. At the end of the funding period 56 people were employed by 10 clients in the centre with a further 56 having been employed by previous clients who had either graduated from the centre or ceased trading.

#### **Progress against Indicators.**

<b>CSF Indicator</b>	<b>Progress to end December 2005</b>
7,950 SMEs supported 11,830 gross jobs created  6,000 net jobs created	9,891 1,891 (PEACE II only – reliable BSP information will not be available until end 2006) Net jobs will only become available after closure of the Programmes through a full evaluation
286 research and development projects supported 80% of supported projects completing successfully 15% increase in Business Expenditure on R&D	365 59% To be reported at end of Programme

15 marketing initiatives supported per annum across key markets 1,400 gross tourism jobs  1,000 net tourism jobs	78 marketing initiatives (cumulative since 2000) 2,000 (to end summer 2005 – updated position not yet available but continued growth is expected) To be reported at the end of the Programme
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One aspect of this priority is in supporting activities assisting SMEs and directly creating jobs. The latest available information shows the target for SMEs supported has been exceeded by 76% whilst 62% of the target for gross jobs created in the PEACE II element has been met. Information is not yet available for the BSP element due to a quality assurance exercise undertaken by Invest NI to ensure the quality of the information being reported. There has been some doubt over the reliability of performance reported for BSP Measure 1.1 (i.e., Support to Businesses) previously but Invest NI expect that reliable information will become available by the end of 2006.

The R&D element of this Priority has progressed well with the target of 286 projects having been exceeded by 28% (365). The latest position for projects completing successfully, at 59%, is below its target of 80%. However, the timing of the projects being assisted influences achievement of this particular target. As 40% of supported projects are currently ongoing it would not reasonably be expected to have met this target at this stage of the programme.

The impact indicator for the R&D element of the Priority is to increase Business Expenditure on R&D (BERD) by 15% over the life of the Programme. Whilst programme-specific information will not be available until the end of the programme, it can be noted that total BERD in Northern Ireland in 2004 was 21.0% higher than in 1999 in cash terms. This would suggest that this particular impact target is likely to be achieved. However, it should also be noted that total BERD actually decreased by 29.1% in cash terms between 2002 and 2003. BERD increased by 2.5% from 2003 to 2004. This

illustrates the year-on-year volatility of this particular indicator at the overall Northern Ireland level.

Regarding the tourism aspect of this Priority, the 2001 foot and mouth outbreak and the events of September 11<sup>th</sup> had a significant impact on tourism activity in 2001 and 2002. However, the target number of marketing initiatives supported in key markets has continued to be achieved up to the end of December 2005.

The Tourism sector has also benefited from the creation of 2,000 gross additional jobs from the beginning of the programme until June 2005 (updated information not yet available) whilst tourism pure visitor numbers have increased by 33% from the 2000 baseline. This demonstrates significant advancement for the tourism sector following the events of 2001.

A further significant impact arising from the increase in tourist numbers to Northern Ireland is that it has brought with it an increased visitor spend. This is an outcome that should have a positive impact on the local economy. In 2004, tourism revenue totalled £325 million representing a 23% increase on the 2000 baseline position. Whilst it is not possible to attribute these achievements solely to the activities supported under the BSP Programme, it is obvious that the supported projects play a key role in promoting Northern Ireland as a holiday destination and also in providing material for that purpose.

## Example of Projects funded under this Priority

### **Competing at an international level**

The Invest NI 'Compete' programme, part-funded by BSP, aims to help local companies become more competitive by helping them to develop innovative market-led products and manufacturing processes.

As part of the Compete Programme, James Leckey Design Ltd have developed a revolutionary bathing and toileting range. The company is recognised as the UK market leader in the design and manufacture of specialist rehabilitation equipment for children with moderate to severe physical and learning disabilities.

With the help of a new partnership with an international distributor, the company hopes to increase sales by more than £2 million by 2007. They believe that the partnership will significantly strengthen its presence in export markets and further develop its design capability.

Invest NI offered James Leckey Design Ltd £66,686 of assistance towards the total Compete project costs of £166,714.

### **Bringing Jobs to Waterside**

The Waterside Development Trust (WDT) is a non-profit cross-community organisation established to assist the socio-economic regeneration of the Waterside community of Londonderry. The Waterside Community is widely recognised as one of the most deprived in the region having suffered significantly as a result of the 30 years of conflict.

The project has received £271,996 from PEACE II to create 593 sq m of industrial workspace in the Waterside area of Londonderry. The project involved refurbishing a derelict building to the rear of WDT's main office in Spencer Road.

The Gortfoyle Business Centre is the first purpose-built incubation facility in the Waterside area and has been finished to a standard that can accommodate hi-tech business. Local business, JMT Direct, have been secured as the anchor tenant, and they aim to create up to 100 new jobs. In addition, Insurety Insurance and Icon Business have also located in the new Business Centre bringing the potential job creation figure to 135, which will contribute considerably to the ongoing regeneration of the area.

### 3.3 PRIORITY 2

#### Employment, Human Resource Development and Social Inclusion

	(EU Grant only)
Total Allocation	€543,769,600
Expenditure claimed	€314,844,490
% Claimed	58

#### Priority Objectives.

The objectives of this Priority are to enable high levels of employment and develop a skilled, adaptable and entrepreneurial workforce; and to promote access to the labour market for all and foster social inclusion.

#### Applications and Approvals.

According to information on the Central Database, there have been 5,677 applications to this Priority of which 579 have been to BSP, 4,035 to PEACE II and 1,063 to the PEACE II Extension. The number of successful applications now stands at 2,351, broken down into 207 for BSP and 2,144 for PEACE II.

#### Links to the Operational Programmes.

This priority is operationalised by Priority 2 and measures 3.2 to 3.4 of the BSP Programme, measures 1.3 to 1.5, 2.1 to 2.8 and 3.2 of the PEACE II Programme and measures 1.3, 1.5, 2.1, 2.2, 2.4, and 2.7 of the PEACE II Extension.

#### Narrative.

Under the BSP Programme, there has been significant achievement under this Priority in relation to BSP Measure 3.4. The final number of nursery units (including Nursery Schools) constructed was 51, resulting in the provision of some 1,742 additional full time nursery places and the creation of 65

additional posts for teachers and 86 additional posts for classroom assistants. The 1,742 additional full time places equates to 2,942 children attending on a part time (i.e. morning or afternoon) or full time basis.

Under the PEACE II Operational Programme, 407 and 577 applications have been received under measure 2.2 and 2.5 respectively; this is reflective of the high demand and interest in childcare and young people. YESIP, responsible for implementing measure 2.2 for example, report that a major element of promoters work is exploring attitudes, identifying and developing new and transferable skills, increasing knowledge and understanding. The key function and purpose of this is to help young people develop the confidence to move beyond their immediate geographical communities, to participate in and take advantage of wider education, training and employment opportunities. Promoters use a variety of activities such as creative arts, sports, ICT and residential experiences to enable this work to take place.

### Progress against indicators

<b>CSF Indicator<sup>1</sup></b>	<b>Progress to end December 2005</b>
<b>All policy fields</b> 236,300 participants 89,550 achieving qualifications 45,800 entering/progressing within employment/training/ further education	200,773 (43% female) 65,120 (41%) 29,169 (50%)
<b>Active labour market</b> 48,100 participants 7,400 achieving qualifications 14,100 entering/progressing within employment/training/ further education	39,661 (34% female) 5,124 (37%) 11,320 (36%)
<b>Equal Opportunities for all</b> 51,000 participants 24,800 achieving qualifications 5,600 entering/progressing within employment/training/ further education	40,792 (39% female) 17,848 (42%) 4,027 (37%)
<b>Lifelong learning</b> 55,000 participants 22,700 achieving qualifications	27,352 (42% female) 8,654 (42%)

<b>CSF Indicator<sup>1</sup></b>	<b>Progress to end December 2005</b>
19,400 entering/progressing within employment/training/ further education	5,501 (37%)
<b>Adaptability &amp; Entrepreneurship</b> 61,700 participants 28,250 achieving qualifications 2,900 entering/progressing within employment/training/ further education	70,022 (28% female) 26,809 (25%) 1,599 (23%)
<b>Women's access to labour market</b>  20,500 participants 6,400 achieving qualifications 3,800 entering/progressing within employment/training/ further education	22,946 (100% female) 6,685 6,722

<sup>1</sup>DEL identified the need to revise the targets for the above indicators following the April 2005 BSP Monitoring Committee meeting and the issues highlighted by some of the members. The above indicators and associated discussion use the revised BSP targets and not those currently contained within the BSP Operational Programme or the CSF document. A paper explaining the rationale for the changes was presented to the BSP PMC in September 2005.

Progress to date under this Priority with regard to outputs and results has been very positive. Achievement on the ground has been reported across all the indicators for which there have been supported activities. The Priority is well on target to meet its objectives. The inclusion of a new scheme for BSP under the Lifelong Learning policy field has been a positive step. The Priority will now impact across all the policy fields that were identified as objectives. Some analysis of performance to date against each of the policy fields is discussed below.

#### *Active Labour Market Policy*

Progress towards the target for beneficiaries for this field has been good with achievement currently at 82% of the target. The number of participants gaining qualifications is currently at 69% of the target figure. Female participation stands at 34% amongst the beneficiaries. Eighty per cent of the target figure for people having entered/progressed within employment / training / further education has been met and this demonstrates the impact that is being made.

### *Promoting Equal Opportunities for all in Accessing the Labour Market*

This policy field has shown good progress with 80% of the target for beneficiaries already met. The qualifications indicator has achieved 72% of its target. Women accounted for 39% of all beneficiaries under this field. Over 4,000 people have entered/progressed within employment / training / further education, which represents 72% of the target.

### *Lifelong Learning*

There have been over 27,000 participants in this policy field representing 50% of the relevant target. This shows significant achievement and following the inclusion of a new project under this Priority for BSP, progress now includes this BSP element. This is a considerable achievement from a position where there was nothing identified for this policy field for BSP following the loss of the Individual Learning Accounts. The qualifications achievement currently stands at 38% of the target of 22,700, whilst 5,501 people have entered/progressed within employment / training / further education, representing 28% of the target. Achievement under this Policy Field will improve as spend continues under the BSP element.

### *Adaptability and Entrepreneurship*

Progress in this policy field has been good. The actual beneficiaries indicator has surpassed its target by 13.5% whilst achievement for qualifications is currently at 95% of its target. The number of people who have entered/progressed within employment / training / further education stands at 55% of the target figure. The female participation rate is currently 28%. This is quite low compared to the other policy fields. However, 2004 information from the Global Entrepreneurship Monitor for Northern Ireland shows that female entrepreneurship activity stands at 2.3% (down from 3.5% in 2003) of the total female adult population compared to a rate of 7.8% for males. In addition, only 6% of females in employment are self-employed. These findings would suggest that a lower female participation rate might be expected under this policy field and the male / female split in this element of the Programme appears to be neither significantly better than nor more extreme than the general pattern within Northern Ireland.

*Improving Women's Access to the Labour Market*

This field has an actual beneficiaries (22,946) figure 12% above its target. The qualifications achieved indicator has also surpassed its target (by 4%). The number of people who have entered/progressed within employment / training / further education is currently at 77% above its target. This policy field has surpassed all of its 3 targets which represents significant achievement at this stage of the Operational Programmes.

<b>CSF Indicator</b>	<b>Progress to end December 2005</b>
3 new grant maintained integrated schools built	3
2 existing grant maintained integrated schools expanded and improved	2
Places provided for 1,900 pupils	1,487
120 new jobs created	206
50 projects focusing on reconciliation, community relations or diversity 40 networks or links established 10 strategies developed by communities, areas and groups for promoting reconciliation in the longer term	Information is not yet available for these indicators as activities are at an early stage

Achievement under the other aspects of this priority has also been good with the majority of targets already met. This would suggest that the objectives from these elements should be achieved. The target for new grant maintained integrated schools built has been achieved. This is also the case for the integrated schools expanded or improved target. The provision of pupil places achievement is currently at 78% of the target whilst the target for new jobs created has been surpassed by 72%.

## **Examples of projects funded under this priority:**

### **Dr B's Kitchen. It's not just about the food.**

Dr B's Kitchen in Belfast city centre offers opportunities for young people with learning disabilities to train and gain work experience in catering skills. The city centre restaurant provides trainees with valuable work experience in a very busy and successful public restaurant. The project equips trainees with qualifications, skills, knowledge, and practical experience and assists them in securing employment within the hospitality industry.

Since opening, the restaurant has benefited from a lot of local publicity, including a visit from the President of Barnardos, Cherie Blair.

In 2005 the restaurant received a BSP grant of £342,000.

### **Computer Games**

With the help of £175,308 from the PEACE II programme the North West Institute of Technology has offered students a course in one of the world's most dynamic industries - computer games development.

The course, ICE (Interactive Computer Entertainment), is designed to give students practical training in the many components of interactive computer games including 2D and 3D graphics and advanced game programming.

Robbie Hegarty, who heads up the course, says:

“Computer Games is one of the biggest industries in the world, far out grossing the film and music industries but up to recently has been largely ignored by education. Therefore it has been no surprise that for the past two years the course has been over subscribed.

Ireland is renowned for having a highly skilled workforce in the field of Information Computer Technology and this HNC course builds on this reputation by preparing the graduates for immediate employment within the computer games industry.”

### 3.4 PRIORITY 3

#### Balanced Regional, Urban and Rural Development

	(EU Grant only)
Total Allocation	€422,789,541
Expenditure claimed	€285,949,850
% Claimed	68

#### Priority Objectives.

The objectives of this Priority are to address, in a balanced way, the different needs of disadvantaged rural communities and communities in urban areas suffering from multiple deprivation, and also to create healthy living environments.

#### Applications and Approvals.

According to information on the Central Database, there have been 4,537 applications to this Priority of which 1,455 have been to BSP, 2,723 to PEACE II and 359 to the PEACE II Extension. The number of successful applications now stands at 2,197, broken down into 632 for BSP, 1,563 for PEACE II and 2 for the PEACE II Extension.

#### Links to the Operational Programmes.

This priority is operationalised by measures 1.6 to 1.8, 3.1 and priorities 4 and 5 under the BSP Programme, by measures 1.1D, 1.6, 1.7, 1.9, 1.10, 2.9 to 2.11 and 3.1 under PEACE II and measures 1.11 and 3.1 of the PEACE II Extension.

#### Narrative.

Under the BSP Programme, due to the success of Measure 1.7 Telecommunications, from December 2005, every household, business, school and library in Northern Ireland is able to access broadband regardless of their location.

Under Measure 1.8 the North West Gas pipeline was successfully completed with the first commercial customer connected in December 2005.

Within Priority 5, the most significant project to be approved during the 2005 year was a Waste Management Grant Scheme to District Councils. It is accepted that waste management has a key role to play in moving towards sustainable development. On an international scale, waste management in Northern Ireland ranks poorly due to its predominant reliance on landfill. The purpose of the approved project is to disburse waste management funding for the 2005/06 financial year to assist all 26 District Councils to meet the requirements of the Northern Ireland Waste Management Strategy and to implement the Implementation Action Plans prepared in line with the Waste Management Plans adopted by Councils under the Strategy. The total cost of the project will be £10m and it is anticipated that some £3.5m will be contributed under BSP.

Under the PEACE II Programme this priority is delivered mainly by locally based organisations, the Local Strategy Partnerships (LSPs) or through the Rural Development Council (RDC). These organisations are sensitive to local needs.

The target for the number of participants in EAGGF funded projects was 18,000 and this target has been exceeded with a total of 20,670 participants. More detailed examination of the contributing measures highlights that Measures 1.7A and 1.9 are performing particularly well in respect of the participant's indicator. Measure 1.7A has achieved 120% of the target for 'people engaged in developing core skills' proportionate to 30% spend, whilst Measure 1.9 has achieved 93% of the target for 'farmers with a viable business plan for on-farm investment' proportionate to only 26% spend.

### **Progress against indicators.**

CSF Indicator	Progress to end December 2005
<p>3 water treatment schemes Average 30% increase in capacity Water quality improvement (variable up to 100%)</p>	<p>3 Average 30% Water quality complies with EC Directive standards</p>
<p>2 sewage treatment schemes Average 275% increase in capacity Effluent quality improvement (variable up to 100%)</p>	<p>2 Average 275% Effluent quality complies with EC Directive standards</p>
<p>1 air quality project for the 26 DCs</p> <p>Capital infrastructure projects to enable DCs to measure, monitor and improve air quality</p> <p>Staff resource projects to enable DCs in carrying out of all appropriate air quality activities</p> <p>Contribute towards the achievement of National and EU air quality standards</p>	<p>24 district councils applied for LAQMG assistance in year 2. All letters of offer have been sent out and progress reports have been received from all applicants in September and December 2005.</p> <p>6 applications for relocation of existing equipment have been received. Other applications requested QA/QC and maintenance contracts for air quality monitoring data and equipment.</p> <p>BSP part funding of Staff costs is helping ensure district councils employ sufficient staff resources to enable them to carry out their Air Quality responsibilities. All 24 district councils who applied requested staff costs for year 2 of the scheme.</p> <p>District councils are responsible for managing local air quality. This includes the identification of areas not likely to meet air quality objectives and the preparation of plans in pursuit of their achievement. To date 10 councils have declared Air Quality management areas and are in the process of developing action plans.</p> <p>BSP part funding is contributing towards enabling councils to achieve the requisite standards and objectives</p>

CSF Indicator	Progress to end December 2005
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420 projects and programmes supported in local regeneration, sectoral development, fleet modernisation, food/fish processing	420
220 gross fte jobs	230.4
Decommissioning of 30 vessels	48
Scrap and build of 18 vessels	0
Maintain 24,700 employed in food and related sectors	23,856
87,500 training days	60,997
50,500 beneficiaries	43,447
Improve income per head in rural areas	To be reported at end of Programme

Progress in this Priority has been good under the infrastructure element with 3 water treatment schemes and 2 sewage treatment schemes completed. The targets have been achieved for all the output and result indicators under this element. The targets for average increase in the capacity of water treatment and sewerage treatment have also been met. The objectives under this element of the Measure will be met.

Progress under the sustainable environment projects element of this Priority has started to progress after a slow start. A performance reserve allocation was given to this element of the Priority and an air quality project is under way. Outputs are starting to emerge from these activities. There is only one impact to measure the achievement of the supported projects under the sustainable environment element of this Priority. This impact refers to the support given to the 26 Councils to enable them to take forward activities that will contribute towards the EU air quality standards and objectives. This project has received support for the first time in 2005 and supported activities include capital support and support for staff costs to ensure delivery of the air quality strategy. The Councils are taking forward activities with the aim to improve air quality in their local areas but it will be some time before the true impact of these activities could be measured.

The air quality project referred to in the impact indicator is only one aspect of a number of projects that have been, or will be, supported. The projects funded so far cover a range of activities including environmental quality research, contaminated land recovery, waste management, biodiversity conservation, built heritage conservation, environmental education and countryside access. These activities are not directly reflected in the current impact indicator but are likely to make an important positive impact on the environment.

Progress under the Agricultural element of this Priority has continued to improve. Physical achievement for the training Measure under BSP shows that almost 61,000 training days have been delivered resulting in 43,447 people acquiring increased competency by benefiting from the training.

In addition to the above, 420 projects and programmes have been supported, meeting the set target. There have also been 230.4 full-time equivalent jobs created, exceeding the original target by 5%. Decommissioned fishing vessels have also exceeded their original target. The scrap and build activities are no longer to be funded under BSP and the allocated funds have been moved across the other Measures within the Programme.

<b>CSF Indicator</b>	<b>Progress to end December 2005</b>
4 social and economic urban regeneration schemes	4
120 arts/cultural events per year	285 – 2004 273 – 2005
1,000 groups/young people from socially disadvantaged areas participating in arts related events	8,572 – 2004 12,656 – 2005
8 full-time jobs created, safeguarded and maintained	15
30 freelance jobs created, safeguarded and maintained	26

<p>Number of projects/organisations/schemes funded/assisted</p> <p>Increase in employment in local area</p> <p>Evidence of a positive impact in the local area attributed to assisted projects/organisations/schemes</p>	<p>7 projects have been funded under BSP Measure 3.1 which has exhausted the budget for this Measure. Eight organisations have been supported for delivering services at a local level under BSP Measure 3.2.</p> <p>To be reported at the end of the programme.</p> <p>Quarterly Progress reports reflects positive impact as do Groups Annual Reports. Further information will be reported at the end of the programme</p>
<p>12 neighbourhood renewal schemes developed</p> <p>117 community groups funded</p> <p>900 children supported</p> <p>16 facilities developed or improved</p> <p>17 environmental projects supported</p> <p>200 jobs created</p> <p>20% of residents registering improvement in perception of the areas</p>	<p>12</p> <p>201</p> <p>193</p> <p>1</p> <p>1</p> <p>13</p> <p>Information will be available by end Programme</p>
<p>3 town centre development plans created</p> <p>8 environmental projects implemented</p> <p>200,000 Belfast City Centre retail maps distributed</p> <p>80 'heritage' street signs erected in Belfast City Centre</p> <p>1,000 delegates visiting Belfast for the BCSC conference</p> <p>3 jobs created</p>	<p>6</p> <p>7</p> <p>20,000 (Implementing Body have advised of an error when they were setting this target – should have been set at 20,000 and not 200,000)</p> <p>Tender exercise is now complete and it is anticipated that signs will be erected by the end of the summer 2006</p> <p>2,000</p> <p>2</p>
<p>3% increase in the usage of town centre</p>	<p>Information will not be available until the end of the programme</p>

The target for social and economic urban regeneration schemes has been met whilst the other associated targets have all been exceeded. This represents significant achievement under this aspect of the priority and it is likely that the associated objectives will be met.

There was significant progress in the BSP element of this Priority in the latter part of 2004 after a slow start. By the end of 2004, letters of offer were issued and accepted by 7 Projects under BSP Measure 3.1. The first 5 projects dealt with the regeneration of an extensive inner city area within Belfast. These projects include a number of regeneration activities such as the enhancement of 1,370 square metres of space at Cathedral Close in Belfast to create a versatile public performance area which caters for up to 1,000 people. The Old Bank Building in Royal Avenue, Belfast was refurbished to accommodate artists, crafts people and community organisations in flexible, high quality buildings. In addition, dredging activity for the River Lagan in Belfast was supported to improve the river environment and quality.

The remaining two projects have impacted across 5 areas of Belfast, as well as in 18 other towns and cities across Northern Ireland through support for Jobs and Benefits Offices. The expenditure within the 7 projects has fully exhausted the funds for BSP Measure 3.1.

Achievement has been good under the neighbourhood renewal schemes where the target has been met. This has resulted in the target for community groups funded being surpassed. Six town centre development plans have been created and some 20,000 Belfast City Centre retail maps have been distributed. Progress has been steady under this element.

CSF Indicator	Progress to end December 2005
<p>5 by-pass schemes 1 through-pass scheme 1 link road scheme</p> <p>18.7km of new carriageway</p> <p>Reduction in peak hour journey times by an average 35% per scheme</p>	<p>5</p> <p>Due for completion in May 2006 It was originally intended that the link road would be funded under BSP, however funding has since been reallocated to other schemes under BSP.</p> <p>16.6km of new carriageway completed</p> <p>Newtownstewart bypass = 47% Limavady bypass = 32% Comber bypass = 45% Toome bypass = 35% Strabane bypass = 35%</p>
<p>4 rural public transport infrastructure projects 3 new rural bus stations</p> <p>1 replacement rural bus station Improvement in accessibility, social inclusion and more sustainable movement of people</p>	<p>4</p> <p>2 (Magherafelt and Downpatrick)</p> <p>Letter of offer issued for 1 further bus station in Lisburn and it is hoped the project will be completed by end 2006 (BSP). 1 (Dungiven)</p> <p>The purchase of the new trains provides a more sustainable movement of people by facilitating the improved timetabling of services.</p>
<p>3 urban bus depot projects Compliance with Health and Safety standards and upgrade of 3 urban bus depots More efficient movement of people and an improved urban public transport system</p>	<p>3 projects are now complete Projects are now compliant with H&amp;S standards</p> <p>The purchase of the new trains provides a more sustainable movement of people by facilitating the improved timetabling of services.</p>

Under the roads and transport element of the Priority, five road by-pass schemes had been completed accounting for 16.6km of new carriageway. The target for the number of bypasses was met, although the total km of new carriageway completed has fallen short by 2.1km. The bypass schemes are located at Newtownstewart, Limavady, Comber, Toome and Strabane. In addition, funding has been provided to strengthen the Foyle Bridge whilst a throughpass at Omagh is currently ongoing. The completion of the new carriageway has resulted in a significant reduction in journey times for all the

bypasses with only the Limavady bypass journey time reduction less than the target of 35%. This achievement should result in the objectives being met for this element.

Under the transport infrastructure element of the Priority, there have been 2 new rural bus stations supported whilst a further project is due to complete in 2006. One replacement rural bus station has also been completed. Work has been completed on 3 urban public transport projects therefore meeting the target.

<b>CSF Indicator</b>	<b>Progress to end December 2005</b>
18,000 people participating in EAGGF programme	20,670
10,000 people obtaining positive outcomes	7,101
3,680 people securing additional income	610

Over 20,500 people have participated in the EAGGF Programme for PEACE II surpassing the target number by 15%. The number of people obtaining positive outcomes is currently at 71% of its relevant target. However, the impact indicator achievement of these activities is currently at 17% of its target and this suggests that it will be difficult for this target to be met.

## Example of Projects funded under this CSF Priority

### **European Funding gets on track.**

BSP Funding of £16.5 million has helped Translink to deliver modern, high quality trains for Northern Ireland. The trains are part of a Translink strategy to provide a strong and viable public transport alternative to the car that has recognised economic and environmental benefits.

The trains have been built to NI Railways' specification, meeting the highest standards in terms of safety, accessibility and comfort. Each three-car train has seating for 200 passengers.

The introduction of the new trains into service marks an important milestone for rail service in Northern Ireland.

### **Belfast Interface Project (BIP)**

Belfast Interface Project is a membership organisation which aims to engage in the development of creative approaches towards the regeneration of Belfast's interface or 'peaceline' areas.

The organisation, established in 1995, has a remit to identify the major issues of concern that interface communities in Belfast. Consultation with community, statutory and voluntary sectors has assisted in identifying effective means of addressing these issues. PEACE II funding has contributed £111,750 towards the project.

BIP has a membership of over 30 community groups from nationalist and unionist interface areas of Belfast as well as a smaller number of associate and individual members. Belfast Interface Project's Vision is of a Belfast in which interface communities:

- Are free of intercommunity tension, intimidation and violence;
- Have come to terms with the legacies of the past;
- Are socially and economically vibrant, within an attractive physical environment;
- Enjoy freedom of movement in accessing facilities and services; and
- Have respect for cultural difference and diversity.

### 3.5 PRIORITY 4

#### North/South and Wider Co-operation

	(EU Grant only)
Total Allocation	€72,760,489
Expenditure claimed	€34,376,723
% Claimed	47

#### Priority Objectives.

The objectives of this Priority are to develop networks of co-operation between Ireland and Northern Ireland, assist in the development and exploitation of wider markets and to improve physical linkages.

#### Applications and Approvals.

According to information on the Central Database, there have been 927 applications to this Priority, 834 to PEACE II and 93 to the PEACE II Extension. The number of successful applications now stands at 445 broken down into 441 for PEACE II and 4 to the PEACE II Extension.

#### Links to the Operational Programmes.

This Priority supports activities under two separate PEACE II Priorities, Priority 4 and Priority 5 and measures 5.2-5.4 of the PEACE II Extension. However, projects under all Programme Priorities could potentially contribute to this CSF Priority. Potential links to North-South and Wider Co-operation are recorded in 10 measure sheets in the BSP Programme Complement.

For example 3.4:

Accountable Department	The Department of Education
Nature of Aid	Grants up to the maximum ERDF subvention rate of 75% of eligible expenditure
North/South and wider Co-operation	As a complementary measure, the Department of Education has supported a cross-border childcare partnership established in the border corridor of Northern Ireland and the Republic of Ireland to develop good practice models for childcare provision in rural areas for children aged 0-12.

**Narrative.**

Under measure 4.1 of the PEACE II Programme, the Northern Ireland Centre for European Co-operation (NICEC) is based at the University of Ulster and has a project entitled “Shared Learning: From the local to the global and back again”. The overall aim is to develop new and build on existing networks which addresses social and cultural regeneration, diversity and conflict management themes that support reciprocal learning between Northern Ireland and the other EU countries. For over two years, NICEC has led a shared learning project with its European partners on diversity and conflict management issues. The focus has been to improve policy and practice approaches to the numerous challenges in these areas, with an emphasis on reciprocal learning between policy making communities. The project has worked with partners in the Basque Country, Serbia/Montenegro, Cyprus and Kosovo.

Under measure 5.3, participation by the Protestant communities has significantly improved. A good example of this is the the Riverbrook Cross-border Initiative between Riverstown Enterprise Development Ltd in Sligo and Brookeborough Enterprises Ltd in Fermanagh. This project was the joint winner of the Fermanagh Rural Community Networks ‘Celebrating Community Achievement Awards’ in acknowledgement of its achievement in cross-border co-operation in building trust and breaking down barriers.

## Progress against Indicators.

CSF Indicator	Progress to end December 2005
10 new/existing NI networks supported	18
75% of new/existing NI networks to participate in international networks	94%
75% satisfaction rate of participant network organisations in local networks and international networks	To be assessed at end of Programme
50% of new networks still in operation in 2006	To be assessed at end of Programme
50 new/existing cross-border linkages/networks supported	115
18 new/existing cross-border linkages/networks participating in cross-border/cross-community projects	17
20 SME-SME linkages or clusters created as a result of the networks	112
20% additional finance to be levered to the Border Region	31%
40 Implementation projects funded <sup>1</sup>	58
7 Research Studies <sup>1</sup>	10
30 Publicity events <sup>1</sup>	30

<sup>1</sup>These indicators replace the technical assistance indicators as part of the review of indicators in PEACE II.

Eighteen new/existing Northern Ireland networks have been supported under this Priority (surpassing the target of 10) demonstrating the extent by which the priority has progressed. The target of 75% networks to participate in international networks has been surpassed with 94% achieving this aim. Further to this the North/South and Wider Co-operation priority reports 115 new or existing cross-border linkages/networks as being supported, surpassing the target of 50. Of these linkages/networks, 17 are participating in cross-community projects. In addition, 112 SME-SME clusters or linkages have been created as a result of the networks. Achievement has been good under this priority and it is likely that all objectives will be met.

## Example of Project funded under this Priority

### **Cashel Community Association**

During the Troubles, border road closures resulted in some communities literally being split in two. Businesses were economically affected and long-standing friendships were difficult to maintain.

One such community is Cashel, a small mixed community located on the Border midway between Enniskillen and Belleek, Co. Fermanagh.

Their natural social and economic centre is the village of Kiltyclogher, just over the border in Co. Leitrim. The border crossing bridge was for many years removed, cutting the community in half.

With the recent construction of a new bridge and border crossings reopened the community have set about rebuilding the spirit and relationships that existed before the Troubles.

To help facilitate this, the Cashel Community Association secured £351,337 PEACE II funding from the RDC to construct an outdoor activity area to hold community events to bring the communities back into contact through social interaction. With the attractive small facility now completed the cross border movement of 'Kilty-Cashel' are planning outdoor social and cultural events to rebuild the cross community good relations of yesteryear.

## **4. REVIEW OF FINANCIAL PERFORMANCE OF CSF**

### **4.1 FINANCIAL PROGRESS**

Out of a total CSF EU funding allocation of €1,396,115,400 expenditure totalling €910,652,677 had been claimed up to the end of December 2005. €327m of this community expenditure was certified under the PEACE II Programme and €583.6m under the BSP Programme. This represents 65% of the total available. Of the amounts certified, Priority 1 (Economic Growth and Renewal) accounted for 28.8% (€262,599,497) with Priority 2 (Employment, Human Resource Development and Social Inclusion) representing 34.6% (€314,844,491) of the total. Technical Assistance expenditure amounted to 1.4% (€12,882,115) of the total spend with Priorities 3 (Balanced Regional, Urban and Rural Development) and 4 (North / South and wider Co-operation) utilising 31.4% (€285,949,850) and 3.8% (€34,376,723) respectively of the available funding.

Of the total €910m claimed €692,883,068 was received from the Commission up to the end of 2005, with the balance of €217,769,609 due early in 2006.

The table on page 71 shows CSF Priority Level Expenditure Declared – Cumulative for all years.

**CSF EXPENDITURE CLAIMS BY PRIORITY FOR ALL YEARS (in € ) SHOWING ONLY THE EU ELEMENT CLAIMED - 2005 A.I.R.**

No.	PRIORITY TITLE	2000	2001	2002	2003	2004	2005	2006	2007	2008	TOTAL
1	Economic Growth and Renewal	31,482,804.27	30,936,161.66	37,058,936.18	77,082,986.64	47,672,443.57	38,366,164.84	0.00	0.00	0.00	262,599,497.16
2	Employment, HRD and Social Inclusion	15,556,184.03	39,655,023.93	43,971,309.74	89,728,521.04	79,294,960.76	46,638,491.39	0.00	0.00	0.00	314,844,490.89
3	Balanced Regional, Urban and Rural Development	5,811,660.63	13,790,681.21	21,349,955.15	76,056,041.55	121,519,411.07	47,422,101.22	0.00	0.00	0.00	285,949,850.83
4	North / South and wider Co-operation	0.00	335,913.14	2,585,652.95	8,496,406.42	15,103,870.34	7,854,880.41	0.00	0.00	0.00	34,376,723.26
	Technical Assistance	74,511.99	1,188,602.81	10,009,921.46	650,788.41	526,783.66	431,507.12	0.00	0.00	0.00	12,882,115.45
	<b>TOTAL</b>	<b>52,925,160.92</b>	<b>85,906,382.75</b>	<b>114,975,775.48</b>	<b>252,014,744.06</b>	<b>264,117,469.40</b>	<b>140,713,144.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>910,652,677.59</b>
	<b>FUND</b>										
	<b>ERDF</b>	34,627,162.57	42,998,750.25	62,211,952.57	176,518,885.13	186,935,561.29	83,614,199.61	0.00	0.00	0.00	586,906,511.42
	<b>ESF</b>	15,390,448.77	39,210,640.87	42,869,743.45	60,642,715.48	52,861,166.94	37,540,906.51	0.00	0.00	0.00	248,515,622.02
	<b>EAGGF</b>	2,907,549.58	3,692,302.91	5,388,925.07	14,038,683.48	15,361,213.13	17,505,061.63	0.00	0.00	0.00	58,893,735.80
	<b>FIFG</b>	0.00	4,688.72	4,505,154.39	814,459.97	8,959,528.04	2,052,977.23	0.00	0.00	0.00	16,336,808.35
	<b>TOTAL</b>	<b>52,925,160.92</b>	<b>85,906,382.75</b>	<b>114,975,775.48</b>	<b>252,014,744.06</b>	<b>264,117,469.40</b>	<b>140,713,144.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>910,652,677.59</b>

SUMMARY BY PROGRAMME, BY FUND

BSP	FUND	2000	2001	2002	2003	2004	2005	2006	2007	2008	TOTAL	
	ERDF	34,457,054.43	41,123,707.57	43,496,976.62	88,644,078.69	134,052,967.64	51,458,537.02	0.00	0.00	0.00	393,233,321.97	
	ESF	15,390,448.77	36,496,055.40	20,231,955.44	25,126,691.63	19,913,806.00	22,441,697.88	0.00	0.00	0.00	139,600,655.12	
	EAGGF	508,068.29	361,046.13	1,769,210.41	10,513,994.70	10,290,326.11	11,746,613.81	0.00	0.00	0.00	35,189,259.45	
	FIFG	0.00	0.00	4,427,658.94	363,717.43	8,793,276.83	1,997,001.75	0.00	0.00	0.00	15,581,654.95	
	<b>TOTAL</b>	<b>50,355,571.49</b>	<b>77,980,809.10</b>	<b>69,925,801.41</b>	<b>124,648,482.45</b>	<b>173,050,376.58</b>	<b>87,643,850.46</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>583,604,891.49</b>	
	PEACE II	FUND	2000	2001	2002	2003	2004	2005	2006	2007	2008	TOTAL
		ERDF	170,108.14	1,875,042.68	18,714,975.95	87,874,806.44	52,882,593.65	32,155,662.59	0.00	0.00	0.00	193,673,189.45
		ESF	0.00	2,714,585.47	22,637,788.01	35,516,023.85	32,947,360.94	15,099,208.63	0.00	0.00	0.00	108,914,966.90
		EAGGF	2,399,481.29	3,331,256.78	3,619,714.66	3,524,688.78	5,070,887.02	5,758,447.82	0.00	0.00	0.00	23,704,476.35
		FIFG	0.00	4,688.72	77,495.45	450,742.54	166,251.21	55,975.48	0.00	0.00	0.00	755,153.40
		<b>TOTAL</b>	<b>2,569,589.43</b>	<b>7,925,573.65</b>	<b>45,049,974.07</b>	<b>127,366,261.61</b>	<b>91,067,092.82</b>	<b>53,069,294.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>327,047,786.10</b>
	<b>CHECK TOTAL</b>	<b>52,925,160.92</b>	<b>85,906,382.75</b>	<b>114,975,775.48</b>	<b>252,014,744.06</b>	<b>264,117,469.40</b>	<b>140,713,144.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>910,652,677.59</b>	

## **4.2 N+2**

European Council Regulation 1260/1999 requires that claims to the Commission must be made within 2 years of the year of commitment, this is known as the N+2 rule (N = year of commitment, +2 = end of the second year following the commitment).

During 2005 the BSP Managing Authority introduced new procedures to assist the regular monitoring of financial progress towards the achievement of the 2005 N+2 target. Departments were asked to provide a quarterly forecast of sterling expenditure by measure to help the Managing Authority to manage the process. This enabled the Managing Authority to be aware of any potential shortfall and to consider corrective action at an early stage.

The PEACE II Managing Authority monitored spend on a monthly basis, increasing to a weekly basis in quarter 4 of 2005. This was complemented by regular meetings between the Managing Authority and Government Departments, Department of Finance and Personnel and other key measure leaders and Implementing Bodies.

These steps meant that both Programmes successfully met their N+2 targets for all the funds by the end of December 2005.

## **4.3 TECHNICAL ASSISTANCE**

Each Programme under the CSF has its own dedicated Technical Assistance Measure to fund activities that support the management and implementation of their programmes. In addition each Operational Programme on a pro-rata split of 68 BSP / 32 PEACE II will provide for the administration costs of the CSF and its Working Groups, all evaluations and information and publicity actions commissioned by the CSF Monitoring Committee. To the end of 2005 a total of €12,882,115 had been claimed, with €2,391,701 in respect of BSP and €10,490,414 in respect of PEACE II.

#### **4.4 APPROVED PROJECTS**

The public website, [www.eugrants-successes.org](http://www.eugrants-successes.org), continues to provide details of all projects approved under the CSF programmes (and the Community Initiatives). A number of search criteria may be applied by users of the site.

#### **4.5 MID TERM EVALUATION UPDATE**

Under Council Regulation (EC) No 1260/99 Article 42 (4) an update of the Mid-term Evaluation of the Northern Ireland CSF was required to be completed by 31 December 2005. The Mid-term Evaluation Update was completed and presented to the CSF Monitoring Committee on 01 December 2005 then forwarded to the Commission on 12 December 2005.

The update was carried out in association with the updates of the two CSF Operational Programmes, led by the Managing Authority, advised by the Northern Ireland Statistics and Research Agency (NISRA) with input from other Programme and Departmental research projects. The Mid term Evaluation Steering Group (ESG) was reconstituted to oversee the work. The first ESG meeting was held on 1 March 2005 when the remit paper detailing the aims, objectives, and methodology to achieve the objectives of the Mid-term Evaluation Update were agreed.

In line with the requirements of “*Commission Working Paper Number 9*” and the remit for the update the following objectives and key issues were covered by the report:

- Review of the implementation of the recommendations made in the 2003 mid-term evaluation (MTE) of the NI CSF.
- Analysis of the outputs and results achieved to date, in light of the NI CSF targets and financial performance.
- Analysis of impacts achieved to date and the likely achievement of objectives.

- Conclusions on efficiency, effectiveness and impact and recommendations for the future.

The overall finding of the Mid-term Evaluation Update was that a considerable amount of effort has been made to address and build on the recommendations of the CSF mid-term evaluation. A number of important steps have been made which are likely to improve the overall impact of the CSF through the BSP and PEACE II Operational Programmes. The following is a brief summary of the findings.

### **Non-financial monitoring data.**

It is essential that the non-financial monitoring coverage on the EU Structural Funds Central Database be improved. The Managing Authority should continue to be proactive in ensuring that the Implementing Bodies continue to make progress under this area. At the time of writing the update report, both Managing Authorities were addressing this issue, among others, with the Implementing Bodies through a series of bilateral meetings. It is essential that this information be recorded on the database to ensure accurate reporting and planning for the Programme, as well as to offer significant help to Programme closures.

### **Outputs and Results**

There has been a significant degree of progress regarding financial and physical indicators across the CSF since the 2003 MTE. However, there are some areas where progress has been consistently slow.

Parts of CSF Priority 3 continue to have low levels of spend and achievement, although progress has been made very recently. EAGGF achievement remains difficult in general, particularly from a financial perspective. The effect of this on outputs and results is less obvious as many such indicators have reported reasonable progress. The Programme Managing Authorities are taking forward initiatives with the Implementing Bodies involved to ensure that N+2 targets are met and progress is improved in the future.

The ESF element is progressing well and with the inclusion of the BSP element for Lifelong Learning in 2006, should ensure that the targets are met across all the policy fields. The infrastructure elements of Priority 3 have progressed steadily and it will be important for the transport element to improve to ensure that financial and physical targets are met.

The Peace Priority (Sui Generis) has also progressed well and is on course to meet the majority of its targets for both financial and physical achievement. This should help to ensure a legacy for the Programme in regard to peace and reconciliation within Northern Ireland.

Overall, performance against financial and physical targets has been good. However, there still are a number of indicators that have no progress against them and it was noted in the PEACE II mid-term evaluation update that the *'recent review of indicators and current work to update the data has made it difficult to examine progress across the [PEACE II] Programme'*.

It was noted, however, that much of this information is not yet recorded on the central monitoring database. This is regrettable as it restricts the management capacity of the Managing Authority and Government Departments with responsibility for other implementing bodies. As detailed above, the Programme Managing Authorities are addressing this issue.

### **Impacts**

Analysis of the CSF Impacts demonstrates, through the impact of supported activities, that a number of key objectives across the CSF are likely to be met. This represents considerable progress from the MTE position. However, there are a number of areas that will require significant effort in the final years of the programme in order to ensure that targets are met and impacts achieved.

Priorities are, on the whole, likely to meet most of their respective impact indicator targets. There has been substantial progress to date and continued progress should ensure that all targets are met. There has been considerable

progress since the MTE for EAGGF activities however difficulties around meeting N+2 targets remain. It was recommended that the impact for the EAGGF activities across the CSF be kept under review. Both Programme Managing Authorities are monitoring the situation closely.

It was also recommended that an assessment be made of the measurement and likely reporting period for the impact indicators due to the lack of information available across the CSF Priorities. It is essential that a high degree of reporting is available for the closure of Programmes to ensure that the added value of the BSP and PEACE II OPs through the CSF can be accurately measured. The CSF Managing Authority will undertake a gap analysis and develop a strategy to fill the information gap.

### **Horizontal Principles**

In terms of the horizontal principles, positive steps have been taken under the equality and environment horizontal principles. In addition, the work undertaken both by the respective working groups and the Programme Managing Authorities have helped reinforce and bring to the forefront of the BSP and PEACE II Programmes the principles of equality and the environment. The lessons learned from these initiatives will play a significant role in the development and delivery of any future European Programmes in Northern Ireland.

It was however found that the potential influence of the Horizontal Principles was reduced in two ways. Firstly, the scores attributed to the Horizontal Principles in the selection process were unlikely to result in a rejection. Secondly, the total number of Horizontal Principles in some ways reduced their potential impact because there were too many to be taken into consideration by the applicant. Therefore, it may be useful in future Programmes to reduce the number of horizontal principles on which to focus. In addition, it may be useful for the main Horizontal Principles to carry greater weights for scoring in the selection process. This will be taken into account in the development of the future EU Programmes.

It is also important that the key lessons from the current Operational Programmes and CSF are incorporated in to the development of any future programmes.

The overall effect of the two Operational Programmes is comprised of the sum of their parts rather than achievement through being combined within the CSF. There is no evidence through the update report that this position has changed. Indeed, the European Commission, through the current draft regulations, have removed the requirement for an overarching framework in the form of the CSF for the 2007 to 2013 Structural Funds period.

It is also important to acknowledge that the political context in which the CSF operates changed substantially since its introduction. This has clearly affected its capacity to fulfil the co-ordination role that was established for the framework and the CSF Monitoring Committee at the outset.

## 5 HORIZONTAL PRINCIPLES

The CSF identified nine horizontal principles as cross cutting themes, shaping the way in which the CSF is delivered at all levels, ranging from programme design and delivery of projects, project selection criteria and monitoring. For purposes of this report they are categorised as either impact-related or process-related.

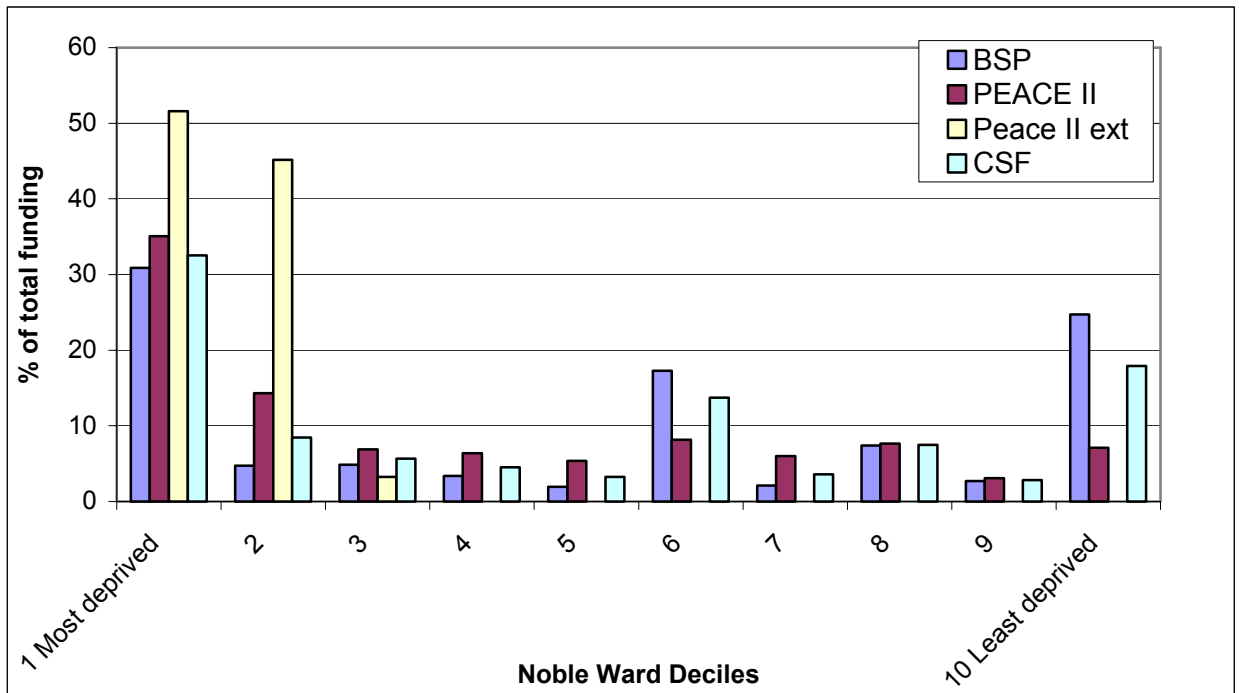
### (A) IMPACT-RELATED PRINCIPLES.

These principles are incorporated in Programme selection processes where a proportion of the overall marks are allocated and awarded to projects.

#### 5.1 NEW TARGETING SOCIAL NEED (NTSN)

New TSN as a horizontal principle is embedded in EU programmes, targeting funds to people, groups and areas in greatest social need. It will however be addressed in different ways according to the Programme and the nature of the Measure in question. Special focus will be made on the problems of unemployed people and on improving their chances of finding employment.

**Total funding by level of deprivation**



Noble ward deciles	Number of approved applications	Total funding (£stg)	% of total funding
1 Most deprived	1,259	385,833,717	32.5%
2	779	100,385,266	8.5%
3	475	66,943,192	5.6%
4	688	53,859,867	4.5%
5	548	38,564,390	3.3%
6	490	163,165,990	13.8%
7	458	42,664,738	3.6%
8	378	88,747,835	7.5%
9	299	33,602,134	2.8%
10 Least deprived	255	212,734,103	17.9%
<b>Total</b>	<b>5,629</b>	<b>1,186,501,231</b>	<b>100.0%</b>

Source: Central Applications Database

An analysis of funding awarded to all projects under the CSF approved on or before 31 December 2005 against levels of deprivation as defined by Noble<sup>1</sup> has been carried out to approximate the New TSN impact of the Framework. The analysis was conducted using postcode analysis of project addresses as provided on the central applications database. If the project address was insufficient to allocate a postcode, the address of the applicant organisation was used as a proxy.

There were 5,714 projects on the database approved on or before 31 December 2005. A total of 54 projects had addresses in the Border Region, while a further 31 had insufficient address information to allocate them to a Noble decile. This analysis therefore excludes 85 projects, as only the remaining 5,629 can be allocated to a Noble decile.

It should be noted that deprivation is not the main focus of the CSF and therefore it would not be expected that all funding should be allocated to deprived wards. However, New TSN is a horizontal principle of the CSF and as such a significant proportion of funding would be expected to be skewed towards these wards. The analysis presented in the table above shows that 33% of the funding allocated has been awarded to projects with addresses in the 56 wards (10%) that have the highest multiple deprivation scores. This

<sup>1</sup> The Northern Ireland Multiple Deprivation Measure 2001, Northern Ireland Statistics and Research Agency, Occasional Paper No 18.

proportion increases to over two-fifths (41%) when the analysis is extended to the 20% most deprived wards.

These results should be treated with caution due to the effect of projects run by both central and local government, particularly under BSP. For example, there are 93 projects from BSP in the upper decile, accounting for 85% of the funding in this decile. The majority of these projects are based on organisation headquarters addresses and not necessarily the targeted area addresses, e.g. programmes that are being run by local councils under Measure 1.4 in BSP have the address of the council headquarters. However, many of the projects being run by the councils are aimed at the whole council area and therefore target various deprived areas. This is also the case for a number of projects such as Invest NI schemes and Graduate Training programmes. The current development work being carried out on the database to include project level information for the central government schemes should allow analysis to be carried out in the future which will better reflect the impact on NTSN.

## **5.2 BALANCED INTERVENTION/EQUAL OPPORTUNITIES**

Under the CSF, for projects approved before 31 December 2005, some 48,200 beneficiary Section 75 Equality forms have been completed with the addition of summary equality information for around 55,800 individuals, mostly under Priority 2 (Employment). The gender breakdown for all returns shows that 43% of all beneficiaries to date are female. These figures should, however, be treated with caution as they are based on returns attributable to just over a quarter (26%) of all approved projects under the CSF and are therefore not representative of all activities under BSP and PEACE II. There is a general lack of returns for the vast majority of Measures within BSP which is compounded by the difficulty of determining person beneficiaries for large infrastructural projects. The coverage of forms for PEACE II is somewhat better. The latest position regarding forms is detailed in the table below.

**CSF NI – Section 75 Equality Returns coverage as at 31.12.05**

<b>CSF Priority</b>	<b>Total approved projects</b>	<b>No. Individual returns</b>	<b>No. Summary returns</b>	<b>Total Number returns</b>	<b>Total projects with returns</b>	<b>% Coverage</b>
<b>1</b>	<b>721</b>	1,515	0	<b>1,515</b>	<b>91</b>	13
<b>2</b>	<b>2,351</b>	18,590	55,774	<b>74,364</b>	<b>604</b>	26
<b>3</b>	<b>2,197</b>	23,228	39	<b>23,267</b>	<b>696</b>	32
<b>4</b>	<b>445</b>	4,885	0	<b>4,885</b>	<b>95</b>	21
<b>Total</b>	<b>5,714</b>	<b>48,218</b>	<b>55,813</b>	<b>104,031</b>	<b>1,486</b>	<b>26</b>

This difficulty in determining the beneficiary and in measuring the impact of this horizontal principle led to research being commissioned by the Mainstreaming Equality Working Group (MEWG) to examine potential ways for determining impact on equality groups<sup>2</sup>. The research completed in June 2005 produced a number of recommendations that could help measure the impact of the Programme on the Equality Groups. However, the Working Group is of the opinion that at this stage in the current programmes, where they are approaching full commitment, it would not be cost effective to try to implement the recommendations of the report but that they should be implemented in any future programmes. In addition, development work is currently underway to produce further information from the forms and it is hoped that this information will be available for the next annual report.

### **5.3 ENVIRONMENTAL SUSTAINABILITY**

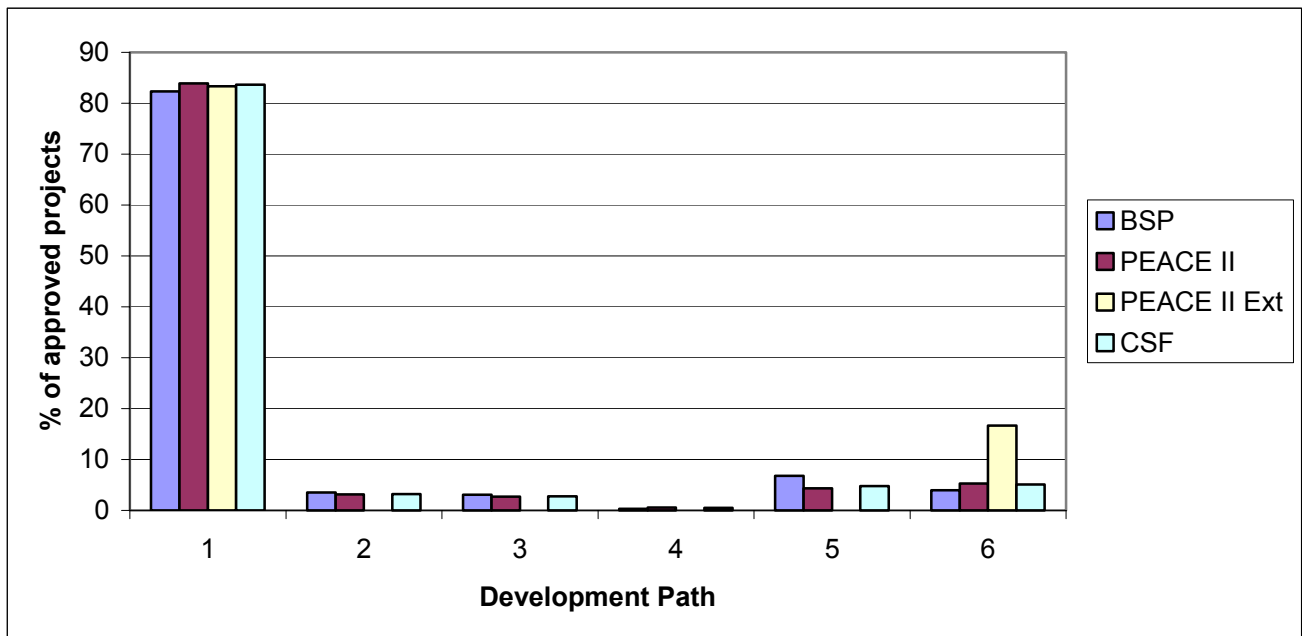
Development Path Analysis (DPA) is used to assess the environmental impact of any given project. Each project is allocated a development path ranging from 1 to 6, which is recorded on the central applications database. Analysis of the database has shown that of the 5,714 projects under the CSF approved before 31 December 2005, almost 100% had a DPA score (three 'terminated'

<sup>2</sup> The Northern Ireland Community Support Framework: Research Project to Examine Ways of Assessing the Impact of EU Programmes on the Section 75 Groups. Economic Research and Evaluation, June 2005.

projects failing to record a DPA score), representing 100% of total funding awarded.

Recent research, commissioned by the Managing Authority on behalf of the CSF Environmental Working Group made a number of recommendations which were implemented in 2005: the provision of guidance on the use of DPA the tool; training, and one to one support for those Implementing Bodies having difficulty applying DPA reasonably. This has helped to ensure that the scores are as reliable as possible. The latest position regarding the DPA scores is shown below.

### CSF Development Path Analysis – Latest Position



### Approved applications and funding by DPA score

Development Path	Approved Projects	% of Approved Projects	Total Funding (Stg)	% of Total Funding
1	4,776	83.6%	1,025,856,735	85.7%
2	184	3.2%	36,985,572	3.1%
3	159	2.8%	42,235,564	3.5%
4	30	.5%	1,563,223	.1%
5	272	4.8%	35,654,089	3.0%
6	290	5.1%	55,298,818	4.6%
<b>Total</b>	<b>5,711</b>	<b>100.0%</b>	<b>1,197,594,000</b>	<b>100.0%</b>

Source: CSF Central Database

Analysis of the DPA data shows that a majority (84%) of projects have been classified as Path 1, i.e. 'business as usual'. These projects account for 86% of all funding. Path 5 (improving eco-efficiency) and Path 6 (encouraging new types of economic activity which use less environmental wastage) are both allocated to 5% of approved projects, representing 3% and 5% of funding respectively. Path 2 projects which aim to clean up the mess from past activities, and Path 3 projects, putting environmental infrastructure in place, each denote 3% of approved projects. They represent 3% and 4% of funding respectively. The lowest proportion of projects (1%) are allocated to Path 4 (helping existing firms meet increasing environmental standards).

#### **5.4 ECONOMIC AND SOCIAL SUSTAINABILITY**

All funding bodies must when assessing projects bear in mind that all should, by the end of the programming period, have developed an appropriate exit strategy. Projects should either have completed the funded task, have become self-sustaining or have identified alternative sources of funding. The Mid-term Evaluation highlighted the fact that sustainability remains a challenge for a proportion of projects especially within the PEACE II Programme, and in particular projects in the voluntary and community sector.

The Department of Social Development set up a Task Force with the aim to identify how the medium and long-term sustainability of the voluntary and community sector could be achieved. In March 2005 the Government published the "Positive Steps" document outlining a significant agenda for change and support for the voluntary and community sector, some actions were immediate, some will require further development.

Also in 2005, the next "Partners for Change", the Government's strategy outlining support of the voluntary and community sector, was drafted and will be out for public consultation in Spring 2006.

## **(B) PROCESS-RELATED PRINCIPLES**

### **5.5 ACCOUNTABILITY**

During 2005 liaison with Heads of Internal Audit continued through EURONET, the main focus was commenting on the draft closure document issued by the Commission for the current programmes. A closure group comprising Managing and Paying Authorities, Implementing Departments and Audit Branches has been established to liaise on closure accountability issues for Northern Ireland including adoption of the generic UK closure documentation for Northern Ireland use. We still however await final agreed guidance from the Commission.

Work is also ongoing on ensuring consistency for both Article 4 and 10 reporting - guidance for both has been amended and reissued in May and June 2005 respectively. Work has also begun on development of Central Database access on Article 4 and 10 data regarding annual audits, recommendations and follow up in preparation to meet closure requirements. This work is expected to complete during 2006.

DG REGIO conducted a System Audit in June 2005 to review ERDF Managing and Paying Authority processes as well as those in place in DETI and INVEST NI as Implementing Bodies. A preliminary draft report issued at the end December 2005 and work will continue during 2006 to bring any outstanding issues to conclusion.

The Annual Article 13 report on control activity during 2004, a regulatory requirement by the Commission, was completed and published during 2005. The Commission subsequently agreed the 2004 report at its Annual Coordination Meeting between UK and Commission Auditors in May 2006 – the report is available on the Department of Finance and Personnel European Division website ([www.europe-dfpni.gov.uk](http://www.europe-dfpni.gov.uk)). The 2005 report was submitted in line with regulatory requirements by 30 June 2006 – once cleared by the Commission will again be placed on the website for reference.

The latest report provided details on a total of 55 system audits across all 4 funds which were conducted in 2005 on the BSP and PEACE II Programmes as well as Article 10 activity as provided in the overview table below.

PROGRAMME	ARTICLE 10 ACTIVITY			NEW IRREGULARITIES REPORTED IN 2005	IRREGULARITIES CLEARED IN 2005
	Cumulative No of Verification Checks	Cumulative Amount Checked £	% Amount Checked Against Cumulative Expenditure Declared		
BSP - ERDF	74	2,196,812	8.31	12	11
ESF	123	19,643,675	14.72	8	-
EAGGF	21	2,173,833	3.47	4	1
FIFG	10	705,277	4.48	Nil	-
PEACE - ERDF	163	15,011,505	8.84	6	2
ESF	127	4,125,229	4.33	13	5
EAGGF	26	1,361,942	7.00	Nil	Nil
FIFG	1	70,789	10.18	Nil	-

## 5.6 PARTNERSHIP

The principle of partnership works through the composition of the Monitoring Committees and Working Groups. In January 2005 a refreshment exercise was conducted and two new members have agreed to join a working group.

As reported in 2004 the Northern Ireland Local Government Association (NILGA) now employs a European Officer, supported through technical assistance, to provide advice and support to local government members of the Monitoring Committees. During 2005 the Managing Authorities have reported a marked improvement in attendance and participation of local government representatives at the monitoring committee meetings.

## **5.7 CO-ORDINATION**

Structural funds within Northern Ireland are applied in a coordinated and complementary manner. In 2005 amendments were made to the Structural Funds Manual and bilateral meetings were held between the Managing Authorities and Implementing Bodies and with Paying Authority across funds and programmes.

The Structural Funds Database also plays a central role in coordination. The development work and roll out exercise instigated by the PEACE II Extension was completed and a systems audit completed by external auditors contracted by DFP Internal Audit gave a “substantial assurance” that the system objectives would be met.

The quarterly checks on possible duplicate funding across programmes were also carried out.

## **5.8 LOCALLY – BASED DECISION MAKING**

This horizontal principle is implemented mainly within the PEACE II Programme through Intermediary Funding Bodies (IFB) and Local Strategy Partnerships (LSP). Following the PEACE II Extension SEUPB initiated a process of open tendering for the recruitment to implement the extension measures. A total of 7 Implementing Bodies now deliver the PEACE II Programme. In addition, all 26 LSPs submitted an operational plan and budget for the implementation of the PEACE II Extension.

In September 2005 the Regional Partnership Board published a Best Practice Manual, which contains examples of best practice from all 26 LSPs. Copies were made available to Monitoring Committee members.

## **5.9 PUBLICITY / TRANSPARENCY**

On March 21, 2005 just over 220,000 CSF publicity leaflets were distributed through Northern Ireland’s three main newspapers to raise the general public’s awareness to the kind of projects EU funding was supporting. Evidence from the Omnibus Survey indicated that public awareness of the two

programme logos only increased by 1% in respect of BSP and had fallen from 51% in 2004 to 47% for PEACE II in 2005. This is disappointing as publicity is high on the agenda for both programmes.

Further information on publicity activity during 2005 is given in section 9 of this report.

## **6 MANAGEMENT OF THE CSF**

The CSF Monitoring Committee has a strategic role in the overseeing all of the EU Structural Funds in Northern Ireland including EU wide Community Initiatives (CIs) (a brief report for each CI is provided in Annex A). The Monitoring Committee role is underpinned by the work of the thematic Working Groups.

In January 2005 the Managing Authority carried out a refreshment exercise giving nominating organisations the opportunity to review their existing Membership and to make fresh nominations where required.

It is fully appreciated that over time, a number of the members of the Monitoring Committees become unavailable or find that they are unable to attend regularly. There are reasons for this including changes within nominating organisations and pressure of other business.

The CSF Monitoring Committee gained new membership from the Agri-rural sector and Local Government.

### **6.1 THE COMPOSITION OF THE CSF MONITORING COMMITTEE 2005**

<b>NAME</b>	<b>SECTOR</b>
Lord Rooker	Minister of Finance and Personnel
Pat Colgan	Chair of PEACE II
Bill Pauley	Chair of Building Sustainable Prosperity

<b>NAME</b>	<b>SECTOR</b>
Anne O'Reilly	Equality
Dr Lucinda Blakiston-Houston	Environment
Seamus McAleavey	Voluntary and Community
Bryan Johnston	Business
Clarke Black	Agri/Rural Forum
Patricia McKeown	Trade Union
Cllr Joan Baird	Local Government
Cllr Sean Kerr	Local Government
Cllr Philip Weir	Local Government
Cllr Thomas O'Hanlon	Local Government
Alderman Sean Neeson MLA	Local Government
Maura Young	Paying Authority (ERDF)
Nuala Kerr	Paying Authority (ESF)
Gerry McWhinney	Paying Authority (EAGGF and FIG)

## **6.2 CSF MONITORING COMMITTEE DECISIONS**

The CSF Monitoring Committee met twice during 2005 – 1 June and 1 December. A summary of decisions made during 2005 is shown in the table below.

<b>Date of Meeting</b>	<b>Issues</b>	<b>CSF Paper No.</b>	<b>Decision/ Action Taken</b>
1 June 2005	Progress Report on the Northern Ireland CSF	01/05	Members noted the content of the Report and the progress in implementation.
	PEACE II Extension	02/05	Members noted the content of the report

	Update on BSP Operational Programme	03/05	Members noted progress of the BSP OP and the allocation of the Performance Reserve
	Role of the Communication and Information Working Group	04/05	The Committee were advised that the CIWG felt it had fulfilled its Terms of Reference and agreed to accept an annual report on publicity from the Managing Authority
	Section 75 presentation	05/05	Noted
	Monitoring Committee Customer Satisfaction Survey	06/05	Noted
1 Dec 05	Progress Report on the Northern Ireland CSF	07/05	Members noted the content of the Report and the progress in implementation.
	CSF Mid-Term Evaluation Update	08/05	Committee noted completion of the MTE Update Report for presentation to European Commission.
	2005 Information and Publicity Report	09/05	Noted
	Update on the Role of the Monitoring Committee Members	10/05	Noted

## **7 CSF WORKING GROUPS**

Some significant progress has been made by the working groups during 2005. However the lack of representation and attendance at some working groups continued to cause concern.

### **7.1 MAINSTREAMING EQUALITY**

The MEWG met on 13 April and 5 October.

The major activity of the Mainstreaming Equality Working Group during 2005 was to manage and review the research project into Ways of Assessing the Impact of EU Structural Funds Programmes on Section 75 Groups. A Steering Group was formed for this purpose. Presentations were made to the steering group, and the draft final report was presented to the full Working Group on 13 April 2005. A final presentation of the findings was given to the CSF Monitoring Committee in June 2005.

An Executive Summary was also forwarded to Equality contacts in each Government Department for information and the full report was made available on the DFP European Division website ([www.europe-dfpni.gov.uk](http://www.europe-dfpni.gov.uk)).

The Working Group met again on 5<sup>th</sup> October to discuss the report and agreed for a number of recommendations to be forwarded to the Managing Authority for consideration.

The work plan for the Working Group was also revisited and amended to reflect the work the group will address before the end of the Programme.

### **7.2 COMMUNICATIONS AND INFORMATION**

The CIWG met once in 2005 on 24 March.

In the 2004 Annual Report it was stated that the Communication Action Plan produced by this Working Group had been approved and that *'the future role of the CIWG is under consideration'*.

Members of the CIWG agreed at a meeting of the working group on 24 March 2005 that the BSP, PEACE II and CSF Monitoring Committees be consulted on the necessity for the working group to continue in its present form.

The members acknowledged the importance of being able to measure results on publicity and it was suggested that the Monitoring Committees themselves could monitor publicity actions with the Managing Authority reporting on effectiveness and quality.

In April/May 2005 the BSP, PEACE II and CSF Monitoring Committees were advised by representatives of the CIWG that the working group felt it had fulfilled its Terms of Reference. The Committees agreed that they would receive a regular publicity report from the Managing Authority and retain the option to revisit the role of the Working Group. Accordingly the CIWG did not meet again during the year

### **7.3 INFORMATION SOCIETY**

During 2005 there were three further meetings of the ISWG - 4<sup>th</sup> March, 30<sup>th</sup> September and 7<sup>th</sup> December.

#### **e-Europe4all Event**

The Conference Report from the 'e-europe4all' event which was held in Londonderry in June 2004 was finalised and issued to all relevant stakeholders. In light of the findings from this report and the feedback received from the delegates the ISWG decided to organise a follow-up event for 2006.

At the meetings held in 2005, it was agreed to locate the event in the Canal Court, Newry on 18/19th May 2006. Building on the success of the first conference the primary aim will be to share best practice through European wide showcases.

The prestigious European 'Information Society Technology Prize' has been used to attract the very best cutting edge technologies from across Europe. Each year this competition selects a list of the most innovative ICT products and services from over 30 European countries.

ISWG reviewed the 66 nominees for this competition and agreed to invite a selection of 22 organisations to exhibit at the conference. 16 have confirmed their attendance.

After a competitive tendering process Morrow Communications were appointed as event organisers. Their responsibilities include securing sponsorship, PR, website design, mailing lists etc.

Ministerial representation from both the North and South of Ireland and representation from the European Commission has been secured for the event.

IDA Ireland has agreed to support the event and in conjunction with the Office of An Taoiseach the ISWG has contacted several potential exhibitors from the Republic of Ireland. In addition numerous organisations from both the public and private sector in the Republic have been made aware of the event.

An event sub-group made up of several ISWG members and local stakeholders is driving the event forward. This sub-group met on a monthly basis.

#### **7.4 HUMAN RESOURCE DEVELOPMENT**

The HRDWG did not hold a full meeting during 2005.

In December 2005, continuing its role to inform the implementation of ESF co-funded interventions, the HRDWG determined that there was a need to explore good practice and lessons learnt in the management and delivery of the BSP and PEACE II Programmes in light of the mid-term evaluations in 2003 and the 2005 updates. The Group agreed to commission a research project to identify and highlight both the good practice and lessons learnt in the management and delivery of activities to achieve programme objectives, if possible in light of experiences elsewhere and the delivery of other EU funded programmes such as the Northern Ireland Equal Community Initiative 2000-2006. It is anticipated that the research project will commence in March 2006 with the final report available by June 2006.

#### **7.5 ENVIRONMENT**

During the year there were 3 meetings of the EWG - 22 February, 24 May 2005 and 7 November 2005.

## **Sustainable Environment Horizontal Principle (SEHP)**

The EWG carried out a work programme to ensure the effective integration of SEHP within the CSF fund programme.

This included (a) analysis of BSP measures with regard to SEHP (b) analysis of project selection criteria (c) assessment of current monitoring measures in place in NI which will provide feedback information for assessing success of CSF at meeting targets and (d) assessment of success of BSP measures and monitoring measures at addressing the weaknesses in NI environment identified in ex-ante eco audit 1999. Currently the Groups work programme involves establishing a table of Environmental Criteria Analysis as outlined in the ex-ante report. Environmental monitoring information is also to be considered.

An EWG monitoring report is to be produced in June 2006.

## **Development Path Analysis (DPA)**

As a follow up to implementation DPA and the Environment Working Group's recommendations to the Managing Authority (MA), the Chairperson and Work Programme Co-ordinator will meet with representatives of the Managing Authorities for the Community Initiatives. The EWG recommendation on all DPA scores was completed in 2005.

## **Strategic Environmental Assessment (SEA)**

The Group were informed by the RoI representative of how SEA would be implemented in the South of Ireland. It was highlighted that the Irish Government is developing it's procedures and processes for complying with the statutory legislation.

## **Sustainable Development Strategy (SDS)**

The Group was made aware of the latest developments in a Sustainable Development Strategy for NI. Some of the key aspects to be included centred on Opportunity and Innovation and Governance and Sustainable Development.

## **7.6 FISHERIES**

The FSG met once on 10 February.

Presentations were made by the Chief Executive of Northern Ireland Seafood Ltd, and the Chief Executive of the Northern Ireland Fishery Harbour Authority, (both BSP grant recipients). These were well received by the Working Group.

The main purpose of the meeting was to discuss/agree further movements of funding within the Measure to allow the funding of a Transitional Aid Scheme in 2005 (Measure 4.13K) subject to Ministerial approval. This sub-measure was launched in March 2004 to provide compensation to vessel owners and their crew during the spring cod closure in the Irish Sea.

The meeting noted reports of progress under each of the Fisheries sub-measures.

## **7.7 DISTINCTIVENESS**

The Distinctiveness Working Group convened on seven occasions throughout 2005. The following provides a summary of issues addressed by the group throughout the year:

### **Impact of the Economic Measures on PEACE II**

A report on the impact of economic measures on programme specific objectives was launched on 13<sup>th</sup> May 2005. The report concluded that economic initiatives can impact on peace and reconciliation on a number of different levels. At an indirect level economic measures may increase prosperity, reduce social exclusion and support social skills. At a more direct level, measures can impact by building networks and facilitating relationships either on a cross border basis and/or between divided communities.

### **Guidance on project selection**

New guidance notes on project selection were prepared by the committee and issued in May 2005. Guidelines specified that projects would only be eligible for consideration if they met those Distinctiveness and Reconciliation criteria

that uniquely distinguish the PEACE II Programme. Training of all selection panels was conducted in 2005 by Rubicon Consultants. Training focused on the roles and responsibilities of the selection panels and addressed issues in relation to the scoring of the new reconciliation and distinctiveness criteria.

### **Attitudinal Survey**

Plans were put in place to conduct another attitudinal survey in 2006.

### **Developing an Impact Evaluation for the PEACE II Programme**

The group agreed to commission a piece of research to examine the extent to which the PEACE II Programme is impacting on the Peace and Reconciliation objectives. The research will review the current quantitative and qualitative information collected by the Programme. Terms of Reference were agreed by the group in December 2005 with plans for procurement services to issue an invitation for tenders in January 2006. It was agreed that a final report of findings would be published in June 2006.

### **PEACE II Monitoring and Evaluation Framework and other International Methodologies**

Plans were also put in place to develop a generic monitoring and evaluation framework with the objective of measuring the impact of interventions designed to address issues of peace building, reconciliation and conflict resolution. It was stated that the framework should be based on international best practice. A further objective outlined in the Terms of Reference (agreed in December 2005) was to make recommendations for the application of the framework to the situation in Northern Ireland/Ireland. It was agreed that procurement services would issue an invitation for tenders in January 2006 with a final report of findings to be published in July 2006.

### **New Chair**

A representative from Community Workers Co-operative (CWC) was elected as the new chair of this group in November 2005 succeeding the representative from the Agri-Rural Forum.

A number of projects were invited to give presentations throughout the year including:

- Altnaveigh House - Newry
- Inter Action - Belfast
- Tides Training - Belfast
- Mediation Northern Ireland

## **7.8 MONITORING AND EVALUATION**

The Monitoring and Evaluation Working Group met on six occasions throughout 2005 to oversee the following areas of work:

### **Community Uptake Analysis**

In 2004, the Monitoring and Evaluation Working Group commissioned an audit to analyse levels of uptake of the available funding under PEACE II in Protestant and Catholic communities and to identify factors likely to have influenced uptake. The subsequent report was published in June 2005. Results showed the Catholic share of approved funding to be estimated at 51.4% of the total allocated (with Catholics making up 45.2% of the population), while the Protestant share was estimated at 48.6% (with Protestants comprising 54.8% of the population). Under PEACE I the Catholic share of funding had been estimated at 55.8% (with Catholics making up 43.2% of the population), while the Protestant share at this stage was estimated at 44.2% (with Protestants comprising 56.8% of the population). These results represent a shift of 4.4 % towards the Protestant community compared to allocations under PEACE I. It was concluded that the higher level of uptake among the Catholic community reflects both the higher level of deprivation among Catholic communities as well as a greater tendency to apply for funding.

### **Mid Term Evaluation Update**

The Update was launched in December 2005. Nine recommendations were made to enhance the performance of the programme. The Monitoring and

Evaluation Working Group will report back to the Monitoring Committee in April 2006 on developments of each recommendation.

### **Dataset**

The group were provided with regular reviews on the completeness of the dataset by Measure and by Implementing Body. Implementing Bodies have been actively targeted by SEUPB and NISRA throughout 2005 with the overall aim of bringing the percentage of projects with monitoring information on the database up to 100%.

### **Review of Programme Indicators**

In 2005 the group completed their review of programme indicators at measure and priority level. The review was presented to the Monitoring Committee on 27 April 2005 following consultations between NISRA and relevant Implementing Bodies to discuss whether changes were needed to programme indicators and targets. Aspects reviewed included;

- Relevance of the indicators to the measure objective.
- Coverage of the measure activities accounted for by the proposed indicators.
- Availability, quality and cost of data.
- Reasonableness of any targets set.

Amendments to the existing indicators were agreed with the relevant Implementing Bodies and approved by the Monitoring Committee. It is anticipated that these amendments will result in substantial improvements on the reporting of progress within the programme. The group has agreed that further discussion on the issue of Programme Level Indicators must be held at Member State level before being referred to the working group.

## **8. COMMON CHAPTER**

The Special EU Programmes Body has responsibility for promotion and monitoring of the Common Chapter. The suspension of the Northern Ireland Assembly has had an impact on work activity, however the SEUPB commissioned consultants to produce the Common Chapter activity report for 2002 and 2003. The report has been completed. Tenders are currently being sought for consultants to complete the 2003/04 Activity reports. SEUPB plan to publish all these reports in late summer/early autumn 2006.

## **9. INFORMATION, PUBLICITY AND COMMUNICATION**

### **9.1 CSF PUBLICITY**

In March 2005, the Managing Authority produced a booklet providing information on the CSF. Just over 220,000 copies of the booklet were distributed through Northern Ireland's main newspapers, the Newsletter, Irish News, Daily Ireland and Belfast Telegraph.

### **9.2 BSP PUBLICITY ACTIVITY.**

The Managing Authority has undertaken a variety of activities during 2005 to promote the BSP Programme, to citizens in Northern Ireland. In addition, Implementing Departments have the responsibility of ensuring that projects appropriately publicise funding contributed by the BSP Programme.

#### **Website**

- The European Division website [www.europe-dfpni.gov.uk](http://www.europe-dfpni.gov.uk) statistics for January – December 2005 show an increase from 26,500 in 2004 to 30,343 in 2005. The highest monthly figure was May 2005 with 3,016 visits.
- The European Division website was redesigned in late 2005 for re-launch in early 2006 to meet Northern Ireland Civil Service requirements. The website will provide easier access to information on how to apply for EU funding.

#### **Managing Authority Publicity actions**

- An article on BSP was featured in NI Seafood's new 'Catch' Newsletter.
- BSP promotional materials were passed to the Implementing Departments for distribution to projects.
- A 2006 BSP Calendar with photographs of a variety projects was distributed to projects and key contacts in December.
- Editions of the Newsletter were produced in April and October with a distribution of 1,500 of each.

- On 3<sup>rd</sup>/4<sup>th</sup> October an Opportunity Europe Exhibition was held at St Georges Market. A BSP stand was manned at the event and staff members from European Division distributed information and promotional goods to general public.
- The Northern Ireland Omnibus survey was carried out in the summer of 2005. Results showed an increase of 4% in general awareness that Northern Ireland received funding from the EU. They also showed an increase of 7% to 72% of members of the public who recognised the EU flag. However, figures for recognition of the two Programmes were disappointing (see Section 5.9 above).
- The Bus Wrap campaign of 2004 was extended for a further 3 months from February to April 2005. It was followed up with a one month campaign from 23<sup>rd</sup> May – 19<sup>th</sup> June consisting of 2 weeks advertising on panels of both City and Ulster buses around Northern Ireland and a further 2 weeks advertising at 160 bus stops.

## **9.2 PEACE II PUBLICITY ACTIVITY.**

The Managing Authority has worked alongside all organisations involved in the Programme on information, publicity and communications issues and has ensured compliance with regulation 1159/2000. During 2005 the PEACE II Programme hosted, staged, or participated in, a number of high profile communications and publicity initiatives.

The Programme carried out a series of actions to ensure that its profile within the media was maintained, on both sides of the Border, and the Programme continued to keep its communications initiatives at the fore of all events and activities.

### **PR & Media Coverage**

Throughout the year PEACE II attracted a high level of media interest through Programme news announcements, project launches and events.

The Programme's events, conferences and seminars were well supported in the media through stories, photographs and interviews and the Programme's media database was regularly reviewed to ensure that the Programme's announcements and news releases were communicated to the appropriate audience.

In January 2005 the European Council announced its support for the PEACE II Extension and so began a very busy year of profiling the Programme and the extension within the media.

From the initial announcement in January through to the official launch and the widespread series of roadshows in June, a constant presence was maintained within the media on both sides of the Border.

A statement by the SEUPB welcoming the European Council's approval of the Programme extensions was widely used throughout the media and stimulated a great deal of media interest.

A series of planned and targeted news releases were issued to encourage as many people as possible to attend the series of public information events throughout the eligible area following the extension, supported by an advertising campaign within daily and weekly newspapers.

Under the direction of the Special EU Programmes Body's PR Consultants, an annual PR strategy was implemented throughout the year. Within this strategy a series of targets were set by the Programme in relation to coverage within target publications, mainly covering daily newspapers North and South of the Border.

Through proactive generation of stories and articles regarding the Programme and the projects it supports, all targets were exceeded.

In order to set the news agenda and to ensure that developments within the Programme were communicated directly to journalists, a series of regular and on-going media briefings took place throughout the year.

The number of times that the Programme attracted broadcast media attention during the year also exceeded target. While some funded projects received television coverage, the Programme enjoyed a higher presence within the regional radio programmes North and South of the Border.

### **Events & Conferences**

During 2005, the Chief Executive, Deputy Chief Executive and Director of Programmes of the Special EU Programmes Body attended and spoke at numerous project launches, conferences, meetings and other key events.

#### *PEACE II: Celebrating Success event*

On 7 March 2005 the Programme hosted its second 'Celebrating Success II' showcase event in Belfast City Hall. The event, which also marked the start of Community Relations week, highlighted a number of exemplary projects from all communities on both sides of the border for special recognition for their approach to peace building and reconciliation.

#### *PEACE II Extension: Launch and Roadshows*

On Friday 3 June, the EU Commissioner for Regional Policy officially launched the two year extension at a ceremony in Belfast's prestigious Waterfront Hall.

A series of information events, aimed at promoting the extension and encouraging applications, were held in towns throughout the eligible area following the launch. A user-friendly and plain guide to PEACE funding was also launched at the same time.

## **Communications**

### *Publications, Guides & Reports*

In June the PEACE II Programme launched the Community Uptake Analysis Report. This independent research was designed to assess the current spread of funding across the two main communities and explore the complex relationship between religious background, areas of deprivation, quantity of funding applications and approved funding levels.

### **Website**

The SEUPB's website was re-designed to allow easier navigation around the site and faster access to information, as well easier access to downloadable publications, guides and Programme documents.

### **Communications Roles**

In August the Special EU Programmes Body appointed a new Communications Manager who has a wealth of experience in both the public and private sectors.

In December, following a tender process, consultants were appointed to provide a media relations services for the Special EU Programmes Body and another firm were appointed as the Body's primary event management consultants.

**Department of Finance and Personnel**

**CSF Managing Authority**

**August 2005**

APPENDIX 1

PEACE II PROJECTS REPORTING ON DISTINCTIVENESS (MEASURE LEVEL BREAKDOWN)

Priority 1: Economic Renewal

Measure Description	Number of Projects reported on	Total number of Projects	% of projects reported on
1.1A Business Competitiveness and Development - Economic Revitalisation	44	44	100
1.1B Business Competitiveness and Development - Trade Development	3	3	100
1.1C Business Competitiveness and Development - Financial Engineering	2	2	100
1.1D Business Competitiveness and Development - Business Competitiveness	10	10	100
1.1E Business Competitiveness and Development in the Border Region	0	0	0
1.2A Sustainable Tourism Development based on shared natural and cultural resources (NI) - Water Based Tourism	69	70	99
1.2B Sustainable Tourism Development based on shared natural and cultural resources (NI) - Natural Resource Rural Tourism-	300	355	85
1.3 New Skills and New Opportunities	164	174	94
1.4 Promoting Entrepreneurship	0	1	0
1.5 Positive Action for Women	160	162	99
1.6 Training for Farmers (NI)	218	218	100
1.7A Diversification of Agricultural Activities and Activities close to Agriculture to provide Multiple Activities or Alternative Incomes (NI) - Obtaining Alternative employment	10	10	100
1.7B Diversification of Agricultural Activities and Activities close to Agriculture to provide Multiple Activities or Alternative Incomes (NI) - Part-Time Employment	1	1	100
1.8A Technology Support for the Knowledge-based Economy (NI) - Innovative Technology and Networking	18	21	86
1.8B Technology Support for the Knowledge-based Economy (NI) - Information Age	35	35	100
1.9 Investment in Agricultural Holdings (NI)	78	80	98
1.10A Basic Services for the Rural Economy and Population (NI) - Retail Services	80	85	94
1.10B Basic Services for the Rural Economy and Population (NI) - ICT	19	20	95
<b>TOTAL</b>	<b>1,211</b>	<b>1,291</b>	<b>94</b>

Source: CSF Central Database

### Priority 2: Social Integration, Inclusion & Reconciliation

Measure Description	Number of Projects reported on	Total number of Projects	% of projects reported on
2.1 Reconciliation for Sustainable Peace	76	79	96
2.2 Developing Children and Young People	135	146	92
2.3 Skilling and Building the Social Economy (NI)	41	41	100
2.4A Pathways to Inclusion, Integration and Reconciliation of Victims - Pathways to Inclusion	55	56	98
2.4B Pathways to Inclusion, Integration and Reconciliation of Victims - Integration and Reconciliation of Victims	49	55	89
2.4C Pathways to Inclusion, Integration and Reconciliation of Victims - of Target Groups in the Border Region	0	0	0
2.5 Investing in Childcare	264	277	95
2.6 Promoting Active Citizenship	42	46	91
2.7 Developing Weak Community Infrastructure	42	90	47
2.8 Accompanying Infrastructure and Equipment Support	163	407	40
2.9A Renovation and Development of Villages and Protection and Conservation of the Rural Heritage (NI) - Single Identity	118	118	100
2.9B Renovation and Development of Villages and Protection and Conservation of the Rural Heritage (NI) - Village Pride	29	31	94
2.10 Encouragement for Tourist and Craft Activities (NI) - Local Identity Culture and Heritage	28	29	97
2.11 Area-based Regeneration - Belfast, Londonderry and Regional Towns (NI)	174	208	84
<b>Total</b>	<b>1,216</b>	<b>1,583</b>	<b>77</b>

Source: CSF Central Database

### Priority 3: Locally-based Regeneration & Development Strategies

Measure Description	Number of Projects reported on	Total number of Projects	% of projects reported on
3.1 Local Economic Initiatives for Developing the Social Economy (NI)	663	749	89
3.2 Locally-based Human Resource, Training and Development Strategies (NI)	524	610	86
3.3 Building Better Communities (Border Region)	0	0	0
3.4 Improving our Rural Communities (Border Region)	0	0	0
<b>Total</b>	<b>1,187</b>	<b>1,359</b>	<b>87</b>

Source: CSF Central Database

### Priority 4: Outward and Forward Looking Region

Measure Description	Number of Projects reported on	Total number of Projects	% of projects reported on
4.1 Outward and Forward Looking Region	19	19	100
4.2A Outward and Forward Looking Tourism - Marketing the Region as a Tourism Destination	32	35	91
4.2B Outward and Forward Looking Tourism - Enhancing the Region as a Tourism Destination	105	122	86
<b>Total</b>	<b>156</b>	<b>176</b>	<b>89</b>

Source: CSF Central Database

### Priority 5: Cross Border Co-operation

Measure Description	Number of Projects reported on	Total number of Projects	% of projects reported on
5.1 Increasing Cross-border Development Opportunities	88	88	100
5.2 Improving Cross-border Public Sector Co-operation	35	37	95
5.3 Developing Cross-border Reconciliation and Understanding	37	38	97
5.4 Promoting Joint Approaches to Social, Education, Training and Human Resource Development	39	41	95
5.5 Education, Cross-border School and Youth Co-operation	7	7	100
5.6A Agriculture and Rural Development Co-operation - Cross-border Community Development	53	53	100
5.6B Agriculture and Rural Development Co-operation - Cross-border Diversification	1	1	100
5.7 Cross-border Fishing and Aqua cultural Co-operation	1	1	100
<b>Total</b>	<b>261</b>	<b>266</b>	<b>98</b>

Source: CSF Central Database

## PEACE II PROJECTS TARGETING GROUPS/SECTORS/AREAS

<b>Groups</b>	Northern Ireland	
	% of projects	% value
Victims of conflict	35	30
Ex-prisoners and their families	21	24
Displaced persons	22	26
Young people, women and older workers	69	68
Former members of the security and ancillary services	13	13
Other groups/communities	37	29
Base	4,031	£418,033,988

Source: CSF Central Database

Percentages do not add to 100 as projects may target more than one group.

<b>Sectors</b>	Northern Ireland	
	% of projects	% of value
Tourism	25	20
Entrepreneurship including ICT and business services	31	44
The Arts and Sport	24	16
Other sectors	33	33
Base	4,031	£418,033,988

Source: CSF Central Database

Percentages do not add to 100 as projects may target more than one sector.

<b>Areas</b>	<b>Northern Ireland</b>	
	<b>% of projects</b>	<b>% of value</b>
Disadvantaged area(s) experiencing or which have experienced relatively high levels of violence	69	66
Area(s) such as sectarian interfaces where inter-community conflict and dispute is high and community relations are correspondingly poor	43	47
Disadvantaged area(s) whose image and attractiveness as an investment location has been adversely affected by local violence or community tension	57	54
Area(s) suffering the effects of physical dereliction (including damaged infrastructure) as a consequence of the conflict	39	41
Area(s) isolated by border closures	18	23
Area(s) with high concentrations of displaced persons as a result of the Troubles	26	28
Area(s) where social and economic development has been inhibited by the conflict	73	61
Other area(s)	18	15
Base	4,031	£418,033,988

Source: CSF Central Database

Percentages do not add to 100 as projects may target more than one area.

**PEACE II PROJECTS TARGETING GROUPS/SECTORS/AREAS/ (FURTHER ANALYSIS)**

**Tourism Sector**

<b>Groups</b>	<b>% of projects</b>	<b>% value</b>
Victims of conflict	38	29
Ex-prisoners and their families	24	24
Displaced persons	26	49
Young people, women and older workers	62	71
Former members of the security and ancillary services	19	15
Other groups/communities	38	29
Base	1,008	£84,892,301

<b>Areas</b>	<b>% of projects</b>	<b>% of value</b>
Disadvantaged area(s) experiencing or which have experienced relatively high levels of violence	71	86
Area(s) such as sectarian interfaces where inter-community conflict and dispute is high and community relations are correspondingly poor	41	65
Disadvantaged area(s) whose image and attractiveness as an investment location has been adversely affected by local violence or community tension	69	85
Area(s) suffering the effects of physical dereliction (including damaged infrastructure) as a consequence of the conflict	51	69
Area(s) isolated by border closures	30	36
Area(s) with high concentrations of displaced persons as a result of the Troubles	30	52
Area(s) where social and economic development has been inhibited by the conflict	83	86
Other area(s)	9	5
Base	1,008	£84,892,301

Source: CSF Central Database

Percentages do not add to 100 as projects may target more than one area or group.

## Entrepreneurship including ICT and business services Sector

<b>Groups</b>	<b>% of projects</b>	<b>% value</b>
Victims of conflict	41	39
Ex-prisoners and their families	25	33
Displaced persons	29	44
Young people, women and older workers	69	74
Former members of the security and ancillary services	17	22
Other groups/communities	32	22
Base	1,242	£182,969,816

<b>Areas</b>	<b>% of projects</b>	<b>% of value</b>
Disadvantaged area(s) experiencing or which have experienced relatively high levels of violence	70	73
Area(s) such as sectarian interfaces where inter-community conflict and dispute is high and community relations are correspondingly poor	48	57
Disadvantaged area(s) whose image and attractiveness as an investment location has been adversely affected by local violence or community tension	66	70
Area(s) suffering the effects of physical dereliction (including damaged infrastructure) as a consequence of the conflict	48	60
Area(s) isolated by border closures	22	33
Area(s) with high concentrations of displaced persons as a result of the Troubles	32	45
Area(s) where social and economic development has been inhibited by the conflict	80	78
Other area(s)	14	11
Base	1,242	£182,969,816

Source: CSF Central Database

Percentages do not add to 100 as projects may target more than one area or group.

## Arts and Sport Sector

<b>Groups</b>	<b>% of projects</b>	<b>% value</b>
Victims of conflict	39	37
Ex-prisoners and their families	26	31
Displaced persons	28	40
Young people, women and older workers	76	79
Former members of the security and ancillary services	20	21
Other groups/communities	28	26
Base	961	£66,362,708

<b>Areas</b>	<b>% of projects</b>	<b>% of value</b>
Disadvantaged area(s) experiencing or which have experienced relatively high levels of violence	74	82
Area(s) such as sectarian interfaces where inter-community conflict and dispute is high and community relations are correspondingly poor	47	61
Disadvantaged area(s) whose image and attractiveness as an investment location has been adversely affected by local violence or community tension	68	79
Area(s) suffering the effects of physical dereliction (including damaged infrastructure) as a consequence of the conflict	52	64
Area(s) isolated by border closures	22	31
Area(s) with high concentrations of displaced persons as a result of the Troubles	35	45
Area(s) where social and economic development has been inhibited by the conflict	78	76
Other area(s)	10	7
Base	961	£66,362,708

Source: CSF Central Database

Percentages do not add to 100 as projects may target more than one area or group.

## Other Sector (s)

<b>Groups</b>	<b>% of projects</b>	<b>% value</b>
Victims of conflict	38	26
Ex-prisoners and their families	22	17
Displaced persons	23	16
Young people, women and older workers	71	59
Former members of the security and ancillary services	17	9
Other groups/communities	63	49
Base	1,319	£139,297,598

<b>Areas</b>	<b>% of projects</b>	<b>% of value</b>
Disadvantaged area(s) experiencing or which have experienced relatively high levels of violence	71	64
Area(s) such as sectarian interfaces where inter-community conflict and dispute is high and community relations are correspondingly poor	42	42
Disadvantaged area(s) whose image and attractiveness as an investment location has been adversely affected by local violence or community tension	62	47
Area(s) suffering the effects of physical dereliction (including damaged infrastructure) as a consequence of the conflict	40	29
Area(s) isolated by border closures	18	19
Area(s) with high concentrations of displaced persons as a result of the Troubles	28	19
Area(s) where social and economic development has been inhibited by the conflict	77	49
Other area(s)	39	29
Base	1,319	£139,297,598

Source: CSF Central Database

Percentages do not add to 100 as projects may target more than one area or group.



## COMMUNITY INITIATIVES PROGRAMMES

### **EQUAL (Programme value €11.69m)**

EQUAL is designed to test new ways of combating all forms of inequality and discrimination in the labour market for those in work and those seeking work. There are no formal targets which Development Partnerships (DPs) must meet as they are engaged in a number pilot exercises with the ultimate goal of mainstreaming.

In the first round the Northern Ireland EQUAL programme addressed one theme from each of two of the pillars of the European Employment Strategy.

These pillars and themes are:

#### **Employability**

Theme A – facilitating access and return to the labour market ; and

#### **Equal Opportunities**

Theme H – reducing gender gaps and supporting job desegregation.

The Northern Ireland programme continues to address both these themes in the second round.

### **GENERAL PROGRESS in 2005**

The six projects funded under round 1 of the EQUAL programme concluded their activities in 2005. They were involved in Action 3 of EQUAL which focussed on the mainstreaming and dissemination of activities tested during Action 2, the implementation phase of the programme. All DPs in operation were, working at regional/sub regional, national and transnational levels. Lessons learned from their activities fell into three broad themes:

- Developing education, training and learning materials, activities and resources that would help disadvantaged groups develop skills and confidence to move into mainstream options;
- Developing local and regionally based initiatives to support disadvantaged groups; and
- Support for particular groups (ex-offenders, LTU, young people).

During 2005 the 13 Development Partnerships selected in the round 2 of EQUAL completed Action 1 of EQUAL where they developed their local and transnational partnerships and by July they progressed on to the Action 2 implementation Phase.

The European Unit of the Department for Employment and Learning (DEL) and PROTEUS, the National Support Structure (NSS), provided support for DPs throughout 2005. A number of support events and workshops were held during 2005. These included a seminar on transnationality in February, and a number of interventions from the Rickter Company; they worked with DPs in developing a methodology for monitoring soft outcomes/distance travelled by individual participants. These were well received by DPs and their partners as an opportunity to not only strengthen their knowledge of the specific subject areas, but to network with and learn from the experiences of other practitioners.

One of the recommendations from the first interim evaluation was that the Northern Ireland EQUAL programme authorities needed to be more pro-active in promoting the development of effective partnership building within DPs. This reflected the view of the Managing Authority (MA) and the NSS which recognised that Action 1 in Round 1 had taken much longer to complete than the planned six months. As reported in previous AIRs, the MA responded by lengthening Action 1 in Round 2 by three months, and followed up on the recommendation in the interim evaluation. Consequently, late in 2004, tenders were invited from organisations with expertise in partnership-building to devise a programme suitable for DPs participating in EQUAL NI.

The successful tenderer was the Workers' Educational Association (WEA), an organisation with a long history of involvement in Northern Ireland as a provider of second-chance education and training, and more particularly, in partnership building. They have worked in Northern Ireland and across Europe over the past 10 years in this field.

During 2005 each DP was offered up to 5 days time from WEA, along with an additional 5 days per DP for preparation and report writing. WEA were able to intervene with all 13 DPs – some to a greater extent than others. They also offered three formal 3-day training courses to staff working in DP, which were well attended.

In addition, the NSS conducted a number of training sessions at the request of DPs, either on their or their partners' premises in order to facilitate partners or staff who might not have been identified when the first training sessions were held, or where staff had changed in the meantime. In addition, a second formal induction programme was organised for new staff in DPs in November 2005.

The NSS operated a problem solving service, responding to requests from DPs on a variety of topics. They worked closely with the EU Unit in DEL to try to resolve issues, and also liaised with the European Commission. DPs have been encouraged to meet with DEL and NSS staff, either at the latter's' offices or on DP premises, particularly when DP wanted to involve their DPA partners in the meetings.

The website was a useful support tool for DPs during 2005, providing access to information throughout the period. It was revised and updated regularly over the course of 2005. The decision to create a new EQUAL-specific website towards the end of 2004 was welcomed and proved extremely popular with users. The figures for those accessing the website show dramatic increases over 2004. The EQUAL page in 2005 had an average of

1,776 per month, compared with and 1,729 hits for the full year of 2004. The month with the highest number of hits was February 2005 with 2,222.

The Northern Ireland Managing Authority and the NSS have both been very active in providing guidance and assistance to their counterparts in the some of the new Member States. There has been pro-active engagement with Latvia, Lithuania, Poland and Hungary, based on contacts made at Managing Authority meetings or, in some cases, at learning seminars organised by the Commission. The assistance has taken the form of study visits to Northern Ireland, as well as ongoing informal contacts by phone and email on a variety of EQUAL-related topics.

The main vehicle for the support of mainstreaming was, of course, the National Thematic Network (NTN), which met in June and September 2005. The membership of the NTN was kept constantly under review and was expanded to include additional employer representatives.

At the initiative of a new employer member, a meeting was arranged with one of Northern Ireland's leading employers, Bombardier. The MA and the NSS, along with the NTN representative met with Human Resources Senior Management and had some useful and fruitful discussions on involving Bombardier in EQUAL. This will bear fruit in 2006 when the Vice President of Bombardier will be the keynote speaker at the Northern Ireland EQUAL mainstreaming event.

In addition, a number of opportunities were afforded to DPs to begin the process of dissemination, preparatory to their actual mainstreaming. One of these has already been mentioned – the Northern Ireland EQUAL presence at Employment Week in Brussels in April 2005.

The second major showcasing opportunity came at the annual Irish Congress of Trades Unions Conference, which was held in Belfast in June 2005. All DPs, North and South, were given the opportunity to take a display stand at the conference over its two day duration, and to demonstrate their activities and achievements.

Furthermore, the two EQUAL programmes jointly organised a lunchtime event on day 2 of the conference in conjunction with the Irish Work-Life Balance Organisation. One of the Northern Ireland DPs made a presentation based on research which they had undertaken as part of Action 3 of their first Round project.

## **FINANCIAL IMPLEMENTATION**

The level of programme expenditure increased markedly in 2005. This was despite the fact that it was anticipated that the convergence of rounds 1 and 2 of the EQUAL programme would affect the spend rates, as first round DPs were focussed on Action 3 where there was not a significant amount of expenditure and the second round DPs were only in Action 1 with little expenditure being incurred there also.

The Managing Authority anticipated the problems and to alleviate them allowed DPs to commence Action 1 in November 2004 so that they would be ready at an earlier stage to commence Action 2 where the level of expenditure would be much more significant. This resulted in appropriate spend levels being maintained and in the attainment of N+2. There was a significant increase in expenditure in the Equal Opportunities theme, mainly attributable to the number of DPs in this theme in the second round of the programme.

The cumulative target for 2005 was €4,916,000 (€5,734,000 less the advance of €818,000). The cumulative spend to the 31 December 2005 was €4,991,670 thus the N+2 target was achieved by excess of €75,670. The target for 2006 will prove no less challenging but if project spend levels meet the present forecast amounts the target should be attainable.

## **LEADER+ Programme in Northern Ireland**

The NI LEADER+ programme is worth €31,378,518 (including 2003 indexation amount). This budget is jointly funded by the Department of Agriculture and Rural Development (DARD) and the EU on a 50%/50% basis and provides for grant aid commitment up to the end of 2006.

The LEADER+ Programme is specifically designed to provide support for micro-business development, one of the six key elements of the NI Rural Development Programme.

The Programme in Northern Ireland is delivered through 12 Local Action Groups (LAGs). It aims to increase the economic and employment contribution that very small businesses, i.e. employing less than 10 people, make to the rural economy by encouraging local partnerships to test out new approaches to micro-business development and, where beneficial, to work in collaboration with similar partnerships in other rural areas.

In 2005 LEADER+ Groups recorded on the EU Structural Funds Grants Application Database a commitment of £11,863,345.35 to LEADER+ projects under Action 1 Measures 1 to 4 and £636,306.59 under Action 2. This equates to a 73% commitment of the LEADER+ Operational Plan allocation across the 12 Groups.

As at 31 December 2005 the LAGs had reported via the EU Structural Funds database that there were 545 instances of financial support to rural micro-businesses, 1,543 instances of advice/mentoring provided to rural micro-businesses and creation of over 600 new full time jobs. 96 new micro-businesses were reported as created.

Further variations to contract were issued to LAGs throughout 2005 covering:

- indexation allocations;
- rebalancing monies;
- exchange rate fluctuations.

The total amount of funding allocated to LAGs in 2005 totalled £1,663,727.23.

Rural Development Division (RDD) contracted PriceWaterhouse Coopers to undertake a review of administration, which included a survey of the additional administrative requirements placed on Local Action Groups since the original contracts were accepted and an assessment of the adequacy of funds available to Groups from all sources for the remainder of the Programme.

A steering group was convened to oversee the update to the mid term evaluation. DARD contracted PriceWaterhouse Coopers to undertake the update to the mid term evaluation.

The 6<sup>th</sup> and 7<sup>th</sup> meetings of the LEADER+ Committee were held in May and October as per the rules of procedure. Monthly meetings were held between the LAGs and DARD to address operational issues such as N+2 progress and operating rules.

#### **N+2 2005**

One declaration of verified expenditure was made to the Commission during the period covered by this report totalling £6,188,424.06. This covered the period from 11 December 2004 to 18 November 2005. This was made up of;

EU element:	£1,609,748.64
National element:	£1,609,750.05
Private eligible:	£2,968,925.37

A payment of €2,352,401.00 was received from the Commission on 09 January 2006. This payment exchanged at a £ sterling value of £1,620,098.57 representing a gain of £10,349.93 due to exchange rate fluctuations.

N+2 target for 2005 EU funding which was set at £3.5 million (EU and National) was met. The private eligible target was also met.

## **INTERREG IIIA (Programme value €182.70m)**

Following Indexation the overall allocation of the Programme has increased by €3.48 million of which €2.6 million was ERDF. The overall total allocation to the Programme is now €182.7 million of which €137.02 is ERDF Funding.

### **GENERAL PROGRESS 2005**

The Monitoring Committee met on three occasions in 2005, firstly in Leitrim in April, then in Monaghan in July and finally in Fermanagh in October. The reason there were three meetings held of the Committee rather than the normal two meetings per annum, was due to the need to have an extraordinary PMC meeting in July 2005 to discuss the transfer of funds resulting from the outcome of a Feasibility Study into the Gas Pipeline project from Derry to Letterkenny. The outcome of the study and a further Cost Benefit Analysis was that the project was not feasible and would require 100% subvention for capital costs and ongoing grant for several years.

The Monitoring Committee Meeting in April 2005 approved the N+2 Strategy for 2005 as well as the Annual Implementation Report (AIR) for 2004. The N+2 paper reported that the Programme's N+2 requirement was €30.35 million and that a target of €36.85 million had been agreed with Implementing Agents.

The Monitoring Committee Meeting in July 2005 was called to consider a proposal to transfer funds of €8.419 million from Measure 2.1 B - Gas Pipeline to other Measures within the Programme. As the proposal would result in transfers between Measures and Priorities both Monitoring Committee and Commission approval was required.

The MA presented the Reallocation Proposal which proposed to transfer funds of €8.419 million ERDF and match contributions from Measure 2.1 B to Measures 1.1, 1.2 and 1.3 of Priority 1, to other sub Measures of Measure 2.1

and to Measure 2.2 and 3.1. The transfer of funds was agreed by the Committee.

At the Monitoring Committee Meeting in October members were asked and agreed to approve further Financial Table Amendments relating to the Reallocation Proposal. The Monitoring Committee has now met on nine occasions in total.

The INTERREG IIIA Ireland / Northern Ireland Programme is unique in the Border region in that it is the only Community Initiative that has a Steering Committee to assess and approve applications. This Committee consists of representatives from the Member States, Border Corridor Groups, and the various elements of the Social Partners. To ensure that the Programme moved to full commitment of funds and to ensure that N+2 targets continued to be met in 2005, four Steering Committee meetings were held. The SEUPB continued to provide the role of Joint Secretariat (JTS) at each of these.

At the first meeting the main business was all outstanding applications to Measure 3.1 Social and Community Infrastructure. At the next meeting in Newry the main business was from Measures 1.1, 1.2 and 1.3 and Measure 2.3 Renewable Energy. The third meeting had a long agenda and dealt with over 80 applications to measures 1.1, 1.2 and 1.3. The final meeting of the year took place in County Tyrone and the main business was the applications to the second call for Measure 1.4 – Rural Development Initiative; over 50 applications were considered. In total over 200 applications were brought before the Steering Committee in 2005 with approvals totaling €21.38m.

### **Mid Term Evaluation**

As specified in Commission Working Paper No.9 all Programmes were required to undertake an update of the Mid Term Evaluation of the Programme carried out in 2003. The Update of the Evaluation was undertaken in 2005 and was initiated with the establishment of a Mid Term Update Steering Group in late 2004. The Steering Group was comprised of

representatives from the PMC, Member States, statistical experts and the MA. This group tendered for consultants to undertake the Update and external evaluators were appointed in February 2005.

The Work Programme and areas for analysis were agreed with the consultants and the initial work involved examining the recommendations from the Mid Term Evaluation (MTE). At the time the Mid Term Evaluation was undertaken, the Programme had not been long under way with approval in 2002. There were 21 recommendations arising from the report and the consultants found that each of these had been largely addressed with some requiring continuing attention such as updating the database with monitoring information and also updating the website.

The report found that despite political problems, developments in cross border co-operation in both jurisdictions had improved but the Northern Ireland and the Border region of Ireland continue to experience unique economic problems and have not shared in national prosperity. The consultants carried out a series of interviews with key stakeholders including PMC and Steering Committee members, other North South Bodies and key players in the Priority areas. In addition to this they met with all Implementing Agents to discuss all areas of implementation and management structures including the effectiveness of the Managing Authority. They also conducted a survey of projects.

### **Multilateral Meetings**

Since the outset of the Programme the Managing Authority has organised regular Multilateral Meetings, and depending on need, have been held as often as a monthly basis. All Implementing Agents (IAs) are expected to attend and Member States also attend these forums. There are a range of Implementing Agents including Government Departments, locally based Partnerships and other cross border delivery bodies. These key players bring a wide range of experience to the implementation of the Programme. The Multilateral meeting agenda is issued to the IAs in advance of the meeting

and they are given the opportunity to add items to the agenda. The meetings usually involve between 40 and 50 people.

In 2005 there were ten meetings and this high number was necessary as although IAs had provided quarterly spend profiles, expenditure taking place did not reflect the forecasts and again the majority of expenditure took place in the final quarter of the year. The focus of these meetings were mainly on N+2 but other topics were discussed such as Article 10, Article 4 and at each meeting an update was provided on communications events. All IAs presented an update on expenditure and any other current issues and the forum has become more interactive than at the outset of the Programme. Implementing Agents were asked to deliver presentations on good practice, the projects being implemented and lessons learnt.

### **Financial Implementation - N+2 Update**

The Strategy for management of the 2005/06 N+2 target is based on that used and endorsed by the Programmes Monitoring Committee in April 2005.

At this stage in the implementation of the Programme, all Implementing Agents are conversant with the processes involved, nearly €171 million has been approved by Steering Committee and the importance of meeting N+2 forecasts has been made very clear at a high level.

The same key players are involved in the strategy for this year as follows:

- Implementing Agents
- Accountable Departments
- Member States
- Managing Authority and Paying Authority
- Project Promoters.

The Operational Programme target for 2005 was €30.351 million. However the agreed N+2 target with the Implementing Agents for 2005 was €33.176 million. This target was met and surpassed with expenditure of €34.820

million in 2005. The N+2 target for 2006 has been agreed at €33.375 million and the Managing Authority is confident this target will be met.

## **URBAN II**

North Belfast Partnership is pleased to report a total Programme Commitment of £8,563,654 to the end of 2005. This represents 69% of total available funds.<sup>1</sup>

The Programme Management Executive has adopted a dual approach to programme delivery: the availability of local community grants alongside more strategic programmatic initiatives. Such an approach to delivery accommodates the competing expectations of the local community and the strategic aims identified in the Programme Complement while providing a number of opportunities to the North Belfast area.

Urban II has now offered project grant support to 84 community projects for specific time related activity with demonstrable outcomes based on addressing local need. These include:

- Community Empowerment Partnership (CEP) Working Groups representing six CEPs in North Belfast have received £440,066 for a youth initiative involving 92 local community organisations and £97,000 for an ICT Network Project involving 48 community organisations. This represents a proactive approach to address gaps in provision via area wide initiatives with implementation at a network rather than local group level. This approach maximises joint and sustainable working.
- Two schemes, with organisation working in interface settings, have received funding for environment projects under the “Parallel Activity” Programme to a total of £160,200 (measure 1.1).
- From an initial pool of 50 applications, 4 Physical Regeneration applications (measure 1.2) were approved for funding to a total of

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<sup>1</sup> At time of writing this has increased to £10.77m or 87%.

£1,478,365 in July 2005. A further two projects were offered additional time to address specific queries highlighted by DSD Economics Branch in response to the completed Economic Appraisals.

- Environmental Improvements (measure 1.3) has funded 5 projects as part of the Community Environment Support Programme to a total spend of £148,359. A total of £300,000 has been invested in 12 schemes on the 2 main Arterial Routes in partnership with Belfast City Council.
- Access to Employment (measure 2.1) has funded 13 small-medium scale grants with total committed monies of £970,000. £600,000 has also been awarded to an Intermediate Labour Market (ILM) initiative to focus on the economically inactive and £224,270 was awarded to the newly established Local Employment Access Partnership (LEAP), which works to reduce barriers to employment and increase access to jobs for unemployed and economically inactive residents of North Belfast. £204,675 has been awarded to facilitate the development of a North Belfast Community Transport company on a cross community basis.
- Social Economy (measure 2.2) has funded training support, grants for social economy projects and a multi-media training resource package to help groups gain a better understanding of social economy. An independent evaluation of the Programme supports Phase II investment particularly targeting Weak Community Infrastructure areas.
- In 2005 Urban II continued to offer groups the opportunity to access up to £5,000 grant support under the Community Chest and Discretionary Award initiatives. By December 2005 13 projects had received funding to a total amount of £64,304, with a further 12 applications awaiting assessment.
- To increase awareness of the EU Urban II Programme and Urban II funded projects, North Belfast Partnership has created a new website [www.nthbp.org](http://www.nthbp.org); sends regular ezines to registered users and has published a newsletter "*North Matters*". Assistance with publicity is also provided to Urban II funded projects.

The Programme continues to operate within a context of social and political unrest which occasionally breaks out into inter and intra community violence. Communal tensions are exacerbated by the lack of political progress in re-establishing devolved political mechanisms regionally. The programme both recognises and addresses such matters but of course is subject to influences and events beyond even its indirect control.

Significant progress continues to be made internally in promoting inter and intra community engagement in personal relationships, social networking, and joint initiative collaboration. However, there can be and are occasionally significant restraints in the potential space for manoeuvre in the formal and political promotion of the Government's aspiration of a "Shared Future".

## **N+2**

The N+2 target for 2005 was achieved.