

## **OVERVIEW OF DRAFT COMPETITIVENESS & EMPLOYMENT PROGRAMMES**

1. The draft Programmes for consultation are at Annexes A and B. The structure and content of the draft Programmes are designed to meet the requirements set out in the relevant EU Regulations. The draft Programmes are structured in chapters as outlined below, with the main issues on which views are invited set out together with six consultation questions.

### **Overall Strategy for Regional/Economic Growth in Northern Ireland**

2. Chapter 2 of each Programme sets out the strategy for the Northern Ireland Competitiveness and Employment Programme co-financed by the European Regional Development Fund (ERDF) and European Social Fund (ESF) for 2007-13. Northern Ireland's strategy reflects both the EU Community Strategic Guidelines and domestic policy priorities within the UK's NRP, NSRF, and the Government's central economic aim to sustain high and stable levels of economic and employment growth. The Northern Ireland Chapter of the UK NSRF (published on 23 October 2006 after the UK-wide consultation from February to May 2006) has already established the broad framework for spending EU Competitiveness and Employment Structural Funds in Northern Ireland. Both Programme strategies develop and build on the elements of that overarching strategy that relates to Northern Ireland's ERDF and ESF Competitiveness and Employment Programmes expenditure and how they will be operationalised to maximise added value within efficient delivery structures and proportionate administrative requirements.

### **Strategic Aims**

3. The strategic aim of Northern Ireland's overall strategy for regional economic growth is to create a knowledge based, innovative and business friendly region with a highly skilled, flexible workforce generating a high quality of living, sustainable communities and lifetime opportunities for all throughout the entire region. It responds to the needs identified in the relevant Socio-Economic and Labour Market analyses and will be closely aligned with the Lisbon Jobs and Growth Agenda with a minimum of 75% of expenditure in earmarked categories as required under Regulation 1083/2006. The strategy focuses on providing added value to the promotion of sustainable

development including the long-term sustainability of the Northern Ireland energy system, competitiveness and employment. It recognises that a healthy environment, a thriving economy, prosperity and quality of life are all inextricably linked. The individual draft Programme strategies are not stand-alone documents: they will concentrate available EU Structural Funds in support of existing national initiatives pursuing the same aims and objectives. Full descriptions of Northern Ireland's relevant policies and how they will be implemented are set out in a number of strategic documents referenced in the draft Programme documents and the NI Chapter of the UK NSRF.

### **Socio-Economic Analysis of ERDF Competitiveness Programme and Labour Market Analysis of ESF Employment Programme**

4. The EU Structural Funds General Regulation requires Operational Programmes to analyse the strengths and weaknesses of the area or sector covered by the Programme. Chapter 1 of the draft ESF Employment and ERDF Competitiveness Programmes therefore analyses the strengths and weaknesses of Northern Ireland's labour market and socio-economic performance respectively, and identifies the challenges that the Programmes will address. 'SWOT' analyses summarise strengths, weaknesses, opportunities and threats.
5. The key challenges for the Northern Ireland Administration are to expand the private sector, increase the level and quality of innovation and enterprise, improve our current infrastructure, increase the employment rate for all groups in the labour market, reduce the high numbers of economically inactive and improve the skill and qualifications levels of existing employees as well as those seeking to enter employment, whether young people or those who are unemployed.
6. EU funding from ERDF would be prioritised towards promoting R&TD expenditure by local businesses, improving enterprise performance to catch up with the best performing regions in Europe, creating a better climate for existing businesses to expand and encourage new entrepreneurs, raising the skills of the current workforce and encouraging take up of recent advances in

technology. Improving the four key drivers of productivity will enable Northern Ireland to become a more productive region and close the large differential that exists between NI and the UK.

7. For the ESF Employment Programme, EU funding would specifically concentrate upon addressing the relatively high long-term unemployment rate and the persistent problem of economic inactivity (considering Incapacity Benefit recipients in particular), as well as a number of employment gaps in the NI Labour Market (lone parents, older workers, young people, women and those with low qualifications).

Question 1: What are your views on the Socio-Economic Analysis relating to the draft ERDF Competitiveness Programme?

Question 2: What are your views on the Labour Market analysis relating to the draft ESF Employment Programme?

**Draft ERDF Competitiveness Programme: Programme Strategy, Priorities, Key Areas of Expenditure and Allocations**

8. The overall objective of the draft ERDF Competitiveness Programme is to help create a more competitive and sustainable Northern Ireland and specifically, to contribute to closing the productivity gap with the UK. Building on the successes and the lessons of the Northern Ireland Single Programme 1994-99 and the Building Sustainable Prosperity Programme 2000-06, the new ERDF Competitiveness Programme would specifically focus on three inter-linked expenditure priorities to concentrate resources on achieving this central objective. The delivery of the Programme will be streamlined and proportionate to the resources available. Chapter 2 provides the Programme Strategy and justification of spending priorities. Northern Ireland has available an allocation of €307 million (£211 million) of ERDF to fund the Programme (at 2006 prices and rounded to the nearest million).

9. Chapter 3 of the draft ERDF Programme provides details for each priority on the rationale, aims and objectives, the targets and indicators, target beneficiaries, as well as lists of indicative areas of activity to be funded. The indicative activities are not exclusive, other activities may become relevant during the lifetime of the programme. The three priorities proposed, with indicative overall programme budgetary allocations, are as follows:

- Increasing investment in R&TD and promoting innovation (£220 million);
- Promoting enterprise and entrepreneurship (£145 million); and
- Improving accessibility and protecting and enhancing the environment (£52 million).

Around 85% of the proposed indicative activities are compatible with the Lisbon priorities for promoting competitiveness. While three priorities are proposed in this consultation, there may well be a case post-consultation to simplify the Programme to two priorities, because of the relatively small budgetary allocation available for the Improving Accessibility and Protecting the Environment priority. This, in line with the principle of proportionality, would create benefits for Programme management and implementation.

Question 3: What are your views on the proposed strategy, priorities, key areas of expenditure and indicative allocations, with the focus on Lisbon Competitiveness priorities, for the ERDF Competitiveness Programme?

### **Draft ESF Employment Programme: Programme Strategy, Priorities, Key Areas of Expenditure and Allocations**

10. The overall objective of the draft ESF Programme is to contribute to meeting the challenges in Northern Ireland to increase the employment rate for all groups in the labour market, reduce the high numbers of economically inactive and improve the skill and qualifications levels of existing employees as well as those seeking to enter employment, whether young people or those who are unemployed. Chapter 2 provides the Programme Strategy and justification for spending priorities. Northern Ireland has available an allocation

of €166 million (£114 million) of ESF to fund the Programme (at 2006 prices rounded to the nearest million).

11. Chapter 3 sets out the ESF Employment Programme's proposed two inter-related priorities, with indicative overall programme budgetary allocations, as follows:

- Helping people into sustained employment (£164 million); and
- Improving workforce skills and adaptability (£116 million).

Almost all of the proposed indicative activities are compatible with the Lisbon priorities for promoting employment.

12. Chapter 3 provides details for each priority, on the rationale, objective, target beneficiaries, indicative activities and targets. The indicative activities are not exclusive; other activities may become relevant during the lifetime of the programme. A limited amount of funding will be available under each key area expenditure to support Innovative activity on a transnational basis, consistent with the strategic approach in Chapter 2. The new ESF Programme will include provision to enable the type of employment and skills activities currently funded under programmes such as PEACE II to continue. However, this provision will not maintain the same funding levels, delivery structures or PEACE distinctiveness criteria as the current programme.

Question 4: What are your views on the proposed strategy, priorities, key areas of expenditure and indicative allocations, with the focus on the Lisbon Employment priorities, for the ESF Employment Programme?

**Cross Cutting Themes for Both Programmes: Equality and Good Relations, Promoting Sustainable Development and Creating Sustainable Communities**

13. Underpinning the two Programmes are the cross cutting themes of the need for equality in accessing the Programmes, and the promotion of good relations (including good race relations) and sustainable development, and

the creation of sustainable communities. These themes will act as strategic guidelines for those engaged in the implementation of the Programmes, to ensure that the activities to be funded are coherent, not only with the Programme Strategies but with equality legislation and the wider aims and objectives of Government policy in Northern Ireland – in particular, Section 75 of the NI Act 1998, the NI Sustainable Development Strategy, the Shared Future policy and the Anti-Poverty and Social Inclusion Strategy ‘Lifetime Opportunities’.

14. The challenge therefore is to ensure that Section 75 equality requirements are met, to build good relations (including good race relations and good community relations); tackle poverty and social exclusion; provide good quality employment opportunities and regenerate our urban and rural environments in order to successfully build sustainable inclusive communities.

Question 5: What are your views on the proposed cross cutting themes for both Programmes of ensuring equality, promoting good relations and sustainable development, and creating sustainable communities?

**Programme Management and Implementation Arrangements, including Co-ordination with other Community Programmes and Technical Assistance Proposals**

15. Within the UK, the delivery of Regional Policy and EU Structural Funds Programmes is a devolved matter. The Northern Ireland Administration, co-ordinated by the Department of Finance and Personnel and broadly fulfilling the Member State role as set out in Regulation 1083/2006, therefore takes full responsibility for all aspects of the preparation and delivery of the NI Structural Funds Programmes. Other Northern Ireland departments and Implementation Bodies will, in line with their respective statutory remits, be accountable and responsible for the expenditure allocated to them for delivery. The same delegated authority arrangements that apply to all public expenditure in Northern Ireland, will apply to EU Structural Funds expenditure. Accountable departments are responsible for ensuring that the necessary legal and DFP authorities for expenditure are in place and that the

expenditure is applied only for the purpose intended. Departments are responsible for ensuring that the expenditure incurred complies fully with the requirements of both Government Accounting Northern Ireland and with the EU Regulations governing expenditure under the Structural Funds.

16. As set out in the Northern Ireland Chapter of the UK NSRF, the overall strategy for future Structural Funds allocations will be to concentrate spending where it can add most value on promoting sustainable development, competitiveness and employment. This reflects the Government's wider reform agenda for efficient and effective administration. Allied to this is the clear recognition that, with an approximate 50% reduction in the EU Competitiveness and Employment funding allocation for 2007 to 2013 (compared to the present 2000-2006 programming period), and the regulatory requirement that at least 75% of the Programmes' spend must be compatible with defined Lisbon priorities, programme delivery mechanisms and structures need to be rationalised and simplified. This reduction and concentration of Programmes' expenditure will result in a much more limited range of expenditure areas and consequently only involve a few of Northern Ireland Departments (principally DETI and DEL) compared to the current 2000-2006 Building Sustainable Prosperity Programmes. This will lead to simplifications in both the delivery structures of both Programmes and of processes such as the application and selection of projects.
17. The respective chapters of the final drafts of the Competitiveness and Employment Programmes will set out in detail how the Programmes will be managed and implemented in accordance with the requirements of the relevant EU Regulations which provide both general and detailed rules. These include how the Programmes will be implemented and monitored in partnership with the European Commission and appropriate authorities and bodies in Northern Ireland, and how effective co-ordination with other EU Programmes will be achieved.
18. For the draft ESF Employment Programme it is proposed that the Department for Employment and Learning (DEL), as the Accountable Department for all

the proposed expenditure, should carry out the Managing Authority functions of the Programme. The Department of Enterprise, Trade and Investment (DETI), will be the Accountable Department for the vast majority of the proposed expenditure of the Competitiveness Programme. It has not yet been determined to whom the formal Managing Authority role will fall. A number of options are being considered. Managing Authorities may delegate certain functions to Intermediate Funding Bodies, and the final version of the draft Operational Programmes will set out which functions will be delegated.

19. Other noteworthy aspects of the preparation, management and delivery of the Programmes are highlighted briefly below:

**Partnership**

- a. The Programmes have been developed by DFP, DEL, DETI and other Government departments in partnership with a wide range of regional actors and social partners from the public and private sectors. The overall strategy for the Programmes was developed through the public consultation from February to May 2006 on the draft UK NSRF, and in particular the separate Chapter on Northern Ireland. A Consultative Partnership Group was set up in early 2006 with partners representing business and trade unions, research and education, the voluntary and community sector, Local Government and the main political parties, equality and environmental interests, the Agri-rural Forum and urban concerns. In addition, a series of public events and seminars were organised throughout 2006 at venues across Northern Ireland, as well as meetings with specific groups such as Local Government representatives and the Northern Ireland Members of the European Parliament. The draft Programmes are now subject to a 12 week public consultation process, prior to their submission to the European Commission in Spring 2007.

### **Ex-Ante Evaluation**

- b. The Programmes have been subjected throughout the development stages to an ex-ante evaluation carried out by NISRA to ensure that they respond to identified socio-economic and labour market needs, and reflect domestic, national and European priorities and policies.

### **Lisbon Earmarking and Sustainable Development**

- c. As required by EU Regulation 1083/2006 at least 75% of the Programmes' expenditure must be set aside for activities deemed compatible with the Lisbon priorities of promoting competitiveness and employment. The relevant categories of expenditure are listed in Annex IV<sup>1</sup> of the new EU General Regulation. The Programmes strategies are therefore designed to provide targeted support to key Northern Ireland policies and objectives within the context of the Lisbon Jobs and Growth Agenda and the wider Gothenburg Agenda for sustainable development.

### **Urban/Rural Demarcation**

- d. The Programmes will complement both DARD's European Agricultural Fund for Rural Development funding and European Fisheries funding, and will avoid duplication of resources.

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

- e. A screening exercise has been carried out for both Programmes to determine whether a Strategic Environmental Assessment of either Programme is necessary. The Northern Ireland Competent Environmental Authority, the Department of the Environment for Northern Ireland, Environment and Heritage Service, has reviewed the screening reports for both programmes and concurs with the conclusions that SEA is not necessary in each case. (See Annex 2 of each Programme).

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<sup>1</sup> [Annex IV](#)

[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/pdf/2007/general/ce\\_1083\(2006\)\\_corr\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/ce_1083(2006)_corr_en.pdf)

### **Technical Assistance**

- f. The Structural Funds Regulations, in requiring Member States to undertake responsibilities to manage and implement EU Structural Funds Programmes, allow for technical assistance funds to finance a range of functions such as programme monitoring, evaluation and publicity. Hence, the financial allocation proposals for both Programmes include a small allocation for technical assistance as a separate priority (see financial tables in Annex 1 of each Programme).

### **Role of Local Authorities**

- g. Within the ERDF Competitiveness Programme, it is recognised that with the implementation of the Review of Public Administration's proposals in 2009 on the wider role of Councils, that Local Authorities will continue to have a direct role in the management and delivery of proposed expenditure on Local Economic Development enterprise activities.

### **Equality Impact Assessment**

- h. In accordance with Article 16 of Regulation 1083/2006 and Section 75 of the NI Act 1998, the NI Competitiveness and Employment Programmes are required to have due regard to the need to promote equality of opportunity:
- between persons of different religious belief, political opinion, racial groups, age, marital status or sexual orientation;
  - between men and women generally;
  - between persons with disability and persons without, and
  - between persons with dependants and persons without.

Without prejudice to the above obligations, the Programmes are also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The Programmes have been screened against the criteria for Equality Assessment of Impacts, in keeping with Section 75 and Schedule 9 of the Northern Ireland Act 1998, and there are only positive

and neutral implications for equality of opportunity or good relations. (See Annex 3 of each Programme). Promoting Equality and Good Relations is a cross cutting theme under both Programmes and will be reflected in project selection and delivery arrangements.

### **North South Dimension**

- i. With the regulatory requirement that the Competitiveness and Employment Programmes concentrate their funding on set Lisbon activities, it is recognised (as set out in the UK National Reform Programme) that improved co-operation with Ireland has an important role to play in helping to meet the Lisbon and Gothenburg objectives. Both Northern Ireland and Ireland face common challenges from globalisation and mutual benefits can be secured through cooperation. Where appropriate these activities will be financed from the Structural Funds Programmes.

### **State Aids**

- j. Council regulations require that operations financed by the Structural Funds must comply with the rules on competition, including rules on state aids. Structural Funds contribution to operations, as well as any other public funding awarded must comply with state aid rules. In planning for the new programmes, early consideration will be given to ensuring that any aid awarded has the necessary European Commission approval, either by ensuring that it complies fully with an existing approved scheme or a block exemption or by notifying the aid separately.

Question 6: What are your views on the proposed management and implementation arrangements for both Programmes, including the simplified delivery structures, co-ordination arrangements with other Community Programmes and technical assistance proposals?