

The Centre for Cross Border Studies

Consultation Response: Cohesion Policy Review

This document has been prepared by The Centre for Cross Border Studies¹ as a response to the public consultation on Cohesion Policy Review, part of the Government Review of the Balance of Competences between the United Kingdom and the European Union.

About the Centre for Cross Border Studies

The Centre for Cross Border Studies empowers citizens and builds capacity and capability for cooperation across sectors and jurisdictional boundaries on the island of Ireland and further afield. This mission is achieved through research, expertise, partnership and experience in a wide range of cross-border practices and concerns.

Cohesion

- 1. How effective in your view have the structural funds been in addressing the tasks given to them under the various Treaties and what might be done to improve this?**

In the view of The Centre for Cross Border Studies, the structural funds have been extremely successful in addressing the tasks given to them under the treaties. The effect that funding from these sources has toward increasing social and economic cohesion across Europe is particularly evident in the case of Northern Ireland.

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By Western European standards, and indeed by those of other regions within the United Kingdom, Northern Ireland exhibits negative indicators across a wide range of social and economic indices². In this region, a depressed economy exists alongside deep social deprivation; this both contributes to and is exacerbated by the intense damage suffered by local society over a long period of sectarian division and conflict. In this context, Northern Ireland presents an exemplary case for the objective of the reduction of social and economic disparities between European Regions; its exposure to these sources of European funding has proved pivotal in addressing its particular social and economic needs.

In the absence of the EU structural funds, we feel it highly likely that many cornerstone schemes of Northern Ireland's continuing economic and social development would be placed in jeopardy. The continental scale of the funds' remit necessarily incentivises the provision of funding to regions like Northern Ireland which, while marginal in importance within the scope of their parent member state, provide significant potential for growth and social development through cooperation with neighbouring regions within other member states; its trans-national character also admits an obvious logic to the funding of projects and schemes across the borders of member states. It is highly unlikely that funding of this nature could or would be prioritised in spending plans formulated on a national level, due to the latter's necessarily restricted scope.

A prominent and illustrative example of the type of beneficial projects financed through the structural funds in Northern Ireland is that of the *Peace Bridge*. The Peace Bridge, opened in June 2011, is a walkway crossing the River Foyle which connects the politically disparate districts of the city of Derry/Londonderry; it was funded under the ERDF (through the PEACE III programme) and was opened by Johannes Hahn, EU Commissioner for Regional Development. In the words of the NI Executive, the effect of the bridge would be "to link the two sides of the city, both physically and metaphorically, delivering cultural, social and economic benefits"³.

² *Regional Economic Indicators - March 2013*, Office for National Statistics

³ *European Priorities 2011-12 Implementation Report*, Northern Ireland Executive, p.31

2. To what extent have UK places, companies and workers benefited or not benefited from EU structural funds?

Companies and workers in Northern Ireland have benefited greatly from the availability of EU structural funds. The primary sources of funding available to applicants in Northern Ireland are the PEACE, INTERREG and Northern Ireland ESF programmes.

The PEACE programme is a special EU programme which receives majority funding through the ERDF. Its purpose is to assist in the social recovery and development of a Northern Ireland emerging from a troubled and violent past; this it achieves through funding initiatives which focus on reconciling communities and contributing to a shared society in the region. The operational area for this programme includes the border areas of the Republic of Ireland, recognising the value of a holistic approach to the social problems of the region (which extend, and are influenced, across state borders). The existence of this programme has had a very significant impact on the work of organisations working in the field of peace and reconciliation in Northern Ireland; through the successful results of their work the society and economy of Northern Ireland benefits from the normalisation of the region's social relationships and the reduction in the threat of instability and violence.

The INTERREG programme exists in support of the European territorial cooperation objective. As such, it provides funding to projects working across the Irish border, and more recently to inter-regional programmes involving Northern Ireland, the border region of the Republic, and Western Scotland. This programme is also funded through the ERDF and focuses on fostering a prosperous cross-border region; in particular, the border areas in both Northern Ireland and the Republic of Ireland display significantly deeper social and economic problems in relation to their surrounding regions, and require additional support to overcome these disadvantages. To this end, the fund promotes competitiveness and innovation in the the cross-border economy as well as transfrontier cooperation in the public and private sectors. This programme is of particular benefit to Northern Ireland; its position as the only region of the UK to share a land border with another EU member state, as well as its geographical discontinuity with Great Britain, makes the successful development and maintenance of cross-

border economic and social relationships of utmost importance. The need becomes all the more acute when the existing productivity and skills gap between Northern Ireland and the rest of the UK is considered⁴. The economy of Northern Ireland has benefited greatly from the availability of these funds, which assist in widening business horizons for Northern Ireland's companies and improving employment opportunities for Northern Ireland's workers.

The Northern Ireland ESF programme focuses on reducing economic inactivity and increasing skill levels within the workforce. To this end it focuses primarily on projects aiming to increase workforce participation among disadvantaged groups (for example, young people not in employment, education or training), as well as those projects which work to improve the skill levels of workers with no, or only basic, qualifications. This is of particular assistance to society in Northern Ireland, which suffers from low rates of economic participation by UK standards. The provision of training for work increases the economic prospects of local workers; local companies in turn benefit from a larger pool of more highly skilled local labour.

As an example of the transformative benefit that these funds can have, the ICBAN (Irish Central Border Area Network) association of local authorities (a lead partner in phase IV of the INTERREG program) has recently launched its Regional Strategic Framework for 2013-2017; this constitutes a detailed plan for the use of European funds (along with those from other sources) to drive development in the central border region.

Another example is that of the Border Development Zone project, currently being undertaken by The Centre for Cross Border Studies. This research project investigates the potential of a joint economic development approach across the whole Irish and Northern Irish cross-border region, and works with local representatives and administrators and politicians to devise a unified cross-border development strategy. It is funded under the INTERREG programme.

As an example in the case of ESF funding, Footprints Womens' Cen-

⁴*European Priorities 2013-14*, Northern Ireland Executive

tre provides much needed services for women in the Colin area of Belfast. In the most recent rounds of funding, it has been awarded more than £425,000 towards its “Routes to Skills and Employability for Women” programme. This programme assists local unemployed or underemployed women to develop skills for work and to enter the labour market.

3. **Are the types of activity covered by the structural funds and the other funds outlined in this paper more appropriately funded at EU, national or regional/local level? Should all Member States or regions receive structural funds in future? If not, what should be the criterion?**

It is the view of the Centre for Cross Border Studies that these types of activity are most appropriately funded at EU level. Many of the types of financial support that fall under the remit of the funds, for example funding for marginal regions and cross-border funding, are unlikely to feature highly in the spending priorities of national governments. As a consequence, it is unlikely that regional administrations would possess the resources to provide support on the same level as the European funds. A Europe-wide approach serves the identification of regional and continental synergies.

The overriding criterion for the availability of structural funds should be applied on a regional (rather than a national) level; that criterion being the region’s social and economic need, by the criterion of either absolute (EU-level) indicators or its relative level of development with regard to its neighbouring regions. The need to fund relatively less developed regions of otherwise well developed member states should be recognised, in order to avoid the embedding and exacerbation of regional disparities in the long term.

4. **What is the right balance between strategic guidance at EU level, Member States management and control of the funds and regional or local identification of needs?**

In our opinion, the optimal balance lies between strategic allocation of funds on an EU level and regional/local identification of needs. A model centred on this arrangement allows the allocation of funds in

accordance with identified pan-European themes and trends, while maximising impact on the regional and local level; indeed local identification of needs is a key tenant of 2014 - 2020 funding cycle⁵. The provision of information to regional and local administrators and fund recipients with respect to the high level strategic goals of the relevant programme is of paramount importance. In Northern Ireland, the Special EU Programmes Body (SEUPB) is responsible for the management of a number of European funds, including the INTER-REG and PEACE programmes. Their methodology for engagement and consultation in this regard represents a high standard in this field.

Another vital component of the success of funding programmes on a local and regional level is the involvement of regional administrators in strategic policy formation at the EU level. This already occurs to some extent with respect to the funds through consultation with the Committee of the Regions; regional actors must be incentivised to fully engage in this process. Northern Ireland has a valuable and unique route of access to EU policy makers through the Barroso Taskforce⁶, which facilitates direct input from Northern Ireland public representatives in EU policymaking as well as aiding the region in maximising the benefit gained from EU funding. In the words of the NI Executive “...the access the Task Force provides for us continues to be a valuable asset in deepening our European engagement and pursuing regional goals“⁷. This coexists with and complements the strong tradition of effective local consultation developed in Northern Ireland by regional funding bodies such as the SEUPB.

The Centre for Cross Border Studies has developed a number of tools to assist in the identification and effective management of local need. The *Impact Assessment Toolkit for Cross-Border Cooperation* assists funding managers and policy makers in establishing the practical effect that past funding grants have achieved, and thus to plan more clinically in the future. This toolkit was itself developed with the

⁵European Commission Delegated Regulation of 7/1/2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds, European Commission

⁶Communication from the Commission to the Council and to the European Parliament on the Report of the Northern Ireland Task Force, Commission of the European Communities, 2008

⁷European Priorities 2011-12 Implementation Report, Northern Ireland Executive

assistance of EU funding.

5. **Do all parts of cohesion policy provide equal value for money? Are different approaches required for different funds and different geographies?**

Differing geographies may require differing approaches, on both a regional and local level. The need in terms of fund administration and need identification may, for example, differ significantly between a disadvantaged region contiguous with other regions within a nation state and a border or geographically discontinuous region. The methodology of need identification and fund provision should be tailored to the situation of the relevant region(s).

6. **To what extent should the funds be targeted at less developed areas and disadvantaged groups of society rather than being available as sources of investment for economic development across all areas?**

Targeting funds at less developed regions most directly aids cohesion objectives. This should not preclude the provision of funding to more developed regions, as the need to develop integrated and fluid economic and social networks across the continent exhibits a geographical character, and may involve convergence adjustments in regions of any level of economic development. There is obvious incentive for the elements of the funds focusing on social cohesion to target funding on disadvantaged groups in society; any decision on this matter should be made within the context of the agreed strategic policy objectives.

Questions 7, 8 and 9 will be answered together.

7. **How effective in your view is accountability and financial management of the funds outlined in the paper? What further steps if any might be taken to provide increased assurance for EU taxpayers?**
8. **What are the main barriers to accessing EU funds? What might be done to overcome these?**

9. What practical steps could be taken to reduce the administrative burdens in getting funding from EU programmes?

The practical difficulties involved in applying for European funding, primarily administrative in nature, can represent a significant barrier to some organisations. While there is a need to ensure the accountability of funding processes for the benefit of member states and taxpayers, the administrative burden placed on applicant organisations should be kept to a minimum. In addition, measures should be taken by member states to ensure that national and regional managing authorities are not adding unnecessarily to the administrative burden imposed on applicants, and that these authorities successfully streamline their administrative processes for the benefit of the applicant. Indeed, the majority of the existing barriers in accessing EU funds may be addressed through future improvements in the relationships between national managing authorities and applicants.

10. How can the local or regional dimension best be reflected in EU policy-making?

That the priorities and needs of regions and localities are reflected in EU policy-making is of the highest importance. In the case of the cohesion policy objectives, mechanisms currently exist to allow for local and regional input; consultation with the Committee of the Regions is mandatory, in addition to the opportunity for input from regional representatives during the normal legislative process. Regional actors must be given the information necessary to use these channels to their full effect.

The conflict in this case often occurs between the interests and policy priorities of regions and those of their parent member states. Northern Ireland, through the Barroso Taskforce, has a direct route of contact with European policy makers. This provides an invaluable opportunity to present local needs and policy objectives where these do not precisely coincide with the national objectives of the UK government. An example of this is the concern within the Northern Ireland assembly that the UK government position on the EU budget for 2014-2020 may have put structural funding for Northern Ireland at risk⁸; having

⁸*Update on the PEACE IV Programme*, Northern Ireland Assembly Research and In-

the opportunity to raise such concerns with the commission directly was seen as very valuable. It is thus the opinion of The Centre for Cross Border Studies that greater opportunities for direct engagement between regional authorities and the European bodies should be cultivated.

Trans-European Networks

1. **In your view to what extent have the TENs supported or promoted cohesion, interconnection and interoperability of national networks and access to networks across the EU? Has this been in the UK's national interest?**

The TENs scheme has been very successful in supporting the development of interconnected, resource-efficient transport networks throughout the EU. The positive effect of this policy can perhaps be seen most noticeably in marginalised or isolated regions of the continent such as Northern Ireland, where the lack of effective transport connections hampers the growth of the local economy. The NI Executive prioritises “ [the] need to ensure all our businesses have access to high performing sustainable interconnected networks”⁹. The impact of TENs funding in improving these networks has been significant, and local policy makers are keen to see continued TENs funding for projects in Northern Ireland ¹⁰.

2. **Are the types of activity covered by the TENs more appropriately funded at EU, national or regional/local level?**

The view of The Centre for Cross Border Studies is that funding for these projects is best provided at EU level. TENS projects are often continental in scale, and very frequently involve two or more member states. The provision of funding for these projects on a case-by-case basis by the directly involved member states or regions would be impractical; almost certainly, the strategic direction of pan-European projects would become significantly more complex. In addition, TENS

formation Service Briefing Paper 10/13, 18th January 2013, p.3

⁹ *European Priorities 2011-12 Implementation Report*, Northern Ireland Executive

¹⁰ *Written Ministerial Statement, Regional Development: Trans-European Transport Network (TEN-T) Regulation*, Northern Ireland Assembly. 17th October 2013

funded projects can provide economic benefits to the continent as a whole as well as those states directly involved; it is thus reasonable to follow a joint funding approach for such projects.