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REPORT

on the proposal for a regulation of the European Parliament and of the Council concerning European Union financial contributions to the International Fund for Ireland (2007-2010)
(COM(2010)0012 – C7-0024/2010 – 2010/0004(COD))

Committee on Regional Development

Rapporteur: Seán Kelly

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* alerts the relevant departments to parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act which the draft act seeks to amend includes a third and fourth line identifying respectively the existing act and the provision in that act affected by the amendment. Passages in a provision of an existing act that Parliament wishes to amend, but the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...].

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council concerning European Union financial contributions to the International Fund for Ireland (2007-2010)

(COM(2010)0012 – C7-0024/2010 – 2010/0004(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2010)0012),
 - having regard to Article 294(3), and Article 175 and Article 352(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0024/2010),
 - having regard to the reasoned opinions sent to its President by national parliaments relating to the compliance of the draft act with the principle of subsidiarity,
 - having regard to the opinion of the European Economic and Social Committee of 29 April 2010¹,
 - after consulting the Committee of the Regions,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development (A7-0190/2010),
1. Adopts the position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ Not yet published in the Official Journal.

**POSITION OF THE EUROPEAN PARLIAMENT
AT FIRST READING***

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
concerning European Union financial contributions to the International Fund for
Ireland (2007-2010)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 175 and Article 352(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee²,

After consulting the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure and the requirement for unanimity in the Council provided for in the first sentence of Article 352(1),

Whereas:

- (1) The International Fund for Ireland (“the Fund”) was established in 1986 by the Agreement of 18 September 1986 between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland concerning the International Fund for Ireland (“the Agreement”) in order to promote economic and social advancement, and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland, in the implementation of one of the objectives specified by the Anglo-Irish Agreement of 15 November 1985.

* Amendments: new or amended text is highlighted in ***bold italics***; deletions are indicated by the symbol **■**.

² Opinion of 29 April 2010 (not yet published in the *Official Journal*).

- (2) The Union, recognising that the objectives of the Fund are a reflection of those pursued by itself, has provided financial contributions to the Fund from 1989. For the period 2005 to 2006 EUR 15 million was committed from the Community budget for each of the years 2005 and 2006 in accordance with Council Regulation (EC) No 177/2005 of 24 January 2005 concerning Community financial contributions to the International Fund for Ireland³. That Regulation expired on 31 December 2006.
- (3) The assessments carried out in accordance with Article 5 of Regulation (EC) No 177/2005 have confirmed the need for further support for activities of the Fund, while continuing to reinforce synergies of its objectives and coordination with Structural Funds interventions, in particular with the Special Programme for Peace and Reconciliation in Northern Ireland and the Border Counties of Ireland (“the PEACE programme”) set up in accordance with Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds⁴.
- (4) The peace process in Northern Ireland requires a continuation of Union support to the Fund beyond 31 December 2006. In recognition of the special effort for the peace process, the PEACE programme has been allocated additional support from the Structural Funds for the period 2007 to 2013 pursuant to paragraph 22 of Annex II to Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999⁵.
- (5) At its meeting in Brussels on 15 and 16 December 2005, the European Council called on the Commission to take the necessary steps with a view to continued Community support for the Fund as it enters the crucial final phase of its work until 2010.
- (6) The main purpose of this Regulation is to support peace and reconciliation through a wider range of activities than those covered by the Structural Funds, and which extend beyond the scope of the Union policy on economic and social cohesion.
- (7) The Union contributions to the Fund should take the form of financial contributions for the years 2007, 2008, 2009 and 2010, thus terminating at the same time as the life of the Fund.
- (8) In allocating the Union contributions, the Fund should give priority to projects of a cross-border or cross-community nature, in such a way as to complement the activities funded by the PEACE programme for the period 2007 to 2010.
- (9) In accordance with the Agreement, all financial contributors to the Fund should participate as observers at the meetings of the Board of the International Fund for Ireland.

³ OJ L 30, 3.2.2005, p. 1.

⁴ OJ L 161, 26.6.1999, p. 1.

⁵ OJ L 210, 31.7.2006, p. 25.

- (10) It is vital to ensure proper coordination between the activities of the Fund and those financed under the Structural Funds provided for by Article 175 of the Treaty on the Functioning of the European Union, in particular the PEACE programme.
- (11) A financial reference amount, within the meaning of Point 38 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management⁶ should be inserted in this Regulation for the entire duration of the programme, without the powers of the budgetary authority as defined by the Treaty being affected thereby.
- (12) The amount of the Union contributions to the Fund should be EUR 15 million for each of the years 2007, 2008, 2009, and 2010, expressed in current values.
- (13) The Fund's strategy launched for the final phase of its activities (2006 - 2010) and entitled "Sharing this Space" focuses on four key areas: building foundations for reconciliation in the most marginalised communities, building bridges for contact between divided communities, moving towards a more integrated society, and leaving a legacy. Consequently, the ultimate aim of the Fund and of this Regulation is to encourage inter-community reconciliation.
- (14) Union support will contribute to reinforcing solidarity between the Member States and between their peoples.
- (15) Assistance from the Fund should be regarded as effective only in so far as it brings about sustainable economic and social improvement and is not used as a substitute for other public or private expenditure.
- (16) Council Regulation (EC) No 1968/2006 of 21 December 2006 concerning Community financial contributions to the International Fund for Ireland (2007 to 2010)⁷ established the financial reference amount for the implementation of the Fund for the period 2007 to 2010.
- (17) In its judgment of 3 September 2009 in Case C-166/07 (European Parliament v Council and Commission)⁸ the Court of Justice of the European Communities annulled Regulation (EC) No 1968/2006 as it was based only on Article 308 of the Treaty establishing the European Community, ruling that both the third paragraph of Article 159 and Article 308 of the Treaty establishing the European Community were the appropriate legal bases. However, the Court also ruled that the effects of Regulation (EC) No 1968/2006 were to be maintained until the entry into force, within a reasonable period, of a new regulation adopted on the appropriate legal bases and that the annulment of Regulation (EC) No 1968/2006 was not to affect the validity of payments made or of undertakings given under that Regulation. ***In this respect it is necessary for the sake of legal certainty to maintain the application with retroactive effect of Article 6 of this Regulation because it relates to the whole programme period of 2007-2010,***

⁶ OJ C 139, 14.6.2006, p. 1.

⁷ OJ L 409, 30.12.2006, p. 86.

⁸ OJ C 256, 24.10.2009, p. 2 (not yet published in the European Court Reports).

HAVE ADOPTED THIS REGULATION:

Article 1

The financial reference amount for the implementation of the International Fund for Ireland (“the Fund”) for the period 2007-2010 shall be EUR 60 million.

Annual appropriations shall be authorised by the budgetary authority within the limit of the financial framework.

Article 2

Contributions shall be used by the Fund in accordance with the Agreement of 18 September 1986 between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland concerning the International Fund for Ireland (“the Agreement”).

In allocating contributions, the Fund shall give priority to projects of a cross-border or cross-community nature, in such a way as to complement the activities financed by the Structural Funds, and especially those of the PEACE programme operating in Northern Ireland and the Border Counties of Ireland (“the PEACE Programme”).

Contributions shall be used in such a way as to bring about sustainable economic and social improvement in the areas concerned. They shall not be used as a substitute for other public and private expenditure.

Article 3

The Commission shall represent the Union as an observer at the meetings of the Board of the Fund.

The Fund shall be represented as an observer at the Monitoring Committee meetings of the PEACE programme, and of other Structural Funds interventions as appropriate.

Article 4

The Commission shall, in cooperation with the Board of the Fund, determine appropriate procedures to foster coordination at all levels between the Fund and the managing authorities and implementing bodies set up under the Structural Funds interventions concerned, in particular under the PEACE programme.

Article 5

The Commission shall, in cooperation with the Board of the Fund, determine appropriate publicity and information procedures in order to publicise the Union contributions to the projects financed by the Fund.

Article 6

By 30 June 2008, the Fund shall submit to the Commission its strategy for the closure of its activities, including:

- (a) an action plan with projected payments and a foreseen winding up date;
- (b) a de-commitment procedure;
- (c) the treatment of any residual amounts and interest received at the closure of the Fund.

Subsequent payments to the Fund shall be conditional on the Commission's approval of the closure strategy. If the strategy for closure is not submitted by 30 June 2008, payments to the Fund shall be interrupted until the strategy is received.

Article 7

1. The Commission shall administer the contributions.

Subject to paragraph 2 the annual contribution shall be paid in instalments as follows:

- (a) a first advance payment of 40% shall be made after the Commission has received an undertaking, signed by the Chairman of the Board of the Fund, to the effect that the Fund shall comply with the conditions for the grant of the contribution set out in this Regulation;
- (b) a second advance payment of 40% shall be made six months later;
- (c) a final payment of 20% shall be made after the Commission has received and accepted the Fund's annual activity report and audited accounts for the year in question.

2. Before paying out an instalment the Commission shall carry out an assessment of the Fund's financial needs on the basis of the Fund's cash balance at the time scheduled for each payment. If following that assessment, the Fund's financial needs do not justify payment of one of those instalments, the payment concerned shall be suspended. The Commission shall review that decision on the basis of new information provided by the Fund and shall continue payments as soon as they are considered justified.

Article 8

A contribution from the Fund may be allocated to an operation which receives or is due to receive financial assistance under a Structural Funds intervention, only if the sum of that financial assistance plus 40% of the contribution from the Fund does not exceed 75% of the operation's total eligible costs.

Article 9

A final report shall be submitted to the Commission six months before the winding-up date provided for in the strategy for closure referred in point (a) of the first paragraph of Article 6 or six months after the last Union payment, whichever is the sooner, and shall include all the necessary information to enable the Commission to evaluate the implementation of the assistance and the attainment of the objectives.

Article 10

The final year contribution shall be paid following the financial needs analysis referred to in Article 7(2) and provided the Fund's performance respects the closure strategy provided for in Article 6.

Article 11

The final date of eligibility of expenditure is 31 December 2013.

Article 12

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union.

Article 6 shall apply from 1 January 2007.

This Regulation shall expire on 31 December 2010.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...

For the European Parliament
The President

For the Council
The President

EXPLANATORY STATEMENT

Background

The current proposal comes before the European Parliament following the judgement of the European Court of Justice of 3 September 2009 in case C-166/07 (European Parliament v. Council and Commission)⁹.

The Court ruled to annul Council Regulation (EC) No 1968/2006, following a case taken by the legal service of the European Parliament. However its effect was permitted to remain in place pending the re-issuance of a proposal for a Regulation of the Council and the European Parliament using the new legal basis.

The European Parliament considered that the regulation should have been adopted under Article 159§3 of the Treaty establishing the European Community (now Article 175 of the Treaty on the Functioning of the European Union) and launched an action for annulment before the Court of Justice. The Court ruled that both Articles 159§3 and 308 should be used as the legal basis and has asked the institutions to adopt a replacement regulation with a dual legal basis.

The European Community has contributed to the International Fund for Ireland (IFI) since 1989, three years after its establishment by an agreement between the governments of the United Kingdom and Ireland. In the current period (2006-2010) EU support represents approximately 57 % of annual contributions, making the Union the major donor to the Fund. The fund aims to contribute to the implementation of Article 10(a) of the Anglo-Irish Agreement of 15 November 1985 which provides that *"the two governments shall co-operate to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years, and shall consider the possibility of securing international support for this work"*.

Two objectives are leading the work of the IFI; to promote economic and social advance and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland.

As an instrument towards the goal of peace and reconciliation at grassroots level through economic and social development support, the IFI complements the action carried out by the EU programmes for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland ("PEACE I" 1995-1999, "PEACE II" 2000-2006 and "PEACE III" 2007-2013).

The Board of the Fund is appointed jointly by the UK and Irish Governments and consists of a Chairman and six members which oversee the direction and operation of IFI. The Board is assisted by an Advisory Committee of officials appointed by the two Governments. The administration of the Fund is provided by a Secretariat, headed by Joint Directors General based in Belfast and Dublin. Where appropriate, Government Departments and public bodies act as administering agencies for the Fund, North and South. The Board is representative of the communities in both parts of Ireland and meets on average four times per year. The

⁹ OJ C 256/2, 24.10.2009.

Commission has observer status at the Board, along with other donor countries (United States, Canada, New Zealand and Australia) and is represented at all Board meetings. Currently, the IFI's activities are carried out through various programmes and schemes which can be grouped under three headings: the regeneration of deprived areas, community capacity building and economic development. The IFI is today concentrating more on people-centred projects (approximately 30 % of its resources) such as education-related interventions.

A review by the Fund was performed in 2005, prompted by recognition that the current level of international support cannot be maintained indefinitely. Its structures and priorities were scrutinised in order to redefine its mission in light of the new realities. The review resulted in the adoption of a strategic framework, "Sharing this Space", which will bring an end to the life of the Fund in 2010. Hence, a final phase of activities of the Fund (2006-2010) was launched. The objectives of the IFI over the final five years include:

- building and realising the vision of a shared future for Northern Ireland and both parts of the island;
- promoting understanding between the different communities in Ireland;
- facilitating integration between the communities;
- building alliances with other agencies, ensuring the long term work of the IFI beyond 2010 and sharing the expertise with peace builders in other regions.

The programmes supported by the IFI will in the future be clustered around four themes: building foundations, building bridges, integrating communities and leaving a legacy.

The Commission proposal

The package of proposals for adoption includes:

- a proposal for a Council Regulation concerning Community financial contributions to the International Fund for Ireland (2007-2010);

In its proposal, the Commission notes that the final phase is meant to target the areas of greatest need and seek to ensure that its work is made sustainable in the longer term. The Commission proposes that EU contributions of € 15 million per year to the IFI continue for a further period of 4 years. However, the IFI will have until 2013 to use these monies and there is scope for future recycling of unspent monies, subject to the closure strategy.

Assessment of the IFI

There has been significant progress made in peace-building between both communities in Northern Ireland and in the Border Regions between the Republic of Ireland and Northern Ireland. Your Rapporteur in particular highlights the role of Sport in fostering cross-community reconciliation. Some examples include:

Football4Peace - This three-year project approved by the IFI Board in June 2008 is a joint venture between Inishowen Rural Development Ltd., the IFA (Northern Ireland) and the FAI (Republic of Ireland) targeting young people and using football as a means to promote good community relations through cross-border and cross-community partnerships. The IFI is

providing financial assistance of €527,954 with "In Kind" contributions from the FAI, IFA Inishowen School Boys League and Limavady Council/ Limavady Utd.

Maximising Community Space - Crossing Borders project - In June 2008 Board approval was given for the (NI) Rural Development Council, the agent for the project, to work with 50 community groups (38 Northern Ireland and 12 from the southern border counties) for a year to improve community relations and facilitate the development and wider usage of existing community halls by increasing the capacity and confidence of the groups. Groups that successfully complete this phase may subsequently make an application for a maximum of £50,000 to improve the facilities in the hall they use, thereby making it more attractive to potential users.

Recruitment drives for this programme have included meetings with the GAA among other organisations and Michael Davitt's GAA Club in Swatragh, County Derry are among the groups participating.

'Community Relations through Sport' - This two-year project being delivered by Donegal Sports Partnership which was approved funding of €152,000 in November 2009 and is to use the medium of sport to promote peace and reconciliation was launched recently. It will work within the border communities of Donegal, West Tyrone and Derry and engage 150 young people between the ages of 14-18, from all religious backgrounds. It will include practical support from national governing bodies of sports, including the GAA, FAI, IRFU, Cricket Ireland, Athletics, Badminton Ireland and Cycling Ireland. This will be twinned with community relations and cultural diversity workshops which will allow young people to explore their own culture, beliefs and traditions and to challenge stereotypes in order to acknowledge and address difference.

Conclusion

Your Rapporteur would like to highlight the excellent contribution by the International Fund for Ireland to grassroots support for the Peace Process, which has recently been solidified with the recent transfer of justice and policing powers to the Northern Ireland Assembly.

The IFI has been a key part of cross-community reconciliation and as it comes to the end of its current period, due recognition needs to be given to the key role played by the EU in this area.

Your Rapporteur calls on the Governments of Ireland and the United Kingdom to consider extending the life of the International Fund for Ireland. There is still much work to be done to complete the goals of building bridges and integrating communities, especially through the medium of sport.

In this context your Rapporteur calls on both Governments in the framework of the European Council to make a statement as to how they foresee the development of funding initiatives in this area to proceed over the next financial period of the EU.

Also, your Rapporteur calls for the whole island of Ireland to be taken into consideration in any future projects. Bridge building should take place not just across communities in Northern Ireland, but also between Northern Ireland and all areas of the Republic of Ireland.

Finally, your Rapporteur calls for a swift passage of this proposal through Parliament so that

no legal uncertainty will remain following the annulment of the original Regulation by the European Court of Justice.

PROCEDURE

Title	EU financial contributions to the International Fund for Ireland (2007-2010)
References	COM(2010)0012 – C7-0024/2010 – 2010/0004(COD)
Date submitted to Parliament	5.2.2010
Committee responsible Date announced in plenary	REGI 11.2.2010
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 11.2.2010
Not delivering opinions Date of decision	BUDG 23.2.2010
Rapporteur(s) Date appointed	Seán Kelly 17.3.2010
Discussed in committee	27.4.2010
Date adopted	3.6.2010
Result of final vote	+: 42 -: 0 0: 1
Members present for the final vote	François Alfonsi, Luís Paulo Alves, Sophie Auconie, Catherine Bearder, Jean-Paul Bisset, Victor Boştinaru, John Bufton, Alain Cadec, Salvatore Caronna, Francesco De Angelis, Rosa Estaràs Ferragut, Elie Hoarau, Danuta Maria Hübner, Ian Hudghton, Filiz Hakaeva Hyusmenova, Seán Kelly, Evgeni Kirilov, Constanze Angela Krehl, Petru Constantin Luhan, Ramona Nicole Mănescu, Riikka Manner, Iosif Matula, Erminia Mazzoni, Miroslav Mikolášik, Lambert van Nistelrooij, Franz Obermayr, Wojciech Michał Olejniczak, Markus Pieper, Monika Smolková, Georgios Stavrakakis, Nuno Teixeira, Michael Theurer, Michail Tremopoulos, Kerstin Westphal, Hermann Winkler, Joachim Zeller
Substitute(s) present for the final vote	Bairbre de Brún, Ivars Godmanis, Karin Kadenbach, Rodi Kratsa-Tsagaropoulou, László Surján, Sabine Verheyen
Substitute(s) under Rule 187(2) present for the final vote	Emilio Menéndez del Valle