

RESEARCH FOR REGI COMMITTEE: The economic, social and territorial situation of Northern Ireland

This briefing was prepared to provide information for the visit to Northern Ireland from 21 to 23 March 2018 of a delegation of the European Parliament's Committee on Regional Development (REGI).

1. Introduction to the political-administrative system of the United Kingdom and Northern Ireland

The United Kingdom (UK) is located off the north-western coast of continental Europe, between the North Atlantic and the North Sea. **The UK is made up of four countries: England, Scotland, Wales and Northern Ireland**, and has 14 overseas territories which are not formally part of the UK proper or (except Gibraltar) of the EU (it also has links with 3 Crown dependencies, namely the Isle of Man, Guernsey and Jersey, which are not part of the UK). The official language is English, and the currency in use is the pound sterling (GBP).¹

Map 1. Northern Ireland



Source: Shutterstock

Northern Ireland is the smallest of the four subdivisions of the UK; it is located in the north-east corner of the island of Ireland, and is thus separated thus from the rest of the UK by the Irish Sea while sharing a land border with another EU Member State (Ireland).

¹ Source: https://europa.eu/european-union/about-eu/countries/member-countries/unitedkingdom_en

Table 1. Key data

	United Kingdom	Northern Ireland
Total area:	247 763 km ²	14 155 km ²
Population (2016)	65 382 556	1 858 540
Population Census (2011)	63 182 180	1 810 865
Population density (2015) EU-28 estimated data: 117.1	268.6 inhabitants per km ²	136.6 inhabitants per km ²

Source: Eurostat

There is **no written constitution** in the UK: instead, the constitution is formed by the Acts and Bills passed by the Houses of Parliament. The UK is a parliamentary constitutional monarchy; the head of government is the Prime Minister and the head of state is the Monarch. The Parliament is bicameral and composed of the House of Commons and the House of Lords. The UK Parliament retains absolute sovereignty; the Scottish Parliament, the Northern Ireland Assembly and the National Assembly for Wales have differing degrees of legislative powers.²

In Northern Ireland the devolved institutions are constituted under the so called Northern Ireland Act of 1998 (although several institutional reforms have taken place since then). The **Northern Ireland Assembly** (hereinafter also referred to as the 'Assembly') is the **devolved legislature**: it has 90 members and sits in Belfast. The Assembly have full legislative power over so-called '**transferred matters**' covering areas such as education, employment, agriculture, social security, housing, economic development, local government, the environment, transport and policing. The Assembly does not have competence over '**excepted matters**' of national importance (e.g. the constitution, UK-wide taxation, immigration and asylum, etc). It can legislate over '**reserved matters**' (e.g. broadcasting, telecommunications, consumer safety, etc), but with the consent of the Secretary of State (who is a minister in the UK government holding overall responsibility for both advancing UK government interests in Northern Ireland and representing Northern Ireland interests in the Cabinet³). The Assembly is chaired by a Speaker and three deputy Speakers, with the Speaker acting as its representative. The **Northern Ireland Executive is chaired by a First Minister and deputy First Minister** (who hold office jointly and are required to act jointly). It includes 10 other ministers (two Junior Ministers and others, appointed by the d'Hondt rule⁴ in proportion to the parties' strength in the Assembly). Ministers head a 'department' with responsibility for specific areas. **Regional development falls under the remit of the Department for Infrastructure** (previously called the Department for Regional Development).⁵

Administratively, Northern Ireland is divided into **11 'local government districts'** (this regime replaced the previous one of 26 "district council areas" following a consolidation process between 2005 and 2015). **The capital is Belfast**. Local government districts are unitary administrations responsible for all areas of local government. The six counties (Antrim, Armagh, Down, Fermanagh, Londonderry, and Tyrone) do not constitute a level of administration any more.⁶ Each local government district is run by a **Local Council**, consisting of elected Councillors. Councils are independent of central government and are accountable to their local electorate. All councils in Northern Ireland have the same basic legislative powers, but they can place a different emphasis on the services delivered, and they differ from those in the rest of the UK: for example they are not responsible for education, road-building or housing. Councils' responsibilities include planning, roads, local economic development and local tourism, heritage and a range of service areas such

² Source: https://europa.eu/european-union/about-eu/countries/member-countries/unitedkingdom_en and <https://portal.cor.europa.eu/divisionpowers/Pages/UK-intro.aspx>.

³ <https://www.gov.uk/government/ministers/secretary-of-state-for-northern-ireland>.

⁴ The Justice Minister is also a member of the Executive, but is elected by the Assembly following a cross-community vote.

⁵ <https://www.legislation.gov.uk/ukpga/1998/47/contents>, <https://www.gov.uk/guidance/devolution-settlement-northern-ireland> and <https://www.nidirect.gov.uk/articles/northern-ireland-assembly> and <https://www.nidirect.gov.uk/articles/northern-ireland-executive>.

⁶ <https://www.ons.gov.uk/methodology/geography/ukgeographies/administrativegeography/northernireland>.

as waste collection and recycling, environmental protection, food safety, cultural facilities, sport, etc⁷ The REGI delegation will visit locations in the **Belfast City Council and the Derry City and Strabane District Council**.

Map 2. Administrative geography of Northern Ireland



Source: Shutterstock

Finally, the UK is divided into 40 NUTS 2 level regions. **Northern Ireland is a NUTS 1 and 2 category area**, with groups of local government district areas corresponding to the five NUTS 3 level regions.⁸ Northern Ireland belongs to the **‘transition region’ category** under the European Structural and Investment Funds (ESI Funds), and it is **not eligible for the Cohesion Fund**.⁹

Table 2. Political summary

Head of State, Monarch	Queen Elizabeth II
Head of Government, Prime Minister	Theresa May (The Conservative and Unionist Party)
Secretary of State for Northern Ireland	Karen Bradley (The Conservative and Unionist Party)
First Minister	Vacant
Deputy First Minister	Vacant
Minister responsible for cohesion policy (Minister for Infrastructure)	Vacant
Mayor of Belfast	Councillor Nuala McAllister (Alliance Party)

⁷ <https://www.nidirect.gov.uk/articles/local-councils>.

⁸ <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2015/del/5415.pdf> and Eurostat

⁹ [Commission Implementing Decision of 18 February 2014 setting out the list of regions eligible for funding from the European Regional Development Fund and the European Social Fund and of Member States eligible for funding from the Cohesion Fund for the period 2014-2020.](#)

Mayor of Derry City and Strabane District Council	Councillor Maolíosa McHugh (Sinn Féin)
UK parliamentary election	Most recent: June 2017 Next: 2022
Northern Ireland Assembly election	Most recent: March 2017 Next: 2022
Local elections Belfast City Council	Most recent: May 2014 Next: 2019
Local elections Derry City and Strabane District council	Most recent: May 2014 Next: 2019

2. Socio-economic situation of the United Kingdom and Northern Ireland

The key findings of the [Country Report United Kingdom 2017](#)¹⁰ show that **economic growth remained robust in 2016 in the UK**, but the report expects it to weaken in 2017 and 2018. Inflation rose steadily in 2016 and is expected to exceed 2 % in 2017 and 2018. There is **untapped potential in the otherwise strong labour market**: employment continues to grow and unemployment remains low, but some groups face challenges. In the same report, the UK is found to have made some progress in addressing the 2016 country-specific recommendations: there has been **some progress on infrastructure and housing investment**, but (1) the new housing supply is still not keeping up with the growth in demand, (2) both investment and productivity remain relatively weak and (3) there are significant shortcomings in the capacity and quality of infrastructure networks. The **high general government debt level** (close to 90 %) constitutes a vulnerability.

According to the latest economic briefing (2017-18, Winter)¹¹, by the Department for the Economy of the Northern Ireland government, **the economy of Northern Ireland has been growing steadily**, although growth has slowed more recently. Results vary across sectors but goods and services exported from Northern Ireland continue to be in demand. In terms of trade, **the Ireland remains Northern Ireland's largest trading partner**, accounting for over a third of exports. In 2017 there was significant growth of output in the construction sector (8.3 %, reaching the highest level in five years); growth was also solid in the services sector (by 2.5 % in real terms), but output in the manufacturing sector fell (by 6.5%). Tourism has grown and the local economy continues to see increased visitor expenditure. Inflation rose steadily in 2017, reaching 3.1 %, which is above the Bank of England's 2 % target. **Labour market statistics continue to show a mixed picture**: there are falls in both unemployment and employment, coupled with a rise in inactivity. Employment growth is primarily led by the services sector. The long-term unemployment rate remains markedly high in 2017, at 48.0 % compared to the UK average rate of 25.1 %, while the employment rate is below the UK average. The number of people claiming unemployment benefits has steadily fallen since its peak in February 2013.

Table 3. Key socio-economic data

	United Kingdom	Northern Ireland
GDP per inhabitant at current market prices, 2015 (% of EU average)	39 600 (137 %)	28 800 (100%)
GDP per inhabitant in PPS, 2015 (% of EU average)	31 200 (108%)	22 600 (78 %)

¹⁰ European Commission, SWD(2017)93, 22 February 2017.

¹¹ Source of information and data included in this paragraph: [DfE economic commentary](#).

	United Kingdom	Northern Ireland
GDP at current market prices (million euro, 2015) (EU-28: 14 714 029)	2 580 064	53 262
Unemployment rate, 2016 (EU-28 = 8.6 %)	4.8 % (men: 5.0 %, women: 4.7 %)	5.7 % (men: 6.9 %, women: 4.4 %)
Employment rate, 2016 (EU-28: 66.6 %)	73.5 % (men: 78.3 %, women: 68.8 %)	68.5 % (men: 72.5 %, women: 64.6 %)
Early leavers from education and training, 2016, % of 18-24 years age group (EU-28 = 10.7 %)	11.2 % (men: 12.7 %, women: 9.5 %)	11.3% (men: 14.3 %, women: 8.2 %)

Source: Eurostat

According to the analysis included in the UK's Partnership Agreement,¹² Northern Ireland faces a range of **structural challenges that hamper economic performance**:

- lagging living standards due mainly to lower levels of employment and productivity;
- growth in output and jobs in relatively low value-added areas, resulting in average wages remaining significantly below the UK average, with under-representation of higher value-added sectors such as finance and business services in the economy;
- over-reliance on the public sector as a driver of economic growth, also contributing to the fiscal deficit;
- a high proportion of economically inactive population: although overall unemployment levels are below the EU average, long-term unemployment (12 months or more) is high, with social exclusion levels higher than in other parts of the UK;
- the share of people of working age with no qualifications is almost twice the UK average and the highest of all UK regions;
- low levels of innovation, patents and absorptive capacity, in both SMEs and large firms; dependency on a relatively small number of large companies for a significant proportion of R&D expenditure;
- persisting or increasing market failure in the provision of risk capital (ranging from GBP 50k (EUR 63k) to GBP 2 million (EUR 2.5 million)).

Strengths identified in the region include the following:

- a strong local research base supporting agriculture and food processing, enhanced by significant industry engagement and an established technology exchange infrastructure;
- SMEs are more significant as regards their employment contribution than in other parts of the UK; however, the crisis has had a much stronger impact on SMEs in Northern Ireland than elsewhere in the UK (employment fell by 10 % in 2010-13 while it rose by 6 % in the UK);
- Belfast and Derry/Londonderry are recognised as key drivers of regional growth;
- performance in generating electricity from renewable energy sources is better than the UK average (although it lags behind that of the rest of Europe); the region is regarded as having one of the highest levels of wind energy resources in Europe;
- there is a wide range of habitats such as woodland, bog and grasslands, which are important for biodiversity and ecosystem services.

¹² [United Kingdom Partnership Agreement, Sections 1 and 2](#), 15 October 2014.

The latest **Regional Competitiveness Index Scoreboard** ranks Northern Ireland 145th out of 263 regions and reveals the following details:

Table 4. RCI 2016 - Northern Ireland

Basic dimension 138/263		Efficiency dimension 155/263		Innovation dimension 90/263	
Category	Rank	Category	Rank	Category	Rank
Institutions	82/263	Higher education and lifelong learning	140/263	Technological readiness	44/263
Macroeconomic stability	23/28	Labour market efficiency	132/263	Business sophistication	122/263
Infrastructure	197/263	Market size	166/263	Innovation	104/263
Health	129/263				
Basic Education	10/28				

Source: European Commission, [Regional Competitiveness Index Scoreboard](#), 2016

The Scoreboard¹³ shows a deterioration of competitiveness in 2013 compared to 2010 and limited change in 2016 compared to previous years. Comparison relative to those regions with most similar GDP per capita reveals that Northern Ireland has advantages as regards innovation and technological readiness, and weaknesses in the field of infrastructure.

2.1 Belfast

Belfast is the **most important city in terms of population, functions and economy** in Northern Ireland. According to the 2011 census data, the usually resident population of Belfast local government district was 280 962 (or 15.52 % of the total population of Northern Ireland). At that time 63.6 % of the population were economically active and 36.4 % were economically inactive. In 2016, the population was estimated to be 285 689, with the trend over 2006-2016) showing a 4.2% increase (lower than the 6.8 % increase registered for Northern Ireland as a whole). 73.8 % of the working-age population was economically active in 2016, with the employment rate standing at 69 % (the respective figures for Northern Ireland as a whole being 74 % and 69.3 %).¹⁴ The Belfast metropolitan area has **many protected areas of high scenic value**; it is bounded by Belfast Lough and the Belfast Hills, with the Lagan Valley running through it (these topographical features also represent a constraint on future growth and limit the potential of greenfield expansion).

'Belfast developed as a market place and port around the 17th and 18th centuries with the largest period of growth around the late 19th and early 20th centuries resulting from the manufacturing industries of linen and shipbuilding. These industries have since declined in importance and are now offset by increased employment within the service sectors. Belfast today displays great economic optimism, following a period of economic growth, political stability and civic confidence. But there are pockets of social and economic deprivation within our city. Suburban expansion was accompanied by a dispersal of employment facilities and shift in employment from manufacturing industries which has resulted in pockets of land dereliction such as the Sirocco site. However, significant investments have resulted in regeneration increasing the appeal of the City. Belfast has become an attractive city for migration with approximately 9 % of the resident population born either in the EU or outside the EU, which has increased the working age population.'

Source: ['Employment and economy' topic paper informing the Belfast Local Development Plan 2020-2035](#), Belfast City Council

¹³ [RCI 2016 Time comparison.](#)

¹⁴ Source: Northern Ireland Statistics and Research Agency, <https://www.nisra.gov.uk/>

The **Regional Development Strategy for Northern Ireland¹⁵ (RDS)** echoes the above extract from the Local Development Plan, notably stressing that **urban regeneration investments** have brought significant improvements to Belfast City, creating new jobs. It underlines, however, that over 50 % of those who work in Belfast live outside it (there are approximately 82 000 commuters), and that part of the population of the capital have not benefited from growth. The functional urban area of Belfast is ranked among the EU's 20 most **congested areas**, coming 18th in a list covering selected Member States.¹⁶

Growing sectors of the economy include ICT, life and health sciences, agri-food, advanced manufacturing (renewable energy and low carbon technologies), creative and cultural industries, tourism, and the social economy; emerging new activities are e-commerce, big data, 3D printing and cloud computing. As regards **employment**, three quarters of jobs are within the service sector (which is set to grow due to the expected expansion of tourism, retailing, hospitality, ICT and communications and financial sector activities). There is also a **high rate of public sector employment** compared to elsewhere in the region. Overall, the labour supply of skilled residents is set to improve, but it is still forecast that there will be a considerable **oversupply of lower-skilled labour**. Geographically, employment is concentrated in Belfast city centre, the Harbour and the North Foreshore.¹⁷

According to the so-called multiple deprivation measure method (2017)¹⁸, **of the 100 most deprived areas in Northern Ireland, 50 are located in Belfast**; this means that 29 % of the 174 territorial units referred to in this analysis are highly deprived (this is the highest proportion of any local government district in Northern Ireland). Moreover, 5 of the 10 most deprived areas are in Belfast (the other 5 are in Derry City and Strabane district). However, Belfast also has some of the least deprived areas in Northern Ireland.

Belfast has **two airports and is home to the Port of Belfast (Belfast Harbour)**, which is an important centre for industry and trade and a major employment location, occupying approximately 19 % of the City Council area. Belfast Harbour is Northern Ireland's principal maritime gateway and logistics hub, with around 70 % of Northern Ireland's and 20% of the entire island's seaborne trade being handled there. Port lands encompass 1565 ha on the former Harland and Wolff shipyards on Queens Island, now referred to as the Titanic Quarter (Duncrue Industrial Estate, the North Foreshore and George Best City Airport). The Harbour is also home to the **Northern Ireland Science Park Innovation Centre**. Trade is expected to grow by 68 % by 2030; the Harbour's role in the local economy is also expected to grow once the residential, commercial and leisure potential of the Titanic Quarter is realised:¹⁹

'The harbour lands are key locations handling liquid bulk products such as diesel, kerosene and chemicals, dry bulk sector commodities, including grain and animal feedstuffs, aggregate, coal, and scrap metal, break bulk products including steel, paper and timber. The Port also supports exports of manufactured goods, dairy, beef and poultry products supporting the agri-food sectors. The Port comprises logistics warehousing and container terminals with primary routes to the major European hub ports of Antwerp and Rotterdam. The Port is a freight and passenger route to Liverpool, Loch Ryan and Heysham handling over 500 000 freight vehicles, 275 000 cars and 1.2 million passengers annually and a Marina that has welcomed the Tall Ships.'

Source: ['Employment and economy' topic paper informing the Belfast Local Development Plan 2020-2035](#), Belfast City Council

Belfast has progressed towards becoming a **digital city** providing a high speed ultrafast network capacity. The Local Government Auditor's Report for 2017 states that in April 2017 Belfast City Council won the Good Governance category at the inaugural Public Finance Innovation Awards, hosted by the Chartered Institute of Public Finance and Accountancy, for its 'leadership in spearheading the city's digital reboot programme,' (the 'Super connected' programme). This programme was designed to make the internet accessible to as

¹⁵ [Regional Development Strategy 2035](#), launched in March 2012.

¹⁶ [Urban Europe, 2016](#), Eurostat Statistical Books.

¹⁷ Source: 'Employment and economy' topic paper informing the Belfast Local Development Plan 2020-2035, Belfast City Council.

¹⁸ See: <https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/NIMDM17-%20with%20ns.pdf>

¹⁹ Sources: 'Employment and economy' topic paper informing the Belfast Local Development Plan 2020-2035, Belfast City Council and <https://www.belfast-harbour.co.uk/>.

many people as possible, whether they live or work in the city or are visitors. This effort included assisting businesses and community organisations to get connected, the installation of free wi-fi in all of the Council's public buildings, and the development of free wi-fi hotspots.²⁰

Belfast is home to several **higher education institutions**:²¹ Queens University Belfast, Ulster University, Belfast Metropolitan College and St Mary's University College, to which are attached research institutes specialising in medical sciences, pharmacy, law, nursing, art and design, ICT and renewable technologies.

Finally, according to the topic paper cited above, Belfast 'has become the second most attractive city in the UK outside London for foreign direct investment and has been named as one of the top 10 small and mid-sized cities in the world and the top small business-friendly city in "Europe 2016" for the second year'. Belfast is included in the **Top 25 FDI Strategy list** (ranking 18) of the Global Cities of the Future 2016-17 report.²²

Summary of key Issues for the future development of Belfast²³:

- high transport costs and poor transport network;
- a high rate of economic inactivity compared to Northern Ireland as a whole and high rates of youth unemployment, but also high levels of employment and income deprivation;
- high levels of persons with no or low skills and qualifications and outward migration of skilled people;
- skills gaps to meet changing employment patterns;
- high rate of public sector employment compared to Northern Ireland as a whole;
- income levels lower than the UK average;
- low levels of innovation, entrepreneurship and business start-ups; higher rates of business vacancy than the UK average;
- oversupply of secondary office accommodation, under-used and derelict sites within key city centre locations;
- historically high levels of foreign direct investment;
- a regional planning policy that seeks to strengthen the role of the Belfast metropolitan area as the regional economic driver and to support Belfast as the main conurbation in Northern Ireland.

2.2 Derry/Londonderry

Derry/Londonderry is a city on the river Foyle, located in the north-west of Northern Ireland, in the local government district of Derry City and Strabane. According to the 2011 census data, the usually resident population of Derry City and Strabane local government district was 147 720 and that of Derry City at settlement level was 83 163 (8.16 % and 4.59 % respectively of the total population of Northern Ireland). At that time 60.43 % of the local population were economically active, 39.57 % were economically inactive (58.79 % and 41.21 % in Derry City). In 2016, the population estimates stood at 150 142, and trends (2006-2016) showed a 2.9% increase (well below the 6.8 % increase in Northern Ireland as a whole). The economic activity rate of the working-age population in 2016 was 62.3 %, with the employment rate standing at 54.7 % (74 % and 69.3 % in Northern Ireland as a whole).

Using the multiple deprivation measure method as referred to above, on 2017 figures **Derry City and Strabane district ranks high in terms of deprivation**: it is home to the single most deprived area in Northern Ireland, and 5 of the 10 most deprived territorial units are also situated here. Contrary to Belfast, the majority of the workforce in the Derry City area also live there.

²⁰ [Local Government Auditor's Report - 2017.](#)

²¹ Source: <https://www.nidirect.gov.uk/articles/universities-and-colleges-northern-ireland>.

²² See: <https://www.fdiintelligence.com/Rankings/fDi-s-Global-Cities-of-the-Future-2016-17-the-winners> (fDi Intelligence is a service of the Financial Times).

²³ Source: ['Employment and economy' topic paper informing the Belfast Local Development Plan 2020-2035](#), Belfast City Council.

Derry/Londonderry is the **core settlement of and 'regional gateway city'** for the north-west (both in a cross-border and international context), having a specific natural setting with many protected areas of high scenic value around it. The **population** has been tending to shift away from Derry City itself to the less densely populated surrounding area. According to the Derry Area Plan 2011²⁴, the growth and size of Derry/Londonderry and its surrounding area have resulted in **development pressures in terms of available land**. Thus, there is a need to protect the countryside from urban sprawl and ribbon development (i.e. the construction of buildings along a main road, especially one leading out of a settlement); consequently, a Green Belt has been designated around Derry/Londonderry.

Derry/Londonderry is the **main retailing centre** for the City Council area, as also for the neighbouring areas of Limavady and Strabane and for parts of Donegal. Derry/Londonderry has a **regional airport**, and is home to the **Foyle Port**, which is playing an important role in connecting the north-west of Ireland for purposes of both commerce and tourism. The Port shoulders 1000 jobs and thus plays a vital role in the local economy. **Tourism is important** for the district, and has potential given the historic heritage and strategic location of the area, as well as the quality and variety of both the built and natural environment beyond Derry. Derry/Londonderry is home to several **higher education institutions**: Magee College (part of Ulster University), North West Regional College and St Mary's College.²⁵

Finally, the Regional Development Strategy, as mentioned above, has 8 aims, one of them being to 'strengthen Belfast as the regional economic driver and Londonderry as the principal city of the North West'. The RDS states: 'Belfast drives much of the economic growth and shares its wealth across the Region. Londonderry, as the principal city of the North West, has the capacity and potential for strong economic growth'. Both cities are identified as gateways through which people and goods travel: Belfast with its port and city airport as well as its international airport, and Londonderry as 'the North West City Gateway with a sea port, a regional airport and strategic links to Letterkenny and Donegal'.

3. EU Cohesion Policy in the United Kingdom and in Northern Ireland 2007-2013

3.1. Overview 2007-2013

The UK National Strategic Reference Framework 2007-2013 (NSRF) had the general objective of supporting the UK Government's aim to increase the rate of sustainable growth, improve prosperity and achieve a better quality of life, with economic and employment opportunities for all. The UK received an allocation of **EUR 10.6 billion in total** and it had **22 Operational Programmes (OPs) (16 ERDF and 6 ESF)**.²⁶ With a budget allocation of EUR 722 million the UK participated in 13 territorial cooperation programmes in the previous programming period (with Gibraltar participating in an additional two transnational programmes). The absorption rate (total percentage of available funds paid out by the Commission) for the 2007-2013 period in the UK is 95.15 %.²⁷

Northern Ireland fell into the category of **Competitiveness and Employment Regions** and had the following programmes:

- The Northern Ireland Sustainable Competitiveness Programme (ERDF);

²⁴ The [Derry Area Plan 2011](#) is a Development Plan prepared by the Planning Service, an agency within the Department of the Environment.

²⁵ Sources used in this paragraph: Derry Area Plan 2011 and <https://www.londonderryport.com/> and <https://www.nidirect.gov.uk/articles/universities-and-colleges-northern-ireland>.

²⁶ European Commission, [Cohesion Policy 2007-13: National Strategic Reference Frameworks](#), January 2008, and [European Cohesion Policy in the United Kingdom 2007-2013](#).

²⁷ <https://cohesiondata.ec.europa.eu/dataset/Total-Percentage-of-Available-Funds-Paid-Out-by-th/w8x7-cqjd> (accessed 14 February 2018).

- The Northern Ireland ESF Programme;
- The Peace III Programme (cross-border cooperation; see section 5 below for more details);
- The Northern Ireland/Scotland/Ireland Interreg IVA (cross-border cooperation) Programme;
- The Northern Ireland Rural Development Programme;
- The Northern Ireland Fisheries Programme;
- Atlantic Area Programme (Interreg IVB - transnational cooperation);
- North West Europe Programme (Interreg IVB - transnational cooperation);
- Northern Periphery Programme 2007-2013 (Interreg IVB - transnational cooperation);
- INTERREG IV C 2007-2013 (interregional cooperation).

According to the NSRF, planned allocations (Community contribution) under the ERDF amounted to EUR 306 833 439, and those under the ESF to EUR 165 777 300 in the two OPs. Owing to the financial crisis, a series of **programme modifications** were made during the period, and among other measures, a total of EUR 24 million was transferred from the ERDF to the ESF programme so as to provide more resources for tackling chronic unemployment and inactivity rates.²⁸

The **ERDF programmes** in the UK targeted mainly innovation and enterprises in Competitiveness Regions, and transport, ICT and energy in Convergence Regions. **In Northern Ireland, support was focused on the diversification of declining industrial areas** (investment in infrastructure to improve accessibility; operations to boost investment in the areas of information centres, websites and publicity).²⁹

The **ESF programmes** in the UK had as a key focus supporting access to employment (especially for those further away from the labour market (unemployed persons actively seeking work; those not working owing to health issues; carers). The **OP Northern Ireland concentrated heavily on young people** (58 % of entrants) and included a unique initiative, namely the creation of the Innovation and Mainstreaming Working Group responsible for identification of good practices for mainstreaming across the OPs and the Northern Ireland Executive (however, the mid-term evaluation found there was no evidence either of large-scale change or of mainstreaming at national level). The total allocation from the ESF, especially for OP Northern Ireland, was more than EUR 474 million.³⁰

The **PEACE III Programme** followed PEACE I and PEACE II in its key aspects, but a new strategic approach was applied to maximise the funding potential.³¹ PEACE III had 2 priorities: reconciling communities and contributing to a shared society. It had a considerable impact on the region including: the organisation of 8 393 events (189 007 attendees) that addressed sectarianism and racism and conflict resolution, 6 999 people in receipt of trauma counselling, 136 166 users of 18 shared public environments created or improved through cross-community regeneration projects, and 7 pilot projects for cross-border cooperation between public sector bodies aimed at increasing the capacity for a shared society.³²

A special initiative in addition to PEACE III, launched in 2007, is the **Northern Ireland Task Force (NITF)**, created in order to provide support for the re-establishment of the devolved institutions and promote the competitiveness of the Northern Ireland economy (see section 5 below for more details). It is stressed in its 2014 report that the NITF has maintained close links with the European Parliament, notably with the MEPs for Northern Ireland.

²⁸ Source: [Northern Ireland in Europe, Report of the European Commission's Northern Ireland Task Force 2007-2014.](#)

²⁹ European Commission, [Synthesis Report, Ex-post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund \(ERDF\) and the Cohesion Fund \(CF\), Task 3 Country report - United Kingdom](#), September 2016 - authors: Applica, Ismeri Europa and Cambridge Economic Associates.

³⁰ European Commission, [ESF Ex-post Evaluation Synthesis 2007-2013 Country Report – United Kingdom](#), 2016.

³¹ Source: <https://www.seupb.eu/pastprogrammes/past-programmes-overview>.

³² Special EU Programmes Body, [The impact of EU funding on the Region.](#)

In the context of the ex post evaluation of European Territorial Cooperation 2007-13, a **pilot case study analysis**³³ was published concerning the **Northern Ireland/Scotland/Ireland INTERREG IVA programme**. This evaluation study concluded that this programme, with a total budget of EUR 256 million, is one of the cross-border cooperation programmes placing the highest priority on research and development, innovation and entrepreneurship (84 projects were supported in total, 28 of them devoted to the priority themes, accounting for 26 % of the total EU funding). Typical results of the programme are: building critical mass in joint applied research, courses and business advisory services capitalising on the resources of research, etc. It is concluded that 'the programme helped to break inward-looking tendencies of agencies involved in supporting R&D, innovation and entrepreneurship', but 'the distance in administrative culture between Ireland and the UK is a persisting cooperation barrier'.

3.2 Project examples from the 2007-2013 programming period

Projects **highlighted by the Commission**:³⁴

- **'Giant's Causeway Visitors' Experience'**: a new energy-efficient building that received the accolade of 'best new sustainable building' in the Sustainable Ireland awards, and is not only a model of an energy- efficient building, but also contributes to bringing customers to the local economy. In its first 6 months it attracted over 320 000 visitors from over 160 countries. (Total cost: GBP 18.5 million (ERDF contribution: GBP 6.1 million));
- **'Place, train and maintain'**: a project aimed at getting people with learning disabilities into work with the help of tailor-made support services, including training and job placements, and providing for a subsidised trial period that can evolve towards paid employment. (Total budget: GBP 2.2 million (ESF contribution: GBP 906 768)).

Examples of projects cofinanced under **'Peace III'**:³⁵

- **Peace Bridge, Derry/Londonderry**: construction of a new foot and cycle bridge, joining up the city physically and promoting interaction and engagement among communities, and also bringing back into public use a former barracks;
- **Girdwood Hub, North Belfast**: creation of a state of the art 'Community Hub' on the site of a former barracks;
- **Skainos Facility, East Belfast**: the creation of an urban village aiming to normalise life for all communities in the area;
- **Local Peace and Reconciliation Action Plans**: partnerships between the public, private and community sectors developed and implemented Action Plans. Examples of these were the Belfast Peace and Reconciliation Action Plan, the North West PEACE III Action Plan and the Monaghan PEACE III Partnership;
- **V36 Park**: transformation of an under-used park (situated between traditionally Protestant and Catholic areas in Belfast) into a shared public space with sports facilities, performance and play areas, and a wide-ranging programme of activities.

Projects highlighted under the **INTERREG IVA Programme** in 2007-13 include:³⁶

- **NW Regional Science Park**: the construction of a science park facility in Londonderry and an extension to the CoLab facility at Letterkenny Institute of Technology. This investment is expected to assist with the long-term development of the North-West Business Technology Zone and to foster clusters and networks boosting cross-border cooperation between local firms;

³³ European Commission, [European Territorial Cooperation Work Package 1.1, Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund \(ERDF\) and the Cohesion Fund \(CF\)](#), 2015.

³⁴ Source: [Cohesion Policy and the United Kingdom](#).

³⁵ Special EU Programmes Body, [The impact of EU funding on the Region](#), and [Projects](#) on Inforegio.

³⁶ Special EU Programmes Body, [The impact of EU funding on the Region](#).

- **Enterprise Overhaul / Drogheda Viaduct:** completion of essential maintenance works to the Drogheda Viaduct and upgrading works to the Enterprise Train carriages to ensure that the level of rail services and journey times on the Dublin-Belfast railway are maintained and enhanced;
- **Centre for Rural Enterprise and Sustainable Technology (CREST):** establishment of a new bio-energy laboratory at Northern Ireland's largest green technology and training facility to advance international research and boost local industry.

4. EU Cohesion Policy in the United Kingdom and Northern Ireland 2014-2020

Over the 2014-2020 programming period, the United Kingdom has an **allocation from the ESI Funds** of EUR 16.42 billion, which, together with a national contribution of EUR 10.87 billion, adds up to a total of EUR 27.29 billion available to support the socio-economic development of the country.³⁷

The **Partnership Agreement** for the UK sets out several priorities, including:

- improving labour market and education policies;
- reducing the risk of social exclusion;
- promoting research investment and the competitiveness of the business sector;
- promoting an environmentally friendly and resource-efficient economy.

The programme architecture of the UK includes: 17 programmes (6 regional ERDF, 6 regional ESF, 4 regional EAFRD, 1 national EMFF). Besides the mainstream programmes, the UK also participates in **15 European Territorial Cooperation Programmes**.³⁸

Table 5. ESI Funds programmes in Northern Ireland, 2014-20

Programme (Allocation)	Fund(s)/Thematic Objectives (TO)
NI 2014-2020 ERDF Investment for Growth and Jobs Programme (EUR 308 029 636)	ERDF/TO 1,3 and 4
NI 2014-2020 ESF Investment for Growth and Jobs Programme (EUR 205 353 090)	ESF/TO 8 and 9
NI Rural Development Programme (RDP) 2014-2020 (EUR 227 415 081)	EAFRD/TO 1,3,4,6 and 9
Fisheries and Maritime 2014-2020 Operational Programme (EUR 243 139 437)	EMFF/TO 3,4,6,8
Interreg V-A - United Kingdom-Ireland (Ireland-Northern Ireland-Scotland (EUR 282 761 998) ³⁹	ERDF (ETC)/TO 9, Technical assistance
Ireland-United Kingdom (PEACE IV) (EUR 269 610 967) ⁴⁰	ERDF (ETC)/TO 9, Technical assistance

Source: EC, [Summary of the Partnership Agreement for the United Kingdom, 2014-2020](#), October 2014, [European Maritime and Fisheries Fund - Operational Programme for the United Kingdom](#) and [Inforegio](#).

The **ERDF Northern Ireland programme** focuses on three main priorities: (1) enhancement of competitiveness of the economy through promotion of business investment in R&D-led innovation; (2) increasing the competitiveness of the SME sector and addressing constraints in the sphere of access to

³⁷ European Commission, [European Structural and Investment Funds - United Kingdom: Country Factsheet](#), April 2016.

³⁸ Source: [Cohesion Policy and the United Kingdom](#), [Inforegio](#) and <https://cohesiondata.ec.europa.eu/countries/UK>

³⁹ Source: <https://cohesiondata.ec.europa.eu/programmes/2014TC16RFCB047> - expressed in current prices, not directly comparable with previous figures in the same table.

⁴⁰ Source: <https://cohesiondata.ec.europa.eu/programmes/2014TC16RFPC001> - expressed in current prices, not directly comparable with previous figures in the same table.

capital; and (3) distribution of renewable energy. The managing authority is located in the Department for the Economy (European Support Unit Department of Enterprise, Trade and Investment).⁴¹

The **ESF Northern Ireland programme** aims to combat poverty and enhance social inclusion by reducing economic inactivity. Specific priorities include: (1) enhancing job opportunities overall and in particular for disadvantaged groups; (2) focusing counselling, training and career guidance initiatives on young people who are currently not employed or in some form of education or training and those with disabilities; and (3) boosting apprentice schemes to raise skills levels, in alignment with industry needs. The managing authority is located in the Department for the Economy (it was formerly allocated to the Department for Employment and Learning).⁴²

The **Ireland-Northern Ireland-Scotland INTERREG V-A programme** will focus on: job creation and growth; supporting cross-border initiatives to strengthen research and innovation; preserving and protecting the shared environment; promoting sustainable mobility across the borders; and enhancing cross-border collaboration for the provision of quality health and social care services.⁴³

The **Special EU Programmes Body** (SEUPB) is the managing authority of the two Cross-Border Cooperation Programmes (PEACE IV and INTERREG V) under the guidance of a Cross-Border Programme Development Steering Group that includes representatives from the Member States. Furthermore, the SEUPB 'performs the role of Regional Contact Point for the Northern Periphery and Arctic Programme and an Information and Support Point for the Atlantic Area, North West Europe and INTERREG Europe Programmes. As such, the SEUPB can provide guidance and support for Northern Ireland applicants who are developing and implementing transnational and interregional projects'.⁴⁴

Finally, according to the UK's Partnership Agreement⁴⁵, in Northern Ireland 'the Department of Finance and Personnel (DFP) chairs an ESI funds coordination committee of officials representing Programme Authorities for all ESI Funds. This committee will have the responsibility to promote the strategic coordination and complementarity of ESI programmes within Northern Ireland and to harmonise the interface experienced by beneficiaries of all funds as far as possible'.

5. The PEACE programme and the International Fund for Ireland

The peace process in Northern Ireland has been supported by the EU since 1989, through both the EU regional policy's PEACE programme (as mentioned earlier, a cross-border cooperation programme in the context of European Territorial Cooperation) and EU contributions to the International Fund for Ireland.

Developed in 1995, **the objective of the PEACE programme is to support peace and reconciliation and to promote economic and social progress in Northern Ireland and the Border Region of Ireland**.⁴⁶ Two key features are underlined in the 2014 report of the NITF, as mentioned earlier: (1) a strategic approach is applied to address the legacy of the conflict, i.e. these programmes were not supporting a series of isolated projects, but projects embedded in an integrated, seven-year strategy taking into account both local and regional needs and the institutional context. The programmes complement regional and national policies; (2) there is a very strong emphasis on partnership and local involvement.

⁴¹ Source : http://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/united-kingdom/2014uk16rfop003.

⁴² Source : http://ec.europa.eu/regional_policy/opempl/detail.cfm?cci=2014UK05SFOP004&lan=en and <https://www.economy-ni.gov.uk/topics/european-fund-management>.

⁴³ Source : http://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/united-kingdom/2014tc16rfcb047.

⁴⁴ Source: <https://www.seupb.eu/node/193>.

⁴⁵ [United Kingdom Partnership Agreement, Sections 1 and 2](#), 15 October 2014.

⁴⁶ Sources: [EP Factsheets - Northern Ireland PEACE programme](#).

Financing

Between 1995 and 2013 there were three PEACE programmes, with a financial contribution of EUR 1.3 billion. While PEACE I (1995-1999) and PEACE II (2000-2006) received funding from all the Structural Funds, PEACE III (2007-2013) was funded solely by the European Regional Development Fund (ERDF). **The PEACE IV programme for the 2014-2020 programming period has a total value of EUR 270 million.** The ERDF contribution to the programme is approximately EUR 229 million (85 %), and around EUR 40 million (15 %) will come from match-funding (i.e. non-EU sources which may include national, regional and local government funding). **94 % of the PEACE IV programme resources will support social inclusion, combating poverty and labour mobility** (the remaining resources will be allocated to technical assistance).

Eligibility and management

The **area eligible for inclusion in the fourth PEACE programme consists of Northern Ireland and the Border Region of Ireland** (the latter comprises counties Louth, Monaghan, Cavan, Leitrim, Sligo and Donegal). Overall management and delivery of the programme is handled by the **Special EU Programmes Body (SEUPB)**, and financing is administered by local partnerships and non-governmental organisations. Furthermore, in 2007 the Commission established the **Northern Ireland Task Force (NITF)**, which operates under the authority of the Commissioner for Regional Policy and in close cooperation with the Northern Ireland authorities. The NITF aims to improve competitiveness and create sustainable employment, and covers several policy areas, such as agriculture, competition policy, education and culture, energy, etc. The NITF's actions also aim to contribute to the overall success of the projects under the PEACE programme.

Achievements

The PEACE programme has provided **opportunities for participation and dialogue, and has brought decision-making and responsibility for community development closer to the people** (i.e. it has applied a 'bottom-up' approach). It has funded a wide range of projects, including projects to support victims and survivors, young people, SMEs, infrastructure and urban regeneration projects, as well as projects in support of immigrants and of celebrating the ethnic diversity of society as a whole. Importantly, this programme is now seen as an example of peace-building policy to be shared throughout Europe and other regions.

Source: [EP Factsheets - Northern Ireland PEACE programme](#) [highlighting added by author]

The **PEACE IV programme** has a strong focus on investment targeted on children and young people, with its four main objectives being:

- shared education;
- helping children and young people;
- creating shared spaces and services;
- building positive relations at a local level.

The website of the SEUPB includes a [list of projects which have been awarded funding under PEACE IV](#); examples include:

- support to the health and well-being of victims and survivors of the conflict on a cross-border basis;
- support to the implementation of local PEACE Action Plans (in the context of which a number of locally-based projects and initiatives that promote positive relations between people from different communities and backgrounds will be implemented);
- skills development for young people in disadvantaged neighbourhoods;

- training of family support practitioners to deliver a child development and cultural diversity programme to parents in order to change parental attitudes so they can be a positive influence on their children.

The [International Fund for Ireland](https://www.internationalfundforireland.com/) is an **independent international organisation**, established by the British and Irish governments in 1986, with contributions from the US, the EU, Canada, Australia, and New Zealand. The Board of the International Fund for Ireland is appointed jointly by the British and Irish governments, and its meetings are attended by representatives of the US, the EU, Canada, Australia, and New Zealand.

Supporting **initiatives that aim to tackle segregation and to promote integration in order to build a lasting peace in Northern Ireland and the southern border counties** is a key priority for the fund. In the period of 2012-2015 the focus was on community transformation rather than on conflict management. **Achievements** include: permanent changes in educational delivery in Northern Ireland to dissolve separation in schools; agreements secured between communities to begin the process of removing physical divisions; alternative pathways being opened to marginalised young people that are vulnerable to recruitment or attack by paramilitaries, etc. **For the 2016-2020 period, the Fund's strategy** 'aims to assist the British and Irish governments and the Northern Ireland Executive in their efforts to consolidate the Peace Process, by continuing to tackle some of the most significant remaining challenges to a lasting peace, with a particular focus on young people'.⁴⁷ According to the Annual Report and Accounts 2016, the total sum of resources committed by the Fund up to the date of the report amounted to GBP 719 million (EUR 904 million).⁴⁸

6. Brexit⁴⁹

In a referendum held on 23 June 2016, voters across the UK were asked whether they wished the United Kingdom to remain a member of the European Union or to leave the European Union. The majority (51.9 %) voted for the UK to leave the European Union. **In Scotland and Northern Ireland, however, the majority voted for the UK to remain in the EU.** The UK remains a member of the EU until the Brexit negotiations are successfully concluded. After Brexit, the status of the UK will change, which will also have an impact on EU policies, including cohesion policy.

Member States have different specific interests that may or may not have an influence on the final outcome of the negotiations on the terms of Brexit. **A special case is Ireland, and in particular its relations to Northern Ireland:** as mentioned earlier, trade relations are strong with the UK, and the ties are mutual, especially in the case of Northern Ireland (Ireland is the largest market for Northern Irish exports). Moreover, Northern Ireland is the only region of the UK that has a land border with another Member State: in practical terms, after Brexit there will be an external border of the EU on the island of Ireland.

Northern Ireland benefits significantly from EU funding and the UK's withdrawal raises concerns in the longer term for a range of sectors in Northern Ireland, as well as for the **peace process and cross-border cooperation beyond 2020**. There is a risk for example of 'a return to patchy cross-border cooperation with little strategic impact which could undermine the work of the last twenty years and a key foundation of the peace process'.⁵⁰

⁴⁷ Source: https://www.internationalfundforireland.com/images/documents/strategy/19219_ifi_strategy_art.pdf

⁴⁸ Source: https://www.internationalfundforireland.com/images/documents/annual_reports/IFI_ARA_2016_FINAL.pdf

⁴⁹ Source: [The Impact and Consequences of Brexit for Northern Ireland](#) - briefing, Policy Department C: Citizens' Rights and Constitutional Affairs, DG Internal Policies, European Parliament, author: Jonathan Tonge, University of Liverpool, UK, March 2017

⁵⁰ Source: [Paper 1: Impact of Brexit on Cross-Border Activity](#) - briefing paper for the eighth meeting of the North/South Inter-Parliamentary Association, prepared by the Research and Information Service (RaISe) of the Northern Ireland Assembly and of the Library & Research Service of the Houses of the Oireachtas (Tithe an Oireachtais), 18 November 2016.

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