



Border, Midland & Western
Regional Assembly
Shaping the Region

**COHESION POLICY POST 2006:
ISSUE PAPER FROM THE BORDER, MIDLAND AND
WESTERN REGIONAL ASSEMBLY**

**For Discussion with
Minister Tom Parlon, Dept. of Finance**

November 2003

1. Introduction

The purpose of this short paper is to provide a brief update on the developments in the post 2006 EU Cohesion Policy debate and to raise some issues and questions, which could be taken up by the Government in their negotiations at an EU level and particularly during the Irish Presidency.

It follows on from two papers compiled from the BMW Regional Assembly on cohesion policy, the first in response to a position paper drafted by Commissioner Barnier in January 2003 and the second completed recently in October 2003, in which we outlined the major elements of the cohesion debate and the position of the BMW Regional Assembly on issues such as the global financial perspective, the need for transitional support for the BMW Region and the future role of the Regional Assemblies. Since writing that paper however, a number of developments have taken place as a result of the annual review meeting with the Commission and a meeting with Ronnie Hall (Deputy Chef de Cabinet, Commissioner Barnier) in which he outlined the key decisions that have to be considered in the coming months and the proposals likely to be set out in the 3rd Cohesion Report, which are summarised below.

2. Proposals in the 3rd Cohesion Report & Current Thinking of Commissioner Barnier

2.1 Instead of the current system of priority objective region, our understanding is that there will most likely be **three strands** (the 3 Cs):

- (i) *The Convergence Strand*: This would be the new Objective 1 (regions below 75% EU average) and would concentrate mostly on the new Member States. There will probably also be some transitional support for regions suffering from SARS (statistical affect regions) but not regions suffering from the “growth effect” such as the BMW Region.
- (ii) *The Competitiveness and Employment Strand*: This would be mostly for existing Member States and could be linked to a number of specific themes, from which regions could choose for their development programmes, such as Innovation, the Knowledge Economy, Sustainable Development and Accessibility. There would be no internal zoning of regions, but rather broad strategies for regions. Under this strand there will also be funding provided to support national initiatives aimed at addressing EU and national employment-related strategies (training, life-long learning, equality etc.).
- (iii) *The Co-operation Strand*: This would be an extension of the current co-operation programmes at cross-border, inter-regional and transnational levels.

2.2 It also appears that there will not be any future **community initiatives** post 2006, with INTERREG becoming the new co-operation strand, LEADER being overtaken by a new rural development programme and URBAN and

EQUAL being addressed in the mainstream actions in the Convergence strand. At this point it is also unclear whether there will be any stand alone Innovative Actions programmes post 2006.

- 2.3 In relation to the **budget for regional policy**, the Commission is proposing that the existing level of 0.45% EU GDP remain. Some Member States (such as Britain and Germany) had suggested lower levels. This would mean that the possible allocation for Ireland would be roughly €20 per inhabitant per region per year (€550m over a seven year period or €140m for the BMW Region, which would be ca. 10% of the current allocation to the region).

It should be noted that the above points reflect the current thinking of Commissioner Barnier and have not been adopted as the final position of the full Commission. Full proposals will have to be adopted by the Council of Ministers and the European Parliament.

3. Issues for Consideration by the Irish Government

Arising from the above, it would appear that a number of decisions and positions need to be taken by the Irish Government. These can be considered as follows:

3.1 What is the Government's position on the global financial perspective?

The Assembly recommends that the current level of 0.45% should be retained, in line with the Commission's proposal.

3.2 Given the much lower level of funding likely to be allocated to the Irish regions, how does the Government intend to address regional imbalances?

It seems likely that there will not be any transitional support available to the BMW Region as its GDP will have exceeded the EU 15 average (mechanical effect). Within Ireland however, there are still serious regional imbalances between the two regions and average GDP is still diverging (see table in appendix). There are also major infrastructural deficits in the BMW Region and the Mid-Term Evaluation of the NDP has shown that the amount of funding being spent in the BMW Region during the first three years of the plan has fallen way below the forecast figures, in comparison to the S&E Region, where spending has been closer to target. The Assembly is therefore concerned that Objective One status is not being realised to its full potential in the region and that many of the regional imbalances will not have been addressed during the life of this NDP.

The Assembly urges the Government to firstly make a stronger case for some transition funding to be allocated to the BMW Region and secondly to look at other ways of addressing the regional imbalances through Exchequer resources, and by introducing greater regional differentiation of investment policies going forward. This point was also stressed by the ESRI in their Mid-Term Evaluation of the NDP in which they recommended that measures should reflect the goal of achieving balanced regional development and that this should also be reflected in the project selection criteria.

3.3 *How does the Government intend to draw up, manage and implement the mainstream programmes of the Competitiveness and Employment strand?*

This strand will be based on a number of themes and will most likely be on a regional basis. The BMW Regional Assembly would like to play a central role in the drawing up and implementation of such programmes in the Region. The Assembly is currently initiating a foresight study of the region under the Innovative Actions Programme, in which priorities over a 20 year period will be identified. This would fit in with the themes of Innovation and the Knowledge Economy.

It is not clear at this point if a full NDP type process is proposed by Government of a more region-specific investment strategy drawn up for structural funds purposes. Similarly it is not clear what role if any the regional bodies will have in relation to the national employment strand, and how this will be integrated with the competitiveness strand at regional level.

In relation to employment, the Assembly is concerned that current national labour market strategies do not reflect the needs of the different regions and that more regional differentiation is required. We suggest that future employment strategies should address regional needs and that the Assembly could have a strong input into the drawing up and co-ordination of such strategies.

3.4 *What will be the future role of the Regional Assemblies and Authorities?*

It is evident that the level of EU funding for the Irish regions will be considerably lower in the next funding period. Notwithstanding that, the Assembly feels that they should continue to play an important role, given its proven track record in the management and monitoring of the regional Operational Programme. As mentioned in the point above, it would like to play a greater role also in the drawing up and implementation of future regional programmes (both Exchequer and EU funded). The Assembly can play a crucial role in the identification of priorities for the Region. Some of these programmes could be drawn up on a tripartite basis between the Regional Assemblies, the national Government and the Commission, as advocated by Commissioner Barnier.

The Regional Assemblies would also like to continue to be involved in the management of the inter-regional co-operation programmes (currently INTERREG).

The role of the NUTS III Regional Authorities post 2006 also requires clarification.

3.5 *How will future rural development programmes be funded?*

With the reform of CAP underway, the question has arisen how the funding from modulated payments and EAGGF funding should be channelled into rural development measures. Commissioner Fischler has proposed that they should be channelled into general rural development programmes and should not be restricted to on-farm investment. The Assembly agrees with this perspective and is concerned about the view advocated by some farming organisations in Ireland that this funding should be restricted to farmers only. This would be against the purpose of modulation,

which is intended to help overall rural development and to create new opportunities for people living in rural areas. There also needs to be some funding available to continue the existing LEADER programme, which has had huge benefits for rural areas. It is not clear how the rural development fund will be integrated with the regional competitiveness programme.

3.6 *What is the future for PEACE II?*

The current PEACE II Programme ceases in 2004 with no proposals going beyond that date. As the Border Region is entirely within the BMW Region, this is an issue of concern to the BMW Regional Assembly. The implementing bodies of the PEACE II Programme have recently issued a report on the future of the PEACE Programme called *Building on PEACE: Supporting Peace and Reconciliation after 2006*, in which they put forward a number of proposals for supporting peace work post 2006. These include mainstreaming some of the programmes under PEACE, strengthening North-South co-operation, putting programmes in place to heal socio-ethnic divisions across the EU and the provision of a small innovation fund to secure the learning from innovative PEACE projects. The Assembly is concerned that such peace-building work needs to continue and urges the two Governments to look at EU and national funding to continue such work. If the co-operation stand is enhanced, it may be possible to incorporate the key elements of the PEACE II approach into a new cross-border co-operation programme.

4. Conclusions

The Assembly welcomes this opportunity to make a further submission to the Government on future cohesion policy and looks forward to working with them in negotiating future EU funding and developing new programmes for the Region. The period of the Irish EU Presidency will be an important one in terms of negotiating future regional policy and the Assembly hopes that many of the above issues will be raised by the Irish Government and regions.

The Assembly looks forward to discussing these issues in further detail with Minister Parlon and would be happy to supply any further information.

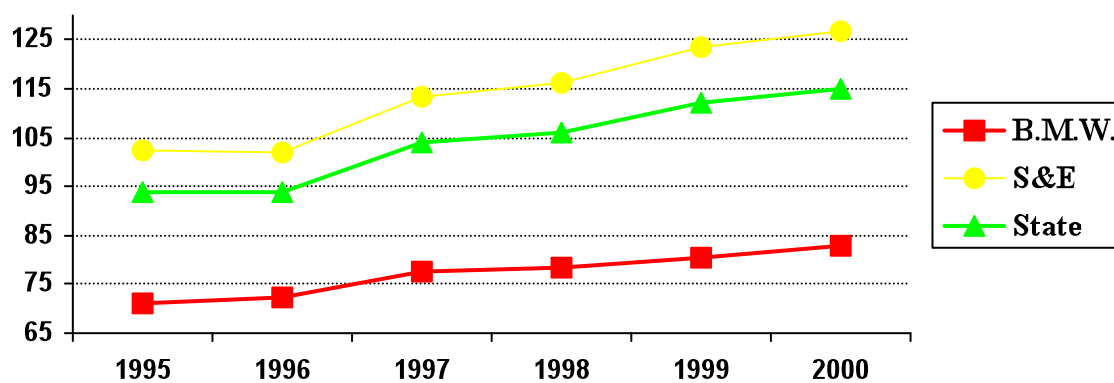
APPENDIX: REGIONAL DATA

1. Regional Socio-economic Indicators

	Year	State	BMW	S&E
Population (000s)	2002	3197.3	1038.0	2879.3
Labour Force (000s)	2002	1827.0	464.3	1,362.8
Unemployment Rate	2002	4.2%	5.5%	3.8%
Out of State Tourism Revenue €m	2001	3133.3	764.8	2368.5
GVA per person (state =100)	2000	100	71.9	110.1
GVA per capita (EU = 100)	2000	112.0	82.7	126.6

Source: NDP/CSF Evaluation Unit 2002, Regional Socio-economic Indicators

2. Regional GVA per person 1995-2000 at basic prices (EU average = 100)



Source: CSO 2003, Regional GDP