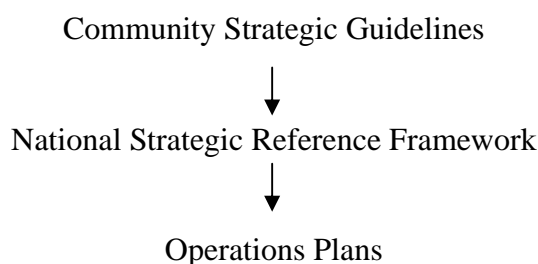


National Strategic Reference Framework for the 2007-2013 Structural Funds

Briefing Paper

1) What is it?

The National Strategic Reference Framework (NSRF) is a new document in which member states outline their strategy for spending Structural Funds. It relates to the overall Community Strategic Guidelines which apply to the whole of the EU. The whole process is very closely aligned to the Lisbon agenda and each NSRF has to clearly show how the actions it proposes will further the EU push for competitiveness, growth and more and better jobs with increased social cohesion. The NSRF also provides a policy framework for the more detailed Operational Programmes.



2) How are the 2007-2013 Structural Funds different from the existing model?

The 2007- 2013 Structural Funds will focus on three new objectives:

- *Convergence and Competitiveness* which will replace the old Objective One status for member states with a GDP of less than 75% of the EU average.
- *Regional Employment and Competitiveness* which replaces the current Objectives 2 and 3 status and aims to increase competitiveness in more prosperous regions.
- *Territorial Co-operation* which will include actions currently promoted under the Interreg Community Initiative and will finance cross-border and transnational co-operation projects.

There is also a commitment to align Structural Funds more closely with the domestic spending priorities in each region.

3) What does this mean for Northern Ireland?

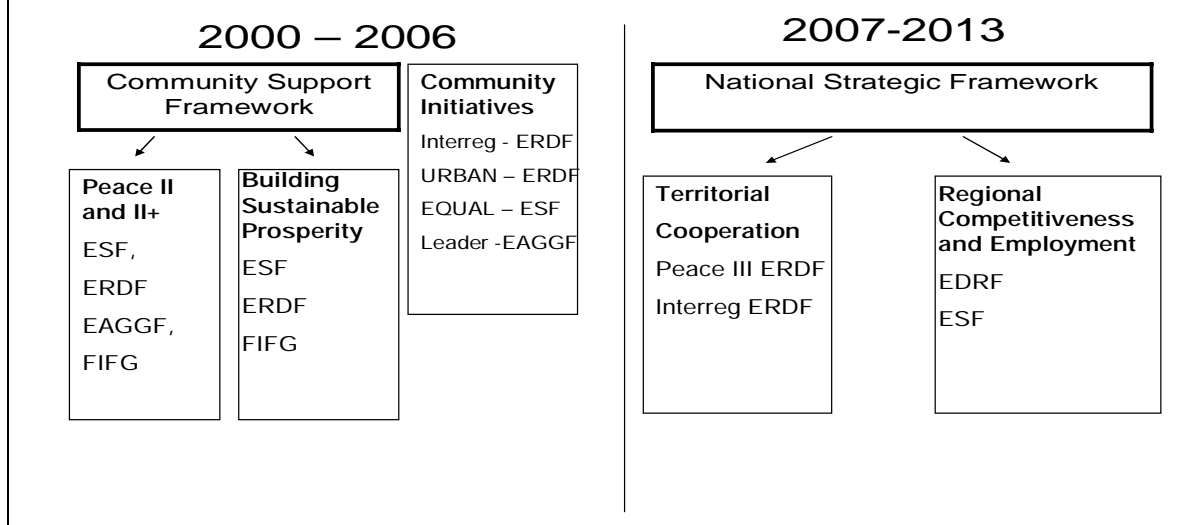
There is €4 billion in Structural Funds available for the UK. It will be split up as follows:

Convergence and Competitiveness: €2.6 billion. This will *only* apply to Cornwall, the Isles of Scilly and West Wales and the Valleys. The Highlands and Islands of Scotland will also be covered by this money but in a 'phasing out' capacity as they had less than 75% GDP in the EU of 15 members but not in the EU of 25 members.

Regional Competitiveness and Employment: €6.2 billion. This will apply to the rest of the UK including **all of NI**.

Territorial Co-operation: €2.6 billion. This will apply to the rest of the UK including **all of NI**.

Structure of European Funds in NI.



4) So how much will Northern Ireland get?

We don't know yet how much will be allocated to Northern Ireland. The consultation seeks views on the best method of allocation of the funding to the regions. While this is a difficult question to answer, what is clear is that the formula used must take account of the disparities in development that are present across the UK, ie the funds should be targeted at the geographical areas and types of work that need it most. The formula should take into account things like economic inactivity, physical and technological infrastructure, employment rates, long-term unemployment rates and workforce skills. It is also the case that unlike other UK regions Northern Ireland will be moving from Objective One transitional to Competitiveness (which replaces Objective 2) for the first time. It is reasonable to suggest that this should also be taken into account when allocating funding for the region.

5) What's in the NSRF?

The NSRF outlines the framework and priorities for spending in the UK and in each region. In the overall UK section it is worth noting:

- Environmental Sustainability and Equality are cross-cutting themes. It states that *“projects will be encouraged to take account of the needs of local communities they serve and where appropriate take account of good practice developed within the Equal Community Initiative”*.

6) What does it recommend for Northern Ireland?

a) Strategy for Economic Growth in Northern Ireland

The NSRF outlines the key Northern Ireland policies and priorities for economic development. These are the strategies with which the Structural Funds will align. They are:

- Economic Vision/Regional Economic Strategy.
- Investment Strategy for Northern Ireland 2025
- Regional Development Strategy for Northern Ireland 2025
- Regional Transportation Strategy

- Sustainable Development Strategy
- UK National Reform Programme
- 'A Shared Future'

This is a welcome development. Policies such as the Economic Vision were drawn up in partnership with the social partners and so provide a good model for determining how and where investment is needed in Northern Ireland. It is vitally important that the priorities from 'A Shared Future' influence the spending of Structural Funds in Northern Ireland. If we are serious about creating a peaceful and prosperous society, we cannot invest in creating communities that are equal but separate. All of the areas in which the Structural Funds will be active, such as investment in infrastructure and labour market interventions, have their part to play in the creation of a shared Northern Ireland. We would also like to see the Anti-Poverty Strategy or whatever is created to replace TSN included in this list. If we agree that the funds should be spent in the areas of the UK that need it most, it follows that funds should also be targeted at the areas of Northern Ireland that need it most.

b) Analysis of the disparities, weaknesses and potential of the Northern Ireland economy

Amongst other things the NSRF notes:

- The Northern Ireland economy has been experiencing a sustained period of growth in recent years.
- Northern Ireland remains one of the poorest performing regions of the UK with GDP per capita around 20% below the UK average.
- There are marked differences in economic performance across Northern Ireland, for example Belfast has a GDP per capita which is twice as high as any other region in Northern Ireland.
- Northern Ireland is the least productive region of the UK. The main reasons for this are the structure of the local economy which is reliant on the public sector, poor performance in terms of innovation and enterprise, and low skills base and lack of investment in infrastructure.
- Northern Ireland has relatively low levels of expenditure on research and development.
- Transport and other infrastructure in Northern Ireland need to be invested in to provide economic and environmental benefits.
- Northern Ireland has high levels of educational attainment. However the workforce does not have high levels of qualifications and skills. In fact a high proportion of the Northern Ireland workforce has no qualifications in comparison with the UK as a whole.
- The employment rate in Northern Ireland is 69.1% which is lower than the UK rate of 74.5%.
- 32% of jobs in Northern Ireland are in the public sector as opposed to 20% in the rest of the UK.
- Northern Ireland has the highest levels of long-term unemployment and economic inactivity in the UK at 34% and 27.4% respectively.

The Structural Funds should therefore be aimed at supporting actions which focus on these areas of weakness and lack of development.

c) Strategic Priorities for the Competitiveness and Employment Objective in Northern Ireland

The proposed strategic priorities set out the policy parameters around which funding will be allocated in the Operational Plan.

In Northern Ireland there will be an ERDF and an ESF programme under the Competitiveness and Employment Objective.

It should be noted that the NSRF does not include plans for the Territorial Co-operation funds. However we already know that Peace III and Interreg funding will come from this objective. We will be keen to make the point that Territorial Co-operation is an important measure and should play an integral part of the development of regions in the UK that share a border with other member states – especially when that is a land border. The UK National Reform Programme, the document which sets out how the UK will meet its Lisbon targets, already acknowledges that the UK and Irish Governments “believe that improved co-operation within Ireland, North and South, on matters, when appropriate, of mutual benefit has an important role to play in meeting the Lisbon objectives.”

ERDF Programme – will address poor performance in terms of innovation and enterprise, improve accessibility and support sustainable economic development. There are three priorities for action:

- *Increasing investment in research and development and promoting innovation.*
- *Promoting Enterprise*
There will be opportunities for social economy enterprises to develop their competitive strengths and become more market aware under this measure.
- *Improving Accessibility and Enhancing the Environment*
Accessibility in this case means physical access to business and amenities. These are important issues here as to many policy makers improving access means building more roads. Of course good roads are important, not in the least for road safety issues, and clear access between transportation hubs is good for business. However building roads is not always the answer to decreasing congestion and the environmental impact that accompanies it. Alternative modes of transport such as park and ride schemes, bus corridors and improvement of railways must be fully considered and invested in. The document acknowledges that energy development should aim to enhance the long-term sustainability of Northern Ireland’s energy system by using renewable energy solutions.

ESF Programme – the aim of the ESF programme will be to reduce the level of economic inactivity in Northern Ireland with spending focused on removing the barriers to work and equipping people with the necessary skills to enter the workforce. This is a welcome development as an assault on economic inactivity was one of the action points the voluntary and community sector called for in its response to the Anti-Poverty Strategy consultation. The programme will have two objectives:

- *Helping People into sustainable employment*
This aims to help unemployed, economically inactive and disadvantaged people enter and remain in sustainable employment and improve access to skills for those

with skills barriers to enter or re-enter the labour market. It might support things like flexible local employability schemes and innovative approaches to reduce personal barriers that prevent women from entering the labour market, including amongst others childcare.

- *Improving workforce skills and adaptability*

This will aim to raise skills levels and adaptability of workers and those not in employment through lifelong learning and ensuring the right workforce skills for future employment opportunities. Examples of actions that might be supported include pre-vocational and vocational training, actions to improve workforce qualifications in area of numeracy, literacy and ICT, and extending the labour market opportunities for women, lone parents, partners of those on income support and older people, by reducing barriers to entry and continuation in learning, particularly childcare.

It is possible to see how voluntary and community organisations concerned with social inclusion, lifelong learning and childcare might fit in with these two priorities. However it should be noted that the 2007-2013 Funds have a much tighter focus on employment and enterprise than ever before. Supported projects will have to show direct linkages to the labour market and/or enterprise/economic development. Therefore it is difficult to see how the more generic community development and infrastructure work that is currently supported by BSP will fit into this new round.

d) Creating Sustainable Communities

Creating sustainable communities is listed as an important “*cross cutting theme for Northern Ireland. Poverty, disadvantage and multiple deprivation in urban and rural areas will be targeted through a range of strategies to create environments and neighbourhoods where people want to live and work and to build community capacity and confidence.*” This appears to be related to things like Neighbourhood Renewal and actions that may arise from the Review of New TSN and other strategies such as the Gender Strategy. It is difficult for the NSRF to say exactly what type of actions could be supported and under which fund they might come from at this stage, for example, in a Neighbourhood Renewal area funds might be used from ERDF to support physical redevelopment and from ESF to fund a training scheme. However by including sustainable communities as a cross-cutting theme the NSRF creates the potential to support actions arising from the strategies which currently have no budgets of their own.

7. How to respond to the consultation

The consultation is being carried out by the Department of Trade and Industry in Westminster. Responses should be submitted by 22 May 2006. You can get full copies of the consultation document on the DTI website at www.dti.gov.uk/europe/nsrf.html or by contacting Rufus Rottenberg on 020 7215 5000 or nsrf@dti.gov.uk.

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