

International Fund for Ireland: Community financial contributions 2007-2010

2006/0194(CNS) - 12/10/2006 - Legislative proposal

PURPOSE: to continue providing the International Fund for Ireland (IFI) with EU contributions for a further 4 year period (2007-2010).

PROPOSED ACT: Council Regulation.

CONTEXT: the International Fund for Ireland (IFI) was established in 1986 in order 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".

Following early contributions from the United States and other countries, the European Community wished to give practical support to the initiative. It began contributing to the IFI in 1989. EC funding now represents approximately 48 % of annual contributions to the Fund and 40 % of cumulative contributions to date.

Even though the political background of the region has evolved over the years, there is still a significant level of security related incidents with sectarian motivation and psychological and physical division between the main communities. The NI Assembly is currently suspended, which illustrates the threats and uncertainties surrounding the peace process in the region.

In this context, economic and social development in support of peace and reconciliation at grassroots level is a long term process. As an instrument towards this goal, 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).

Nevertheless, in 2005, the International Fund knowing that the current level of international support cannot be maintained indefinitely, carried out a review of its structures and priorities in order to redefine its mission in light of the new realities and has adopted a strategic framework which will bring the life of the Fund to an end in 2010. This strategy is entitled "Sharing this Space" and launches the final phase of activities of the Fund (2006-2010). During this closing period the Fund will target the areas of greatest need and will seek to ensure that its work is made sustainable in the longer term.

CONTENT: it is proposed that EU contributions of EUR 15 million per year to the IFI continue for a further period of 4 years. The proposed new period will therefore end in 2010, which would coincide with the end of the life of the IFI.

The new Council Regulation should also reflect the observations made in the Commission report (refer to the summary of the follow-up document in procedure reference **CNS/2004/0228**), in particular those reinforcing synergy of objectives and co-ordination with Structural Funds interventions, in particular with the new PEACE Programme and the provisions on closure.

In allocating the contribution 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

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

Subject to an assessment of the Fund's financial needs, the annual contribution shall normally be paid in instalments as follows:

- a first advance payment of 40% shall be made after the Commission has received an undertaking, signed by the Chairman of the Fund's Board complying with the Council Regulation;
- a second advance payment of 40% shall be made six months later; and
- 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.

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.

Lastly, a contribution from the IFI 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.

For further information concerning the financial implications of this measure, please refer to the financial statement.