



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.10.2004  
COM(2004) 632 final

2004/0228 (CNS)

Proposal for a

**COUNCIL REGULATION**

**concerning Community financial contributions to the International Fund for Ireland  
(2005-2006)**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

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"*.

The objectives of the IFI are "to promote economic and social advance and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland"\*.

Following early contributions from the United States and other countries, the European Community, recognising that the objectives of the IFI were a reflection of those pursued by itself, wished to give practical support to the initiative. It began contributing to the IFI in 1989. EC funding now represents 44 % of annual contributions to the Fund and 39,5 % of cumulative contributions to date. The Commission has been represented by an observer at all IFI Board meetings since the beginning of 1989.

The political background of the region has evolved over the years: in 1994, the main paramilitary groups announced cease-fires ; in April 1998, the Belfast ("Good Friday") Agreement set a political settlement for a peace process, including the devolution of powers to a Northern Ireland (NI) Assembly and Executive Committee, which were set up at the end of 1999. However, there is still a significant level of violence relating to the conflict and division between the main communities remains high. 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, and" PEACE "II 2000-2004).

In June 2004 the European Council called on the Commission to examine the possibility of aligning interventions under the PEACE Programme and the International Fund for Ireland with those of the other programmes under the Structural Funds that come to an end in 2006, including the implications in financial terms.

In accordance with the current round of contributions\*\* , the European Commission has also submitted an assessment of the IFI's activities to the Budgetary Authority\*\*\*. This acknowledges the IFI's very valuable and positive actions for peace and reconciliation in the region, and thereby the fulfilment of its objectives. The report concluded that *"the Commission believes that funding after 2004 should be provided on the basis of the observations made in this report, which could be reflected either in the future Council*

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\* Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ireland concerning the International Fund for Ireland, 18 September 1986 (last amended 10 October 2000) ; UK Treaty Series N°58 (1987) Cm 266 / Republic of Ireland N°1 (1986) Cmnd 9908.

\*\* Council Regulation (EC) No. 2236/2002 of 10 December 2002; OJ L 341, 17.12.2002, p. 6.

\*\*\* COM(2004) XXX final, XX.9.2004.

*Regulation on the EC contribution to the IFI, or through other appropriate means of co-operation between the Commission and the IFI".*

In light of the above assessment, it is proposed that the Commission adopts the following proposal for a Council Regulation on the EC contributions to the IFI which will :

- continue the EU contributions of €15 million per year to the IFI, for a further period of 2 years. The proposed new period will therefore end in 2006, which would coincide with the end of the extended PEACE Programme.
- take account of the observations made in the Commission report, in particular those reinforcing synergy of objectives and co-ordination with Structural Funds interventions, in particular with an extended PEACE Programme.

Proposal for a

**COUNCIL REGULATION**

**concerning Community financial contributions to the International Fund for Ireland  
(2005-2006)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission<sup>1</sup>,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Whereas:

- (1) The International Fund for Ireland (hereinafter “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 (hereinafter “the Agreement”) in order to promote economic and social advance, and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland, in implementation of one of the objectives specified by the Anglo-Irish Agreement of 15 November 1985.
- (2) The Community has provided financial contributions to the Fund from 1989. For the period 2003 to 2004 EUR 15 million was committed from the Community budget for each of the years 2003 and 2004 in accordance with Council Regulation (EC) No 2236/2002 of 10 December 2002 on Community financial contributions to the International Fund for Ireland<sup>3</sup>. That Regulation will expire on 31 December 2004.
- (3) The assessments carried out in accordance with Article 6 of Regulation (EC) No 2236/2002 have confirmed the need for further support for Fund activities, while continuing reinforcing synergy of objectives and co-ordination with Structural Funds interventions, in particular with the Special Programme for Peace and Reconciliation in Northern Ireland and the Border Counties of Ireland (hereinafter “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 Funds<sup>4</sup>.

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> OJ C , , p. .

<sup>3</sup> OJ L 341, 17.12.2002, p. 6.

<sup>4</sup> OJ L 161, 26.6.1999, p. 1. Regulation as last amended by Regulation (EC) No 1105/2003 (OJ L 158, 27.6.2003, p. 3).

- (4) The peace process in Northern Ireland requires a continuation of Community support to the Fund beyond 31 December 2004.
- (5) At its meeting in Brussels on 17 and 18 June 2004, the European Council called on the Commission to examine the possibility of aligning interventions under the PEACE Programme and the International Fund for Ireland with those of the other programmes under the Structural Funds that come to an end in 2006, including the implications in financial terms.
- (6) The Community contribution to the Fund should take the form of financial contributions for the years 2005 and 2006, thus terminating at the same time as an extended PEACE programme.
- (7) In allocating the Community contribution, 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.
- (8) In accordance with the Agreement, all financial contributors to the Fund participate as observers at the meetings of the Board of the International Fund for Ireland.
- (9) The Commission shall foster co-ordination at all levels between the Fund's Board and agents, and the managing bodies set up under the Structural Funds interventions concerned, in particular under the PEACE programme
- (10) Assistance from the Fund will 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.
- (11) An assessment reviewing the performance of the Fund and the need for further Community support should be carried out before 1 April 2006.
- (12) A financial reference amount, within the meaning of Point 34 of the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>5</sup> is 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.
- (13) The amount of the Community contribution to the Fund should be EUR 15 million for each of the years 2005 and 2006, expressed in current values.
- (14) That support will contribute to reinforcing solidarity between the Member States and between their peoples.
- (15) The Treaty provides no powers other than those in Article 308 for the adoption of this Regulation,

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<sup>5</sup> OJ C 172, 18.6.1999, p. 1. Agreement as amended by Decision 2003/429/EC of the European Parliament and of the Council (OJ L 147, 14.6.2003., p.25).

HAS ADOPTED THIS REGULATION:

*Article 1*

The financial reference amount for the implementation of the Community contribution to the International Fund for Ireland (hereinafter “the Fund”) for the period 2005-2006 shall be EUR 30 million.

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

*Article 2*

The contribution 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 (hereinafter “the Agreement”).

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 Special Programme for Peace and Reconciliation in Northern Ireland and the Border Counties of Ireland (hereinafter “the PEACE Programme”) set up in accordance with Article 7(4) first subparagraph of Regulation (EC) No 1260/1999.

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.

*Article 3*

The Commission shall represent the Community as an observer at the meetings of the Board of the Fund (hereinafter “the Board”).

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 co-operation with the Fund’s Board, determine appropriate publicity and information procedures in order to publicise the Community’s contribution to the projects financed by the Fund.

*Article 5*

By 31 March 2006 at the latest, the Commission shall submit a report to the Budgetary Authority, assessing the results of the activities of the Fund and the need for continuing

contributions beyond 2006, taking into account developments in the peace process in Northern Ireland. That report shall incorporate, *inter alia*, the following:

- (a) a survey of the Fund's activities;
- (b) a list of projects which have received aid;
- (c) an assessment of the nature and impact of the Fund's activities, notably in relation to its objectives and the criteria laid down in Articles 2 and 7;
- (d) an assessment of action taken by the Fund to ensure co-operation and co-ordination with Structural Funds interventions, taking account, in particular, of obligations under Articles 3 and 4;
- (e) an annex setting out the results of the verifications and controls carried out by the Commission pursuant to the undertaking referred to in Article 6 .

#### *Article 6*

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 Fund's Board, to the effect that the Fund will 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 7*

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 8*

This Regulation shall enter into force on 1 January 2005.

It shall expire on 31 December 2006.

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

Done at Brussels,

*For the Council  
The President*



## LEGISLATIVE FINANCIAL STATEMENT

**Policy area: REGIO**

**Activity: Other regional actions**

**TITLE OF ACTION: COMMUNITY CONTRIBUTIONS TO THE INTERNATIONAL FUND FOR IRELAND  
(2005-2006)**

**1. BUDGET LINE(S) + HEADING(S)**

B2-604

**2. OVERALL FIGURES**

**2.1. Total allocation for action (Part B):** € 30 million for commitment

**2.2. Period of application:** 2005-2006

**2.3. Overall multiannual estimate of expenditure:**

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million *(to three decimal places)*

	Year [n] 2005	[n+1] 2006	[n+2] 2007	[n+3]	[n+4]	[n+5 and subs. Year]	Total
Commitments	15	15					30
Payments	12	15	3				30

(b) Technical and administrative assistance and support expenditure *(see point 6.1.2)*

Commitments							
Payments							

Subtotal a+b							
Commitments	15	15					30
Payments	12	15	3				30

- (c) Overall financial impact of human resources and other administrative expenditure  
(see points 7.2 and 7.3)

Commitments/ payments	0,041	0,041					
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TOTAL a+b+c							
Commitments	15,041	15,041					30,083
Payments	12,041	15,041	3,000				30,083

#### 2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing financial programming.

#### 2.5. Financial impact on revenue:

Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

### 3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Non-comp	Diff	NO	NO	NO	No 3

#### 4. LEGAL BASIS

Article 308 (EC)

#### 5. DESCRIPTION AND GROUNDS

##### 5.1. Need for Community intervention

##### 5.1.1. Objectives pursued

To encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland and to promote the economic and social advance of the two communities.

### 5.1.2. *Grounds for the operation*

The European Community, recognising that the objectives of the Fund are a reflection of those pursued by itself, has given practical backing (€ 15 million p.a. since 1989; € 20 million for each of the years 1995, 1996, 1997; € 17 million for the years 1998 and 1999; € 15 million for the years 2000, 2001, 2002, 2003 and 2004).

In June 2004 the European Council called on the Commission to examine the possibility of aligning interventions under the PEACE II programme and the International Fund for Ireland with those of the other programmes under the Structural Funds that come to an end in 2006, including the implications in financial terms.

Continuation of this contribution for another two years illustrates the clear EU support for the peace process in Northern Ireland.

## 5.2. **Action envisaged and budget intervention arrangements**

- Objectives : to promote economic and social advance, and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland.
- The Fund operates mainly in Northern Ireland and in the Border Region of Ireland; it targets designated disadvantaged areas.
- For a detailed analysis of Fund activities : see Commission report and annexes COM(2004) XXX / SEC(2004) of XX September 2004.

## 5.3. **Methods of implementation**

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.

## 6. FINANCIAL IMPACT

### 6.1. Total financial impact on Part B - (over the entire programming period)

#### 6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown	[Year n] 2005	[n+1] 2006	[n+2]	[n+3]	[n+4]	[n+5 and subs. Years]	Total
Action 1	15	15					30
Action 2							
etc.							
<b>TOTAL</b>	15	15					30

#### 6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)

Not applicable.

### 6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)

Not applicable.

## 7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

The needs for human and administrative resources should be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure.

### 7.1. Impact on human resources

Types of post	Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
	Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A 0,2		0,2	<i>If necessary, a fuller description of the tasks may be annexed.</i>
	B 0,1		0,1	
	C			
Other human resources				
Total	0,3		0,3	

## 7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
Officials	32400	0,3 * €108000
Temporary staff		
Other human resources (specify budget line)		
Total	32400	

The amounts are total expenditure for twelve months.

## 7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
<b>Overall allocation (Title A7)</b>		
A0701 – Missions	7500	€750 * 10 p.a. (5 missions of 2 days each on average)
A07030 – Meetings		
A07031 – Compulsory committees		
A07032 – Non-compulsory committees		
A07040 – Conferences		
A0705 – Studies and consultations		
Other expenditure (specify) Audit	1500	€750 * 2 p.a.
<b>Information systems (A-5001/A-4300)</b>		
<b>Other expenditure - Part A (specify)</b>		
Total	9000	

The amounts are total expenditure for twelve months.

I.	Annual total (7.2 + 7.3)	41400€
II.	Duration of action	2 years
III.	Total cost of action (I x II)	82800€

## 8. FOLLOW-UP AND EVALUATION

### 8.1. Follow-up arrangements

The Commission will monitor the Fund's activities through its continuing presence on the Board as an observer. It is informed of all the Fund's proposed decisions before they are put to the Board. The Fund operations are moreover controlled by DG REGIO audit and control services. The result indicators will be the number and value of projects approved by the IFI.

## **8.2. Arrangements and schedule for the planned evaluation**

The Commission will submit a report to the Budgetary Authority by 31 March 2006. The report will include a survey of the Fund's activities, a list of projects which have received aid, an assessment of the nature and impact of the Fund's activities, an assessment of action taken by the Fund to ensure co-operation and co-ordination with Structural Funds interventions and an annex setting out the results of the verifications and controls carried out by the Commission.

## **9. ANTI-FRAUD MEASURES**

The Commission is represented on the Board of the Fund and the final annual contribution is only paid over after receipt and acceptance of the Fund's annual report and audited accounts. The Fund operations are moreover controlled by DG REGIO audit and control services.