The Centre for Cross Border Studies

The Centre for Cross Border Studies

39 Abbey Street ❖ Armagh BT61 7EB

Tel: +44 (0) 28 3751 1550 ❖ Fax: +44 (0)28 3751 1721

Email: crossborder@qub.ac.uk ❖ www.crossborder.ie

Submission to the APPG on Post-Brexit funding Inquiry

28 August 2018

About The Centre for Cross Border Studies

The Centre for Cross Border Studies, based in Armagh, Northern Ireland, has a strong reputation as an authoritative advocate for cross-border cooperation and as a valued source of research, information and support for collaboration across borders on the island of Ireland, Europe and beyond.

The Centre empowers citizens and builds capacity and capability for cooperation across sectors and jurisdictional boundaries on the island of Ireland and further afield. This mission is achieved through research, expertise, partnership and experience in a wide range of cross-border practices and concerns.[1]

The response that follows, therefore, is closely informed by the Centre's concerns, organisational aims and experience, and in particular its experience of engaging with the devolved institutions and civil society groups in Northern Ireland.

Overall budget

1. What would be an appropriate annual budget for the new UK Shared Prosperity Fund?

In order to properly address and mitigate the short to medium-term exacerbation of existing regional inequalities resulting from the UK's withdrawal from the EU, the budget for any new UK Shared Prosperity Fund should represent an increase from the UK's allocation of EU Structural Funds for the 2014-2020 period.

2. Should there be a multi-annual financial allocation, and if so why and for how long?

A multi-annual financial allocation equivalent to the current funding framework should be adopted, although with in-built flexibilities to address emerging needs, and with the adoption of an ex-ante consultation process involving all stakeholders and communities. A multi-annual allocation will allow for the proper pursuit of local and regional strategies to address regional disparities in a concerted manner.

[1] For further information, please visit www.crossborder.ie

3. **Would it be appropriate to roll in other budget lines (e.g. the Local Growth Fund in England) into the UK Shared Prosperity Fund?**

We strongly belive additionality must be an essential component of any new UK Shared Prosperity Fund. The Fund should not, in other words, be used as a replacement of existing public or equivalent structural expenditure by the state, such as the Industrial Strategy. Rather, the aim of the UK Shared Prosperity Fund, as a replacement of the former EU Structural Funds, is and should be to address regional disparity in a manner which integrates social, economic and environmental development.

In addition, we suggest that the Fund should include a core programme for co-operation across these islands, such that allows civil society and local authorities in the constituent regions of the United Kingdom to co-operate with each other, and with the Republic of Ireland.

Allocation across the country

4. **How should the UK Shared Prosperity Fund be divided up between the four nations of the UK?**

Northern Ireland will, after Brexit, be the only part of the United Kingdom with a physical international land border, a geographical border region spanning two different state jurisdictions, as well as the high probability of the hardening of this border after withdrawal. It is also generally accepted that Northern Ireland will be one of the regions most adversely affected by Brexit. It is, therefore, imperative that the division/allocation of the UK Prosperity Fund specifically takes into account this uniqueness.

As such, the division of the Fund could principally match the previously available level of funding for the different nations. In the case of Northern Ireland (2014 – 2020) this funding included €270m allocated from the Peace IV Programme and €283m - from Interreg VA. These figures do not include funding received via the European Social Fund, Interreg VB or Interreg VC Programmes – also an important part of the structural funds that Northern Ireland has benefitted from.[2]

Crucially, the above mentioned funding streams have been a vital means of supporting the UK Government's stated aim of preserving North-South and East-West cooperation. As such, the eligible area for funding in the case of the PEACE Programme has been Northern Ireland and the Border Counties (incl. Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo in the Republic of Ireland). The Interreg VA Programme was also particularly designed to help overcome the chronic development and social issues arising from the existence of a border (such as access to transport, health, social care services, environmental issues and enterprise development).[3]

[2] See SEUPB website at https://www.seupb.eu/aboutus/SEUPB
[3] See SEUPB website at https://www.seupb.eu/aboutus/SEUPB

It is essential therefore that funding specifically allocated to support cross-border cooperation on the island of Ireland replaces the funding previously available through the Interreg and Peace programmes.

5. Would rolling forward the existing shares going to England, Scotland, Wales and Northern Ireland be a sensible way forward?

It is imperative that the new allocation of shares does take into account the disproportionate degree to which Northern Ireland will be affected by Brexit (see earlier report which suggests uneven territorial impact across the UK[4]) and the negative effect of leaving the EU on both North-South and East-West cross-border cooperation within and across these islands. As described above, there are good reasons why, with just 2.9% of the total UK population, Northern Ireland has hitherto been a net beneficiary of EU funding Programmes (although the UK as a whole has been a net contributor). It is vital, therefore, that the Shared Prosperity Fund fully replaces what will be lost to Northern Ireland after the UK leaves the EU.

In addition, the Shared Prosperity Fund should ensure that it addresses not only UK regional disparities (based on deprivation and other associated measures) but also the unique to the Irish border region socioeconomic deficit, and the associated issues of social stability and political sensitivity.

New programmes should be developed in consultation with civil society organisations and local authorities and should provide for projects led by such organisations to address the challenges of inter-community conflict and cross-border relationships in the context of uncertainty and instability arising in the post-Brexit context.

6. Should the allocations within the devolved nations be an entirely devolved matter?

Distribution of European regional development funding is currently a devolved matter and many of the areas covered by the funding (such as economic development and skills training) are also devolved. It does make sense, therefore, that the Fund allocations be a devolved matter. At the same time, given Northern Ireland's current lack of devolved government, other organisations and actors involved in local governance in the region (including local authorities and cross-border local authority-led networks) with experience of acting as intermediary funding bodies under a plethora of European Programmes (e.g. PEACE) must be considered in the implementation of funds allocation. However, we would stress again the importance of maximising participation in decision-making by all stakeholders, including potential beneficiaries and social partners (i.e. the 'partnership principle') and not leaving this in the hands of civil servants and/or politicians alone.

---

[4] For instance, an Institute for Public Policy Research report ("An Equal Brexit? The distributional consequences of leaving the EU", https://www.ippr.org/research/publications/an-equal-exit) found in July 2018 that rises in household bills a year after Brexit will have a disproportionate impact on lower-income groups and people in Northern Ireland, Wales, the Midlands and the north-east; and that in Northern Ireland, where where 90 per cent of food and live animal exports are sent to the EU (among the country) businesses are particularly exposed.

7. **Is there any role for competitive bidding between areas for funding?**

There should be absolutely no role for competition between regions and areas in the allocation of the Shared Prosperity Fund. Such a principle would undermine the ethos and ideas behind the Fund i.e. to replace existing Structural Funds and to address regional disparities.

Activities to be supported

8. **As with present-day EU funding, should economic development and convergence remain the primary objectives of the new Fund?**

Economic development and convergence **must not** be the primary objective of the new Fund. Rather, the Fund must integrate the aims of economic, territorial and social cohesion. There have already been concerns, for example, over the degree to which the strand of funding currently represented by the European Social Fund (part of the EU Structural Funds, alongside the European Regional Development Fund) could be lost or watered down by being subsumed into a wider Fund. Effort must be made so that investment in people and inclusive growth (the main focus of the ESF) is not lost alongside a bigger emphasis on investing in economic, infrastructural and environmental development.

Overall, we stress that the present diversity of the European Structural Funds must be fully reflected in and protected through the new UK Prosperity Fund, if it is to achieve its stated aim to replace these funds. In the same sense it is critical to encourage and create a specific space for grass-root initiatives within the objectives of the Fund. As with many of the existing EU Structural Fund Programmes (e.g. PEACE), civil society organisations should be in a position to themselves identify and propose projects and initiatives within the stated objectives of the Fund.

9. **Are there activities beyond the scope of present-day EU funding that should be supported?**

As stated above, we think that in the post-Brexit context it would be particularly helpful to create a fund (this could be separate from and additional to the Shared Prosperity Fund) to support initiatives to build relationships and cooperation across these islands (i.e. beyond the existing eligible areas of the European Territorial Cooperation programmes). This fund could also specifically support social cohesion and reconciliation between social groups and communities.

10. **Should there be guarantees that specific activities supported at present by EU funding (e.g. ESF support for training) will continue to receive funding?**

In general, the broad areas of intervention currently supported should be retained. However, we stress again that it is essential the new Programme/s are designed in consultation with a

wide range of stakeholders, that the principle of additionality is rigorously applied (i.e. the Fund is not a replacement for mainstream Departmental programmes), and that civil society organisations are able to access the Fund.

Management

11. As a UK fund, should the UK government set the broad guidelines for the priorities to be supported by the Shared Prosperity Fund?/
12. What role should the devolved administrations play in setting the broad guidelines?

The issues involved in these questions should not be seen as clear-cut alternatives. Rather, the process of setting guidelines, priorities and programmes within the Fund should involve a comprehensive consultation with stakeholders at all levels, with devolved administrations in the structure, and with enough inbuilt flexibility.

13. How should the impact and desired outcomes of the Fund be defined and measured?

In deciding on the desired outcomes of the Fund, it is essential that the widest possible range of stakeholders and intended beneficiaries be involved in the process which should include those located in the border counties of Ireland in order to ensure maximum exploitation of cross-border opportunities. The same consideration should apply to the design of monitoring and evaluation plans for the Fund.

There is considerable learning that can be gained from the experience and expertise of individuals and bodies previously involved in design and delivery of the EU Structural Funds programmes. It should not be necessary to 'reinvent the wheel' and methodologies for evidence-based results developed for EU programmes can be adopted and/or adapted as appropriate.

In particular, we recommend that the methodology of the Toolkit for Cross-border Impact Assessment (developed by the Centre for Cross Border Studies[5]) that was applied in the Peace and Interreg Programmes be used to assist programmes and projects identify a cohesive and coherent set of impacts and indicators, including to capture cooperation impacts.

14. How can the promise that the Fund will be "cheap to administer, low in bureaucracy" best be delivered?

By involving the widest possible range of stakeholders and intended beneficiaries it is more likely that the Fund will address real needs and achieve maximum impact thus avoiding unnecessary expenditure.

Administration costs and reduction of bureaucracy would be achieved by ensuring that any audit controls are not unnecessarily repeated at various levels of programme management.

[5] See http://www.crossborder.ie/pubs/2011-IAToolkit.pdf

Those in receipt of funds should only have to comply with a single set of streamlined and user-friendly audit controls. Administration of the Fund should be managed as closely as possible to projects' implementation.

It would be advisable to look at the relevant experience of the local authority-led cross-border networks such as East Border Region who have acquired significant experience in manging large EU Programmes, including Structural Funds.

15. Where should local authorities fit into the management of the new Fund?

Please see the las paragraph in the response to Q. 14 above. Local authorities-led cross-border networks in the Northern Ireland-Ireland border region have, in the past, had a central role in the administration of EU Structural Funds and possess a breadth and depth of expertise in this matter.

16. How should programmes and projects be monitored and evaluated?

Monitoring and accounting mechanisms should be streamlined, yet still involve different stakeholders. Value can be added through the inclusion of civil society-based steering groups. Efforts must be made to avoid confining the monitoring and evaluation mechanisms to different levels of the civil service.