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European Union Competitive Funding in Northern Ireland

This paper gives an overview of the European Union competitive funding policies and priorities of the Northern Ireland Executive. The paper also examines issues surrounding the drawdown of these funds in Northern Ireland.

This information is provided to MLAs in support of their Assembly duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice or as a substitute for it.

1. Introduction

This paper is prepared for the Committee for the Office of the First and deputy First Minister (the Committee). It seeks to increase understanding and clarify issues surrounding Northern Ireland's (NI) drawdown of European Union (EU) competitive funding. The structure of the paper is as follows:

- Section 2 provides definitions regarding 'competitive' and 'non-competitive' funding and defines the term 'drawdown'. The briefing itself addresses only **competitive funding**;
- Section 3 provides background information, outlining key organisational structures established by the European Commission (EC) and the Northern Ireland Executive (the Executive) both to increase NI's participation in the EU and to increase its drawdown of EU competitive funding;
- Section 4 examines the Executive's current European priorities; summarising key targeted competitive funding streams and providing NI drawdown figures for each fund;
- The method of measuring NI's performance in drawing down money from these funds is considered in section 5;
- Problems with the data used to report drawdown are highlighted in section 6; and,
- A drawdown comparative perspective for key funds is offered in section 7, including that of the devolved administrations and the Republic of Ireland, followed by a conclusion outlining key observations arising from this paper.

Throughout the paper, potential scrutiny points are highlighted in bold for the Committee's consideration.

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2. What is Competitive Funding?

This section highlights key differences between EU competitive and non-competitive funding.

2.1. Definitions: Competitive Versus Non-Competitive

It is important to understand the difference between the pre-allocated, non-competitive funding awarded to the NI Executive (a region) by the UK Government (the Member State); and the competitive funding secured in open competition by non-governmental organisations from the EU.

2.1.1. Competitive Funding

Competitive funding is **not** directly allocated from the EU to the Member State or regions therein. The European Commission (EC) centrally manages 22% of the EU budget, which is allocated for competitive programmes in the areas of research, education, health and youth actions. This portion of the budget is awarded by the EC via open competition amongst individual organisations.¹ Hence, a **Member State drawdown of EU competitive funding is determined only by the success of individual organisations' applications.**²

The March 2012 Office of the First Minister and deputy First Minister (OFMDFM) delivery plan for PfG Commitment 26 provides the following definitive explanation of competitive funding in NI:

*The baseline for EU competitive funds will be the sum of EU non-Structural Funds and INTERREG B and C monies. Any EU programme outside the European Regional Development Fund (ERDF) and the European Social Fund (ESF) is considered to be an EU competitive fund.*³

2.1.2. Non-Competitive Funding

When considering non-competitive funding, it is important to note that the amount of money available to a Member State for specific purposes is determined during the high level negotiations on the Multi-Annual Financial Framework (MFF), which determines the overall EU budget.⁴ Non-competitive funding is allocated to the Members State, which subsequently apportions the funding to its regions. Over 76% of the EU budget is managed by regional and national authorities; this includes Structural Funds and

¹ *Beginners' Guide to EU Funding: Overview of the financial rules and funding Opportunities 2007-13.*

http://ec.europa.eu/budget/library/biblio/publications/beginnersguide/KV3111332ENC_002web.pdf

² *EU Funds Available to Scotland* (2013). European and External Relations Committee paper.

³ Programme for Government Delivery Plan (Commitment 26), OFMDFM 28 March 2012.

⁴ For further information on the MFF refer to RalSE paper NIAR 50/13: <http://www.niassembly.gov.uk/Documents/RalSe/Publications/2013/ofmdfm/5013.pdf>

agricultural subsidies.⁵ This non-competitive funding plays a significant role in NI; over £1 billion has been received from Structural Funds alone between 2002 and 2012.⁶ However, such funding is beyond the scope of this briefing.

2.2. Definitions: Drawdown

Commitment 26 in the 2011-15 NI Programme for Government (PfG) states the following objective:

To facilitate delivery of the Executive's 20% target for increased drawdown of competitive EU funds.⁷

The March 2012 OFMDFM delivery plan for PfG Commitment 26 defines 'drawdown' as follows:

Drawdown' is defined as the point in time at which competitive EU monies are received in a project sponsors bank account. For some EU non-structural programmes such as FP7 it may be appropriate to report drawdown as 'funds awarded'.⁸

The distinction between the Executive's definition of drawdown and the way the EC reports competitive funding allocations is crucial to understanding the complexity of measuring EU competitive funding performance below Member State level. Section 6 discusses problems of reporting drawdown data in greater detail.

3. NI in the EU

This section considers key organisational structures set up by EC and the Executive to increase NI's participation in the EU, and thereby increase drawdown of EU competitive funding.

3.1. Barroso Task Force

One of the measures helping to support PfG commitment 26 was the setting up of the Barroso Northern Ireland Task Force. This was established after a visit to Belfast by the European Commissioner José Manuel Barroso in 2007. The Task Force was set up by Barroso to help the Executive make the most of EU policies, networks and funding programmes. The specific remit of the Task Force is to:

⁵ *Beginners' Guide to EU Funding: Overview of the financial rules and funding Opportunities 2007-13.*

http://ec.europa.eu/budget/library/biblio/publications/beginnersguide/KV3111332ENC_002web.pdf

⁶ Northern Ireland Assembly Written Question: AQW 21495/11-15.

⁷ Northern Ireland Executive. " Programme for Government 2011-15.": <http://www.northernireland.gov.uk/pfg-2011-2015-final-report.pdf>

⁸ OFMDFM. *PfG (26) Delivery Plan 2011-15* 28 March 2012.

Support efforts in Northern Ireland to improve competitiveness and create sustainable employment, mobilising the services of the Commission most concerned with the competitiveness and sustainable employment agenda. Particular importance is attached to reducing dependence on the public sector and to creating a more dynamic private sector.⁹

3.1.1. Barroso Task Force Working Group

In December 2010, the First Minister and deputy First Minister travelled to Brussels to meet with President Barroso. During this meeting, President Barroso announced that the Task Force would return to NI in early 2011. In line with this announcement, in March 2011, members of the Task Force visited Belfast on a two day mission to discuss priorities for the future with government departments.

The OFMdfM European Division reported on Task Force developments between April 2011 and March 2012 in a July 2012 written briefing provided to the OFMDFM Committee. The briefing stated that:

After the Executive took up their new mandate in May 2011, Junior Ministers Bell and Anderson assumed chair of the Barroso Task Force Working Group (BTWG), the cross-departmental group, the stated objectives of which are:

- *Participation in EU policy development to benefit the region;*
- *Engagement in European networks, allowing us to benchmark our performance and learn from best practice across Europe in the delivery of services to citizens and businesses; and*
- *Drawdown of resource from competitive EU funding programmes, strengthening our economy and delivering competitive advantage for our businesses.¹⁰*

3.1.2. Desk Officers

Regarding structures, the OFMdfM paper explained that the BTWG had:

...firmed up its organisational structures throughout the year, establishing four policy sub groups with a focus respectively on Innovation & Technology; Competitiveness & Employment; Climate & Energy, and Social Cohesion; a Finance Sub-Group, to oversee progress towards the achievement of the Executives target for increased drawdown of elective EU funds; and a Human Resources Sub-Group to oversee and support the

⁹ European Commission COM (2008) 186 final – Communication from the Commission to the Council and to the European Parliament on the Report of the Northern Ireland Task Force: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0186:FIN:EN:PDF>

¹⁰ OFMDFM European Division written briefing. Included in COFMDFM papers for Meeting held on 4 July 2012.

various secondments and placements of NICS staff in Brussels institutions, support development of enhanced EU training to NICS staff delivered by the Centre for Applied Learning and to ensure we fully utilise staff with EU experience on their return to NICS'.¹¹

Addressing the issue of finance, the briefing further explained that:

Departments contributed to a central budget of around £615K managed by DFP. The BTWG HR Sub Group provides strategic advice to DFP on the allocation of the budget. Currently the central budget supports:

- Four Desk Officers reporting respectively to and supporting the work of each of the policy sub-groups of BTWG;*
- One Seconded National Expert (SNE) in DG Regional Policy (DG REGIO) Urban Unit;*
- One Staff Officer seconded to the UK Permanent Representation to the EU;*
- One Staff Officer seconded to the Irish Permanent Representation to the EU; and,*
- Two 'National Experts in Professional Training' (NEPTs) who were successful in securing five-month placements in the European Commission.¹²*

In relation to the appointment of the four desk officers, an MLA tabled the following Assembly Question on 27 March 2012:

Question:

To ask the First Minister and deputy First Minister to detail (i) the process for appointing the Barroso desk officers; (ii) the grade of each officer; (iii) the aims and objectives the officers have been set; and (iv) how they will measure the overall success of the appointments.

Answer :

(1) The Barroso Taskforce Working Group (BTWG) Desk Officers were appointed on secondment following a selection process which was managed in line with NICS Policy.

And,

(2) Four Desk Officers were appointed at Deputy Principal level, one for each of the four priority thematic areas for NI – competitiveness and

¹¹ OFMDFM European Division written briefing. Included in COFMDFM papers for Meeting held on 4 July 2012.

¹² OFMDFM European Division written briefing. Included in COFMDFM papers for Meeting held on 4 July 2012.

*employment, social cohesion, innovation and technology and climate change and energy.*¹³

In summary, the work of the Task Force continues in both Brussels and Belfast. The Commission Task Force members and the Task Force Desk Officers are based in Brussels. In Belfast the BTWG and four thematic sub groups support NI participation in the EU. The management arrangements of the March 2012, OFMDFM delivery plan for PfG Commitment 26 further explain the BTWG's role:

*The Barroso Task Force Working Group (BTWG), chaired by OFMDFM's Junior Ministers and comprising Deputy Secretary representation from each department, will oversee the delivery of the Executive's 20% drawdown target for EU competitive funds.*¹⁴

For further information on the Barroso Northern Ireland Task Force, refer to RaISE paper NIAR 16/13 *Barroso Northern Ireland Task Force* (29 January 2013).¹⁵

4. NI's European Priorities

This section highlights the Executive's European priorities. It highlights key EU competitive funding streams targeted by the Executive; and provides drawdown figures for the 2010-11 and 2011-12 financial years.

4.1 Winning in Europe

In March 2012, the Task Force met with the BTWG and officials from departments to discuss priorities for 2012-13 in a series of meetings centred on the Executive's four thematic work streams. These meetings were followed in May 2012 with the publication of the Executive's, *European Priorities 2012-13: Winning in Europe*. The document identifies key EU policies and programmes, which the Executive uses to promote access to EU competitive funding.

The document also cites the four thematic policy priorities (previously set up by the BTWG), which reflect the European Commission's *Legislative and Work Programme 2012* and the *Europe 2020 Strategy*. The four thematic priorities are as follows:¹⁶

- Competitiveness and Employment ;
- Innovation and Technology;
- Climate Change and Energy; and,

¹³ Assembly Question AQW 10138/11-15: <http://aims.niassembly.gov.uk/questions/printquestionssummary.aspx?docid=131123>

¹⁴ Programme for Government Delivery Plan (Commitment 26) , OFMDFM 28 March 2012.

¹⁵ NIAR 16/13 Barroso Northern Ireland Task Force: <http://www.niassembly.gov.uk/Documents/RaISE/Publications/2013/ofmdfm/1613.pdf>

¹⁶ Northern Ireland Executive. (2013) *European Priorities: 2012-13 Winning in Europe*: http://www.ofmdfni.gov.uk/european_priorities_2012_-_2013.pdf

- Social Cohesion.

The document goes on to identify key EU policies and initiatives that support each of NI's above thematic priorities. It also identifies EU competitive funding streams and EU networks and consortia that may assist in increasing NI's drawdown from these funds. A summary of these initiatives is presented in Tables 1-4 at Annexe 1 of this paper.

4.2 Targeted Competitive Funding Streams

This subsection explains key competitive funding streams targeted by the Executive in *European Priorities 2012-13*, which drew down funding in 2010-11 or 2011-12. Where appropriate, potential scrutiny issues are highlighted in bold throughout this subsection for the Committee's consideration.

Drawdown figures for these programmes are taken from the following table supplied by OFMDFM to the Committee in June 2013.¹⁷ The letter accompanying the table stated the following:

As reported by the First Minister during Oral Questions on 5 March; following a late notification of drawdown by the Department of Education, we have initiated a mid-term revalidation of the drawdown figures supplied by all departments, taking this opportunity to ensure they are robust and comprehensive.¹⁸

Potential Scrutiny Point:

The Committee may wish to ask OFMDFM why the late drawdown from the Department of Education was not included in the table provided to the Committee on the 21 June 2013.

¹⁷ Letter to Committee for OFMDFM (21 June 2013): Information supplied by OFMDFM to RAISE, 30 September 2013.

¹⁸ Letter to Committee for OFMDFM (21 June 2013): Information supplied by OFMDFM to RAISE, 30 September 2013.

Table provided to the Committee by OFMdfM on 21 June 2013

Competitive EU Funds Drawdown by Department by Funding Stream						
	Baseline Year 2010-11			Year 1 2011-12		
	Funding Source	Drawdown	Total	Funding Source	Drawdown	Total
Department of Enterprise, Trade and Investment	FP7 *	£6,044,000		FP7 *	£8,807,000	
	CIP	£167,000		CIP	£355,152	
			£6,211,000			£9,162,152
Department of Justice	FP7	£239,420		FP7	£1,320,000	
			£239,420			£1,320,000
Department of Culture, Arts and Leisure	FP7	£24,970		FP7	£166,500	
				Culture	£249,700	
			£24,970			£416,200
Department for Employment and Learning	FP7 *	£0		FP7 *	£0	
			£0			£0
Department of Education						
			£0			£0
Department of Finance and Personnel						
			£0			£0
Department of Regional Development	TEN-T	£1,789,000		TEN-T	£2,900,000	
			£1,789,000			£2,900,000
Department of Social Development						
			£0			£0
Office of the First Minister and Deputy First Minister						
			£0			£0
Department of Agriculture and Rural Development	<i>unknown</i>	£62,971		FP7	£124,610	
			£62,971			£124,610
Department of Health, Social Services and Public Safety						
			£0			£0
Department of the Environment				LIFE +	£13,198	
			£0			£13,198
Total drawdown of EU Non-Structural Funds in 2010-11			£8,327,361			£13,936,160
Drawdown of Interreg IVB and IVC funds in 2010-11 **			£2,630,652			£1,890,779
Total drawdown of competitive EU funding in 2010-11			£10,958,013			£15,826,939
* Figures provided by DETI include university drawdown supported by DEL.						
** Collective figures provided by DFP for all NI historical drawdown. Future drawdown will be broken down by department wherever possible.						

Potential Scrutiny Points:

1. The Committee may wish to ask OFMdfM why the drawdown of £62,971 reported by DARD in 2010-11 is stated as 'unknown'.
2. The Committee may wish to ask why drawdown of Interreg IVB and IVC funds were not broken down by department.

4.2.1 Framework 7 Programme (FP7)

The “Seventh Framework Programme for Research and Technological Development” is more commonly known as the “Framework 7 Programme” (FP7). It is the main EU programme for research for the 2007-13 period and has an overall budget of €50 billion.¹⁹ FP7 is open to research groups at: universities or research institutes; companies intending to innovate; SMEs; and, postgraduate students.

Activities funded through FP7 must have “European Added Value”. To meet this objective, projects often have a transnational element, incorporating consortia of participants from different Member and non-Member states.

For detailed information on FP7, refer to RaISe paper NIAR 636/11 “Framework Programme 7”.²⁰

A summary of NI drawdown for FP7 is shown in the table below.²¹

Department	FP7 Drawdown 2010-11	FP7 Drawdown 2011-12	Total
Department of Enterprise, Trade and Investment	£6,044,000	£8,807,000	£14,851,000
Department of Justice	£239,420	£1,320,000	£1,559,420
Department of Culture, arts and Leisure	£24,970	£166,500	£191,470
Department of Agriculture and Rural Development	£0	£124,610	£124,610
Total	£6,308,390	£10,418,110	£16,726,500

As of July 2013 NI had requested funding of **€63.6m (Euro)** under this programme since the start of the programme in 2007.²²

Potential Scrutiny Points:

1. The Committee may wish to ask OFMDFM to provide annual figures for FP7 from 2007 to date, to measure drawdown against the requested funding figure of €63.6m.
2. The Committee may wish to ask why DETI figures include university drawdown supported by DEL, and why it was not possible to separate DEL’s FP7 drawdown from DETI’s.

¹⁹ European Commission, FP7 Tomorrows Answers Start Today: http://ec.europa.eu/research/fp7/pdf/fp7-factsheets_en.pdf .

²⁰ NIAR 636/11: <http://www.niassembly.gov.uk/Documents/RaISe/Publications/2011/Enterprise-Trade-Investment/14111.pdf> .
Additional information at: http://cordis.europa.eu/fp7/home_en.html .

²¹ Figures taken from: Letter to Committee for OFMDFM (21 June 2013): Information supplied by OFMDFM to RAISE, 30 September 2013.

²² Data supplied by e-Corda database and provided by the UK Government Department for Business Innovation and Skills.

4.2.2 Competitiveness and Innovation Programme (CIP)

CIP is a framework for a number of EU funding programmes. It aims to encourage the competitiveness of European enterprises, specifically focusing on SMEs. In 2010-11, NI's drawdown of CIP was reported as **£167,000** rising to **£355,152** in 2011-12.²³

4.2.3 Lifelong Learning Programme (LLP)

The Lifelong Learning Programme offers funding for organisations involved in education and training. It provides opportunities to get involved in European links. The following four main programmes are funded under the LLP:

- Comenius (schools);
- Erasmus (higher education);
- Leonardo Da Vinci (vocational education and training); and,
- Grundtvig.(non-vocational adult education).

For more details on LLP: http://ec.europa.eu/education/lifelong-learning-programme/doc78_en.htm

Potential Scrutiny Point:

The Committee may wish to ask OFMDFM why DEL have reported no drawdown from the LLP during 2010-11 and 2011-12. Are disaggregated drawdown figures available for any of the four main programmes within LLP?

4.2.4 LIFE+

LIFE + provides funding to support the implementation of EU environmental policy and legislation. In 2011-12 NI's drawdown under LIFE+ was reported as **£13,198**.²⁴

For more details on LIFE+: <http://ec.europa.eu/environment/life/funding/lifeplus.htm>

4.2.5 CULTURE

The CULTURE programme aims to encourage the development of cultural co-operation across Europe. In 2010-11 NI's drawdown under this programme was reported as **£24,970**.

For more details on CULTURE: [http://ec.europa.eu/culture/our-programmes-and-actions/culture-programme-\(2007-2013\)_en.htm](http://ec.europa.eu/culture/our-programmes-and-actions/culture-programme-(2007-2013)_en.htm)

²³ Letter to Committee for OFMDFM (21 June 2013): E-mail supplied by OFMDFM to RAISE, 30 September 2013.

²⁴ Letter to Committee for OFMDFM (21 June 2013): E-mail supplied by OFMDFM to RAISE, 30 September 2013.

Potential Scrutiny Point:

The Committee may wish to ask OFMdfM to explain why the CULTURE programme figure for 2011-12, reported by DCAL is exactly ten times that of DCAL's FP7 drawdown in 2010-11.

4.2.6 Trans-European Transport Network

For the current programming period, the TEN-T has an overall EU budget of around €49 billion. The Department of Regional Development (DRD) has lead responsibility for managing TEN-T in NI. During 2012-13, DRD successfully submitted the following three successful TEN-T applications:

- Coleraine to Derry track relay project, (awarded €1.6m);
- York Street Interchange Options Study, (awarded €1.26m); and,
- Installation of electric vehicle rapid charging points across the island of Ireland, (awarded €1.9m combined with the Republic of Ireland's Electricity Supply Board).²⁵

For more details on TEN-T: <http://tentea.ec.europa.eu/en/home/>

Potential Scrutiny Point:

The Committee may wish to ask OFMdfM how much of the total €1.9m for "installation of electric vehicle rapid charging points across the island of Ireland" is to be allocated to NI?

5. NI's Competitive Funding Drawdown Targets

This section describes the process of setting drawdown targets for EU competitive funding in 2011-15. It examines the process of calculating the initial baseline figure. It also examines the subsequent increase in the baseline figure after a mid-term revalidation exercise.

5.1 Setting the Baseline

Commitment 26 in the 2011-15 NI PfG states the following objective:

*To facilitate delivery of the Executive's 20% target for increased drawdown of competitive EU funds.*²⁶

There does not seem to be a clear explanation as to why the 20% figure was chosen, instead of 25% or 30%.

²⁵ Northern Ireland Executive. (2013) *European Priorities: 2012-13 Implementation Report*. http://www.ofmdfmi.gov.uk/eu-priorities-2012-13-implementation-report_pdf_391kb_.pdf

²⁶ Northern Ireland Programme for Government 2011-15: <http://www.northernireland.gov.uk/pfg>

Potential Scrutiny Point:

The Committee may wish to engage OFMDFM about the rationale underpinning the 20% drawdown target figure.

It appears that in order to measure performance against this 20% target, a baseline figure was established. OFMDFM confirmed in correspondence to the Committee in January 2013 that the baseline figure of £11 million was established following an interdepartmental consultation exercise.²⁷ The letter explains the configuration of the baseline in the following way:

The baseline comprises of the sum of monies drawn down in the financial year 2010/11 from FP7 (£6.4m), TEN-T (£1.8m), the CIP (£0.2m) and the Interreg IVB and IBC Programmes (£2.6m).²⁸

Consequently, the baseline was set at **£11m** for the **2010-11** financial year.

In relation to setting targets to achieve the 20% drawdown figure, the June 2013 OFMDFM delivery plan for PfG Commitment 26 states the following:

*In 2010-11, the baseline year for monitoring performance, **£11m*** of EU competitive funds was drawn down by NI Civil Service departments. Over the 4-year PfG target period, departments must draw down **£53m*** (baseline x 1.2 x 4). This will result in around **£9m*** of additional funding to benefit citizens, groups and businesses within the region.²⁹*

And it continues:

** Following a late notification of drawdown impacting on the baseline and subsequent years, a mid-term review of all competitive EU drawdown was initiated to ensure that the drawdown figures supplied by departments are robust and comprehensive. As a result, it is anticipated that the 2010/11 baseline and the amount of additional funding to be delivered under the target will increase. Until this exercise concludes, definitive figures will not be available.³⁰*

Using the initial £11m baseline figure, this would appear to suggest that the 2011-15 20% target would be met if the annual drawdown was £2.2m above baseline (£13.2m) in each of the 4 financial years of the 2011-15 Spending Review.

²⁷ Letter to Committee for OFMDFM dated 8/01/13: Information supplied by OFMDFM to RAISE, 13/01/13.

²⁸ Letter to Committee for OFMDFM dated 8/01/13: Information supplied by OFMDFM to RAISE, 13/01/13.

²⁹ OFMDFM. *PfG (26) Delivery Plan 2011-15* 19 June 2013.

³⁰ OFMDFM. *PfG (26) Delivery Plan 2011-15* 19 June 2013.

Potential Scrutiny Point:

The Committee may wish to engage OFMdfM about the annual drawdown target figure for each of the 4 years of the Spending Review to increase openness and transparency in this area.

5.2. Mid-Term Revalidation of Baseline

The following section explores issues surrounding the subsequent increase to the £11m baseline figure. Where appropriate, potential scrutiny issues are highlighted to add value to the Committee's consideration.

At the time of writing, the Committee has received no official briefing or notification of the new baseline target. Papers provided by OFMdfM to the Committee for a meeting on 3 July 2013 indicated that adoption and publication of revised drawdown figures would be done by July 2013. The correspondence also indicated that a mid-term review of competitive funding drawdown had been initiated in February 2013.³¹

The following written response to Oral Assembly Question AQO 4420/11-15 discloses the new baseline figure and four year drawdown value:

Question:

To ask the First Minister and deputy First Minister whether the Programme for Government commitment to increase the draw down of European funding by 20 per cent is on target.

Answer:

*The revalidation of competitive EU funding drawdown by departments is now complete. **A new baseline of £13.4m** has been determined for 2010-11, giving rise to a four-year drawdown value of **£64.4m**.*

Drawdown was £22.9m in Year 1 (2011-12) and £17.9m in Year 2 (2012-13).

Departments have secured competitive EU funds worth £40.8m at the mid-point of the Budget Period, representing 63% of the four-year drawdown value. We remain on target to meet this Programme for Government commitment.³²

³¹ COFMDFM correspondence to Committee Members 18 October 2012.

³² Assembly Question AQO 4420/11-15: <http://aims.niassembly.gov.uk/questions/PrintQuestionSummary.aspx?docid=172429>

The above Assembly Question was tabled on 20 June 2013 and answered on 4 August 2013. The 2011-12 total drawdown figure of **£22.9m** is at odds with the reported drawdown figure of **£15.8m** previously provided by OFMdfM (see section 4.2).

Similarly, the 2012-13 drawdown figure of **£17.9m** is at odds with the figure of **£18.3m** in the Executive's *European Priorities: 2012-13 Implementation Report*, published on 19 September 2013.³³ Whilst Ralse understands that figures have changed largely due to the reported late drawdown, the Committee could seek clarification of these figures.

Scrutiny Point:

The Committee may seek to ask OFMdfM for its most current breakdown of 2011-12 and 2012-13 EU competitive funding drawdown by department and by funding stream, to increase openness and transparency in this area.

The above Assembly Question, answered on the 4 August 2013, states that the mid-term review of all competitive EU drawdown has now been completed and the new baseline figure for 2010-11 is **£13.4m**.

Scrutiny Point:

The Committee may seek to ask OFMdfM how the new baseline figure of £13.4m was calculated.

Using the methodology set out in the June 2013 OFMdfM delivery plan for PfG Commitment 26 (baseline x 1.2 x 4), the total drawdown needed to meet the 20% target over the four years of the Spending Review would now be £64.32m or £16.1m per year. The latest reported drawdown figures of £22.9m for 2011-12 and 17.9m (or 18.3m) for 2012-13, are comfortably above the £16.1m required annually to meet the 20% target. Using the 18.3m figure, reported in September 2013, the total drawdown up until the end of the 2013 financial year stands at £41.2m. Only £23.1m is needed to reach the £64.3m target in the remaining two years of the Spending Review. This equates to an annual drawdown during 2013-14 and 2014-15 of £11.55m per annum.

In summary, all that is required to meet the 20% target in the remaining two years of the Spending Review is £11.55m per annum. This does not appear to be an incentive to further increase drawdown amounts, or it is a weak one at the very least. With this in mind, the 20% target seems insufficiently challenging, especially when compared to the 2011-12 and 2012-13 figures, which both are well above this.

³³ <http://www.ofmdfmi.gov.uk/index/co-operation/about-the-european-policy-and-co-ordination-co-operation/european-priorities.htm>

Scrutiny Point:

Given that the 20% is enshrined in the PfG, the Committee may wish to ask OFMdfM about how the Executive can incentivise a greater drawdown in the remaining years of the Spending Review; what is its plan?

6. Reporting the Drawdown

6.1 Problems

Research undertaken by RalSe to date has presented challenges in accessing official data reporting the drawdown figures for EU competitive funding, despite reasonable efforts undertaken.³⁴ Some of these challenges appear to arise from five key identifiable factors, as outlined below.

Financial Year

The EU financial year runs from 1 January to 31 December; whereas the UK's runs from 6 April to 5 April. Consequently, figures recorded as annual drawdowns in EC and NI will vary. Some programmes also run over a period of years, making the reporting of annual drawdown calculations problematic.

Currency

Drawdowns reported by the EC are in Euro; the NI Executive reports drawdown amounts in Sterling, in accordance with the March 2012 PfG (26) delivery plan. Changes in the Euro/Sterling exchange rate can affect drawdown values (both adversely and positively). This adds another variable when comparing drawdown performance from one financial year to the next.

Arms Length Bodies

The March 2012 PfG (26) delivery plan states that:

*Drawdown by Arms Length Bodies and Third Parties specified by departments will count towards achievement of the target.*³⁵

In correspondence dated 21 June 2013 to the Committee, OFMdfM have stated the following:

³⁴ RalSe engaged with OFMDFM officials on a number of occasions. Data shared is presented throughout this briefing, as appropriate.

³⁵ OFMDFM. *PfG (26) Delivery Plan 2011-15* 28 March 2012..

*The drawdown figures currently available cannot be disaggregated by Arms Length Body and Third Party.*³⁶

As the drawdown is not disaggregated, Arms Length Bodies that are doing well cannot be distinguished from those needing extra assistance.

What is and what is not a “Drawdown”

The definition of ‘drawdown’ itself is also an issue. Drawdown is defined in the PfG delivery plan dated 28 March 2012 as follows:

*‘Drawdown’ is defined as the point in time at which competitive EU monies are received in a project sponsors bank account. For some EU non-structural programmes such as FP7 it may be appropriate to report drawdown as ‘funds awarded’.*³⁷

Competitive funding, managed by the EC, is often reported as “commitments to pay”. Data reported in this way is not comparable with the Executive’s above definition of drawdown. The former is at time funding is paid; and the latter when funding is committed. This makes comparative analysis particularly problematic.

Transnational Partnerships

Virtually all EU competitive funding programmes require an element of transnational partnerships or co-operation. They are also not necessarily targeted at specific regions or areas. There is a key difficulty with establishing the exact amounts of funding from programmes that go towards collaborative projects which have, in some cases, at least three partner organisations from three different Member States (and even non-Member States, in the case of FP7).

NI also benefits from UK wide projects. For example, the Northern Ireland Environment Agency (NIEA) acts in partnership with other public bodies across UK in bidding for funds. The LIFE+ programme (see section 4.2.4) is an example of this type of programme. These projects are spread across the whole UK, and exact breakdown of the drawdown of funding for each body is difficult to quantify until the projects have come to fruition.³⁸

7. Comparative perspective

The following section presents a comparative perspective of certain key EU competitive funding streams using different methods of reporting official data. It highlights the amounts that both the UK devolved administrations and the Republic of Ireland drew down from targeted competitive funding streams.

³⁶ Letter to Committee of OFMDFM dated 21 June 2013: Information supplied by OFMDFM to RAISE, 30 September 2013

³⁷ OFMDFM. *PfG (26) Delivery Plan 2011-15* 28 March 2012.

³⁸ Correspondence from NIEA received by RAISE 18 November 2013.

7.1 Financial Transparency System (FTS)

One method of comparing drawdown figures is the use of the EC Financial Transparency System (FTS).³⁹ The names of the awarded fund beneficiaries are recorded on its website; and users can filter by: Member State; year of drawdown (currently 2007 to 2012); and, funding stream. For more details on FTS:

http://ec.europa.eu/budget/fts/index_en.htm

Limitations of FTS

Filtering by regions is not possible. FTS only reports on commitments to pay, not on payments made, meaning the receipt of competitive EU monies in a project sponsor's bank account, as the above PfG definition indicates. The EC explains FTS's reporting of commitments (not payments) in the following way:

Any amount awarded to a beneficiary must first be booked in a budget line in the form of a commitment. The amount committed is a fundamental element of the legal agreement. As many agreements last several years, with the committed amount being spread over that time, annual information on payments cannot give a view of the overall value of the agreement. Therefore the site focuses only on commitments.⁴⁰

New financial rules do not allow the publication of low-value contracts from 2012.⁴¹ As a consequence, no information on public procurement contracts lower than €15,000 is included from 2012 onward. With these limitations in mind, the following tables provide a comparative perspective of competitive drawdown between UK and Republic of Ireland in key areas:

Competitiveness and Innovation Framework Programme

Year	UK Total Amount Awarded (Euro)	ROI Total Amount Awarded (Euro)	UK Number of Commitment Positions	ROI Number of Commitment Positions
2012	74,759,061	18,406,373	99	22
2011	34,662,031	3,319,350	87	12
2010	24,856,834	6,362,453	67	14
2009	22,094,976	2,809,503	59	10
2008	18,579,184	2,188,861	39	5
2007	8,260,309	260,263	31	7
Total	183,212,395	33,346,803	382	70

³⁹ http://ec.europa.eu/budget/fts/index_en.htm

⁴⁰ http://ec.europa.eu/budget/fts/faq_en.htm#faq4

⁴¹ http://ec.europa.eu/budget/fts/faq_en.htm#faq4

CULTURE Programme

Year	UK Total Amount Awarded (Euro)	ROI Total Amount Awarded (Euro)	UK Number of Commitment Positions	ROI Number of Commitment Positions
2012	4,271,459	493,059	33	6
2011	4,359,281	396,019	26	4
2010	3,796,934	220,264	39	3
2009	4,585,394	309,926	32	4
2008	7,569,084	35,000	24	1
2007	5,394,975	267,563	18	3
Total	29,977,127	1,721,831	172	21

7.2 E-Corda Database

EC provides information on FP7 projects and participants to Member States via the grant agreement and participant database *e-Corda*. Access to the database is restricted to a small number of passwords per Member State.

The information in the following table is taken from the FP7 eCorda database using figures released on 1 July 2013. It is provided by the UK Government Department for Business Innovation and Skills (BIS) and includes signed grant agreements, as registered centrally on 21 June 2013.⁴²

The figures in the table below are cumulative from 2007 up until 1 July 2013. All figures are in Euros.

FP7: EC requested Financial Contributions €			
EC Requested Financial Contributions	Total (€ millions)	% share of UK	% of UK population
Northern Ireland	63.6	1.22%	2.90%
England	4,526.36	86.95%	83.90%
Scotland	505	9.70%	8.40%
Wales	110.5	2.12%	4.80%
Total UK⁴³	5,205.57	100.00%	100.00%
Based on data from e-Corda database up to 1 July 2013, provided by the UK Government Department for Business Innovation and Skills			

FP7: Participations			
Participations	Total	% share of UK	% of UK population
Northern Ireland	216	1.60%	2.90%
England	11,680	86.26%	83.80%

⁴² Correspondence with UK Department of Business Innovation and Skills received by RaiSe 8 October 2013.

⁴³ Includes figures for the Channel Islands.

Scotland	1,294	9.56%	8.40%
Wales	348	2.57%	4.90%
Total UK	13,541	100.00%	100.00%
Based on data from e-Corda database up to 1 July 2013, provided by the UK Government Department for Business Innovation and Skills			

The table below gives the FP7 figures for ROI:

FP7: EC requested Financial Contributions €	Funding granted to applicants (drawdown)	FP7: Participations	FP7: Successful Participations
Total (€ millions)	Total (€ millions)	Total	Total
2,715.2	571.8	8,130	1,781
Based on data up to 1 July 2013 from: Tenth Interim Report of Irish Involvement in the Seventh European Union Framework Programme.⁴⁴			

In summary, up until 1 July 2013 UK had 13,541 participations; ROI had 8,130. Of the ROI participations, 1,781 successfully drew down monies. Data provided by BIS does not include the portion of UK participations which were successful in drawing down funds.

Scrutiny Point:

The Committee may wish to ask OFMdFM if successful drawdown figures are available below UK Member State level.

Regarding NI funding, the Executive's *European Priorities: 2012-13 Implementation Report* states the following key achievement:

Secured a regional drawdown total of €55,739,264 from Framework Programme 7 (FP7) since the commencement of the funding period. Latest available FP7 figures (November 2011 to July 2012) reveal an additional 19 successful North/South FP7 applications in this period. These have a total value of €20.5m (representing a 51% increase in this short time).⁴⁵

Scrutiny Point:

In light of the €63.6m funding requested by NI in the table above, the Committee may wish to ask OFMdFM for clarification of these figures. For example, how much of the total €20.5m is to be allocated to NI?

⁴⁴ Data supplied to RaiSe by Enterprise Ireland : 10/10/13.

⁴⁵ Northern Ireland Executive. (2013) *European Priorities: 2012-13 Implementation Report*, p.5. http://www.ofmdfmi.gov.uk/eu-priorities-2012-13-implementation-report_pdf_391kb_.pdf

8. Conclusion

Defining, measuring, reporting and evaluating the drawdown of EU competitive funding is problematic. Initially a clear distinction needs to be made between competitive and non-competitive funding. Then the myriad of available EU funding streams must be explored and understood. The setting up of the Barroso Task Force and the four desk officers in Brussels are examples of how the EC and the Executive sought to do this. With these structures in place, the Executive then prioritised key funding streams, which could be best explored by NI businesses.

The measurement of NI's drawdown of competitive funding arguably presents the greatest challenge. The PfG target of 20% drawdown over the 4 years of the Spending Review appears to be insufficiently challenging. There does not seem to be a clear rationale explaining why the 20% figure was chosen, instead of 25% or 30%.

The increase of the baseline from £11m to £13.2m following the mid-term revalidation of the baseline does not appear to incentivise an increased drawdown during the remaining two years of the Spending Review. The drawdown in the first 2 years has been more than sufficient to meet the overall 20% target.

The reporting of drawdown itself is also problematic. Competitive funding typically involves partnership arrangements with companies or organisations in other EU Member States or non-Member States. This can lead to difficulties in accurately reporting the drawdown of funds. The distinct financial reporting calendars of the UK and the EU, and the reporting of drawdown in Sterling by the UK and in Euro by Commission also create difficulties, for example, impact of exchange rate on the amounts involved. This is particularly relevant when attempting a comparison of drawdown across and below Member State level. The EC's FTS database reports drawdown in Euros. It identifies all recipients of competitive funding over €15,000. It is not, however, filtered below Member State level, so comparisons across the devolved administrations (whilst technically possible) would be extremely time consuming and resource intensive. It would appear that a consistent holistic approach to reporting the drawdown of EU competitive funding remains elusive for both the Executive and the EC.

Annexe 1

Competitive Funding Streams and EU networks and consortia

Table 1. NI's Competitiveness and Employment Priority

Key EU Policies	NI's Participation in EU Networks	NI's Targeted EU Competitive Funding Streams
Innovation Union	Empowerment and Inclusion Learning Network	PROGRESS Lead Department (DEL)
Agenda for New Skills and Jobs	European Regional Skills Network	INTERREG Lead NI Department (DRD)
Youth on the Move	Partnerships between European Services Stakeholders (PARES)	Trans-European Networks (Transport, Communication and Energy) Lead NI Department (DRD)
European Platform against Poverty	Public Employment Services Network (PES)	Framework 7 Programme Lead NI Departments (DEL/DRD/DETI)
Industrial Policy for the Globalisation Era	Peer Learning Clusters	Lifelong Learning Programme Lead NI Department (DEL)
European White Paper 2011: Roadmap to a single European Transport Area		Youth in Action Lead NI Department (DEL)
Single Market Act		
State Aid		

Table 2. NI's Innovation and Technology Priority

Key EU Policies	NI's Participation in EU Networks	NI's Targeted EU Competitive Funding Streams
Horizon 2020 Framework (2014-20)	Agriculture, food security and climate change (FACCE) Joint Programming Initiative (JPI)	Framework 7 Programme Lead NI Departments (DETI/DEL/DCAL/DARD/DHSSPS)
Europe 2020 Flagship: Innovation Union	European Initiative Partnership (EIP) on agricultural productivity and sustainability (ERANETs)	Competitiveness and Innovation Framework Programme Lead NI Department (DETI)
Competition Policy	Enterprise Europe Network	Connecting Europe Facility Lead NI Departments (DETI & DRD)
Europe 2020 Flagship: A Digital Agenda for Europe	European Regions of Research and Innovation Network (ERRIN)	INTERREG IVC Lead NI Departments
Common Agricultural Policy		Horizon 2020 Lead NI Departments (DETI/DEL/DCAL/DARD/DHSSPS)

Rural Development Programme

Table 3. Climate Change and Energy Priority

Key EU Policies	NI's Participation in EU Networks	NI's Targeted EU Competitive Funding Streams
Europe 2020 Flagship: Resource Efficient Europe	Environment Conference of the Regions of Europe (ENCORE)	Framework 7 Programme CONCERTO Lead NI Departments (DOE/DARD/DRD/DETI)
Low-carbon Economy 2050 Road Map	Agriculture, food security and climate change (FACCE) Joint Programming Initiative (JPI)	European Energy Programme for Recovery EU Energy Efficiency Fund Lead Department (DOE)
European White Paper 2011: Roadmap to a single European Transport Area	European Initiative Partnership (EIP) on agricultural productivity and sustainability (ERANETs)	Horizon 2020 Lead Department (DETI)
European Energy Efficiency Plan (until 2020)	European Regions of Research and Innovation Network (ERRIN)	Trans-European Networks Transport (TEN-T) Lead Departments (DRD/DOE)
Common Agricultural Policy		Competitiveness and Innovation Framework Programme Eco-Innovation Lead Departments (DETI/DOE)
Rural Development Programme		Smart Cities and Communities Initiative Lead Department (DOE)
Common Fisheries Policy		LIFE+ Lead Department (DOE)
Innovating for Sustainable Growth: a Bio-economy for Europe, Strategy and Action plan		CIVITAS Lead Departments
		European Energy Efficiency Fund Lead Department (DOE)
		INTERREG IVB <ul style="list-style-type: none"> Atlantic Area Programme Northern Periphery Programme North West Europe Programme Lead Departments (DARD/DOE)
		NER 300 Lead Department (DOE)

	Entrepreneurship and Innovation Programme Lead Department (DOE)
	Intelligent Energy Europe ELENA Lead Department (DOE)

Table 4. Social Cohesion Priority

Key EU Policies	Participation in EU Networks	Targeted EU Competitive Funding Streams
Europe 2020 Flagship: Youth on the Move	"We will seek to identify EU networks and consortia and, through these, gain partners in bidding for competitive funding." ⁴⁶	INTERREG IVB <ul style="list-style-type: none"> • North – West Europe • Atlantic Area • Northern Periphery INTERREG IVC Interregional Cooperation Lead Departments (DFP/DHSSPS/ all departments)
Europe 2020 Flagship: European Platform Against Poverty		PROGRESS Lead Departments (OFMDFM/DEL)
European Year of Active Ageing and Solidarity Amongst Generations		Youth in Action Programme Lead Departments (DSD/DEL)
		Lifelong Learning Programme Lead Department (DCAL)
		ERASMUS for ALL Lead Departments (DEL/DE)
		The Culture Programme Lead Departments (DCAL)
		Framework 7 Programme Lead Departments (OFMDFM/DOJ/DHSSPS/DCAL)

⁴⁶European Priorities 2012-13. Winning in Europe: http://www.ofmfmni.gov.uk/european_priorities_2012_-_2013.pdf