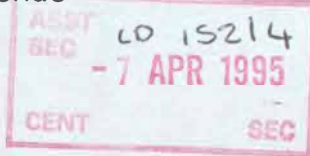




DEPARTMENT OF FINANCE & PERSONNEL

Arches Centre
11-13 Bloomfield Avenue
Belfast BT5 5HD

Tele: 01232 520400
GTN: 440 -



FROM: V HEWITT

DATE: 5 April 1995

Mr Kennedy

Mr Justice
Good stuff
AW
7.4

cc PS/Sir John Wheeler (DFP,B&L)
PS/Michael Ancram (DENI,B&L)
PS/Mr Moss (DHSS,DOE&L)
PS/Baroness Denton (DANI,DED&L)
PS/PUS (B&L)
PS/Mr Fell
NI Permanent Secretaries
Mr Watkins
Mr Wood
Mr Maxwell
Mr Quinn

PS/Secretary of State (B&L)

SPEECH BY DR MARJORIE MOWLAM MP AT BALLYMENA: 4 APRIL 1995

1. Dr Marjorie Mowlam, opposition front bench spokesperson on Northern Ireland has apparently cast doubt on the genuine involvement of local interests in shaping the peace programme and in the promotion of local economic development in the Province, during a visit to Ballymena District Council on 4 April. This is the first of a series of meetings which the opposition Northern Ireland team intend having with local organisation.
2. Dr Mowlam's claims, repeated in a press release and an accompanying document titled 'Local Access To Investment' (copies attached at Annex B), are at variance with the facts and ought to be rebutted as quickly as possible. A letter from the Secretary of State to Dr Mowlam, either private or for public release, pointing out these errors, may be an option for doing this. A draft is attached for the Secretary of State's consideration.

V. Hewitt

V HEWITT

VH5745JMcC

To:

Encl:

Copied to:

Dr Majorie Mowlam MP
House of Commons
Westminster
LONDON

Date: April 1995

DRAFT LETTER FOR SIGNATURE BY THE SECRETARY OF STATE

I was disappointed to read reports of the comments you made recently at a meeting with District Council representatives and local organisations in Ballymena. Since your remarks on the new European Community Initiative for peace and reconciliation and local economic development were ill-informed and could mislead local communities, I thought it necessary to set the record straight.

I am determined that the programme which is agreed with the European Commission under the new initiative for peace and reconciliation should reflect fully the views of local communities in Northern Ireland. That is why we are currently engaged in the widest possible consultation with local interests. Advertisements have been placed in the local press offering a copy of the draft guidelines for the initiative to anyone wishing to acquire them and inviting written submissions on the content and structure of the programme. I had the pleasure of opening a major conference on 29 March to which a wide range of local organisations, including all of the District Councils, were invited to discuss the new initiative in detail with representatives from the European Commission, and Northern Ireland and Irish officials.

In addition, the relevant Northern Ireland departments are engaged in an extensive series of meetings on the initiative with local organisations including employers and employees interests and the voluntary sector. I am surprised that you do not appear to be aware of any of these developments.

You have also referred to the establishment of intermediary funding bodies to evaluate projects and distribute resources under this programme. Such bodies may indeed have a role to play, and we and will be discussing this with the Commission and others as we prepare the draft programme. They would, of course, absorb resources in administration which could otherwise be used to support important projects, so a balance will need to be struck. Nevertheless, I have indicated that, provided the essential requirements of accountability for the use of taxpayers' money can be satisfied, it may be appropriate to use a limited number of intermediaries to deliver some aspects of the initiative.

As for the use of private sector capital for co-financing projects eligible for support under the new initiative, you should be aware that the Government is keen to see the private sector play a full role in all aspects of the Structural Funds. The European Commission may have some reservations on the extent to which private sector involvement may be appropriate but this is an issue which we expect to resolve in the near future.

You have also queried the steps which are being taken to ensure that local organisations have the information needed to design

and seek support for projects. As I have already mentioned, we have distributed copies of the draft guidelines for the initiative very widely and all participants at the 29 March conference were supplied with a discussion document covering many of the technical issues involved in preparing a programme. The Commission have also prepared a guidance note on the initiative and an explanatory paper on the important 'social inclusion' priority. These documents are freely available.

The Commission has also undertaken to make available technical assistance to local organisations during the preparation of the programme and they are at present finalising how this will be provided. Once the programme is agreed, we expect it will contain provision for further technical assistance, though this will have to be agreed with the Irish authorities and the Commission.

Finally, you have highlighted the importance of fostering partnerships at all levels to ensure that the programme is delivered effectively. I agree entirely and this is a point which I stressed in my address to the 29 March conference. I am sending you a copy of my address which you will find also covers many other issues which you have not raised.

I hope that this letter will reassure you, and those who may have noted your concerns, that the Government is giving the new

initiative the priority it deserves, and that we are conducting a highly inclusive consultation in order to inform the drafting of the programme.

[Since you issued a Press Release to publicise your concerns, I am making this letter available to the media.]

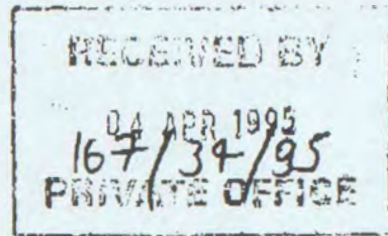
SIR PATRICK MAYHEW MP

VH5747JMcC

To: S OF S



Please fax to Loren



FAX TRANSMISSION FROM MARJORIE MOWLAM MP

For the attention of: *Simon Rogers*

From: *Mo Mowlam's office*

No of Pages: *9 (inclusive)*

PS/SofS B+L
 PS/Sir Wheeler
 DFP, B+L
 PS/Baroness
 Denton
 DED+
 PS/Mr Moss DDE
 +L
 PS/PUS B+L
 PS/Mr Fell
 Mr Semple
 Mr Watkins
 Mr Dodds
 * Mr Quinn
 Mr Caine

* Advice & draft reply is
 by Mowlam's points.
 R. Crawford
 4.4 a

FOR FURTHER INFORMATION PLEASE CALL MARJORIE MOWLAM ON 071-219-5066

News release

Issued by the Campaigns and
Communications Directorate
150 Walworth Road, London SE17 1JT.
Telephone 071-701 1234 Night 071-234 3393.
Director David Hill

4th April 1995
Embargo: 11.00 hrs

LABOUR WANTS ANSWERS ON GOVERNMENT PLANS FOR EU FUNDING

Shadow Northern Ireland Secretary, Marjorie Mowlam and Shadow Northern Ireland Minister, John Spellar, today spoke to community representatives at a Local Economic Development conference in Northern Ireland arranged in conjunction with Ballymena Borough Council.

Speaking at the conference, Marjorie Mowlam said:

"The EU have allocated £233 million for the programme - that's on top of the £956 under Objective One, the £139 announced recently under the Interreg II and Urban initiatives and the £16 million EU contribution to the International Fund for Ireland. The Government have a great responsibility to ensure that these resources are allocated equitably, efficiently and effectively. That means involving local decision makers at the outset.

"Labour wants to know,

Why the Government is so reluctant to consult and to consider the views of local councils and organisations across Northern Ireland over economic development issues?

What are the Government's plans to work with the Commission to establish intermediary bodies to examine projects and to distribute resources under this programme?

Are the Government looking to remove the obstacles that exist to private sector capital being used to co-finance projects eligible for European funding under this Special Programme?

What steps the Government are taking to co-ordinate with existing bodies in Northern Ireland and with the Commission to make sure that local organisations have all the information they need to design attractive projects and make applications for resources?

"Labour want to see a high degree of ownership for programmes and projects at local level. This is the best way to avoid waste and duplication. That means encouraging the development of partnerships at all levels, encouraging collaboration between local councils in Northern Ireland and cross-border co-operation and providing all the information necessary for project development."

Cont.....

Labour 

All news releases are issued on a check against delivery basis and any portion of the speech not actually delivered should be reported as given and read aloud

104-APR-1995 11:33 FROM 92106722 P.03

"Labour has spoken to industry groups and trade unions in Northern Ireland, consulted with MEPS and the Commission in Brussels now we are working with community organisations in Northern Ireland."

"We are discussing ideas and suggestions to help local groups gain access to investment locally and make economic development work from within the communities in Northern Ireland. The Tories are out of touch and not giving sufficient priority to this area."

*** ENDS ***

For further information contact Nigel Warner 071 219 3572/0836 742 723

Note to Editors:

The conference is the first of a series involving members of the Shadow Northern Ireland team and other Labour members in discussions with representatives from District Councils, local businesses, trade unions, community and voluntary groups, women's organisations, schools and the Northern Ireland MPs.

Marjorie Mowlam has made arrangements for conferences at six councils to date. They are: Ballymena (4th April); Craigavon (25th April); Dungannon (9th May); Derry (18th May); Moyle (6th June); and Newry and Mourne (date tbc).

Each council has agreed to act as a venue for the conferences and to invite representatives from neighbouring districts.

LOCAL ACCESS TO INVESTMENT

Developing the Northern Ireland Economy

April 1995

Labour 

All copies released are issued on a strict confidential basis and any portion of the report or publicity material should be regarded as private and confidential

Introduction

On Friday 9th December 1994, The European Council - consisting of EU heads of government meeting in Essen, Germany - adopted a European Commission Communication proposing a Special Support Programme for Peace and Reconciliation in Northern Ireland.

The characteristics of the package are specific and unique. In the end of Summit communiqué, the Council emphasised that:

"The European Council warmly welcomes the recent historic developments in Northern Ireland and reaffirms the necessity of ensuring the irreversible character of the peace process. The European Council confirms the commitment of the European Union to underpin this *unique opportunity for reconciliation and economic recovery*.

The programme will apply to Northern Ireland and the border counties in the South, be additional, pursue the central objective of reconciliation and benefit both communities in an equitable and balanced way, and especially those areas and sections of the population suffering most acute deprivation. "

The Special Programme is additional to and distinct from either the European Structural Fund, the European Community Initiatives or the EU support for the International Fund for Ireland. Together with these programmes - and in addition to annual expenditure by the UK Government - international investment funding for Northern Ireland beginning this year amounts to almost £1.4 billion.

The current paramilitary ceasefires and ongoing peace process make this an unprecedented window of opportunity for the people of Northern Ireland. It is an opportunity that must not be wasted through Government inaction. Labour has called upon the Government to launch a new economic strategy for Northern Ireland. The details of this are set out in our paper, *Jobs and Prosperity, Fair and Full Employment in Northern Ireland*.

This supplementary paper calls upon the Government to ensure that the mechanisms are in place and the guidelines issued to allow local organisations to have the maximum input and local projects gain the maximum advantage from these available funds and focus on the urgent need to get the long-term unemployed back into work.

What follows is a description of the resources now available and the questions the Government needs to answer now to ensure that these resources are allocated in the most effective, efficient and equitable way possible.

International support for Northern Ireland.

The following table sets out the resources now available to Northern Ireland from Europe and elsewhere.

EU Structural Funding (Objective One)	956	1994 - 99
Special Support Programme for Peace and Reconciliation	233	1995-97
Community Initiatives (Interreg II and Urban)	139	1994-99
US contribution to IFI	30	1995-97
EU contribution to IFI	16	1995-97

Structural Funds

In 1986 the EC made economic and social cohesion (ie steps to reduce regional development disparities) an essential feature of the single market. The Maastricht Treaty reaffirmed this approach to develop the market and lay the basis for economic and monetary union. The resources are allocated in accordance with five priority development objectives.

Northern Ireland is eligible for funding under Objective 1 (economic adjustment of regions whose development is lagging behind) despite the fact that the per capita GDP is just above the 75% of the Union average threshold.

Between 1989 and 1993 NI received over 1 billion ECU from Structural funds. In July 1994 a new allocation for Northern Ireland was agreed by the Commission and launched as The Northern Ireland Single Programming Document. The package amounted to ECU 1.2 billion (£956m).

Community Initiatives

European Regional Policy Commissioner Monika Wulf-Mathies announced on 17th February 1995 that Northern Ireland would get 173.9 million ECU from 1994 -99 under the Interreg (157 m ECU) and Urban (16.9m ECU) initiatives.

● Special Support Programme for Peace and reconciliation in Northern Ireland

The European Commission approved implementation of the £300m ECU (£233m) Special Programme 14th February 1995. This money can make a real difference to the lives of people in Northern Ireland, it is a special package responding to urgent need.

The Programme has five priority areas:

- ◆ employment;
- ◆ urban and rural regeneration;
- ◆ cross-border development;
- ◆ social inclusion;
- ◆ investment and industrial development.

The emphasis is on local development through grass-roots organisations - on the need for more local involvement from representative and independent bodies working on the ground. Projects encouraging reconciliation and cross-community co-operation are particularly encouraged. In conjunction with the INTERREG initiative, cross-border development will involve both Northern Ireland and the border counties in the Republic. The specific reference to investment and industrial development underlines the need to improve productivity and to focus investment on skills and research and development which lagged behind Britain during the 1980s.

Labour's Priorities

Labour has called upon the Government to introduce a new economic strategy. As well as - and because of - the peace, people want to see economic growth, new jobs and improved living standards. The ongoing peace process and its extensive coverage in the world's media provides Northern Ireland with a crucial window of opportunity to lay the foundations for future inward investment.

Increased inward investment will provide some new job opportunities over the medium to long term, but Northern Ireland urgently needs economic regeneration and restructuring including both an immediate action programme for jobs and longer-term measures to expand capacity, improve skills, rebuild infrastructure and encourage innovation. Labour's 1994 Budget Submission and our *Jobs and Prosperity* paper contained a package of specific recommendations including measures to help small businesses, a unified framework for skills training, incentives for businesses to take on the long term unemployed and improvements to nursery care. We look forward to discussing these proposals with local organisations in Northern Ireland.

Expanding trade with other countries within the European Union and beyond is essential to the success of Northern Ireland's economic development. Well over half of Northern Ireland firms currently trade materials and products with the Republic of Ireland. But lack of market intelligence is still a significant impediment for companies seeking to develop trade with the Republic. Such concerns need to be addressed in the context of greater North/South co-operation as emphasised in the Community Initiatives, the Special Programme and in the Joint Framework Document.

Where existing public and additional overseas resources are available, we want to see them targeted onto those projects in areas and among communities where there is greatest need. This cannot be done without close and open co-operation between the bodies co-ordinating the resources and the decision makers in local businesses, trade unions, local councils, community and voluntary groups. Labour are concerned that there is currently insufficient political accountability and transparency to be fully responsive to the needs of the organisations on the ground.

Immediate Questions for the Government

Local Councils have been preparing detailed studies of their local economic development needs. In preparing their own proposals, the Government do not seem to have consulted widely with local organisations. Labour wants to know,

Why the Government is so reluctant to consult and to consider the views of local councils and organisations across Northern Ireland over economic development issues?

We are calling on the Government to work with the Commission to ensure that decisions over the distribution of the money are made as closely as possible to the people who will benefit. The Commission hope to make some of the Special Programme money available to organisations on the ground by the end of the summer. Labour wants to know,

What are the Government's plans to work with the Commission to establish intermediary bodies to examine projects and to distribute resources under this programme?

Local organisations may have difficulties raising public finance to make up their 25% share of the co-financing needed to get projects - eligible for EU support under the Special programme - off the ground. Labour wants to know,

Are the Government looking to remove the obstacles that exist to private sector capital being used to co-finance projects eligible for European funding under this Special Programme?

Local organisations need advice and encouragement to gain access to the resources available. Labour wants to know,

What steps the Government are taking to co-ordinate with existing bodies in Northern Ireland and with the Commission to make sure that local organisations have all the information they need to design attractive projects and make applications for resources?

These questions need addressing now. Labour is calling on the Government to make its plans open and available to all organisations and groups in Northern Ireland. There must be a marked reduction in the secrecy and exclusivity that surrounds Government activity in Northern Ireland. That is a necessity of the peace process. It is also essential to ensure that the resources now available are most efficiently and effectively employed.

A new Approach

The European Commission's 1994 Single Programming Document recognises the importance of local input into economic development. It says:

"It is now widely considered that a local development approach can have a real impact on local employment and initiative. The involvement of local actors through partnership in the management and implementation of locally led initiatives can provide the required sense of ownership and ensure local accountable, meaningful and sustainable development."

We don't want the Government to impose grandiose projects from above, but to listen and to take steps which will make a real difference in terms of jobs, growth and investment. Labour is in consultation with local organisations to learn about and encourage initiatives for accessing investment locally and making economic development work from the bottom-up.

We want to see a high degree of ownership for programmes and projects at local level. This is the best way to avoid waste and duplication. That means encouraging the development of partnerships at all levels, making sure people have access to information, encouraging collaboration between local councils in Northern Ireland and cross-border co-operation and advising on project development.

In all these areas Government must be aware of and responsive to local needs. Labour is in touch with local organisations in emphasising the crucial importance of local economic development in the course of promoting reconciliation between the communities in Northern Ireland.