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Annex B

**EU PEACE PACKAGE**

At its Essen Council meeting on 9 December the European Community adopted a package of financial assistance designed to support fresh actions to cement the "Peace Process", with the aims of benefiting the people of NI and the border counties of the ROI. Entitled "A special support programme for peace and reconciliation in NI", the initiative represents a total package amounting to 300 MECU (about £230 million) over the next three years, with a possible extension of the programme for a further two years, subject to a favourable review.

The Prime Minister has already made clear that the new programme will be fully additional.

Under the programme priority is given to the following five key areas - employment, urban and rural regeneration, cross border development, social inclusion and investment/industrial development. While the Commission has not yet made public how the package will be apportioned between NI and the ROI, they have indicated privately an 82/18 split in favour of NI. Part of the available funding may be used to provide interest rate subsidies for EIB loans to small and medium sized business enterprises.

The Commission is currently drawing up guidelines to govern the initiative. A first draft is expected in mid-February and will be the subject of consultation with the European Parliament, the Economic and Social Committee and the Committee of the Regions. Final guidelines will be produced following discussions in the Management Committee, possibly end April. The respective Governments will then be invited to submit a programme, detailing their respective proposals, within the parameters of the guidelines. The hope is that the programme will be approved and cleared for implementation by June/July.

In the meantime NI officials are maintaining close contact with the Commission and are beginning to identify possible themes and proposals for eventual inclusion in the programme - based on proposals already received from local organisations.

The Commission has emphasised the importance of the involvement of local authorities, business, trade unions and voluntary organisations at local level in shaping and implementing the package of assistance. Consequently there will be full consultation with local bodies in drawing up the planned programme.

The Minister will also wish to note that the Regional Policy Committee of the European Parliament has appointed John Hume to act as rapporteur to bring forward proposals for the use of the new funds. This is to facilitate the Parliament's response to the proposal. The Parliament is, of course, only one of a number of organisations which will respond.

Line to Take

The Minister might acknowledge the importance of the EC 'Peace Package' not only in terms of its financial benefit to Northern Ireland and the border counties in the ROI (300 MECU over 3 years with the possibility of this being extended to 5 years) but also as a tangible and welcome expression of the goodwill towards Northern Ireland which exists within the European Union.

The Minister might also highlight the importance which the Commission and NI Ministers place on the involvement of local groups and organisations in the development of the programme. To this end officials will institute a further round of consultation with interested parties once the Commission have produced the necessary guidelines to govern the operation of the Programme.

In particular, the Minister may wish to refer to the assurances given by the Prime Minister to District Councils on consultation.

If questioned on the detail of the package and how it is to be administered, the Minister can say that such details can only be addressed when the Guidelines to govern the programme have been produced by the Commission (first draft mid-February). However, consultation with the NIEC and others will be extensive.