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REPORT FROM THE COMMISSION

**on the International Fund for Ireland pursuant to Article 6 of Council Regulation
(EC) No. 2236/2002**

{SEC(2004) 1196}

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The European Union's long standing support for the peace process in Northern Ireland has been best exemplified by its commitment to the International Fund for Ireland (IFI) since 1989 and the PEACE Programme since 1995. This commitment recognises the long-term nature of the peace process' objectives, which have been widely supported over the years by the European Parliament, Council and Commission.

Council Regulation (EC) No. 2236/2002¹ provides the current legal basis for the Community contributions for 2003 and 2004. Article 6 of that Regulation sets out the necessary elements for an assessment of the need for support beyond 2004, and its submission to the EC Budgetary Authority (European Parliament and Council of the European Union). This report and its annexes build on the 2001 Report on the International Fund for Ireland², and fulfil the requirements for the assessment mentioned above.

Since the 2001 Report, devolution has been suspended in Northern Ireland. The political and social situation of the region remains fragile and the continuing level of violence and division calls on the EU to sustain its efforts to promote peace and reconciliation in this part of the European Union. On 18 June 2004, the European Council adopted the following Presidency's conclusion in reference to the Northern Ireland peace process³: *“The European Council takes note of the current difficulties in the peace process in Northern Ireland and supports the efforts of the two governments in seeking to re-establish the devolved institutions. In order to support these efforts, the European Council calls 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.”*

Past European Commission reports have acknowledged the very positive contribution of the IFI's activities to peace and reconciliation in Northern Ireland and the Border Region of Ireland thereby fulfilling its objectives, namely to promote economic and social advance, and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland.

¹ Council Regulation (EC) No. 2236/2002 of 10 December 2002 concerning Community financial contributions to the International Fund for Ireland (2003-2004).

² Communication from the Commission: Report on the International Fund for Ireland pursuant to Article 5 of Council Regulation (EC) No. 214/2000 - COM(2001) 548 and SEC(2001)1579 of 1 October 2001.

³ Presidency Conclusion No. 47- Brussels European Council 17-18 June 2004; Council of the EU No.10679/04 (CONCL 2) of 18.06.2004.

The current round of EC Structural Funds Programmes (in particular the PEACE Programme), which are the major instruments to promote economic and social progress in the region, present new opportunities for the IFI. The priorities set by both IFI and EC Programmes complement each other and this high potential for synergies needs to be further harnessed. In particular, while the IFI targets mainly economically disadvantaged areas, the PEACE Programme targets a list of areas, groups and sectors identified as “most affected by the conflict”. Similarly, the cross-community and/or cross-border dimension(s) could become explicit selection criteria for all IFI programmes, as they now are for all PEACE priorities.

The ongoing strategic review of the IFI activities augurs well for a “repositioning” in favour of community-based activities with a strong reconciliation dimension. Although the methods and the financial scale of the IFI and EC Programmes remain quite different, it is expected that the ongoing strategic review will allow the IFI, together with its donors, to make progress along these lines.

The UK and Irish Prime Ministers wrote to the President of the European Commission in May 2004 requesting an extension of the EC contributions to the IFI and a continuation of the PEACE Programme for two years (2005-2006). Romano Prodi responded that the Commission was keen to maintain these efforts as these European interventions have a genuine added-value in bringing communities together to address shared economic and social problems and opportunities.

As reinforcing the solidarity between Member States and between their peoples is a core EU objective, it is therefore important for the EU to remain committed to these objectives, alongside other international donors, and to renew its contribution to the IFI.

In this context, the Commission believes that funding after 2004 should continue to be provided on the basis of the observations made in this report, which could be reflected either in the future Council Regulation on the EC contribution to the IFI, or through other appropriate means of co-operation between the Commission and the IFI.