



**Ulster Unionist Party Response to the Consultation on the Northern Ireland 2014-2020 ERDF  
Investment for Growth and Jobs Programme**

Introduction

The Ulster Unionist Party welcomes the opportunity to respond to this consultation.

The current cycle of EU Structural Funds ends in December 2013 and this engagement will play a vital role in shaping the approach of the Department of Enterprise, Trade and Investment (DETI) to the new Programme, which will come into effect in 2014.

Inclusive of match funding, the ERDF is likely to be in the region of £400 million and we must ensure that it is utilised in the most advantageous way in order to support economic development throughout Northern Ireland.

Thematic Objectives

We note the consultation outlines that the mandatory Thematic Objectives and associated Thematic Concentrations for the ERDF Programme still have to be finally agreed between the Commission and Member States.

Although it anticipated that Northern Ireland will be expected to select at least two from the following four Thematic Objectives;

- Thematic Objective 1: Strengthening Research, Technological Development and Innovation;
- Thematic Objective 2: Enhancing Access to, and use and quality of, ICT;
- Thematic Objective 3: Enhancing the Competitiveness of SME's;
- Thematic Objective 4: Supporting the shift towards a low carbon economy in all sectors.

The Ulster Unionist Party believes that the two areas which require specific focus are Thematic Objectives 1 and 3 as set out below;

### *Strengthening Research, Technological Development and Innovation*

Progress has been made in the area of Research and Development in Northern Ireland with spending per capita now at a similar level to the rest of the UK. However, much work remains to be done to reach the levels evident in Finland in a European context and Singapore globally.

The fact that Northern Ireland had the lowest number of patents applied for, and granted, in any UK region for 2010 and 2011 is a worrying comparison as these are important indicators of how well an economy is innovating.

The finding of a recent Nesta poll is also cause for concern as it showed that 56 per cent of NI business leaders invested either none, or less than one per cent, of their business revenue in innovation in the last financial year. In percentage terms we also have less innovation active firms in NI than in the rest of the UK.

A draft Innovation Strategy was recently published by DETI and its corresponding statutory committee has conducted an inquiry into 'Developing the Northern Ireland Economy through Innovation, Research & Development'.

The ERDF programme should be used to enhance and drive forward this existing work and we support the provision of finance grants to do so.

### *Enhancing the Competitiveness of SME's*

Northern Ireland's private sector is made up almost exclusively by Small and Medium Sized Enterprises. Therefore, as a means of growing our private sector and rebalancing the economy we must enhance the competitiveness of these businesses.

We agree with the particular prioritisation of access to finance in this regard. Many SME's are clearly struggling to access finance from banks in the current economic environment and there is also a lack of available lending data which is specific to Northern Ireland.

Further to that, there is clear evidence of a lack of alternative or 'non-bank' initiatives to access finance e.g. Venture Capital and Peer-to-Peer lending. Financial Engineering Instruments may begin to address this issue.

The Creative Industries is an expanding sector with the recent successes in film and screen to the fore. With GVA in this area remaining at just 2% in comparison with 5.6% for the whole of the UK, we welcome the potential of support from the ERDF.

We also note that this Thematic Objective may relate to tourism. During the last number of years we have witnessed the hosting of successful events such as the World, Police and Fire Games and the Irish Open Golf Championship. We believe that the ERDF programme could contribute to future success in the tourism sector and a Tourism Innovation Fund (TIF) is a good example of that.

### Delivery Mechanisms

The Ulster Unionist Party notes the intention to deliver the 2014 – 2020 ERDF Programme largely through DETI, Invest NI and the Northern Ireland Tourist Board. However, we assume that DFP will continue to have an oversight role.

We also again place on record our opposition to the 11 council model being enacted under the Review of Public Administration. A 15 council model takes greater cognisance of community ties and community identities and would be more suitable in discharging duties in respect of local economic development and tourism.