



BRITISH-IRISH INTER-PARLIAMENTARY BODY
COMHLACHT IDIR-PHARLAIMINTEACH NA BREATAINE
AGUS NA hÉIREANN

REPORT
from
Committee B on European and International Affairs
ON
EU AID FOR PEACE AND RECONCILIATION

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**BRITISH-IRISH INTER-PARLIAMENTARY BODY
Committee B: European and International Affairs**

**REPORT ON EU AID FOR
PEACE AND RECONCILIATION**

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I. REPORT OF THE COMMITTEE

Introduction

1. On 28 July 1995 the European Commission adopted the joint operational programme submitted to them by the Department of Finance and Personnel in Belfast and the Department of Finance in Dublin and so established the Special Support Programme for Peace and Reconciliation in Northern Ireland and the Border Counties of Ireland 1995-1999. This Programme, which we refer to henceforward in this Report as the "PEACE Programme", had its origins in the work of a special European Commission Task Force set up after the cessation of violence in Northern Ireland in the autumn of 1994 to examine ways in which the European Union (EU) could assist the peace process. The Task Force's conclusion, that the EU had a clear interest and vital role to play in maintaining the momentum for peace and reconciliation, was reflected in a Commission proposal for a special support programme which was endorsed in principle by the European Council at Essen in December 1994. The Commission subsequently adopted draft guidelines for the initiative on 14 February 1995, and, after consultation with other EU institutions, agreed on definitive guidelines on 16 May 1995. At the same time, both national Governments conducted extensive consultation processes with interested parties to assist in determining the final structure of the Programme. The three Northern Ireland MEPs have also been closely involved in the development of the Programme. The Programme which has finally emerged from these various deliberations is a tangible demonstration of the EU's commitment to the success of the peace process in Ireland.

2. We have a continuing interest in the effective deployment of EU support for Northern Ireland and the Republic: indeed, two years ago we reported on a Community initiative which has some elements in common with the PEACE Programme, namely INTERREG, which seeks to assist certain border regions in the EU and promote cross-border co-operation. The PEACE Programme takes its place in a network of support programmes administered by the EU and by the two national Governments designed to provide economic and social benefits to people on both sides of the border in Ireland. As an Objective 1 area in terms of EU Structural Funds, Northern Ireland will be in receipt of approximately £1 billion over the period 1994-99 under the Single Programming Document. Likewise, under the Community Support Framework, the Republic of Ireland will receive IR£6.9 billion over the same period. Apart from INTERREG, the LEADER programme, aimed at developing the potential of rural areas, is also of significance on both sides of the border in Ireland. A further source of support is the International Fund for Ireland (IFI), the subject of a recent report from Committee C. Indeed, the IFI is expected to co-finance some of the projects under the PEACE Programme. One of the main issues which we explored in the course of our inquiry was the extent to which the PEACE Programme's objectives are sufficiently comprehensible, and distinct from other possible sources of funding, especially when seen from the perspective of potential applicants for funding.

3. The terms of reference which we adopted for this inquiry are as follows:

"The Committee will inquire into the financing of the package, into the proposed geographical distribution of the aid, into the administrative arrangements - including involvement of non-Governmental bodies - and into the types of projects that are to be supported".

We obtained written evidence from a number of interested parties, including the two Governments, and made two visits within Ireland, North and South, and one to Brussels, to hold discussions with those responsible for administering the Programme, and with those who could benefit from it. We are most grateful to everybody who has assisted us in our inquiry.

The main features of the PEACE Programme

4. Before providing an analysis of the Programme's financing and structure, we highlight in the following paragraphs the salient features of the Programme. Full details of the structure of the Programme, the intermediary funding bodies and the available funding are given in Annexes A and B of this report.

Objectives

5. The strategic aim of the Programme is "to reinforce progress towards a peaceful and stable society and to promote reconciliation by increasing economic development and employment, promoting urban and rural regeneration, developing cross-border co-operation and extending social inclusion". This aim is sub-divided into two strategic objectives: "to promote the social inclusion of those at the margins of economic and social life" and "to exploit the opportunities and address the needs arising from the peace process in order to boost economic growth and stimulate social and economic regeneration". The main distinctive feature of the PEACE Programme, which sets it apart from other aid programmes, is its emphasis on achieving "social inclusion", which may not be easily measurable and therefore creates implications for the monitoring and evaluation of expenditure on individual projects.

Funding mechanisms

6. A substantial proportion of the funding available under the Programme, on both sides of the border, is to be allocated and delivered by non-Governmental organisations, so-called intermediary funding bodies (IFBs). Additionally, in Northern Ireland, a slice of funding is to be delivered by district partnerships representative of diverse interests within each district council area. The devolution of responsibility brought about by the novel funding mechanisms under the Programme has the clear aim of involving respected non-Governmental agencies and local communities directly in the delivery of the Programme. Through this "bottom-up" approach, the European Commission hopes that the objective of reconciliation between communities can be achieved as much through the *process* of making decisions on funding allocations as through the *product* of those decisions, the moneys actually disbursed to particular projects.

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Complexity

7. The establishment of novel funding mechanisms under the Programme has added to the intricacy and complexity of an already complicated structure of sub-programmes and measures which go to make up the Programme as a whole, each of which has a precise proportion of the total available funding allocated to it. In the Republic there are 5 main sub-programmes containing a total of 19 separate measures. Twelve of these measures are being administered jointly by the Republic's two intermediary funding bodies, Area Development Management (ADM) and the Combat Poverty Agency (CPA). In Northern Ireland matters are more complicated still: there are 22 different measures under the corresponding 5 sub-programmes, and 6 IFBs involved in the Programme's administration. The district partnerships, which constitute sub-programme 6 in Northern Ireland, are also responsible for funding projects. Moreover, in Northern Ireland five other non-governmental bodies have been given responsibility for block allocations of grants. Applicants for funding under the Programme must therefore be able to identify the appropriate measure and the responsible organisation to which their application must be directed. On the administrative side, a network of contractual arrangements has had to be established between the European Commission, the national Governments, the intermediary funding bodies and district partnerships to ensure that public expenditure is accounted for properly.

Funding

Introduction

8. The PEACE Programme initially provides 300 million ecus (mecu) of EU funding spread across the three years 1995 to 1997 inclusive. Further funding for 1998 and 1999 will depend upon a review to be carried out by the Commission in 1997. The two national Governments between them will contribute 101.3 mecu over the first three years, with expected private funds of 14.6 mecu making a total planned expenditure of 415.9 mecu. EU funding will be drawn from each of the four European Structural Funds, preponderantly from the European Regional Development Fund (ERDF) and the European Social Fund (ESF). Only a small proportion of the funding was earmarked for 1995 (37.4 mecu in total), with most coming in 1996 (164 mecu) and 1997 (214.5 mecu). Eighty per cent of the money is available for Northern Ireland, with 240 mecu of EU funding being made up to a total of 330 mecu by matching public expenditure and private money, and 20 per cent is allocated to the Republic, where the Programme's estimated total cost is 86 mecu, 60 mecu of which will come from the EU.

9. The allocation of funding across sub-programmes (see Annexes A and B) reflects the priorities established during the consultation processes conducted by the two Governments and refined in discussions between the Governments and the European Commission. There are a number of points to bear in mind in considering the distribution of funding:

- (i) the primacy of the aim of social inclusion is reflected by the fact that, taking into account the expected expenditure by district partnerships, 30 per cent of all funding under the Programme will be devoted to it. The proportion of funding for social inclusion delivered by IFBs and district partnerships will be higher than for other sub-programmes;
- (ii) the consultation process conducted in the border counties of the Republic showed a high priority was attached to cross-border development, and this is illustrated by the level of funding allocated to this sub-programme in the Republic;
- (iii) the separate sub-programmes, and the measures contained within them, are not necessarily mutually exclusive: it is quite possible, for example, for cross-border projects to be funded under sub-programmes other than the cross border development sub-programme. Likewise, many projects funded under sub-programmes 1, 2, 3 and 5 are expected to contribute to social inclusion;
- (iv) the allocations across sub-programmes are not immutable: they can be adjusted as the implementation of the Programme progresses.

10. A number of general concerns about the funding of the Programme have been expressed to us, and we consider these in the following paragraphs.

Delays

11. There has been some delay in getting the Programme up and running - we examine the progress made in more depth in paragraphs (18 to 29) below - and there is some anxiety about whether funds allocated to the first two years of the Programme but not used then can be carried over, or "re-profiled" to the final year if necessary. All Structural Funds Programmes contain the facility to re-profile, and we have received unequivocal assurances from the European Commission and national Governments that such re-profiling is permissible in the PEACE Programme. Although all funds must be allocated by the end of 1999, expenditure on projects can take place until the end of 2001, but national Governments and the Commission are trying to accelerate expenditure for the first tranche. A related concern is that, if uptake has not met targets when the European Commission comes to review the Programme in 1997 with a view to deciding whether it should continue for a further two years, the Commission might be less inclined to recommend an extension, or might reduce anticipated levels of funding for those two years. **We consider it is unlikely that the Commission will take such a hard-line approach in its review, but we nevertheless strongly record our view that, should expenditure under the Programme have failed to meet overall targets, full account should be taken of the administrative delays, many of them unavoidable, which occurred at the start of the Programme.**

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Conditionality

12. An issue which, sensibly, is not addressed directly within the terms of the Programme is that of "conditionality" - in other words, whether an irretrievable breakdown of the wider peace process in Northern Ireland would cause the Programme to be terminated or scaled down. When we spoke to the European Commissioner for Regional Policy, Monika Wulf-Mathies, in January 1996, she emphasised the need to take an optimistic outlook, and the President of the Commission, Mr Jacques Santer, explicitly re-affirmed the Commission's support for the PEACE Programme after the end of the IRA's ceasefire. **It is hard to imagine the PEACE Programme continuing in anything like its present form if violence were to return to Northern Ireland on the scale witnessed in the past, but we consider that the approach taken by the Commission so far has been entirely correct, and that it would be unwise to write conditionality into the Programme in any formal sense. Any terminal breakdown of the peace process in Northern Ireland would of course, quite apart from its effect on the PEACE Programme, be a much wider tragedy for the people of the Province and the island of Ireland as a whole.**

Complementary and additionality

13. Two inter-related concepts which bear upon all forms of EU aid in Ireland, including the PEACE Programme, are "complementarity" and "additionality". There have been many complaints in the border counties that some funding under INTERREG has not been truly additional. It is axiomatic that for the PEACE Programme to be fully effective, funding provided under it should complement funding available under other Programmes and should be additional to planned funding by the EU, national Governments and other sources. The Commission has recognized that there are similarities between the types of projects which may be eligible to receive funding under the PEACE Programme and under INTERREG and the Physical and Social Environment sub-programme of the Single Programming Document for Northern Ireland, although it argues that if projects are funded under the PEACE Programme this will be for different and distinctive reasons. Officials of the Department of Finance and Personnel in Belfast told us that the Monitoring Committee for the Single Programming Document would be meeting to re-focus the SPD in the light of the PEACE Programme. Nevertheless there are still bound to be continuing problems of overlap between different Programmes. **One suggestion put to us to reduce these problems and ensure complementarity was to establish an informal liaison group for all those responsible for administering different support programmes in Northern Ireland and the border counties, including the PEACE Programme, INTERREG, the IFI, the SPD and the CSF. We recognize the dangers of creating yet another bureaucratic layer in what is already a committee-bound process, but we nevertheless commend this proposal to both Governments. There must be virtue in a regular forum in which information of common interest to the managers of different programmes could be shared. Such a forum could also assist in ensuring consistency in the referral to different agencies of applications for funding which have been initially directed to the wrong organisation.**

14. In Northern Ireland we heard allegations that the Government was reducing its own expenditure in the light of the PEACE Programme. In particular, it was alleged that the ACE scheme, run by the Training and Employment Agency, was being cut back. A related concern was that Governments might use the money available under the Programme to finance "off-the-shelf" projects which, for whatever reason, they had not got round to funding themselves. Such allegations are notoriously difficult to prove or disprove. **We recommend that both Governments ensure that they, and statutory bodies, avoid any temptation to use PEACE Programme funding to substitute for funding which they would ordinarily provide themselves.**

15. The terms of the Programme adopted by the Commission envisaged a baseline study to provide an *ex ante* appraisal of the situation before the commencement of expenditure under the Programme - this would not only provide a yardstick against which the effectiveness of the Programme could be judged, but would also be helpful in assuring the additionality of expenditure. Originally the baseline study was due for completion by December 1995: when we visited Ireland in May 1996, we were told that the two studies, one relating to the Republic and the other to Northern Ireland, were due to be considered at a special meeting of the PEACE Programme Monitoring Committee at the end of June. **We recommend that, once the Monitoring Committee has endorsed the baseline studies, it should produce regular reports demonstrating the additionality of expenditure under the PEACE Programme in addition to its work in evaluating the Programme's success in meeting its own objectives. These reports should demonstrate the additionality of EU funding and of the matching funding by the national Governments.**

Funding split

16. When the PEACE Programme was first sketched out, there was a substantial degree of opposition in the border counties to the split of expenditure between the Republic and Northern Ireland, which was compared unfavourably to the precedent established by the division of IFI funding, 75 per cent to the North and 25 per cent to the South. When we visited the border counties in September 1995, for example, we heard varying degrees of criticism of the 80/20 split under the PEACE Programme from the East Border Region Committee, the Leitrim County Enterprise Board and the Louth County Enterprise Board. The split was ultimately the decision of the Commission, and we encountered some dismay from Commission representatives, as well as from officials of the two Governments, at the critical reaction from the border counties. It was pointed out to us that the allocation to Northern Ireland was *up to* 80 per cent of funds, and in the border counties *at least* 20 per cent: that the apportionment had been on the basis of respective populations; and that in a Programme with the aim of peace and reconciliation it was appropriate that communities in Northern Ireland, which had suffered more than their counterparts in the border counties apart from those living very close to the border, should receive the lion's share of the funding. We have the impression that much of the heat has gone out of this issue as the Programme has progressed. **We consider that the split in funding between Northern Ireland and the border counties is equitable and reasonable in the context of this Programme.**

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Capital expenditure

17. The funding available under the PEACE Programme is not enormous, and it is spread fairly thinly over a large number of separate measures, north and south of the border. Moreover, the main emphasis in the Programme is on social inclusion and similar relatively intangible concepts. While infrastructural support is provided for under certain sub-programmes, the amount of grant available is relatively small. Taken together, these factors mean that the Programme is not capable of being, nor is it intended to be, a means of financing extensive infrastructural development, although there is technically no bar to a certain amount of capital expenditure. There are clearly circumstances in which some capital expenditure may be necessary to enable current expenditure to be effective, and it seems reasonable to assume that capital funding may be required more often by those socially-excluded groups which the Programme is particularly trying to reach, many of which may, for example, lack suitable premises in which to conduct their activities. **This is a potential problem which must be kept under close review by the Monitoring Committee.**

Progress

Introduction

18. We have already briefly described the events leading up to the adoption of the Programme by the European Commission in July 1995. One of the concerns which has been expressed to us is that since that time progress in establishing fully-operational funding mechanisms and actually processing applications for individual projects has been slow, frustrating expectations which have been created in Northern Ireland and the border counties. The principal purpose of our second visit in Ireland in May 1996 was to gauge the extent of progress under the PEACE Programme, and to see whether money had begun to reach the grass-roots. We describe below the developments which have taken place since July 1995. **We wish to stress at the outset that we were extremely impressed during our visit by the time and effort which has been devoted by so many people, within and outside Government, to setting up the complicated procedures under which the Programme is to be administered.**

Republic

19. In the Republic, ADM and CPA were appointed as intermediary funding bodies in August 1995 and subsequently established a joint management committee to administer the 12 measures under the Programme for which they share responsibility. In late 1995 they signed contracts with the European Commission, held seminars in the border counties to listen to local views and recruited joint managers, and in January 1996 they opened an office in Monaghan Town. Application packs were distributed in February, and processing of main applications began in April, with the first grants approved in May 1996. Throughout this time ADM/CPA have also been providing advice and support to potential applicants, largely through a team of local voluntary workers who have been recruited.

ADM/CPA are responsible, together with the Northern Ireland Voluntary Trust (NIVT), for managing one of the cross-border development measures (Measure 3.4: Cross-Border Community Reconciliation), and the 3 agencies have established a single committee to administer the measure. When we visited the ADM/CPA office in Monaghan on 21 May, we were told that 24 cross-border projects entailing expenditure of IR£712,220 had been approved (60 per cent funded by NIVT, 40 per cent by ADM/CPA), together with 9 projects in the southern border counties amounting to IR£194,229. Public announcement of these approvals was expected to take place shortly. ADM/CPA admitted that the establishment of the Programme had taken some time, but argued that this was a result of factors outside their control, and that progress had been swift since they had signed contracts with the European Commission. They were now in a position to take decisions on applications on a monthly or bi-monthly basis.

20. Co-operation North is an IFB with responsibility both north and south of the border, in association with the Confederation of British Industry (Northern Ireland) (CBI(NI)) and the Irish Business Employers Confederation (IBEC), for Measure 3.1: Business and Cultural Linkages. Co-operation North had signed contracts with both Governments in December 1995, and since that time had held 24 roadshows in the North, with more planned in the border counties in conjunction with ADM/CPA. Mailshots had been sent to 1,600 businesses in the border area, they had advertised widely and were building up a database of community organisations with a view to contacting them. When we met Mr Malcolm Ross, Co-operation North's Peace and Reconciliation Programme Manager, on 20 May, he informed us that three letters of offer had been issued, involving expenditure of IR£50,000, a total which was expected to rise rapidly. Projects which had been, or were likely to be approved, included: funding for participants from Northern Ireland and the border counties to attend the Irish Scholar Athlete Games; funding for a two-year programme of joint recitals by two flute groups from Donegal and Derry; and seeding grants for a number of community development projects.

Cross-border development

21. Because of the distribution of funding under the Programme on both sides of the border, we have the impression that the nature of the Programme is perceived very differently in the Republic, where it is seen as being principally concerned with cross-border projects, and in Northern Ireland, where social inclusion is the most important aim. With some exceptions, it did not appear, at the time of our visit in Ireland in May 1996, that many eligible cross-border projects were coming forward under the Programme, and this was a matter of concern to us. It may be that overlap with INTERREG has had an influence. We subsequently received evidence from the Department of Foreign Affairs in Dublin to the effect that the cross-border development sub-programme was proceeding in a satisfactory manner, and under each of the measures significant progress was being made. **We welcome this evidence, but nevertheless recommend that the various bodies responsible for administration of sub-programme 3, on both sides of the border, should take a more pro-active approach in seeking out and developing potential cross-border projects.** We heard, for example, from a group called the Cross Border Milk Quota Action Group, representing small dairy farmers and processors on both sides of the border, who argued that an increase in milk quota entitlement for small producers in

the border area, in recognition of the specific difficulties they face, would be very valuable in stabilizing rural communities and contributing towards peace and reconciliation. It is difficult to see how such assistance "in kind" could be eligible under the PEACE Programme, and it may be that the idea may have to be explored by other means, but there may be a way of modifying the proposal to allow it to be considered against the PEACE Programme's criteria. The proposal itself seemed commendable to us, and entirely consistent with the overall aims of the Programme.

Northern Ireland

22. In Northern Ireland total expenditure under the Programme amounts to £266.6 million¹. Lead Departments or Government Agencies have been assigned to each sub-programme, and we received a comprehensive briefing from the officials responsible for each sub-programme in Belfast on 22 May. The six intermediary funding bodies in Northern Ireland were signed up on 8 December 1995: they are the Northern Ireland University Enterprise Training Partnership (NIUETP), the Northern Ireland Voluntary Trust (NIVT), the Rural Development Council (RDC) in association with the Rural Community Network (RCN), Co-operation North, Youthnet and the Community Relations Council (CRC). Additionally, some funding is being delivered, through block grants, by so-called "second-tier" funding bodies such as the Training for Women Network (TWN) and the Childhood Fund. The IFBs are principally involved with sub-programme 1 (Employment) and sub-programme 4 (Social Inclusion), and the NIVT has responsibility for by far the largest proportion of the funding which will flow through IFBs.

23. Sub-programme 5 (Productive Investment), with £41 million available in all, is the responsibility of the Department for Economic Development, and it is here that the greatest progress is evident. Under Measure 1 (Investment Promotion), £24 million is being spent to provide a subsidy of 4 per cent on loans totalling £250 million from the European Investment Bank (EIB) to small and medium-sized enterprises involved in manufacturing, related services and tourism, with the aim of levering in private investment, particularly in deprived areas. We were informed in May that about £100 million worth of loans had been approved by the EIB, and all planned expenditure in 1996 on loan subsidies was expected to be deployed in the course of the year. Also available under this measure is a seed capital fund of £2 million, overseen by LEDU and to be distributed via local organisations: the fund will typically provide grants of between £5,000 and £15,000 to set up businesses. Under the other two measures of this sub-programme relatively advanced progress had also been made.

24. The nature of expenditure under sub-programme 5 is such that it was always likely to be committed more quickly than funding under other sub-programmes. Elsewhere the situation is more complex, and progress more patchy, although we were assured that Government Departments and IFBs had ironed out most of the administrative issues. Some funding had been committed and other announcements were imminent. The NIVT, for example, had received over 700 applications for funding under the two measures of sub-programme 4 (Social Inclusion) for which

¹ £115.5 million is to be delivered by central Government, £40 million by decentralised Government, at least £62 million by intermediary funding bodies and £49.1 million by district partnerships.

they have responsibility. The assessment of projects had begun in January and grants totalling £2.5 million had been offered to 65 projects. Within the next month £500,000 would actually have been spent. Progress under other sub-programmes was at a similar stage.

25. We visited two projects in Northern Ireland which had already been allocated funding, through the NIVT, under the PEACE Programme: the Frank Gillen Centre in West Belfast, run by the Divis Joint Development Committee, which is to receive a total of £73,500 over 3 years to employ a community development worker to develop and promote the centre's activities; and Widows/ers Against Violence and for Empowerment (WAVE), a cross-community group offering support to help people cope with bereavement as a result of violence, which is to receive funding totalling £90,000 over two years to go towards helping them develop their work. Both these projects were excellent examples of the type of developments which the PEACE Programme is trying to foster in Northern Ireland, and illustrate that the Programme is already having some impact in providing support which has hitherto been unavailable.

26. The final part of the funding jigsaw in Northern Ireland is the 26 district partnerships, operating under the aegis of the Northern Ireland Partnership Board. This system has taken some time to establish, largely because it represents an innovative departure from previous practices which has required widespread and detailed consultation with local communities in Northern Ireland. On 6 September 1995 the Department of the Environment sent out draft guidelines for the operation of sub-programme 6 which were subject to strong challenge on the grounds that they were over-prescriptive. A broad consensus was reached in December and official guidelines were finally announced on 6 January 1996. The first meeting of the NIPB took place on 19 February, and the district partnerships were expected to submit their strategies to the NIPB for approval by the end of June, following which the first round of action plans would be issued and funding applications invited.

27. There have been many questions to resolve in the establishment of the district partnerships to do with their composition, functions and funding, and in many respects this process, while lengthy, has itself made a healthy contribution to the PEACE Programme's objectives. We held discussions with representatives of the Newry and Mourne district partnership and were most impressed by their clear vision of the purpose of the Programme and their role within it. **If this approach is carried over to the process of making decisions about the funding of projects, district partnerships, even if they are not the most cost-effective way of allocating funding, will more than make up for that by promoting reconciliation between communities in Northern Ireland in accordance with the PEACE Programme's objectives.**

Conclusions

28. Some of the delay experienced so far under the Programme has been the result of unfortunate teething difficulties, and there have been tensions between the European Commission, the two national Governments, intermediary funding bodies and the district partnerships which have contributed towards the delay. For example, we heard from intermediary funding bodies in Northern Ireland that they received an

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instruction from the Department of Finance and Personnel that projects above a certain funding level required a full economic appraisal only after some projects had already been approved: the DFP were surprised by this criticism, arguing that the need for economic appraisals had been made clear at an early stage, and the IFBs, which had been involved in other EU Programmes, should have been aware of this. Despite such problems, most of the delay in implementing the Programme is an unavoidable consequence of the nature of the Programme itself. **If the assurances we received in the course of our inquiry are correct, the PEACE Programme should be fully functioning in the second half of 1996: we are certainly convinced that all those involved in the administration of the Programme are aware of the importance of achieving this objective.**

Other issues

Accountability

29. Although much of the funding under the PEACE Programme is not being delivered by the two Governments, they remain ultimately responsible for accounting for the expenditure to their respective Parliaments and the European Commission. This has led to a tension between the desire to commit funding as speedily as possible and the need to ensure that clear and proper accounting procedures are in place. One representative of an IFB in Northern Ireland told us that the early stages of the Programme would be bound to be rather untidy from an accounting point of view, and allowances would have to be made for this. **The Commission and the national Governments will perforce have to take a pragmatic approach to this.**

Monitoring and evaluation

30. Overall monitoring of the Programme is being undertaken by a Monitoring Committee consisting of representatives of both Governments, the European Commission, the EIB, local authorities, business, trade unions, community groups and voluntary organisations. A standing Consultative Forum has been established representing local interests on both sides of the border to ensure that consultation proceeds throughout the life of the Programme: the joint chairpersons of the Consultative Forum, one from Northern Ireland and one from the border counties, sit on the Monitoring Committee. **We welcome this structure as one which should ensure that local communities and organisations continue to have an input into the overall structure of the Programme and any modifications which are made to it over time.**

31. The task of evaluating the PEACE Programme is made more onerous by the lack of objective indices to demonstrate success in achieving goals such as "social inclusion". Many of the indicators laid down by the Commission for monitoring and evaluating sub-programme 4 consist of attitudinal surveys to demonstrate the achievement of reconciliation between communities: such indicators are very far removed from the usual criteria for evaluating the effectiveness of EU expenditure, such as the number of new jobs created. **It is too early to say how exactly this**

issue will be addressed by the Monitoring Committee, but we welcome the signals coming from the European Commission that a balance is required in evaluation between quantitative and qualitative data, and we do not consider that the imprecision involved in certain parts of the PEACE Programme will present serious difficulties.

Capacity building

32. In a Programme spanning a limited period, even if the two-year extension is agreed to by the Commission, there must be a worry that when funding ceases, so the activities promoted by the funding will cease. For this reason, part of the philosophy of the Programme is to create beneficial effects which will endure in the absence of continuing funding - in the jargon, "capacity building". We fully endorse this underlying philosophy.

Conclusions

33. With hindsight, it is possible to suggest various ways in which the PEACE Programme might have been approached differently. Ideally the novel funding mechanisms which are such a central feature of the Programme should have been set up in advance of launching it, although we appreciate that the Commission wanted to make a swift and immediate response to buttress the peace process in Northern Ireland. There are a number of anomalies and complexities within the Programme stemming from its imaginative, even visionary, aims and objectives. We nevertheless consider that the Programme is a very valuable and significant contribution to the peace process in Northern Ireland, and we wholeheartedly welcome its aims and objectives. As the Programme gets fully under way, its impact will reach every corner of Northern Ireland and the border counties, and will add significantly to the momentum for peace and reconciliation.

34. Our principal conclusions and recommendations are as follows:

—We consider it is unlikely that the Commission will take a hard-line approach in its 1997 review of the programme, but we nevertheless strongly record our view that, should expenditure under the Programme have failed to meet overall targets, full account should be taken of the administrative delays, many of them unavoidable, which occurred at the start of the Programme (paragraph 11).

—It is hard to imagine the PEACE Programme continuing in anything like its present form if violence were to return to Northern Ireland on the scale witnessed in the past, but we consider that the approach taken by the Commission so far to the question of conditionality has been entirely correct, and that it would be unwise to write conditionality into the Programme in any formal sense. Any terminal breakdown of the peace process in Northern Ireland would of course, quite apart from its effect on the PEACE Programme, be a much wider tragedy for the people of the Province and the island of Ireland as a whole (paragraph 12).

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—One suggestion put to us to reduce problems of overlap between the PEACE Programme and other sources of funding and ensure complementarity was to establish an informal liaison group for all those responsible for administering different support programmes in Northern Ireland and the border counties, including the PEACE Programme, INTERREG, the IFI, the SPD and the CSF. We recognize the dangers of creating yet another bureaucratic layer in what is already a committee-bound process, but we nevertheless commend this proposal to both Governments. There must be virtue in a regular forum in which information of common interest to the managers of different programmes could be shared. Such a forum could also assist in ensuring consistency in the referral to different agencies of applications for funding which have been initially directed to the wrong organisation (paragraph 13).

—We recommend that both Governments ensure that they, and statutory bodies, avoid any temptation to use PEACE Programme funding to substitute for funding which they would ordinarily provide themselves (paragraph 14).

—We recommend that, once the Monitoring Committee has endorsed the baseline studies, it should produce regular reports demonstrating the additionality of expenditure under the PEACE Programme in addition to its work in evaluating the Programme's success in meeting its own objectives. These reports should demonstrate the additionality of EU funding and of the matching funding by the national Governments (paragraph 15).

—We consider that the split in funding between Northern Ireland and the border counties is equitable and reasonable in the context of this Programme (paragraph 16).

—The relatively small amount of money available for capital expenditure under the Programme is a potential problem which must be kept under close review by the Monitoring Committee (paragraph 17).

—We have been extremely impressed by the time and effort which has been devoted by so many people, within and outside Government, to setting up the complicated procedures under which the Programme is to be administered (paragraph 18).

—We recommend that the various bodies responsible for administration of sub-programme 3 (Cross-Border Development), on both sides of the border, should take a more pro-active approach in seeking out and developing potential cross-border projects (paragraph 21).

—If the constructive approach adopted during the process of establishing district partnerships is carried over to the process of making decisions about the funding of projects, district partnerships, even if they are not the most cost-effective way of allocating funding, will more than make up for that by promoting reconciliation between communities in Northern Ireland in accordance with the PEACE Programme's objectives (paragraph 27).

—If the assurances we received in the course of our inquiry are correct, the PEACE Programme should be fully functioning in the second half of 1996: we

are certainly convinced that all those involved in the administration of the Programme are aware of the importance of achieving this objective (paragraph 28).

—The Commission and the national Governments will perforce have to take a pragmatic approach to the inevitable untidiness of the early stages of the Programme from an accounting point of view (paragraph 29)

—We welcome the structure established for monitoring the Programme as one which should ensure that local communities and organisations continue to have an input into the overall structure of the Programme and any modifications which are made to it over time (paragraph 30).

—It is too early to say how exactly the issue of evaluating such goals as “social inclusion” will be addressed by the Monitoring Committee, but we welcome the signals coming from the European Commission that a balance is required in evaluation between quantitative and qualitative data, and we do not consider that the imprecision involved in certain parts of the PEACE Programme will present serious difficulties (paragraph 31).

—We fully endorse the underlying “capacity-building” philosophy of the Programme (paragraph 32).

—We consider that the Programme is a very valuable and significant contribution to the peace process in Northern Ireland, and we wholeheartedly welcome its aims and objectives. As the Programme gets fully under way, its impact will reach every corner of Northern Ireland and the border counties, and will add significantly to the momentum for peace and reconciliation (paragraph 33).

Draft Resolution

35. That the Body notes the Report of the Committee on European and International Affairs on EU aid for peace and reconciliation, and agrees with the conclusions and recommendations of the report which should be forwarded to both Governments for their observations.