



**BRITISH-IRISH
INTER-PARLIAMENTARY BODY**

**COMHLACHT IDIR-PHARLAIMINTEACH
NA BREATAINE AGUS NA hÉIREANN**

PROGRESS REPORT

from

COMMITTEE B (European & International Affairs)

on

**EUROPEAN FUNDING
IN SOCIALLY DEPRIVED AREAS OF NORTHERN IRELAND**

1. BACKGROUND TO THE INQUIRY

1. On 27 November 2005, at its meeting on the eve of the Edinburgh Plenary, the Steering Committee, under the terms of Rule 31 (a), directed Committees A, B, C and D to undertake inquiries into a matter of major concern, namely, economic deprivation in Northern Ireland. The specific area of inquiry would be determined by the individual Committees.

2. Consequently, at our own meeting on 29 November, the then Chairman of this Committee informed us of the Steering Committee's direction. As the Body's European affairs committee, we agreed that we focus on European funding programmes, in particular, why it seemed to be the case that people and organisations in unionist areas were less likely to apply for EU funds than those in nationalist areas.

3. We identified three programmes of particular significance:

(i) PEACE, which sought to reinforce progress towards a peaceful and stable society and to promote reconciliation;

(ii) INTERREG, which aimed to promote sustainable integrated regional development; and

(iii) CO-OPERATION, the post-2006 successor to INTERREG.

4. The Committee was well aware of the importance of such programmes, having already produced Reports on both *European funding programmes and developing understanding across borders*,^[1] which included comments on INTERREG, and on *The CO-OPERATION Programme*.^[2]

5. We agreed that we would visit Belfast early in the New Year to meet with the Special EU Programmes Body (SEUPB), the Managing Authority for the PEACE Programme and the Managing Authority and Paying Authority for the Northern Ireland/Ireland INTERREG IIIA Programme. We would also seek meetings with the Community Foundation for Northern Ireland and with representatives of groups from both the nationalist and the unionist communities who, under the auspices of PEACE, were carrying out projects of benefit to those communities.

6. To conclude the inquiry, we planned to visit Brussels to meet representatives from the European Commission. The intention was that this visit to the Commission would be combined with meetings with, for example, NATO, on the Committee's other ongoing inquiry into *A common European defence and foreign policy*.

7. The Committee wishes to express its thanks to its former Chairman, the Rt Hon Andrew Mackay MP, who has stepped down from the Committee following his appointment as Senior Political and Parliamentary Advisor to the Leader of HM Opposition. We wish him well in his new position.

8. We wish also to record our sadness at the passing of Margaret Ewing MSP, who was an assiduous member of the Committee, and played an active role in our inquiries into *Links between the British-Irish Inter-Parliamentary Body and the Nordic Council* and into *European funding programmes and developing understanding across borders*. Our condolences go to her family, friends and colleagues.

2. VISIT TO BELFAST

9. The visit to Belfast took place on 22 and 23 January 2006.^[3] In addition to SEUPB and the Community Foundation for Northern Ireland, we met representatives from the Ligoneil Improvement Association, the East Belfast Partnership and the Oasis Centre. We wish to place on record our appreciation to SEUPB and the Northern Ireland Office (NIO) for facilitating our meetings and assisting with the administrative arrangements. The NIO were invited to submit written evidence, but they indicated that they were content for SEUPB to speak on their behalf. We also wish to thank all those individuals who gave up their time to meet us in Belfast, both for their evidence and for their courtesy and hospitality. Summaries of our meetings follow in paragraphs 10 to 28 below.

Meeting held on Sunday 22 January

The Community Foundation for Northern Ireland

10. The Committee held a working dinner with Ms Avila Kilmurray, Director of the Community Foundation for Northern Ireland. Ms Kilmurray briefed the Committee on the history and background of the Foundation, focussing on its ability to work with people in areas that Governments could not as easily go, due to the Foundation being perceived by all sides as non-partisan, non-sectarian and having no political affiliations.

11. The Foundation's mission was to improve the quality of life by tackling social need and divisions by funding and supporting community-based action; raising funds; and influencing policy development. In Ms Kilmurray's view, the SEUPB approach to funding in Northern Ireland was flawed, and projects should be chosen based on targeting specific areas that need improving, such as infrastructure and integrated education.

Meetings held on Monday 23 January

The Special EU Programmes Body

12. Mr Pat Colgan, Chief Executive, and Mr Shaun Henry, Director of the SEUPB, explained the history of SEUPB, and the PEACE project in general. The PEACE Programme was the primary concern of the Belfast and Omagh offices of SEUPB, whilst its Monaghan office oversaw the INTERREG Programme. It was important to note that SEUPB were not policy makers, but policy implementers. SEUPB were one of the six cross-border Bodies set up under the British-Irish Agreement of 1999, with

their staff being drawn from the Northern Ireland Department of Finance and Personnel and from Ireland's Department of Finance.

13. We were advised that 80 per cent of the most deprived areas of Northern Ireland - ie, the western part of the Region, south Armagh and parts of Belfast - were nationalist. PEACE I (1994-99) had arisen from an initiative of Northern Ireland's 3 MEPs. PEACE II, which had been given a two year extension until the end of 2006, had had a high media profile and, unlike PEACE I, had a specific focus on economic development and sustainability.

14. It was stated that a major problem in unionist areas had been the lack of individuals able to negotiate and to apply for funds for the projects they were involved in. This has resulted in feelings of isolation and alienation in parts of that community. Nevertheless, there had been an increase in applications for funds from unionist areas. Although the majority of funds - 51 per cent - still went to projects in nationalist areas, until recently 54 per cent of funds had been for such projects. We were told that "European money" was somehow seen as "neutral" - this allowed a range of work to be undertaken which would have not been possible had the money available been perceived as either "London" or "Dublin" money.

15. Mr Colgan considered that the future of the SEUPB lay in a mix of "bottom-up" feedback and "top-down" political progress. They had given themselves the task of building an understanding of reconciliation and a shared future for the area. They conceded that the administrative costs at 9 per cent of funding were too high (the average EU funding programme administrative cost was 5 per cent). There was discussion of improved geographic targeting for the future (ie, reduced) funding. They estimated the figure for a possible PEACE III at €260m-€400m (£178m-£273m), compared to €900m (£617m) funding for PEACE II.

16. Mr Henry pointed out that the vast amount of grant capital aid was actually holding back entrepreneurship in Northern Ireland, as small businesses were less inclined to take risks and expand, due to the "cosseted" circumstances in which they were operating. On a more positive note, he said that 2,000 people had been employed as a result of PEACE funding - however, with the reduced funding available under PEACE III, there was the real possibility of 1,000 jobs being lost. He said that the figure of 5 per cent unemployment in Northern Ireland masked the fact that two-thirds of jobs were in the public sector, which may soon prove unworkable. SEUPB would welcome the return of devolved Government, which would mean local politicians having to take the difficult decisions themselves, and to live with the consequences of such decisions.

The Ligoneil Improvement Association

17. Accompanied by Mr Adrian MacNamee, the SEUPB's PEACE Programme Manager, the Committee visited the Ligoneil Improvement Association in North Belfast. Mr Tom Lovatt, the Chairman of the Association, told the Committee that Ligoneil, a Catholic enclave in North Belfast, was in the top 8 per cent of the most

deprived areas in Northern Ireland. It had also had the highest murder rate during "the Troubles". The Wolfhill Centre was on the site of a former linen mill, and was the focal point and advice centre for the local community.

18. Ms Una Calvert, the co-ordinator for the Community Relations Project with Ballysillan Community Forum, explained the perilous situation the Association was in with regards to funding, and the Association was constantly seeking funds for projects in interface areas. With 27 employees, the Association was itself the biggest employer in the area, and had done work in teaching adult literacy, holding cross-cultural events with the Protestant community of Ballysillan (and with Carrickmacross in Monaghan), and introducing the residents to IT skills, albeit on out-dated equipment. As the number of organisations and groups requiring funding increased, so the amount of funds available for each became concomitantly smaller.

19. She explained also that there was no history of confidence in education in the area. There were also grave problems in the areas of lack of literacy; Northern Ireland had the second worst level of literary skills in the EU, with only 27 per cent of 12-year-olds in the area achieving the national standard of writing skills - only Poland had a lower level. Although the area did have good grammar schools, its secondary schools were not delivering.

20. There were also problems with long-term access to care for the elderly, especially those living in isolated areas, and the fact that limited public transport meant people had difficulty in travelling to work outside their immediate environment. We were informed that social economy initiatives in the area would generate income and build up an economic base to facilitate the provision and delivery of additional services for local people. For example, the Association was a sub-contractor for the Woodland Trust, and had worked in co-operation with *Belfast in Bloom* to improve the area.

21. There were cross-community exchanges, and "ordinary" people were willing to work together, as events in the political arena affected communities at the grass-roots; it was, it was stated, necessary to start with things that people were comfortable with - for example, training was given in "conflict resolution". Since 2002, a total of 2049 people had been involved in cross-community events.

The East Belfast Partnership

22. Representing 19 wards with a population of 77,958 people, the East Belfast Partnership was a relative success story in terms of urban regeneration. East Belfast had some of the best, but also some of the worst, schools and social deprivation in Northern Ireland. The shipyard jobs, upon which the area had depended in the past, had long since gone - although we were advised that long-term unemployment was not a big issue. We were told also that, whereas education had long been considered important to the nationalist community, it had not had the same significance for the unionist community, as there had been jobs in the shipyard just waiting for Protestant youngsters when they left school.

23. Ms Maggie Andrews of the Partnership and Mr Geoffrey Ready of Avec Solutions (the Partnership's IT company) explained that through its property development wing, Landmark East, and Avec Solutions the (not-for-profit) Partnership was nearing self-sufficiency, relying only on piecemeal, short-term funding. This success was based on using funding to buy derelict buildings in East Belfast and repairing them (the Partnership's own headquarters was in what had once been a shoe-shop). Landmark East subsequently used the rent or sale of these refurbished buildings to pay for community enterprises such as youth counselling, crèche services and a community business centre, where residents could learn about the business sector and starting up their own companies.

24. Ms Andrews explained that the goal of the Partnership was to enhance the arterial routes through East Belfast. They had already noticed knock-on effects such as the general resurgence of businesses in areas around their properties. Mr Ready told us that Avec Solutions was now the leading provider of IT consultancy for the not-for-profit sector in Northern Ireland, and was helping similar organisations to get started; any profit it did make was returned to the Partnership.

25. We also met representatives from projects on the Short Strand, a nationalist enclave in East Belfast, with whom the Partnership had an interface programme. There were some 150 projects involving people from both communities, including several on the Short Strand (eg, a car park employing 6 people). Other projects including counselling services for young people and play-care projects, which took inner city children on visits to rural areas. Membership of the Partnership's Board was roughly one-third nominated by organisations such as Healthcare Trusts, one-third were from the business community and one-third from the local community.

26. The previous Christmas, 500 people from the Short Strand had joined 1500 people from East Belfast's unionist community in a "Narnia Parade", and inter-community relations were currently judged as being at about "7 out of 10". What gave rise to optimism was that, should an incident of inter-community conflict now arise, relations would not crash back down to "zero" but would settle at about "4 out of 10".

The Oasis Centre

27. Mr Cliff Kennedy, the Executive Director, hosted a working lunch at the Oasis Centre. Oasis was a community organisation based in Inner East Belfast, which began life in 1996 as a drop-in centre. It now ran several ventures, including a café, a catering business and offered a variety of rooms, eg, computer suites, for training purposes. Since 1999 it had been based in what had been a former paramilitaries' pub, which had been raided and closed down overnight by the then RUC; funding for the purchase and renovation of the property had been provided by the Belfast European Partnership Board and the International Fund for Ireland.

28. Also present at the meeting were two representatives from intermediary funding bodies; Mr Kevin Donaghy, from the Educational Guidance Service for

Adults, and Ms Ann Anderson-Porter from Co-operation Ireland. Both expressed their concern that the reduced funding likely to be available from PEACE III would seriously compromise their work.

3. FUTURE ACTION

29. As noted in paragraph 6 above, we intended to visit Brussels to meet representatives from the European Commission. In the event, due to Members' other Parliamentary commitments, this has not proved to be possible, and although we took much useful evidence during our visit to Belfast, we do not consider that we are yet in a position to produce our usual in-depth Report, including our recommendations for Governments.

30. In order to do full justice to the inquiry, it is crucial that we have input from the Commission. We would wish to question them about, for example, how the situation outlined in paragraph 15 above has arisen, whereby PEACE III will receive greatly reduced funding compared to the funds available for PEACE II. We would also want to ask them whether the matter of the over-complicated application forms, alluded to in paragraph 14 above, is being addressed - perhaps by the Commission acting on comments made by the House of Commons Northern Ireland Affairs Committee in its comprehensive 2003 Report on PEACE II^[4] which, *inter alia*, drew attention to this particular problem.

31. Nevertheless, we considered that the Body would find it helpful to be informed of our progress so far, and we hope that the evidence we have already taken might aid the Body in any debates on the subject of economic deprivation in Northern Ireland held during the Killarney Plenary. The Body will wish to note that, in order that we are able to complete our inquiry, we are actively pursuing a meeting with the European Commission, and are considering options to meet with them in Brussels, London or in Dublin.

1 Document Number 102, March 2005.

2 Document Number 116, November 2005.

3 The following Members took part in the visit: Mr Damien English TD, Mr Michael German AM, Mr John Griffiths AM, Baroness Harris of Richmond, Mrs Rosemary McKenna MP, Senator Francis O'Brien and Mr Ned O'Keefe TD.

4 See Seventh Report from the Northern Ireland Affairs Committee, Session 2002-03, *Peace II*, HC (2002-03) 653-I, paragraphs 55-80.

MINUTES OF PROCEEDINGS RELATING TO THE REPORT

Sunday 23 April 2006

The Committee met at the Brehon Hotel, Killarney, Co. Kerry

Members present:
Mr Robert Walter MP, in the Chair

Mr Séamus Pattison TD, Vice- Chairman
Mrs Rosemary McKenna MP

Mr Michael German AM Senator Paschal Mooney

Miss Julie Kirkbride MP Senator Francis O'Brien

The Committee deliberated.

Draft Report [European funding in socially deprived areas of Northern Ireland: Progress Report], proposed by Mrs Rosemary McKenna MP, brought up and read.

Ordered, that the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 31 read and agreed to.

Resolved, That the Report be made to the Body.

The Committee deliberated further.

[Adjourned till a date and time to be fixed by the Chairman.]