

Prosperity: A Part of Peace?

Learning from the Economic Experience of Peace II

Vol 2

Learning from Peace II





Community Relations Council

This publication is the second in a six volume series of reflections on the contribution of the EU Peace II Programme to the development of Peace & Reconciliation in Northern Ireland and the Border Counties of Ireland. Each volume in the series will focus on a specific aspect of Peace Building.

All publications in the series have three sections. In the first section (colour coded pink) you will find the thoughts of a selection of the guest speakers at the seminar which was held to discuss the theme. In the second section (colour coded blue) there is a record of the ideas and issues that emerged during the seminar. The third section (colour coded magenta) is devoted to an overall reflection on the theme under consideration.

Contents

Preface	4
Jim Dennison Director, European Programme, CRC	
Introduction	5
Duncan Morrow Chief Executive Officer, CRC	
CONTEMPORARY RESEARCH	8
Qualitative Assessment of the Impact of the Economic Measures on Peace and Reconciliation	
Philip McDonagh Director of Research, Strategy and Policy Group, PWC	
Jonathan Greer Senior Consultant, Research, Strategy and Policy Group, PWC	
'ECONOMICALLY FOCUSED PEACE BUILDING – THE PRACTICAL EXPERIENCE'	
Department of Enterprise, Trade and Investment	19
Howard Keery – Head of European Programmes, DETI	
Castleblayney Community Enterprise Centre	23
Tommy McGuire – Manager, Castleblayney Enterprise Centre	
'Round Table Discussions – Highlighting the Key Issues'	26
Sean Pettis Project Manager – EU Events and Seminars	
The Role of Economic Development in Peace Building: Some thoughts on Peace II	28
Mike Morrissey Independent Consultant	

Designed and published by Profile Publishing
Midland Building, Whitla Street, Belfast BT15 1NH
Tel: 028 9075 6112 Fax: 028 9075 6113 Email: info@profilepublishing.com

• Cover picture by kind permission of Helen Baird. © Helen Baird 2005

Preface



Jim Dennison
Director – European Programme, CRC

In June 2004 CRC, as part of a project sponsored by the Special EU Programmes Body (SEUPB), embarked upon the delivery of an ambitious project to organise and co-ordinate a series of events addressing critical issues within and beyond the current EU PEACE II Programme. Entitled 'Learning from Peace II', the project's aim is to examine aspects of the impact and implementation of peace-building work in Northern Ireland and the Border Region of Ireland and to harness and disseminate the lessons learned. This publication is the second in a series of six that attempts to assess the contribution economically-focussed initiatives make in trying to achieve a lasting, sustainable peace.

A major event was held in the Canal Court Hotel, Newry, on Friday 13 May 2005 which was the starting point for the development of this piece of work. The event, entitled '*Prosperity: A Part of Peace? Learning from the Economic Experience of Peace II*', consisted of contemporary research, case study presentations, panel discussion and participant input. The essence of the themes and salient issues which the event reflected upon are contained within this document, along with input from CRC's Chief Executive and a critical reflection of the overall topic.

Written to not merely act as a conference report, this publication makes comment on the extent to which personal and national economic prosperity can act as a catalyst to improved community life and relations in a region characterised by conflict, division and violence and the extent to which the role of the Peace II Programme – an economically-led Programme – has succeeded in supporting projects to address the legacy of the conflict and to promote new opportunities arising from peace. I hope you find it both challenging and thought provoking and would welcome any comment you might have.

I'd like to take this opportunity to thank all of those involved in the staging of this event: Philip McDonagh and Jonathan Greer from PriceWaterhouseCoopers; Howard Keery from DETI; Tommy McGuire from Castleblayney Community Enterprise Centre; Sean Farren, former Minister for Finance and Personnel; Kevin McGlennon, of Greater Shankill Business Forum; Feargal McCormack of FPM Chartered Accountants; Mike Morrissey for chairing the panel debate at the event and for his critical reflection on the overall topic; Sean Pettis, Events and Seminars Manager for the untiring work and all of CRC's EU Programme Team for their ongoing help and assistance. In addition to the above, I would also like to thank the other members of the advisory panel who helped plan this event, namely Jacqueline Irwin, Fiona Molloy, Dawn Shackels, Kerry McIvor, Adrian McNamee and Shaun Henry.

Introduction



Duncan Morrow
Chief Executive Officer of CRC

Rebuilding the Marketplace: PEACE II and Economic Investment.

'Peace' is such a nebulous goal that there is a real risk that everything and anything can be held to contribute to its realisation. In a programme as diverse and complex as PEACE II, it is particularly important to try to ensure that we become clearer about what it is we are seeking to do. In the words of John Paul Lederach, 'What is our theory of change that ties what we are doing at a project level to the overarching goals of societal peace?'

Within the realm of economic investment this risk is doubly high. Partly this is because of the overarching focus of modern politics on economic growth as the guarantor of political success. Who can be against a strategy which appears to offer us more cash? Less cynically, it is also because Europe itself is built on a model of peace-building in which growing economic co-operation enabled both lasting prosperity and the lessening of the international rivalries that almost destroyed Europe twice during the twentieth century. Both the Marshall Plan that put Europe back on its feet after the Second World War and the emergence of the European Economic

Community aimed to create and nourish a successful 'peace dividend' rooted in functioning, sustainable interdependent market economies. The political legitimacy of liberal democracy in western Europe since the war has been underpinned by the economic success which this approach generated. There is no doubt, therefore, that any viable model of peace-building must take seriously the possibilities and opportunities created by trade and economic activity.

However, the spectacular success of peace-building in Europe since 1945 may itself blind us to the potential for a corruption of its lessons. There is an important sense in which a sustainable market economy is a *sine qua non* of peace and a less honourable deterioration of the concept to the point that it is indistinguishable from Deng Xiao Ping's dictum that 'to be rich is glorious'. Under the latter, lazier conditions, peace-building becomes indistinguishable from anything that raises GDP, or even individual enrichment, and a formal peace programme, such as PEACE II, becomes vulnerable to plunder.

The lurking danger behind an economic approach to peace-building is that partnership emerges around the distribution of money, but vanishes once the money itself disappears. The aim of this seminar, therefore, was not simply to receive information on what was done to improve the economy, but to reflect on the experience of investing for peace in Northern Ireland and the border counties and to assess to what degree the goals of such an ambitious and generous scheme were reached.

“When are we deluding ourselves that our work contributes to peace and how do we hold ourselves to account on these matters?”

Peace-building in Ireland is not simply a matter of raising the GDP or generating a market economy. The ruins of postwar Europe are not necessarily an appropriate model from which to build peace here. Economic growth and social inclusion are vital elements of any public policy agenda in the modern era but they cannot simply be subsumed within a peace programme and funded out of the pot of support for peace-building. The red thread which must link every project in the PEACE programme together is not a commitment to prosperity *per se*, but to the reconstitution of a viable society.

What should be made clear at this point is that emphasising a shared future at every turn is a challenge as much to supposedly social projects as to those which are economic. What emerges from this seminar is that any division between economic projects (bad) and social projects (good) is not only unhelpful but profoundly misguided. The reconstitution of the north of Ireland from a region in endless conflict to a society characterised by social solidarity, equal citizenship and the rule of law has an economic dimension. However, it also

requires political direction, wide participation, final agreement on how to deal with the painful legacy of killing, violence and discrimination and a strong institutional commitment to change.

The overlap between economic investment and peace comes when both are aimed at underpinning our shared future by generating an economy which incentivises and underpins a culture of tolerance, interdependence and mutuality. The key for a peace programme is to identify the areas of overlap and to emphasise those parts of the permanent social inclusion and economic growth agendas which are most critical for the successful establishment of peace in Ireland at this time. The difficult but necessary task of a peace programme is to identify and address those aspects of our social economic life that have been crippled or are weak as a result of violence and division and to generate sustainable shared alternatives.

Economic prosperity is not the end in itself of a peace programme, but the tool and the potentially decisive outcome, ensuring that the pathways of economic life do not generate parallel and antagonistic economies. A peace programme might therefore be expected to generate networks of trade and economics where previously there were none, to abolish unnamed barriers to trade and economy including disincentives to investment or participation in the labour market, to generate common interests and interdependence and thereby underpin citizenship and mutual interest, to address specific and costed infrastructural deficits, to improve entrepreneurialism and improve the quality of life by providing safe workplaces and a sustainable future.

All of this is important because 39% of the PEACE programme has been invested in specifically economic projects. What PriceWaterhouseCoopers have found is that

almost all of the economic projects do indeed contribute to peace, but that most do so by making an indirect rather than direct contribution. Tackling a shared future is clearly very difficult to do directly. The worrying aspect is that the further away we go from making a direct impact on reconciliation, the more uncertain is the 'peace outcome'. Potentially we could end up taking the money and making only a marginal difference, leaving everyone with a sense of bad faith.

More positively, what emerges from all of the work on PEACE II is a much clearer sense of the parameters which have to guide an investment of this scale, and much of this will apply to the PEACE II Extension. For a project to qualify as a peace-building project it must be compatible with certain core values: equal citizenship and employment, non violence, freedom of movement and expression and the generation of shared resources. The creation of meaningful and experienced public values, of a new common sense of our shared future and equal citizenship, is the ultimate determinant of peace building. What is clear is that these parameters apply as much to projects aimed at social inclusion and participation as to those which focus on economics.

All of this leaves a number of important questions for the future. Perhaps the most urgent is the development of a new honesty in peace building: when are we deluding ourselves that our work contributes to peace and how do we hold ourselves to account on these matters? But there are others. In an operational environment in which the be all and end all is making end of year spend, how do we ensure that peace-building is a priority beyond absorbing committed resources? Should peace money stop if political progress is deemed insufficient by the donors? What are the mechanisms by which change at the level of individuals and projects triggers

change in the culture of civic leadership? How do we make the argument that peace and reconciliation is required for economic development as much as the other way around? How much does the business focus on market maximisation contribute to peace and reconciliation?

The list is considerable and none of it has easy answers. What this seminar had done is focus our attention, in a very helpful way, on the contribution which economic prosperity makes for peace. From the perspective of the Community Relations Council, it was especially useful by forcing the necessary realism of economics in an area that has traditionally been dominated by social and quality of life questions and in engaging critical constituencies in peace-building. For us, it decisively ended any lingering notion of social (good) and economic (bad) and spurs us on to a deeper engagement with the economics of peace-building. What emerged was the critical contribution which economics have to make to peace building, a vital lesson for Ireland now and perhaps for future peace-building processes elsewhere in the future.

“For us, the seminar decisively ended any lingering notion of social (good) and economic (bad) and spurs us on to a deeper engagement with the economics of peace-building.”

Much debate and argument has surrounded the Peace II Programme in terms of whether the economic or social dimensions should have greater priority and how reconciliation is being addressed and understood. With a view to taking these debates further, the Distinctiveness Working Group of the SEUPB commissioned PriceWaterhouseCoopers to complete a Qualitative Assessment of the Impact of the Economic Measures on Peace and Reconciliation. What follows is an executive summary of the research, which was launched at the event 'Prosperity – A Part of Peace? Learning from the Economic Experience of Peace II'. The research was presented jointly by Jonathan Greer and Philip McDonagh.

CONTEMPORARY RESEARCH 'Qualitative Assessment of the Impact of the Economic Measures on Peace and Reconciliation'.

Philip McDonagh - Director of Research, Strategy and Policy Group, PriceWaterhouseCoopers.

Jonathan Greer - Senior Consultant, Research, Strategy and Policy Group, PriceWaterhouseCoopers.

Introduction to the research

The EU Programme for Peace and Reconciliation (Peace II) is a unique EU funding programme which covers Northern Ireland and the six border counties of Ireland and aims to 'reinforce progress towards a peaceful and stable society and promote reconciliation' .

In contributing towards this overall strategic aim, Peace II has two specific objectives which seek to make the programme distinctive from other Structural Fund interventions operating in Northern Ireland and Ireland. These objectives are as follows:

- To address the legacy of the conflict; the programme is intended to address specific problems generated by the conflict in order to assist the return to a normal, peaceful and stable society. Projects and actions will be supported which address the economic and social patterns which have grown as a result of the 'Troubles'; and
- To take opportunities arising from peace; to encourage actions which have a stake in peace and which actively help promote a stable and normal society where opportunities can be grasped.

Projects and actions will be supported which have a remedial effect on sectors, areas or groups which have been hindered in their economic and social development by the conflict and for which the prospect of a more stable society is a new opportunity.

Successful projects need to fulfil one or both of these objectives to meet the 'distinctiveness criteria'. In addition, projects must state how they are 'paving the way to reconciliation' through the promotion of mutual understanding and respect between and within communities and traditions in Northern Ireland and/or North and South.

The Peace II Programme was originally allocated a total of 531m for a five year programme period (2000-2004) and a two year programme extension (2005 and 2006) was formally agreed at the beginning of 2005. The programme is structured around five key priorities that include:

- Economic renewal;
- Social integration, inclusion and reconciliation;
- Locally based regeneration and development strategies;

- Outward and forward looking region; and
- Cross border co-operation.

The Managing Authority for Peace II is the Special EU Programmes Body (SEUPB), a cross border body established under the Good Friday Agreement. The Programme is implemented by various bodies including government departments, non-governmental organisations known as Intermediary Funding Bodies (IFBs), Local Strategy Partnerships (LSPs) and County Council Led Task Forces.

The Programme funds a wide range of projects which can broadly be defined as both social and economic in nature. The focus of this study is on those measures which are primarily economic in nature and the extent to which the projects funded under these measures impact on the overall objectives of the Programme as described above.

Terms of reference and methodology

The terms of reference require a qualitative assessment of the extent to which the economic measures have contributed to the overall objectives of the Peace II Programme. In particular the terms of reference state that the research should:-

- Examine application forms and letters of offer for projects which are targeting sectors and identify both the intended economic impacts and how they impact on the programme specific objectives;
- Discuss and review with Implementing Bodies the progress in relation to monitoring economic impacts and their link to the programme objectives; and
- Draw on conclusions from findings to provide a detailed assessment of the impact of the economic measures on the programme specific objectives.

The methodological approach to this study included the following elements:

- Desk based review: a review of relevant documentation to gain an understanding of the background to the study and the key issues surrounding peace and reconciliation and the economic measures within the programme;

- Development of an economic/social continuum: with a view to making a distinction between 'economic' and 'social' and thus identifying the 'economic' measures in the Peace II Programme; the measures were ranked along a continuum according to high, medium or low levels of economic activity;

- Database analysis: this involved an assessment of the financial and physical progress of the economic measures identified in the continuum and the project information provided at the application stage;

- Interviews with funding bodies: interviews were undertaken with representatives of funding bodies responsible for the economic measures within the continuum and with other key stakeholders;

- Case studies of projects: six projects were selected for an in-depth analysis of their peace and reconciliation outcomes. In each case, interviews were conducted with project staff and beneficiaries to provide more detailed information and qualitative insights into the peace and reconciliation impacts. The case studies included (see table overleaf):

Project Applicant	Measure	Project for case study	Project Description
Department for Regional Development (NI) Roads Service - Western Division	1.1d: Business Competitiveness	Road by-pass of border town	● Improvement of road infrastructure on the A5 route by building a by-pass around the town of Strabane.
Castleblayney Community Enterprise Limited	1.1e: Business Competitiveness in the Border Region	Community Enterprise Centre	● A capital build project involving an extension to a Community Enterprise Centre.
Farsert Development Ltd	1.4: Promoting Entrepreneurship	Community tourism project	● Provision of business development assistance (training, funding, advice and support) to encourage the development of a tourist hostel which provides accommodation, and conference, dining and training facilities for hospitality and catering students.
Galen Ltd / Warner Chilcott UK Limited	1.8a: Technology Support for the Knowledge-Based Economy	R&D Centres of Excellence	● Financial support to encourage research and development under the centres of excellence programme, Measure 1.8a.
Camphill Community College	3.1: Local Economic Initiatives for Developing the Social Economy 3.2: Locally Based Human Resource, Training and Development Strategies.	Community agri-business project	● Provision of funding for renewable energy equipment at 'The Renewable Energy Farm' at Camphill Community College and demonstrating how alternative energy techniques can be applied in a real farm situation. ● Provision of an accredited training course focused on learning about renewable energy sources applicable in farming environments
Ballymena Borough Council	4.2a Marketing the Region as a Tourism Destination	Visitor amenities scheme	● Refurbishment of visitor amenities at Slemish including car park resurfacing, improvements to the toilet blocks and environmental improvements.

Assessing the qualitative impact of the economic measures on the programme specific objectives

Before assessing the impact of the economic measures on the programme specific objectives, it is important to understand that there are a number of different views over what constitutes a peace building initiative, the rationale for including economic measures within the Peace II Programme and what emphasis should be given to economic and social activities. This debate was further highlighted by the adoption of some large economic infrastructure projects as innovative

measures to assist the Peace II Programme to meet its N+2 requirements in 2004.

In addition, while a framework for monitoring progress exists in the form of programme, priority and measure level indicators, the more intangible nature of peace and reconciliation outcomes makes it difficult to capture impact through quantitative methods. Against this background, this report aims to supplement this quantitative data and, through a qualitative approach, to assess the impact of the economic measures on the programme specific objectives.

From analysing the economic measures in the Peace II Programme it is concluded that economic initiatives can impact on peace and reconciliation on a number of different levels:

- At one level, economic measures can have an indirect impact on peace and reconciliation by **increasing prosperity** which reduces social exclusion, supports social skills, empowers individuals and groups, and diverts attention from political or sectarian issues; and
- At another more advanced level, economic initiatives can **facilitate processes of engagement** that have a direct impact on peace and reconciliation goals by building networks and facilitating relationships either on a cross-border basis or between divided communities or both.

Within these categories of prosperity and engagement, however, there are a number of 'gateways' through which linkages with the programme specific goals can be developed. These are set out and examined overleaf:

Increasing Prosperity

With regard to prosperity, the gateways for developing linkages with the programme specific goals can be divided into three areas as follows:

- A contribution towards the broad economic development of the programme area;
- A focus on specific areas, sectors or groups which have been affected by the conflict; and
- Improving individual prosperity and empowerment.

A contribution towards the broad economic development of the programme area

By promoting broad economic development in the programme area, economic measures

can contribute towards peace and reconciliation by supporting elements of the economy hindered by the conflict, developing new areas within an environment of peace, establishing a new image for Northern Ireland and the border counties of Ireland and reducing economic inequalities. The contribution of this gateway towards peace and reconciliation, however, tends to be limited and indirect as the initiatives are impacting on more macro issues within the economy of Northern Ireland. Indeed, in this case, it is difficult to differentiate these impacts from those which could be achieved under a conventional regional development programme.

A focus on specific areas, sectors or groups which have been affected by the conflict

While general economic development initiatives can broadly contribute towards addressing the economic legacy of the conflict and taking the opportunities from peace, under the distinctiveness criteria, the projects in the Peace II Programme are assessed against the level of targeting on areas, sectors or groups that have been affected by the conflict and aims to ensure the needs of those most affected by the conflict are addressed. In line with the distinctiveness criteria, it is the level of targeting that provides one key differential of economic projects funded under the Peace Programme.

Peace II, for example, has promoted economic activity in particular geographic areas that would not traditionally be regarded as prime business locations, provided support to certain sectors (for example, tourism), and offered training to target groups located in areas affected by the conflict. Targeting, however, is a complex task and depending on the nature of the project, the direct benefits to local areas and groups can often be difficult to identify and measure.

Improving individual prosperity and empowerment

By targeting interventions on specific areas, groups and sectors, economic measures can contribute to peace and reconciliation by improving prosperity at the individual level for those most affected by the conflict. The analysis shows that individual prosperity can contribute towards peace and reconciliation across a number of different dimensions that include:

- Ensuring a focus on economic as opposed to political or sectarian issues;
- Providing employment opportunities and addressing social exclusion and reducing inter-community tensions;
- Providing a platform for individual progress;
- Empowering individuals;
- Developing skills which can complement social initiatives; and
- Developing the conditions to facilitate interaction and reconciliation.

This demonstrates that economic measures under the Peace Programme create both economic and social benefits. Increasing prosperity and reducing social exclusion, however, only make an indirect contribution to peace and reconciliation by establishing the necessary conditions for engagement. These benefits mainly occur at the individual level or broadly within single communities and only establish the conditions for increased cross-border and cross-community interaction and understanding. The Strabane By-Pass, for instance, can be placed within this category of prosperity as the project only provides the infrastructure for economic activity and the means for greater cross-border / cross-community interaction. This creates more limited or indirect linkages with the programme specific objectives. It is by establishing engagement that more direct impacts can be realised.

Facilitating engagement

While the programme has supported a large number of cross-community projects, there are a number of gateways in which processes of engagement can be developed. Each of these 'gateways' has different levels of linkage to the programme specific objectives and is set out below:

- Engagement in business activity;
- Developing bottom up approaches to economic development;
- Proactive approaches to facilitating engagement; and
- Directly addressing cultural diversity through training.

Engagement in business activity

At one of the most basic levels of engagement, economic measures have encouraged interaction by supporting businesses to develop greater cross-community and cross-border linkages. The experience of the Peace Programme has shown that economic activity provides a tool or incentive for encouraging different communities and traditions to come together within a neutral workplace environment to focus on common economic issues, interact and promote co-operation. In particular, by being located in disadvantaged interface areas that draw their workforce from both sections of the community, businesses can impact on peace and reconciliation by providing a shared platform for sustainable engagement in which both communities can work together towards common economic interests.

In this type of business engagement, however, the opportunities for cross-border or cross-community interaction are not structured but occur indirectly through business development. Reflecting on the case studies, the Community Enterprise Centre, R&D centre of excellence and the

visitor amenities scheme can be associated within this level of engagement as it is considered that cross-community or cross-border linkages and understanding will automatically follow on from increased business activity. As such, engagement is viewed as a consequence of economic activity and is not proactively factored into the operation of the project. Therefore, although projects may have targeted areas, sectors and groups, the link with wider reconciliation goals is more tenuous. This makes it difficult to distinguish projects that aim to promote engagement and reconciliation in this way from initiatives funded under other conventional economic development programmes.

Developing bottom up approaches to economic development

In contrast to facilitating engagement as a consequence of general business activity, some economic measures have adopted a more direct method of implementation which has encouraged interaction and contributed towards peace building. Under Measure 1.1.a (Technology Support for the Knowledge-Based Economy) and Measures 3.1 (Local Economic Initiatives for Developing the Social Economy) and 3.2 (Locally Based Human Resource, Training and Development Strategies), for example, analysis has shown that a bottom up, participative approach initiates a process that impacts on peace and reconciliation by empowering communities affected by the conflict, increasing a sense of opportunity among communities and facilitating positive engagement among different stakeholders. Therefore, as well as targeting those most affected by the conflict, delivering projects in a socially inclusive way provides one direct means of addressing reconciliation and distinguishing economic measures funded under the Peace Programme with other regional development initiatives.

It is important to note, however, that it takes time for projects to establish a bottom up approach, initiate a participative process and meet the distinctiveness criteria. This can then create tension within the Peace Programme between the pressure to spend on the one hand, and to develop a unique bottom up approach and respect the distinctiveness criteria on the other.

Proactive approaches to facilitating engagement

In achieving a greater peace and reconciliation impact, economic measures have also sought to proactively facilitate engagement between different communities or on a cross-border basis. By establishing cross-community training programmes, business events, seminars, partnership arrangements or mentoring systems, individuals and groups from different traditions and communities have been able to interact, look beyond their local area, share common interests and break down the barriers of suspicion and distrust. The community tourism business case study can be located within this scale of peace and reconciliation impact as the cross-community business mentoring schemes and management board have each contributed to

“The experience of the Peace Programme has shown that economic activity provides a tool or incentive for encouraging different communities and traditions to come together”

developing informal networks, building relationships and breaking down barriers. Again, coupled with effective targeting, these cross-community approaches provide a strong linkage with the programme specific objectives and differentiate economic projects under Peace II from other economic development programmes.

Directly addressing cultural diversity through training

In creating a strong linkage with the programme specific objectives, economic measures funded under Peace II have also adopted a proactive approach by directly addressing reconciliation issues. This approach was mainly adopted in a small number of training programmes that included

“Economic initiatives, therefore, which meet ‘gateways’ within the categories of prosperity and engagement, can make a greater contribution to peace and reconciliation goals.”

structured break-out reconciliation seminars and conflict learning projects in which issues such as cultural diversity are openly discussed among individuals and groups. Therefore, as well as increasing their employment opportunities, self-confidence and self-esteem, training programmes under Peace II have the potential to change attitudes, perceptions and mindsets.

That said, it must be understood that engagement and cultural diversity learning cannot be forced upon communities that are unwilling to participate. To this end, Project Officers in Measure 1.3 New Skills and Opportunities, for example, visit projects that have not identified a key reconciliation element to identify options and offer solutions. Possible options include, Project Officers conducting training, providing CD Rom based cultural diversity training exercises or Project Officers training the IT facilitators to undertake their own lessons. Ideally, these programmes will be conducted on a cross-community basis to facilitate engagement, but depending on the existing levels of community relations, single identity training is also conducted.

From analysing the intended economic impacts and how they relate to the Peace II Programme specific objectives, economic initiatives can impact on peace and reconciliation through a number of ‘gateways’. Each of these ‘gateways’, however, has different degrees of impact on peace and reconciliation with the linkage to the programme specific goals becoming progressively stronger with more proactive forms of engagement as shown in Figure 1 overleaf. Economic initiatives, therefore, which meet ‘gateways’ within the categories of prosperity and engagement, can make a greater contribution to peace and reconciliation goals.

More specifically, as well as targeting intervention on those areas and communities most affected by the conflict, it is the three ‘gateways’ of bottom up approach to development, proactively facilitating engagement and directly addressing cultural diversity, that provide the strongest linkages to the programme objectives and distinguish economic measures under the Peace Programme with other conventional regional development initiatives.

In Figure 2 overleaf we have plotted the six case studies against the classification of activities shown in the previous table. This shows that although the project case studies have sought to target intervention on areas, sectors and groups most affected by the conflict, not all the projects have also introduced approaches that directly address reconciliation and establish closer linkages with peace and reconciliation goals.

Figure 1: Linkages of Economic Measures / Projects with the Programme Specific Objectives

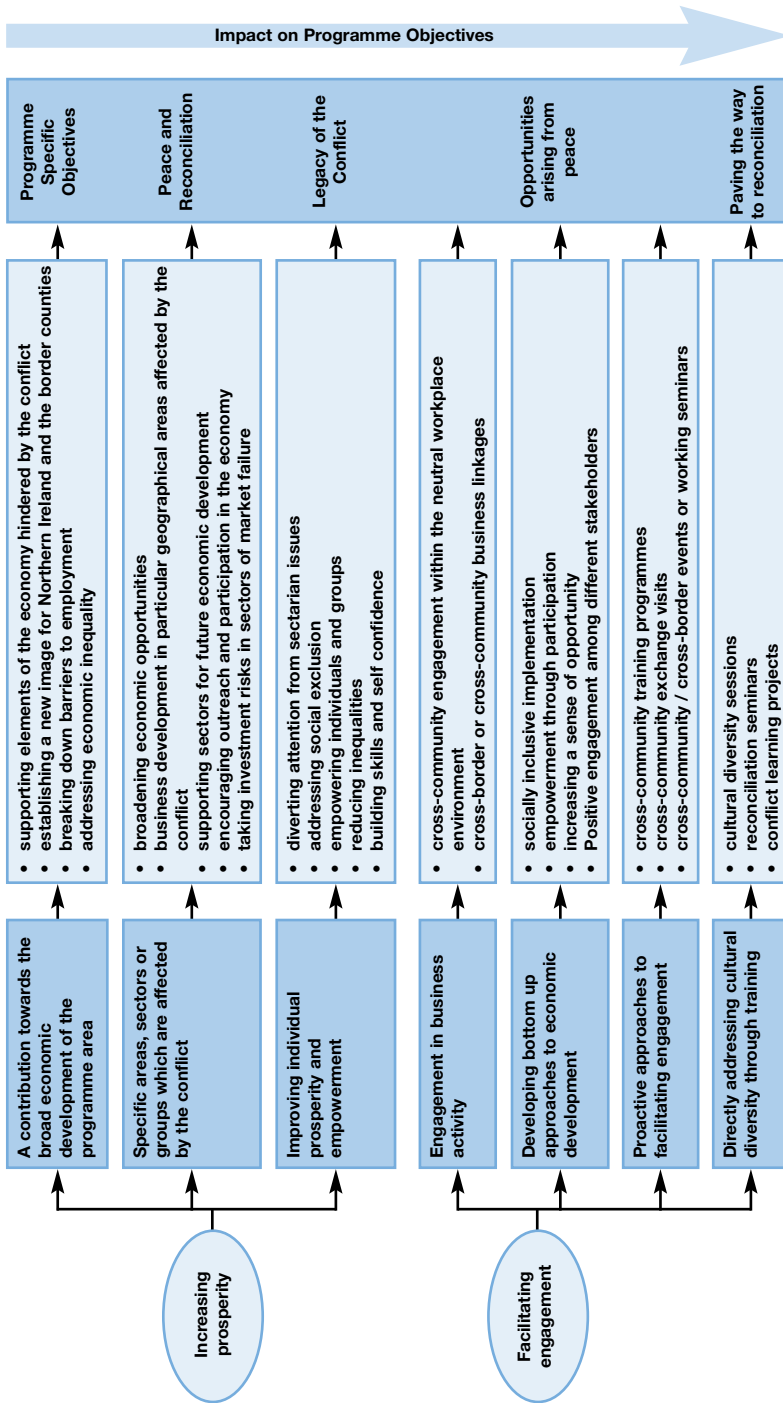
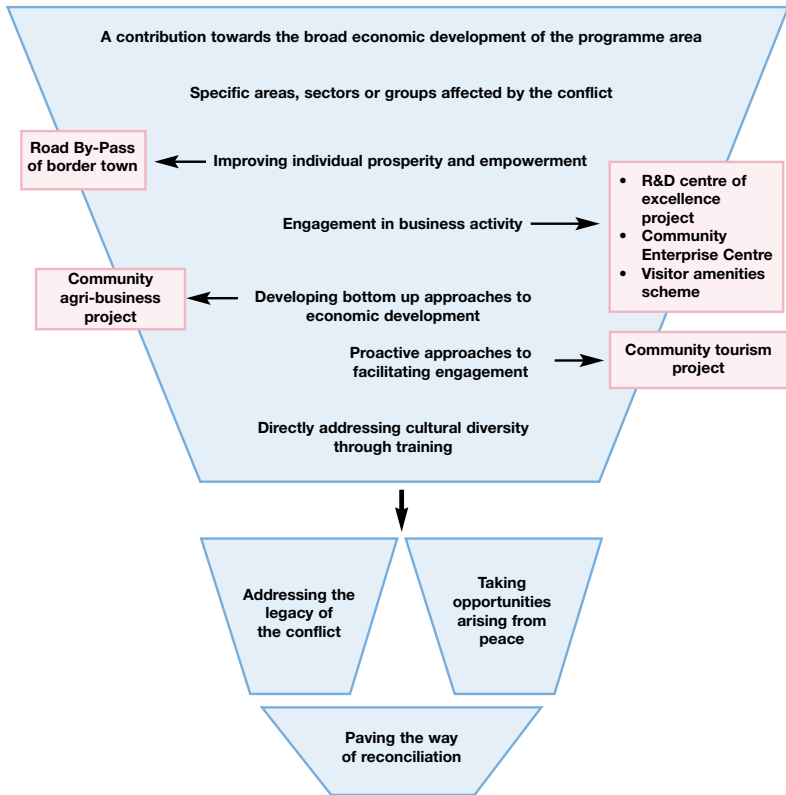


Figure 2: Assessing Economic Projects against the Scale of Peace and Reconciliation Impact



In conclusion, therefore, taking the case studies as a proxy for the impact of the programme as a whole, the economic measures in the Peace II Programme have made an important contribution to addressing the economic consequences of the conflict by increasing prosperity. Under this approach, therefore, the economic measures are indirectly addressing reconciliation and providing an essential basis for peace building in Northern Ireland and the border counties of Ireland. In addition, although initiated under a more limited number of economic measures, the Peace II Programme is also making a direct contribution to promoting reconciliation by proactively facilitating interaction and establishing a wider process of engagement.

In our view there is a need to develop further the targeting of funding on areas, sectors and groups most affected by the conflict, and to couple this intervention with proactive activities for increasing engagement on a cross-border or cross-community basis. These proactive activities provide a way of differentiating economic initiatives funded under the Peace Programme with other more conventional programmes. With a view to encouraging these activities in the Peace Programme and in future peace building strategies, the following section outlines a number of recommendations.

Recommendations

Although the Peace II Programme was initially designed for a five year programme period

(2000-2004), an extension to the programme has now been agreed until 2006. These recommendations, therefore, are related to this two year extended period and to the design of any possible future programme with peace and reconciliation objectives.

The final evaluation will need to examine the overall impact of the Peace II Programme as a whole on the objectives of addressing the legacy of the conflict and taking opportunities arising from peace, as well as the extent to which it has paved the way to reconciliation. This applies whether measures and projects are primarily economic or social in nature and, in order to do so, it is important that the evidence of these impacts is recorded for the various measures and projects. In particular, projects need to demonstrate how they are targeting areas, sectors and groups affected by the conflict. At present, the distinctiveness database currently covers over two thirds of projects and with project activity continuing at pace, it is essential that this data continues to be collected and recorded.

We recommend that all implementing bodies continue to update monitoring data on a regular basis, especially in relation to areas, sectors and groups affected by the conflict.

One of the conclusions to emerge from this research is the difficulty of defining reconciliation and applying it in project selection and implementation. There is a need for practical guidance on how reconciliation can be built into the design of projects, especially under economic measures and projects. This should build and develop the work carried out by Hamber and Kelly in 'A Working Definition of Reconciliation' .

We would recommend that as part of the Peace II extension clear guidance should be given as how the overall aim of 'paving the way to reconciliation' can be met in practical terms.

The inclusion of the distinctiveness assessment in the project assessment process has been an important means of ensuring that projects meet the programme objectives. However, we are aware that at present the distinctiveness assessment includes a maximum score for reconciliation of 6 per cent. SEUPB has proposed that this should be increased to 20 per cent as a means of ensuring that projects incorporate a more pro-active approach to reconciliation.

We recommend that, for the extension measures, the proposal by SEUPB to increase the score attributable to reconciliation in the distinctiveness assessment from 6 per cent to 20 per cent should be supported.

There is a degree of uncertainty over what economic measures and projects have contributed to peace and reconciliation. This research has proposed a framework for analysing these impacts but there appears to have been limited discussion in the private business sector of their role in contributing to peace and reconciliation through economic activity. In our view there is an opportunity for a broader discussion in the business community on whether there are other practical ways in which business can contribute more effectively to peace and reconciliation.

We recommend that one of the representative bodies, such as CBI/IBEC, should be invited to host a seminar/conference on the contribution of business to peace and reconciliation, with a view to bringing back suggestions to SEUPB for any future programme.

In taking forward the lessons from this research a range of ways to facilitate more direct engagement by economic projects with peace and reconciliation were identified that could be transferred to other projects. These include:

- Conducting training programmes in neutral areas or alternating training between areas predominantly composed of one community or the other;
- Holding business events or working seminars (in neutral or alternative single identity areas) in which businesses and employees can come together on a cross-community or cross-border basis to discuss common economic issues;

“It could be argued that future peace-building strategies should only support economic projects that pro-actively seek to facilitate engagement between the communities.”

- Encouraging the development of business partnerships on a cross-border or cross-community basis to share experience and develop learning between projects;
- Encouraging the development of cross-community management boards;
- Developing a mentoring or shadowing system on a cross-community basis in which new businesses will be linked to existing projects;
- Developing participatory approaches to economic development projects that allow for increased involvement of stakeholders from different backgrounds and communities;
- Undertaking cultural diversity training on a cross-community or single identity basis
- Encouraging cross-community representation in local small business groups and Chambers of Commerce organisations; and
- Facilitating greater interaction between Chambers of Commerce organisations that represent mainly single identity areas.

With a view to sharing good practice, we recommend that SEUPB disseminate the

ways in which engagement processes (such as those listed above) can be established and provide guidance to implementing bodies and project beneficiaries on how these could be further promoted across the Peace II Programme

If the barriers and market failures associated with the conflict are being addressed, it could be argued that future peace-building strategies should only support economic projects that pro-actively seek to facilitate engagement between the communities. While increasing prosperity is an important part of future peace-building, as it helps to reduce economic inequality and address social exclusion, projects that only aim to achieve these goals could be supported under other more conventional economic development programmes that focus on particular issues of market failure, area based regeneration or labour market integration. These initiatives could be implemented in tandem with future peace initiatives. Indeed, this linkage between peace-building strategies and general economic initiatives will remain crucial as economic prosperity provides an important basis for developing the conditions for increased engagement and building peace and reconciliation.

This research has been prepared by PricewaterhouseCoopers LLP for the exclusive use of the SEUPB in accordance with the specific terms set out in a letter of engagement dated 9th February 2005. PricewaterhouseCoopers LLP does not accept or assume any liability or duty of care for any other purpose for which this research may be used or in relation to any other third party or other person(s) or organisation(s), who may read and / or rely on this research, save where expressly agreed in writing with PricewaterhouseCoopers LLP. The reader is therefore advised to seek their own professional advice before placing reliance upon the contents of this research. Further this research has been produced subject to important qualifications, reservations and assumptions and, without prejudice to that set out above, it should be read in the context of those qualifications, reservations and assumptions.

©2005 PricewaterhouseCoopers LLP. All rights are hereby asserted and reserved. This research is protected under UK and international intellectual property laws, including without limitation, copyright. It contains information that is the propriety of and / or which is confidential to PricewaterhouseCoopers LLP. This research shall not be disclosed, amended, varied, abbreviated, copied, published or otherwise altered, disseminated or manipulated in any way, whether in whole or in part without the prior written consent of PricewaterhouseCoopers LLP.



Howard Keery
Head of European Programmes, Department of Enterprise, Trade and Investment.

'ECONOMICALLY FOCUSED PEACE BUILDING – THE PRACTICAL EXPERIENCE'

How Economic projects can aid Peace & Reconciliation

Background to the Economic Revitalisation Measure under Peace II

From the outset of the Peace II Programme it was recognised that the workplace provided an ideal, proven and effective environment in which to bring people together from different community backgrounds and thus provide an appropriate vehicle for overcoming the barriers to reconciliation.

Years of conflict and the resultant negative image not only impeded the development of many sectors of Northern Ireland society and economy including local entrepreneurship but also created serious barriers to reconciliation between the two main traditions giving rise to polarisation and mutual mistrust between and within communities.

The difficulties experienced in interface areas and those cities, towns and villages that have been physically scarred throughout Northern Ireland as a direct result of the conflict are well documented. For these areas in particular DETI felt there was a need to prepare the way for employment through innovative investment and the stimulation of

small business. It was against this backdrop that the economic revitalisation measure under Peace II was conceived.

The following objectives were therefore set to meet this overall aim:

- Support the economic infrastructure;
- Stimulate business growth and develop potential.
- Create jobs.
- Facilitate skills acquisition and capacity building.
- Provide a foundation for increased investment and employment opportunities in deprived areas.
- Encourage economic co-operation / joint actions especially in interface areas.
- Support economic structural adjustment required arising from peace.

Under Peace II DETI allocated approximately £12.7 million to develop this concept through the creation of flexible workspace units in areas across Northern Ireland that have been most adversely affected by the troubles. £8.5 million of this funding is being administered directly by DETI with the remaining £4.2 million administered by Invest NI.

Examples of Reconciliation through Economic Revitalisation

Overall the Measure has been very successful with 31 projects creating over 400,000 square feet of flexible workspace potentially resulting in over 1,200 new jobs in some of the most deprived areas in Northern Ireland

“Although these projects are economic in nature the examples cited clearly illustrate that reconciliation and peace building are both key elements.”

from the Waterside in County Londonderry to Crossmaglen in County Armagh. Although the primary focus of these projects is on economic benefit there is also a very clear social benefit. Experience has demonstrated that economic revitalisation generally leads to an enhanced level of self esteem and confidence. This in turn has a knock-on benefit in the local community, where the business promoters/entrepreneurs can become role models for others and act as catalysts in developing a shared vision for a more reconciled society.

While obviously economic in nature, reconciliation and peace building are nevertheless key elements of our economic revitalisation projects. The following illustrative examples provide a cross-section of the types of reconciliation activities some of our projects engage in, clearly underscoring the fact that economic and social benefits are inextricably linked.

Aisling Business Park

This project will create 10,000 square feet of workspace in the largely Catholic area of Andersonstown in West Belfast, where there are limited local opportunities for cross-community interaction. The project promoter has established a working relationship with the East Belfast Partnership which both

parties are keen to develop and strengthen further in the form of a reciprocal mentoring exercise. This is enabling the management and staff of both organisations to learn about different traditions and cultures, thus leading to greater understanding and promotion of reconciliation between the two communities.

Creggan Enterprises Limited (CEL)

This project has created 11,441 square feet of workspace in the Creggan area of Londonderry and although it is located within a single identity community (Catholic/Nationalist), the project promoters recognise the need to promote reconciliation, mutual understanding and respect between the communities of Northern Ireland. CEL has experience of linkage and exchange visits with community groups and social economy enterprises within the Protestant/Unionist community, and it is their aim to build on this through the new workspace. The group have recently formed a strategic link with the Old Warren Partnership, a predominately Protestant community group based in Lisburn. The Old Warren Partnership are also in receipt of Peace II funding for the development of workspace and are using Creggan Enterprises' expertise in the area of community based projects to strengthen their own project.

As a measure of the success of this project in addressing peace and reconciliation it was selected by the European Commission to represent the UK at a 'Best Practice' conference in Finland on 13-15 October 2004.

Lisburn Enterprise Organisation (LEO)

Located in the predominately Protestant city of Lisburn this project has created almost 10,000 sq ft of workspace. The project promoter has a well-established working relationship with the Glenwood Business Centre located in a predominately Catholic area of West Belfast. The two organisations

jointly manage several economic development initiatives on behalf of Lisburn City Council. In addition LEO has recently signed a Memorandum of Understanding with Enterprise NI, Intertrade Ireland and the County Enterprise Boards in the Republic of Ireland outlining the commitment of all partners to work together to develop an all island network of trade and business support for micro enterprises.

Mayfair Business Centre

This project involves the construction of 4,900 sq ft of workspace in the Garvaghy Road area of Portadown. The Garvaghy Road in particular has received much negative media attention in recent years and the project promoters are actively promoting the Business Centre as a neutral environment. Both management and Board are made up of members from both communities and are committed to working closely with the wider community of Drumcree/Portadown to identify ways of making the entire site neutral for all.

LESSONS LEARNED

Although these projects are economic in nature the examples cited clearly illustrate that reconciliation and peace building are both key elements.

In many instances the economic and social benefits are clearly interdependent and it is evident that inter-community tensions can be equally well addressed through the provision of infrastructure and employment as through purely social measures. They clearly demonstrate the commitment of all concerned to the development of mutual respect and understanding

From our experience of delivering these projects there are several valuable lessons that can be taken forward to the Peace II extension:

- The fact that projects simply write on an application that they will open their workspace to both sides of the community does not necessarily mean reconciliation will result. Although a recent report by PWC on the 'Impact of the Economic Measures' highlighted that some level of reconciliation is often a result of such activity it also highlights that those projects which actively seek to facilitate engagement on a cross-community and cross-border basis achieve a much greater peace and reconciliation impact. This is a challenge that we readily accept.

- As part of the Peace II extension DETI will insist that those projects that receive funding, engage in a very pro-active approach to reconciliation. We will be looking for projects to set up cross-community boards to manage the project and to organise training programmes, mentoring systems and seminars on both a cross-community and where appropriate, cross-border basis.

- In order to ensure these reconciliation objectives are met it is essential that applicants are aware of them from a very early stage. In advance of the Peace II extension call for project applications we placed an advertisement in the local papers requesting expressions of interest in the extension monies. To ensure that peace and reconciliation was at the forefront of their thinking all organisations who responded to the advertisement were visited and consequently the subject of reconciliation has been extensively discussed with its importance heavily underlined.

- We also discovered that it is much more difficult, though not impossible, to measure peace and reconciliation objectives where the project promoter is

from the private sector. Community economic development and social economy organisations have a much greater ability to engage in the activities necessary for effective reconciliation and we have therefore decided to fund only these organisations under the extension.

- From our experience it is very evident that strategic alliances between projects do work. By coming together and sharing experience, knowledge and resources promoters can develop methods of best practice, which in turn lead to stronger projects.

Conclusion

There is no doubt that Economic Revitalisation has been one of the success stories of the Peace II Programme. The

funding is already making a difference to the economic infrastructure and social climate in some of the areas in Northern Ireland that have been most adversely affected by the conflict. The majority of our projects are already actively engaged in promoting peace building on a cross-community basis illustrating that economic projects are more than capable of meeting both social and reconciliation objectives. There is now clear evidence that economic measures do effectively meet social needs.

Although much has already been done to promote reconciliation the Peace II extension represents an opportunity for all stakeholders involved in the funding process to take this work a stage further. A much greater responsibility will be put on project promoters to actively engage in the reconciliation process, which will result in even more tangible benefits.





Tommy McGuire
Manager, Castleblayney Enterprise Centre

'ECONOMICALLY FOCUSED PEACE BUILDING – THE PRACTICAL EXPERIENCE'

Castleblayney Community Enterprise Ltd

In common with many towns located within the border region, Castleblayney was in the early 1980's widely regarded as an economic black spot. Traditional agricultural enterprise was in severe decline. The 'Troubles' and the associated lack of confidence within the business sector (and the community in general) stifled any significant prospect of indigenous enterprise creation. With high levels of security presence and of paramilitary activity in the border area, community development activity was also minimal.

In the face of chronic unemployment and of a community which was slowly turning in upon itself, a public meeting was held in 1985 with a view to identifying actions to support economic and community development within the area. From this meeting stemmed the establishment of the Castleblayney Community Enterprise Organisation, later to become Castleblayney Community Enterprise Limited.

With funds of IR£50,000 forthcoming from the Youth Employment Agency, the Combat Poverty Agency and from the local community, the old Boys National School

which had lain idle on the Dundalk Road for 15 years was converted into the first enterprise centre in County Monaghan.

A manager was subsequently appointed to support local start up companies and to co-ordinate the delivery of various training initiatives relevant to improving employability and/or developing micro-enterprises.

In 1999, CCE was instrumental in securing funding for the development of a plant designed specifically for use by food-orientated businesses in Castleblayney. A grant equivalent to over €1,430,000 was secured to support the development, which today is left entirely to one company, namely Cargill Integra, employing in excess of 70 employees.

Following upon the ceasefires of 1994 and a gradual improvement in general community and business confidence, it became clear that a greater number of units should be made available to local entrepreneurs.

CCE applied under Measure 1.2 of the EU Special Support Programme for Peace and

Reconciliation (EUSSPPR) for funding to commission research into the feasibility of extending the centre to accommodate additional units. Business Results Ltd were commissioned to conduct this research, identifying a clear demand for additional units and underlining the viability of such a venture.

This led to CCE securing a grant of approximately €130,000 from ADM/CPA under Measure 1.4 of EUSSPPR to undertake

“The entire project including the Food Plant building has contributed to the economic development of the town”

the first major extension to the Centre. Construction began in November 1999 with the extension being completed in 2000, offering the following additional facilities:

- Three additional units
- A training and conference room
- A catering area and facilities
- A refurbished reception and office area
- Upgrading of heating, telephone and computer systems
- Refurbishment of existing units

The need for a further extension to Castleblayney Enterprise Centre was established in 2002.

On the basis of this identified need, the board of CCE agreed in 2002 to begin the process of sourcing support for a further extension to the Centre. The EU Programme for Peace and Reconciliation was identified as a possible means of supporting the proposed phase 2 extension and CCE identified Measure 1.1E Business Competitiveness and Development in the Border Region, as the most appropriate measure within the Programme.

CCE submitted an application under the measure in February 2003, and was

successful in securing funding of €190,000 towards the extension project. This sum represented approximately 75% of the estimated total cost of the project, specifically €250,000. CCE therefore committed to securing the remaining 25% (approximately €60,100) from alternative sources, including their own cash sources.

The second extension would give the building seven new office type units, a meeting room and a storeroom, creating an additional 200 sq meters.

The overall size of the Enterprise Centre is now 10,000 sq ft and is at a high level of sustainability. The entire project including the Food Plant building has contributed to the economic development of the town, facilitating start up and small business activity and through retaining such ventures in the community, the Centre is making a contribution to both the social and economic fabric of the area.

The economic prosperity created, in turn contributes to improved inter community stability and has pro actively created or facilitated opportunities for relationship building.

Indirectly, the attraction of community organisations such as Monaghan Youth Federation and state organisations such as FÁS, who have taken tenancy in the extended building, are also through their programmes and services supporting groups targeted by the Peace II Programme, thus giving the benefits of the Measure 1.1E Programme a greater significance for Castleblayney Community Enterprise.

The Enterprise Centre is now a major focal point in the town and in addition to housing many varied tenants from local business to community services, it also serves an invaluable information point for local

residents, visitors, agencies and the likes. The provision of three meeting room facilities also allows for the many varied groups both within the community and also inter-county groups to use the facility, which in turn lends itself to information sharing and networking. Furthermore the Centre employs a full time Manager and other full time and part time staff. This resource is invaluable in the planning and implementation of many worthwhile projects, events and local development works.

Castleblayney Community Enterprise Ltd. is ultimately a community group with a Board of Directors, who are representative of the local community; many of these are also representatives on other local organisations. Given also that the Board is cross-community, the approach by Castleblayney Community Enterprise Ltd. is one that embraces the principles of inclusion and integration, which ultimately facilitates mutual respect and consensus, thus embracing all aspects of life in the community.

In conclusion

Castleblayney Community Enterprise as a community group governed by a voluntary Board of Directors has, in parallel with expanding its premises base in order to support local micro enterprises, also been able to facilitate a broad array of economic and community development activities within the Castleblayney area.

In view of the Troubles and long periods of economic depression, Castleblayney Community Enterprise has always striven to stimulate community development activity in order to minimise the impact of the legacy of the troubles and social exclusion.

As a community group they have in a unique way used Peace Programmes such as Measure 1.1E, Business Competitiveness, to further their main economic objective, while at the same time inter twining their other activities to compliment this.

In addition Castleblayney Community Enterprise can be used as a prime example of a group who have successfully built on the support of the Peace I Programme.





Sean Pettis
CRC's Project Manager – EU Events & Seminars

Round Table Discussions – Highlighting the Key Issues

The participants at 'Prosperity – A Part of Peace?: Learning from the Economic Experience of Peace II' were given the opportunity to share their own experience of the Peace Programme through a combination of question and answer sessions and round-table discussions. The debates that these sessions stimulated were particularly noteworthy at this event, and to try to summarise them is a difficult task. However, what follows are the most recurring themes of discussion from the round-table session all participants engaged in. The session was facilitated by Duncan Morrow and comprised of three key questions.

QUESTION 1

What contribution has Peace II made to Northern Ireland and Republic of Ireland PLC's ?

- It was felt that the economic measures of Peace II had been successful in investing in areas most affected by the conflict i.e. the border region and interface areas. This had the effect of helping to contribute to a more confident and forward looking community. In addition to this, Social Economy initiatives

had created job production and investment in areas where private companies would not go and where there was consistent market failure. All these factors gave new and existing PLC's a better environment to work in.

- It was felt that the economic measures had created a stimulus for foreign investment. Also, with the additional workspace units Peace II projects created, this had provided a good level of economic growth, despite, as one participant noted, the fact that the Peace II investment wasn't that big in relation to the overall economy.

- Many felt that the training aspect of the economic measures have had a very positive impact on PLC's, particularly in developing the skills base in sectors and communities where this has been lacking. In turn this has had the added effect of reducing labour migration and keeping skills within the local community.

- A strong view of consensus was the success of the cross border cooperation Peace II has promoted. This was seen as very positive in terms of both promoting a

peaceful society and in developing a stronger economy within the European Union. In particular, it was noted that this cooperation has been evident not just with large scale projects, but with smaller operations too.

QUESTION 2

Should business promote a Shared Future as part of its Civic Leadership? If so, how? If not, why not?

● The majority consensus on this question was that business should promote a shared future as part of its civic leadership. It was on how this could actually be delivered, that there was a range of views expressed. One participant felt very strongly that the most successful businesses are those that accept their civic responsibilities, through integrating their economic and social concerns.

● It was noted that in Great Britain there is much more of a tendency for businesses to work within the community, and that this trend was starting to slowly develop here. Moreover, there is a need for the community to approach businesses – it is a two way relationship.

● It was suggested that many businesses are very small with maybe only a few employees, so having the time to promote good relations is a difficult task. However, it was argued that in promoting a shared future, businesses would be creating an environment where there is a wider customer base and more investment.

● It was felt that there has to be someone really promoting the benefits from a shared future to businesses – there needs to be an incentive. It was recognised that the workplace is the biggest place of integration in Northern

Ireland, and that training and staff development in these areas could have very useful outcomes.

QUESTION 3

What Economic Measures could still be taken to secure peace and stability in Northern Ireland and the Border Counties of Ireland?

● The importance of this question was a point of wide consensus. If we are to receive more EU funding, then we have to clearly demonstrate where the need is. It was felt that the number of employees in the public sector was no longer sustainable and that there is a clear need to have measures to boost private sector employment.

● Some participants also felt that it was crucial to develop and strengthen the cross border links already created by Peace II and to build measures around that theme.

● It was widely felt that a strong rural development aspect is needed in order to counter the decline in rural economies. This shouldn't be through subsidy, but through providing a programme that can allow farms to function more like a business.

● A frequently raised issue regarding future grant aid programmes is the burden of the high levels of administration. One particular participant, from a Local Strategy Partnership recalled that a group, which was awarded grant aid, handed back a third of the award because to them, 'it wasn't worth the money'. It was felt that reducing the bureaucracy involved in administering the programme would help involve new groups and businesses.



Mike Morrissey
Independent Consultant

The Role of Economic Development in Peace Building: Some Thoughts on Peace II

Introduction

Less than 30 per cent of total funds of the Peace I programme were explicitly directed at economic-development (Employment and Productive Investment) compared to over 50 per cent in Peace II (Economic Renewal and Locally-based Regeneration & Development). Indeed, the latter's peace and reconciliation dimensions went under the label of 'distinctiveness' in order to emphasise the differences between it and Building Sustainable Prosperity, the main EU structural programme - a distinction that merely emphasised the degree of congruence between the two.

This shift in emphasis led many to believe that the latter programme was no more than traditionally conceived economic development presented in the terminology of peace building – 'The conflict in Northern Ireland did not arise, nor was it perpetuated, by lack of economic growth, though relative deprivation was clearly a factor. Therefore the solution is not likely to be found through economic means. Rather, if the causes and effects of division can be addressed and political

stability established then the conditions can be created in which the region can prosper' (Democratic Dialogue, 2000).

The counter argument is that the distinctiveness criteria gave the Programme a considerably sharper focus on peace building and reconciliation than was evident in Peace I despite the emphasis on economic development – Harvey (2003, p.103), for example, notes: 'this programme has a strong in-built mechanism to ensure that it is distinctively focused on issues, areas and groups arising from the conflict.'

The SEUPB (2004, pp 28-29) commented on this, noting the divergent arguments: *It was put to us, quite forcefully on occasion, that economic development in itself contributed to building peace and hence to reconciliation. Thus, especially where measures of economic development could be located in areas that had suffered from the troubles, they were appropriate to be funded under the Programme*

A counter-argument was put to us that the "economic" thesis ignores the inter-dependence of conflict resolution and

economic growth. Economic development in itself may help peace but, to an extent at least, conflict resolution is a precondition for economic growth. The argument is that inward investment and other forms of economic development are greatly affected by violence and division and that measures to overcome them are necessary to facilitate such development.

It has also been put to us that “economic” measures also tend to assume that poverty and underdevelopment were ‘causes’ of the troubles which must now be addressed. This is a false perception. It is arguable that the economic measures are actually causing conflict by creating competition for resources amongst and between communities, reinforcing existing divisions.

Thus, there has been an ongoing debate about the mission and goals of Peace II and whether it could help deliver peace and reconciliation in Northern Ireland. It should be said, however, that it was never intended as an exclusive peace building instrument and was designed rather to complement and reinforce mainstream peace building effort - ...to reinforce progress towards a peaceful and stable society and to promote reconciliation.

Nevertheless, three main arguments have developed around its relevance:

- that economic development can make a significant contribution to peace, particularly by drawing the marginalised and disadvantaged into the mainstream;
- that resolving the political conflict is a necessary precondition for economic development since conflict directly inhibits development;
- that any programme which distributes resources as a means to reinforce peace will itself become a source of conflict since the political contest is, in part, about the ‘equitable’ distribution of resources. (The last is relevant also to Peace I and is not just about the direction of Peace II.)

To explore some of these issues in greater detail, this article looks at four aspects of the debate:

- What were the specific effects of the Troubles on the economy – do these offer clues to what should be the targets of an economic-development focused peace programme?
- How did Peace II ‘fit’ with what was going on in the Northern Ireland peace process – i.e. exactly what was it designed to complement and reinforce?
- How has Peace II been assessed and evaluated – does this body of work answer the criticisms of the programme?
- Can an Economic Development Programme effectively address Peace & Reconciliation?

The Economic Impact of the Troubles

Unfortunately, it is difficult to find evidence that conclusively demonstrates the negative impact of the Troubles upon the local economy. Table 1 presents data on political violence, the Northern Ireland unemployment rate and GDP per head as a percentage of the North/North East of England between 1971 (when serious political violence started following the introduction of internment) and 1998 (when the Good Friday Agreement was signed).

In the table (overleaf), security-related fatalities are taken as an indicator of the overall level of political violence. Fatalities correlate well with injuries across both time and space up until about 1994. Thereafter, the pattern changes. Nevertheless, for most of the period the correlation between the two is pretty good. Economic development is represented by the unemployment rate and the region’s GDP per head as a percentage of the North East of England. This enables comparison with another depressed region with population size closer to Northern Ireland’s than the whole of the UK. Even allowing for the fact that the economic impact of political violence may be

**Table 1:
Political Conflict and Economic Development**

Year	Share of All Security-related deaths (%)	Unemployment Rate (%)	GDP per head as % of North/North East
1971	5.2	5.4	89.6
1972	14.0	6.4	86.5
1973	7.7	4.8	88.3
1974	8.6	4.1	85.9
1975	7.5	5.1	85.5
1976	8.8	6.8	84.3
1977	3.3	7.5	84.0
1978	2.3	8.2	93.0
1979	3.5	7.8	87.0
1980	2.4	8.2	85.1
1981	3.2	12.3	84.4
1982	3.1	13.9	85.1
1983	2.5	15.0	85.6
1984	2.1	15.5	85.6
1985	1.7	15.5	83.9
1986	1.8	16.7	88.2
1987	2.9	16.7	85.5
1988	3.0	15.2	86.0
1989	2.3	14.3	86.5
1990	2.4	12.9	89.3
1991	2.8	12.8	92.8
1992	2.6	13.6	91.9
1993	2.5	13.8	92.8
1994	1.9	12.9	91.9
1995	0.3	11.2	93.3
1996	0.6	10.8	93.1
1997	0.6	8.1	104.0
1998	0.3	7.3	105.0

**Sources: Cost of the Troubles, 2000
www.nisra.gov.uk & www.statistics.gov.uk**

time lagged, it's difficult to see a consistent relationship between the level of violence and the economic variables. The conflict was concentrated in the 1970s, the highest rates of unemployment in the 1980s following the oil shocks and industrial restructuring. The Northern Ireland/North of England GDP ratio shows no consistent pattern until 1990, after which Northern Ireland's improves to the

point where it was actually greater than the North of England's (1997 and 1998). The trends in unemployment and GDP ratios actually correlate negatively with the distribution of political violence.

Arguably, however, there does appear to be a 'peace effect'. After the IRA ceasefire of 1994, the share of fatalities fell, as did the unemployment rate, while GDP per head rose faster than the North of England's. Nevertheless, this 'trend' was unaffected by the breaking of the ceasefire – indeed, the most dramatic fall in unemployment occurred during 1996/97 and, for most of this period, the IRA was back at war. Indeed, the fall in unemployment then was more associated with administrative changes (the introduction of Job Seekers Allowance) than a shift in the levels of political violence.

Part of the problem lies in attempting to identify the specific Troubles-related impacts while many other changes are also taking place. As Bradley (1996, p. 63/64) comments, 'The published direct analysis of the impact of the troubles on the whole economy, on sectors or on the public finances in isolation, is seriously flawed and cannot be reliably used to isolate the Troubles from other factors.' He identifies three causes for poor economic performance during the 1970s (p.61):

1. The Troubles, which became serious at just the time the decline in manufacturing employment started to get serious;
2. The weakening of regional and industrial policy in the UK, particularly after the election of a Conservative Government in 1979; and
3. The slower growth in the world economy that followed the OPEC I and OPEC II world recessions.

Northern Ireland was (and is) thus open to the cycles that affect the global economy, is sensitive to what is happening in the UK and

has its own specific industrial characteristics. All three were changing during the Troubles and many such changes would have occurred even in the absence of political violence.

Nevertheless, it's likely that 30 years of political violence did have negative economic consequences:

- The direct costs in terms of the dead, injured, damaged property/infrastructure and job loss within the economy;
- A swollen public sector - Over the past twenty-five years the public sector has grown substantially, in no small measure due to the Troubles (Northern Ireland Economic Council 1995, p.4) - associated with higher need, additional costs (e.g. security) and a smaller private, wealth generating sector;
- Political uncertainty inhibiting the ability of firms to plan for the longer term and set down long-lasting roots in any particular place - Political risk can be expected to have a particular influence on the size of the tradable goods sector. This sector has an alternative to invest elsewhere, and, for a given rate of return, will seek out a lower risk environment (Barnett, 1995, p.49);
- Indirect costs in terms of the diseconomies of conflict – inefficient labour and housing markets generated by intimidation and community division – the lack of social capital, the complex matrix of trust, collaboration and shared responsibility that some argue is a necessary precondition for successful development – community segregation that inhibits the scale on which local development can take place thus inhibiting opportunities for success;
- Other costs less easy to categorise – e.g. an increase in informal (and therefore non-taxed) economic activity.

Why do such effects not appear more obviously in the published data? One answer

is linked to the growth of public spending that compensated for them – public spending accounts for around two thirds of GDP and public sector employment for almost a third of all employees. As a consequence, the gap between the value of all forms of taxation and public expenditure has steadily grown. By 2007/08, Northern Ireland's departmental expenditure will have reached £8 billion. Add to that around £4 billion in cyclical expenditure (benefits) and a further £1 billion for the Northern Ireland Office and total spending comes to about £13 billion. Smyth (2005) estimates that the gap between what is raised in taxation and what is spent amounts to £1,200 for every person in the region. Many would think that this figure underestimates the degree of fiscal subsidy. Even when other UK regions felt the full weight of public spending cutbacks, Northern Ireland emerged relatively unscathed. The Northern Ireland Executive took office just as Gordon Brown ramped up public spending after sticking to two years of Conservative

“The essential role of the British government in Northern Ireland was to pump resources in at the top (notwithstanding the Barnett Principle) while maintaining security on the ground.”

plans – in its first year, the Executive could not spend what it was allocated.

Thus, the essential role of the British government in Northern Ireland was to pump resources in at the top (notwithstanding the Barnett Principle) while maintaining security on the ground. Despite the many debates about the role of the security forces in Northern Ireland (shoot to kill, collusion etc.), their primary effect was to prevent the region turning into a Balkans-style waste land.

In short, because the public sector compensated for many of the economic

consequences of political violence, the most noticeable impact has been the growth of the public sector itself. Heald (2003) estimates that, if identifiable public spending per head is taken as 100 for the UK, then Northern Ireland stands somewhere between 130 and 140.

It has been argued that the scale of the public sector 'crowds out' and inhibits the development of the private sector. Even if such arguments are dismissed, there are still grounds for concern. The Barnett Principle will eventually bring public spending per head into line with England. Equally, there are major

“Some viewed it as nothing less than astonishing that Gerry Adams could lead the Republican Movement into an exclusively political role without an internal civil war.”

worries within the British Exchequer about sustaining long-term levels of public spending in the future, particularly with an aging population (see: Wanless on the NHS, 2002 or Turner on pensions, 2004 or Gershon on public sector efficiency, 2004). That means that public spending in places like Northern Ireland will be more carefully scrutinised in the future. There is thus an overwhelming desire to find ways to make the region less public expenditure dependent – hence the use of the word 'sustainability' in nearly every kind of programme. That mission would be peace relevant to the extent that the scale of the public sector and the dependence on public spending have been the most noticeable economic effect of the Troubles. From that perspective, the economic emphasis in Peace II makes sense.

Did Peace II 'fit' with the Peace Process?

In one sense, both Peace programmes were informed by a 'Marshall Aid' model, i.e. for all practical purposes, the conflict was over and

the key challenge was to address its consequences. The challenges were defined in terms of Northern Ireland's development gap (GDP per head had remained stubbornly around 80% of the UK level), the need for regeneration and a social inclusion process that prioritised the conflict's victims. Hence the Peace I mission was defined as:

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.

Much use was made of the Lederach 'triangle' (1995) that sensibly proposed a range of peace building interventions at three different levels: the 'top table' where the necessary political deals were made; the meso level where civil society organizations would contribute to peace; and, on the ground where people lived and worked and (occasionally) fought each other. The purpose of Peace I was to function at the meso and on-the-ground levels to complement and reinforce the political process. Peace II essentially adopted the same model, but with a greater emphasis on economic development.

There are, however, some problems with the initial assumption. For one thing, there was no fundamentally agreed settlement at the 'top table'. Even when the Good Friday Agreement was signed in 1998, it was subject to conflicting interpretations that induced a succession of crises and, repeatedly, the suspension of the Executive. At no time did the DUP sign up to the Agreement even if it did accept places on the Executive while, at the same time, the ongoing political crises catapulted it into the leadership of Unionism.

A fundamental ambiguity in the Agreement was the way in which it simultaneously

signaled the permanence of the Northern Ireland state (constitutional change only when a majority wishes it and the abandonment of the Irish Republic's territorial claim) and appeared to undermine it (the role of cross-border bodies, not to mention the continuing role of the government of the Irish Republic in Northern Ireland's affairs). In theory, Unionists could take solace from the fact that Republicans had abandoned one of their fundamental tenets by accepting that a majority within Northern Ireland would decide its constitutional future. However, Republicanism, far from defeated, was politically invigorated and Sinn Fein progressively gained ground over its nationalist counterpart, the SDLP. Sinn Fein appeared to be surfing the tide of history towards its ultimate goal. Its acceptance of the internal arrangements was purely transitional. Unionist sense of loss, accompanied by acute paranoia, overwhelmed the apparent constitutional 'fix'.

Part of the problem was the unreal expectations each side had of the other – Unionists that Republicans should 'give up' on their core political objective and 'apologise' for all the damage they had done – Republicans that Unionists should 'understand' their difficulties, particularly over decommissioning. Because Republicans had not given up on their goal of a United Ireland and because the Northern Ireland state had (in their view) lacked any kind of legitimacy, they were only able to accord a 'conditional' legitimacy to the new political arrangements. This reluctance crystallised around the reformed police force, the PSNI, which was interpreted by Unionists as contempt for law and order and which Republicans suggested had been insufficiently reformed.

Decommissioning became a central political battleground. Some viewed it as nothing less than astonishing that Gerry Adams could lead the Republican Movement into an exclusively political role without an internal civil war (as had happened so often in the past) and were therefore prepared to be flexible and patient

over the time span. For others, the decommissioning issue 'proved' that Republicans were unreformed and incapable of giving up their old ways. The issue was exacerbated over persistent charges of paramilitary punishments and criminality. For example, the fourth report of the Independent Monitoring Commission declared (p.12): *The leadership and rank and file of Sinn Féin need to make the choice between continued association with and support for PIRA criminality and the path of an exclusively democratic political party.*

Accompanying the endless political disputes was the fact that political violence had far from stopped. Table 2 lists security-related incidents between 1990 and 2005 in three five year segments – the first leading up to the IRA ceasefire, the second covering from then to the first year of Executive operation and the last from then until the present.

Table 2:
Security Related Incidents in NI 1990-2005

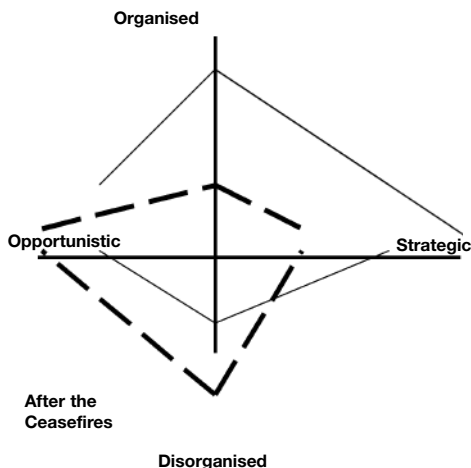
	Shooting Incidents	Bombings
1990/91	559	235
1991/92	489	348
1992/93	518	275
1993/94	426	278
1994/95	272	132
Total	2264	1268
1995/96	65	0
1996/97	140	50
1997/98	245	73
1998/99	187	123
1999/00	131	66
Total	768	312
2000/01	331	177
2001/02	358	318
2002/03	348	178
2003/04	207	71
2004/05	167	48
Total	1411	792

Source: www.psnipolice.uk

The total number of incidents for the first period is greater than for each of the other two. However, the number of incidents in the last period was almost double that of the middle – security related violence actually increased. Had the peace process broken down? Interestingly, when the nature of these incidents is examined, the answer is not quite. For, while the number of incidents did increase, the number of fatalities decreased in both second and third periods and fatalities amongst the security forces vanished. Put crudely, the violent ‘national liberation struggle’ was over (with the exception of the activities of Republican dissidents), but inter-communal violence continued, even increased, as disputes over territory and/or marches became even more widespread. Tasked with policing such conflicts, injuries amongst the PSNI also increased.

Figure 1 tries to represent this shift in the nature of political violence by suggesting that it may be characterized across two continua, the first between organised and disorganised, the second between opportunistic and strategic.

**Figure 1:
Contours of Political Violence**



This suggests that political violence since the mid 1990s has become more disorganised and opportunistic rather than strategic and organised. The latter is more serious and results in the most deaths (deaths have unequivocally fallen). It is also most responsible for deaths among the security forces (the main targets of Republican paramilitaries) and these have also fallen. Thus, the shifts in the violence data suggest that one of its major components has been taken out of the equation, but that other components of violence may have increased, particularly ‘low-level’ violence at the interfaces of residentially segregated communities. As Jarman (2002, p.16) comments:

...the hardening of territorial boundaries and conflict between communities has further increased the scale and the depth of segregation between the two major communities. Many nationalists and unionists live ever more segregated and separated lives...The level of understanding of, sympathy for and acceptance of, the ‘other’ community can only have suffered as a result.

The bottom line is that a peace process is not a phenomenon where the basic conflicts and contests are settled, so that the process of reconstruction can then commence. Rather, it is a period of ongoing political contest and (far from residual) political violence. There is a strategic shift in the character of the contest (the end of violent ‘national liberation’), but many other kinds of conflict are still being fought out, particularly across the battlefields of sectarianism.

The key difference is not a resolution of the dispute, but, (hopefully) agreement about the ways (exclusively political) in which it will be settled. Important to making it work are:

agreement between the supervising governments about the way forward;

- politicians being able to work with those they loathe and in conditions where their own goals are not guaranteed in advance;
- paramilitaries recognising the need for their dissolution;
- communities moving away from grievance and paranoia and facing up to what is unacceptable in both their values and history; and
- people being prepared to stand up to their 'own' side so as to acquire the moral authority to be critical of the other.

This remains an ideal wish list and the absence of many of its components both prolongs the process of transformation and guarantees that it will not be violence free.

It's hard to see in programme documents of Peace II either a comprehensive understanding of the situation in which it was located or a strategic sense of its niche, i.e. where it could do most good. Of course, people can take a general set of measures and give them practical expression (as projects) more productively than the programme complement would suggest. Yet many projects complained that the regulations hindered, rather than helped, peace building and were concerned more with financial monitoring as opposed to capturing whether a peace-relevant project was being delivered.

From this perspective, Peace II appears well meaning, but strategically lost amidst a series of processes and interventions to which it only tangentially related. The problem was not its economic emphasis but its lack of fit with what else was going on in Northern Ireland, with the exception of the mainstream EU structural funds programme. However, this has to be qualified – the major roles in

making peace in Northern Ireland were already assigned, so that the EU had, at best, a very limited responsibility – structurally, it's hard to see what else the EU could do but make available ESF or ERDF funds since these are its standard forms of intervention – the scale of resources was considerable (around a billion Euro) but was dwarfed by the level of existing public spending already taking place. It should also be said that the mid-term evaluation of Peace II was highly positive. Nevertheless, despite these caveats, there remains an imperative to capture the dynamics of the peace process and to develop a limited number of strategic interventions that could add value to its most positive developments.

Evaluating Peace II

There has been a persistent difficulty in measuring the specifically peace and reconciliation impacts in both Peace programmes. For example, the PWC Mid Term Review of Peace I (1997) commented : *The ill-defined nature of 'peace and reconciliation' can be traced to ambiguities in the design of the original programme. In effect, a significant part of the programme was a plan for reinvestment in Northern*

“From this perspective, Peace II appears well meaning, but strategically lost amidst a series of processes and interventions to which it only tangentially related.”

Ireland and the border counties of the Republic—but without a vision as to how this might contribute to peace and reconciliation. Some parts of the programme were barely disguised extensions of existing structural fund programmes. The lack of an agreed understanding of how to achieve peace and reconciliation and the relative weakness of this [reconciliation] constituency also played their part.

The summary Mid-Term Evaluation Report of Peace II, also conducted by PWC (2003), noted the more difficult political environment for Peace II (compared to Peace I) and that evidence of increased community tension 'limited the value added of the Programme' (paragraph 1.123). Nevertheless, the report identified key positive features of the way in which the Programme operated. For instance: "The distinctiveness criteria have 'raised the bar' for groups and...they are

“Given the enormity of the task in hand it would be churlish not to recognize the significance of PEACE II in attempting to create the conditions through which a normal and stable society may be achieved”

being consistently and effectively applied" (paragraph 1.125) and the 2000 projects funded have played an 'indispensable role in promoting peace-building actions and strategies' (paragraph 1.130). The last is ambitious in the light of the relative paucity of the evidence and the report's own caution about whether the projects funded 'understood in practice' the difference between the two fundamental objectives of the Programme (paragraph 1.21).

However, Harvey (2003) found that the implementation of the distinctiveness criteria (which he explicitly endorsed) was patchy. He found that some funding bodies 'refused' to answer queries about how they operationalised the criteria, others were 'unable' or 'failed to respond' and a 'minority had made considerable effort. Other research by Justice Associates (SEUPB, 2004) found considerable variation in the implementation of the criteria from 'undemanding' to 'specific, measurable actions'. PWC's (SEUPB, 2004, p.35) assessment of the economic measures

in Peace II notes the 'danger of devaluing the whole concept of reconciliation in Peace II.'

Other evidence for the reconciliation impact of Peace II can be found in a survey conducted by NISRA for the SEUPB (2004). This explored differences in approach, attitude and practice between those involved in Peace II, the rest of the Northern Ireland population and those living in the border counties. The key results may be summarised as:

The survey findings generally indicate more positive responses from PEACE II participants in comparison with responses from the population in both Northern Ireland and the Border Region of Ireland (Border Region). PEACE II participants are much more likely than the population to have a number of neighbours from the other community, and to have more contact with the other community at work and community meetings and events. Likewise, participants are more likely than the population to have friends from the other community, and to visit those friends in their home or have those friends to their own home.

The NISRA survey demonstrates robustly that those participating in Peace II projects have more 'positive' social attitudes than the population generally. However, it is not clear whether people with such attitudes were more likely to participate in the first place or whether these results signal attitude change within that section of the population engaged with Peace II.

In an analysis of three case studies of the operation of Peace II conducted by NICVA for the SEUPB (SEUPB, 2004), the conclusion stated:

At the very least this research has shown us

that PEACE II has contributed to putting in place an environment where individuals and organisations have to consider the needs of others. Whether or not this has fully translated into addressing divisions and engendering greater inclusivity within our society is debatable. (my emphasis) Nevertheless given the enormity of the task in hand it would be churlish not to recognize the significance of PEACE II in attempting to create the conditions through which a normal and stable society may be achieved. The PEACE II funding programme is a chapter in a much larger and complex story that has yet to reach its conclusion.

While this review of some of the evaluation undertaken of Peace II is by no means exhaustive, it suggests that, even if the Programme did contain an inbuilt mechanism to make it relevant to peace and reconciliation, there is little evidence that the implementation of these criteria was universally rigorous or consistent. Further, it would be stretching it to say that such evaluations were able to identify significant contributions to peace building or overcoming division.

Moreover, the distinctiveness criteria focused on the character of beneficiaries (victims or those living in areas affected by the conflict) and on general questions about single-identity or cross-community work. There was no explicit model of the relationship between economic development and peace building (despite a vast literature on conflict resolution and community relations). Individual projects were given the responsibility to elaborate on the peace relevance of their applications (that were scored by a fairly mechanistic arithmetic). PWC's assessment of the economic measures did generate a model,

but this did not appear until 2004. It was based on the proposition that economic measures create prosperity so that participants then have a 'stake' in peace and, by 'building networks and facilitating interaction' leads to engagement between segregated communities thus helping to build trust and mutual respect (p.39). Thus, economic development can enhance the stock of 'bridging' social capital. Crucially, the significance of the Programme depends on the quality of the engagement and the attached case studies raise some questions in that respect. For example:

- This project is solely focused on providing financial assistance for research and development. On this basis, the method of project implementation cannot be distinguished from a more conventional research and development programme (p.87);
- The promoter feels that if peace or reconciliation were overly stated in the title of the project, this would have dissuaded farmers from participating (p.95) Like many projects this was legitimated as being peace relevant by bringing people

“For decades people have been meeting in neutral environments in Northern Ireland without discernible effect – the issue is what happens when they do so.”

together into a 'neutral environment'. For decades people have been meeting in neutral environments in Northern Ireland without discernible effect – the issue is what happens when they do so. Is there 'polite' conversation or engagement about real difference?

- Despite being included in the Peace II Programme, no changes under the

scheme were introduced as originally set out in the BSP Programme (p.91) – in which it had been originally included.

Also, it should be said that most research on social capital focuses on its capacity to stimulate development rather than the reverse. For example, the Whitehall Performance and Innovation Unit (2002, p.18) summarises Helliwell and Putnam's work thus: *Before the reforms, the higher social capital regions of the North (of Italy) were much*

“Security and respect have as much claim to be human rights as the more conventional declarations – do we want to live in a region in which significant sections of its citizenry have neither?”

wealthier and more productive than the low social capital regions of the South. But the Southern regions were gradually catching up. However, following the reforms, which involved creating a powerful new regional tier of government across Italy's twenty regions, the growth rates of the high social capital Northern regions again surged ahead. It would seem that the high social capital of the Northern regions in some way facilitated these regions' ability to utilise the new government to achieve higher growth.

Economic development 'consumed' rather than generated social capital and, as a result, was boosted. As the earlier quote from Democratic Dialogue suggests, resolving the conflict would stimulate economic development. Whether economic development can help resolve the conflict is another matter, particularly given the implementation issues raised in a variety of reports and evaluations.

Can an Economic Development Programme ever effectively address Peace & Reconciliation?

The honest answer is that the author does not know - what follows are points rather than a coherent, well-worked proposal – something to throw into the debate, rather than attempt to settle it. A starting point would be to define the situation in which the programme would be located:

- The sovereignty contest will remain, but the point is to ensure that it will be settled by a politics of persuasion rather than a politics of coercion;
- There will be an ongoing issue of security both at institutional and individual level – how do we get buy-in to the criminal justice system and the PSNI and what needs to happen to make people more secure as they go about their lives? The first lies in the domain of 'top table' negotiation, the second is about citizen participation in the policing process;
- There will continue to be debates about equality and civil liberties issues, although Northern Ireland has already travelled a considerable distance with respect to both. Moreover, the latest New TSN research (OFMDFM, 2004) points to progress on the equality agenda;
- Sectarianism has remained and metamorphosed into racism. It is difficult to know how reconciliation or community relations will progress unless significant efforts are made to tackle both.

In short, there will continue to be disputes and conflict over the direction and outcomes of any special programme. Nevertheless, there is an overwhelming moral and business case for taking peace and reconciliation seriously:

- Security and respect have as much claim to be human rights as the more conventional declarations – do we want to live in a region in which significant sections of its citizenry have neither?
- Certain kinds of behaviour are simply morally intolerable – this is reflected in the recent enactment of Hate Crime legislation and points to the necessity for a sanction element as part and parcel of an overall strategy;
- There is a fundamental issue of how we want the world to see us. A place that was more relaxed about religious, cultural and religious difference would truly fulfill its potential. Fundamentally, this is about how we view ourselves and the capacity to see others as essentially no different;
- Community divisions carry real diseconomies in terms of segmented housing and labour markets and the ‘extra’ costs of providing services and security;

Thus, there is an overwhelming imperative to address peace and reconciliation issues, not as something extra like the Gucci handbag (once you have everything else), but as intrinsic to the whole policy making process. Indeed, the debate over whether social or economic development better favour peace and reconciliation misses the point. Both and neither can do so. What is crucial is how programmes are specifically designed to be peace relevant not whether they are about social inclusion or economic development. Like New TSN, peace and reconciliation outcomes should be considered for every public policy intervention – an approach now signaled in the ‘Shared Future’ process.

There are, however, two immediate problems in doing so:

- First, government departments and public agencies are slow to change and carry the inertia of an oil tanker – reshaping roles (particularly given the changes brought on by the Review of Public Administration) to give a distinctive peace and reconciliation focus is not likely happen in the short term;
- Second, there are no guaranteed recipes for achieving peace and reconciliation. There is an enormous range of practices and much debate about what is effective. Consequently, peace and reconciliation interventions have to be imaginative, innovative and sometimes risky – not usually characteristic of public agencies.

Both problems suggest the need for an independent programme that is nimble, adaptive and (in the words of CFNI) is prepared to take ‘calculated risks for peace’. A relevant economic focus might lie in tackling the diseconomies of division. There is no agreed figure for the economic costs of the conflict, although £23.5 billion has been suggested (Tomlinson, 1994, p.32).

Inherent in such a calculation, would be recognition of the economic costs of segregation, duplication of services, inefficiencies in the operation of labour markets, price distortions in housing and land. An economically-focused programme might set out its peace building model (Overcoming the Diseconomies of Division) and support projects that were able to set out explicitly what contribution they could make to that goal. This would be reflected in the outputs agreed in the letter of offer and in the anticipated outcomes of project operation. Project evaluation would emphasis the achievement of this dimension.

However, the key purpose of the Programme would be illustrative – testing new forms of intervention and new methods of peace building that are transferable to mainstream provision – i.e. the Programme would be about transforming the public sector to the point where peace and reconciliation was part of its core business. That might produce a Programme that is clear about its role, specific in what it wants to achieve and fully integrated with a larger peace process.



References

- Aldridge, S & Halpern, D. and Fitzpatrick, S. (March, 2002), *Social Capital: a draft discussion paper*, London, Performance and Innovation Unit.
- Barnett, R. (April 1995), 'Comment' in Northern Ireland Economic Council, *Through Peace to Prosperity*, Belfast.
- Belfast Interface Project. (2004) *A Policy Agenda for the Interface*, Belfast
- Bradley, J. (1996), *An Island Economy: Exploring Long-Term Economic and Social Consequences of Peace and Reconciliation in the Island of Ireland*, Dublin Forum for Peace and Reconciliation.
- Cash, J.D. (1998), *The Dilemmas of Political Transformation in Northern Ireland*, Centre for the Study of Conflict, Coleraine.
- Community Foundation for Northern Ireland, (2004), *Taking Calculated Risks for Peace*, Belfast
- Economic Outlook, Belfast, First Trust Bank
- Gormally, B. and McTeggert, M. (2004), *Implementing Distinctiveness in the Peace II Programme*, Belfast, SEUPB.
- Harvey, B. (2003) *Review of the Peace II Programme*, York, Joseph Rowntree Foundation.
- Hughes, J., Donnelly, C., Robinson, G. and Dowds, L. (March 2003), *Community Relations in Northern Ireland: the long view*, ARK, Belfast.
- Independent Review of Public Sector Efficiency (2004), *Releasing Resources to the Front Line*, London, HMSO.
- Morrow, D. (Jan 2004) 'On the Far Side of Revenge' speech to A Shared Future conference, Belfast.
- NISRA (2004), *Attitudinal Survey*, Belfast, Special EU Programmes Body.
- Northern Ireland Economic Council (June 1995), *The Economic Implications of Peace and Political Stability for Northern Ireland*, Occasional Paper 4, Belfast
- OFMDFM (December, 2004), *A Shared Future (final draft)*, Belfast.
- OFMDFM (January 2004), *A Shared Future, Final Report (John Darby and Colin Knox)*, Belfast
- OFMDFM (January, 2003) *A Shared Future: improving relations in Northern Ireland*, Belfast.
- Pensions Commission (2004), *Pensions: Challenges and Choices*, London, TSO
- Putnam, R.D. (2000), *Bowling Alone: the collapse and renewal of American democracy*, New York, Simon and Schuster.
- Smith, M. (April, 2005) *Northern Ireland Special EU Programmes Body (2005), Peace II Qualitative Assessment of the Economic Measures*, Belfast.
- Tomlinson, M. (1994), *25 Years On: The costs of war and the dividends of peace*, West Belfast Economic Forum, Belfast.
- Wanless, D. (2002), *Securing our Future Health: Taking a Long-Term View*, London, Treasury.
- Wilson, R. (March 2000), *Structurally Unsound: The NI Bids for Further EU Monies*, Belfast, Democratic Dialogue.

Final Report of the Review Independent Assessment on the Impact of the Economic Measures on Peace and Reconciliation

6

Philip McDermott & Dr Jonathan Greig



Community Relations Council



*enabling change
towards a society
free from
sectarianism*



Prosperity: A Part of Peace?

Learning from the Economic Experience of Peace II

Learning From Peace II

For further information on the work of the Community Relations Council contact:

Community Relations Council
6 Murray Street
Belfast
BT1 6DN

Tel +44 (0)28 90227500
Fax +44 (0)28 90227551
Website www.nicrc.org.uk
Email info@nicrc.org.uk



Community Relations Council



Learning from Peace II Project

Over the last nine years the European Union has made a tremendous commitment to Northern Ireland and the Border Region of Ireland. The Peace II Programme, through its support to over 4,000 projects, is delivering real benefits to local communities. Whilst the Programme has achieved much, both in economic and social terms, the reality is that the process of building a peaceful society is a long-term one. No matter what the political difficulties have been, the PEACE Programme has enabled local communities to remain engaged in the process of building a better future for themselves.

The Learning from Peace II Project has been initiated to critically evaluate the impact and implementation of the PEACE II Programme on peace-building and reconciliation in Ireland (north and south), to ensure that the lessons learnt can be disseminated to funded groups, funders, policy makers, Commission representatives, Government Departments and the general public.

This publication, 'Prosperity: A Part of Peace? Learning from the Economic Experience of Peace II', seeks to critically evaluate the role of economically focussed peace building projects within the Peace II Programme and to provide learning that can both support current initiatives and shape future funding programmes.