ECONOMIC AID IN NORTHERN IRELAND AND THE BORDER AREA: PERCEPTIONS OF HOW THE INTERNATIONAL FUND FOR IRELAND AND THE EUROPEAN UNION PEACE III FUND IMPACT RECONCILIATION AND PEACEBUILDING

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Ethnopolitical conflict is often caused by the interplay of sectarian politics, psychocultural symbols and traditions; historically separate stories, economic injustices and structural violence among rival community groups. For example, the Northern Ireland “Troubles” were caused by the marginalization of the Nationalist and Unionist working class through sectarian politics. External economic assistance is used by the international community as part of the liberal peace to rebuild structures and to restore relationships among communities emerging from violent conflicts by addressing structural injustices and by rebuilding relationships. The International Fund for Ireland (IFI) and the European Union (EU) Peace III Fund were established to stimulate sustainable social economic development, peacebuilding and reconciliation among the Unionist and Nationalist communities in Northern Ireland and the Border Counties. This article explores the perceptions of community group leaders and funding agency development officers about how both funds impact social economic development, peacebuilding, and reconciliation in Northern Ireland and the Border area. The study draws on interviews of 120 study participants conducted in Derry and the Border region during the summer of 2010.

Key words: Peacebuilding, Northern Ireland, Border Counties, International Fund for Ireland, European Union Peace III Fund, External Economic Assistance, Reconciliation,

1. Introduction

The centuries old conflict in Northern Ireland is complex with nationality and territory at its very core and where both communities live mostly segregated (McGarry and O’Leary, 1995; Senehi, 2008). The 1690 defeat of Catholic Ireland at the Battle of the Boyne and the suppression of Irish Catholics by the resulting Penal Laws ushered in an era whereby
Protestant Unionists served Britain’s imperial interests in the northeast of the island (Byrne et al. 2009a, 631). Economic differences between the northeast region and the rest of the island in terms of linen production and shipbuilding were reinforced by partition in 1920 and set the stage for the Troubles of the late 1960s (Ibid, 634). However, European integration has made the physical in contrast to the psychological border less significant while the 1998 Good Friday or Belfast Agreement (BA) overwhelmingly supported in elections by both communities has created working trans-border institutions (Ibid, 632).

From 1920 onwards, the Unionist elite kept the Unionist and Nationalist working class divided using a strategy of economic discrimination, the gerrymandering of electoral boundaries, and sectarian politics (Bew, Gibbon and Patterson, 2002; Shirlow, 2012). The Troubles emerged in 1967 when the Northern Ireland Civil Rights Association (NICRA) mobilized Catholic Nationalists to advocate for equal treatment in employment, housing and education. Loyalist violence directed against NICRA supporters and Republican counter violence resulted in the British government sending the army onto the streets of Belfast and Derry to restore order (Dixon, 2007). The British government also suspended the Stormont Assembly in 1972 initiating direct rule from London until the introduction in 1998 of a devolved power sharing Northern Ireland Assembly (Smithey, 2011).

The conflict spiralled out of control lasting over 30 years damaging the economy and resulting in major unemployment among marginalized working class Nationalists and Unionists who were most directly impacted by the Troubles and the war economy that emerged during this time (Byrne et al., 2010). The demobilization of former Loyalist and Republican combatants has resulted in some spoilers turning to organized crime such as racketeering, smuggling diesel fuel and cigarettes, prostitution, and the drug trade (Buchanan, 2008). Two external agencies were created to address poverty and massive employment in Northern Ireland and the Border region.

The International Fund for Ireland (IFI) was established in 1986 by the British and Irish governments “to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years.” Donations to the IFI came from Australia, Canada, the EU, New Zealand and the U.S. IFI funds have supported many social economic development initiatives across and within both communities.

Similarly the EU Special Support Program for Peace and Reconciliation initiative emerged in 1994 during the announcement of ceasefires by the mainstream rival Loyalist and Republican paramilitaries. The Peace I (1995–1999) top down program provided a plethora of single identity and cross community small grants to local NGOs. Peace II (2000–2004 extended to 2006) empowered new local Intermediary Funding Bodies to manage and allocate resources to local community groups. Peace III (2007–2013) saw a devolved Northern Ireland Executive and civil society groups emerge such as CFNI and Pobail to oversee the funding and reporting process of an emerging “third sector” comprising of voluntary community based NGO groups (McCall and O’Dowd, 2008; O’Dowd and McCall, 2008). The use of economic aid to build the peace dividend has met with very mixed results.
This article explores the perceptions and images of 120 participants about the impact of external economic assistance in peacebuilding and reconciliation. While external economic assistance is expected to address poverty and unemployment and by connecting marginalized communities to economic resources and by nurturing peacebuilding and reconciliation, this article investigates the extent to which this goal has been realized in Northern Ireland and the Border region.

2. External Economic Assistance, Reconciliation and Peacebuilding

The World Bank and the IMF “have made economic aid conditional on ethnic communities advocating and promoting internal liberal economic policies and integrating democratic values into society” (Byrne and Ayulo, 1998: 422). The international community addresses economic poverty and deprivation by remedying the economic conditions that lead to conflict and are manipulated by unscrupulous ethnic leaders (Byrne et al 2009a: 633). Economic aid is used to shore up a post accord peace process and address structural conditions leading to poverty and marginalization (Dayton and Kriesberg, 2009; Jeong, 2005). Thus, there is a link made between economic assistance, community development, economic recovery and peacebuilding in that external economic resources may in fact reinforce and not reduce conflict among rival groups (Byrne and Irvin 2000: 416).

However, Lederach (1997, 2005) contends that the provision of economic resources can transform relationships and structures to stimulate reconciliation between groups. His integrated analytical and conceptual peacebuilding process that connects middle range, elite and grassroots actors indicates, “We are not merely interested in ending something that is not desired. We are oriented toward the building of relationships that in their totality from new patterns, processes, and structures. Peace building through the constructive transformation of conflicts is simultaneously a visionary and a context responsive approach” (1997: 85). Such a long-term process can build capacity in terms of human capital and skills, and empower the grassroots community (Sandole, 2010).

Yet economic aid is not a panacea to transform conflict and may only play a limited role in transforming it if it is not accompanied by new policies that nurture peacebuilding and reconciliation, and which curb violence (Byrne et al., 2010: 633; Ryan, 2007). Indeed external liberal funding agencies and their models may have negative outcomes as they prioritize bureaucratic structures including policies, reporting mechanisms, and rules and regulations over the needs and agency of the grassroots (Mac Ginty, 2008; Mac Ginty and Williams, 2009). Thus the provision of economic resources may not be the causal determinants of a peace process (Mac Ginty, 2011; Thiessen, 2011).

3. Methodology

In the course of the summer of 2010, the second author conducted in-depth semi-structured interviews to explore the perceptions of 120 respondents from Derry and the Border Counties about how the EU Peace III Fund and the IFI have or have not encouraged reconciliation and peacebuilding. Interviews were carried out over a ten-week period
and each interview lasted about one and one-half to two hours. The interviews were tape recorded and transcribed verbatim. The analysis of the responses was done inductively with the emergence of key themes from the transcribed data. Those who participated in this study were beneficiaries of economic assistance from the IFI and/or the EU Peace III Fund and they included funding agency community development officers and community group leaders from Derry and the Border Counties of Armagh, Cavan, Derry, Donegal, Fermanagh, Leitrim, Louth, Monaghan, and Tyrone. A coding schema was used to differentiate the images of various respondents to facilitate the cross-referencing of data, and to accommodate the multiplicity of interviews. For example, D and BA are used to refer to Derry and Border Area respectively while numbers such as 1, 2, and 3 are used to distinguish between different respondents. For example, D1 and BA1 refer to respondents 1 from Derry and the Border Area respectively. This coding ensures that cross-referencing of data doesn’t compromise the anonymity of the respondents.

3.1 Bureaucracy

The respondents perceived the EU Peace III Fund’s application process to be overly bureaucratic and difficult especially for people with few educational qualifications and administrative capacities. In contrast the IFI is perceived as more approachable and people friendly. For example, a community group leader (D34) had the following to say:

The IFI would be more approachable…The European Union stuff is so bureaucratic…forty page application form…I think it is very difficult for people on the ground, people who maybe haven’t got third level education and no qualification in accountancy.

The IFI is also perceived as supportive, people-oriented, and sensitive to the values, needs and interests of local people. In contrast, the EU Peace III Fund is seen as bureaucratic and insensitive to the expressed needs of the local people. For example a community group leader (D38) observed the following:

The IFI were very supportive and you got a real sense of people who are actually interested in what you were doing and had a good sense of what you were doing…the value in what we were doing…Peace III is much more bureaucratic…it is much more to do with satisfying accountants.

The IFI is also perceived as having more flexible reporting structures, encouraging innovativeness, having an interest in making community bridges, and accommodating local ideas, aspects that were found lacking in the EU Peace III Fund. For example, a community group leader (D4) notes the following:

The IFI…funding mechanisms are flexible…they are more interested in good ideas and good programs than specific targets and outputs…their field officers work very closely with potential projects…they keep an active interest…their reporting structures are very effective but aren’t as intensive as the Peace III methods.
This discussion highlights that the bureaucratic nature of the EU Peace III Fund is an important concern that needs to be addressed to accommodate the expressed needs of local NGOs. Comparatively, the IFI is seen as more accommodative of local realities. The decentralization of the funding and community peacebuilding process is important in ensuring the active participation of the grassroots in the decision making process, and in the ownership and sustainability of the process (Jeong, 2005).

3.2 The Challenges of Matching Funds

The respondents lament about the challenges of matching funds whereby the funding agencies require NGOs to cost-share their resources or to provide evidence that they have complementary funding from elsewhere. Matching funds is very challenging especially for groups that are starting from scratch. For example, a community group leader (D5) had the following to say on the subject:

Sometimes it is difficult to access IFI or European funding if you haven’t got a package… if you can source funding from other places then IFI and European funding will come in and be part of that wider proposal. But in communities like ours where you are starting with a zero base line almost it can often be impossible to get started and we have had that difficulty.

Other respondents confirm this observation by noting that matching funds are perceived by the donors as a means of minimising risk as well as their buying into and trusting an idea. For example, a community group leader (D6) asserted that:

You know no funder likes to give 100% of anything… if you have two funders backing you it allows you then to go and look for a third because you’re saying these people trust this idea it’s not a bad idea…funding bodies don’t like to take all the chances.

These respondents indicate the challenges facing the poorest of the poor in the community. The poor have always been excluded because they have limited socioeconomic capacities (Mac Ginty, 2008). It is important, therefore, to invest in the expressed needs of the poor, empower and build their capacities to facilitate equality and justice at the grassroots level (Jeong, 2005; Sandole, 2010).

3.3 Checks and Balances

The checks and balances within the IFI and the EU Peace III Fund drew various reactions from the respondents. For example, a community group leader (D23) observed that while checks and balances are important they also exhibit difficulties:

I understand…every role and every regulation that exists under the Peace funding and under European funding is created because somebody has tried to exploit the system …but it makes it very difficult sometimes and IFI seems to have a more flexible and more kind of real world organisation to work with sometimes.
However, some respondents noted that despite the challenges posed by both agencies’ checks and balances, they are important in facilitating learning and building the capacities of local NGOs. For example a community group leader (D29) had the following to say: “The administration was a nightmare but at the end of the day we got through it and we learned from it and we got our capacity building through it, and if you want the money do the work.” While checks and balances are important in facilitating the monitoring and evaluation of community peace projects, it is important to ensure flexibility and to accommodate community groups that have little adequate administrative structures or training backgrounds (Jeong, 2005; Mac Ginty and Williams, 2009).

3.4 Changing the Goal Posts and the Lack of Clear Vision
Both funds are perceived as lacking a clear vision for the future. It is clearly important that both funds develop goals and visions that are clear and adaptable to local NGOs. For example, a community group leader (D35) had the following to say:

I think that in each case what is lacking is some kind of clear vision of what you want out of the process…in terms of investment what is it we’re investing in here…would we know it if we saw it in terms of outcomes, how would we recognise it if we saw it.

Other respondents perceived that the IFI is straightforward while the EU Peace III Fund’s approach is critiqued for changing the goal posts. For example, a community group leader (B15) observed the following:

The IFI, I find it’s a very simplified process and it’s one where I think it’s very open. I think the European one…has a habit of changing the goal posts, and in some instances they have a habit of actually moving a football field you know.

Thus, the development of clear goals and a vision is key in encouraging local people to understand the peace process and to become more actively involved in it (Byrne et al, 2009b). Both funding agencies should ensure the consistency of the “goal posts” and the “playing field” to ensure that local people understand, adapts to, and owns the peace process.

3.5 Complementarity of the IFI and EU Peace III Fund
The respondents had numerous images about complementarity between the IFI and the EU Peace III Fund. Some perceived that the complementarity of both funds was important in avoiding the duplication of efforts. For example, a community group member (B9) had this to say on the issue:

I would think that there is much more complementarity between each of the programs…there is much less danger of overlap, or duplication within the programs

Complementarity empowered both funds to focus on different development agendas and also assisted community groups to identify projects that fit the funding agencies within their localities. For example, a community group leader (B6) mentioned the following in her story:
I think they have been complimentary…the IFI would come in as more the infrastructural type of stuff and the softer community development stuff…would have been done more through the EU monies…We met regularly to discuss projects, how can we work more complimentary together, what is it that this area needs, we would have gone to meetings and we would have then said well that fits better with the IFI, that fits better under the EU and we work together to support the group to get to whatever it is that they needed.

Thus, both funds are complementary to each other, which is important in avoiding the duplication of efforts and in maximising the trickle down of benefits to the grassroots communities. Complementarity encourages the beneficiaries to discuss, share ideas, and decide the projects that best suit their local needs in relation to external funding agencies in their locality (Jeong, 2005; Mac Ginty, 2008).

### 3.6 Economic Development Versus Social Development

The respondents had a number of ideas about the contribution of both funds to economic and social development. The IFI was dismissed as investing more in economic development at the expense of social and community development. For example, a community group leader (B18) had the following to say:

> The IFI, again it has its strengths and it has its weaknesses…. I understand why they went for a lot of economic regeneration…it was a very out-sighted ill founded conception…an economy doesn’t create a community, a community creates an economy… if there was a peace index that we could create…I don’t think we would see any significant recalibration of peace within those communities.

The above quotation indicates that while economic development is important, social and community relationships are more important in facilitating sustainable reconciliation and peacebuilding (Lederach, 2005). The EU Peace III Fund was highlighted for promoting cross-community contact, endeavouring to build trust, renewing relationships, and nurturing reconciliation. For example, a community group leader (B12) observed the following:

> IFI…primarily took an economic focus on their activities whereas the Peace Fund was very much soft community…the IFI would deal with bricks and mortar type projects…the educational and economic and enterprise type initiatives, whereas Peace focuses itself on community, individual reconciliation, building harmony…building communities, shared relationships, shared space.

Building sustainable community reconciliation requires social and human capital as well as economic development (Jeong, 2005). It is thus imperative that both the EU Peace III Fund and the IFI integrate holistic interventions into community peacebuilding to ensure that both social and economic development is achieved (Lederach, 2005).
3.7 Prescriptive Versus Elicitive Approaches

Many respondents perceived the EU Peace III Fund to be overly prescriptive whereas the IFI was seen as quite elicitive and more accommodative of local realities. For example, a community group leader (B8) had the following to say:

Under Peace III programs…the rules and regulations are a hindrance. IFI are more supportive in relation to the development of projects and they are more flexible in their approach to the changing needs of a project…they’ll take a chance and if it doesn’t work they’ll not crucify you….They’ll applaud you for trying to make things work.

The respondents indicated that while the EU Peace III Fund used a top-down administrative structure the IFI had a decentralized administrative structure in which local NGOs actively participated in the decision-making processes. For example, a community group leader (B32) observed the following:

The EU Fund was very time consuming in terms of paperwork and administration, a lot of bureaucracy involved in it, you were more of an administrator…IFI application process was easy…they had confidence in yourself…And they let you decide and shape what the program’s about and have the confidence to realise that you are the person on the ground and you know the needs of it.

Thus, prescriptive approaches are destructive and disconnected from local realities and people’s needs (Lederach, 1995). Economic assistance should focus on elicitive approaches that empower and build the capacities of local people (Lederach, 1997). Elicitive approaches enable local people to actively participate in the decision making process, own the peace process, as well as facilitating sustainable reconciliation and peacebuilding (Lederach, 1995)

4. Discussion

A number of important themes flow from the respondents’ perceptions about the impact of the IFI and the EU Peace III Fund in relation to the overall impact of both funds in peacebuilding and economic development in Northern Ireland and the Border Counties.

One, the bureaucracy was perceived as overly dominant in the EU Peace III Fund. Most respondents perceived the EU Peace III Fund to be bureaucratic and insensitive to local realities and the basic human needs of local people. The EU Peace III Fund was also characterised as having bureaucratic and difficult administrative and reporting structures. In contrast, the IFI was seen as people oriented and friendly, more approachable, supportive, and sensitive to the values, needs and interests of local people. The reporting and administrative structures of the IFI were perceived as more flexible, innovative, accommodative, adaptable, and as revolving around the expressed needs and interests of the grassroots. Thus, the bureaucracies of both funders were considered harmful to peacebuilding and community development. The decentralization of funding structures would ensure therefore, active local participation, ownership and sustainability of the peace process.
Two, the respondents perceived the requirement of matching funds as challenging especially for groups with limited financial capacities. The inability to match funds leads to the social exclusion of the impoverished. Consequently, the poor become poorer and structural violence persists thereby compromising sustainable peacebuilding and community development. Funding agencies should invest in the needs assessment of local people to inform policy and operational guidelines that are not harmful to the very peace that they want to cocreate.

Three, the respondents hold a variety of perceptions and images about checks and balances within the IFI and the EU Peace III Fund. While the checks and balances pose administrative and reporting challenges to groups with limited administrative capacities, some respondents argued that these checks and balances are indeed important in facilitating learning and building the capacities of local NGOs. It is important for both funding agencies to assess the training needs of the local people to facilitate their empowerment and capacity building. The checks and balances process should be flexible to accommodate those groups with limited capacities, for example, in administration and reporting.

Four, the respondents critiqued both funds as lacking a clear vision. The EU Peace III Fund was also blamed for changing the goal posts in the course of the funding process. The aid recipients are, therefore, unable to adequately understand, participate in, or own the peace process. Both funding agencies must develop clear goals that resonate with the aid recipients towards nurturing sustainable peacebuilding and community development.

Five, another major theme arising from the respondents’ perceptions was the complementarity of both funds. The complementarity of both funds was perceived as key in avoiding the duplication of efforts, enabling both funding agencies to focus on different development agendas, and in helping beneficiaries to identify projects that lie within the structures of both funding agencies in their localities to ensure the successful implementation of community peacebuilding and development.

Six, the respondents perceived the EU Peace III Fund as addressing social investment while the IFI was seen as more involved in economic development. Social development was perceived as more important in nurturing cross-community contact and reconciliation. Economic development alone does not address sectarian social relationships. Sustainable peacebuilding and community development, therefore, requires investment in both social and economic development.

Seven, the respondents perceived the EU Peace III Fund as overly prescriptive, top-down, and disconnected from local realities and people’s needs. In contrast, the IFI was seen as more decentralized and accommodative in the decision-making processes. Consequently, both funding agencies should invest in elicitive approaches that empower and build the capacities of local beneficiaries of the aid. Such an approach is pivotal in facilitating the ownership of the process and in building sustainable reconciliation and peacebuilding.

5. Conclusion

The respondents’ perceptions of the IFI and the EU Peace III Fund’s overall impact in peacebuilding and social economic development in Northern Ireland and the Border Counties
contributes to our understanding about how the administrative structures and policies of both funding agencies affect sustainable peacebuilding, reconciliation and community development. This discussion informs us about the importance of external funding agencies in addressing local realities (Mac Ginty and Williams, 2009). The accommodation of the expressed needs of the aid beneficiaries facilitates their ownership of the process as well as its sustainability over time (Jeong, 2005). This is clearly important as the economic aid from the IFI and EU Peace III Fund ends in 2013. Our respondents provide vital insight that need to be considered by external global funding agencies in order to streamline their funding of local peacebuilding and social community development initiatives in other societies transitioning out of violence. Deconstructing the policy issues and structures of funding agencies is important in facilitating timely interventions to address the deep roots of protracted ethnopolitical conflicts (Mac Ginty, 2008). Properly administered external economic assistance can be an important asset toward forging sustainable peacebuilding and social economic development if done in a sensitive and empowering way based on local realities and contexts (Byrne et al., 2009b).

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