

Final Community Uptake Analysis of PEACE II

**A Study undertaken for the
Special EU Programmes Body**

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July 2007

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Executive Summary

This report analyses the allocation of funding in Northern Ireland and the Border Region of Ireland under the European Union Programme for Peace and Reconciliation. It primarily addresses the issue of religious community uptake of available funding and the complex relationship between religious community background, deprivation, funding applications and approved funding. The authors begin by examining the number of project applications and approvals, as well as their aggregate value, before looking at the religious community and relative deprivation profiles of the Census Output Areas (COAs) and Electoral Divisions (EDs) in which these projects originated. The study concludes by presenting the results of a thorough statistical analysis of the effects of factors such as population size, religious community background, deprivation and the propensity to apply on the distribution of funding.

Background

The *European Union Programme for Peace and Reconciliation in Northern Ireland and the Border Region 2000-2006* (PEACE II and PEACE II Extension) represents a continuation of *The Special Support Programme for Peace and Reconciliation 1995-1999* (PEACE I) and reflects the continued commitment of the European Union to enhancing the prospects for peace in Northern Ireland. The aim of the Peace II Programme is to 'reinforce progress towards a peaceful and stable society and to promote reconciliation'. Following its extension in February 2005, the Programme now covers the period 2000-2006. By the end of December 2006, it had allocated over €1 billion, some 84 per cent of which was spent in Northern Ireland and 16 per cent in the Border Region of the Republic of Ireland.

The PEACE II Programme is delivered through five different types of organisation: in Northern Ireland by Central Government and statutory bodies, Intermediary Funding Bodies and Local Strategy Partnerships; in the Border Region by Government Departments, Border Action as an Intermediary Funding Body, and County Council Task Forces. In total, nearly 13,400 applications had been received, about 11,400 (85.4%) of which originated in Northern Ireland. Nearly 7,000 projects (52.0%) have received or are in receipt of funding.

Trutz Haase, in association with Jonathan Pratschke, was commissioned by the Special EU Programmes Body to undertake this study. Trutz Haase has been an independent Social & Economic Consultant since 1995, having worked previously for the Northern Ireland Economic Research Centre and the Combat Poverty Agency. Jonathan Pratschke lectures in Economic Sociology at the University of Salerno. Trutz Haase and Jonathan Pratschke have worked together on a large number of projects over the past ten years, involving the application of sophisticated statistical modelling techniques to the study of social and economic issues. They are best known for their work on the development of an Irish Index of Relative Affluence and Deprivation. The present study builds on the Community Uptake Analysis carried out by the consultants at the conclusion of the PEACE I Programme and the interim analysis of the PEACE II Programme undertaken at the end of 2004.

Methodology (NI only)

As was the case with the previous Community Uptake Analyses, the analysis presented in this report uses "proxies" in order to apportion project funding between the two main communities in Northern Ireland. Projects themselves are not explicitly associated with a specific religious community. However, the postal address of the project or project applicant enables us to associate the project with a particular postcode area, and postcode areas, in turn, may be linked to COAs. Census data at COA level can then be used to estimate community uptake and to investigate the role of a range of factors that may have influenced the distribution of funding.

Funds Received by the Two Main Communities (NI only)

In Northern Ireland, the Catholic share of approved funding (excluding Technical Assistance) under the total PEACE II Programme is estimated at 52.6 per cent of the total, compared with a Protestant share of 47.4 per cent. In comparison, Catholics make up 45.2 per cent of the population of Northern Ireland, whilst Protestants represent 54.8 per cent¹. The Catholic share of approved funding under PEACE I was estimated at 55.8 per cent, compared with a Protestant share of 44.2 per cent. At the time of PEACE I, Catholics made up 43.2 per cent of Northern Ireland's population, whilst Protestants represented 56.8 per cent.

The community uptake shares for PEACE II thus represent a shift of 3.2 percentage points towards the Protestant community in comparison with its share of uptake under the PEACE I Programme. This shift occurred within the context of an increase of two percentage points in the Catholic share of population between 1991 and 2001². There was a slight increase in the Catholic share of funding during the PEACE II Extension phase (53.6% v. 46.4%), but as the additional funding accounted for only one-eighth of total funding under PEACE II, the influence on the community shares for the total PEACE II Programme was only 0.1 percentage point.

Accounting for Deprivation

The higher estimated Catholic share of funding under the PEACE II Programme, in comparison with the Protestant share, may be explained, at least in part, by the correlation between disadvantage and religious community profile. The Noble Multiple Deprivation Measure indicates that relatively affluent areas tend to have Protestant majorities, whilst relatively deprived areas are more strongly associated with the Catholic community. For example, using the 2005 Multiple Deprivation Measure, the 10 per cent most affluent COAs are predominantly (72.1%) Protestant whilst the 10 per cent most deprived COAs are 75.6 per cent Catholic. Given the commitment of the PEACE II Programme to targeting social need, a disproportionate uptake in relatively disadvantaged areas – where the Catholic community is in the majority – would therefore be expected.

Community Differences in the Propensity to Apply

In order to explore the differences that exist in the amount of funding received by each area, the statistical technique of Path Analysis was employed. Path models estimate the extent to which each of a number of distinct factors contributed to a particular outcome. The models presented in this report assess the effect of variables such as population size, deprivation, religious community profile and the propensity to apply for funding on uptake. This analysis underlines the influence of deprivation and religious community share on the funding obtained at local level and identifies an important intervening mechanism, namely the greater tendency for people living in areas with a Catholic majority to apply for funding.

Interestingly, however, and in contrast to previous analyses undertaken with respect to PEACE I and PEACE II funding, the final PEACE II analysis identifies a stronger influence of deprivation on the number of applications in comparison with the influence of religious community. In part, this is the outcome of improved data, notably the fact that the Noble deprivation measures are now available at the same geographical level as the data on religious identity and the extension of the analysis to include models at the level of Super Output Areas (SOAs), which allows the application of the full Multiple Deprivation Measure (as opposed to the Economic Deprivation Measure, which is the only one that can be applied at COA level).

¹ Source: authors' estimate based on the 2001 Census of Population.

² These shares are calculated with respect to the sum of the Catholic and Protestant populations, omitting other communities.

Improving Protestant Participation

One of the questions raised in the past was how disadvantaged Protestant communities could be encouraged to improve their participation in the PEACE Programme. All previous community uptake analyses showed that the higher share of funding that the Catholic community received under the Programme was, at least in part, the result of the higher propensity for applications to come from predominantly Catholic communities. Thus, efforts were made, particularly towards the latter part of the programme, to encourage disadvantaged Protestant communities to make applications. In this sense, it may even appear disappointing that the Protestant share in funding declined slightly during the PEACE II Extension Programme. However, more detailed analysis of this latest phase shows that this decline is explained by the different programme design, notably the reduced emphasis on large-scale projects aimed at economic renewal.

If we were to apply the community shares from the PEACE II Programme to the changed expenditure under the PEACE II Extension, the Protestant community would have received 43.1 per cent, when based on the pattern amongst the funding bodies, 45.5 per cent when based on the Priority pattern and 44.1 per cent when based on the spatial patterns. Thus, having received an estimated 46.4 per cent under the Peace II Extension Programme, the participation of the Protestant community under PEACE II Extension has actually increased, *given the changed emphasis of that Programme*. When we compare the community shares across the twelve Measures which continued from PEACE II into the PEACE II Extension, the Protestant share increased by one percentage point, confirming that the slight decrease in the Protestant share under PEACE II Extension is the result of the different Programme design and not a decline in Protestant participation.

Conclusions with Respect to the Community Uptake in Northern Ireland

The conclusion drawn with respect to community uptake under the PEACE II Programme in Northern Ireland is that the greater estimated uptake of funding by the Catholic community reflects, first and foremost, the higher levels of deprivation in Catholic areas and, to a lesser extent, the greater tendency of people living in these areas to apply for funding. Most importantly, there is no residual direct effect from the religious composition of an area to the amount of funding received, clearly showing that there is no bias in the distribution of funds. This analysis conforms with the findings of the study undertaken at the conclusion of the PEACE I Programme and the interim analysis of PEACE II.

At the same time, the PEACE II programme appears to have achieved greater cross-community support than its predecessor. This is reflected in both a larger share of applications originating within the Protestant community and an increase in the Protestant community's share of funding, from 44.2 at the conclusion of PEACE I to 47.4 at the end of 2006, an increase that is even more noteworthy when one considers that the Catholic population increased its overall population share by two percentage points between 1991 and 2001.

The slightly higher Catholic share of funding during the PEACE II Extension is largely explained by the fact that the extension of the Programme contained a significantly smaller share of large and economically-oriented projects. The Community Uptake Analyses have consistently shown that Protestants tend to receive a greater share of funding under the larger and economically-oriented funding priorities, whilst Catholics receive a larger share under the socially and inclusion-oriented priorities. As the PEACE II Extension tended more towards the latter priorities, a slight increase in the Catholic share was to be expected. However, the increase had only a small effect on the overall distribution under PEACE II as a whole.

Extending the Analysis to the Border Region

In the past, studies on community uptake under the PEACE I and II Programmes were entirely concerned with the distribution of funds in Northern Ireland. This study also explores how the approach that has been developed in the course of these studies can be extended to the Border Region.

Methodological Considerations

After careful consideration, the authors argue that the central methodology – that of apportioning community shares on the basis of the shares of the religious communities that are living in a given project area – cannot be extended to the Border Region. The principle reason for this is that the methodology relies on a broadly symmetrical distribution of the two communities. Protestants account for less than seven per cent of the combined Catholic and Protestant population in the Border Region. The authors therefore conclude that it is not possible to estimate a prospective benefit of the Programme to any one community on the basis of statistical procedures alone.

However, whilst it may not be possible to estimate a funding share for the two main religious communities, it is still possible to ascertain the main factors that influence the amount of funding received by different areas. In this respect, path analysis of the influence of the population of an area, its religious composition and the degree of its relative deprivation, as well as the number of applications originating from within it, can be extended to the Border Region.

Substantive Findings

As was the case with the Northern Ireland Model, The Border Region Model highlights the huge importance of the number of applications made as the major determining influence on the distribution of funding. In other words, the Programme is first and foremost a 'reactive' programme, as funding bodies respond to the applications that they receive.

When we analyse the factors which determine the likelihood of applications being made in the first instance, some interesting differences emerge with respect to the Northern Ireland case. Firstly, the population of the area is by far the largest influence. This, however, appears to be a statistical artefact, due to the nature of the spatial units in the Border Region, which are known as Electoral Divisions (EDs). Unlike the COAs and SOAs in Northern Ireland, EDs are not homogeneous in population and can range from just over 50 to nearly 15,000 persons. It is thus not surprising that this variable should assert a major influence on the number of applications that originate from any given area. The proportion of Catholics and the level of deprivation both have a small but statistically significant inverse effect. In other words, areas with higher proportions of Protestants also tended to receive a higher share in funding. This effect, however, is very small, and does not necessarily indicate that the Protestant community in the Border Region received a disproportionate share in funding.

The small inverse effect with regard to deprivation is somewhat surprising. The authors conclude that this might be due to the urban context of many project addresses, even where these relate to projects that extend into the more disadvantaged rural hinterland. Nevertheless, based on the path analysis, one would have to conclude that the PEACE II Programme, as implemented in the Border Region, has a weaker element of 'targeting social need' than in Northern Ireland, where relative deprivation is the strongest factor in determining the distribution of project funding. This could be warranted if the programme was successful in targeting Protestant communities throughout the Border Region. The evaluation of this hypothesis, however, lies beyond what can be achieved using this statistical approach to analysing community uptake.

1 Introduction

The *European Union Programme for Peace and Reconciliation in Northern Ireland and the Border Region 2000-2006* (PEACE II) represents a continuation of *The Special Support Programme for Peace and Reconciliation 1995-1999* (PEACE I) and reflects the continued commitment of the European Union to enhancing the prospects for peace in Northern Ireland. The aim of the Peace II Programme is to 'reinforce progress towards a peaceful and stable society and to promote reconciliation'. The original PEACE II Programme was designed to run from 2000 to 2004, but was extended in February 2005 to continue until the end of 2006. The programme is now fully committed, and has distributed funding of over € 1,000m, some 84 per cent of which was spent in Northern Ireland and 16 per cent in the Border Region of the Republic of Ireland.

The PEACE II Programme was delivered through three types of organisation in Northern Ireland: Central Government or statutory bodies, Intermediary Funding Bodies and Local Strategy Partnerships in District Council areas. In the Border Region, the programme was delivered through the six County Council Task Forces, Border Action as Intermediary Funding Body and Government Departments. By December 2006, some 13,300 applications had been received, about 11,400 (85%) of which originated in Northern Ireland and nearly 2,000 (15%) originating in the Border Region. Nearly 7,000 projects (52.0%) received funding.

Trutz Haase and Jonathan Pratschke were the authors of three major studies of the Community Uptake under the Special Support Programme for Peace and Reconciliation (SSPPR) and PEACE II. The first two studies were undertaken for NISRA, at the time of the Mid-term Review of the SSPPR³ and following completion of the Programme⁴. The third was carried out in association with HELM Corporation for the SEUPB, providing a preliminary analysis of uptake under PEACE II⁵. This report thus represents the fourth study, comprising the community uptake analysis for the completed PEACE II Programme.

2 Aims of the Analysis

As outlined in the Terms of Reference, the key objectives of the study are as follows:

- (i) to estimate the extent to which the two main communities in Northern Ireland have engaged with and benefited from the Programme;
- (ii) to estimate the extent to which the two main communities in the Border Region have engaged with and benefited from the Programme;
- (iii) to identify factors likely to have influenced Programme accessibility and uptake in Northern Ireland;
- (iv) to identify factors likely to have influenced Programme accessibility and uptake in the Border Region;
- (v) to examine the projects which have been rejected because they did not meet the distinctiveness criteria and determine if there is any relationship with community background.

The present study addresses these aims whilst also facilitating comparisons with the community uptake analysis undertaken at the conclusion of the PEACE I Programme and the analysis undertaken at the end of 2004 of the PEACE II Programme.

³ Haase, T. & Pratschke J. (1999) *European Union Special Support Programme for Peace and Reconciliation, Analysis of Community Uptake*, Belfast: NISRA Occasional Paper No. 11, April 1999.

⁴ Haase, T. & Pratschke J. (2003) *European Union Special Support Programme for Peace and Reconciliation, An Estimate of Community Uptake*, Belfast: NISRA Research Paper No. 1, June 2003.

⁵ Helm in association with Haase & Pratschke (2005) *Community Uptake Analysis of PEACE II*, Belfast: SEUPB.

3 Methodological Considerations

This section provides a brief overview of the methodological approach adopted in relation to each of the key elements of the study.

3.1 Postcodes as Proxies for Religion

The use of “proxies” to apportion project funding between the two main religious communities in Northern Ireland is essential to the estimates of community uptake presented in this report. Projects themselves are not explicitly related to a specific religious community. However, the address of the project or project applicant establishes a link between the project and a particular postcode area; postcode areas can, in turn, be linked to Census Output Areas (COAs) or Super Output Areas (SOAs). Census data at COA level, including data on religious community, enable us to estimate community uptake and to investigate the role of other factors that might have influenced the distribution of funding.

3.2 Potential Sources of Error

It is important to note that this approach to the identification of community uptake shares relies on a number of assumptions that should be given careful consideration when interpreting the results of the analysis. Potential sources of error include:

1. *Spatial extent of benefits*
The funding of projects can vastly differ, ranging from a few hundred Euro to over €32m. The analysis therefore has to take into account the spatial remit of larger projects by relating these to the religious composition of their respective catchment areas.
2. *Categorisation of religion*
The methodology applied in this study assumes that the degree of association between a particular religious community and a project supported under the PEACE II Programme can be inferred from its geographical location. The process by which this is achieved involves the use of postcodes in Northern Ireland and the geocoding of project addresses in the Border Region.
3. *Categorisation of affluence/deprivation*
There are no deprivation measures available for the island of Ireland. Deprivation in Northern Ireland is thus measured in terms of the 2005 Multiple Deprivation Measure⁶ and in the Border Region using the Index of Relative Affluence and Deprivation⁷.
4. *Homogeneity*
The Census Output Areas in Northern Ireland and Electoral Divisions in the Border Region represent the finest spatial level at which data on religious composition and deprivation is available. The analysis thus has to assume homogeneity of affluence and deprivation and religious composition within these spatial units.

Taken together, the errors that may result from the violation of the assumptions outlined above are small and unlikely to bias the analysis of the relationship between the characteristics of local areas and the funding received by projects originating within them. We therefore believe that the analysis presented in this report provides a robust estimate of community uptake for the two major religious communities in Northern Ireland under the PEACE II Programme. We will evaluate in a separate section whether the methodology can be extended to the analysis of community uptake in the Border Region.

⁶ Social Disadvantage Research Centre (2001) *Measures of Deprivation in Northern Ireland*, Northern Ireland Statistics and Research Agency (NISRA), Belfast. The updated COA level data are available in digital format from NISRA.

⁷ Haase, T & Pratschke, J (2005) *Deprivation and its Spatial Articulation in the Republic of Ireland – New measures of deprivation based on the Census of Population, 1991, 1996 and 2002*, Dublin: Pobal.

4 Resource Distribution under PEACE II

4.1 Status of Applications

The PEACE II Programme is an extensive funding programme which, like its predecessor, has affected virtually every part of Northern Ireland and the Border Region. In total, 13,376 applications were received by the 55 funding bodies responsible for its implementation. Of these, 11,429 (85.4%) were made to the Northern Ireland based funding bodies and 1,947 (14.6%) to those in the Border Region. Table 4.1 shows the project status towards the end of the programme in December 2006.

Table 4.1 Project Status

	NI		RoI		Total	
	Number	%	Number	%	Number	%
1 Completed	2,836	24.8	269	13.8	3,105	23.2
2 Letter of Offer Accepted	2,643	23.1	888	45.6	3,531	26.4
3 Letter of Offer Issued	117	1.0	8	.4	125	.9
4 Other Measure Transfer	29	.3	11	.6	40	.3
5 Part B Received	315	2.8	212	10.9	527	3.9
6 Rejected	4,631	40.5	368	18.9	4,999	37.4
7 Removed	117	1.0	15	.8	132	1.0
8 Withdrawn	571	5.0	164	8.4	735	5.5
9 Within Measure Transfer	3	.0	3	.2	6	.0
10 Terminated	167	1.5	9	.5	176	1.3
Total	11,429	100.0	1,947	100.0	13,376	100.0

Source: PEACE II Central Applications Database - December 2006.

The PEACE II Programme was extended in February 2005 to continue until the end of 2006. Three quarters of applications (75.8%) were received during the original programme period and one quarter (24.2%) during its extension. The previous community uptake analysis at the end of 2004 was undertaken on the basis of 9,649 project applications, equivalent to 95.1 per cent of the applications received under the original PEACE II programme.

Table 4.2 Number of Project Applications

PEACE II Phase	Number	%
PEACE II (original)	10,143	75.8
PEACE II Extension	3,233	24.2
Total	13,376	100.0

Source: PEACE II Central Applications Database - December 2006.

4.2 Allocations

By the end of 2006, € 1,062.1m had been awarded under the combined PEACE II and PEACE II Extension programmes. Of this amount, € 874.7m (82.4%) were awarded through the Northern Ireland based funding bodies and € 187.4m (17.6%) through the funding bodies of the Border Region⁸. The programme is now fully committed.

⁸ It should also be noted that some of the Northern Ireland-based funding bodies support a small number of projects in the Republic of Ireland and vice versa. The total expenditure for Northern Ireland and the Republic of Ireland shown in Table 4.3 may therefore differ slightly from that shown in Table 4.4. This is because our main interest in this report relates to project location: all calculations presented in the remainder of this report are based on project location rather than on the location of the funding agent.

By this time, out of a total of 13,376 project applications, 6,987 (52.2%) had been awarded funds and another 477 (3.6%) projects were awaiting an allocation. The remaining 5,912 (44.2%) projects had either been rejected or removed or had withdrawn their application.

Of the 6,987 projects which were awarded funds, 3,105 (44.4%) were completed by the end of 2006. The remainder were at various stages of implementation. Depending on their current application status, we can therefore distinguish between two groups of projects. The first comprises those projects which had either been awarded funding ('completed', 'Letter of Offer Accepted' or 'terminated') or which were still under consideration ('Part B Received' and 'Letter of Offer Issued'). The second category contains projects which have been transferred, rejected or removed from the database or which had withdrawn their application, and which will therefore not receive any funding (Table 4.3).

Table 4.3 Funding Awarded by Funding Body

	awarded €m	projects awarded	App Stat 1,2,3,5,10	App Stat 4,6,7,8,9	Total
NI Government Departments	515.4	1,807	1,836	1,595	3,431
NI Intermediary Funding Bodies	213.3	2,016	2,151	2,411	4,562
NI Local Strategy Partnerships	146.1	1,896	1,997	1,264	3,261
NI Sub-Total	874.7	5,719	5,984	5,270	11,254
Rol County Council Task Forces	35.9	601	775	175	950
Rol Government Departments / BA	151.5	667	705	467	1,172
Rol Sub-Total	187.4	1,268	1,480	642	2,122
Total	1,062.1	6,987	7,464	5,912	13,376

Source: PEACE II Central Applications Database - December 2006.

Note: SEUPB included in NI Government Departments; Border Action (BA) included in Rol Government Departments

4.3 Distribution by Priority

The original PEACE II Programme comprised six Spending Priorities: (i) Economic Renewal, (ii) Social Integration, Inclusion and Reconciliation, (iii) Locally-based Regeneration and Development Strategies, (iv) Outward and Forward-looking Region, (v) Cross Border Co-operation, and (vi) Technical Assistance. PEACE II Extension has five Spending Priorities, all of the above except for Priority 4 (Outward and Forward-looking Region).

The **Economic Renewal** Priority is by far the largest of the six, particularly within Northern Ireland. This is partly a result of the additional funding provided for this Priority by the Northern Ireland Government, arising from the N+2 spending requirement. In fact, this Priority accounts for one quarter of all approved projects (25.8%) and just under two fifths (38.0%) of approved funding, with an average project size of € 224,000.

The second-largest Priority comprises **Social Integration, Inclusion and Reconciliation** and accounts for nearly one third (30.6%) of all approved projects. This makes it the largest Priority in terms of the number of projects supported, although its share of Programme funding was somewhat lower (22.5%), with an average project size of € 112,000.

The Priorities for **Locally-based Regeneration and Development Strategies**, **Outward and Forward-looking Region** and **Cross Border Co-operation** make up 15.2, 3.6 and 13.0 per cent of total approved funding respectively. **Technical Assistance** accounts for 7.8 per cent of total programme expenditure.

Excluding Technical Assistance, the largest average project size is to be found under the Cross-border Co-operation Priority, although this Priority accounts for only 13.0 per cent of total funding. Among the larger Spending Priorities, the largest average project size is under the Economic Renewal Priority; the average project size of which is exactly twice that under the Social Integration, Inclusion and Reconciliation Priority and more than three times that of Locally-based Regeneration and Development Strategies, the Priority with the smallest average project size.

Table 4.4 Distribution of Funds by Priority

	awarded €m	projects awarded	average award €'000	awarded funds %
Northern Ireland				
1 Economic Renewal	376.8	1,655	227.7	42.5
2 Social Integration, Inclusion and Reconciliation	198.2	1,896	104.6	22.3
3 Locally Based Regeneration and Dev. Strategies	127.3	1,711	74.4	14.3
4 Outward and Forward Looking Region	35.1	186	188.8	4.0
5 Cross Border Co-Operation	86.1	299	288.0	9.7
6 Technical Assistance	63.6	60	1,060.3	7.2
Total NI	887.1	5,807	152.8	100.0
Border Region				
1 Economic Renewal	26.3	145	181.3	15.0
2 Social Integration, Inclusion and Reconciliation	41.2	245	168.2	23.5
3 Locally Based Regeneration and Dev. Strategies	33.8	557	60.7	19.3
4 Outward and Forward Looking Region	2.7	47	57.8	1.6
5 Cross Border Co-Operation	51.9	176	295.1	29.7
6 Technical Assistance	19.0	10	1,902.1	10.9
Total Border Region	175.0	1,180	148.3	100.0
Total Programme				
1 Economic Renewal	403.1	1,800	223.9	38.0
2 Social Integration, Inclusion and Reconciliation	239.4	2,141	111.8	22.5
3 Locally Based Regeneration and Dev. Strategies	161.1	2,268	71.0	15.2
4 Outward and Forward Looking Region	37.8	233	162.4	3.6
5 Cross Border Co-Operation	138.1	475	290.7	13.0
6 Technical Assistance	82.6	70	1,180.6	7.8
Total	1,062.1	6,987	152.0	100.0

Source: PEACE II Central Applications Database - December 2006.

4.4 The Geographical Remit of Projects

Table 4.4 shows the average funds approved per project for each of the priorities as well as for Northern Ireland, the Border Region and the PEACE II Programme as a whole. The average funding for projects in both Northern Ireland and the Border Region is about € 150,000, or four times the average project funding under PEACE I (€ 38,000). Careful consideration had already been paid in the interim community uptake analysis of PEACE II to the spatial remit of each project or, in other words, to the extent to which a project benefits a wider or more narrowly-defined geographical area. Clearly, one cannot assume that the entire impact of a multi-million Euro project is concentrated within the area immediately surrounding the project office and that it benefits only the residents of this Census Output Area or Electoral Division.

In this final analysis of the PEACE II Programme, we adopt the same approach. Any project with approved project funding in excess of €387,500 under the original PEACE II Programme or €362,500 under the PEACE II Extension⁹ is considered to have a spatial remit that is potentially larger than the COA or ED. A total of 378 projects fall within this category. 359 of these are labelled as being of 'medium' size, while 19 projects with an approved funding of €3.875m (€3.625m under PEACE II Extension) or more are labelled 'large'.

Table 4.5 Definition of Geographical Remit

Area Level	Assumptions / Examples
Northern Ireland or Border Region	<ul style="list-style-type: none"> - back-to-work schemes implemented through the local job centres - programmes targeted at a specific group (e.g. disabled) - cross-border initiatives where the spatial remit is larger than a LGD or county - with an explicit Province-wide or Border Regional wide project focus
Local Government District (LGD) or County	<ul style="list-style-type: none"> - 'centres of excellence', developing R&D facilities - development of an industrial park or industrial unit - improvements in the physical infrastructure (road/rail/bus) - where an LGD or county wide focus is explicitly mentioned - support of Secondary schools
Ward (n/a in Rol)	<ul style="list-style-type: none"> - employment of a development officer in a local community project - where a Ward focus is specified in the project description - Local development groups delivering a small, targeted educational programme - support of primary schools
COA or ED	<ul style="list-style-type: none"> - Projects with a very local remit, benefiting approximately 300 people

Table 4.5 illustrates the different kinds of projects that have a wider-than-local remit. As far as the estimation of community uptake shares is concerned, these will be based on the religious composition of the relevant geographical area for each project with a spatial remit that goes beyond the local.

4.5 The Geographical Spread of Projects

The PEACE II Programme has achieved a broad geographical coverage throughout Northern Ireland and the Border Region, broadly following the major population distributions. Once the Northern Ireland based projects have been linked to their respective COA and the project addresses in the Border Region have been geocoded, we can state that, in total, project applications originated from within 2,118 out of 5,022 (42.2%) COAs and 277 out of 621 (44.6%) EDs. In terms of approved projects, 1,565 (31.2%) COAs and 224 (36.1%) EDs benefited from the programme. Moreover, these percentages underestimate the actual degree of geographical coverage, as 275 projects in Northern Ireland and 162 in the Border Region, accounting for almost half of total funding, have a project remit much wider than the COA or ED and are not represented in the Figures below.

⁹ The difference in the Euro thresholds for PEACE II and PEACE II Extension arises from the fact that the thresholds were originally defined in Pounds Sterling. As different exchange rates apply to the two programme phases (£1 = €1.55 under PEACE II and £1 = €1.45 under PEACE II Extension), this results in slightly different Euro-denominated thresholds, if the methodology is to be consistent with the previous analysis.

Figure 4.1 Geographical Distribution of Local Project Applications

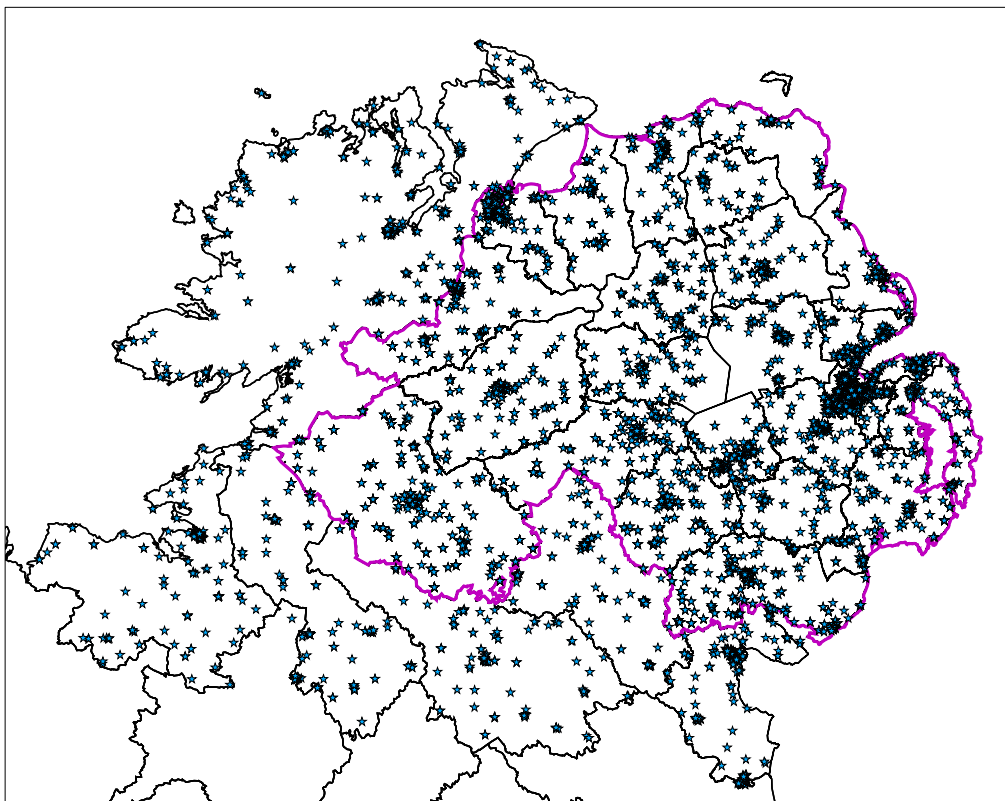
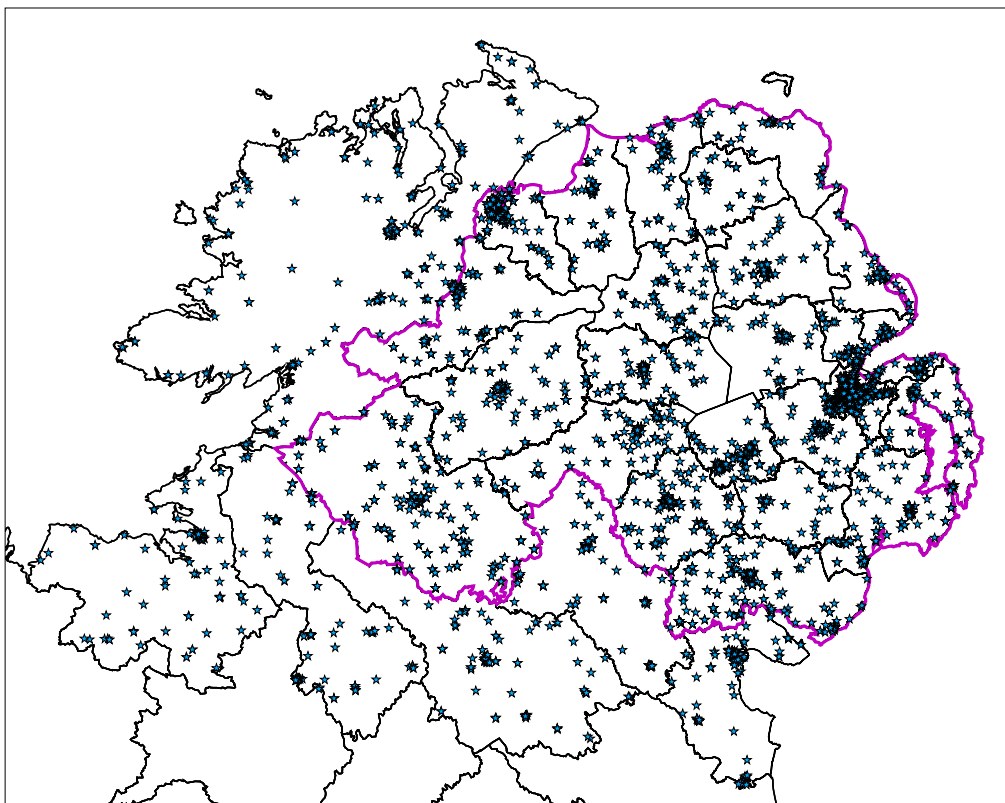


Figure 4.2 Geographical Distribution of Local Approved Projects



Note: Each star in Figures 4.1 and 4.2 may denote more than one project

4.6 Project Applications and Approvals

This section discusses the distribution of funding between funding bodies and Priorities as well as the spatial level at which projects are implemented. We will exclude Technical Assistance from this analysis, as we are primarily interested in exploring how the Programme was structured with respect to each of the aforementioned dimensions.

It is further worth pointing out that there are a small number of projects which are 'cross-funded', i.e. where the project is located in Northern Ireland but funded by one of the Border Region funding bodies or *vice versa*. This applies to 155 Northern Ireland based projects and 57 projects in the Border Region (Table 4.6). The analysis presented in this report is based on project *location* where this is available.

Table 4.6 Project Applications and Approvals by Funding Body

Funding Body	Project Applications	Projects Approved	Total Funds €m	Funding Share %
Northern Ireland				
NI Government Departments	3,267	1,700	422.2	51.3
NI Intermediary Funding Bodies	4,529	1,996	207.5	25.2
NI Local Strategy Partnerships	3,261	1,896	146.1	17.7
Rol County Council Task Forces	2	1	0.0	0.0
Rol Government Departments / Border Action	302	154	47.7	5.8
Total NI (excl. TA)	11,361	5,747	823.5	100.0
Border Region				
NI Government Departments	85	37	10.6	6.8
NI Intermediary Funding Bodies	33	20	5.7	3.7
Rol County Council Task Forces	948	600	35.9	23.0
Rol Government Departments / Border Action	870	513	103.8	66.5
Total Border Region (excl. TA)	1,936	1,170	156.0	100.0
Total Programme				
NI Government Departments	3,352	1,737	432.7	44.2
NI Intermediary Funding Bodies	4,562	2,016	213.3	21.8
NI Local Strategy Partnerships	3,261	1,896	146.1	14.9
Rol County Council Task Forces	950	601	35.9	3.7
Rol Government Departments / Border Action	1,172	667	151.5	15.5
Total (excl. TA)	13,297	6,917	979.5	100.0

Source: PEACE II Central Applications Database – December 2006 – Excluding Technical Assistance
SEUPB included in NI Government Departments.

In Northern Ireland, projects are evenly distributed amongst Government Departments, Intermediary Funding Bodies and Local Strategy Partnerships, each accounting for broadly one-third of the total number of approved projects. However, projects funded by Government Departments account for over half (51.3%) of project funding.

In the Border Region, the number of projects are evenly divided between County Council Tasks Forces and Government Departments. However, projects funded by Government Departments are on average three times the size of those funded by the County Council Task Forces, thus accounting for about two-thirds of total funding.

Table 4.7 Project Applications and Approvals by Priority

Priority	Project Applications	Projects Approved	Total Funds €m	Funding Share %
Northern Ireland				
Economic Renewal	3,497	1,655	376.8	45.8
Social Integration, Inclusion and Reconciliation	3,925	1,896	198.2	24.1
Locally-based Regeneration and Development	3,014	1,711	127.3	15.5
Outward and Forward-looking Region	310	186	35.1	4.3
Cross Border Cooperation	615	299	86.1	10.5
Total NI (excl. TA)	11,361	5,747	823.5	100.0
Border Region				
Economic Renewal	239	145	26.3	16.9
Social Integration, Inclusion and Reconciliation	398	245	41.2	26.4
Locally-based Regeneration and Development	892	557	33.8	21.7
Outward and Forward-looking Region	64	47	2.7	1.7
Cross Border Cooperation	343	176	51.9	33.3
Total Border Region (excl. TA)	1,936	1,170	156.0	100.0
Total Programme				
Economic Renewal	3,736	1,800	403.1	41.2
Social Integration, Inclusion and Reconciliation	4,323	2,141	239.4	24.4
Locally-based Regeneration and Development	3,906	2,268	161.1	16.4
Outward and Forward-looking Region	374	233	37.8	3.9
Cross Border Cooperation	958	475	138.1	14.1
Total (excl. TA)	13,297	6,917	979.5	100.0

Source: PEACE II Central Applications Database – December 2006 – Excluding Technical Assistance

Northern Ireland

Unlike the PEACE I Programme, where the Social Inclusion Priority accounted for the largest proportion of spending (26.0%), Economic Renewal was by far the largest Priority under PEACE II (45.8%). However, it would be wrong to conclude from this that PEACE II had a stronger economic orientation than its predecessor. The Economic Renewal Priority contains major human resource development categories (e.g. New Skills and New Opportunities, Promoting Entrepreneurship, Positive Action for Women and Training for Farmers). Together, these two Measures account for about one quarter of fund allocation, just marginally below the comparable figure under PEACE I.

Border Region

Whereas the chief focus of the PEACE I and II Programmes within Northern Ireland was the improvement of relationships between the two major religious communities, in the Border Region there is a comparatively greater emphasis on improving cross-border co-operation, accounting for one third of total programme spending. Economic renewal, by contrast, accounts for only about one-sixth of project funding.

Table 4.8 Project Applications and Approvals by Ascribed Spatial Remit

Spatial Level	Project Applications	Projects Approved	Total Funds €m	Funding Share %
Northern Ireland				
COA	11,034	5,472	448.1	54.4
Ward	55	55	29.3	3.6
LGD	199	184	180.5	21.9
NI	73	36	165.6	20.1
Total NI (excl. TA)	11,361	5,747	823.5	100.0
Border Region				
ED	1,715	1,008	94.4	60.6
County	81	77	36.7	23.6
Border Region	140	85	24.8	15.9
Total Border Region (excl. TA)	1,936	1,170	156.0	100.0

Source: PEACE II Central Applications Database – December 2006 – Excluding Technical Assistance

In the previous section, we introduced the notion of the “spatial remit” of projects, which is closely linked with both the amount of funding and the nature of the intervention. Table 4.8 shows the resulting spread of projects and funding across the four categories in Northern Ireland, and three categories in the Border Region that we used in this analysis. The overwhelming majority of projects (95.9% of project applications and 93.7% of approved projects) are considered to have a predominantly local effect and may therefore, in the case of Northern Ireland¹⁰, be associated with the religious community shares of the COA in which they are located. However, the 275 Northern Ireland projects with a wider spatial remit account for nearly half (45.6%) of funding in Northern Ireland, whilst the 162 non-local projects in the Border Region account for two-fifths (39.4%) of funding there. A number of important considerations flow from this distribution of projects and funding.

Northern Ireland

As one of the objectives of this study is to estimate the overall share of funds taken up by the two main religious communities in Northern Ireland under the PEACE II Programme, the question of spatial remit is of key importance. Clearly, if we were to treat the funding allocated to each of the 275 projects with a wider spatial remit as having a local impact only, calculating community shares on the basis of the religious composition of the Census Output Areas in which the projects’ offices are situated could lead to a significant bias in the overall estimate. It is therefore preferable to associate larger projects with the religious shares of the wider areas within which these projects are deemed to have an effect.

Secondly, we must interpret the spatial distribution shown in Table 4.8 in the light of the effective targeting of the Programme. As was the case with PEACE I, one of the Horizontal Principles of the PEACE II Programme was to promote reconciliation by targeting social need (TSN). This can be achieved in two ways: by targeting specific individuals or groups of people or by targeting specific geographic areas. These two approaches are complementary, and the Programme clearly relied on both forms of targeting. This study, however, is only concerned with measuring the degree of spatial targeting implicit in the Programme. In Chapter 5, we will look at the distribution of projects and funding across the ten deciles of COAs in accordance with their degree of relative affluence and deprivation. In order to undertake the analysis presented in Chapter 5, we must choose the most appropriate spatial level, which in this case is the Census Output Area, as it enables us to maximise the amount of information available for each project. This means that although the analysis includes the vast majority of projects (97.1%), it is nevertheless confined to only half (54.4%) of project funding.

¹⁰ Note: The situation with regard to the Border Region will be discussed later.

Many of the large projects supported by the PEACE II Programme have a Local Government District or even a Northern Ireland-wide spatial remit and thus do not involve a significant degree of geographical targeting. At the same time, some of the very large projects – such as setting up a large number of unemployment centres – are strongly targeted at individuals or groups at risk of poverty. The overall targeting of the Programme cannot be evaluated in relation to either spatial or group targeting in isolation, but requires that both elements be given due consideration. Such an evaluation is beyond the scope of the current study, which focuses exclusively on measuring the extent of geographical targeting.

4.7 Estimated Shares of Community Uptake (Northern Ireland)

Taking account of the considerations outlined in the previous section and applying the methodology described earlier in the report, we can now estimate the community uptake for the two main religious communities in Northern Ireland. In doing so, we also give consideration whether there has been a change over the duration of the programme.

- **The Catholic share of approved funding under PEACE I was estimated at 55.8% compared with a Protestant share of 44.2%.** At that time, Catholics made up 43.2% of Northern Ireland's population, whilst Protestants represented 56.8%.
- **The Catholic share of approved funding under the Original PEACE II Programme accounts for an estimated 52.5% of the total, compared to a Protestant share of 47.5%.** In comparison, Catholics now make up 45.2% of the population of Northern Ireland, whilst Protestants comprise 54.8%¹¹.
- **The Catholic share of approved funding under the PEACE II Extension accounts for an estimated 53.6%, compared to a Protestant share of 46.4%.**
- **Considering the shares over the Total PEACE II Programme, the Catholic share of approved funding accounts for an estimated 52.6%, compared to a Protestant share of 47.4%.**
- **The shares of community uptake for the total PEACE II Programme represent a shift of 3.2 percentage points towards the Protestant community when compared with those observed under the PEACE I Programme, against the backdrop of an increase in the percentage of Catholics in the population of two percentage points between 1991 and 2001.**

There has, however, been a slight increase in the Catholic share under the PEACE II Extension Programme of 1.1 percentage points, relative to the original PEACE II Programme. The reason for this appears to be the different composition of the original PEACE II Programme and the PEACE II Extension. Whereas the Economic Renewal Priority accounted for 48.6 per cent of total expenditure under the original PEACE II Programme, this priority accounted for only 26.3 per cent under PEACE II Extension. As already highlighted in our previous community uptake analysis, there has been a tendency for Protestants to fair better under the larger and economically-oriented projects, whilst Catholics have a greater share in smaller projects aimed at social inclusion and at the more local level. As most of the larger economic renewal projects were initiated during the earlier years of the combined PEACE II Programme, it could be expected that the Catholic share would rise somewhat towards the end of the programme. However, as the funding under PEACE II Extension accounts for only one-eighth (12.8%) of total funding under PEACE II, the net influence on community shares for the total PEACE II Programme is equal to just 0.1 percentage point and is thus of minor importance. To gain a greater understanding of the effects of the structure of the programme on community uptake, we will next analyse the respective community shares by each funding body and priority.

¹¹ Source: Authors' estimate based on the 2001 Census of Population.

Table 4.9 Community Shares by Funding Body

Phase	Funding Body	RC €m	PR €m	Total €m	RC %	PR %
Peace II	NI Government Departments	196.7	209.4	406.1	48.4%	51.6%
Peace II	NI Intermediary Funding Bodies	92.9	66.2	159.1	58.4%	41.6%
Peace II	NI Local Strategy Partnerships	67.9	53.7	121.6	55.8%	44.2%
Peace II	Rol County Council Task Forces	0.0	0.0	0.0	45.2%	54.8%
Peace II	Rol Government Departments	19.3	11.6	30.9	62.4%	37.6%
Peace II	All Funding Bodies	376.7	340.9	717.7	52.5%	47.5%
Peace II Extension	NI Government Departments	7.9	8.1	16.1	49.4%	50.6%
Peace II Extension	NI Intermediary Funding Bodies	25.8	22.6	48.5	53.3%	46.7%
Peace II Extension	NI Local Strategy Partnerships	13.0	11.5	24.5	53.1%	46.9%
Peace II Extension	Rol Government Departments / BA	10.0	6.8	16.8	59.4%	40.6%
Peace II Extension	All Funding Bodies	56.8	49.1	105.8	53.6%	46.4%
Total Programme	All Funding Bodies	433.5	390.0	823.5	52.6%	47.4%

Source: PEACE II Central Applications Database – December 2006 – Excluding Technical Assistance

Note: SEUPB included in NI Government Departments; Border Action (BA) included in Rol Government Departments

The Catholic and Protestant shares of funding vary considerably between the different funding bodies. The Catholic share is lowest for projects funded by Government Departments. However, as we showed in the previous section, this category includes a significant number of large and very large projects which have a wider spatial remit. Inevitably, the wider the spatial remit, the more the community share (based on geographical targeting) will tend towards the population shares for Northern Ireland.

Table 4.10 Community Shares by Priority

Phase	Priority	RC €m	PR €m	Total €m	RC %	PR %
Peace II	Economic Renewal	171.0	178.0	349.0	49.0%	51.0%
Peace II	Social Integration, Inclusion and Reconciliation	90.3	74.9	165.2	54.6%	45.4%
Peace II	Locally Based Regeneration and Development Strategies	57.1	45.6	102.8	55.6%	44.4%
Peace II	Outward and Forward Looking Region	18.9	16.2	35.1	53.8%	46.2%
Peace II	Cross Border Co-Operation	39.5	26.1	65.6	60.2%	39.8%
Peace II	All Priorities ex. TA	376.7	340.9	717.7	52.5%	47.5%
Peace II Extension	Economic Renewal	13.6	14.2	27.8	48.8%	51.2%
Peace II Extension	Social Integration, Inclusion and Reconciliation	18.1	14.9	33.1	54.9%	45.1%
Peace II Extension	Locally Based Regeneration and Development Strategies	13.0	11.5	24.5	53.1%	46.9%
Peace II Extension	Cross Border Co-Operation	12.1	8.4	20.5	58.8%	41.2%
Peace II Extension	All Priorities ex. TA	56.8	49.1	105.8	53.6%	46.4%
Total Programme	All Priorities ex. TA	433.5	390.0	823.5	52.6%	47.4%

Source: PEACE II Central Applications Database – December 2006 – Excluding Technical Assistance

When we consider the differences in community shares across the different priorities, an interesting picture emerges. The Catholic share of the Economic Renewal Priority is just below 50 per cent, but about 55 per cent for the more socially-oriented or community-based priorities and approaches 60 per cent for the Cross-Border Priority. Thus, the relatively high overall share in funding for Catholics arises in particular from those projects which are more identifiable at local level, as well as relating to a large number of smaller-sized projects. This fact may have contributed, in the past, to a perception that the Catholic community had benefited disproportionately from the Programme.

In contrast, the Protestant community appears to have drawn comparatively greater benefit from the Economic Renewal Priority. This is by far the largest Priority, but its impact is less visible due to the geographical dispersion of the projects involved and because they tend to be less directly linked with specific individuals, groups or narrowly-defined localities.

The persistence of this imbalance in itself does not come as a surprise. As we already argued in the community uptake analysis of PEACE I and the interim analysis of PEACE II, the single most important factor in explaining the relatively large uptake by the Catholic community is the higher level of community-based activities within that community and its greater propensity to generate applications. Thus, whilst the overall funding disparities under PEACE II were reduced when compared to PEACE I, a slight increase was observed under the PEACE II Extension.

Table 4.11 Community Shares by Spatial Level

Phase	Priority	RC €m	PR €m	Total €m	RC %	PR %
Peace II	COA	203.3	153.1	356.4	57.0%	43.0%
Peace II	Ward	17.9	11.4	29.3	61.0%	39.0%
Peace II	LGD	80.8	85.7	166.5	48.5%	51.5%
Peace II	NI	74.7	90.7	165.4	45.2%	54.8%
Peace II	All Spatial Levels ex. TA	376.7	340.9	717.7	52.5%	47.5%
Peace II Extension	COA	49.3	42.4	91.7	53.8%	46.2%
Peace II Extension	LGD	7.4	6.6	14.0	53.0%	47.0%
Peace II Extension	NI	0.1	0.1	0.2	45.2%	54.8%
Peace II Extension	All Spatial Levels ex. TA	56.8	49.1	105.8	53.6%	46.4%
Total Programme	All Spatial Levels ex. TA	433.5	390.0	823.5	52.6%	47.4%

Source: PEACE II Central Applications Database – December 2006 – Excluding Technical Assistance

The variation in uptake between the economic projects, on the one hand, and the more socially-oriented projects, on the other, also becomes apparent when we examine the differences that exist in community shares at various levels of spatial remit. Projects under the Economic Renewal Priority tend to be larger and spatially less specific, whilst projects under the other priorities tend to be more local, thus resulting in a proportionately higher Catholic share in the latter.

By definition, the larger the effective catchment area of a project, the more the community shares will tend to gravitate towards the Northern Ireland population shares and the larger the benefit that will accrue to the Protestant community.

Improving Protestant Participation under PEACE II Extension

Having analysed in detail the programme expenditure across the two funding periods and broken down by Funding Body, Priority and Spatial Level, we can now return to the question of the slight reduction in the Protestant share of funding under PEACE II Extension. We have argued above that the drop in funding was most likely the result of the different structure of the PEACE II Extension Programme, notably its reduced emphasis on large-scale economic renewal projects funded through NI Government departments. If we were to apply the community shares from the PEACE II Programme to the changed expenditure under PEACE II Extension, the Protestant community would have received 43.1 per cent when based on the pattern amongst the funding bodies, 45.5 per cent when based on the Priority pattern and 44.1 per cent when based on the spatial patterns. Thus, having received an estimated 46.4 per cent under the Peace II Extension Programme, **the participation of the Protestant community under PEACE II Extension has actually increased, given the changed emphasis of that Programme.**

Another way of assessing the participation of the Protestant community under PEACE II Extension is by directly comparing the respective community shares for each of the Measures which have continued under both programmes. The Measures under PEACE II which continued under the PEACE II Extension account for just under half (46.0%) of the original funding. The Protestant share of funding increased in ten of these twelve Measures and decreased in just two of them. The overall effect across the twelve Measures was an increase in Protestant funding of one percentage point, thus also suggesting that **participation of the Protestant community under PEACE II Extension increased within the measures that continued over the entire course of the programme.**

Table 4.12 Protestant Share in Funding in Continued Measures

Measures	Protestant Share PEACE II %	Protestant Share PEACE II Extension %	Change in Protestant Share %
1.01A Business, Competitiveness and Development	44.6	49.2	4.6
1.03 New Skills and New Opportunities	50.7	52.7	2.0
1.05 Positive Action for Women	39.3	45.4	6.1
1.11 Rural Reconciliation and Regeneration	43.4	55.1	11.7
2.01 Reconciliation for Sustainable Peace	48.0	46.6	-1.4
2.02 Developing Children and Young People	46.2	37.7	-8.5
2.04 Pathways to Inclusion and Reconciliation	37.7	38.5	0.8
2.07 Developing Weak Community Infrastructure	51.0	54.7	3.7
3.10 Developing the Social Economy (NI)	43.4	46.9	3.5
5.20 Cross-border Public Sector Co-operation	42.3	43.1	0.8
5.30 Cross-border Reconciliation and Understanding	40.6	40.7	0.1
5.40 Joint Approaches	35.7	40.7	5.0
Total across above Measures	45.3	46.4	1.0

Source: PEACE II Central Applications Database - December 2006 - Excluding Technical Assistance.
 Measure 1.01 Subsection A Business, Competitiveness and Development - Economic Revitalisation
 Measure 1.11 PEACE II Extension matches Measures 1.10, 2.09 and 2.10 of PEACE II
 Measure 2.7 PEACE II Extension matches Measures 2.06 and 2.07 of PEACE II.

Analysis of Reasons for Rejections

One of the explicit objectives of the Terms of Reference was to undertake an analysis of the reasons for which projects were rejected, including considerations of whether there was any bias in the reasons cited with respect to one or other religious community.

From the outset, we have to state some caveats with regard to such an analysis. Firstly, we cannot classify any project as either 'Catholic' or 'Protestant'. Instead, each project is assumed as benefiting both communities proportionate to the population share which each of the two major communities have within the project's spatial area. Therefore, all we can do is to estimate the mean religious share associated with each of the eight possible reasons for rejection and evaluate whether one or other reason has a tendency to veer more towards one or the other community. Secondly, the final PEACE II database does not contain any information on the amount of funding requested. Thus, any estimates of mean religious shares are unweighted means that do not take into account the different amounts of funding requested.

Table 4.13 Reason for Rejections

	Number of Applications	%	Mean Catholic Population Share (%)	Standard Deviation (%)
Total NI Applications , exclusive of TA	11,361		54.3	34.7
Approved Projects	-5,747		54.7	34.3
Projects not awarded Funds	5,614			
Projects removed, withdrawn, transferred or still under consideration	-990			
Rejected Projects	4,624			
Did not meet Peace II distinctiveness criteria	1,647	35.7	51.2	35.1
Application did not score highly enough	1,265	27.5	53.2	35.2
Project did not meet measure criteria	895	19.4	57.4	35.4
Budget constraints/limited funding	364	7.9	54.9	35.6
Not appropriate to Programme	236	5.1	56.7	33.1
Did not meet horizontal principles	92	2.0	62.3	36.4
Late application	72	1.6	62.3	34.5
Duplicate Application for same project	37	0.8	51.7	35.9
All Rejections with Reasons stated *	4,608	100.0	54.1	35.4

Source: PEACE II Central Applications Database - December 2006 - Excluding Technical Assistance.

* 16 rejected cases did not cite a reason

The mean Catholic community share across all applications is 54.3 per cent, and across all approved projects 54.7 per cent. Both means are slightly higher than the estimated share of Catholic funding of 52.6 per cent, which might have been expected, as each project was given the same weighting, independent of the amount of funds applied for or received. Total applications, approved projects and rejections have effectively the same mean community shares. The differences are less than one percentage point and statistically not significant and are in line with the findings of the path model presented in Chapter 6, which concludes that there is no religious bias in the amount of funding approved.

The three main reasons for rejecting applications are (i) 'Application did not meet distinctiveness criteria' (35.7%) (ii) Application did not score highly enough' (27.5%) and (iii) 'Project did not meet Measure criteria' (19.4%). Together, these three reasons accounted for 82.6 per cent of rejections. Deviations in the three main reasons for rejections between the two religious communities are minor, with a three percentage point shift towards Protestants in the distinctiveness criteria and an equal shift toward Catholics in the measure criteria. There is a slightly stronger shift towards Catholics with regard to meeting the horizontal principles and late arrival of application, but both account for less than two percent of total rejections. **Overall, the analysis of rejections does not reveal any bias towards one or other community.** The differences that occur are minor and are at best of borderline statistical significance.

4.8 Estimating Community Uptake in the Border Region

The Terms of Reference for this study stipulate that an attempt be made to estimate the community uptake in the Border Region, along similar lines to those implemented for Northern Ireland throughout a series of community uptake studies. We have given this objective serious consideration, but have decided to refrain from such an undertaking.

In our view, the methodology underlying the community uptake analysis of the PEACE I and PEACE II Programmes in Northern Ireland is based on a carefully balanced approach. This stipulates that projects tend not to benefit one or the other religious community, but have first and foremost a spatial remit, and that the benefit to each religious community is thus represented by the population share of each of the religious communities in the project area.

Most importantly, the methodology implies that the share allocated to any one project may not necessarily reflect the true share for that specific project. There are projects which are deliberately aimed at one religious community, particularly where this community is in a minority position within its surrounding area and where the project seeks to address imbalances in relative well-being arising from this. However, because of the almost equal shares between Catholics and Protestants in Northern Ireland as a whole, this process is symmetrical. There are Catholic enclaves in predominantly Protestant areas and Protestant enclaves in predominantly Catholic areas. The assumption underlying the methodology is that, because of this overall symmetry in the religious community shares, the errors that may occur when measuring true benefit as opposed to estimated benefit will be unbiased; in other words, the errors cancel out and, when we sum the individual shares, we obtain a robust estimate of the overall benefit accruing to the two communities.

Empirical evidence across the four studies of community uptake in terms of fine nuances in community shares over time, as well as the nuances displayed when analysing the different patterns of community shares across different funding bodies, programme priorities or the spatial remit of projects all lend considerable weight to the robustness of the methodology underlying these studies. However, one of the crucial conditions underlying the appropriateness of this methodology is the underlying near-symmetry of the overall population shares in the two major religious communities. As soon as this symmetry breaks down, errors in estimating the aggregate benefit to either community may no longer be unbiased. Leaving aside 1.4 per cent of those who did not state their religion, 1.6 per cent of other religions, and 2.0% of no religion, Catholics make up 93.2 per cent of the combined Catholic and Protestant total, and Protestants account for 6.8 per cent. We therefore decided not to apply the methodology to estimating the community uptake in the Border Region.

5 Accounting for Deprivation and Religion in Northern Ireland

This section explores the distribution of applications and funding in relation to the geographical distribution of the population of Northern Ireland, controlling for the religious composition of local areas as well as their underlying affluence/disadvantage. The factors that are likely to have influenced funding outcomes are examined using a series of graphs which become progressively more focused as the discussion proceeds.

5.1 The Northern Ireland Multiple Deprivation Measure

Over the last ten years, two major indices of relative deprivation in Northern Ireland have been published: the Robson Index¹² and the Northern Ireland Multiple Deprivation Measure (NI MDM, Noble, 2001, 2005)¹³. Following its publication in 1994, the Robson Index became a benchmark for the measurement of relative deprivation in Northern Ireland and this index was used in the community uptake analysis of the PEACE I Programme. However, since this index relied on data from the 1991 Census of Population, the need for a more up-to-date measure led to the commissioning of a new index in 2000.

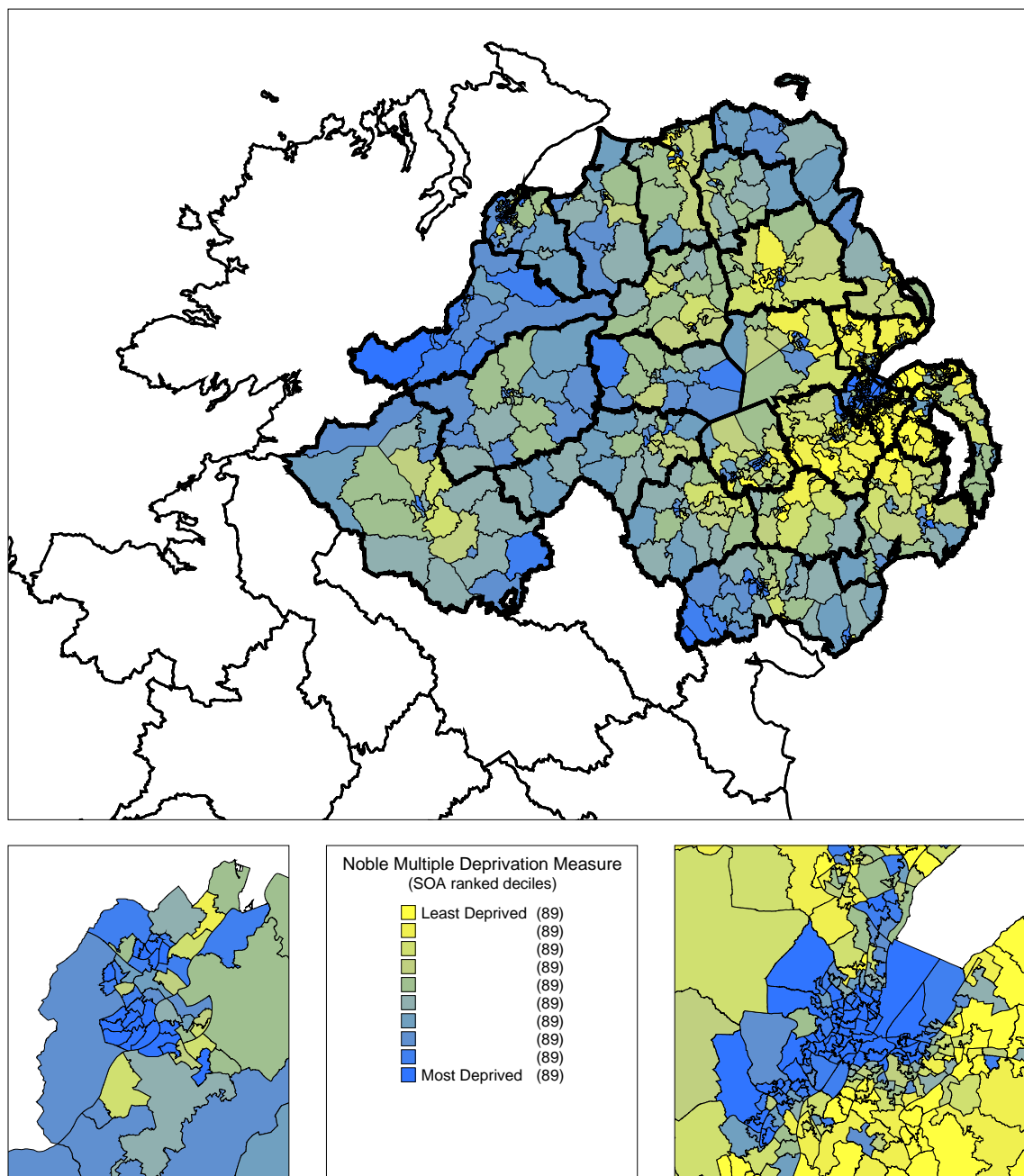
The NI MDM adopts a novel approach to the measurement of deprivation, as it draws predominantly on administrative databases. The index thus addresses repeated requests for including more up-to-date administrative and survey data in order to avoid relying exclusively on Census data that may be more than ten years old. The MDM used for the interim analysis of community uptake under the PEACE II Programme at the end of 2004 was based on administrative data up to 1999. The lowest geographical level at which the index was then available was that of Enumerative Districts (EDs).

The latest available NI MDM uses administrative data up to 2005. In addition, comprehensive deprivation scores comprising all seven domain level deprivation measures were, for the first time, calculated at the level of Super Output Areas (SOAs), and a sub-measure, comprising the Income, Employment and Proximity to Services deprivation measures only at the level of Census Output Areas (COAs). It was therefore possible to undertake the entire study presented in this report on the basis of COA and SOA measures of community shares and deprivation alone, without relying any longer on ED-based references to deprivation.

¹² Robson, B., Bradford, M. and Deas., I (1994) *Relative Deprivation in Northern Ireland*, Policy Planning and Research Unit, Occasional Paper No 28.

¹³ Noble *et al.* (2001) *Measures of Deprivation in Northern Ireland*, Belfast: NISRA, and NISRA (2005) *Northern Ireland Multiple Deprivation Measure 2005*, Belfast: NISRA.

Figure 5.1 The Northern Ireland Multiple Deprivation Measure (SOAs)



5.2 Resource Distribution by Deprivation Decile and Religious Community

One of the Horizontal Principles of the PEACE II Programme is to target social need. The successful channelling of funds towards disadvantaged areas is seen as making an important contribution towards peace and reconciliation. Northern Ireland data relevant to deprivation reveal, *inter alia*, disproportionate levels of unemployment, long-term unemployment and benefit dependence within the Catholic community. A relatively higher Catholic share of funding is therefore to be expected. In harmony with the community uptake analysis undertaken at the conclusion of the PEACE I Programme and the interim analysis of the PEACE II Programme, this section looks at the distribution of applications and approved funds in the context of the level of deprivation experienced. To this end, we group the Census Output Areas (COAs) into ten equally sized deciles, according to the relative affluence and deprivation experienced by the residents living in them.

The analysis presented here is based on the updated Noble Economic Deprivation Measure, which was published in 2006 and relies primarily on administrative data up to 2005. The first decile includes the 502 (10%) most affluent COAs, the second decile the next 10 per cent of COAs and so on until the tenth decile, which comprises the most disadvantaged 10 per cent of COAs.¹⁴

Table 5.1 Deprivation and Religious Community Background

Census Output Areas (COAs)	Catholic Population	Protestant Population
	%	%
1st decile (most affluent)	27.9	72.1
2nd decile	25.9	74.1
3rd decile	30.5	69.5
4th decile	34.4	65.6
5th decile	41.2	58.8
6th decile	48.0	52.0
7th decile	51.2	48.8
8th decile	56.7	43.3
9th decile	62.5	37.5
10th decile (most disadvantaged)	75.6	24.4
Total	45.2	54.8

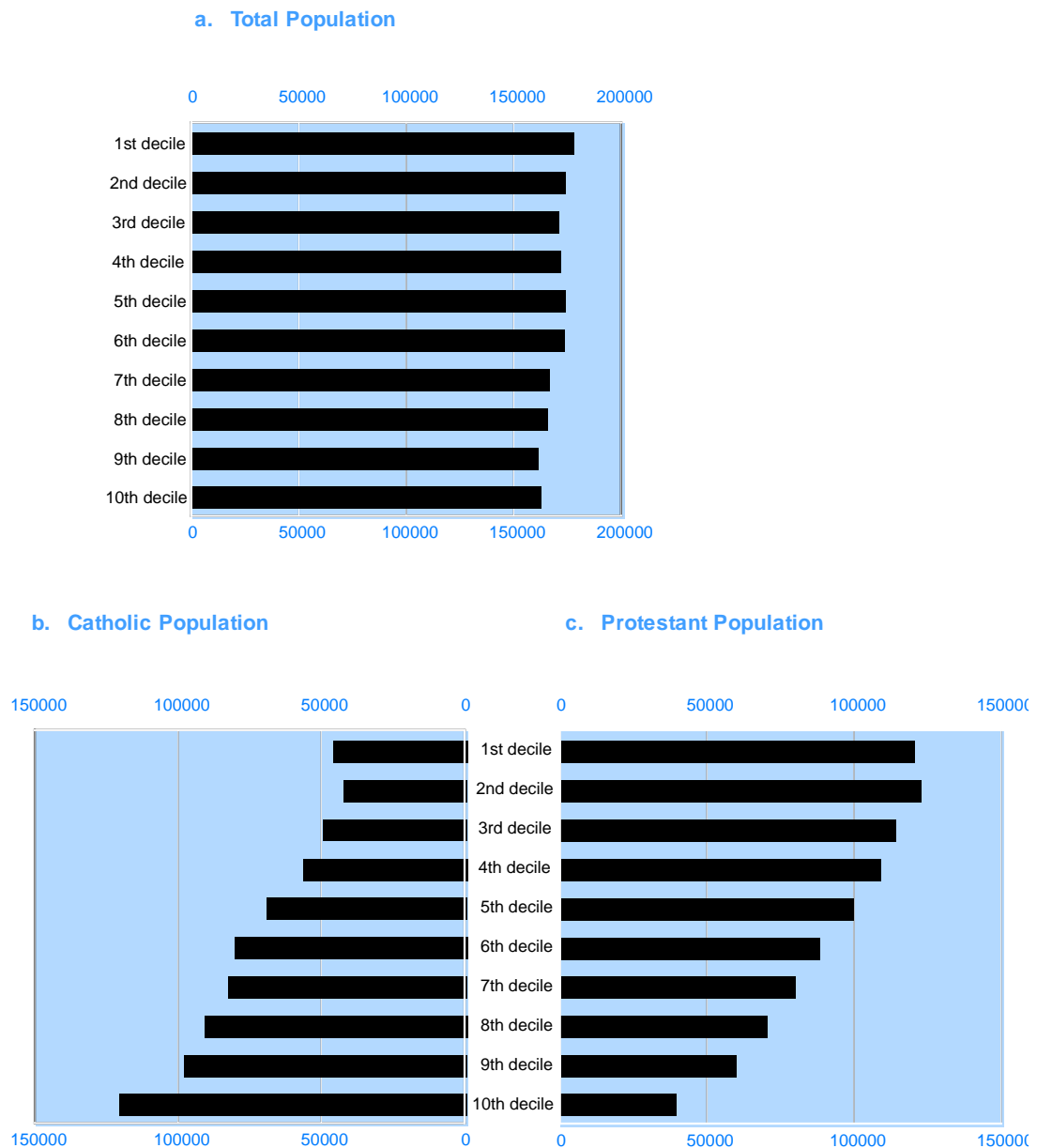
Note: Deciles based on COA level 2005 Economic Deprivation Measure.

Table 5.1 and Figures 5.2b and 5.2c illustrate the relationship between deprivation and religious community background in Northern Ireland. Based on the Noble Index, 72.1 per cent of the population of the most affluent decile of COAs are Protestant and only 27.9 per cent are Catholic. For each subsequent decile - i.e. as the level of deprivation increases - the Catholic share of population tends to increase until, in decile 10 – the most disadvantaged 502 COAs in Northern Ireland – Catholics account for 75.6 per cent of the population and Protestants account for 24.4 per cent.

As pointed out before, the overwhelming majority of Northern Ireland based projects (97.1% of project applications and 95.2% of approved projects) are considered to have a predominantly local effect and may therefore be associated with the religious community shares of the COA in which they are located. However, the 275 Northern Ireland projects with a wider spatial remit account for nearly half (45.6%) of funding in Northern Ireland. As the remainder of this Chapter is focusing on the *differential* distribution between the Catholic and Protestant communities, **it deals with just over half (54.4%) of total funding that can be associated with a differential local (COA) level effect.**

¹⁴ This presentation varies from the convention used by Noble, where the first decile refers to the most disadvantaged 10%.

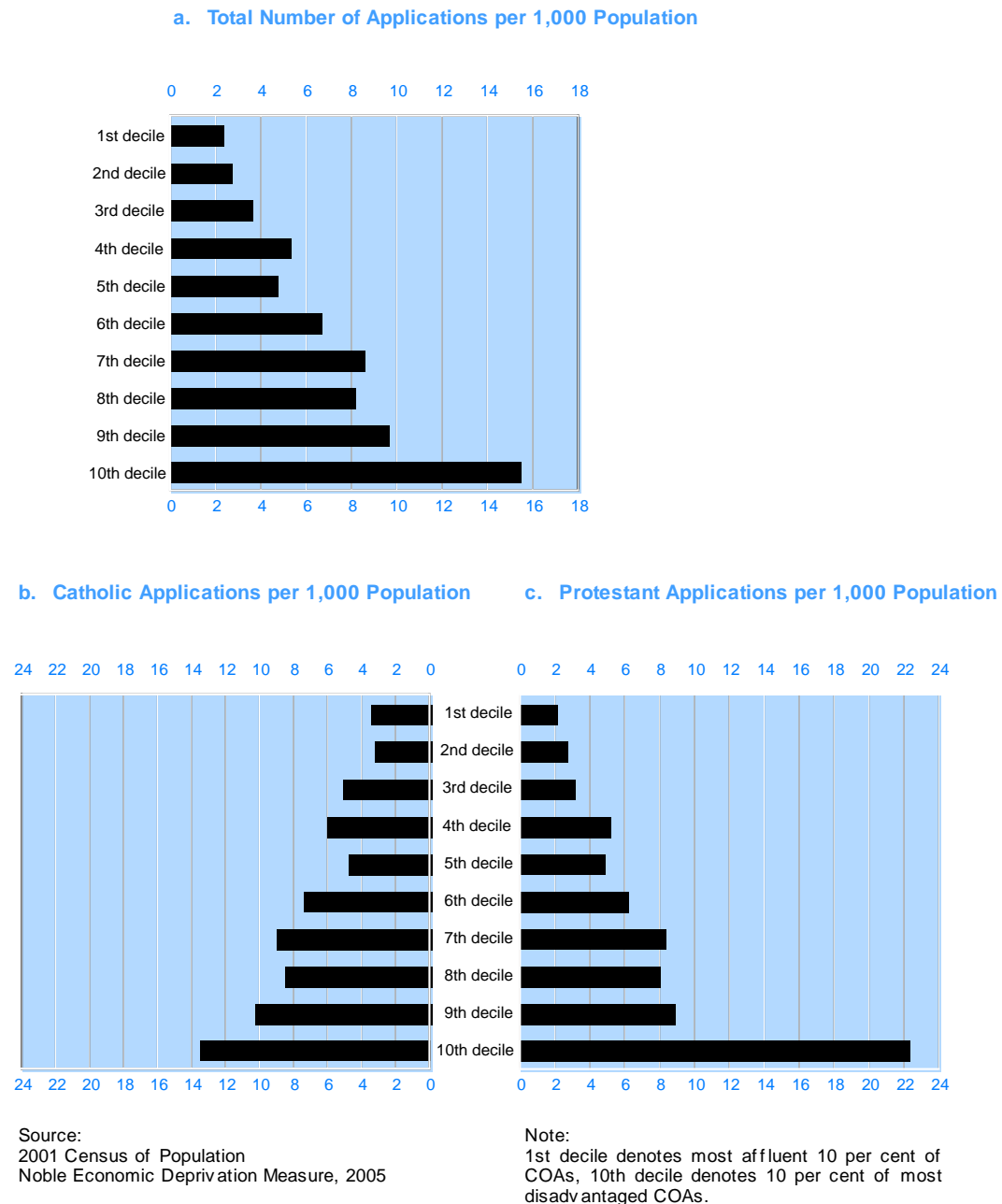
Figure 5.2 Distribution of Population by Relative Affluence/Deprivation



Source:
2001 Census of Population
Noble Economic Deprivation Measure, 2005

Note:
1st decile denotes most affluent 10 per cent of COAs, 10th decile denotes 10 per cent of most disadvantaged COAs.

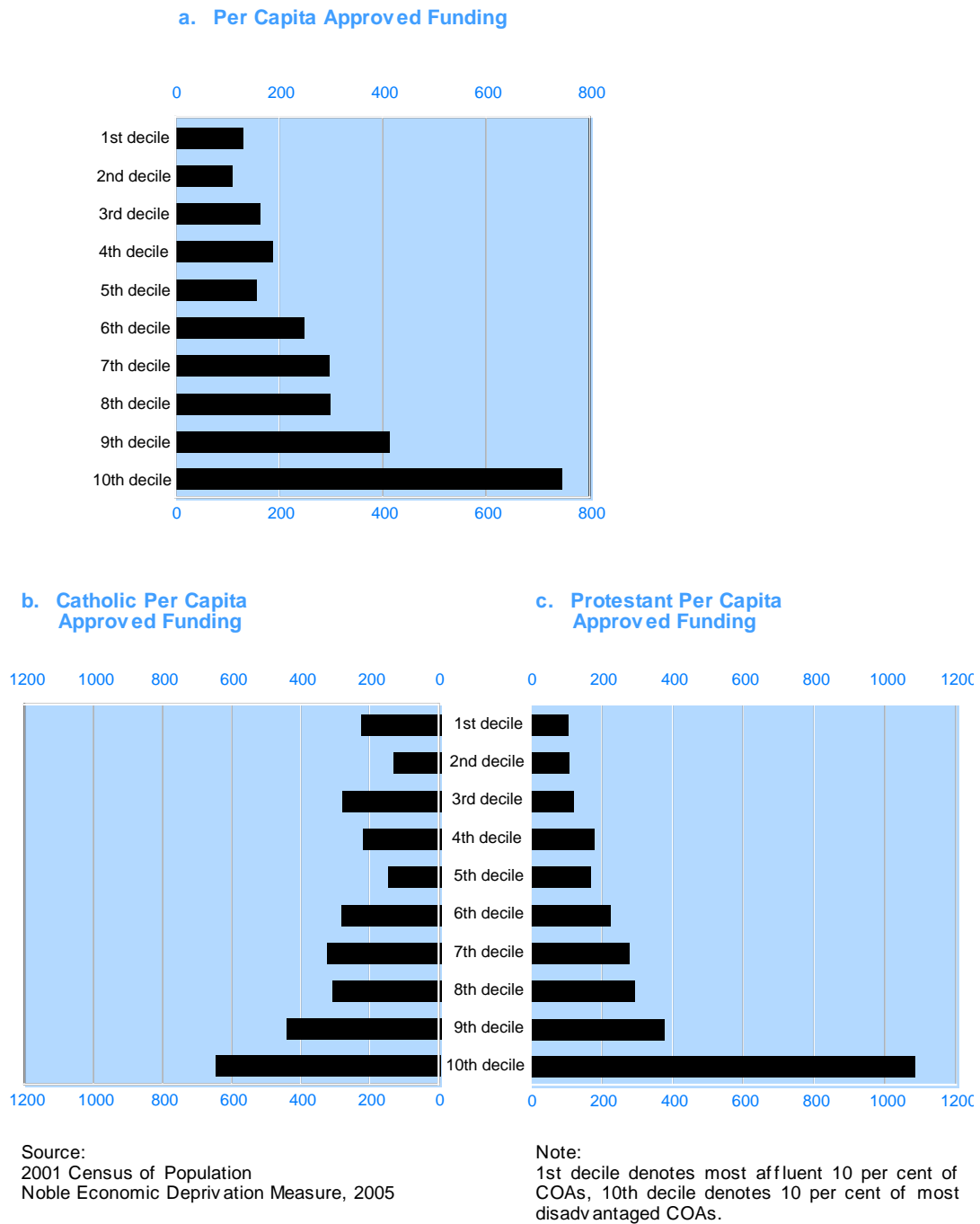
Figure 5.3 Applications per 1,000 Population by Relative Affluence/Deprivation



Note 1: The estimated shares of Catholic and Protestant per capita funding do not represent aggregations of whole projects but the aggregation of their respective community shares.

Note2 : The high protestant per capita share in the 10th decile is a statistical artefact arising from the combination of the small number of protestants living in the most disadvantaged decile of COAs and the relatively high share in applications and funding associated with this decile.

Figure 5.4 Per Capita Approved Funding by Relative Affluence/Deprivation



Note 1: The estimated shares of Catholic and Protestant per capita funding do not represent aggregations of whole projects but the aggregation of their respective community shares.

Note2 : The high protestant per capita share in the 10th decile is a statistical artefact arising from the combination of the small number of protestants living in the most disadvantaged decile of COAs and the relatively high share in applications and funding associated with this decile.

Figure 5.3 and 5.4 shows the distribution of applications and approved funding after adjusting for the number of Total Population, and Catholics and Protestants in each decile by means of a per capita analysis. This analysis indicates that:

- **Overall, the distribution of approved funding reflects a degree of targeting on the basis of deprivation (Figure 5.4a). Per capita funding is nearly four times higher in the three most disadvantaged deciles of COAs than in the three most affluent deciles, whilst per capita funding in the most disadvantaged decile of COAs is over ten times higher than in the most affluent ten per cent of COAs.**
- **The degree of targeting thus seems to be consistent with the Programme's objective of targeting social need whilst also achieving a broad coverage throughout Northern Ireland.**
- **The degree of targeting towards the more disadvantaged populations applies equally to both Catholic and Protestant communities (Figures 5.4b and 5.4c).**
- **The number of applications per 1,000 population is also consistent with the increase in deprivation. There is, however, a systematic difference between the Catholic and Protestant propensities to apply, with the number of applications per 1,000 Catholics being consistently higher at all levels of relative deprivation (Figure 5.3).¹⁵**

In short, a comparison of per capita funding for each community in the context of relative affluence and deprivation reveals a broadly similar pattern. For both communities, per capita funding increases in line with relative deprivation. However, Catholic per capita applications are higher than Protestant per capita applications at all levels of relative affluence and deprivation, and Catholic per capita funding is higher than Protestant per capita funding in eight out of the ten deciles.

In the next section, we will use sophisticated statistical techniques to explore the relationship between the religious community profile of COAs and other features including their population size, deprivation score, propensity to apply for funding and overall funding received under the PEACE II Programme. The results of the statistical models shed considerable light on the patterns described above.

¹⁵ We exclude the tenth decile from this consideration, as the higher protestant share in this decile is a statistical artefact arising from the combination of the small number of protestants living in the most disadvantaged decile of COAs and the relatively high share in applications and funding associated with this decile.

6 Explaining Funding Patterns in Northern Ireland

6.1 The PEACE II Path Model

The evaluation of community uptake in relation to the PEACE II Programme is well-suited to Path Analysis because some of the factors that influence the process of application and approval (including deprivation, awareness of funding opportunities and attitudes towards the programme as a whole) might reasonably be assumed to vary according to religious community background. Path Analysis provides a reliable means of modelling the direct and indirect effects of these influences on funding outcomes.

It is worth noting that 3,457 out of 5,022 Census Output Areas (68.8% of COAs) received no funding under the Programme, and the same applies to 200 out of 890 Super Output Areas (22.5% of SOAs). To exclude COAs or SOAs which received no funding would produce a considerable risk of bias; at the same time, their inclusion produces a non-normal distribution that has the potential to create difficulties during estimation, if not carefully controlled. We therefore decided to undertake a more comprehensive analysis compared to that undertaken as part of the interim community uptake analysis of PEACE II. This entailed repeating all COA-level models at SOA level. This enables us to test whether the community uptake analysis presented in this report is sensitive to different levels of geographical aggregation.

The results of the various models are, in fact, very similar, and no significant differences are observed between the COA and SOA levels, as the estimates reported below indicate. In contrast to the interim report, however, we include the SOA level estimates in Figures 6.1 and 6.2. The reason for this is that we have a preference for the SOA level analysis, firstly because this is based on a broader measurement of deprivation (comprising all seven domain level deprivation measures) rather than the COA level measure which is based on the Income, Employment and Proximity to Services domains only. Secondly, we believe that the matching of postcodes to SOAs is more robust than to COAs. Finally, we feel that the SOA level results are to be preferred because of the more normal distribution of funding data across all spatial units.

In the statistical models presented in this chapter, three variables are used to measure the background characteristics of COAs and SOAs in Northern Ireland:

- **Total population** – all persons normally residing in the COA or SOA at the time of the Census of Population (2001)¹⁶;
- **Noble Deprivation Score** – the scores resulting from the full Multiple Deprivation Measure for SOAs or the Economic Deprivation Measure for COAs, with higher values representing greater disadvantage; and
- **Proportion Catholic** – the proportion of people who described themselves as Catholic at the time of the 2001 Census of Population, as a proportion of those who described themselves as either Catholic or Protestant.¹⁷

In the path diagrams presented below, these three variables are connected by two-headed arrows, indicating that they are correlated. For example, Figure 6.1 reveals that there is a moderate positive correlation (0.41) between the Noble Deprivation Score for 2005 and the Proportion Catholic, both measured at SOA level, indicating that predominantly Catholic areas are, in general, more deprived than predominantly Protestant ones. The correlation between Total Population (transformed using the natural logarithm function) and the Proportion Catholic is much lower (0.11), indicating that predominantly Catholic SOAs are, in general,

¹⁶ This variable has a highly non-normal distribution, necessitating transformation using the natural log function. The value for “skewness” (the extent to which the distribution is skewed towards higher or lower values) is rather high at 6.5, whilst the “kurtosis” (which measures the extent to which the distribution is concentrated around a single value) is high at 138.3. Following transformation, the distribution of this variable improves considerably, as measured by summary statistics (the skewness drops to 0.1 and the kurtosis to 4.2).

¹⁷ The calculation excludes 0.4% of persons with religions other than Catholic or Protestant and 2.7% of persons with no stated religion and re-weights the remaining data accordingly.

more populous than Protestant ones, which may reflect the effects of the definition of COAs and SOAs.

In the first set of models (which employ the Multiple Regression Model), the three independent variables listed above are conceptualised as having an effect on the following variable:

- **Funding Approved** – the total value of funding approved for projects originating in the COA or SOA, omitting those with a wider spatial remit.

This variable, like total population, has a highly non-normal distribution¹⁸, necessitating transformation using the natural log function. In order to assess the sensitivity of modelling results to this transformation, we will report the estimates obtained when using the original variables (with and without outliers) and the transformed values. The direct effects of Total Population, Noble Deprivation Score and Proportion Catholic on Funding Approved are shown in Fig. 6.1 for the log-transformed SOA-level results.

In the second set of models, the outcome variable Funding Approved is conceptualised as being influenced not only by the three background variables described above, but also by an intervening variable which measures the number of applications generated by a given COA or SOA. In other words, in addition to their direct effects, the variables Total Population, Noble Deprivation Score and Proportion Catholic are hypothesised as having an *indirect* effect on Funding Approved, mediated by the number of applications:

- **Number of Applications** – the number of applications for funding under the PEACE II Programme¹⁹.

In the following section, we will discuss the results of the two sets of models, illustrating the impact of the natural log transformation and the exclusion of a small number of outlying values²⁰ as well as the choice of smaller or larger spatial units (COAs or SOAs). This will enable us to assess the robustness of the results to the specific operational decisions implemented during the course of the analysis.

Summary results will therefore be reported for the following models²¹:

- Model 1: COAs, untransformed variables.
- Model 2: COAs, untransformed variables, excluding 1 outlier (95GG200003).
- Model 3: COAs, natural log transformation of number of total population, project applications and funding approved.
- Model 4: SOAs, untransformed variables.
- Model 5: SOAs, untransformed variables, excluding 4 outliers (95GG20S1, 95MM28W1, 95GG39S1, 95MM27S1).
- Model 6: SOAs, natural log transformation of total population, project applications and funding approved.

¹⁸ The skewness is rather high at 15.1, whilst the kurtosis is very high at 389.0. Following transformation, however, the distribution of Funding Approved improves considerably, as measured by summary statistics (the skewness drops to 0.9 and the kurtosis to -1.2).

¹⁹ Once again, we encounter non-normality (skewness 12.6, kurtosis 289.9), necessitating transformation. After applying the natural log function, the skewness drops to 0.5 and the kurtosis to -1.5.

²⁰ As outliers we consider any COA or SOA that has an extraordinary high number of applications or funding associated with it, most likely because this COA or SOA is the location for administrative offices, rather than denoting the effective project area.

²¹ In order to control for the potential effects of non-normality in the distribution of the variables included in the model, including the large number of 'Zero' values recorded for project applications and approved funding, we use the Satorra-Bentler formula for "robust" standard errors (Bentler, 1995) in order to obtain reliable estimates of statistical significance.

6.2 Northern Ireland Model A: Direct Effects only

The first group of models correspond to a Path Model with three independent variables (those situated to the left of Figure 6.1) and a single dependent variable (to the right), which is associated with a “residual” variable that expresses the variance that is not explained by the background variables. The estimates shown in the Path Diagram are standardised partial regression coefficients, and they indicate the extent to which a change in the independent variable is transmitted to the dependent variable (the size of this effect being measured in standard deviation units), holding constant all other independent variables in the equation.

Table 6.1 reports the parameter estimates obtained for each of the six models. Model 3 is, in our view, the best COA level model, whilst Model 6 is the best SOA level model. Choosing between the COA and SOA level model, we have a slight preference for the latter for the reasons outlined above. The coefficients shown in Figure 6.1 are thus from Model 6, the SOA level model, which provide the most accurate estimates. If we want to compare the results to those reported in the interim report, the appropriate model is the COA level Model 3. The parameters of this model are practically identical to those previously reported.

The direct effect of deprivation, as measured by the Noble Deprivation Score for 2005, on Approved Funding is appreciable, as well as being statistically significant, at 0.25 for Model 6. The effect of religious community profile, as measured by Proportion Catholic, is 0.14, whilst the coefficient associated with the variable Total Population is 0.16. Interestingly, the effect of deprivation in this SOA level model is twice the strength compared to the equivalent COA level model, resulting in greater explanatory strength for the overall model. The SOA level model explains 15 per cent of total variation in approved funding as against five per cent at the COA level. We believe that this greater explanatory power is rooted in the more comprehensive definition of deprivation at the SOA level.

Figure 6.1 Northern Ireland Model 6A - Direct Effects only

Path Model of the Relationship between SOA Characteristics and Approved Funding
(Total Population and Funding Approved transformed using natural logarithm function)

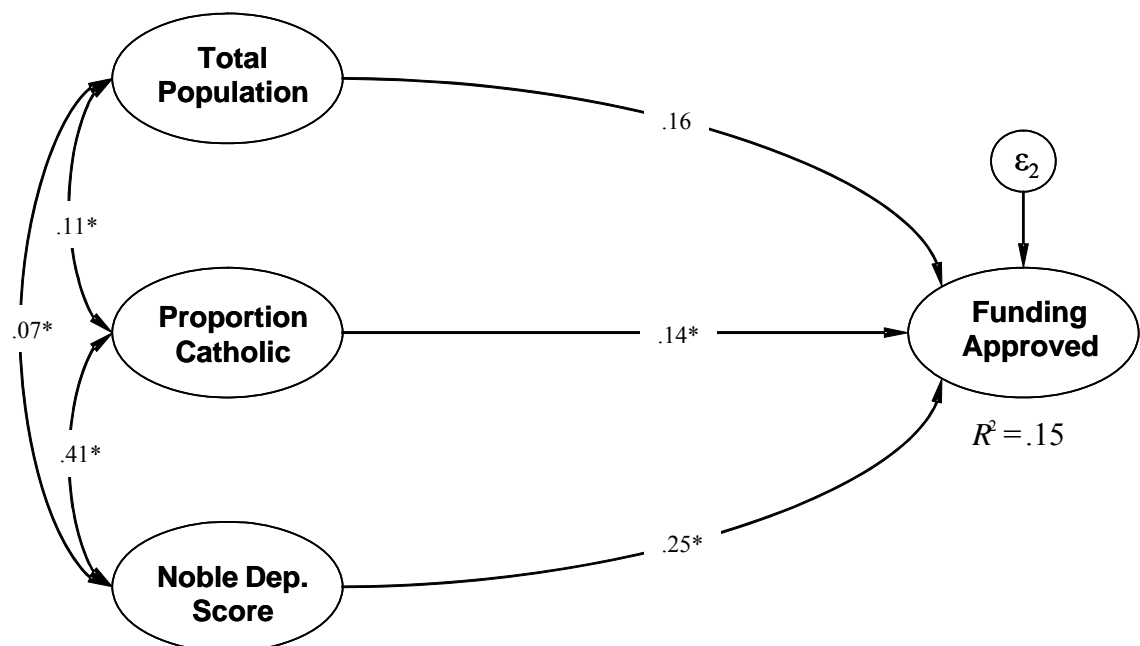


Table 6.1 Parameter Estimates for Model 6A of Direct Effects

Parameter	COA level Models			SOA level Models		
	Mod 1	Mod 2	Mod 3	Mod 4	Mod 5	Mod 6
Total Population → Funding Approved	-0.04*	-0.05*	0.04*	0.09*	0.10*	0.16*
Proportion Catholic → Funding Approved	0.05*	0.08*	0.11*	0.03	0.08*	0.14*
Noble Deprivation Score → Funding Approved	0.14*	0.12*	0.16*	0.35*	0.31*	0.25*
Percentage of Variance Explained in Funding Approved (R^2)	3%	3%	5%	14%	14%	15%
Number of cases analysed	5,022	5,021	5,022	890	886	890

Source: PEACE II Central Applications Database – December 2006 - All effects are standardised; those that are statistically significant at the .05 level, are marked by an asterisk in the table and graph.

The first set of models, which are limited to the measurement of direct effects only on the distribution of approved funding, suggests that the proportion of Catholics and the relative deprivation of a given area have an appreciable, statistically significant effect on the amount of funding it receives. The effect of the overall population of the area is also significant.

Nevertheless, no more than 15 per cent of the variation in Funding Approved is explained by this group of models and, as we have found before, these must therefore be judged to provide an incomplete explanation of the distribution of approved funding.

6.3 Northern Ireland Model B: Direct and Indirect Effects

The second set of models, as explained above, introduces a new variable, which is situated between the three background variables (Total Population, Deprivation Score and Proportion Catholic) and the variable Funding Approved. The standardised coefficients in Figure 6.2 and Table 6.2 show two clear differences compared to the previous model, which measured the direct effects only: (i) the second set of models explain a much larger proportion of the variation in Funding Approved. The explanatory power of the models (R^2) ranges between 68 per cent and 88 per cent, compared to a maximum of 15 per cent for the first set of models and (ii) this is largely driven by the Number of Applications. Regardless of which of the second set of models is chosen, the Number of Applications has a very strong impact on Funding Approved (path coefficients ranging from 0.81 to 0.94).

It is also interesting to compare the *direct* effects of Total Population, Deprivation Score and Proportion Catholic in the second set of models with those estimated in the first set. For example, the path from Deprivation Score to Funding Approved decreases, ranging now between -0.01 (not statistically significant) and 0.05. More importantly, the path from Proportion Catholic to Funding Approved drops to practically zero and is no longer statistically significant (from 0.14 in Model 6A to 0.02 in Model 6B). **This is the by far most important observation, as it shows that there is no direct influence of religion on the amount of funding approved.**

Comparing the COA level models with the SOA level models, we can make the same observations as with regard to the first set of models: the path coefficients from the Noble deprivation score are about twice as high in the SOA level models compared to those in the COA level models. In other words, the more comprehensive measure of deprivation at the SOA level appears to be a better predictor of the likelihood of an application originating in a the more deprived area. We also note the stronger path coefficients from the population size of the area to the Number of Applications, which is about four times the size in the SOA level models compared to those at COA level.

Figure 6.2 Northern Ireland Model 6B - Direct and Indirect Effects

Path Model of the Relationship between SOA Characteristics, Number of Applications and Funding Approved (Total Population, Number of Applications and Funding Approved transformed using natural logarithm function)

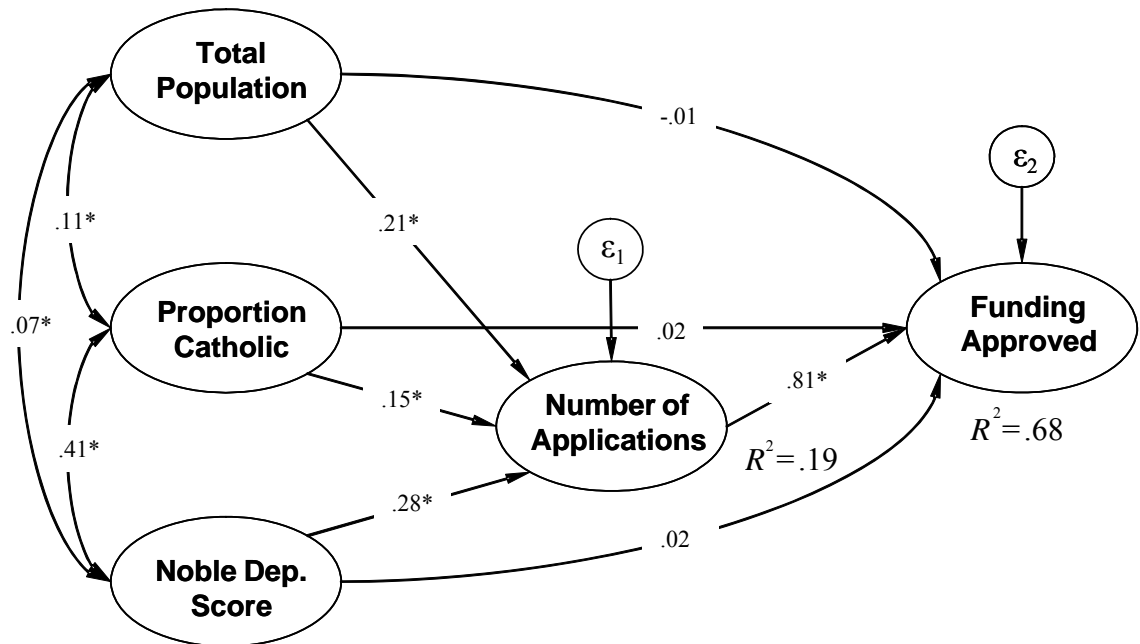


Table 6.2 Parameter Estimates for Model 6B of Direct and Indirect Effects

Parameter	COA level Models			SOA level Models		
	Mod 1	Mod 2	Mod 3	Mod 4	Mod 5	Mod 6
Total Population → Number of Applications	-0.03	-0.04*	0.05*	0.15*	0.18*	0.21*
Proportion Catholic → Number of Applications	0.06*	0.08*	0.12*	0.04	0.10*	0.15*
Noble Deprivation Score → Number of Applications	0.16*	0.15*	0.16*	0.34*	0.30*	0.28*
Percentage of Variance Explained in Number of Applications (R^2)	4%	4%	6%	16%	17%	19%
Total Population → Funding Approved	-0.01	-0.02*	0.00	-0.06*	-0.06*	-0.01
Proportion Catholic → Funding Approved	0.00	0.00	0.01	-0.01	-0.01	0.02
Noble Deprivation Score → Funding Approved	-0.01	-0.01	0.02*	0.03*	0.05*	0.02
Number of Applications → Funding Approved	0.92*	0.90*	0.83*	0.94*	0.89*	0.81*
Percentage of Variance Explained in Funding Approved (R^2)	85%	81%	71%	88%	80%	68%
Number of cases analysed	5,022	5,021	5,022	890	886	890

Source: PEACE II Central Applications Database – December 2006 – All effects are standardised; those that are statistically significant at the .05 level are marked by an asterisk in the table and graph above.

Together, these stronger path coefficients help to explain a significantly larger share of the variation in the number of applications (approximately 30 per cent in the SOA level models as against 15 per cent in the COA level models). This is quite significant in substantive terms: we already know from our analysis of PEACE I and the interim analysis of PEACE II that a very high proportion (in excess of 80 per cent) of the variation of approved funding can be explained by the number of applications. In other words, the PEACE Programme is largely a 'reactive' programme in that it responds to the applications made to it. However, we are now in a position to better explain what affects the number of applications made in the first place. Above all, the level of deprivation plays a greater role in this than hitherto was apparent. Indeed, whereas our interim analysis pointed to the proportion of Catholics being the strongest influence on the number of applications, both the COA and particularly the SOA level models now show that deprivation is a more influential factor than religious composition. This must be seen as a major advance in the delivery of the programme.

We can thus summarise the findings from the path models as follows:

- **When interpreting the influence of both Proportion Catholic and Deprivation Score on Approved Funding, we may conclude that the influence of these background variables is entirely mediated by the Number of Applications presented under the Programme.**

Of the three background variables, the Deprivation Score consistently exerts the greatest influence on the Number of Applications in all six models which, in turn, has a determining impact on Funding Approved.

- **The higher share of funding received by the Catholic community is primarily due to the greater likelihood for Catholics to live in more deprived areas. Catholics nevertheless continue to have a greater propensity to apply for funding (after accounting for differences in deprivation). In comparison with the analyses undertaken in the past, this factor is now clearly less important than the level of deprivation experienced by both religious communities.**

Overall, it is encouraging to observe the similarities between these results and those presented in previous Community Uptake Analyses of the PEACE I and PEACE II Programmes, as this testifies to the robustness of the methodological techniques utilised. Moreover, the relative strengthening of the indirect effect of the Noble Deprivation Score on Approved Funding indicates an important success for the Peace II Extension Programme in facilitating and encouraging applications from the most disadvantaged communities, independent of their religious composition.

7 Accounting for Deprivation in the Border Region

This section explores the distribution of applications and funding in relation to the geographical distribution of the population of the Border Region, as well as their underlying affluence or disadvantage. Unlike the analysis for Northern Ireland, we are not in a position to present a differentiation between the estimated uptake between the two religious communities, Catholics and Protestants. As outlined in Section 4.8, we believe that the methodology underlying the estimate of community shares in the community uptake analysis of the PEACE II Programme in Northern Ireland cannot be extended to a region where there is no similar balance between the two major religious communities.

7.1 The Index of Relative Affluence and Deprivation

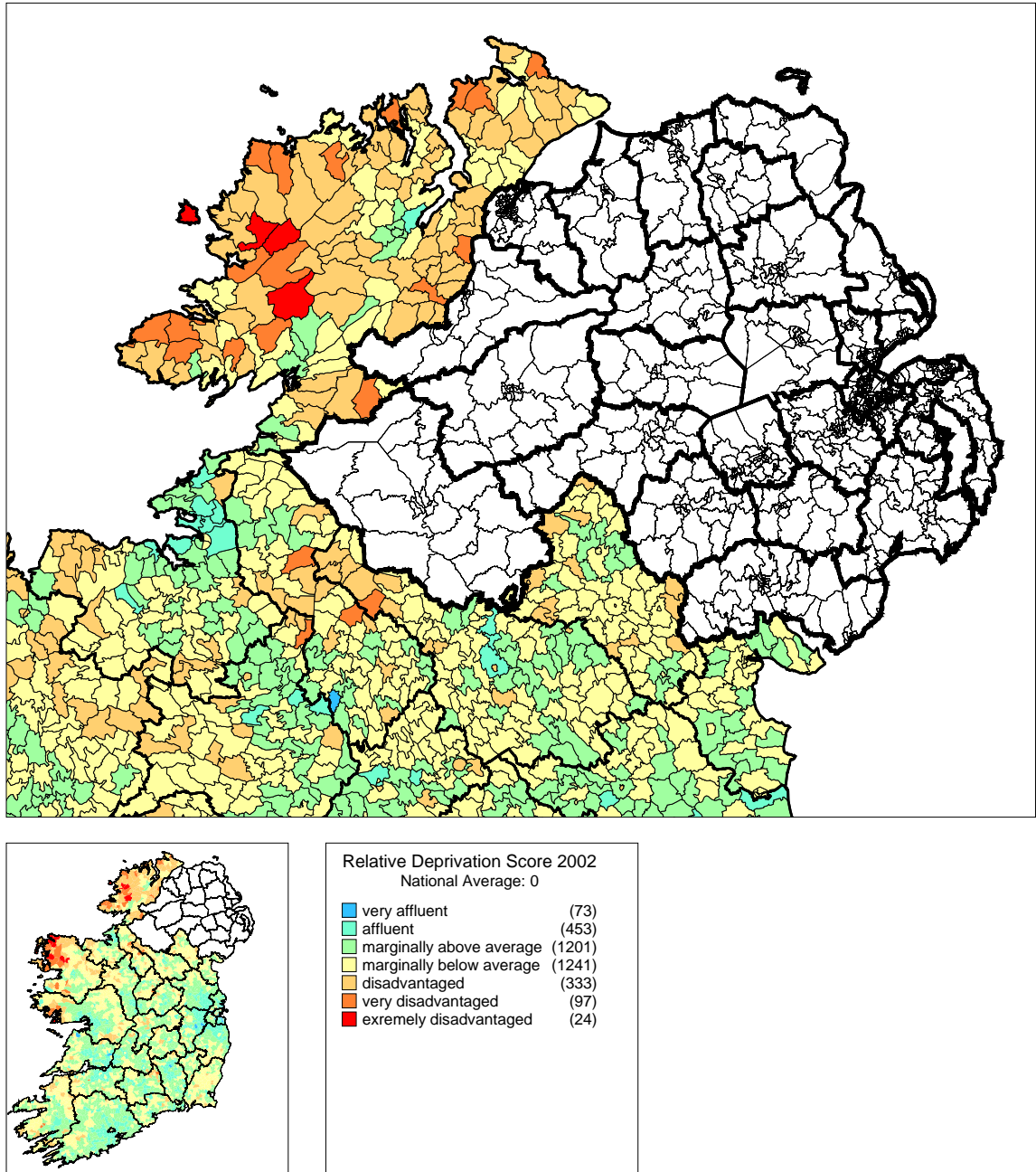
No comprehensive analysis of relative deprivation exists across the island of Ireland as a whole. Whilst the current measure for Northern Ireland is the *Northern Ireland Multiple Deprivation Measure 2005*, the equivalent deprivation index in the Republic of Ireland is the *Index of Relative Affluence and Deprivation* (Haase & Pratschke, 2005)²².

In contrast to the NI MDM, which draws predominantly on information from administrative databases, the index for the Republic of Ireland is entirely based on the five-yearly Census. The latest available index is based on the 2002 Census and is based on a three-dimensional conceptualisation of deprivation: (i) social class deprivation, (ii) demographic decline and (iii) acute labour market deprivation. Whereas social class deprivation occurs equally in urban and rural areas, demographic decline can be observed predominantly in rural areas, whereas acute labour market deprivation is associated first and foremost with the urban areas.

As can be seen from the dark and light blue (affluent) areas in the inset of the map overleaf, Ireland's most affluent areas are represented by the commuter belts that surround the urban centres. The cities and towns are characterised by higher levels of social class segregation and thus typically comprise both areas of extreme affluence and deprivation. In rural Ireland, deprivation becomes first and foremost a function of distance to the nearest urban centres: where rural areas are in relative proximity to urban centres, they tend to be in the middle field of the affluence to disadvantage spectrum. Greatest disadvantage in rural Ireland is confined to the more remote rural locations, which are at greatest geographical distance to the urban centres. Counties Donegal and Mayo are the most disadvantaged rural counties, and the Border Region as a whole is by far the most disadvantaged region in Ireland. Thus, the PEACE II Programme applies to the most disadvantaged region within the Republic of Ireland.

²² Haase, T. and Pratschke, J. (2005) *Deprivation and its Spatial Articulation in the Republic of Ireland – New Measures of Deprivation based on the Census of Population, 1991, 1996 and 2002*. Dublin: Pobal.

Figure 7.1 Index of Relative Affluence and Deprivation for Border Region



8 Explaining Funding Patterns in the Border Region

This chapter extends the analysis of community uptake previously undertaken for Northern Ireland only to the Border Region. To this end, we use the same path models as in the Northern Ireland case, applying them this time to the ED-based projects in the Border Region. We rely on the same initial assumption, namely that approved funding is potentially influenced by three factors: the population of the project area, its religious composition as measured by the proportion of Catholics residing within it and the relative deprivation of the area (as measured by the Index of Relative Affluence and Deprivation). Again, we will test two sets of models: (i) Model A, which measures the direct effects only and (ii) Model B, which allows for an intervening factor expressed by the number of applications from any one area. Following the same conventions as with regard to the Northern Ireland model, Model 1 uses the full set of untransformed values, Model 2 uses the untransformed values but excludes one outlier, and Model 3 uses transformed values, where necessary.

8.1 Border Region Model A: Direct Effects Only

Figure 8.1 Border Region Model 8A - Direct Effects only

Path Model of the Relationship between ED Characteristics and Approved Funding (Total Population and Funding Approved transformed using natural logarithm function)

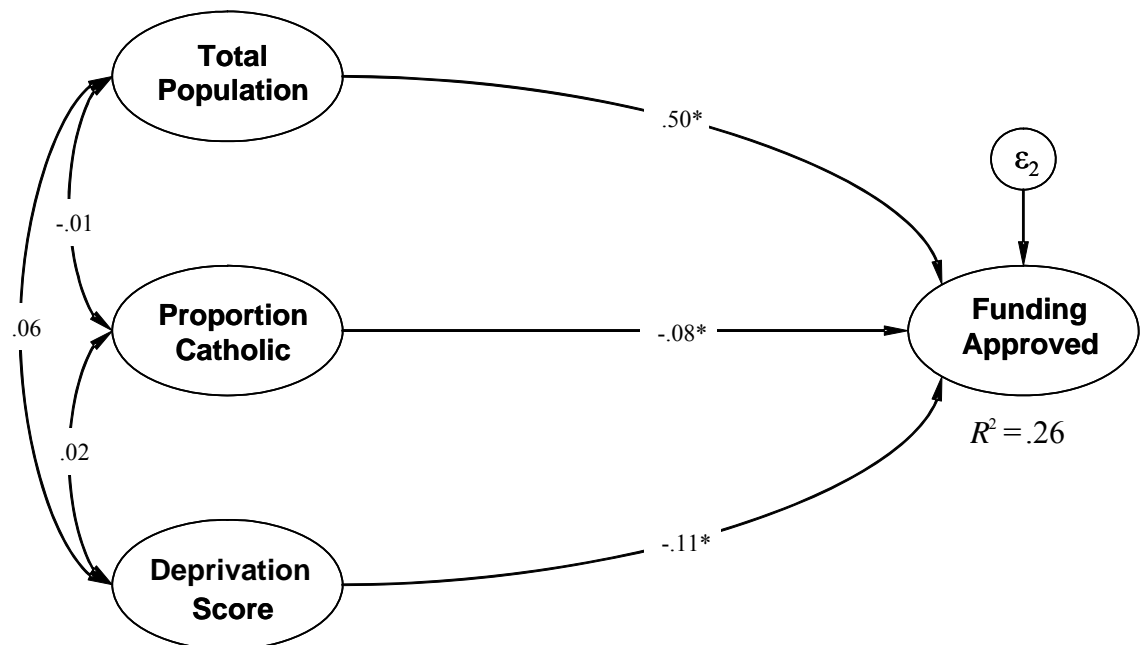


Figure 8.1 shows the results of Model A and the estimates for the third (preferred) model. The model exhibits quite a strong influence of Total Population (a standardised coefficient of .50), the most influential effect on approved funding. This is not surprising, as there is a major difference in the geographical characteristics of EDs in the Border Region compared to COAs or SOAs in Northern Ireland: EDs can differ considerably in population size, ranging from a low of 55 persons to a high of 14,715, whereas the COAs were deliberately designed to achieve greater consistency in population.

Interestingly, there is a small, but statistically significant, inverse relationship between the share of Catholics in the area (-.08) and approved funding, indicating that, all else being equal, areas with a greater share of Protestants received a slightly larger amount of funding.

Finally, and of greater substantive interest, is the small (but again statistically significant) inverse relationship between deprivation and approved funding. This is, at least at first sight, somewhat surprising and counter-intuitive. We would not have imagined that religious composition should feature strongly as an explanatory factor in the Border Region, and would have expected relative deprivation to exert a stronger influence. This is particularly the case given the considerable history of community development projects in the region with a strong anti-poverty focus. Our initial interpretation of this result is that most of the projects have an urban address, even where they relate to the wider rural hinterland. This can also be seen in Figures 4.1 and 4.2, which indicates the extent to which the project addresses follow the general trend of population distribution. As the urban areas of the Border Region tend to be less disadvantaged than their surrounding rural hinterland, this could lead to an inverse relationship between deprivation and approved funding.

Table 8.1 Parameter Estimates for Model 8A of Direct Effects

Parameter	Model 1	Model 2	Model 3
Total Population → Funding Approved	0.54*	0.57*	0.50*
Proportion Catholic → Funding Approved	-0.02	-0.02	-0.08*
Deprivation Score → Funding Approved	-0.04	-0.05	-0.11*
Total Population ↔ Proportion Catholic	0.03	0.03	-0.01
Total Population ↔ Deprivation Score	0.04	0.04	0.06
Proportion Catholic ↔ Deprivation Score	0.02	0.02	0.02
Percentage of Variance Explained in Funding Approved (R^2)	30%	33%	26%
Number of cases analysed	621	620	621

Source: PEACE II Central Applications Database – Republic of Ireland – December 2006.

Note: All effects are standardised; those that are statistically significant at the .05 level, are marked by an asterisk in the table and graph.

Overall, the Border Region Model A, which measures direct effects only, is somewhat stronger than the Direct Model for Northern Ireland, explaining between 26 per cent and 33 per cent of total variation in the amount of funds approved, compared to a maximum of 15 per cent in the case of the Northern Ireland Model. Nevertheless, these are still quite weak models, particularly as we know from the Northern Ireland models that the direct effects only models can be improved upon. As was the case in the path models for Northern Ireland, our next step is therefore the introduction of an additional variable – that of the number of applications received – as an intervening factor.

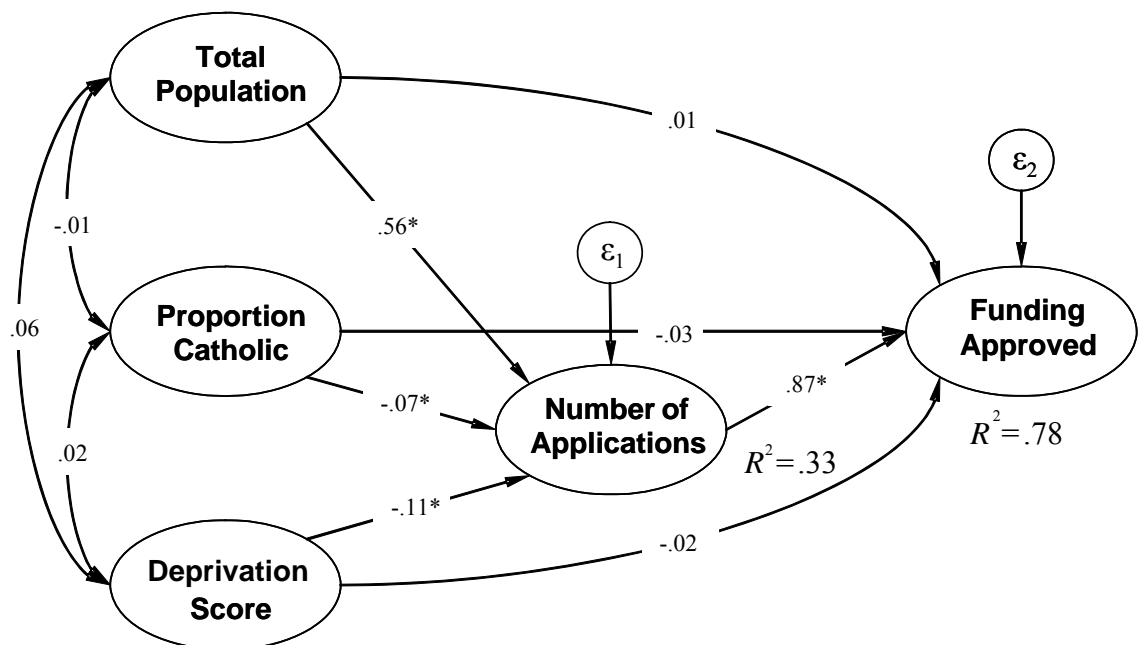
8.2 Border Region Model B: Direct and Indirect Effects

The standardised coefficients in Figure 8.2 and Table 8.2 show two clear differences compared to the previous model which measured the direct effects only: (i) the second set of models explain a much larger proportion of the variation in Funding Approved, and the explanatory power of the models (R^2) ranges between 78 per cent and 92 per cent, compared to a maximum of 33 per cent for the direct effects only models and (ii) this is largely driven by the Number of Applications. Regardless of which of the second set of models is chosen, the Number of Applications has a very strong impact on Funding Approved (path coefficients ranging from 0.87 to 0.99).

Again, it is interesting to compare the *direct* effects of Total Population, Deprivation Score and Proportion Catholic in the second set of models with those estimated in the first set. The path from Deprivation Score to Funding Approved shrinks to nearly zero, as does the path from Proportion Catholic to Funding Approved. The path from Total Population to Funding Approved shrinks to nearly zero in the first two models and is effectively zero in the last model, where it is no longer statistically significant. Thus, all of the direct effects are now resolved and all statistically significant effects are mediated through the intervening variable of the Number of Applications.

Figure 8.2 Border Region Model 8B - Direct and Indirect Effects

Path Model of the Relationship between ED Characteristics, Number of Applications and Funding Approved (Total Population, Number of Applications and Funding Approved transformed using natural logarithm function)



The path coefficients that express the influence of the three original factors on the Number of Applications made are almost identical to those linking these factors with Funding Approved in the Direct Effects Only model; i.e. the main influence on the number of applications from any one area is the size of its population, with small inverse effects for the proportion Catholic and deprivation.

Table 8.2 Parameter Estimates for Model 8B of Direct and Indirect Effects

Parameter	Model 1	Model 2	Model 3
Total Population → Number of Applications	0.60*	-0.64*	0.56*
Proportion Catholic → Number of Applications	-0.01	-0.01	-0.07*
Deprivation Score → Number of Applications	-0.04	-0.06	-0.11*
Percentage of Variance Explained in Number of Applications (R^2)	36%	42%	33%
Total Population → Funding Approved	-0.05*	-0.06*	0.01
Proportion Catholic → Funding Approved	-0.01	-0.01	-0.03
Deprivation Score → Funding Approved	0.00	0.01	-0.02
Number of Applications → Funding Approved	0.98*	0.99*	0.87*
Percentage of Variance Explained in Funding Approved (R^2)	92%	90%	78%
Number of cases analysed	621	620	621

Source: PEACE II Central Applications Database – December 2006 – Republic of Ireland based projects only

Note: All effects are standardised; those that are statistically significant at the .05 level are marked by an asterisk in the table and graph above.

We can thus summarise the findings from the Border Region path models as follows:

- When interpreting the influence of Population Size, Proportion Catholic and Deprivation Score on Approved Funding in the Border Region, we may conclude that the influence of these background variables is entirely mediated by the Number of Applications presented under the Programme.
- Of the three background variables, the Total Population consistently exerts the greatest influence on the Number of Applications, which, in turn, has a determining impact on Funding Approved. This appears to be primarily a statistical artefact resulting from the different population of the Electoral Divisions (EDs) which, unlike the COAs in Northern Ireland, are not standardised in their respective sizes.
- Religious composition has only a marginal effect on the number of applications arising from any given area, and subsequently on the amount of funding approved, with areas where there are larger proportions of Protestants receiving marginally more funding.
- Somewhat surprisingly, relative deprivation has a small inverse effect on the number of applications, and thus on funding received. This might be due to the predominantly urban-based addresses provided by the projects, even where these relate to interventions that extend into the more disadvantaged rural hinterland. Nevertheless, the path analysis suggests that the PEACE II Programme as implemented in the Border Region has a weaker element of 'targeting social need' than in Northern Ireland, where relative deprivation is the strongest factor in determining the distribution of project funding. This could be warranted if the programme were to be successful in disproportionately targeting Protestant communities throughout the Border Region. The demonstration of this hypothesis, however, lies beyond what can be achieved using this statistical approach to analysing community uptake.

Appendix: Testing the Methodological Assumptions

The terms of reference required the consultants to use information from the SEUPB Monitoring Forms to test the robustness of their analysis. To this end, we carried out a separate analysis of community background as stated on the Monitoring Forms available in December 2006.

Religious Community Background, all Religions

	Frequency	Per cent	Valid Per cent
Protestant	20,823	36.4	37.3
Catholic	31,073	54.3	55.6
Neither	3,993	7.0	7.1
Sub-total	55,889	97.7	100.0
Not Stated	1,328	2.3	
Total	57,217	100.0	

Source: Monitoring Form Returns, December 2006 - Figures include Technical Assistance

In total, 57,217 Monitoring Forms were returned by December 2006. Of these, 1,328 (2.3%) did not provide any indication of community background and of the remaining returns, 3,993 (7.0%) responded "neither Protestant nor Catholic", roughly twice the percentage of people who fall within this category according to the 2001 Census of Population for Northern Ireland (3.1%).

Considering only the two main communities, the Monitoring Forms therefore suggest a share of 59.9 per cent for Catholics and 40.1 per cent for Protestants. This, however, includes all projects in the Border Region as well as in Northern Ireland. Furthermore, the returns relate to only 1,765 (25.5%) out of a total of nearly 7,000 projects.

The next step is to merge the data derived from the Monitoring Forms with the Central Applications Database to establish the actual location of the projects concerned, confining our attention to Northern Ireland-based projects only. This reveals that the Monitoring Forms cover 1,563 (27.2%) of the 5,747 projects based in Northern Ireland, and the community shares for these Forms reveal a 51.4 per cent share for Catholics and 48.6 per cent for Protestants.

Religious Community Background, Major Communities only

	All Projects		Northern Ireland based projects only		Northern Ireland based projects only	
	Frequency	%	Frequency	%	Award (€m)	%
Protestant	20,823	40.1	18,386	48.6	122.1	48.2
Catholic	31,073	59.9	19,451	51.4	131.2	51.8
Total	51,896	100.0	37,837	100.0	253.2	100.0
Projects covered	1,765	25.5	1,563	27.2	253.2	30.7
Total Projects	6,917		5,747		823.5	

Source: Monitoring Form Returns, and PEACE II Central Applications Database, December 2006
Figures include Technical Assistance

We can now compare the shares indicated by the stated community background (Monitoring Forms) with the estimated community shares resulting from our analysis (using the postcode methodology adopted in this study). The projects covered by the Monitoring Forms represent an aggregate funding of € 253.2m, or 30.7 per cent of total Northern Ireland spending. Our estimated community shares for these projects are 51.8 per cent for Catholics and 48.2 per cent for Protestants. These estimates lie within less than half a percentage point of the shares indicated on the Monitoring Forms. This supplementary analysis therefore provides strong support for the approach adopted in this study, particularly as it now covers more than one quarter of all projects (27.2%) and almost one third of total funding (30.7%).