

## COVERING CONFIDENTIAL

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### CONWAY STREET

Following the meeting on 23 November, Central Secretariat has as agreed produced the attached outline of a submission to Ministers. I should be grateful if where indicated those responsible could provide suitable paragraphs for insertion into the draft. Any other comments would also be welcomed.

J G ANGUS
Central Secretariat
STORMONT CASTLE

6 December 1984

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cc: PS/Ministers (B&L)
PS/PUS (B&L)
PS/Mr Bloomfield
NI Perm Secs
Mr Brennan
Mr Bourn
Mr Merifield
Mr Buxton
Mr Carvill
Mr Bickham

PS/SOS (B&L)

GOVERNMENT ASSISTANCE TO COMMUNITY GROUPS - PROBLEM OF PARAMILITARY CONNECTIONS

- 1. The purpose of this submission is:
  - (a) to advise the SOS of a problem, under Government schemes of financial assistance for local enterprise, of applications from certain community groups which have clear associations with paramilitary organisations;
  - (b) to assess the options for handling applications from such groups; and
  - (c) to recommend action on a current case which will set a precedent for expected similar applications.

# The Problem:

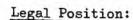
- 2. There is evidence that various community groups are greatly affected, or dominated, by paramilitary influence. Such community groups may be eligible to apply to Government Departments or agencies for funding and, if successful under present rules, this may give rise to the possibility of Government money being used for paramilitary purposes. This problem is highlighted in the current case of Conway Community Enterprise which is a local group situated in an old waill complex off the Falls Road. The Conway group is known to have paramilitary connections and recently has applied for grant aid from LEDU and for Urban Development Grant from DOE. A decision on the applications from the Conway group is needed and must be carefully considered in view of further applications which may be expected from other groups with paramilitary connections.
- 3. Assessments of applications under the schemes of assistance administered by LEDU and DOE are made on a commercial basis and in the case of Conway Community

Enterprise the necessary criteria have been, or can be, met satisfactorily. To refuse assistance on other than commercial grounds would be seen as political and discriminatory and neither LEDU nor DOE wish to jeopardise their schemes in this way.

4. Unfortunately political repercussions are likely no matter what decision is made. Assistance would be seen as Government funding of paramilitaries; whereas refusal of grant would be viewed as discrimination against a legitimate organisation whose members, while they may hold certain political views, have not been convicted of any offence and who are, they would argue, genuinely trying to do something to help in areas of high unemployment.

### Practical effect of funding:

- 5. The relatively modest amounts of money involved and the controls over expenditure which are built into the various schemes of assistance mean that the practical benefit to paramilitary funding would be minimal, although there may be some longer term benefit arising from profits generated by the commercial developments promoted by the assistance. The major consequence from the Government's point of view is, however, the propaganda advantage which the paramilitaries and their political associates would be able to extract from the close association of Government with their activities. Although the Conway group has Sinn Fein/PIRA associations similar situations could also arise on the Loyalist side.
- 6. NIO to expand on Government attitude to flow of funds to paramilitaries and on political "image" aspect.
- 7. Funding already given to Conway complex eg under ACE and UDG feasibility study. Local community reaction, including Bishop Daly's correspondence with Minister. DED and DOE7.
- 8. \( \overline{DED}\)/DOE summary of work which would be assisted by payment of grants applied for by Conway group.
- 9. \[ \tilde{O}\] ther cases which can be quoted where grant has been paid to "doubtful" groups (eg Andersonstown News, Coalisland etc) DED/DOE/NIO\].
- 10. Possible future applications from "doubtful" groups (Poleglass, Twinbrook?) NIO/DED/DOE7.



11. Both the LEDU and DOE schemes of assistance to community groups are discretionary but .... /Cent. Sec. to obtain legal view/.

Summary and Conclusion /Subject to legal advice and other comments/

- 12. The Government wishes to reduce as much as possible the flow of funds to paramilitary activities but also wishes to avoid creating opportunities for anti-government propaganda. The controls on expenditure of grants payable under various Government schemes to encourage economic initiatives at community level are such that the money is unlikely to be of direct benefit to paramilitary organisations. If, however, the promotion of economic enterprises is successful there is the possibility of profits being syphoned off directly or indirectly for illegal uses.
- Government funds. The current application from Conway Community Enterprise is the most certain example to date of such associations. It is very probable that further applications from other doubtful groups will follow. Departments, however, cannot discriminate against legitimate applications which meet the necessary commercial requirements of the various schemes of assistance.
- 14. Government must take a consistent approach to the problem. A decision on the Conway Community Enterprise applications is required now and will determine future policy. A decision to provide funds will be criticised as support for paramilitary activity but can be defended on legal grounds and argued that it has little practical effect on illegal activities. A decision not to provide funds will bring into disrepute useful schemes aimed at the unemployment problem and may damage the image of Government Departments and agencies. It will be argued that the Government is deliberately thwarting the legitimate efforts of individuals to help their communities. On balance the difficulties are judged to be greater and the effects more lasting if the applications are refused for what will be seen as political reasons.

### Recommendation:

15. The SOS is asked to agree that all applications for Government assistance

towards community projects continue to be assessed on commercial grounds only and that the political background of the applicants or their associates should not be relevant unless there are proven criminal connections.

Departments will be advised to liaise closely on the assessment of the legitimacy of applicants for assistance.

PK