

Comment

An Abundance of Aid - Some Challenges facing the Irish Government and NGOs

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Introduction

An Taoiseach, Bertie Ahern TD, announced at the Millennium United Nations Summit in September 2000 that Ireland would reach the UN target for official development assistance (ODA) by the year 2007. This announcement is momentous. If fulfilled it will place Ireland among a shamefully small number of countries which have reached the target set in 1970 (0.7% of GNP). In money terms, it will mean that Ireland's annual ODA budget could rise to as much as IR£800 million in 2007 (or soon after, depending on what happens to GNP in the meantime). This is almost four times this year's ODA amount which is estimated to be IR£208 million. Moreover, it will not be a once-off aid bonanza but an annual allocation.

Vigilance will be needed to ensure that there is no backsliding on this target. But right now, with ODA set to grow dramatically every year over the coming years, the big question is: How should these extra hundreds of millions be spent? This question must be posed and answered urgently and clearly, in consultation not only with the Irish people (who provide the money) but also with the peoples of the poor countries whose destiny it will effect and those in the broader international aid community who are engaged on a similar mission. Aside from its central significance for the ODA programme, this question also challenges the Irish NGO (non-governmental organisation) community, since the prospect of a large increase in co-financing from ODA raises difficult questions about their future role - about how far they should or might become governmental organisations (GOs) rather than NGOs, or at least have the “non” in their label become much less significant than it is at present.

Some key issues for Ireland Aid, the official aid programme

Management structures

There is an immediate difficulty in addressing these questions. This is that, at present, the Department of Foreign Affairs has neither the structures nor the personnel to manage its current programme to best effect, much less to plan and manage for a rapid expansion. The Development Co-operation Division (DCD) of the Department is understaffed and subject to high staff turnover. Its field management relies heavily on temporary contract staff who are only partially integrated into the core management system. For instance, currently there are no opportunities for personnel who take up contract positions in Ireland Aid’s field offices to transfer to positions in the DCD. This limits institutional learning and experience sharing. Such weaknesses in administrative capacity were one of the few causes of concern pointed to in an otherwise very positive review of Irish ODA carried out in 1999 by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development. The significance of such weaknesses looms larger with every extra responsibility that is heaped upon the existing structure.

These problems are recognised within the Department and a full internal review of management structures for ODA is underway at present. It will not overly tax the Department's ingenuity to devise adequate new structures. But there is always a fear that, because of bureaucratic rigidity, progress will be far too slow. This would be a concern at any time, but it could be catastrophic at a moment when a new era for Ireland Aid is being shaped. If the core managers of the programme do not have the time and space to think, consult and plan concerning the shape of things to come no outside body or group of external consultants can fill that gap. There is also a need for Ireland Aid to have a strengthened policy and research capacity in order to contextualise its aid efforts and to better ensure that aid allocations are not undermined by financial or trade policies which are at odds with the objectives of development co-operation policy. It is therefore critical that a radical management upgrade for the ODA programme now be given top priority by government, and that all relevant outside parties press to ensure that change comes through quickly on that front.

Making aid work

At the broader level of future strategies for Ireland Aid the core challenge is to maximise the effectiveness of aid. In general, the experience to date with international development assistance is that more is not always better. In some of the poorest countries of the world, especially in sub-Saharan Africa, it is sometimes hard to see what good has come from development aid, even where it has been abundant, though there are countries where real benefits are evident. Ireland has a good record to date in directing aid to the poorest people in the poorest countries but it is becoming increasingly clear that this may not be enough.

The harsh reality is that some poor countries are more capable of benefiting from aid than others. In the worst cases, well-intentioned aid may serve simply to prop up dysfunctional institutional systems and so postpone the day when real development can take place. This is the strong message coming from the World Bank's recent influential study, *Assessing Aid: What Works, What Doesn't and Why?* (1998), popularly known as the Dollar Report. It argues that aid donors in general have not been discriminating enough in targeting aid on those countries where public policy and the workings of government are genuinely conducive to development and capable of showing real benefit from external assistance. Donors can also often be

criticised for piling on a multiplicity of uncoordinated projects, sometimes reflecting their own interests and prejudices more than the real needs of recipients and leading to a weakening rather than a strengthening of the long term development capacity of host countries.

Viewed in these terms, Ireland Aid's existing principles for aid targeting may have been fair enough when aid volumes were small. But they may not suffice for a larger programme, if only because they have not incorporated an adequate capacity to benefit criterion for selecting recipient countries. How much scope is there in Ireland's priority countries, or in other countries of sub-Saharan Africa, for beneficial absorption of significant amounts of additional aid? The World Bank report mentioned above points to Uganda and Ethiopia as countries that "make the cut" as far as institutional and policy reform are concerned. But what of, say, Zambia and Tanzania, desperate though the plight of their peoples may be? Would more be better in those cases, particularly if it had to be applied quickly and without patient preparation of the ground in advance (including close co-ordination with other donors)? Is more aid money the solution to the critical political and institutional difficulties that plague those countries?

In the light of these questions, Ireland Aid needs to think hard about where its extra funding should go. At the broadest level what would be the best division between bilateral aid and contributions to multilateral agencies? Indeed with increased attention and at times controversy around the role of international bodies such as the World Bank, the European Commission and member agencies of the UN family, multilateral aid allocation is an area which Ireland Aid and the broader aid community in Ireland needs to discuss in more depth.

In terms of the expenditure of resources within the bilateral aid programme, perhaps Ireland Aid should begin to look to somewhat more advanced countries where poverty can be found in abundance but where the institutional infrastructure is developed enough to be able to use aid to real and lasting anti-poverty effect. Would it make sense at this stage, for example, to look more to Latin America and Asia as regions on which to focus larger pro-poor programmes – ones which can be devised reasonably quickly and brought to the point where they can absorb the level of donation that Ireland Aid is now capable of giving? This is not to suggest that support for programmes in sub-Saharan Africa should be de-prioritised or downgraded but rather that the kind of patient institutional build-up and capacity

development which is often required in that region is not expenditure intensive. Moreover, Ireland Aid's effort in Africa might be hindered rather than helped by an insistence that it quickly and sharply raises its expenditures. In any case, even with strong aid absorption capacity in sub-Saharan Africa, last year Ireland Aid spent about IR£8 million and IR£6 million respectively in two of its original priority aid countries, Tanzania and Zambia. Even doubling these amounts would still only absorb a fraction of the massive expansion projected for Ireland Aid.

At the same time there are high profile sectors in sub-Saharan Africa, such as responses to the AIDS epidemic, which are capable of utilising massive amounts of aid. However, the lessons about effectiveness learned in other sectors apply here as well – if local capacity and institutional development are sidelined in a rush to provide externally financed, externally driven solutions, the long-term development impact may be slight.

Some key Issues for NGOs

The record to date

As well as asking how the government's official aid programme should develop, Irish NGOs have to ask the same question of their own role in the context of a rapidly growing official aid programme. Ireland Aid and NGOs have been engaged in co-funding projects for twenty years. From small beginnings this activity has grown to represent 14% of total ODA, or IR£24.6 million in 1999. This compares with expenditure of almost IR£43.9 million or 24% of ODA on the government's six priority aid countries, almost IR£42.2 million (or 23%) towards EU aid, IR£20.9 million (or 11.5%) on support to the World Bank and UN agencies and a further IR£8.3 million (or 4.6%) towards UN voluntary agencies. Over the years this co-funding relationship has been mutually advantageous. It has allowed the NGOs to augment their resources and fund more activities in the developing world. It has enabled the Department of Foreign Affairs to support the activities of missionary groups and NGOs who have played such a vital role in the evolution of Ireland's development co-operation effort and who are highly regarded by the public. It has also allowed the official programme to contribute in areas of the world outside its priority focus.

Crucially, in the 1970s and 1980s in particular, co-funding with NGOs helped official programmes respond to the criticism that they were deficient in reaching the poorest of the poor because they had to work through national, regional or local government structures. NGOs could by-pass governments and go directly to communities most in need of support. NGOs were also perceived as less bureaucratic, more flexible and more cost-effective than official donors.

There were also downsides to the co-funding relationship. Across the OECD countries official donors were on occasion sceptical about the claims made by and on behalf of NGOs. Was flexibility an excuse for poor management systems? Was cost-effectiveness proven or only proclaimed? How useful was it to reach the poorest of the poor if the larger macro environment could nullify the benefits of aid? Among the NGOs there were those who eagerly accepted these official funds, often during emergencies, and who thereby grew rapidly in scale and expanded their operations. There were others who scrupulously guarded their independence and were worried about the dangers of co-option.

With two decades of experience each side has learned from the other. Official donors have taken on much of the language and practice of NGOs on partnership, community engagement in the design and implementation of projects and programmes, capacity building within communities and supporting projects which address rights abuses. NGOs have taken greater heed of the need to demonstrate impact as well as good intentions and the need for accountability. In Ireland as elsewhere practice has moved from co-funding lots of individual projects to a system of annual block grants for the biggest NGOs. Discussions are currently under way to move towards multi-annual programme agreements with five NGOs. These would have a strong focus on the evaluation of development impact and outcomes.

Co-funding schemes, as well as supporting the activities of NGOs in the developing world, have for many years also provided additional resources for their work at home. General awareness-raising campaigns or single issue campaigns related to the developing world have been able to secure co-funding from the official aid programme as well as from the European Commission development co-operation budget. Formal education and curriculum development, youth work, adult education, development education programmes within trade unions, have all been supported in the interest of creating an aware citizenry which is better informed of and engages with issues of global development.

The challenge?

So what are the implications of a greatly enlarged ODA budget for Irish NGOs? Having campaigned for many years for a credible commitment to the UN target, the NGOs of course warmly welcome the Taoiseach's announcement that Ireland will reach the 0.7% target by 2007. The implications for them, however, merit attention. From one perspective it could be argued that the main objective of the NGOs should be to ensure that "their share" of the cake is maximised in the interests of expanding their overseas programme activities in the South and indeed their development education activities in the North. From this viewpoint the challenge is to persuade Ireland Aid that spending money through NGOs offers an attractive means of meeting the objectives of the official programme; that NGOs can deliver good quality work across the developing world and can meet the reporting requirements of Ireland Aid.

While this approach may undoubtedly appeal to some NGOs, others will be wary. It may well be in the interests of Ireland Aid to channel substantial sums of ODA via the NGOs, but not many NGOs would be willing to function unquestioningly as a conduit for aid distribution. Neither would it be desirable that they would do so. The possibility of co-optation has existed from the beginning of co-financing relationships across the OECD countries. To address this some NGOs imposed limits on what proportion of their funds they would accept from government. Others did not and allowed themselves to become executive arms of official programmes.

Lessons from the Dutch experience

The Dutch experience is a salutary one. One of the first and the very few countries to have reached the UN target, the Dutch programme underwent a major review some two years ago on foot of the appointment of Minister Evelyn Herfkens. She had come from the World Bank and was impressed by the arguments of the Dollar Report in relation to targeting aid with a view to maximising the numbers of people that could be lifted out of absolute poverty each year. A new list of recipients for Dutch ODA was drawn up which initially comprised only 17 countries. This was subsequently increased to 21.

In relation to the NGOs, the Dutch government had traditionally expended a part of the ODA budget via four large NGOs, each of which had a very substantial co-funding programme. For the best part of twenty years these agencies

served their government well, honed their skills and acquitted themselves as professional, technically competent, well-regarded NGOs. Now these agencies were challenged to demonstrate their legitimacy based on public support for their work. Their popular base had weakened because they had had little need to fundraise in the face of so much official money. But now agencies outside the four were held up as commanding popular support on the basis of their ability to attract funds from the Dutch public. The original four co-financing agencies had been chosen to represent, respectively, the Catholic, Protestant, social democratic and humanist streams in Dutch society. A fifth agency was added on the grounds that it had demonstrable support from the Dutch public. Notwithstanding the fact that governments also have an obligation to educate their citizens on the development aspects of their external policies, the four main co-funding NGOs were held responsible for what was seen as a complacency among the Dutch public about development co-operation. The NGOs were challenged to animate public opinion about development issues.

Irish NGOs would do well to heed the Dutch experience. Yet, despite these reservations, looking to the future there are many areas where a well-constructed division of labour between Ireland Aid and the NGOs would be desirable. The commitment of Ireland Aid to democratisation programmes and the defence of human rights is a case in point. Building active citizenship in developing countries is undoubtedly one of the best bulwarks against despotism and oppression. Ireland Aid has a role to play here and has enthusiastically contributed to voter education and election monitoring in many countries. However, in the many situations where the natural partner of Ireland Aid, the government of the country in question, is the perpetrator of the human rights abuse it is difficult to see how Ireland Aid can contribute directly to what is in effect the creation of a countervailing power among the citizenry. This falls more naturally to the lot of NGOs who can approach the question of the dignity of the individual and the obligation to seek justice without the constraints faced by official donors. NGOs derive their legitimacy not only from the support they receive from the public in their home countries but also from the quality of their relationships with their partner organisations in the South. Is this division of labour the equivalent in the new millennium of past collaboration in the interests of reaching the poorest of the poor?

In order to chart a course through the challenges posed by the forthcoming expansion of the official aid budget, it is crucial that NGOs have a firm grasp on their own mission and values. If these

are clear, internalised and immovable, then there is undoubtedly scope for increased collaboration. On the other hand, if they lose sight of what it is to be a non-governmental organisation then the essence of the difference and the added value which NGOs can make to development co-operation is put at risk. If NGOs are seduced by a rapidly growing official aid budget and a Department that needs them in the short run to help spend that budget, then the end result could be an impoverished environment in Ireland for development co-operation in the long term.

Conclusion

As the Irish ODA programme sets out on a new growth path, the omens for its long term impact are good. Ireland Aid has worked well so far, and has developed a wealth of experience in what makes for good aid practice. It is well regarded by the Irish people, by the international aid community and by the governments and peoples of the countries it works with in the developing world. Relationships between the official programme and the Irish NGOs are generally strong - at least at the operational level, though many NGOs would like more dialogue with Ireland Aid on policy and strategic issues. Ireland Aid requires a rapid expansion and upgrade of its management structures but the necessary arrangements are in preparation. The programme faces complex questions about future strategy and direction, but there is no sign of evasiveness or fudge in confronting those questions. Irish NGOs face similarly difficult questions about their own role in Ireland's future overall aid effort and those questions must also be confronted. The crucial requirement over the coming months and years is that the energy and momentum now being generated by the prospect of a quantum leap in the ODA programme is given full rein and channelled to the best effect on behalf of the poor of the developing world. Drawing attention to important issues of how best this quantum leap is made and as part of that much needed reflection on how aid money should spent, must never be used as an excuse for not reaching the UN target by 2007. It is Ireland's duty, as one of the world's most prosperous nations, to achieve this target and at the same time to do so in an exemplary fashion. In so doing it will hopefully encourage other countries to do the same.