

DEVELOPMENT ISSUES

# AID WORKS

## OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

**Bilateral Aid:** this is assistance given directly from one government to another. For example, in 2008 Irish Aid provided the government of Uganda €42 million in support of education, HIV & AIDS, and governance programmes.

**Multilateral Aid:** this is assistance given from one government to one or more international institutions such as the United Nations, World Bank or International Monetary Fund. This assistance is then directed to developing countries on a project by project basis, or for longer term development programmes. For example in 2008 Irish Aid contributed €17.1 million to UNICEF

**Civil Society Aid:** this is assistance given by the government to Non-Governmental Organisations (NGOs), such as Concern, who then use it for specific programs overseas. For example, in 2008 Irish Aid provided Concern with €24.5 million for use in education, health, HIV & AIDS and livelihood programmes in developing countries (NGOs also rely on other sources of income such as donations from the general public, businesses and private foundations.)

### WHAT IS AID?

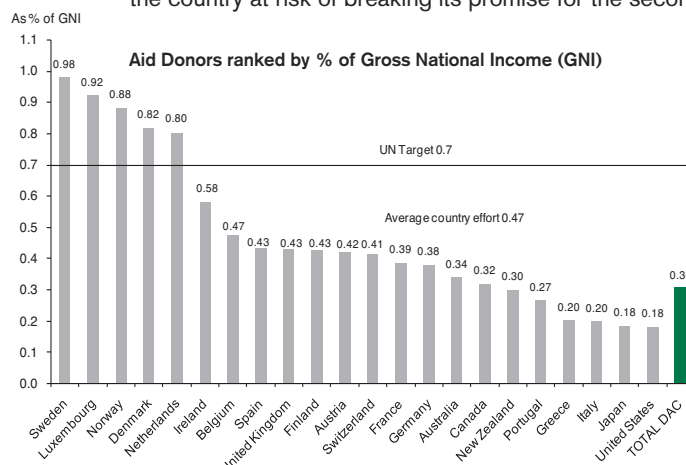
Development or Overseas Aid is a broad term that describes assistance given to developing countries. It comes from a number of sources and is used for a variety of purposes. The overall aim of aid is to improve the welfare of citizens of developing countries and promote economic development in order to reduce suffering and eliminate poverty throughout the world.

The Department of Foreign Affairs, through Irish Aid, distributes the official government aid from Ireland. This is called **Official Development Assistance** (ODA). Aid can be provided in the form of cash, technical assistance, debt relief, loans at a substantially reduced rate of interest and humanitarian assistance during emergencies. Irish Aid states that

**“Development assistance is about reducing poverty, helping children to survive their first years and go to school, and giving people enough food to eat and clean water to drink. It is about enabling people to take control of their own lives and providing hope for the future.”**

### How is ODA calculated?

In 1970, the General Assembly of the United Nations agreed a target for donor countries of 0.7% of their Gross National Income (GNI) to be spent on ODA. (That is 70 cent out of every €100). Using a % of GNI rather than a definite sum means countries do not need to renege on their promise in difficult economic times. Unfortunately only five countries have reached the 0.7% target. In 2000 Ireland made a firm commitment before the United Nations that it would reach the target by 2007 however in 2005 the date was pushed back to 2012. By 2008 Ireland was firmly on track to achieve this figure with an ODA of 0.58%. But four successive cuts since then have reduced our percentage to just 0.50%, placing the country at risk of breaking its promise for the second time.



Source: OECD, April 2009. Irish Aid cuts have since reduced Ireland's ODA to .50%.

### Top 10 Aid Recipients (Bilateral Aid, 2007)

(US \$ in Billions)

Iraq	8.75
Nigeria	6.48
Afghanistan	2.69
China	2.41
Indonesia	2.24
Cameroon	1.83
India	1.73
Sudan	1.59
Vietnam	1.56
Tanzania	1.41

### KEY FACTS

- In a recent international review by the Organisation for Economic Cooperation and Development (OECD), the Irish Aid programme was recognised as being effective and flexible and was commended for concentrating primarily on the poorest countries and on issues directly affecting the poorest people.
- Aid has been shown to be most effective in countries with good governance however it is often the countries with poor governance that need aid the most.
- Not all aid is equal. 'Tied Aid' benefits the donor as well as the recipient as the recipient is required to purchase goods or services from the donor. Irish Aid is 100% untied.
- When broken down by region over time it seems the poorest countries in the world do not necessarily receive most of the aid: Of the aid that has been delivered, just under a quarter has gone to the poorest regions since 1970.
- In 2005 international donors promised to increase global aid from \$80 billion to \$130 billion by 2010. While some progress was made donors will fall short of the 2010 commitment by \$15 billion.

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Not everyone agrees how to reduce poverty. By giving aid are we making countries more dependent on us, or are we responding to a deep seeded human value to look after those most in need... is aid a hand out or a help up?

## LET'S DEBATE IT...

### CRITICS OF AID ARGUE THAT...

Aid should not be given to countries that don't have a working democracy as aid money can prop up corrupt regimes.

Aid money frees up cash to be spent on military equipment and so it encourages civil wars and coups.

Aid money distorts the free market. Developing countries need to manufacture goods and trade their way out of poverty.

Not all money gets to those most in need as it is spent on administration in both donor and recipient countries.

Billions have been spent already but it is not working because there are still millions living in poverty.

The main beneficiaries of aid are urban elites and their relatives, as they know how to work the system.

Aid is a way by which donor countries can 'buy' the silence or support of recipient countries in international affairs.

Donor aid can be unpredictable and unreliable and so it is difficult for recipients to plan effectively for the future.

People in developing countries need to get themselves out of poverty, why are they not coming up with their own solutions?

## BUT ON THE OTHER HAND...

### PROPONENTS OF AID ARGUE THAT...

It was irresponsible lending by donor countries that caused many of the current debt problems in developing countries.

Tied aid or aid that is not in line with a country's priorities can be useless or harmful. It must be considered separate from genuine assistance. Too much aid in the past has been tied.

8.8 million children under five died of easily preventable diseases in 2008 versus 12.5 million in 1990. ODA was in part responsible for this reduction in number.

If Ireland hadn't received over €41 billion in EU aid where would we be now?

People in countries with poor governance are often the ones who need assistance the most. They cannot wait until a functioning democracy is in place.

Both donor and recipient countries continue to make advances in mutual accountability and transparency to reduce corruption and wastage.

It is not reasonable to expect aid donors to solve the governance and corruption problems around the world. Aid is just one form of assistance that helps countries develop.

People who are starving or illiterate have little or no power. Only when functioning health and education systems are in place can countries start to really develop in other ways.

The methods of delivering aid are constantly changing with many donors utilising innovative and effective solutions.

It is not possible to trade your way out of poverty if there are unfair trade rules in place. Aid is necessary until the EU, US and other dominant players in the 'free' market start trading fairly.

Concern believes that Aid is an essential ingredient for development to occur, however a commitment to reform or strengthen public structures is also needed. **Good governance, economic growth, and effective policies to counteract corruption** are necessary to sustain development. It is unrealistic to expect aid donors and administrators to solve all the socio-economic and political problems that beset the world. The function of aid is to enable countries to get to the stage where they can manage their own development and so reduce their dependency on aid.

# What's being done to make aid more effective?

## Tackling Corruption

Most donors have adopted specific anti-corruption policies to guide their development co-operation work. Poverty reduction strategies increasingly take corruption into account. The World Bank began to address corruption in the mid-1990s. Other donors followed suit.

**Corruption** is the abuse of power, often public power, for private gain. Political corruption thrives in countries where systems are weak. Weak governance does not always mean that there are high levels of corruption but it does make it more possible.

**Governance** is essentially understood as the way in which power is exercised in the management of a country's economic and social resources for development.

Weak governance and corruption greatly hinder development and reduce the effectiveness and impact of development assistance.

Here is just a sample of actions taken to eliminate corruption and improve governance by some major international donors.



**Irish Aid:** Irish Aid insists that the principles of governance are universal: In recent years, ODA spending has increased considerably on governance projects. This has included specific funding in countries where Irish Aid supports programmes as well as funding multilateral organisations such as the African Capacity Building Foundation (ACBF).



**Danish International Development Agency (Danida)** has developed an Action plan aimed at reducing corruption as part of efforts to reduce poverty in countries in which Danish ODA funds are used. The Plan focuses on the Danida aid delivery system itself, the handling of Danish aid funds within the partners' management systems, and the partner countries and societies at large.



**Swedish International Development Co-operation Agency (Sida):** Sida works at four different levels to counteract corruption. 1. Ethical guidelines for Sida's staff in which aspects of corruption are included. 2. Control of Swedish development cooperation funds and ensuring that these funds are not misused 3. Participating in the development of democracy and sound social structures and 4. Attempt to counteract corruption, together with other donors.



**Canadian International Development Agency (CIDA)** Good governance is essential for effectively preventing and combating corruption. CIDA supports initiatives that combat corruption directly.



**United Kingdom Department for International Development (DFID)** DFID's Anti Corruption policy includes strengthening their programme capacity to address corruption, promoting donor collaboration and taking action on money laundering.

For more details on how both donor and recipient governments are tackling corruption visit [www.transparency.org](http://www.transparency.org)

## Aid Effectiveness

The '**Paris Declaration on Aid Effectiveness**' is a document which sets out best practice for aid donors and recipients. In 2005 the majority of donor and developing-country governments; multilateral donor agencies; regional development banks and NGOs agreed to the following:

### » OWNERSHIP:

The country receiving the aid decides its priorities & coordinates the development work on the ground.

### » HARMONISATION

Donors must work together to support the recipient country rather than duplicate efforts.

### » ALIGNMENT

Donors must provide aid in accordance with the recipient's priorities, should use local institutions & procedures if possible, and ensure that aid is untied.

### » MANAGING FOR RESULTS

There must be more emphasis by both donors and recipients on the end results which must be measurable.

### » MUTUAL ACCOUNTABILITY

Donors & recipients must be transparent with each other and their citizens about how & where funds were used.

Research done in 2008 has shown significant improvements with almost 90% of donor countries providing untied aid, and technical cooperation is more in line with developing countries' own priorities. The Paris Declaration was reviewed and expanded in Accra in 2008 with more targets set and concentrating on areas where progress has been slow. The current system is not perfect but there is a commitment by all involved to improve and develop it.



## PROGRESS IN UGANDA

Virtually a failed state in the mid 1980s, Uganda has recovered well from years of brutal dictatorial rule and civil strife. According to Irish Ambassador Kevin Kelly, Uganda "is a stable and relatively peaceful modern democracy. The country is well on the road to development, and has experienced a remarkable economic growth rate reaching 9.8% in 2008. There has been a consistent reduction in poverty levels from 56% of the population in 1992 to 31% in 2005."

Irish Aid has operated in Uganda since 1994, and has established a strong programme which focuses on three critical poverty-reducing sectors: Education, HIV/AIDS and Governance. Likewise, one of Concern's priorities in Uganda has been supporting and reducing the number of people living with HIV / AIDS. Uganda, with the assistance of Concern and other donors, has managed to reduce the prevalence rate of HIV/AIDS from 18% in 1992 to just 6.7% in 2008. There is no doubt that assistance in the form of aid has contributed to the improvement in poverty and HIV/AIDS rates in Uganda.



Richard Sembusi, Kampala, Uganda:  
"Concern have helped me go to school,  
they have made me what I am now."  
Photo: Angela Whyte

## What impact does a reduction in aid have for developing countries?

In 2009 in a series of budgetary cuts, the Irish government cut the overseas aid (ODA) budget by 22%. This reduction in aid directly affects the lives of vulnerable people in developing countries. As a direct result of the cuts, Concern had to cancel a project in Zambia designed to care for 2000 orphaned children in a country with 1.2million orphans.

In Bangladesh a project to ensure adequate nutrition for 35,000 slum children and 25,000 pregnant women is not going ahead. Projects such as these are vital to help lift vulnerable people out of the vicious cycle of poverty. Governments in developing countries have also been badly affected by the global recession, now is not the time for donors to renege on their promises of assistance.

### WHAT DO OTHERS SAY?



"Aid is not an end in itself. The purpose of foreign assistance must be creating the conditions where it is no longer needed." **US President Barack Obama, Jul 09**



"Tanzania has had a history of dependence on international donors. Understanding that this is neither a sustainable nor desirable situation, the government (have been able) to fund its entire recurrent expenditure budget from domestic revenue this fiscal year 2008/09, effectively reducing donor dependency from 42% to 34%." **President of Tanzania Jakaya Mrisho Kikwete, Oct 08**



"It is part of our DNA as Irish people that we have a real sense of moral, practical and political support for people in the poorest and most vulnerable of circumstances. Humanitarian aid is one of the things that Ireland does well and for which it has received international plaudits."  
**Tom Arnold, CEO, Concern Worldwide.**



"Since training, I feel confident that I can feed myself and support my relatives. I believe I have the capacity to live well in times ahead". **Ansha Mohammed, Ethiopia, was a beneficiary of Concern's skills training programmes in 2004 and now works as a tailor**



"Obscured by many of the headlines of the past few months, the real story coming out of Africa is that governance performance across a large majority of African countries is improving."  
**Mo Ibrahim, publisher of the Mo Ibrahim Index of African Governance. Data released in Oct 2008 shows that standards of governance are improving in almost two thirds of sub-Saharan African countries with almost all of the countries where Irish Aid works in Africa showing an improvement.**

The Irish Government has made a commitment to the world's poorest and most vulnerable people – to spend 0.7% of our national income on overseas aid by 2012. That's just 70cent in every €100 by 2012.

Despite this promise, Ireland's overseas aid budget has been cut by €222 million, a cut of 24%. We are now in real danger of breaking our promise.

These cuts drastically affect the lives and livelihoods of many vulnerable people around the world and the cuts are already having an impact.

Even in these difficult times, **we don't care any less** about people living in poverty around the world. We must honour our commitment to reach 0.7% by 2012.

Join the campaign at [www.wedocare.ie](http://www.wedocare.ie)

#### WEBSITES:

[www.concern.net](http://www.concern.net)  
[www.irishaid.org](http://www.irishaid.org)  
[www.transparency.org](http://www.transparency.org)  
[www.realityofaid.org](http://www.realityofaid.org)  
[www.developmenteducation.ie](http://www.developmenteducation.ie)

### HERE'S HOW YOU CAN HELP:

**INFORM** yourself about international current affairs. Visit the websites listed below and contact Concern for more information.

**SUPPORT** campaigns that you believe will make a difference such as the we do care campaign on keeping Ireland's aid promise by 2012.

**CONTACT** your TD/MEP and let them know how important it is to you that Ireland (through Irish Aid) keeps its promises to the developing world.

**ORGANISE** an awareness-raising or fundraising event in your school/workplace. Taking action can sometimes be scary but ultimately very fulfilling. Often by teaching others, you learn more yourself.

**THINK** about how you shop – buy Fairtrade and ethically produced products and consider giving gifts from development NGO's gift catalogues

**VOLUNTEER** your time and energy with an ethical, responsible organisation.

**CONNECT** with people in Ireland or overseas who share your vision of a just and fair society.

**TALK** to your friends, family and colleagues about why overseas development is vital for a secure, equitable world

**WRITE** a short story/opinion piece about a development issue and send it to Concern or try to get it published in a publication such as a school / university magazine.

**We Don't Care Less**  
Keep Ireland's aid promise - 2012

Other topics in the Concern Development Issues Series include:

**CLIMATE CHANGE, HUNGER, CHILD LABOUR, HIV & AIDS**

Produced by Concern Active Citizenship Unit, September 2009. Written by Nicki Flynn and Michael Doorly

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