

## **Trends in Irish Aid Expenditure 1995-2005**

**Based on a report by Orlaith McCaul**

**March 2007**

### **Ireland's budget for development cooperation is set to grow rapidly in the coming years.**

Irish official development assistance (ODA) has increased substantially in recent years and will double over the period until 2012, by which time Ireland is set to achieve the 0.7% ODA/GNP target. However, as staffing and expertise levels in the Department of Foreign Affairs have not increased significantly, the pressures on Irish Aid are increasing to channel this funding through mechanisms that are administratively light. Similarly, with increased interest in ODA from other government departments and the private sector, pressure to spend ODA funding on measures with unclear developmental impact is likely to increase.

### **With Irish aid set to grow rapidly, it is crucial that reporting on the spending of the aid is clear and understandable.**

This document aims to formulate a benchmark for Irish Aid funding, by presenting Dóchas members with information on current and past levels of Irish Aid funding in a number of key areas.

### **This document presents publicly available information about Irish Aid funding.**

For this report, Dóchas has looked at statistics available from two sources: Irish ODA as reported in Irish Aid annual reports and as reported in the OECD DAC statistics.

### **Despite slightly differing figures in the statistics provided by Irish Aid and by the OECD DAC some clear trends visible in the way Irish Aid spending.<sup>1</sup>**

Based on the Irish Aid Annual Reports the following trends are evident:

- Over the period 1995-2005, the percentage of Irish aid spent on education is going down – from 18% in 1995 to 12% in 2005.
- Spending in the area of health is up: 14% in 1995 to 20% in 2005.
- The spending on agriculture and other productive sectors is down from 6% in 1995 to 3.8% in 2005
- The spend on government and civil society has increased substantially - from 1.8% in 95 to 14.9% in 2005

Based on the OECD/DAC figures the following trends are evident:

- In comparison to other donors, Ireland spends more on social sector spending - with 54% of the Irish ODA budget going on this sector as opposed to the DAC average of 30%. Ireland spends 20% of its budget on health whilst the DAC average is 3.8%
- Ireland spends higher than the DAC average on NGOs. The Irish spend is 17% whilst the DAC average is 5.4%.
- Ireland's spend on administration continues to decline (in percentage terms). Ireland manages to combine a better than average aid performance with average spending on management costs: 4%.

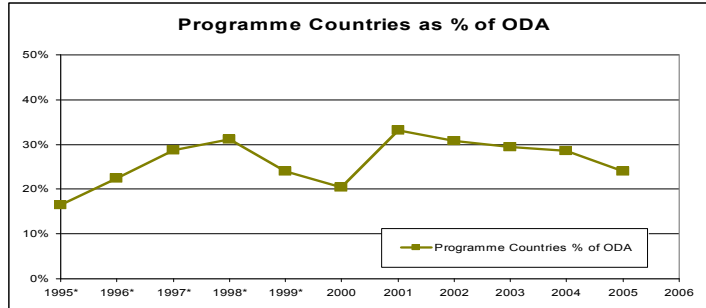
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<sup>1</sup> Dóchas notes that with changes in the way Irish aid is administered, it has become more difficult to ascertain sectoral or thematic expenditure. However, the categories used in this report, are based on those used by the original sources.

**Observations based on available statistics**

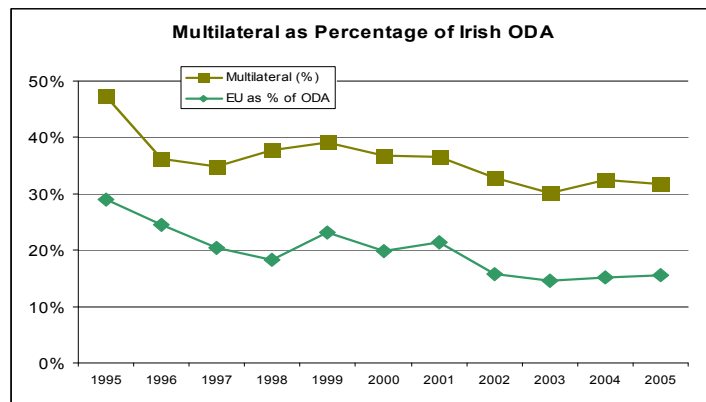
**1. Irish Aid is concentrated on a small number of countries.**

One of the strengths, according to the OECD, of the Irish Aid programme, is its concentration on a limited number of programme countries. This concentration has been relatively stable over recent years.



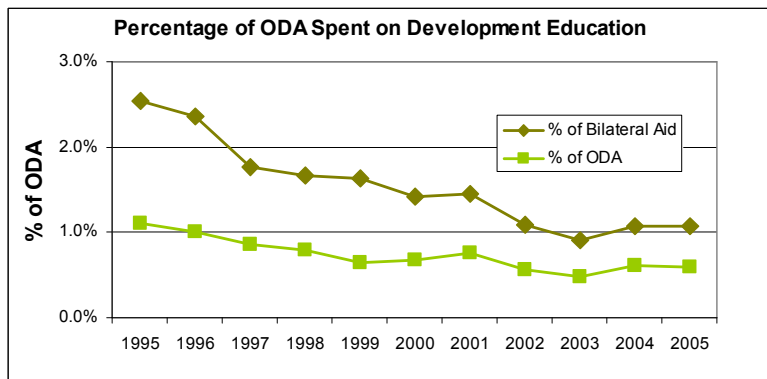
**2. Irish Aid is a balanced mix of government-to-government aid, and aid through international and voluntary organisations.**

Over the years, the relative weight of these different aid channels has remained relatively stable, with one-third going to the programme countries, one-third going to international organisations such as the UN and EU, and the rest being spent on other forms of aid.



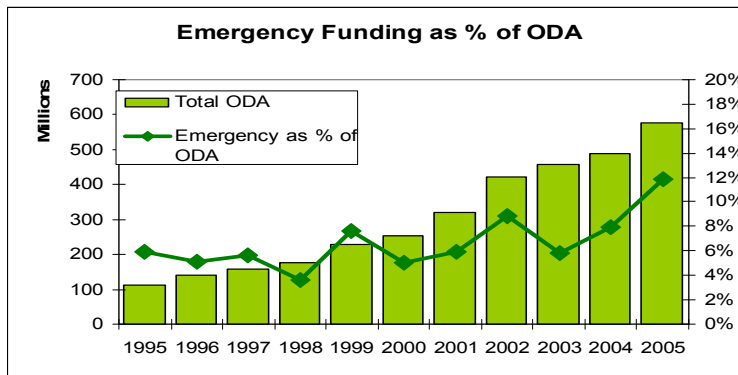
**3. Irish Aid spends a diminishing part of its budget on educating the Irish public about the reasons and challenges of global poverty and development cooperation.**

Development Education spending for 2005 stood at €3.5 million.



**4. In recent years, Irish Aid funding for assistance to victims of emergencies has been increasing.**

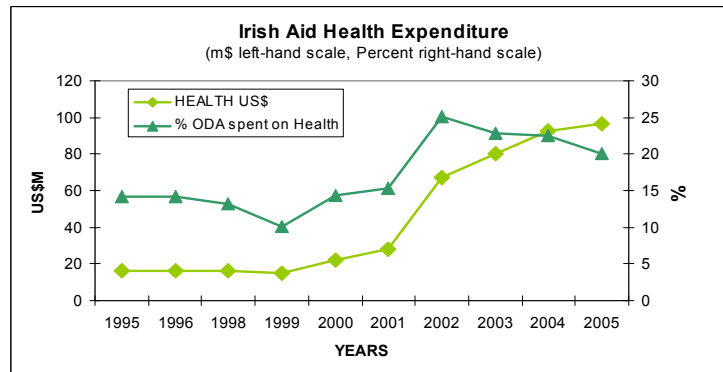
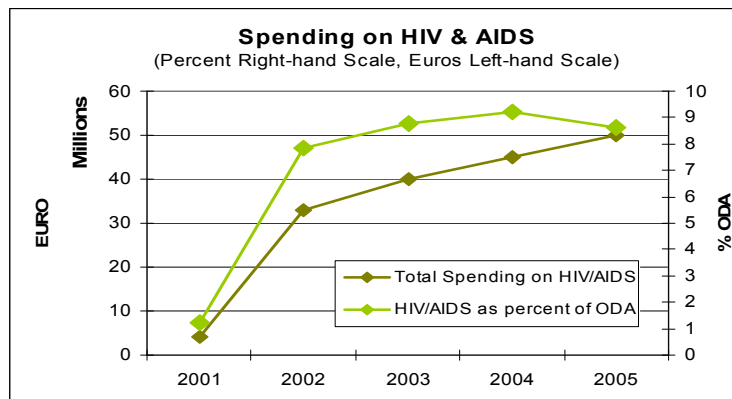
Funding for emergency aid is up, both in terms of actual amounts and as a percentage of Irish Aid's total budget.



**5. Similarly, recent years have seen a strong increase in Irish Aid's spending on HIV&AIDS-related programmes.**

From virtually nothing prior to 2000, HIV & AIDS related expenditure shot up to total 8% of Irish Aid spending by 2002, with over €30 million a year being spent in this area. By 2005, spending had increased to €50 million.

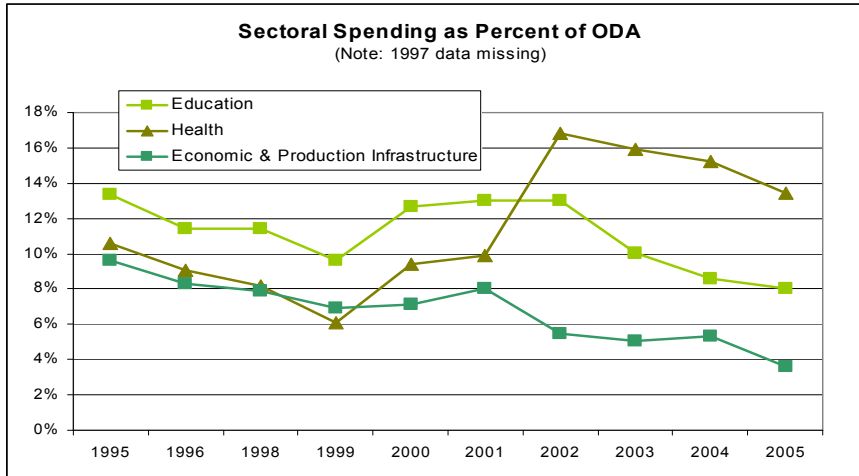
A similar growth can be seen in the wider Health area, which now totals close to \$100 million per year.



**6. Other priorities mentioned in the White Paper on Irish Aid, however, do not seem to attract priority funding.**

Despite hunger and food security being recurrent themes in the White Paper, Irish Aid funding for agricultural production has been diminishing in recent years. Even taken together with spending on economic infrastructure, funding in this area is down from almost 10% of ODA to less than 4% ten years later.<sup>2</sup>

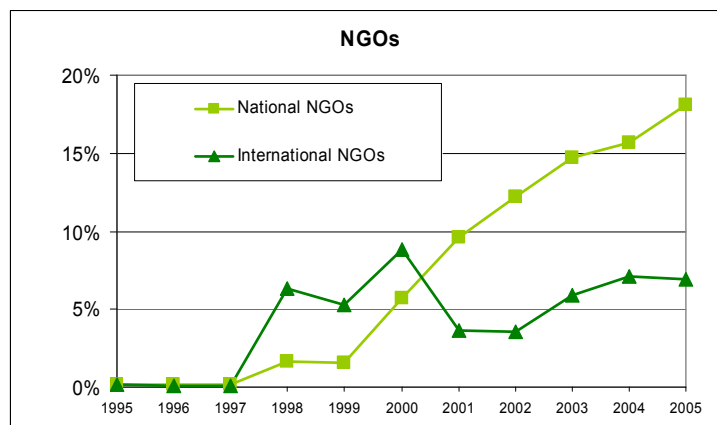
Spending on programmes that support education is also down over the ten-year period, from nearly 14% of all Irish aid in 1995 to eight percent by 2005.<sup>3</sup>



**7. The emphasis on supporting local government and civil society shows through in funding trends.**

Over the ten years examined for this paper, spending under the heading “Government and Civil Society” is up from less than 2 percent of bilateral aid in 1995 to nearly 15 percent by 2005.

Most of the growth under this heading is accounted for by the growth in spending on Irish-based NGOs and missionary organisations. From less than €1 million in 1995 (0.2% of bilateral aid) expenditure in this category has risen to €129 million in 2005 (18% of bilateral aid).

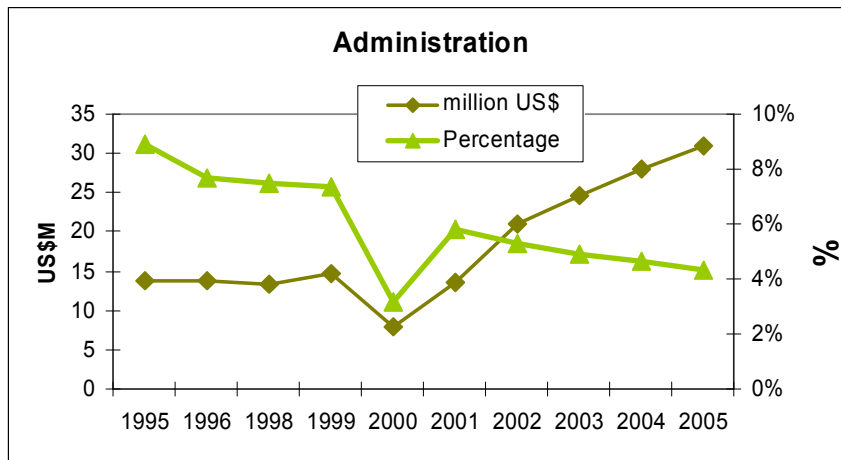


<sup>2</sup> As per footnote 1, spending levels may be down due to donor harmonisation and budget support mechanisms, rather than policy decisions not to support certain sectors.

<sup>3</sup> Irish Aid spending on Education is still twice the OECD average. Dóchas understands that Irish Aid have reclassified some education expenditure, leading to a reduction of spending under this heading, and an increase under “government & civil society”.

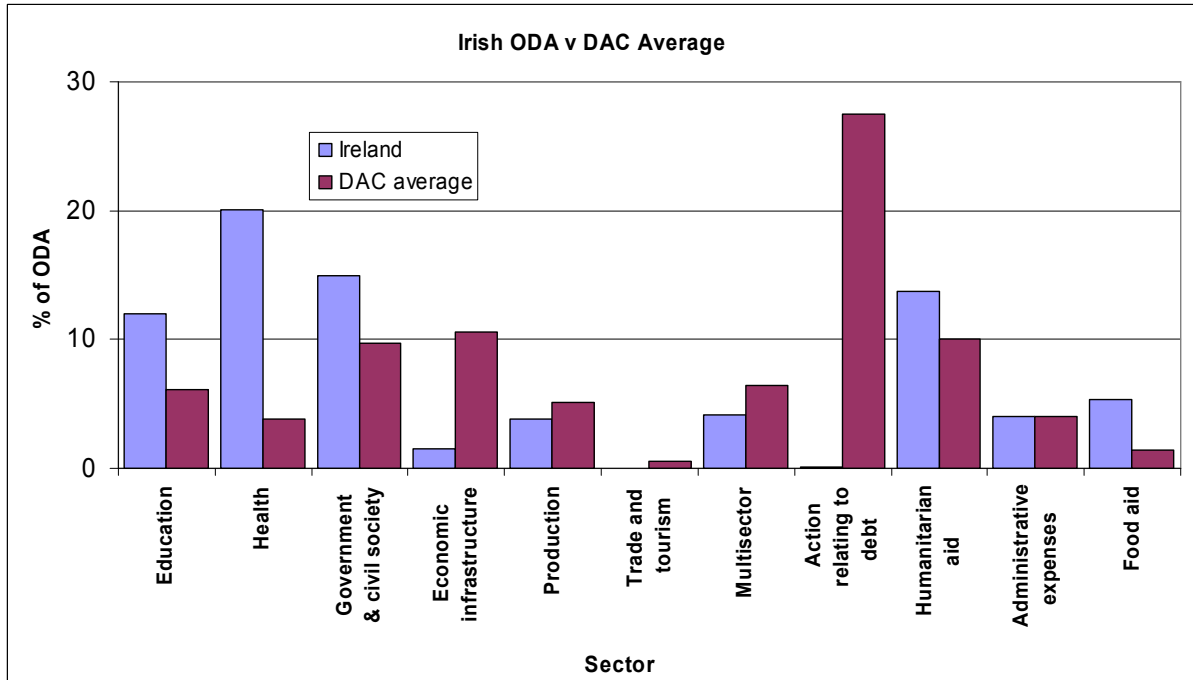
**8. Overhead costs of the Irish Aid programme are going down, although they are above the OECD average.**

By 2005, Irish Aid reported an administration percentage of 4%, down from 12% ten years earlier. This figure equals the DAC average in 2005.



**9. In comparison to the DAC average, Ireland is a good donor, with a high degree of social sector spending.**

Ireland spends above the average in crucial sectors such as Education, Health and Civil Society, and less on Economic Infrastructure or Trade & Tourism. As a country without significant debtors, Irish Aid spending on debt forgiveness is negligible, whereas many OECD members report considerable amounts of aid money being used to this end.



## Annex - Statistics

### 1. OECD Statistics

Figures in million US\$

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>TOTAL ODA</b>	153.33	178.54	187.16	198.59	245.38	234	286.53	397.75	503.56	607.44	718.94
Total Bilateral ODA	113.8	113.8	-	123.52	148.76	153.94	184.32	267.12	351.75	409.6	482.26
Total Social Sector	53.96	53.96	-	56.07	57.58	85.38	109.53	183.99	222.14	246.64	260.55
Education	20.44	20.44	-	22.66	23.67	29.59	37.26	51.77	50.65	52	57.71
Health	16.2	16.2	-	16.29	15.03	21.98	28.34	67.01	80.04	92.35	96.58
Water Supply & Sanitation	6.8	6.8	-	4.51	4.66	9.58	7.94	13.53	19.91	19.15	16.83
Government & Civil Society	2.05	2.05	-	10.06	13.37	22.76	..	42.37	49.66	66.03	72.05
Other Social Infrastructure & Services	8.14	8.14	-	2.56	0.85	1.48	35.98	7.3	13.8	10.69	7.65
Economic Infrastructure & Services	7.91	7.91	-	6.94	7.95	3.47	5.39	6.85	6.25	10	7.44
Production	6.88	6.88	-	8.73	9.07	13.26	17.7	14.96	19.08	22.22	18.45
Multi-Sector	3.04	3.04	-	7.94	4.71	..	3.03	3.15	17.83	17.58	20.19
Emergency Assistance	16.35	16.35	-	10.1	31.12	19.58	17.83	16.81	26.22	37.93	66.34
Administrative Costs	13.7	13.7	-	13.35	14.6	7.81	13.65	21.08	24.64	28.1	30.99
Unallocated/Unspecified	11.55	11.55	-	7.49	12.3	24.44	6.38	5.93	14.53	15.68	30.98

data extracted on 15/2/07 from OECD.Stat

### 2. Irish Aid statistics

Figures in thousands €uro

Year	Multilateral	Bilateral	Total ODA	Year	Multilateral	Bilateral	Total ODA
<b>1994</b>	45,329	48,377	95,378	<b>2000</b>	93,351	162,252	254,864
<b>1995</b>	54,059	68,614	112,938	<b>2001</b>	126,308	193,628	320,108
<b>1996</b>	51,424	88,281	142,294	<b>2002</b>	138,604	283,454	422,058
<b>1997</b>	54,906	99,782	157,663	<b>2003</b>	134,379	311,326	455,705
<b>1998</b>	67,004	106,725	177,261	<b>2004</b>	159,247	329,676	488,923
<b>1999</b>	90,683	132,001	230,307	<b>2005</b>	190,446	388,014	578,460