

THE QUESTION OF AID

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1 A FEW INTRODUCTORY REMARKS

I regret the currency of the term Third World. It is an expression which combines the continents of Africa, Latin America, most of Asia, the Middle East and numerous Caribbean and Pacific islands and suggests, in so doing, that their problems are similar or of a similar order and that similar policy responses are called for both domestically and by the world community to solve them. This is not so. It is much more helpful when considering many world development issues, and this is especially so in relation to the question of aid, to disaggregate this heterogeneous group of countries, differentiating between their needs in terms of, *inter alia*, trade concessions, inflows of resources of various types on various terms and their varying abilities to benefit from them. The poorest countries, the so called least developed need "pure aid" (grants and other highly concessional assistance), the better off (but in European terms still relatively poor), also need technical assistance but can often pay part of it, many of the new industrialised countries (the NICs) are probably ripe for "graduation" out of the group altogether.

It is also important to put aid in its place among the range of international mechanisms which can help or hinder global development and especially the development of the less developed countries (LDCs). In addition to falling food output, famine and increasing demand for food aid in many parts of Africa (see World Development Report 1984 Table 6), LDCs across most continents are experiencing deteriorating terms of trade, increasing protectionism in industrialised country (IC) markets against imports, and soaring debts. These trade and money issues relate to the international economic system within which all countries operate and are more important in the long run for global development prospects than is aid, the needs for which and thus the flows of which should eventually end if it "succeeds".

It is important to see the development challenge from three angles: inside the LDCs where the main job lies but where especially among the poorest, aid can support local efforts; inside the ICs whose own strategies of growth and restructuring should complement rather than hinder the efforts of the LDCs; and finally at the level of the international economic system within which we all operate in an interdependent way through the international monetary system, trade and investment flows and so on.

Aid generally constitutes only a small part of total resource inputs to the development

process inside LDCs. However, its contribution tends to be relatively more important the poorer the country and indeed is often crucial within the total government budget in many African countries¹

The quantity of aid flows from ICs to LDCs tends to reflect the self-perceptions of the former group's "ability to give" rather than the LDCs' perceptions of their needs. The quality and effectiveness of aid is dependent not only on the components of the aid package and the terms on which it is given but also the overall development strategy of the "recipient" countries and on their internal political and socio-economic structures.

Thus, the main challenge of lifting levels of living, increasing food security and improving the physical quality of life lies inside the LDCs themselves. Much progress has been achieved during the past 25 years, but not in all and especially not among the poorest countries, including most of Africa, where negative GNP growth rates are recorded and life expectancy is sometimes only half what it is in Europe) (see *World Development Report 1984*, Table 1). What can a small country like Ireland do to help these people – both through its own bilateral aid and within the larger European Community (EC) programme?

The purpose of this paper is to describe very briefly what Ireland and its EC partners have been doing in recent years and to raise some issues for discussion at this symposium which are likely to be important over the next decade or two. The emphasis in the descriptive sections is on the quantity of aid flows; issues of quality and effectiveness are not addressed statistically. The geographic focus is on the African, Caribbean and Pacific (ACP) group of LDCs and especially on Africa since this reflects the priorities of both the Irish and EC aid programmes. The donor focus is on the official side. This paper discusses government aid flows or official development assistance (ODA). It alludes to private flows from non-governmental organisations (NGOs) and charitable sources only in so far as they interface with official aid flows through co-financing and other arrangements.

2 IRELAND'S POSITION IN THE INTERNATIONAL AID HIERARCHY

Most UN member states who are donors of aid (with the notable exceptions of the United States and Switzerland) have accepted the objective of reaching a volume of ODA equal to 0.7 per cent of their GNP which was established as a target by the UN in 1970. Some have already surpassed it while some have set no firm date by which they hope to reach it. Table 1 shows net ODA flows from European countries and major donor groups to LDCs and multilateral agencies for selected years between 1960 and 1981 and Ireland's relative position in the hierarchy of donors. It is also important to realize that *all* Irish aid is given in the form of grants.

Table 1 *Net ODA from European Countries (and Major Donor Groups) to Developing Countries and Multilateral Agencies 1960, 1965, 1970 and 1975-1981 (percentages of the GNP)*

Country	1950	1965	1970	1975	1976	1977	1978	1979	1980	1981
Austria	0	0.34	0.07	0.21	0.12	0.22	0.27	0.19	0.23	0.48
Belgium	0.88	0.59	0.46	0.59	0.51	0.46	0.55	0.57	0.50	0.59
Denmark	0.09	0.13	0.38	0.58	0.56	0.60	0.75	0.77	0.74	0.73
Finland	n a ^d	n a ^d	0.07	0.18	0.17	0.16	0.16	0.22	0.22	0.28
France ^a	1.38	0.75	0.66	0.62	0.62	0.60	0.57	0.60	0.64	0.73
FRG	0.33	0.38	0.32	0.40	0.36	0.33	0.37	0.45	0.44	0.47
Ireland ^d	0.05	0.04	0.03	0.08	0.10	0.12	0.13	0.18	0.17	0.18
Italy	0.27	0.15	0.16	0.11	0.13	0.10	0.14	0.08	0.17	0.19
Netherlands	0.31	0.36	0.61	0.75	0.83	0.86	0.82	0.98	1.03	1.08
Norway	0.11	0.16	0.32	0.66	0.70	0.83	0.90	0.93	0.85	0.82
Spain ^d	n a	n a	n a	n a	n a	0.09	0.11	0.08	0.07	0.13
Sweden	0.05	0.19	0.38	0.82	0.82	0.99	0.90	0.97	0.79	0.83
Switzerland	0.04	0.08	0.15	0.19	0.19	0.19	0.20	0.21	0.24	0.24
United Kingdom	0.56	0.48	0.36	0.39	0.39	0.45	0.47	0.52	0.35	0.44
United States	0.53	0.51	0.31	0.27	0.26	0.25	0.27	0.20	0.27	0.20
DAC countries (total) ^b	0.52	0.46	0.34	0.36	0.33	0.33	0.35	0.35	0.38	0.35
OPEC countries (total) ^c	-	-	1.18	2.92	2.32	2.03	2.46	1.88	1.74	1.46
CMCA countries (total)	n a	n a	0.14	0.07	n a	n a	n a	0.12	0.14	0.14

Sources: OFCD Development Co-operation annual reviews and calculations by Helen O'Neill (Ireland) and Lorenzo Diez Calabug (Spain)

a Including the French overseas dependencies and colonies

b The GNP figures are supplied by the World Bank except for 1980 and 1981 (OECD estimates)

c OECD estimates

d Not a member of the Development Assistance Committee (DAC) of the OECD

Source: Olav Stokke (ed), European Development Assistance, Volume 1, Policies and Performance, EADI and Norwegian Institute of International Affairs (Tilburg, Netherlands and Oslo, Norway, 1984), p. 20

3 IRISH AID POLICY AND PERFORMANCE²

Most of Ireland's bilateral links with less developed countries up to 1973 were missionary based. Further, almost all official flows of aid between 1955 when we joined the United Nations (UN), and 1973 were multilateral and made through the UN as part of its "dues".

to organisations such as the World Bank and other UN agencies. Exceptions to this almost exclusive emphasis on the multilateral side during the 1960s and early 1970s were bilateral aid to Zambia, contributions to Irish non-governmental organisations (NGOs) and disaster relief.

Upon becoming a member of the European Community (EC) in 1973, Ireland set about establishing its own bilateral aid programme which would be aimed at promoting development in certain chosen LDCs in fields where Ireland was seen to have special interest or competence. The programme got underway in 1974, the same year that the government established the Agency for Personal Service Overseas (APSO) to facilitate Irish people who wished to work in social and economic development projects in LDCs. At its inception, development co-operation was stated to be a central part of Ireland's foreign policy.

Objectives of Ireland's Aid Programme

In official explanations, the most frequently cited motivation for Irish aid is humanitarian. This would seem to be borne out by both statements of support for aid by the general public and by their response to appeals by charitable organisations for contributions towards their work in LDCs (Indeed, in the recent Ethiopian famine appeals throughout Europe, Irish people responded with the highest contributions per head of population). The promotion of development in LDCs is stated officially as the primary objective of the ODA programme. Aid is also seen as an "obligation" both moral (because Ireland perceives itself to be relatively well off in world terms) and contractual (because of obligations arising from membership of the UN and its agencies and of the EC which has a development co-operation policy of its own). Economic objectives, that is the production of direct economic benefits for Ireland have never been an objective of the programme. As regards the volume of aid, reaching the UN target of 0.7 per cent of GNP is a stated objective but commitment to a date although once made explicitly (in 1981 a target date of 1990 was set) appears to have been abandoned again recently. In the National Plan, *Building on Reality 1985-87*, the "commitment" is once more consigned to "an appropriate time frame and as economic circumstances permit", a wording reminiscent of that used to describe "commitments" made more than 20 years ago. Nevertheless, for the first time, the Plan promises to increase ODA by 0.015 per cent per annum over the plan period and expects total ODA to rise from IR£34m to IR£50m by 1987. A specific 3 year commitment of this type is immensely helpful to all those involved in planning and implementing aid programmes and it is to be hoped that this approach will be continued beyond 1987. As may be seen from Table 2, while total disbursements rose continuously in Irish pound terms from £1.5m in 1974 to £31.9m in 1984, as a percentage of GNP the increase was from 0.05 to only 0.22 during the decade. In 1981, Ireland also committed itself to reaching the UN sub target of 0.15 per cent of GNP in aid to the least developed (LLDCs). Aid to this group is already close to 0.1 per cent of GNP, a level which is higher than the average for all OECD donors.

Principles and Policies of Irish Aid

The main principles underlying the ODA programme relate to the distribution of aid between the multilateral and bilateral flows and the geographic concentration of the bilateral programme on a small number of priority countries.

Table 2 *Net Disbursements of Irish ODA 1974-84*
(in £m as a percentage of GNP)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Bilateral	0.2	0.4	0.7	1.0	2.7	4.5	4.7	6.5	8.6	10.7	12.8
Multilateral	1.3	2.6	3.8	5.4	5.7	8.8	9.9	12.3	14.5	18.9	18.6
Total	1.5	3.0	4.5	6.4	8.4	13.3	14.6	18.8	23.1	29.6	31.4 ¹
% of GNP	0.05	0.08	0.10	0.12	0.13	0.18	0.17	0.18	0.20	0.22	0.22

¹ £31.9m including administration costs

Multilateral/Bilateral Distribution

Although no target ratio has been set, there is a policy of building up the relative importance of the bilateral programme. Before 1973, almost all of Ireland's ODA was directed to multilateral institutions and chiefly the UN and its agencies. Since then, as can be seen from Table 3, the balance has shifted significantly, multilateral flows having fallen from 100 per cent in 1960 to 88 per cent in 1975 and 58 per cent in 1984. By 1987, the ratio should be around 50/50. This arises because total ODA is expected to reach IR£50m by that date, according to the forecasts in *Building on Reality 1985-87* and since mandatory multilateral payments are unlikely to grow in relative terms in the meantime, non-mandatory expenditure, the greater part of which is bilateral, is thus expected to grow in relative terms over the same period. There has also been a significant shift intra-multilaterally with the EC having replaced the UN as the main conduit of such flows. In the decade 1974-84, disbursements to the World Bank/IDA fell from 25 to 16 per cent of total ODA while those to the UN agencies fell from 49 to 6 per cent. During the same period, disbursements to the EC rose from 15 to 36 per cent of total ODA.

Geographic Distribution of Bilateral Aid

Bilateral aid is directed to a small number of "priority" countries in Africa, namely, Lesotho, Sudan, Tanzania and Zambia. Their selection was based on criteria which included relative poverty (the first three being classified as LLDCs and Zambia as a "low income" country by the UN). All have low physical quality of life indices, need of aid, their ability to make effective use of it and Ireland's ability to respond to their needs, similar administrative systems, use of English and, in the case of the last two countries, previous links. Other "partner" countries, principally, Burundi, Rwanda, Zimbabwe, Malawi and Swaziland, have also been identified in Africa but the principle of concentrating aid on the four priority countries has been adhered to as Table 4 shows.

Sectoral Distribution of Bilateral Aid

While there is no clear cut principle relating to choice of sectors, in practice the largest expenditures of Irish aid have tended to be in the agricultural and rural development sectors and in education and training. Such an expenditure pattern reflects Ireland's

Table 3 *Multilateral/Bilateral Distribution of Ireland's ODA 1960-1984*
(in percentages)

Multi or Bilateral	Expenditure Headings	1960 ¹	1965 ²	1970 ³	1975	1980	1984
<u>Multilateral</u>	1 Through EEC						
	(i) EEC Budget (M)	-	-	-	14.6	32.2	26.4
	(ii) Non-Budgetised (M)	-	-	-	-	13.4	9.9
	(iii) Food Aid Convention (M)	-	-	-	10.2	3.9	-
<u>Multilateral</u>	2 Through International Organisations						
	(iv) IBRD (M)	73.9	22.4	33.9	-	-	4.4
	(v) IDA (M)	17.2	41.8	-	28.8	7.3	7.1
	(vi) UN Agencies (NM)	6.4	11.1	24.7	12.9	6.6	5.6
	(vii) World Food Prog (NM)	-	15.4	35.7	16.9	4.0	2.2
	(viii) Int Fert Scheme, etc (NM)	-	-	-	-	1.3	1.3
<u>Bilateral</u>	3 Bilateral Transfers (NM)						
	(ix) Bilateral Aids Fund ⁴	-	7.5	1.4	6.4	22.3	30.5
	(x) APSO	-	-	-	3.9	4.3	5.7
	(xi) Disaster Relief	-	-	1.8	2.0	2.5	3.6
	(xii) Gorta	-	-	-	-	0.2	0.2
	(xiii) ACDC	-	-	-	-	0.1	0.2
	Miscellaneous Voted Expenditure	2.5	0.7	0.7	4.3	1.9	1.4
Multi and B1 as % of ODA	Multilateral Aid as % of ODA	100	92.5	96.8	87.7	70.6	58.3
	Bilateral Aid as % of ODA	0	7.5	3.2	12.3	29.4	40.2
	Administration						1.5

¹ 1960/61, ² 1965/66, ³ 1970/71, ⁴ All bilateral expenditure except APSO, Disaster Relief, Gorta and ACDC

(M) Mandatory
(NM) Non-Mandatory

objective of promoting long term development and self reliance in the partner countries, our perceived competences and the types of aid which are requested. Although it is difficult to allocate expenditures to specific sectors (is a rural feeder road to be assigned to "rural development" or "infrastructure?") it would appear that expenditure on education and training usually absorbs around one third of total bilateral aid and

Table 4 *Percentage of Bilateral Aid Spent in Priority Countries for Selected Years*

	<u>1975</u>	<u>1980</u>	<u>1984</u>
Lesotho	11	46	29
Tanzania	10	8	18
Zambia	10	7	9
Sudan	1	7	4
Total Priority	32	68	60

expenditure on agriculture and rural development has increased from 1 per cent in 1975 to 48 per cent in 1984. Co-financing with NGOs has also grown significantly in recent years, from IR£39,000 in 1980 to IR£1.5m in 1984. By sector it is distributed as follows: 33 per cent to educational projects, 24 to each of health care and agriculture, 18 to social and infrastructural projects and the remainder to industry. Table 5, which shows expenditure on the major Irish-aided projects in Africa for the years 1981 to 1984, gives some idea of the "flavour" of Irish aid.

Disaster Relief Fund

Expenditure under this heading is "normally" a relatively small part of the ODA programme as can be seen from Table 3. However, what was "normal" say in 1970 or 1975 is not normal at least in sub-Saharan Africa today. Thus, in 1979 and in 1984 such expenditure, which is meant for the relief of emergencies caused by natural or man-made disasters and is normally administered by the Department of Foreign Affairs through the aegis of national or international NGOs, rose very sharply because of African famines. The recurrence of such disasters as well as falling food production and increasing demand for food aid across a wide spectrum of African countries in recent years is a reminder of the need to design short-term and long-term aid programmes so that they complement rather than contradict each other. The first, while relieving a disaster situation, must not create dependence while the long-term developmental type of aid needs to be increasingly geared to increasing food production, raising incomes of the rural poor and enhancing African food security in the long term. The Irish response, both public and private to the latest African famine was a remarkable manifestation of a nation's charity. An important contribution to the promotion of long-run food security in the Southern part of that continent is Ireland's new involvement in the evaluation of the region's basic agricultural potential through financing of the Agricultural Resource Base Inventory for the 9 member states of the Southern African Development Co-ordination Conference (SADCC). By aiding a regional grouping in this way, Irish aid is promoting collective self-reliance among the member states which should be an important ingredient in the region's development and bring nearer the day when aid is no longer needed.

Administrative Aspects of Irish Aid

The bilateral aid programme is administered by the Department of Foreign Affairs (DFA) through the Development Co-operation Division which was established in 1974. Develop

Table 5 *Expenditure on Major Irish-Aided Projects 1981-1984*
IR£'000

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
<u>Lesotho</u>				
Holofo Valley Rural Development	351	564	564	559
Centre for Accounting Studies	245	463	550	490
Basotho Pony Project	162	364	149	222
Technical Education Support	156	248	149	356
Ministry of Works Support	170	179	189	345
<u>Tanzania</u>				
Kilosa District Development	238	381	695	974
Kilosa Dairy Farm	52	109	190	150
<u>Zambia</u>				
Chilanga Cement	160	225	150	75
Dairy Farm Development	150	280	135	110
Kasama Rural Water Supply	-	45	202	221
<u>Sudan</u>				
Gezira Dairy Cooperative	738	242	222	246
<u>Rwanda</u>				
Papyrus Development Project	-	-	139	60
<u>Swaziland</u>				
Royal Swazi Airline	104	68	47	11

ment Co-operation Offices responsible for administering aid "on the ground" were set up in three of the four priority countries, Lesotho (1978), Tanzania (1979) and Zambia (1980), staffed by officials from DFA. Total administration costs in 1984 were less than IR£0.5m and total staff administering the entire aid programme is fewer than 25. The Agency for Personal Service Overseas (APSO), a state sponsored body, was also established in 1974, for the purpose of facilitating Irish people who wish to serve in LDCs. It had a budget of IR£1.8m in 1984.

The bilateral aid programme acknowledges the important role which the voluntary agencies play in providing basic needs to the poorest groups in the developing countries, by co-financing development projects with them. These agencies have institutionally strengthened their position by grouping themselves into a Confederation of NFOs for Development (CONGOOD). The state sponsored agencies formed DEVCO (State Agencies Development Co-operation Organisation) to promote their participation in development projects while the universities and other institutions of third level education established HEDCO (Higher Education for Development Co-Operation) to encourage and

facilitate the involvement of their members in both consciousness raising, development education within Ireland, and teaching, research and project work in developing countries HEDCO receives funding from both the Department of Foreign Affairs and from APSO

The views of the very broad range of people involved in the Irish aid programme are filtered to the government through the national Advisory Council on Development Co operation (ACDC) established in 1979 Although its 20 members are appointed as individuals, they are chosen so as to represent the views of the sectors in which they are involved such as development NGOs, industry, agriculture, state agencies, trade unions and universities The Council has already produced reports and recommendations relating to Irish aid in sectors such as agriculture, education and health as well as on development education and trade relations with LDCs The main focus of its work in 1985 is on the ways in which Irish aid can promote food security in Africa and an examination of the poverty orientation of Irish aid A Joint Oireachtas Committee on Co operation with Developing Countries was established in 1983 with 16 members from the Dail and Seanad This Committee, through its work and annual report to the Oireachtas, is an important instrument in raising the consciousness of parliamentarians regarding development co operation issues

4 EC AID POLICY AND IRELAND'S PARTICIPATION IN IT

The European Community has its own aid policy and it is only weakly integrated with the bilateral policies of its member states If compared with the regions "gross domestic product" its value would be roughly equal to 0.05 of that figure It is second only to the Common Agricultural Policy as a spender of EC funds In dollar terms it amounted to \$1,247m 1980, a figure similar to the size of the World Bank's IDA soft credits programme

EC aid consists of four elements

- (1) Lomé aid and trade agreements with 65 "associated" African, Caribbean and Pacific (ACP) states which is the centre piece of the programme Although Lomé relates to only one tenth of the population of the so called Third World it gets half of the EC aid funds
- (2) Financial aid to "non associated" LDCs in Asia (principally India) and Latin America
- (3) Individual agreements with the Mediterranean littoral states (Maghreb, Mashreq and Israel) These tend to be primarily trade rather than aid agreements
- (4) A global food aid programme

EC member states contribute to the EC's aid programme in two ways, first, through normal contributions to the EC budget (all except Lomé), and second, through non budgetary payments to the Lomé European Development Fund (EDF) The third Lomé

convention between the 10 EC member states and 65 ACP states was signed at the end of 1984. Like Lome I (1975-80) and Lome II (1980-85) it is a contractual 5 year agreement covering aid for projects and programmes, trade concessions, soft loans from the European Investment Bank and a scheme called Stabex to fund the stabilisation of ACP export earnings from a number of primary commodities. The total value of Lome III is IR£6b, or about half of total EC aid (IR£5.4b for the EDF and IR£6b for EIB loans). The EDF is divided into country amounts by such criteria as population, GNP per capita and political factors. Up to now, expenditure apart from Stabex, which absorbs almost one third of the EDF, has tended to be on projects and sectorally biased in favour of transport infrastructure and industry. In Lome III, however, the focus will shift increasingly to agriculture and rural development with a view to improving African food security. Measures will include aid to small scale farming and post harvest food storage and distribution. Measures to aid long term self sufficiency will include aid to combat drought, desertification and deforestation. Thus, there is a growing similarity between the sectoral focus of the EC aid programme and that of Ireland. Geographically, the EC programme, although global in many ways, is aimed primarily, especially in relation to its aid as distinct from its trade elements, at ACP states and within that grouping, mainly at Africa, as is the Irish aid programme. Ireland's contribution to the latest EDF is IR£30m or 0.55 per cent of the total.

The EC's food aid programme, which is global, began in 1968. By 1983 it cost around 700m ECU and in food terms consisted of over 1m tons of cereals as well as milk powder, butter, oil and sugar. The programme has been the subject of much criticism over the years, as is food aid generally, because it is seen as a mechanism through which the EC disposes of food surpluses. However, discussions on the reform of food aid were carried out throughout the decade up to 1983 and at the end of that year reform proposals were approved by the Council of Ministers. From now on, it is suggested, food aid should be an integral part of a development programme, except in the case of emergency aid, products should be better adapted to needs and there should be triangular operations to supply food products bought in other LDCs. In response to the critical situation in Ethiopia and elsewhere in Africa in late 1984, the EC, in response to an appeal by Mr Jim O'Keefe T.D., Ireland's Minister of State for Foreign Affairs and President in Office of the Council of EC Ministers, allocated an additional 32m ECUs (around IR£23m) in emergency aid to Africa and a further 100,000 tonnes of cereals in food aid. Another appeal, this time by the Taoiseach, Dr Garret FitzGerald, T.D. at the Dublin Summit meeting resulted in a decision that the EC and its member states would provide a total of 1.2m tonnes of grain to the seven most seriously affected African countries in the period up to the next harvest at the end of 1985.

5 ISSUES FOR THE FUTURE

There are a number of issues which will be important in relation to the aid policies of both multilateral donors, such as the World Bank and the EC, and bilateral ones such as Ireland in the coming decade. These issues include

- (a) *The International Economic Order (IEO)* the reform of many of its elements but particularly the international monetary system is the most critical issue facing the international community today, since volatile exchange rates, high real interest rates and soaring debts add enormously both to the demand for aid and to the inability of most donors to respond to such demands
- (b) *Policy Conflicts on the Donor Side* the main areas where DC policies tend to be inconsistent with their aid policies are in the areas of trade, agricultural and industrial protection and monetary policy This is especially true in the case of the EC and to a lesser extent in Ireland's case
- (c) *Public Support for Aid and Related Policies* through its generous response to African famine appeals and in reply to a 1980 ACDC attitude survey, the Irish public have demonstrated support for aid to LDCs Through development education programmes (both in the formal education sector and among the general public) this support needs to be extended to include issues of trade, agricultural protection and so on, so that a comprehensive aid and trade "package" can be provided for LDCs
- (d) *Policy Paper on Irish Aid* having been involved in EC aid policy and having operated a bilateral programme for over 10 years, a policy paper (whether White or Green) from the Irish government is overdue
- (e) *Policy Dialogue* this highly sensitive issue in the aid relationship refers to the degree of "consultation" which is acceptable to both "partners" on such topics as the LDCs domestic structures and development strategies and the coherence of donor aid policies and LDC domestic policies Too much "conditionality" was rejected by ACP states in Lome III negotiations but increased "consultation" and "accountability" accepted under a number of headings Bound to be an issue of growing importance in the future
- (f) *Aid Co-ordination among Donors* with a view to increasing aid effectiveness and reducing competition among donors, greater co ordination between them is advocated Easier at the multilateral level (World Bank and even EC) than among often competing bilateral donors Also related to (e) above in that co ordination between donor policies and domestic LDC policies is relevant to this issue
- (g) *Linkage between Short-term and Long-term Forms of Aid* policies and programmes of emergency aid and food aid need to be appropriately designed so that they do not exacerbate dependencies but rather contribute positively to long term development strategies and policies Appears to be well understood as a *need* by all donors but its implementation requires monitoring For small individual donors such as Ireland has implications which are perhaps more important at the multilateral than the bilateral level

- (h) *Poverty Focus of Aid Policies* many donors, including Ireland, claim that their programmes are aimed at the poorest but this is not assured by directing most aid to the poorest *countries* Mechanisms need to be increasingly aimed at the rural poor directly and include increased food production and higher rural incomes Hunger is a problem of poverty

Other Issues

- (i) *Reaching the UN Targets* given the present increasing need for aid especially for the least developed countries, even the UN aid targets appear totally inadequate and almost irrelevant as a response The reform of the IEO and especially its monetary aspects is probably more important in the long run but increasing the volume of aid is more urgent and pursuing the UN targets, although inadequate, are at least a move in the right direction
- (j) *Multiannual Aid Budgets* given the long term nature of LDC development programmes and the related need for continuity and reliability of funding, "rolling" or multiannual budgeting by donors is desirable National budgetary procedures determine its feasibility but a commendable initiative in Ireland's case was introduced in the National Plan, *Building on Reality 1985-87*, wherein a commitment was made to increase ODA expenditure from IR£34m to IR£50m by annual increases of 0.015 per cent over the period This approach should be continued after 1987
- (k) *Joining DAC* Ireland first announced its intention to join the Development Assistance Committee of the OECD in 1973 and reiterated this intention most recently in March 1985 It is to be hoped that this will cease to be an issue after this year

FOOTNOTES

- 1 See for example World Bank, 1984, *Towards Sustained Development in Sub-Saharan Africa*, Washington D C , Table 18
- 2 For a fuller treatment of some aspects see O'Neill, Helen, "Irish Aid Policy and Performance" in Olav Stokke (ed), *European Development Assistance, Vol 1, Policies and Performance*, (EADI and Norwegian Institute for International Affairs, Tilburg, Netherlands and Oslo, Norway, 1984), pp 239-261 Copies of the paper may also be obtained from the Centre for Development Studies, Department of Political Economy, University College Dublin