



<b>Title</b>	A Review of Irish Overseas Development Aid Program 2020
<b>Authors(s)</b>	Walsh, Patrick P., Whelan, Ciara
<b>Publication date</b>	2022
<b>Publication information</b>	Walsh, Patrick P., and Ciara Whelan. "A Review of Irish Overseas Development Aid Program 2020." Royal Irish Academy, 2022. <a href="https://doi.org/10.1353/isia.2022.0034">https://doi.org/10.1353/isia.2022.0034</a> .
<b>Publisher</b>	Royal Irish Academy
<b>Item record/more information</b>	<a href="http://hdl.handle.net/10197/26516">http://hdl.handle.net/10197/26516</a>
<b>Publisher's version (DOI)</b>	10.1353/isia.2022.0034

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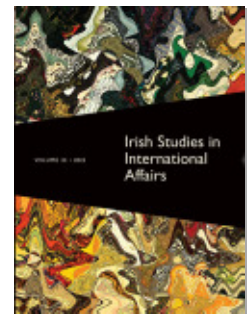
## A Review of Irish Overseas Development Aid Program 2020

Patrick Paul Walsh, Ciara Whelan

Irish Studies in International Affairs, Volume 33, Number 1, 2022, pp.  
239-250 (Article)

Published by Royal Irish Academy

DOI: <https://doi.org/10.1353/isia.2022.0034>



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# A Review of Irish Overseas Development Aid Program 2020

Patrick Paul Walsh

*School of Politics and International Relations, University College Dublin*

Ciara Whelan

*School of Economics, University College Dublin*

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## ABSTRACT

This paper examines Ireland's Official Development Assistance (ODA) for the year 2020 with a particular focus on three important issues. First, we examine Ireland's performance in relation to the target of achieving total ODA of at least 0.7 per cent of Gross National Income (GNI), and ODA to least developed countries (LDCs) of 0.15 to 0.20 per cent of GNI by 2030. Second, we document the factors behind a further shift towards multilateral aid over the period as shown by trends in ODA multilateral and bilateral spending. Third, we trace the composition of spending within bilateral and multilateral ODA with a focus on the allocation of spending in the context of gender equality; humanitarian assistance; climate change; and governance.


## INTRODUCTION

Official Development Assistance (ODA) can now be broadly considered to encompass government aid for the promotion of sustainable development (including economic, social, environmental, and governance) of developing countries. Such assistance can be bilateral in nature (direct from the donor to the recipient country) or multilateral (donations through multilateral organisations such as the EU, UN, the World Bank, and the International Monetary Fund

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Author's e-mail: [ppwalsh@ucd.ie](mailto:ppwalsh@ucd.ie)

*Irish Studies in International Affairs*, Vol. 33, No. 1 (2022), 239–250. © 2022 The Author

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[IMF]). The evolution of Ireland's ODA post-2008 financial crisis up to and including 2019 has been documented by Patrick Paul Walsh and Ciara Whelan.<sup>1</sup> The authors highlight the changing nature of ODA from the focus on bilateral aid in the decades prior to the financial crisis, to an increasing emphasis over time on multilateral aid in the face of global challenges and Ireland's commitment to the UN 2030 Agenda, climate action, and peace and security. In this paper we examine Ireland's ODA for the most recently available data year, 2020, which includes the first year of the global pandemic. We focus the review on three issues.

First, in the context of SDG target 17.2, we consider Ireland's performance in relation to the target of achieving total ODA of at least 0.7 per cent of Gross National Income (GNI), and ODA to least developed countries (LDCs) of 0.15 to 0.20 per cent of GNI by 2030. In particular, we examine the trends in ODA spending and as a share of GNI, and Ireland's performance relative to other OECD Development Assistance Countries (DAC) in 2020.

Second, we document the factors behind a further shift towards multilateral aid over the period as shown by trends in ODA multilateral and bilateral spending. In particular, we highlight a decline of almost 10 per cent in bilateral spending in 2020. Given the marginal change in total ODA spending, this resulted in a decline in bilateral share of ODA. While core multilateral share of ODA went up, once one includes earmarked bilateral spending there is a sizeable increase in total multilateral aid (core plus earmarked bilateral spending) as a share of overall ODA from 55 per cent in 2019 to 61 per cent in 2020.

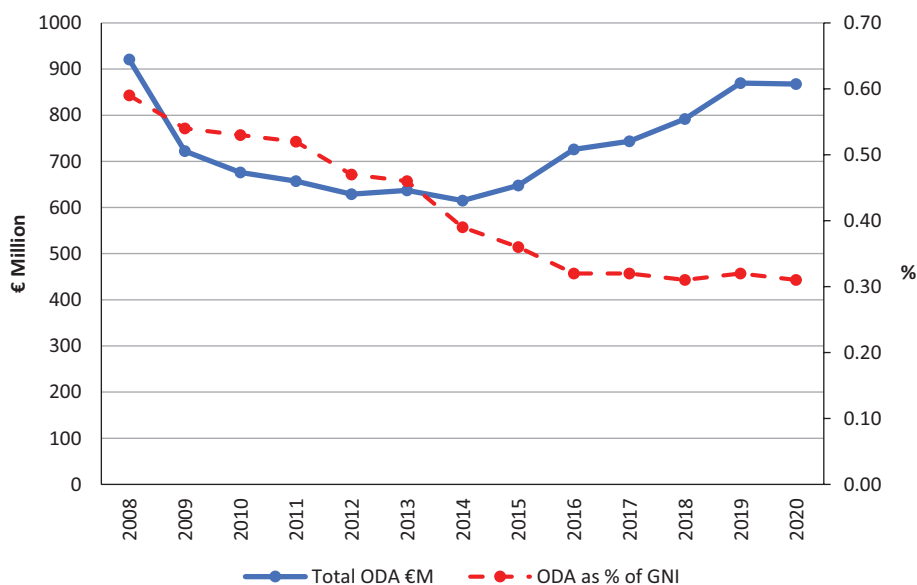
Finally, we trace the composition of spending within bilateral and multilateral ODA. In particular, we examine the allocation of bilateral spending in the context of the four priorities set out in Ireland's 2019 policy for international development, 'A Better World: gender equality; humanitarian assistance; climate change; and governance'.<sup>2</sup> We look finally at the allocation of total multilateral (core plus earmarked) to various multilateral organisations, highlighting a dearth of information on the allocation of multilateral funding on the four policy priority dimensions.

## TOTAL ODA SPENDING

We first examine Ireland's progress towards SDG target 17.2: Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of ODA/GNI to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries; ODA providers are encouraged to

<sup>1</sup>Patrick Paul Walsh and Ciara Whelan, 'The move towards multilateral aid in Ireland's overseas development programme (2008–2019)', *Irish Studies in International Affairs* 32 (1) (2021), 299–309.

<sup>2</sup>Department of Foreign Affairs, *A Better World: Ireland's Policy for International Development* (2019). Available at: <https://www.irishaid.ie/media/irishaid/aboutus/abetterworldirelandspolicyforinternationaldevelopment/A-Better-World-Irelands-Policy-for-International-Development.pdf> (4 November 2022).



**Figure 1. Total ODA (€ millions) and Share of GNI (%)**

Source: Constructed using data from Irish Aid Annual Reports

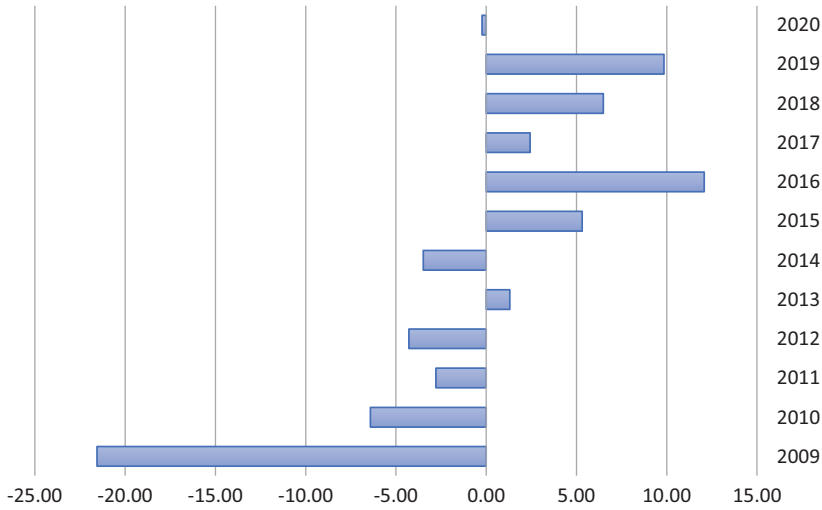
consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries.

Ireland's policy for international development, 'A Better World', provides a framework for Ireland to expand its development cooperation programme from 0.32 per cent of GNI in 2019, to be in line with reaching the UN target of allocating 0.7 per cent of GNI to ODA by 2030.

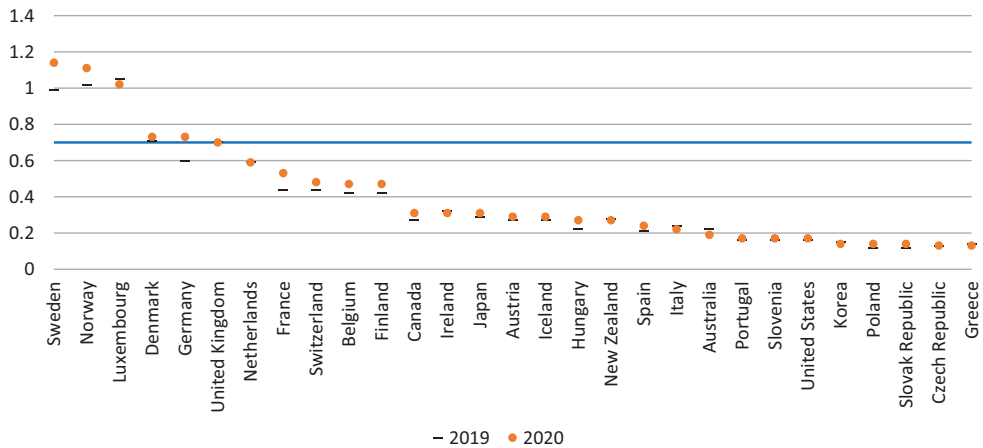
Figure 1 depicts total ODA spending levels for Ireland and spending levels as a percentage of GNI since the 2008 financial crisis. From a peak of €920.66 million in 2008, followed by a period of annual declines (with the exception of 2013), levels of ODA have been increasing each year from 2015 through 2019 (see Figure 2). Despite the emergence of the global pandemic, spending on ODA in 2020 only marginally declined by 0.2 per cent to €867.53 million.

ODA spending as a share of GNI exhibits a decline from 0.59 per cent in 2008 to just 0.31 per cent in 2020 (a slight fall from 0.32 per cent in 2019). This is still some way from the target 0.7 per cent ODA/GNI in SDG target 17.2 and is going in the wrong direction.

Figure 3 illustrates Ireland's performance relative to other OECD Development Assistance Committee (DAC) countries in terms of ODA as a percentage of GNI. At 0.31 per cent, Ireland ranked thirteenth in 2020. Just six countries have ODA that is 0.7 per cent or higher of GNI: Sweden (increased to 1.14 per cent in 2020 from 0.99 per cent in 2019), Norway, Luxembourg, Denmark, Germany (which was below the target at 0.6 per



**Figure 2. % Annual Change in Irish ODA Spending**  
 Source: Constructed using data from Irish Aid Annual Reports



**Figure 3. Net ODA as % GNI – 2019 and 2020**  
 Source: Constructed using Data from Irish Aid Annual Reports

cent in 2019), and the UK. With the exceptions of Sweden, Germany, Norway and France, who all had somewhat sizeable increases in their ODA shares of GNI over the past year, there has been little change for countries in this measure over that period.

Ireland has committed to a target of ODA to LDCs that is 0.15 to 0.20 per cent of GNI by 2030. While Ireland’s ODA as a share of GNI declined from 0.32 per cent in 2019 to 0.31 per cent in 2020, its ODA to Least Developed Countries (LDCs) as a share of GNI was maintained at 0.12 per cent. As we

will document in our decomposition of bilateral spending below in Section 2, the share of bilateral ODA to LDCs did increase in 2020. However, an overall decline in bilateral ODA spending in 2020 ensured no progress in moving towards SDG target 17.2.

In summary, while the Irish Department of Foreign Affairs set out a framework in 2019 to expand Ireland's ODA further toward achieving the 2030 target of 0.7 per cent of GNI, we observe an (albeit marginal) contraction of the development cooperation programme to 0.31 per cent in 2020. Moreover, no progress was made in advancing toward the 2030 target of ODA to LDCs of 0.15 to 0.20 per cent of GNI. In 2020, ODA spending to LDCs was unchanged at 0.12 per cent of GNI.

### BILATERAL AND MULTILATERAL TRENDS IN ODA

We now turn to examine trends in bilateral and multilateral spending levels, their relative shares of total ODA spending, and finally the relative shares of multilateral aid (core), earmarked multilateral (part of bilateral totals), and bilateral (excluding earmarked).

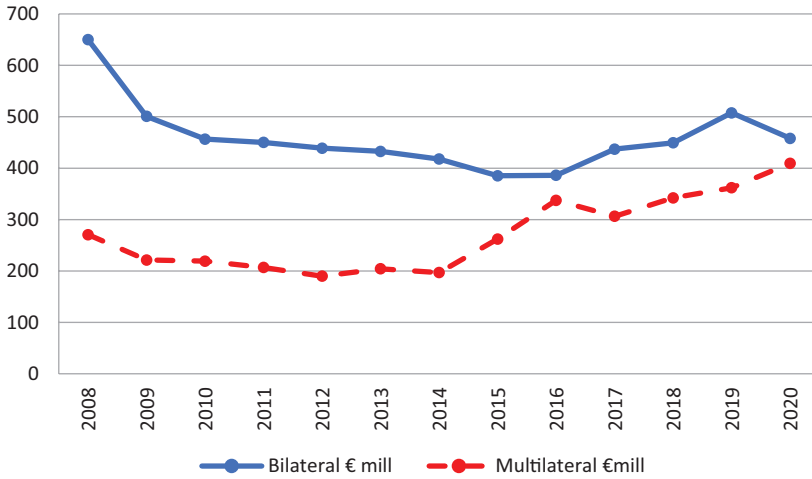
Bilateral aid generally refers to contributions given directly to a recipient developing country. These can be made through various channels, including through the government of the recipient country, non-governmental organisations (NGOs), international agencies, and partnerships with private agencies and missionary societies. Multilateral aid is channelled through various international agencies, institutions or organisations, which in turn are responsible for the allocation of all its contributions across various recipient countries.

In Figure 4, after many years of declining bilateral aid since 2008, there was growth over the period from 2016 through 2019. The year 2020, however, saw a decline of almost 10 per cent in bilateral spending to €458.08 million, though Ireland provided bilateral ODA for the COVID-19 response (which represented 7.8 per cent of its total bilateral ODA).

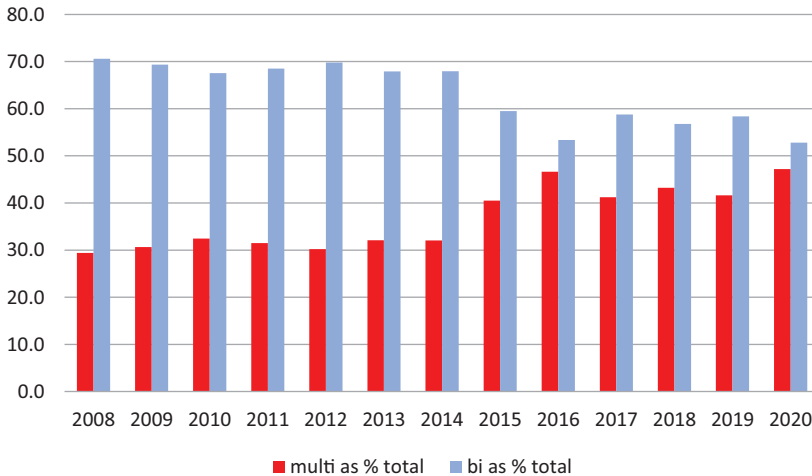
Multilateral spending has generally taken an upward trajectory since 2014. The year 2020 saw an increase of 13 per cent in multilateral spending to €409.45 million.

In recent years there has been an evident shift in terms of the relative shares of ODA accounted for by bilateral and multilateral spending. This is highlighted in Figure 5. While in 2008 multilateral aid accounted for 29 per cent of total ODA, in 2020 multilateral spending accounted for 47.2 per cent of total ODA (up from 41.6 per cent in 2019).

Moreover, while bilateral spending accounted for 52.8 per cent of ODA in 2020, a sizeable proportion (27 per cent) of gross bilateral spending was routed through multilateral organisations (so called 'earmarked contributions'), further expanding total multilateral contributions. Earmarked multilateral spending refers to the multilateral portion of bilateral aid—although this money is part of

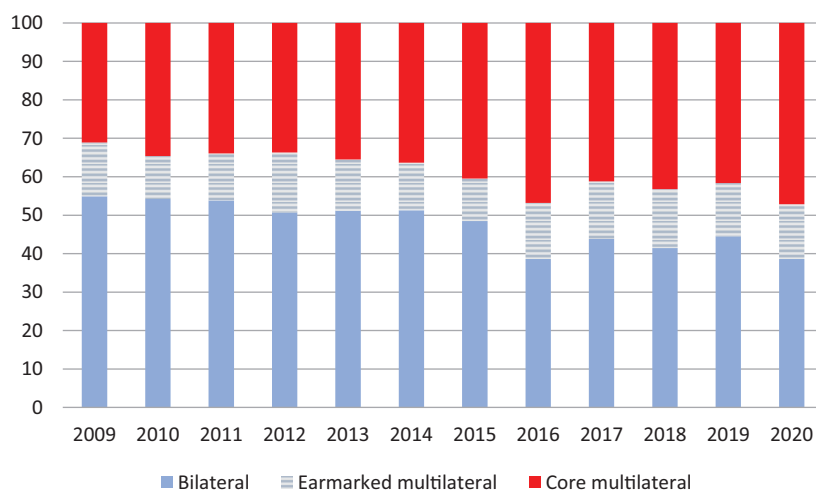


**Figure 4. Bilateral ODA (€mill) and Multilateral ODA (€mill)**  
 Source: Constructed using Data from Irish Aid Annual Reports



**Figure 5. Bilateral and Multilateral spending as % of Total ODA spending**  
 Source: Constructed using Data from Irish Aid Annual Reports

some pooled funds (and therefore multilateral), the money is destined for a particular purpose/location and as such, is considered to be part of bilateral spending. So while Ireland allocated 47.2 per cent of total ODA as core contributions to multilateral organisations, once one includes earmarked contributions the effective share of multilateral aid is much higher. This is shown in Figure 6. Overall we see a further shift towards multilateral organisations over the period 2019 to 2020. Effective multilateral aid (core plus earmarked) increased to 61.4 per cent of overall ODA in 2020, up from 55.5 per cent in 2019. This is reflective



**Figure 6. Bilateral and Multilateral (Earmarked and Core) spending as % of Total ODA spending**

Source: Constructed using Data OECD (2022), ‘Ireland’, in Development Co-operation Profiles

of a strong shift towards multilateralism and humanitarian assistance during a time of global challenges.

### FURTHER DECOMPOSITION OF ODA

In this section, we document the composition of spending within multilateral and bilateral ODA for the years 2019 and 2020. With regards to multilateral, we consider data on the allocation of effective multilateral aid (core plus earmarked) across various multilateral organisations. More detailed availability of data for bilateral spending (which includes earmarked), allows us to examine the allocation of bilateral spending in the context of the four priorities set out in ‘A Better World’ – gender equality, humanitarian assistance, climate change, and governance.

#### *Multilateral spending*

Table 1 provides a breakdown of effective multilateral ODA (which includes bilateral earmarked contributions through multilateral organisations) for the years 2019 and 2020. Overall, total effective multilateral spending increased by just over 10 per cent to reach €532.8 million in 2020.

EU Institutions and the UN account for the bulk of Ireland’s multilateral contributions: collectively these account for 80.4 per cent in 2020, down from 82.2 per cent in 2019. The World Bank Group increased its share to 7.4 per cent in 2020, while the World Trade Organisation maintained its 0.3 per

**Table 1. Total contributions to multilateral organisations**

<b>Multilateral ODA</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>€ mill.</b>	<b>€ mill.</b>	<b>% of Total</b>	<b>% of Total</b>
			<b>Multilateral</b>	<b>Multilateral</b>
<i>European Union Institutions</i>	230.1	213.8	43.2	44.3
<i>United Nations</i>	198.3	182.9	37.2	37.9
<i>World Bank Group</i>	39.2	33.6	7.4	7.0
<i>World Trade Organisation</i>	1.7	1.5	0.3	0.3
<i>Regional Development Banks</i>	23.3	13.4	4.4	2.8
<i>Other Multilateral Organisations</i>	40.2	37.3	7.5	7.7
<b>Total Multilateral</b>	<b>532.8</b>	<b>482.5</b>	<b>100</b>	<b>100</b>

Source: Data from Irish Aid Annual Reports

cent share. The biggest change in 2020 was seen in Regional Development Banks' expansion to 4.4 per cent share of effective multilateral spending, which represents a 74 per cent increase from its 2019 spending. This coincides with Ireland's membership of the African Development Bank (AfDB) in April 2020.

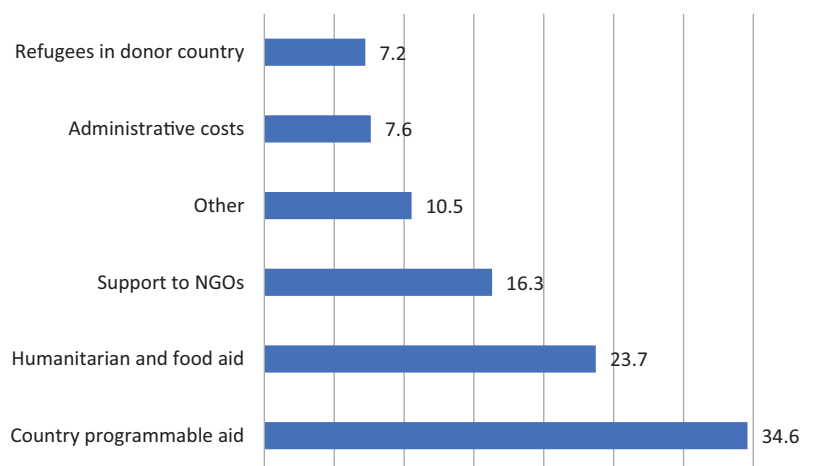
In terms of Ireland's ODA to the UN system, which as we can see accounted for 37.2 per cent of Ireland's effective multilateral aid in 2020, ODA contributions were mainly through earmarked contributions. The top three UN recipients of Ireland's support (core and earmarked contributions) were the WFP (World Food Programme), UNICEF (United Nations Children's Fund) and UNHCR (United Nations High Commissioner for Refugees). This reflects Ireland's focus on food, women and children and humanitarian assistance in multilateral spending.

Our analysis of the ODA spending supports a shift to staunch support for multilateralism and good humanitarian assistance during a time of global challenges. No doubt key elements of that spending are targeted to LDCs, gender, environment and governance priorities. However, more refined data on the composition of core and earmarked spending by type of expenditure would enable us to examine more closely the degree to which this spending dovetails with the four priorities of ODA as set out in 'A Better World'.

### *Bilateral spending*

In 2020, Ireland's bilateral spending declined by almost 10 per cent compared to the previous year. Total gross bilateral spending (including earmarked contributions for multilateral organisations) was €507.60 million in 2019 and fell to €458.08 million in 2020.

A decomposition of bilateral spending by expenditure type is shown in Figure 7. In 2020, country programmable aid was 34.6 per cent, humanitarian



**Figure 7. Bilateral ODA by Expenditure types (%)**

Source: Constructed using Data OECD (2022), 'Ireland', in Development Co-operation Profiles

and food aid was 23.7 per cent, support to NGOs was 16.3 per cent of Ireland's bilateral ODA, while in-donor refugee costs represented 7.2 per cent of Ireland's total gross ODA.

More than half of bilateral spending was allocated to Africa. In 2020, the top five recipient countries (Ethiopia, Mozambique, Tanzania, Uganda, and Malawi) collectively accounted for 28.8 per cent of total bilateral spending. The top ten recipient countries collectively accounted for 39.4 per cent. Palestine is the only recipient country which ranked in the top ten (at number eight) which is not in Africa.

Table 2 provides a sectoral breakdown of total bilateral spending for the years 2019 and 2020. Spending on humanitarian assistance is largest and increased to 24 per cent of total bilateral aid in 2020. There has been some shifting over sectors as evidenced by the change in relative shares for 2020.

The sectors which increased their shares include health, HIV and Aids (share up by 4 per cent), human rights, governance and gender equality (up by 3.3 per cent), humanitarian assistance (up by 2.8 per cent), and agriculture (up by 2.7 per cent).

The sectors that decreased their share of bilateral spend include multi sector (down by 11.6 per cent), and programme management and administration (down by 2.2 per cent). Other sectors experienced little or no change in their relative shares.

While 34.7 per cent of bilateral spending was unallocated by income group, least developed countries (LDCs) received 48.6 per cent of Ireland's gross bilateral ODA in 2020. This exceeds bilateral ODA allocated to other low-income countries (2 per cent), lower middle-income countries (9.5 per cent), and upper-middle-income countries (5.1 per cent). It also exceeds the DAC average of 24.4 per cent of bilateral aid to LDCs. Figure 8 shows

**Table 2. Total Bilateral ODA Sectoral Analysis**

<b>Bilateral ODA by Sector</b>	<b>2020 € mill.</b>	<b>2019 € mill.</b>	<b>2020 % of Total Bilateral</b>	<b>2019 % of Total Bilateral</b>
Humanitarian Assistance	108.139	107.5	24	21.2
Human Rights, Governance & Gender Equality	76.801	69.4	17	13.7
Health HIV/ Aids	64.611	50.7	14	10.0
Multi Sector	58.423	125	13	24.6
Agriculture	35.448	26.8	8	5.3
Education	34.915	40.7	8	8.0
Programme management and Administration	24.322	35.8	5	7.1
Social Protection	23.155	19.3	5	3.8
Basic Nutrition	14.036	14.45	3	2.8
Environmental Protection	9.129	7.9	2	1.6
Promotion of development awareness	6.711	7.25	1	1.4
Water and Sanitation	2.392	2.5	1	0.5
<b>TOTAL</b>	<b>458.08</b>	<b>507.60</b>		

Source: Data collated from Irish Aid Annual Reports

Ireland's share of bilateral spending to LDCs over time. This declined in the years after 2015, but 2020 saw an increase to 48.6 per cent share of bilateral aid from 44.3 per cent in 2019.

We now consider how bilateral spending fits the four priorities set out in Ireland's 2019 policy for international development. The OECD DAC breaks down Ireland's bilateral ODA in 2020 further by fragile contexts, screened bilateral allocable aid to gender equality and women's empowerment, bilateral ODA in support of the environment and the Rio Conventions.

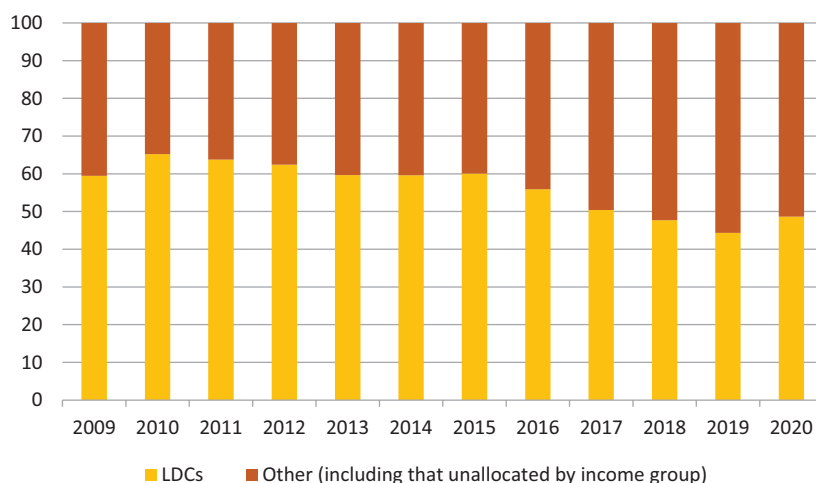
The share of gross bilateral ODA allocated to fragile contexts was 52.7 per cent: of this, 30 per cent was on humanitarian assistance while 11.8 per cent was given to peace.

The share of screened bilateral allocable aid to gender equality and women's empowerment was 79.7 per cent. This exceeded the corresponding DAC country average of 44.6 per cent.

The share of total bilateral allocable aid in support of the environment and the RIO Conventions was 25.7 per cent, which is below the corresponding DAC country average of 38.8 per cent.

## CONCLUSIONS

In this paper we examine Ireland's ODA for the most recently available data year, 2020, which includes the first year of the global pandemic. Our analysis allows us to draw a number of conclusions.



**Figure 8. Bilateral spending allocated to LDCs**

Source: Constructed using Data OECD (2022), 'Ireland', in Development Co-operation Profiles

The year 2020 made no headway towards achieving SDG target 17.2. There was no progress in terms of moving toward higher ODA as a share of GNI, and higher ODA to LDCs as a share of GNI. In 2020 we find a contraction of the development cooperation programme from 0.32 per cent of GNI in 2019, to 0.31 per cent of GNI in 2020. Moreover, while Ireland historically had a high share of ODA allocated to Least Developed Countries (LDCs), in 2020 total ODA to LDCs as a share of GNI is reported by the OECD DAC as having remained at the 2019 figure of just 0.12 per cent for Ireland.

Our analysis of ODA spending does support a shift to staunch support for multilateralism and humanitarian assistance during a time of global challenges. While there has been a well-documented move towards multilateralism over recent years, there was a sizeable shift in 2020. Multilateral spending increased, while bilateral spending fell. Moreover, once one considers total effective multilateral contributions (core plus earmarked), this increased its share of total ODA from 55 per cent in 2019 to 61 per cent in 2020.

Finally, while elements of effective multilateral contributions undoubtedly do target LDCs, gender, environment and governance priorities, a lack of refined data allows us to examine these dimensions more closely. An analysis of bilateral spending by expenditure type, by sector, by recipients, and on a more refined basis, indicates that bilateral aid does target the four policy priority dimensions of gender equality, humanitarian assistance, climate change, and governance.

Although there is work to be done in terms of achieving SDG target 17.2, there are evidently a number of positives in Ireland's ODA programme which has a strong focus on gender equality, humanitarian assistance, climate change

and governance. Moreover, it should be noted that 2020 was a challenging year, being the first year of the COVID-19 pandemic. This impacted the allocation of ODA funding. Ireland was one of the first countries to support the World Health Organisation's appeal to help low income countries cope with the pandemic, and quadrupled her contribution to the World Health Organisation in 2020. As part of its total ODA, Ireland did contribute over €150m to the global response to COVID-19 in 2020. This response was key in helping vulnerable communities cope with the effects of the pandemic.