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*White Paper Review*

To Whom It May Concern:

- **Fiscal Contract of Social Responsibility**

The White Paper in 2006 forecasted our Overseas Development Aid (ODA) would be at 0.7 GNP, €1.5 billion, in 2012. Our reality is that we are currently around €0.6 billion, 0.52 of GNP, in the middle of a Global crisis. With this background it is timely to review the budget and the expenditure plan.

Given Ireland's history, in addition to our previous efforts and monetary commitment to ODA, we should not allow the current budgetary situation impact our desire to have ODA at 0.7 GNP. GNP in real terms has collapsed, so we are already allowing for the program to be smaller in a period of recession.

In addition, the Irish government should be having a referendum on a **Fiscal Contract of Social Responsibility**. Naturally we must meet agreed debt and budget targets, but there should also be rules around what a government can spend on. No money from taxation should ever again be used to bailout Banks or other private entities. It should only be used for an agreed list of expenditure items; for example ODA, Pensions, Social Security, Health, Education, Capital projects and Security. This contract should be part of a wider European Treaty (future constitution), ratified in all nations. The uncertainty of funding and the political games being played out by the ECB, Bond Markets and Governments are imposing a lot of uncertainty for government spending and it is the taxpayer and poor of the world that are paying the price. The Government should be obliged by a Contract of Social Responsibility to deliver agreed services for the money it gets from its citizens. Giving the money to bank capitalisation projects should not be part of the deal. This should have never been an option for governments in the EU in the first place. The ECB, Fed, China, IMF, Banks and the Bondholders needed to sort out, and still need to sort out, the unsecured debt and restructuring of the global system between themselves. The global taxpayer does not have the purse or the ability to do this. The government may argue that they are doing this so they, companies and citizens, can have access to finance, but in reality this is not happening. The money is being used to invest and speculate in



commodities. Global food and energy prices are rocketing as a result. This is creating even more problems for the ordinary people of the world. The Monetary system was made independent so Governments could not interfere with the monetary system for political gain. We are now experiencing the reverse problem. The Monetary system is inside government and is bullying the taxpayer for bailouts and capital that traditionally had nothing to do with the fiscal side of the house. Using fiscal policy as an instrument of monetary policy (to get capital for speculation, debt restructuring and restructuring of the system) is very wrong. Not in any textbook I know of!

**Recommendation I:** As part of a broader **Fiscal Contract of Social Responsibility**, embed 0.7 GNP for ODA into European Wide Fiscal Treaty.

- **Multilateral Spending**

Multilateral Spending was nearly a 100 per cent of the Irish Aid Budget in the early days. I feel Ireland has to be at the high tables of the UN, IMF World Bank and EU. Our spending on program country projects and NGO's went up greatly over-time as our GNP grew and our commitment to 0.7 of GNP increased. We are now cutting back on the latter, particularly within country government projects. Some would consider our bi-lateral work "solo" runs and our NGO work not really accountable.

**Recommendation II:** We should not cut back on our multi-lateral spending.

I think it is really important that we make a distinction between the ECB and the EC. The former is currently an "enemy" of the European people. The EC and European Parliament are the only institutions that can discipline and reform the ECB (ECB is spending taxpayer's money inducing austerity instead of printing it). In addition, it can play a crucial role in the evolution of ODA and its coherence with other EU Directorates.

One thing to consider is how are we performing on our multi-lateral platforms? Are we representing Ireland and our values to the best of our ability in these International Institutions? Is our Aid Strategy complementing EU and other EU countries work? Should we be pushing hard for a bigger say in policy relating to UN reform of the Security Council, for example? We should be pushing our Hunger Agenda harder and embedding it in EU policy.

- **NGO Spending**

The charities act needs to be implemented in full to ensure that there is transparency in the NGO sector.

**Recommendation III:**

A Charities Act needs to be implemented in full. Oversight of the spending of Irish Aid allocated funding needs to be done at arm's length to the Government. Currently the oversight and auditing of the funding allocated by Irish Aid is carried out by Irish Aid. This can be subcontracted out to external consultants. A Charities Act should be clear on the responsibility to demonstrate accountability and performance. This should not rest with Irish Aid. Irish Aid needs to independently have its spending justified. There is a clear need for reform of this process. There is a potential for less critical reporting by those tasked to do the oversight when their very appointment



is paid by those appointing and paying them. One suggestion is that the responsibility to demonstrate accountability and performance can be done by accredited accountants and specialists within the island of Ireland. Money should not go abroad for this purpose.

- **Bilateral Within Country Spending:**

**Recommendation IV:** I would protect and promote more of this type of spending even if it reduces the NGO budget.

*Review the partner countries:* Are we happy with the partner countries? Does this need to be reviewed?

*Review the focus:*

**Recommendation V:**

Supply side: I would focus more on professional training using HEI's partnerships in the areas of Agriculture, Health, Education and Public Administration. The developing world will have 60 per cent of its population under 25 years of age. They want skills and professional training that allows them state build. This should be the focus of our help. These countries badly need Teachers, Doctors/Nurses, Engineers, Lawyers and so on. The focus should be to help produce lots more professionals. These professionals can carry out civil society, governmental and livelihood interventions that are sustainable themselves or do it in partnership with Irish Aid (Irish Partners) that have great experience and a track record.

**Recommendation VI:**

Demand side: work on Trade links, Tourism and other business partnership initiatives between Ireland and Program countries. Trade links is currently run by the African section in the DFA with a focus on Kenya, South Africa and Nigeria. IRISH AID runs the traditional focus on Hunger, Health and Education in another 9 program countries. The ambitions of the African Strategy are hard to achieve when we are operating in different countries and where our units of the DFA are polarised by different backgrounds and views. This needs to be corrected. The Limerick-Dublin locations do not help coherence issues within the DFA.

**Recommendation VII:**

The research budget is around €30m a year, most of which is given to UK Universities. The HEA-Irish Aid PSC over 4 years was only €12.5m. In general when Irish Aid gives out money it must be governed and managed and accounted for by Irish Institutions. Giving money to UK Institutions for Research or other forms of work is wrong. The money should be spent directly on the poor, or should be spent to build capacity in Irish institutions in the area of Development.

Yours sincerely,



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