

# Response to the Review of the White Paper on Irish Aid – Submission by the World Resources Institute (WRI)

## Introduction

The World Resources Institute (WRI) was established 30 years ago with a mission to “*move human society to live in ways that protect the Earth’s environment and its capacity to provide for the needs and aspirations of current and future generations*”. This mission statement has consistently guided our work over the past three decades: the intimate connection between ecosystems, economic development, and human wellbeing is woven into the work we do.

Irish Aid has been a close and important partner of WRI in advancing the sustainable development agenda both in Africa and at the international level. Our priorities and approaches have been well aligned particularly in the areas of governance, climate change and aid effectiveness: in all these areas our collaboration has tangibly helped to advance Irish Aid priorities. For more information on WRI and Irish Aid’s support to WRI, see p 8).

**Leveraging Ireland’s Presidency of the EU will be vital to advancing Irish development goals.** The Presidency is a window of opportunity to elevate Irish policy priorities and to champion Irish values in development and aid, particularly on the issues of strengthening human rights, aid effectiveness and food security, which we see as critical challenges going forward. Ireland needs to think through and carefully prepare itself for this and articulate which issues it wishes to prioritize in cooperation with European partners. With a successful EU presidency Ireland can leverage its aid assistance as well as its philosophy of aid. **It is important that Ireland is adequately resourced to fully leverage the platform that the EU Presidency provides.**

## Progress made

Detailed and specific comments on the degree to which Irish Aid has lived up to its commitments are to be found in the reviews and evaluations that are referenced in the documents, which generally give high marks. These reviews can be complemented with the just-released DARA Humanitarian Response Index report, which includes a detailed assessment of donor performance. In spite of its limitations in resources and staff capacity, Irish Aid is again given a very high rating as an “aspiring actor. Donors in this group tend to have more limited capacity to engage with the humanitarian system at the field level, but often aspire to take on a greater role in the sector.<sup>1</sup>”

WRI’s comments will focus on those aspects of Irish Aid’s performance that have been particularly visible to us. In our ongoing interactions with Irish Aid, particularly at the country level in Africa, we have found Irish Aid to be a strong and compelling voice on hunger and nutrition, a role that will need to be continued given the increased international focus on hunger and food security and where large

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<sup>1</sup> <http://daraint.org/humanitarian-response-index/humanitarian-response-index-2011/download-the-report/>

segments of some emerging economy population are at risk. Equally, Ireland is well respected for its recognition and support to civil society, and as a credible advocate for human rights.

We note with appreciation the lead role that Ireland took in engaging with WRI in the development and particularly the testing and application of the National Adaptive Capacity (NAC) framework in the Irish domestic setting. The NAC evaluates national institutions' performance of key functions critical to adaptation and provides a practical approach for planning through the identification of specific gaps in capacity that can be filled through investment and action. The adoption of this framework by Ireland – an aid donor –helped to significantly change the discourse and lent greater credibility to Irish Aid's own engagement on climate change adaptation in developing countries. WRI needs to continue the dialogue with Irish Aid on the NAC and follow its outcome. As the process towards post-2015 sustainable development goals is evolving, and where the universality of SDGs is emerging as a key feature, the partnership with Irish Aid on climate adaptation is of much value. It should also be noted – although this may be closer to the Irish environment ministry than to Irish Aid – that Ireland has been an important bridge-builder in the UNFCCC process, particularly with African countries.

For the prior three years, Irish Aid has been a major supporter of ARIA. Through this process, more than 50 NGOs from over a dozen countries have had the opportunity to exchange ideas, carry out analysis, and advance policy proposals on climate change adaptation at the domestic level. ARIA partners have carried out public policy debates on areas of particular vulnerability and impact in their country. In Bolivia, Ghana, Ethiopia, and Sri Lanka, this has been more than just another research project, but has widened the climate policy debate in many of these countries from one of North-South equity, to one that also includes the obligations the State has to its citizens. In Sri Lanka, Ethiopia, and Ghana, partners have specifically applied a food security lens in examining climate change impacts and evaluating the quality of government engagement and response.

In that sense, Irish Aid's support for these governments kills several birds with one stone, meeting its objectives of promoting human rights (freedoms of expression and access to information), responding to climate change, and governance.

As the draft white paper clearly spells out, country ownership for development policy continues to be a challenge. Irish Aid's continued support for the NGO sector in the areas of climate change and governance is especially strong when it aids international networks which help citizens to demand good policy and generate national ownership for innovative and practical policy solutions. WRI's Adaptation Rapid Institutional Analysis (ARIA) initiative is one such project where citizen engagement in policy has been measurably enhanced by Irish Aid investment.

## **Changing context**

The world continues to be marked by growing economic and ecological interdependence. This interdependence creates new opportunities for shared prosperity, but also brings risks. These risks include political unrest driven by growing wealth gaps within countries, competition for dwindling resources, economic and financial downturns that reach across borders, and the ripple effects of more frequent extreme weather events, linked to climate change.

Looking ahead, development outcomes will likely be shaped by the condition of global public goods, such as a stable climate, global economic stability and global standards in the management of environmental commons (see box 1). The need for collective action to manage these goods has never been greater, even as faith in multilateralism has been shaken.

Ireland faces the same challenges as other OECD donor countries in terms of a rapidly changing global development landscape, where the role of ODA is weakening in relation to other streams of finance and influence, not least in setting the development agenda (see box 1). The context analysis in the consultation paper agrees largely with a widely shared understanding of these changes, and Ireland will have to draw its own conclusions as to how Irish ODA can become more complementary and a lever in relation to other resource flows. This needs to be done through a combination of building on unique bilateral strengths, while considering the high transaction costs of bilateral aid for donor and partner countries, and joining forces with others through multilateral action for greater impact. To maintain strong advocacy to promote normative progress on a limited set of carefully selected profile issues will become particularly important if the multilateral portfolio will expand.

### **BOX 1 – Five meta-trends shaping sustainable development**

We see five major sets of global forces – or meta-trends – shaping the sustainable development landscape in the years to come: (1) Increasing resource scarcities as environmental degradation, climate change and planetary limits constrain supply in the face of growing demand linked to population and income growth; (2) Widening gaps in wellbeing and opportunity between rich and poor in the context of uneven economic growth and entrenched inequities; (3) Ongoing geopolitical shifts towards a multi-polar world; (4) Greater diversity of voices and values in sustainable development discourses at global and national levels; (5) Untapped opportunities to exploit improvements in information, communication, clean energy and other technologies. These are discussed in turn below.

#### **1. People and Ecosystems under Stress on a Warming and Resource-Constrained Planet**

Two thirds of the ecosystem services humans depend on are degraded. This degradation is expected to accelerate in the first half of the 21st century, in the face of mounting supply-side and demand-side pressures on natural resources, exacerbated by the effects of climate change. These trends pose profound challenges for the supply of key commodities and the smooth functioning of markets. Against this backdrop we see rising – and increasingly volatile – prices for food, energy, and minerals.

As a result, resource scarcity concerns including those relating to food, water and energy security, are climbing up political as well as corporate boardroom agendas. Competition for scarce resources will likely escalate as the global economy expands in tandem with population growth, and as three billion new consumers join the ranks of the middle class by 2030.

We are starting to see the effect of these related trends. Global demand for freshwater is set to outstrip supply by up to 40 percent in the next two decades, and by 2025 up to two thirds of the world's people are projected to live in water-stressed conditions<sup>2</sup>. A 2012 edition of the World Economic Forum's Global Risks Report ranked water supply among the top five global risks, on par with systemic financial failure and fiscal imbalance. Food security is another pressing concern. Average annual global yield growth rates for several staple food crops, including wheat, rice and soya, have slowed over the last decade. Yet to sufficiently feed a population of nine billion, FAO projects that worldwide food availability needs to increase by at least 70 percent (FAO 2009). Continued strain and volatility in commodity markets may portend a new brand of geopolitics – one focused on securing natural

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<sup>2</sup> Source: Comprehensive Assessment of Water Management in Agriculture (2007). Water for Food, Water for Life: A Comprehensive Assessment of Water Management in Agriculture. London: Earthscan.)

resources. Some countries are taking action to secure resources by purchasing land outside their national boundaries and investing in the expansion of extractive industries. Such resource scarcities could potentially precipitate alarming outcomes: competition between countries for access to key commodities, nationalization of key natural resource companies, or even violent conflict.

Rising commodity prices, coupled with ecosystem degradation in a warming planet will likely disproportionately affect the rural poor, who rely on natural resources for their livelihoods and well-being. The 2007/08 food price spikes, for example, plunged 44 million people into poverty (FAO). And the scramble by governments and private sector to secure resources may lead to greater capture and control by the powerful at the detriment of the poor. Even where legal frameworks are in place to ensure resource access, poor people may find their rights abrogated – for example through forced displacement from land – as scarcity intensifies.

## **2. Power in a Multipolar World**

Over the course of WRI's 2008-12 strategic plan, the economic and financial strength of emerging economies, in particular China, India and Brazil, grew even as economies in industrialized countries have contracted. This disparity in growth has begun to be reflected in a realignment of formal power structures. Illustrations include a modest re-distribution of shares in UN and Bretton Wood institutions, the transcendence of the G-20 over the G-8 as the major forum for global political and economic leadership, and the emergence of the BRIC (Brazil, Russia, India, China) and the BASIC (Brazil, South Africa, India, and China) meetings as important events on the international calendar for tracking major new policy signals. The role of, and expectations for, emerging economies in designing and participating in the new international climate change regime has grown dramatically from Copenhagen to Durban.

Multinational enterprises have grown enormously in size, influence, number and variety over recent decades. These corporations link markets and direct flows of capital, products and services through global supply chains. They play a key role in determining social and environmental outcomes by setting internal standards, establishing industry-wide codes of conduct, and complying with legal requirements across various jurisdictions.

The increasingly active engagement of major emerging powers on global issues lends momentum to developing countries' calls for more inclusive governance of international institutions. At the same time there has been a surge in south-south exchanges and investment flows, and a proliferation of actors in the development arena and of mechanisms channeling non-ODA financing. All this is rebalancing the 'terms of aid', raising questions about the future of development cooperation and the role of the private sector in a 'beyond-ODA' world, and prompting all to consider new forms of cross-boundary solidarity and collective action.

## **3. Uneven Growth and Inequality of Opportunity**

Economic growth has generated opportunities for employment, health, and education, especially in middle income countries. And despite the economic downturn beginning in 2008, the global economy has grown rapidly since 2000. The world is on track to meet the Millennium Development Goal on poverty reduction early, halving the number of people in extreme poverty before 2015. Growth rates in many African countries in the next decade may rival or even surpass the booming Asian economies in terms of GDP growth. Yet, while economic growth continues and the world's poverty headcount has fallen, persistent challenges remain; foremost among them, hunger, access to energy, and growing wealth inequality within countries. The majority of the world's poor now reside in middle-income countries (figure 3).

Current access and use of natural resources is also unequal among countries. Close to one billion people remain under-nourished, despite the fact that there is enough food on the planet to feed everyone. Even more people - 1.6 billion - lack access to electricity, not because of lack of capital to invest but due to the pervasive failure of markets and governments that skew investments away from the poor and hard-to-reach.

Income inequality is on the rise in nearly every OECD country, as well as in many Asian countries. In resource-rich but highly unequal poor countries, actions that increase equitable access and fair distribution of public revenues from natural resources can be more effective than economic growth alone in reducing poverty. Even small changes in distribution and access policies can have a large effect on building the assets of the poor.

#### **4. Multiplicity of Voices and Values**

A more politically complex and interconnected world is giving voice to a greater variety of perspectives and values. The past five years has seen this play out in cyberspace as well as on the streets of Copenhagen and in public squares in the Arab world. How the newly empowered voices relate to WRI's mission and goals is unclear.

As an increasing percentage of the world's population moves to urban areas, the authority and capacity of city institutions to shape the relationship between environment and development has grown. Groups like the C-40 and the Council for Local Environmental Initiatives are emerging to lead cities towards more sustainable policies on transportation, building codes, and water and energy service delivery that could begin to shape both national and global policies.

By 2030 the global middle class is projected to rise to 4.9 billion, 66% of who will live in Asia (figure 3). Two decades ago sustainability was about the middle class in North America and Western Europe. In the coming decades, the middle class in emerging economies will be a major force in shaping the sustainability agenda.

At the national level, different models of government are offering themselves as viable alternatives to liberal democracies and open markets, including single party, state-centric economies, oligarchies, and faith-based constitutional systems.

#### **5. The Opportunities and Risks of Technological Innovation**

The 20th and early 21<sup>st</sup> centuries have brought world-changing scientific and technological innovations and societal advances in public health, agriculture, energy and transport systems. Innovations in information and communication technologies have made it possible to connect billions more people to media, their governments and to markets. Real and perceived resource scarcity has already begun to drive innovations that can help human society, in the words of C.K. Prahalad, "do more with fewer resources for more people".

Modern information and communications technologies offer new means of empowerment that can foster sustainability. While wireless communications are arming rural Indian farmers with market prices and weather forecasts in real time, the advance of satellite imagery allows greater accountability in the governance of extractive industry. Tracking and monitoring devices are helping to reduce over-exploitation of fisheries. In Malaysia, conservationists use satellite tracking to keep count of elephants. Increasingly low-cost and accessible technologies are beginning to measure trends in deforestation, soil erosion and climate change. India, China and Brazil have launched satellites and are sharing data with other developing countries.

But the long term relationship between technological innovation and sustainable development remains unclear. Private sector-led innovations in renewable energy and efficiency technologies have increased our potential to reduce greenhouse gas emissions. Innovation, however, has also created efficiencies in production and consumption that have reduced the costs of, and therefore extended our reliance on, fossil fuels – particularly natural gas. The recent expansion of shale gas in the U.S. is a case in point. Genetic engineering has greatly increased agricultural yields and made possible industrial scale fish farms, but may have increased waste and placed native species at risk.

SOURCE: WRI

The current strong donor tendency to emphasize quick and easily communicated results is understandable, but it should not be done at the risk of ignoring the profound experience of long-term relationships, mutual learning and flexibility as prerequisites for success, as evident from the comprehensive DAC evaluation of the Paris Declaration that preceded the Busan conference in 2011. Working through country systems remains important, although somewhat downplayed by certain donors, and the consultation paper's focus on supporting mobilization of domestic revenue in developing countries is probably not recognized to the same extent by all. This might be an area where Irish Aid would want to continue focusing its efforts.

Irish Aid's white paper comes at a time when contradictory pressures on aid are intensifying. On the one hand, the aid effectiveness community has rightly clamored for greater country ownership, a reduction in donor fragmentation, and better alignment with national policies. At the same time, the exigencies of international finance and access to early financing for adaptation has led many developing country governments to rely on international consultants to assess vulnerabilities, set adaptation priorities, and manage day-to-day policy development.

This runs the risk of minimizing government ownership of projects. But even more, it runs the risk of excluding civil society members - the very constituents who will be able to drive the climate adaptation policy debate beyond the next electoral cycle. It risks not strengthening the expertise developed between government and civil society.

## Key issues

### ***Focus on climate change***

WRI welcomes Irish Aid's commitment to the seven key issues outlined on page 12 of the Consultation paper. There is now doubt that action on hunger, fragility, climate change, basic needs, governance and human rights, and gender constitutes a valuable and comprehensive treatment of development challenges. In terms of prioritization, WRI would advise a strong focus on climate change as in our view this is the essential prerequisite to long-term sustainable development.

As Christian Aid has pointed out "climate change and poverty are mixing in the lives of the world's poorest people, to deadly effect. More frequent drought and more severe seasonal flooding are testing the limits of community resilience, pushing already precarious lives closer to the edge". The United Nations Development Programme (UNDP) has determined that climate change could stall and then reverse human development through:

- Reduced agricultural productivity leading to more hunger and malnutrition
- Enhanced water insecurity
- Increased exposure to extreme weather events
- Collapsed ecosystems
- Exacerbated Increased health risk caused by water-borne and vector borne diseases
- Loss of land homes

The UN Food and Agriculture Organization (FAO) 2006 State of Food Insecurity Report estimated that 854 million people worldwide suffer from hunger and malnutrition, including 820 million in developing countries. Again it is the poorest countries that will be hardest hit, particularly in Africa. They will suffer severe losses in crop production, increasing the number of undernourished people and severely hindering progress in combating poverty. Those who already suffer hunger will find it harder to grow food.

An estimated two degree Celsius rise will expose between two and three billion people to water shortages as glaciers melt, droughts become more common, and sea-water seeps into fresh water supplies. According to the World Health Organization (WHO) and United Nations Children's Fund (UNICEF) more than one billion people, or eighteen per cent of the world's population, already suffer from water stress. In a warming world those who already lack adequate supplies of water will grow thirstier.

The World Health Organization and leading health providers are anticipating an increase in water-borne and vector-borne diseases, in diarrheal diseases, and in malnutrition as a result of associated climate impacts.

Over the coming century projected sea-level rises are expected to exacerbate storm surges, erosion and other coastal hazards, thus threatening vital infrastructure, public services and human settlements. Those whose lands are eroding from an encroaching desert or rising sea-levels will find it harder to build a home and raise a family. While the exact impact on migration and infectious diseases is hard to predict, analysis from sources as diverse as the Office of the United Nations High Commissioner for Refugees, the International federation of Red Cross and Red Crescent, and the Stern Review suggest that as many as fifty million people worldwide will be displaced because of drought, desertification and rising sea levels.

For many of the world's Least Developed Countries (LDCs) climate change will undermine efforts to achieve the Millennium Development Goals (MDGs) and place the long-term promise of sustainable development in doubt. The chronic lack of adaptive capacity, including financial, technical, and institutional resources, mean they are ill prepared to deal with these multiple threats.

The cumulative effects of climate change will make it increasingly difficult for the poorest forty per cent of the world's population – some two point six billion people – to build a better life for themselves and their children; and will reinforce the vast disparities and inequalities in our societies.

Climate change is therefore best understood as an additional stress on an already stressed system, pushing those already living on the margins close to the edge. From our perspective, ensuring that this pressing issue remains a center of gravity for Irish Aid's development strategy is essential to making progress on the other key issues in the Consultation paper.

### ***Broadening the vision of development assistance***

Building on our view that a "whole-of government" approach is needed to enhance Irish AID's current impressive track record, we would recommend the following areas as having important and growing potential for Ireland:

- Innovation and competitiveness: Despite recent economic setbacks, Ireland is still regarded as a dynamic, open and innovative economy. The sustained ability to produce a young and highly-skilled workforce, coupled with academic centers of excellence, strong infrastructure, a commitment to competitiveness and access to markets marks Ireland out as a potential model for others. Exploring ways to encourage the diffusion of lessons learned from Ireland's

experience over the past two decades could make a valuable non-finance contribution to development partners.

- In light of the current fiscal constraints, it would be worth exploring
  - a) Ways to leverage additional financial resources within Ireland. One means of doing this is to explore closer avenues of collaboration with Irish civil society actors. A second approach could be to explore methods for leveraging private sector finance. This latter approach has become more and more prominent across OECD countries in relation to mobilizing climate finance. The British and US governments are both increasing efforts to work with the financial services sector to meet their climate finance needs. As an important sector in the Irish economy this could be an important avenue to explore
  - b) Non-funding forms of development assistance. The current strategy does not provide a great deal of detail on options for greater technical assistance; ways to improve and enhance trade relations; the provision of visas and professional / student exchanges, etc... These methods could play an important contribution to spurring development but would also be critical to spreading Irish values on issues ranging from human rights to the rule of law.

Looking at the range of challenges listed, it becomes increasingly clear that ODA alone cannot address many of them, possibly with the exception of fragility, where aid remains the critical tool to help achieve stability and start the process of recovery after an armed conflict. That is why a whole-of-government approach to development challenges is desirable, as noted in the consultation paper, which means coherence across environment, agriculture, trade, defense and other policy areas.

As noted above, Ireland has a strong track record and enjoys high credibility in certain areas where it can play a lead role in promoting normative development at the global level, even where its aid volumes are limited. To some extent donors tend to follow the same trends and focus on what is the prominent issue of the day. It is then all the more important that there are actors that have a long-term perspective and the determination to stick to issues that may be absent from the headlines. Ireland's focus on hunger, human rights, civil society space and bridge-building between North and South therefore remain important, even if the ways in which the international community must address them may change.

As the current paragraph 5.14 states, "questions arise as to whether the world's governance, economic, and financial systems are adequately responding to these changes." WRI's work in governance can strongly support this work, but we think that Irish Aid should reiterate its commitment to supporting both top-down (Irish Aid to government programmes) and bottom-up approaches (building ownership among civil society).

With regard to paragraphs 5.21-5.23, WRI feels that aid for good governance works best when it aims to improve 'governance' writ large (such as freedom of information acts or elections) at the same time that it supports specific constituencies' abilities to use those mechanisms. This latter reform increases country ownership for policies and can help ensure that Irish Aid interventions are politically sustainable investments. To that end, we suggest that the White Paper specifically identify areas where sectoral



support (as in Irish Aid's support of ARIA or in its Uganda Oil work) can complement and make stronger major governance investments.

## Ways of working

It is somewhat surprising that the consultation paper does not give more prominence to the role of Ireland in the EU. The EC represents a major portion of global ODA, and there is scope for a more active engagement from Ireland as the EC shapes its policy on a range of development issues, including the interface between development, environment and climate change adaptation. Greater attention could be given to the opportunities provided by Ireland's EU presidency, as well as plans and ideas for how to use this position to further advocate Ireland's ODA philosophy and best practices.

## About WRI and the WRI-Irish Aid partnership

The World Resources Institute is an environment and development think tank that goes beyond research to find practical ways to protect the earth and improve people's lives. Our mission is to move human society to live in ways that protect Earth's environment and its capacity to provide for the needs and aspirations of current and future generations. This mission incorporates a particular concern for the poor and the marginalized, whose needs are often not met, even when resources are abundant.

We are guided by four overarching goals. Two goals – protecting the global climate system from further harm and reversing the rapid degradation of ecosystems - address the most critical environmental issues facing human society today. Our other two goals focus on the mechanisms by which society organizes itself: the governance goal seeks to empower people and strengthen institutions to foster environmentally sound and socially equitable decision-making. The markets and enterprise goal harnesses markets and enterprise to expand economic opportunity and protect the environment.

Together these goals promote accountable decision-making processes, community and private sector enterprises, robust government institutions, and open markets to underpin solutions to the environmental, socio-economic development, and security challenges facing global society.

WRI's strategic approach to catalyzing tangible change in the world rests on four pillars:

- **Focus on Results:** we organize all our work to produce powerful and practical solutions, strategies and tools, policies and partnerships.
- **Analytical Excellence:** we identify problems, drivers, economic incentives, and consequences to arrive at comprehensive, incentive-based, practical solutions.
- **Partnerships:** we work with scientists, governments, businesses, NGOs, and international institutions worldwide to create incentives and pressure for change.
- **Communication:** we foster change by disseminating our solutions and ideas to targeted audiences.

Irish Aid's support to WRI has been instrumental in the following areas:

- (i) **International action on climate change** (including monitoring, verification and reporting of mitigation actions, and of climate finance and assessing mitigation pledges and actions);

- (ii) **National action on climate change adaptation** (including work on a national adaptive capacity framework, monitoring and evaluation, distilling and spreading lessons learnt)
- (iii) **Strengthening environmental democracy** (access to information, participation and access rights), e.g. by pioneering the Rapid Institutional Analysis for Adaptation (ARIA) tool for increased accountability and civil society engagement in developing national adaptation assessments and responses in two countries;
- (iv) Ensuring **equitable access to ecosystem services**, and **fair distribution of natural resource benefits**, including through our work in Uganda where WRI conducts research on the management and allocation of public revenues from oil, natural gas and minerals, examining law and practice as well as their affects on rural populations.
- (v) **Mapping poverty and ecosystem services** and **mainstreaming ecosystem services into Environmental Impact Assessments** in East Africa, and developing guidance on that basis for mainstreaming ecosystem services at various stages of the EIA process (scoping, impact analysis, and mitigation measures).