

## **Responding to crisis: Understanding the effects of political and economic crisis on civil society in the Republic of Ireland**

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### 1. Introduction

In September 2008, the Republic of Ireland became the first Eurozone country to officially enter recession following the onset of the 2008 financial crisis. Precipitated by the bursting of the US housing bubble in 2007, the effects quickly spread across the Atlantic sparking a series of interconnected economic, financial, fiscal and political crises across Europe. In the Republic of Ireland, the financial crisis plunged the country into recession for the first time since the 1980s and halted the years of rapid economic growth that had earned the Republic of Ireland its 'Celtic Tiger' moniker.

The fortunes of Irish civil society and civil society organisations (CSOs) have historically been closely linked to the state of the Irish economy, with economic downturns coinciding with periods of hardship and marginalisation for civil society.<sup>1</sup> Throughout the 1990s and early 2000s the economic boom prompted the "*rediscovery of civil society*"<sup>2</sup> and many CSOs witnessed unprecedented financial and organisational growth. However, while many organisations flourished financially, the Irish state also increased its control and dominance over civil society throughout this period, limiting its ability to criticise government policy and advocate for change. As a result of the recent economic and political crisis many CSOs have seen their state funding cut, their voluntary income decline, existing channels of influence collapse, and space for civil society activity restricted further.

This paper forms part of the 'Civil Society at a Crossroads?' initiative, a collective reflection process about the future of civil society around the world.<sup>3</sup> The Republic of Ireland was selected as a case study because the research team was keen to include the experiences of European countries that have been hit by severe recession and political crisis.<sup>4</sup> The case study is exploratory in nature and is based on a review of relevant academic and grey literature and on

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<sup>1</sup> Donoghue, F. (1998) *Defining the Nonprofit Sector: Ireland*, The John Hopkins Comparative Nonprofit Sector Project, Working Paper Number 28. Baltimore: The John Hopkins University Institute for Policy Studies; Donnelly-Cox, G., C. Reid, C. Begley, J. Finn, and D. Harmon (2012) "Nonprofit-State Relations in Ireland: Contexts, Issues and Alternatives." *Nonprofit Policy Forum* 3 (1): 2154-3348

<sup>2</sup> Daly, S. (2008) "Mapping Civil Society in the Republic of Ireland." *Community Development Journal* 43 (2): 157-176

<sup>3</sup> The 'Civil Society at a Crossroads?' initiative is a collective reflection process about the future of civil society around the world, led by a coalition of civil society support organisations that have been working towards strengthening civil society at local, national and global levels for the past three decades. These organisations are CDRA, South Africa; EASUN, Tanzania; INTRAC, Oxford; Instituto de Comunicacion y Desarrollo, Uruguay; PSO, The Netherlands; and PRIA, India. It is funded by PSO.

<sup>4</sup> Other case studies include: Argentina, Bangladesh, Cambodia, Chile, Greece, India, Indonesia, The Netherlands, Philippines, Russia, South Africa, Tanzania, Uganda, United Kingdom, Uruguay and Zimbabwe.

primary data collected through a series of targeted semi-structured interviews with key CSOs, actors and academics in the Republic of Ireland. It argues that Irish CSOs face a wide range of challenges, some precipitated by the economic and political crisis that have beset the Republic of Ireland, while others either stem from or represent the continuation of trends that emerged during the Celtic Tiger period. Further it finds that while the primary reaction of organisations has been to economise, typically through cutting salary costs and services, the responses among individual organisations have been very diverse, including professionalisation, diversification, collaboration and closure. Within civil society as a whole, a number of trends are emerging including increased marketisation of civil society, the rise of short-term populist coalitions and campaigns, and the emergence of new social movements seeking space for the discussion and realisation of political and economic alternatives.

## 2. Civil society in the Republic of Ireland

### 2.1 Background to civil society in the Republic of Ireland

The term civil society can be vague and difficult to define. INTRAC defines civil society as “*the various citizen associations of all different shapes and sizes, which are neither the family unit, nor the state, nor the private sector*”.<sup>5</sup> It has five primary functions:

- Helping to generate the social basis for democracy
- Promoting political accountability
- Producing social trust, reciprocity and networks
- Creating and promoting alternatives
- Supporting the rights of citizens and the concept of citizenship.<sup>6</sup>

In Ireland, civil society is primarily referred to as the non-profit sector, which includes: community and voluntary organisations and non-governmental organisations (NGOs); charitable institutions and trusts such as hospitals, schools and sporting bodies; and community-based organisations and friendly societies including trade unions, credit unions and agricultural societies.<sup>7</sup> According to O’Reagan the non-profit sector in Ireland has five roles:

- Delivery of services, often in partnership with the state
- Identifying and addressing new social needs
- Maintaining and changing the values system in society
- Mediating between the individual and the state
- Providing a forum for the social construction of the individual.<sup>8</sup>

Compared to the typology outlined above, O’Reagan’s analysis of the roles of the non-profit sector is far more instrumental and says little about the more political functions of civil society, particularly its role in building social capital, promoting political accountability and creating and promoting political alternatives. However, while the non-profit sector dominates civil society in Ireland it does not comprise the whole of civil society, which also includes non-institutional

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<sup>5</sup> Beauclerk, J., B. Pratt, and R. Judge (2011) *Civil Society in Action: Global case studies in a practice-based framework*. Oxford: INTRAC. p. 7

<sup>6</sup> *Ibid.*

<sup>7</sup> Donoghue (1998)

<sup>8</sup> O’Reagan in Donnely-Cox, G., F. Donoghue, and T. Hayes (2001) “Conceptualising the Third Sector in Ireland, North and South.” *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 12 (3): 195-204

forms such as social movements that emerge either in opposition to, or in support of, a particular issue and are more political in nature.

## 2.2 Civil society and the state in the Republic of Ireland

In order to understand civil society in Ireland, it is essential to understand its relationship with the Irish state. Historically, civil society activism laid the foundations for the emergence of an independent Irish state in 1922. However, following independence civil society activism declined as Irish politics became dominated by the populist politics of Fianna Fáil who were “*adept at co-opting dissent whenever it showed the potential to mobilise significant support, and to marginalise and repress it on the rare occasions when co-optation failed*”.<sup>9</sup>

The state’s primary means of co-optation was a form of corporatism, referred to in Ireland as social partnership. The social partnership model, established in 1987 following a period of high inflation and slow economic growth, provided the framework for formal relationships between the Irish state and representatives from the agricultural sector, business sector, trade unions and later the community and voluntary sector. The inclusion of the community and voluntary sector in 1996 has had both positive and negative consequences for civil society. It created a unique space through which to institutionalise state-civil society relations; gave the organisations involved access to the highest levels of government and unique opportunities to influence government policy; and helped give prominence to the voluntary and community sector, with those organisations included in the partnership “*given official recognition by the government as de facto representatives of the socially excluded*”.<sup>10</sup>

Others see partnership as a “*poisoned chalice*”,<sup>11</sup> arguing that it has led to the co-optation of Irish civil society and allowed the state to both extend its control over civil society<sup>12</sup> and silence discussion of political alternatives.<sup>13</sup> While social partnership was presented as a reflection of the Irish Government’s commitment to the development of a participatory model of democracy, the structures of social partnership were largely designed and operated on the government’s terms.<sup>14</sup> This allowed the state to extend its influence over civil society while granting civil society only marginal influence over government policy decisions.<sup>15</sup> Under partnership civil society participation took place in forums created by the state in order to produce outcomes that, despite the best intentions of civil society, were broadly consistent and supportive of the state’s existing agenda.<sup>16</sup> Social partnership also enhanced divisions within civil society, leaving some of those groups not included in partnership arrangements, particularly immigrant-led community and voluntary organisations, feeling excluded and marginalised.<sup>17</sup>

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<sup>9</sup> Kirby, P. (2010) “Civil Society, social movements and the Irish state.” *Irish Journal of Sociology* 18 (2): 14

<sup>10</sup> Meade, R. (2005) “We hate it here, please let us stay! Irish Social Partnership and the community/voluntary sector’s conflicted experience of recognition.” *Critical Social Policy* 25 (3): 349-73. quote on p.349

<sup>11</sup> Adshed, M. and J. Tonge (2009) *Politics in Ireland: Convergence and Divergence in a Two Policy Island*. Basingstoke: Macmillan.

<sup>12</sup> Kirby (2010); Collins, T. (2002) “Community development and state building: A shared project.” *Community Development Journal* 37 (1): 91-100

<sup>13</sup> Meade (2005)

<sup>14</sup> Daly (2008)

<sup>15</sup> Meade (2005)

<sup>16</sup> *Ibid.*

<sup>17</sup> Daly (2008); Feldman, A., D. L. Ndakengerwa, A. Nolan, and C. Frese (2005) *Diversity, Civil Society and Social Change in Ireland: A North-South Comparison of the Role of Immigrant/ ‘New’ Minority Ethnic-led Community and Voluntary Organisations*. Dublin: Geary Institute, UCD.

### 2.3 Civil society and the Roman Catholic Church in the Republic of Ireland

The Roman Catholic Church has historically played a dominant role in Irish society and has a long history of service provision, dating back to the mid-nineteenth century. The influence of the Catholic Church became even more pronounced following the establishment of the modern Irish state in 1922, particularly in provision of welfare, health and education services. This provision was rooted in the principle of subsidiarity, a key component of Catholic Social Teaching, which states that social care should be provided primarily by the family and local community as opposed to the state. According to Donoghue, “*this subsidiarity function, therefore, has been an important factor in voluntary activity in Ireland as only when such avenues have been exhausted was the state to step in and accept responsibility for such provision*”.<sup>18</sup>

However in recent years, the dominance and influence of the Catholic Church has declined as a result of rising secularism and high-profile child abuse scandals. The Church is also facing huge demographical issues, as its current cohort of Fathers, Brothers and Sisters age and the number of young Catholics entering these vocations declines.

### 2.4 Civil society during the Celtic Tiger years

From 1995 to 2007, the Republic of Ireland witnessed a period of unprecedented economic growth, known as the Celtic Tiger years. From 1988 to 2007 real GDP expanded by six per cent on average per annum, with growth rates hitting double digits between 1995 and 2000.<sup>19</sup> As a result, unemployment rates declined from 16 per cent in 1994 to four per cent in 2000; the first time in modern history that Ireland had essentially reached full employment.<sup>20</sup>

There is a disjuncture in the literature over the impact of the Celtic Tiger period on civil society activity in Ireland. While some argue that the economic success of this period led to the rekindling and renewal of civil society,<sup>21</sup> others regard it as a period of increased control and dominance by the Irish state, which sought to limit it to a service provision role and severely restrict the ability of civil society to criticise government policy and advocate for change.<sup>22</sup> While it is clear that civil society grew hugely during these years in terms of both the number of organisations, organisational size and financial turnover, a number of trends are noticeable that support the more critical interpretations:

- Increases in state funding of civil society
- Introduction of more formalised funding regimes and marketisation of civil society
- Professionalisation of civil society
- Increased promotion of the service delivery model
- Restriction of space for advocacy and discussion of political alternatives

While the state has always been the primary funder of CSOs in Ireland, particularly community, voluntary and international development organisations, the overall proportion of funding to these organisations from the state increased dramatically. In 2006, the overall income level in the

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<sup>18</sup> Donoghue (1998: 2-3)

<sup>19</sup> Honohan, P. (2009) “What Went Wrong in Ireland?” Presentation prepared for the World Bank. Accessed 28 October 2012. [www.tcd.ie/Economics/staff/phonohan/What%20went%20wrong.pdf](http://www.tcd.ie/Economics/staff/phonohan/What%20went%20wrong.pdf)

<sup>20</sup> *Ibid.*

<sup>21</sup> Daly (2008: 157)

<sup>22</sup> Kirby (2010: 15)

non-profit sector in Ireland was estimated at €2.564 billion, with over 60 per cent of this income coming from the Irish state.<sup>23</sup>

Throughout this period state funds, which had been distributed on a relatively ad hoc basis, began to be distributed much more formally.<sup>24</sup> Funding arrangements became increasingly contractual, with CSOs subject to more stringent conditionalities, reporting requirements and increased demands for greater efficiency and planning in the management of resources.<sup>25</sup> This was accompanied by the marketisation of civil society, embodied in the shift to a more business-orientated modus operandi and the introduction of new public management practices, which “changed the practical working relationship between the state and civil society organisations with more use of service delivery contracts, competitive tendering and bureaucratic managerial controls”.<sup>26</sup> There was also an increasing professionalization of civil society, with organisational and project planning and management tools becoming increasingly widespread. In the development sector this professionalisation has also been characterised by an increase in higher education courses in international development in Ireland, leading to a rise in the number of international development professionals.

The Celtic Tiger period also saw increased promotion of the service delivery model by the Irish state, building on a welfare state model that ascribed a significant role for voluntary service provision.<sup>27</sup> This has produced “a *civil society organised around defending or delivering services*” often to relatively small and specific population groups such as the disabled or unemployed.<sup>28</sup> Through limiting many CSOs to a service delivery role, the Irish state has also restricted their ability to critique government policy and lobby for social change.<sup>29</sup> At the same time, space for political activity, advocacy and debate around wider alternatives and macro level issues among civil society has been restricted. According to Murphy, the institutional design of the Irish political system and Irish political culture, both of which rely heavily on personal brokerage and clientelist relationships, have also restricted space for wider political activity in Ireland. While this structure permits key civil society actors access to political elites, it mitigates widespread dissent and mobilisation leading to a “*politically neutralised and overly cordial civil society and a political culture that is an obstacle to dissenting political activity*”.<sup>30</sup> This has been exacerbated by the increased promotion of the service delivery model by the Irish state.

### 3. The effects of political and economic crisis on civil society and CSOs

#### 3.1 Background to the crisis

In 2008, after almost two decades of growth, Ireland’s economy collapsed, resulting in a severe recession and rising unemployment. GDP declined by 5.2 per cent in 2008, 10.8 per cent in 2009 and 2.9 per cent in 2010.<sup>31</sup> Unemployment increased rapidly, rising to 17.3 per cent in the

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<sup>23</sup> Donoghue, F., G. Prizeman, A. O’Reagan, and V. Noël (2006) *The Hidden Landscape: First Forays into Mapping Nonprofit Organisations in Ireland*. Dublin: Centre for Nonprofit Management, Trinity College Dublin.

<sup>24</sup> Daly (2008)

<sup>25</sup> *Ibid.*

<sup>26</sup> Murphy (2011: p.181)

<sup>27</sup> Kirby (2010); Murphy (2011)

<sup>28</sup> Murphy (2011: p.178)

<sup>29</sup> Kirby (2010)

<sup>30</sup> Murphy (2011: p.179)

<sup>31</sup> Central Statistics Office (2011a) *National Income and Expenditure Annual Results for 2011*. Quoted in Donnelly-Cox et al. (2012)

first quarter of 2011,<sup>32</sup> prompting the re-emergence of Ireland's historical tradition of mass emigration, this time primarily among skilled young people.

Ireland's economic crisis was accompanied by an acute fiscal crisis. A decline in tax revenues and severe banking crisis contributed to a dramatic increase in Ireland's fiscal deficit, which rose from 25 per cent of GDP in 2007 to 66 per cent of GDP in 2010.<sup>33</sup> Ireland's banks had lent heavily throughout the Celtic Tiger period, particularly to Irish property developers, resulting in a €200 billion deficit that the banks had initially sought to bridge through borrowing on international markets.<sup>34</sup> However, the collapse of the US bank, Lehman Brothers in September 2008 exposed this vulnerability within the Irish banking sector as access to international markets dried up. The Irish Government intervened, guaranteeing the banking system to a figure of €440 billion.<sup>35</sup> This failed to resolve the banking crisis and the bill for bailing out the Irish banks escalated from €5.5 billion in December 2008, to €11 billion in March 2009 and to €46 billion in September 2010.<sup>36</sup> Another significant contributing factor to Ireland's fiscal crisis was a huge reduction in tax receipts, which fell by almost 14 per cent in 2008.<sup>37</sup> Tax receipts continued to fall further from €40.7 billion in 2008 to €33 billion in 2009 as the economic crisis deepened and returns from cyclical taxes such as corporation tax, stamp duty and capital gains tax, on which the Irish exchequer was overly dependent, collapsed.<sup>38</sup>

The Irish Government responded to the rising fiscal deficit by reducing public spending, implementing widespread budget cuts and introducing taxation increases. In November 2010, the Irish Government was forced to formally request financial help from the European Union (EU), International Monetary Fund (IMF) and European Central Bank (ECB). An €85 billion financial assistance package made up of €10 billion to recapitalise the banks, a €25 billion bank contingency fund, and €50 billion to support the Irish state's borrowing requirements. The financial assistance programme is administered by a EU Troika that assesses Ireland's progress in meeting its commitments under the programme through a system of quarterly reviews. Although the rescue deal was welcomed by political elites across Europe, it prompted widespread criticism in Ireland for failing to ensure European institutions share the burden of adjustment imposed by the programme;<sup>39</sup> pushing up interest rates to unsustainable levels;<sup>40</sup> and undermining Ireland's economic sovereignty.<sup>41</sup>

The financial assistance programme and the domestic criticism it generated also triggered a political crisis within Ireland. Following the agreement of the financial assistance programme, the Green Party, the junior partner in the Government coalition, signalled they would push for an early general election. When the general election came in January 2011, the coalition government, comprised of Fianna Fáil and the Green Party, lost and were replaced by a

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<sup>32</sup> Central Statistics Office (2011b) *Quarterly National Household Survey Q1 2011 Results*. Quoted in Donnelly-Cox et. al. (2012)

<sup>33</sup> Donnelly-Cox et al. (2012)

<sup>34</sup> Kirby, P. (2012) "When Banks Cannibalize the State: Responses to Ireland's Economic Collapse." *Socialist Register* 48: 249-268.

<sup>35</sup> *Ibid.*

<sup>36</sup> *Ibid.*

<sup>37</sup> Honohan (2009)

<sup>38</sup> Kirby (2012); *Ibid.*

<sup>39</sup> O'Toole, F. "Abysmal Deal Ransoms Us and Disgraces Europe." *The Irish Times*, 29 November 2010

<sup>40</sup> Kirby (2012)

<sup>41</sup> "Was it for this?." *The Irish Times*, 11 November 2010; Walsh, B. "Ireland's need to Regain Economic Sovereignty" Video accessible at [www.publicpolicy.ie/themes/budget-and-troika](http://www.publicpolicy.ie/themes/budget-and-troika)

coalition of Fine Gael and the Labour Party. Fianna Fáil, the dominant party in Irish politics for 84 years, saw its vote collapse from 41 per cent in 2007 to 17.4 per cent in 2011, and lost 58 of its 78 seats.<sup>42</sup> Some argued that the collapse of Fianna Fáil and the form of populist nationalism that it promoted opened up “*spaces for fundamental change in a way that has not happened since independence*”.<sup>43</sup> However, it is uncertain whether such a window of opportunity has emerged and, even if it has, whether Irish civil society and CSOs have been able to capitalise upon it and use it to promote the discussion and realisation of political alternatives in Ireland.

### **3.2 Profound and sustained funding crisis**

Almost immediately following the crisis, state funds to many national CSOs were cut by up to 20 per cent.<sup>44</sup> In many areas, these cuts were implemented across the board. The non-profit sector is highly dependent on state funding, with over 60 per cent of funding coming from the state in 2006.<sup>45</sup> Consequently, cuts in public funding have had a significant impact both on individual organisations and the wider sector in the Republic of Ireland. Many CSOs have also been hit by declining consumer income and rising unemployment, limiting funds available to individuals and businesses. Indeed, in 2009 fundraising revenue from individuals and private donors declined by 13 per cent across the sector.<sup>46</sup> Private foundations such as the Atlantic Philanthropies, which have played a key role in financing the sector, will also be closing their doors in the next couple of years, further limiting the pool of available funding to civil society in Ireland.

While nearly all CSOs that we spoke to are experiencing a funding crisis, the scale and impact varies widely among different organisations. In general, larger CSOs with more diversified funding bases have been relatively unaffected in comparison to smaller organisations, some of which have been forced to close or are at risk of closure as a result of the funding crisis. Other organisations that have been hit particularly badly are those which are particularly resource dependent, such as organisations providing mental health services; those that work with already marginalised groups, such as traveller organisations; and those organisations such as advocacy or development education groups that do not provide services, many of which were already in a poor position as a result of the long-term shift towards service provision within Ireland.

### **3.3 The collapse of social partnership and restriction of civil society space**

An important effect of the economic and political crisis on civil society has been the collapse of social partnership. Social partnership was plunged into crisis during the recession, collapsing in 2009 after employers' unions, which formed one of the key pillars of the social partnership, withdrew. The new government subsequently dismantled the remaining structures of social partnership following the 2011 general election. As a result, the civil society organisations involved in social partnership have lost their primary forum for influencing government policy; they no longer have structured access to the higher echelons of government where policy is developed. The role of civil society in policy making has consequently shifted from policy development to policy implementation. Organisations that were once regularly involved in generating government policy are now only consulted by relevant government departments on

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<sup>42</sup> Kirby (2012)

<sup>43</sup> *Ibid.* p19

<sup>44</sup> Donnelly-Cox, G., and S. Cannon (2010) “Responses of non-profit organisations to altered conditions of support: the shifting Irish landscape.” *Voluntary Sector Review* 1 (3): 335-53

<sup>45</sup> *Ibid.*

<sup>46</sup> *Ibid.*

an ad hoc basis regarding the implementation of existing policies. While the state continues to deal with civil society organisations on a case-by-case basis, these organisations have ultimately lost the sectoral-level recognition that defined the era of social partnership.<sup>47</sup>

More significantly, the loss of structured space for influencing government, precipitated by the collapse of social partnership, has been accompanied by a wider restriction in space for advocacy in the Republic of Ireland, which was already fairly limited prior to the economic and political crisis. A survey conducted by the Advocacy Initiative published in 2010 found 86 per cent of the CSOs that responded believe that the environment for advocacy was becoming more challenging and 44 per cent reported either feeling or being directly threatened as a result of their advocacy work.<sup>48</sup> Some organisations reported that they had already reduced their advocacy work. In some cases this was because the Irish government had either directly cut or publically threatened to cut their funding, while in others this was a result of self-censorship. Donnelly-Cox et al. note that many organisations reliant on state funds are struggling with internal tensions between their advocacy and service delivery functions in a climate of shrinking resources.<sup>49</sup> They find that “*many of these organizations are under pressure to maintain stable, quality services with diminished resources, thus making it difficult for them to be an energetic authentic advocate in the political process*”<sup>50</sup>. One result of this is that advocacy has become more defensive. Today, advocacy initiatives are typically more about protecting gains made during the Celtic Tiger period, often in relation to protecting existing lines of funding or services, rather than proactively developing new agendas and addressing bigger macro-level issues.

### **Box 1: International development NGOs in the Republic of Ireland**

The international development non-governmental sector in the Republic of Ireland is well established and highly diverse, with organisations ranging widely in terms of size, focus and character. It is unknown exactly how many international development NGOs there are in the Republic of Ireland. Dóchas, The Irish Association of Non-Governmental Development Organisations, a membership organisation that represents and provides support to many international development organisations in Ireland, had 43 member organisations in 2011. The size of international development NGOs varies widely. The two largest NGOs, Concern Worldwide and Trócaire, dominate the sector in terms of income, staff levels and profile. The rest of the sector is comprised of middle-sized organisations – organisations with a total annual income between €1 million and €17 million – some of which are part of international families such as Oxfam Ireland and some of which are independent, national organisations such as Bóthar and Gorta, and lots of smaller NGOs with an annual income of less than €1 million.

Like many civil society organisations in Ireland, many international development NGOs are heavily dependent on state funding, with some organisations completely reliant on state funds. In 2009 all international development organisations that received funding from Irish Aid, the Irish Government’s programme of assistance to developing countries, had their funding cut by 20 per cent in response to the crisis. This initial cut has been followed by successive, targeted cuts to state funding, affecting many, but not all, international development NGOs. One long-

<sup>47</sup> *Ibid.* p11

<sup>48</sup> Advocacy Initiative (2010) “Advocacy Initiative Policy Report.” Dublin: Montague and Middlequarter. Available at [www.advocacyinitiative.ie](http://www.advocacyinitiative.ie)

<sup>49</sup> Donnelly-Cox et al. (2012)

<sup>50</sup> *Ibid.* p3



established organisation that we spoke to confided that they, like many others in the sector, were not prepared for the first round of cuts to state funding that hit them immediately following the onset of the crisis. They explained how these cuts exposed the organisation's vulnerability to changes in state funding, despite its relatively diverse funding base compared to many other organisations in the sector.

International development NGOs have overall fared slightly better than many domestic CSOs, largely due to their well-established and resourced fundraising teams and strong public support from the Irish population for overseas aid (Dochas 2012). Nevertheless, small organisations, those heavily reliant on state funds, and those focused on development education work have not fared as well. Some of these organisations have closed entirely, while others are only just surviving due to having their funding either entirely or almost entirely withdrawn by Irish Aid.

Irish international development NGOs, as with many international development NGOs worldwide, are coming under increased pressure to measure and demonstrate results, and that their programmes deliver what is termed 'Value for Money'. Up until recently, state funding for international development had been distributed on a relatively informal basis. Prior to the crisis, funding to large organisations was distributed via MAPS, the Multi Annual Programme Scheme, which was launched in 2003 and governed Irish Aid's funding relationships with five organisations: Concern, Trócaire, GOAL, Christian Aid and Self Help Africa. Funding to smaller organisations was distributed on a more informal and ad hoc basis. Irish Aid is currently in the process of formalising its funding partnerships with CSOs and has introduced much stricter funding requirements. However, many organisations have raised concerns, both with how the process has been carried out, and around the potential impact of the results and Value for Money agenda on the principles and identity of their organisations.

While the economic crisis has acted as the trigger for the implementation of new stricter funding arrangements and results-based management within the Irish international development sector, many interviewees remarked that it was a trend that initially emerged prior to the crisis. Many regard the wider aid effectiveness agenda in international development as the primary driver of these changes and have highlighted the role specific individuals within Irish Aid have played in pushing its implementation.

## 4. Responding to crisis

Among Irish civil society and civil society organisations there has been no single response to the effects of political and economic crisis: they have responded in multiple, diverse and even potentially contradictory ways. While some responses represent the continuation of trends that emerged during the Celtic Tiger period, others are entirely new. These responses can be analysed at an organisational and a sectoral level.

### 4.1 Organisational responses

In their 2010 study of non-profit organisations Donnelly-Cox and Cannon found four primary response modes among Irish CSOs – economising, harmonising, diversifying and monopolising. Economising is where organisations do more with less; harmonising involves the concentration of resources on core activities; diversifying covers the diversification of funding and activities; and monopolising is where organisations capitalise on an opportunity to

monopolise a specific activity domain.<sup>51</sup> Among the organisations that we spoke to we noticed five slightly different responses: economisation, professionalisation, diversification, collaboration and closure. While the primary response of many organisations has been economisation, we also saw examples of organisations responding in more innovative and positive ways.

### *Economisation*

Most, if not all, of the organisations that we spoke to had been forced to economise in some way. We saw three main forms of economisation: reductions in staff costs; cutting services and activities; and increased efficiency. Many organisations have sought to reduce their staff costs either through implementing redundancies, salary cuts, pay freezes or reducing staff hours. For example, Barnardos Ireland, a major national children's charity, closed its doors entirely for one week in August 2012 in an effort to reduce staff costs. The charity blamed the closure on a funding crisis precipitated by successive cuts in state funding and a drop in donations, and it is the latest of a series of cuts implemented by Barnardos.<sup>52</sup> Many organisations are also increasingly relying on interns and volunteers instead of paid staff to deliver activities and services.

Several organisations have also cut services, programmes and activities. For example, several international development organisations we spoke to have closed entire country programmes; while many said that this probably would have happened anyway, their closure was brought forward as a direct result of funding cuts from Irish Aid.

Finally, many CSOs are seeking to do more with less through making their activities more efficient. Demonstrating Value for Money has become increasingly important following the economic crisis both within Ireland and elsewhere as organisations come under increasing pressure, particularly from governments and taxpayers, to demonstrate that they are using state funds efficiently and effectively. Some organisations have sought to do this by undertaking Value for Money audits, where they evaluate the efficiency of their projects and programmes and revise them accordingly, prioritising those projects that represent Value for Money and cutting those that do not. However, one concern is that the institutionalisation of the Value for Money agenda will encourage organisations to focus on issues where it is relatively simple to achieve efficiency, rather than developing programmes that tackle more complex and intangible social issues, and will lead to the prioritisation of short term rather than long-term solutions.

### *Professionalisation*

A second response has been a shift towards increased professionalisation of individual organisations. While this represents a long-term trend that initially emerged during the Celtic Tiger period, many of the organisations that we spoke to explained that professionalisation has become increasingly prominent in the wake of the political and economic crisis. Many organisations have either introduced or placed an increased emphasis on tools and approaches such as Results-Based Management (see Box 1).

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<sup>51</sup> Donnelly-Cox and Cannon (2010)

<sup>52</sup> Kelpie, C. (14 August 2012) "Barnardos shuts down for week over cash crisis" in *The Independent* available at [www.independent.ie](http://www.independent.ie); Holland, K. (14 August 2012) "Barnardos closes for one week to cut down on costs" in *The Irish Times* available at [www.irishtimes.com](http://www.irishtimes.com)

## **Box 2: Debt and Development Coalition Ireland (DDCI)**

The Debt and Development Coalition Ireland (DDCI) is a membership organisation engaged in education, advocacy and campaigning work on global economic justice issues. It was established in 1993 by a number of development, missionary and solidarity groups in Ireland concerned about the effects of debt on developing countries. Its primary focus is working for a just resolution to the debt crisis affecting developing countries. However, following Make Poverty History and the 2005 G8 Summit in Gleneagles, as international attention and funding for advocacy and campaigning on international debt issues declined, DDCI was forced to expand its focus to include broader issues around financing for development, particularly tax justice. Throughout this period, the organisation struggled to stay open as its funding declined, and was forced to reduce its staff from three paid staff members to one. Expanding the focus of the organisation to include tax issues helped to reinvigorate the organisation and the forging of new partnerships helped to build a stronger base for the organisation. While the situation of the organisation improved during this period, it was still in a difficult financial position when the political and economic crisis hit in 2008.

While the crisis further exacerbated DDCI's existing funding difficulties, it also resulted in a number of credibility and legitimacy issues for the organisation. As Europe and Ireland entered its own debt crisis, it became increasingly difficult for DDCI to talk about debt issues in the Global South without addressing Ireland's debt issues. In order to diversify its work to include a focus on domestic and European debt issues as well as international debt issues, DDCI had to change its constitution through a vote at its AGM. In the run up to this vote, over a year of preparation was needed to increase awareness of national debt issues among both its board members and member organisations, many of which are international development NGOs that do not work on domestic issues.

DDCI also established a learning exchange whereby debt activists in Ireland learnt from the experiences of debt activists in Greece, Latin America and Asia. As well as increasing solidarity between activists in Ireland and elsewhere, it also helped DDCI staff and volunteers to increase their skills and learn about new issues relating to domestic debt crisis. They also borrowed education and campaigning tools from developing countries such as debt audits, an idea that was originally developed by debt activists in Ecuador, Brazil and the Philippines.

As well as building new relationships with debt activists in the Global South, DDCI also helped form new cross-sectoral relationships and coalitions with the global justice community and local community organisations and activists in Ireland. DDCI, along with some of its member organisations working on international economic justice issues, helped to form a coalition called Debt Justice Action, which opposes the repayment of unjust and illegitimate debts such as the debt accrued by Anglo Irish Bank during the financial crisis in Ireland. This coalition is comprised of a wide range of organisations from very different backgrounds. One of the issues Debt Justice Action had to overcome was the divisions between locally focused groups and internationally focused groups and the issue of class, with many local community organisations feeling that global justice issues were the preserve of the middle class in Ireland. In time, these issues are being overcome, with debt activists working on domestic and global debt coming together and learning from each other's experiences and skills. DDCI's perspective on this approach is that debt justice for people in Ireland will support greater debt justice for countries of the global South and vice-versa.

### *Diversification*

Another trend witnessed is increased diversification within organisations, primarily of finances but also occasionally in relation to their activities. Many organisations have either sought to or are considering diversifying their funding base and increasing the revenue they receive from other sources such as individuals and private foundations. However, many are finding this

difficult as the overall pool of resources for civil society activity has declined, and competition for these dwindling resources has increased. Many of these organisations, typically smaller organisations that have historically been reliant on state funding and therefore have underdeveloped fundraising arms and a limited capacity to raise revenue from individual donors and private philanthropic foundations, are likely to lose out to bigger organisations with greater fundraising capacity in this increasingly squeezed and competitive market place.

Secondly, while some organisations have cut services and narrowed their range of activities, others have sought to broaden and diversify their activities in response to the crisis. An interesting example is that of Debt and Development Coalition Ireland (DDCI), an advocacy and development education organisation that has responded by broadening its organisational focus beyond international debt issues to focus on Ireland's national debt crisis, and introduced new activities such as a learning exchange between debt campaigners in Ireland and developing countries, and supporting campaigning for debt justice in Ireland (see Box 2).

### *Collaboration*

Another response has been increasing collaboration between CSOs. Many organisations, particularly smaller organisations, have developed new collaborative partnerships in response to the crisis. While these new partnerships are typically formed with organisations in the same sector, there are examples of organisations forming new cross-sectoral partnerships and coalitions (see Box 2). In spite of increased competition for reduced pots of funding, many of the organisations that we spoke to recognised the importance of collaboration for both individual organisations and for the future of the sector as a whole.

### **Box 3: Banúlacht**

Banúlacht was a feminist and global solidarity organisation that worked with women's community based organisations, women's networks and other women's groups in Ireland on development education and human rights advocacy. The Executive Committee of Banúlacht chose to close the organisation as of 31 March 2012 following the withdrawal of funding from its main donor, Trócaire, in 2009. This left Banúlacht dependent entirely on Irish Aid funding. As with many other civil society organisations, Banúlacht was asked to reapply to Irish Aid under the new stricter funding regime. Despite the opportunity to reapply for funding, the organisation chose not to as staff felt doing so would undermine the organisation's values, ethos and principles. Upon closure, Banúlacht released a statement which included the following:

"Since its foundation, Banúlacht, in consultation with women's organisations in Ireland and the global South, has worked to facilitate the engagement of grassroots women and women's community development organisations in advocating for the realisation of women's human rights at local, national and international levels. This ethos, defined in our Feminist Principles and our Strategic Plan, underpinned all our work. Dependence on Irish Aid, in the absence of other sources of funding that could be used for more critical policy focused work, effectively required us to abandon the advocacy and activist dimensions of our work and our ethos as a feminist organisation. After much deliberation and with a heavy heart, Banúlacht decided that compromising our feminist principles for the sake of funding went against the integrity of the organisation and our mission and vision. We therefore decided not to apply for Irish Aid funding, which meant the closure of Banúlacht on March 31st."

Banúlacht (31 March 2012) "Banúlacht Closure." Accessed 28 August 2012.  
[www.banulacht.ie/about/aboutbanulacht.htm](http://www.banulacht.ie/about/aboutbanulacht.htm)

### *Closure*

A final response of some Irish CSOs has been to close their organisations entirely. Organisations have chosen to do this for a number of reasons. While the primary reason is the lack of funds, others, such as the feminist and global solidarity organisation Banúlacht, have chosen to close as a matter of principle (see Box 3).

## **4.2 Sectoral responses**

We witnessed three main sectoral-level responses to the effects of the political and economic crisis: the continued marketisation of civil society, evidenced primarily by the growth in social enterprises; the emergence of populist short term coalitions organised around defending specific channels of funding; and the emergence of new social movements and organisations aiming to create space for both the discussion and realisation of wider political alternatives.

### *Marketisation*

The marketisation of civil society began in the Celtic Tiger period, with several CSOs adapting their modus operandi towards a more business-oriented model.<sup>53</sup> Many of the civil society actors we spoke to noted that there has been a marked increase in the number of social enterprises following the crisis and subsequent collapse in state funding. Many cited examples of services that were once provided by state-funded CSOs, now being provided by new social enterprises. While some interviewees saw this as an example of innovation, others were worried about the sustainability of this model. The growth in start-up social enterprises has so far been supported by Social Entrepreneurs Ireland, an independent organisation funded by private foundations and individuals, tasked with supporting a growth in social entrepreneurship in Ireland.<sup>54</sup> However, one interviewee noted that none of these new social enterprises have scaled up their activities, largely because of a lack of funding available for this purpose, prompting questions about the long-term sustainability of this model.

### *Populist short-term coalitions*

A second response has been the emergence of populist short-term coalitions organised around defending specific state-funded services or campaigning against specific cuts. These coalitions reflect the shift to more defensive forms of civil society advocacy in recent years as space for advocacy has become increasingly restricted. The concern among many is that a civil society organised around defending services to micro-population groups will fail to engage with wider debates and macro level issues.<sup>55</sup>

### *Emergence of progressive organisations and movements*

Ireland has also seen the emergence of a number of new organisations and social movements whose aim is to create space for both the discussion and realisation of wider political alternatives. Examples of these organisations include:

- The Advocacy Initiative: A three-year project established in 2008 that promotes understanding, awareness and effectiveness of social justice advocacy in Ireland. It aims to strengthen policy responses to existing and emerging challenges in addressing poverty and social exclusion through creating conditions for stronger social justice advocacy in Ireland.<sup>56</sup> It is working to contribute to knowledge and understanding of

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<sup>53</sup> Murphy (2011)

<sup>54</sup> See [www.socialentrepreneurs.ie](http://www.socialentrepreneurs.ie) for more information on Social Entrepreneurs Ireland

<sup>55</sup> Murphy (2011)

<sup>56</sup> See [www.advocacyinitiative.ie](http://www.advocacyinitiative.ie) for more information about The Advocacy Initiative

social justice advocacy; stimulate informed debate on social justice advocacy within civil society and with the state; and strengthen the capacity of social justice advocates. It works with a broad range of stakeholders and aims to create space for cross-sectoral analysis and reflection. The project has received funding from Atlantic Philanthropies for three years and after the funding ends the project will close.

- Occupy Dame Street: A people's movement similar to Occupy Wall Street in New York and Occupy St Paul's in London which, together along with thousands of other Occupy groups, form an emerging global solidarity movement.<sup>57</sup> It is described as "*a non-violent leaderless resistance movement*" which is "*a diverse people's initiative unaffiliated with any political parties and standing against political and economic corruption and for equality and social justice*".<sup>58</sup>
- Claiming Our Future: A new social movement, which describes itself as "*a progressive movement for an equal, sustainable and thriving Ireland*".<sup>59</sup> It emerged three years ago as a small group seeking to promote the discussion of macro-level alternatives. Today it is comprised of individuals and organisations from a wide range of sectors including the environmental, community, equality, social justice, and enterprise sectors as well as trade unions, cultural organisations and those concerned with global justice. It aims to "*[i]dentify alternative approaches to achieve economic and social development; build popular support for these alternatives and the values that underpin them; build a movement which demonstrates this support; [and] undertake actions which further this programme*".<sup>60</sup>

However, in comparison to other European countries in similar situations such as Greece and Spain, there has been a relative absence of social movements and civic action in Ireland. Murphy argues that the relative lack of a progressive civil society or movements is due in part to the institutional nature of the Irish state. She identifies five historical "*institutional or state-centred rationales*" for this: "*the populist nature of Irish political parties; patterns of interest group formation; clientelism; corporatism; and state strategies to silence dissent*".<sup>61</sup> The challenge for civil society she argues is to shift the overall balance from working to deliver what the state wants, namely from the provision of services and increased volunteering, to "*developing public spheres from where citizens can participate in shaping the good society*".<sup>62</sup> While this may not be easy for many organisations, particularly those that emerged during the Celtic Tiger period with the sole purpose of providing services, there are examples of organisations beginning to do this in Ireland, such as DDCI.

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<sup>57</sup> See [www.occupydamestreet.org](http://www.occupydamestreet.org) for more information about Occupy Dame Street

<sup>58</sup> Murphy (2011: 184)

<sup>59</sup> See [www.claimingourfuture.ie](http://www.claimingourfuture.ie) for more information about Claiming Our Future

<sup>60</sup> Accessed 28 August 2012. [www.claimingourfuture.ie/strategy-2011-2012/](http://www.claimingourfuture.ie/strategy-2011-2012/)

<sup>61</sup> Murphy (2011: 170)

<sup>62</sup> *Ibid.* p182

## 5. Conclusion: The challenge of responding to crisis creatively, innovatively and progressively

The financial and political crisis that has beset the Republic of Ireland in recent years has precipitated a funding crisis for Irish civil society and CSOs and further exacerbated existing trends such as the restriction in space for civil society advocacy and the institutionalisation of the results agenda. The responses of Irish civil society and CSOs have been multiple, diverse and even contradictory, with many organisations instituting regressive responses alongside highly innovative, creative and progressive ones. The primary responses among CSOs can be grouped under five headings – economisation, professionalisation, diversification, collaboration and closure. Within Irish civil society as a whole there have been three main responses to these crises: the increasing marketisation of civil society; the rise of populist short-term coalitions and campaigns; and the emergence of more progressive organisations and social movements seeking space for the discussion and realisation of alternatives.

However many of the effects and responses recorded in this paper, particularly the restriction of advocacy space and the formalisation, professionalisation and marketisation of civil society, are not new; they represent the continuation of trends that emerged during the Celtic Tiger period. This raises a number of questions for civil society in Ireland and elsewhere, particularly the ability of civil society to respond in creative, innovative and progressive ways to moments of crisis rather than in a manner broadly consistent with the prevailing agenda. A number of commentators remarked early on in the crisis that the political and economic changes witnessed in Ireland opened up space for more fundamental change, yet there is little evidence to date that Irish civil society as a whole has successfully been able to capitalise upon such a window of opportunity (if such a window did indeed emerge) and use it to promote political and economic alternatives to the current dominant hegemony. While this is not true of all organisations and civil society actors – organisations such as DDCI, the Advocacy Initiative, and Claiming our Future among others have sought to open up civil society space in Ireland and promote political and economic alternatives – many more have responded to crisis simply through doing more of the same.

Indeed, the Irish example has wider significance for a number of debates facing civil society today. It raises questions about the functions of civil society and the clear tensions that exist between the service delivery and more political functions of CSOs; space for civil society activity, particularly in the Global North; and how civil society should be funded in the context of declining resources, as well as the ability of civil society to respond to and capitalise on windows of opportunity produced by crisis. Understanding how these issues have emerged and manifested themselves in the Irish context, and how Irish civil society and CSOs have sought to respond to them, may be of some help to civil society actors facing similar issues elsewhere.

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