

DÓCHAS – BUDGET 2010 SUBMISSION

Overseas aid central to foreign policy: Ireland must stick to international commitments

In making this submission, Dóchas is very mindful of the prevailing economic situation and the difficult nature of the choices with which the Cabinet is faced. Other bodies and constituencies will also make submissions, some advocating deep spending cuts, but we are bringing our arguments forward on behalf of the world's least developed countries and poorest peoples.

Ireland, as a country, is recognised internationally as having a long tradition of generosity towards the developing world, with a clear focus on poverty reduction. Making poverty history is the common aim of the 44 Irish Development NGOs that make up the membership of Dóchas and the core message of this submission is that Ireland must stick to its international commitments and its Programme for Government commitments in relation to Official Development Assistance (ODA).

Ireland's promise is to spend 0.7% at least of Gross National Income on ODA from 2012 as a concrete and substantial part of its commitment to achieving the MDGs, which are due to be met by 2015. Within the ODA/GNI commitment, Ireland's ODA budget is calculated as a percentage of national income, so that when national income declines, the ODA spend will decline in proportion. Crucially, this means that the 0.7% ODA/GNI commitment has an inbuilt mechanism to take declining economic fortunes into account, so that we can – and must – deliver on our commitments even in these difficult times.

The aid budget accounts for less than 1% of overall government spending. It has been cut already by more than 24%. Cutting it any further will have a negligible impact on Ireland's economic stability but a devastating impact on the very people who have already felt the pain of the cuts in 2009.

Those cuts have already had an impact on thousands of poor, vulnerable and marginalised people around the world on a scale beyond our reality in this country. Any more cuts in 2010 will have devastating impact on lives and livelihoods, and further threaten loss of lives in countries affected by chronic poverty, violent conflict, hunger crisis, natural disaster and other emergency situations.

Dóchas members strongly urge the Irish Government to avoid any further cuts in ODA in the upcoming Budget for 2010, and to ensure it meets its repeated commitment to spend at least 0.7% of Gross National Income on ODA from 2012.

This message comes not only from Irish development NGOs, who work for the benefit of the world's poor. It comes from former President of Ireland, Mary Robinson; the Catholic Bishops Conference; the other leading Christian Church leaders in Ireland; the Oireachtas Committee on Foreign Affairs; dozens of Irish academics; the Irish Congress of Trade Unions; and, most recently, a cross-party group of more than 30 TDs and Senators.

A recent EU-commissioned opinion poll found that more than 92% of Irish respondents said it is either "important" or "very important" to help people in developing countries. Some 65% of Irish respondents state that Ireland should exceed or at least honour its aid commitments. **Despite Ireland's current woes, the Irish public really does care about international solidarity and overseas aid.**

There should be no cuts in the 2010 Budget for ODA, which has already "taken its share of the pain" and then some. This is a key matter for the equity of Budget decision-making, as well as for a key remit of Irish foreign policy; for Ireland's standing in the world, and for the lives and livelihoods of some of the world's poorest people.

Background

In 2008, Ireland spent 0.59% of its national income on ODA, for reasons that the *White Paper on Irish Aid* sets out as objective needs, moral imperative, international solidarity, Ireland's own positioning in the world, and its enlightened self-interest in bringing about a safer, more prosperous world. The government has promised to increase that percentage to 0.6 by 2010, and 0.7% of GNI by 2012.

The government promised to increase Ireland's ODA/GNI to 0.6% by 2010 and 0.7% of GNI by 2012. Because Ireland's pledges on overseas aid are made as a percentage of national income, the sum of money required to meet the 0.7% commitment reduces automatically as the economy shrinks. In other words, there is no justification for any cuts to ODA spending.

However, the Government has cut the published ODA spend for 2009 by €224 million, a cut of over 24%. This is completely disproportionate to the ODA share of government current expenditure and to rate of contraction of national income. In percentage terms, the cuts to the ODA budget were also greater than to any other area of current spending. **In 2009 overseas aid was singled out for wholly disproportionate spending cuts, which have a direct impact on some of the world's poorest people.**

Even in recession, Ireland is enormously wealthier than least developed countries where Ireland's overseas aid is focused, and which have been hardest hit by economic, financial, credit, climate and food-price crises. Though Ireland's wealth has diminished significantly, it remains a wealthy country in the scheme of things – and certainly by contrast with those parts of the world where 1.4 billion people still live in extreme poverty (below €1.25 a day in 2005 prices).

This understanding of Ireland's moral obligation to the world's poor was well articulated by An Taoiseach Brian Cowen's response to Pope Benedict's 2009 New Year message:

“In this time of global economic crisis, His Holiness' message is a timely reminder of the obligation that we in the developed world have to assist those in greater need. Poverty destroys human potential, increases vulnerability and limits opportunity. **We must ensure that progress already made is safeguarded and that commitments made in fulfilment of the Millennium Development Goals do not falter.**” (*Emphasis added*)

Out of step and falling behind

Ireland has received overwhelming praise internationally for its aid programme, including in a positive report card from the OECD in 2009 – praise that was received before the Government cut €100m from the aid budget in April. Unfortunately, the reality is that a flagship element of Irish foreign policy has been undermined by the devastating cuts this year.

In 2008, Ireland was the fifth most generous aid donor in the European Union in terms of ODA/GNI, coming after Sweden, Luxembourg, Denmark and The Netherlands. Following the dramatic cuts in Ireland's aid budget this year, however, we are set to drop down the list, with our aid contribution dropping to somewhere between 0.48% and 0.52% of Gross National Income, depending on the final spending figure for overseas aid and the year-end figure for national income (which will be finally verified next year).

On current indications, Belgium, Finland and the UK are likely to overtake Ireland in ODA/GNI contributions in 2009, and Spain may do likewise, leaving Ireland in eighth or ninth place of the 15 “older” EU member states with long-established development cooperation programmes.

In its 2009 report on Ireland, the OECD highlighted the important role aid plays in redressing the other financial flows being lost by poor countries during this global recession. It recommended that

Ireland bring a “strong political priority” to bear on meeting aid targets, and called on the Government to “refrain from further budgetary action” that would undermine Ireland’s commitment.

The message is clear: despite Ireland’s current economic hardship, it is time to stop cutting overseas aid. Ireland cannot hide behind recession in renegeing on its commitments to the international community and, more importantly, to the world’s poor.

The world’s poor cannot afford Irish aid cuts

Dóchas members recognise that Ireland is experiencing serious economic hardship and we understand that all sectors of society are feeling the effects. However, we can also testify to the fact that the combination of multiple global crises (from economic and financial to declining FDI and international credit; from shrinking remittances and overseas aid spending to a growing hunger crisis and increasing effects of climate change) is hitting the world’s poorest countries and people much harder than us.

The World Bank estimates that the crisis will push a further 46 million people below the poverty line. This comes on top of the estimated 130 to 150 million people pushed into hunger over the past year. Ireland has committed to showing leadership at international level towards the elimination of world hunger. Its ambitions must, however, be matched by leadership on aid volumes.

The economic crisis is fast wiping out recent progress towards achieving the Millennium Development Goals, which is a key goal of development cooperation. In the words of World Bank President Robert Zoellick in April:

“Most attention in the current crisis has been focused on developed countries where people face the loss of home, assets and jobs. These are real hardships. But **people in developing countries have much less [of a] cushion: no savings, no insurance, no unemployment benefits, and often no food.**” (*Emphasis added*)

Development stakeholders – including the UN, EU, OECD and civil society – have repeatedly highlighted the need to sustain aid volumes during the current economic global crisis, which is hitting poor countries especially hard.

In the Accra Agenda for Action, donors (including Ireland, which had a strong delegation to the High Level Forum in the Ghanaian capital) emphasised “the need to meet our commitments on both aid quality and aid volumes” and to “increasing the predictability of aid flows”. Indeed, donor predictability is a key element of the international drive for aid effectiveness.

Both of these factors strengthen the need for all members of the international community to stand by their commitments in these most challenging times.

ODA can help us regain our international leadership role

Dóchas urges the Irish government to underpin its commitment to development cooperation, described by Government leaders as a central element of Irish foreign policy, and to continued aid effectiveness, on which it has been taking a lead internationally, in the Budget in December.

It can do so by:

- Avoiding any cuts in the Budget in December;
- Establishing a clear timetable by which it will reach its 0.7% commitment by 2012; and
- Clearly establishing the predictability of its ODA spending.

By delivering on aid in the 2010 Budget and consolidating its commitment to the 0.7% target in ODA legislation to be brought forward by 2012, Ireland can buttress its international reputation as a friend

of Africa and least developed countries, and tangibly support the achievement of the Millennium Development Goals in an important year during which progress on the MDGs is to be reviewed.

Dóchas members and supporters urge the Government in the strongest possible terms that there should be no cut to the ODA budget in 2010. Rather, the Department of Finance should clearly indicate how it plans for a return to ODA spending plans and projections that will deliver 0.7% ODA/GNI by 2012. That remains the international commitment and Programme for Government commitment, and it should be delivered.

Dóchas rejects unequivocally the proposal in the McCarthy report that the timeframe for achieving Ireland's 0.7% GNI/ODA commitment be extended to 2015. This suggestion runs contrary to Government policy and would see Ireland wilfully walking away from its solemn promise to the international community.

Reneging for a second time on a solemn promise to the world would clearly undermine Ireland's reputation as an honourable donor committed to achievement of the Millennium Development Goals – not just in good times but in hard times too. It is only four years since the then government reneged on achieving the 0.7% UN target by 2007.

The world's poor should not pay for Ireland's economic problems

Ireland's ODA spend, hit by excessive and wholly unfair cuts this year, should be protected in the 2010 Budget, based on upholding our commitments to the international community and the world's poor people.

The Department of Finance should devise a spending trajectory that will allow Ireland to reach 0.7% ODA/GNI from 2012, and repair Ireland's international reputation by delivering this foreign policy commitment as part of its contribution towards the MDGs.

Now is the time to show foresight and vision by building our development cooperation programme on the excellent base now established, rather than undermining it for years to come through ill-conceived, unnecessary and unfair cuts to a programme area that has already taken more than its fair share of pain.

Ireland's development NGOs consider that, as a matter of urgency, developed countries like Ireland – which is still wealthy and enjoys a high level of human development relative to most countries in the world – must protect the most vulnerable from the impact of the global economic turmoil.

Millions of people have already fallen into a poverty trap and, while Ireland's current economic difficulties are testing Ireland's vision for itself, Dóchas believes it should be an outward-looking country in an open, global and progressive community of nations. Such a community requires constant investment, in good times as well as in bad. We must find it in ourselves to be reliable, predictable members of the international community, not 'fair weather friends' to the least developed countries and some of the poorest people on earth.

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Contact

Hans Zomer, director of Dóchas, Tel. 085 728 3258 / 01 405 3801

Dóchas is the association of Irish Non-Governmental Development Organisations. It provides a forum for consultation and cooperation between its 44 members, and helps them speak with a single voice on development issues. For further information visit: www.dochas.ie

Dóchas member agencies

1. ActionAid Ireland
2. Action from Ireland
3. Africa Centre
4. Aidlink
5. Amnesty International-Irish Section
6. Bóthar
7. Camara
8. Centre for Global Education
9. ChildFund Ireland
10. Children in Crossfire
11. Christian Aid Ireland
12. Christian Blind Mission Ireland
13. Church Mission Society Ireland
14. Comhlámh
15. Concern Worldwide
16. Friends of Londiani (Ireland)
17. Galway One World Centre
18. Gorta
19. International Service Ireland
20. Irish League of Credit Unions Foundation
21. Irish Commission for Justice and Social Affairs
22. Irish Council for International Students
23. Irish Family Planning Association
24. Irish Foundation for Cooperative Development
25. Irish Missionary Union
26. Irish Red Cross
27. Kerry Action for Development Education
28. National Youth Council of Ireland
29. Oxfam Ireland
30. Plan Ireland
31. Progressio Ireland
32. Self Help Africa
33. SightSavers International
34. Skillshare International Ireland
35. Suas Educational Development
36. The Hope Foundation
37. Trócaire
38. Vita
39. Voluntary Service International
40. Voluntary Service Overseas
41. Volunteer Missionary Movement
42. War on Want Northern Ireland
43. Wingspread International
44. World Vision Ireland