

BUDGET 2009

SUBMISSION TO MINISTER FOR FINANCE

Overseas aid and global justice central to Ireland's global interests

It's vital that Government commitment to increase aid be delivered

Summary

This document is being presented at the precise time that An Taoiseach Brian Cowen is in New York, attending a gathering of world leaders taking stock of international efforts to tackle global poverty – a summit at which Ireland will be able to report on a significant contribution, both in terms of aid volume, aid quality and moral leadership.

As a direct consequence of Ireland's public commitment to increase expenditure on overseas aid to 0.7% of GNP by 2012, Ireland's overseas aid budget has grown from €250 million when the Millennium Development Goals were agreed to €870 million in 2007. Ireland is now the sixth biggest donor in the world, in terms of ODA per capita, and it has taken a leadership role in enhancing the impact of global aid efforts, in areas such as HIV & AIDS, civil society and emergency response.

The New York summit will demonstrate once again that the need for ambitious and concrete action to eradicate poverty is greater than ever. The scandal of 800 million people suffering from hunger and malnutrition, and of millions of children dying of preventable diseases cannot be allowed to continue. In the year that the UN Secretary-General wants to be a year of 'unprecedented progress for the poorest of the poor, the track record of broken promises and failed political will cannot continue.

The 39 Irish Development NGOs that are members of Dóchas represent 850,000 supporters and a combined turn-over of over €300 million. They are a diverse group of organisations, with different mandates, constituencies and ways of working. But they are bound together by a common aim: making poverty history.

The members of Dóchas believe that it is essential to maintain the national consensus on the importance of development cooperation, and that Ireland's long-term interests are best served by sustained investment in global justice and human development.

In this submission, Dóchas members urge the Government to:

- **Continue to make progress towards the 0.7% by 2012 target** and to build on domestic and international support for Ireland's positive role in the world.
- Commit to immediately **introducing legislation** to safeguard Ireland's continued commitment to spend at least 0.7% of GNP annually on overseas development aid from 2012 onwards;
- **Ensure adequate structures, systems and resources** to deliver efficient and effective development cooperation programmes for maximum impact on the lives of the world's poor;
- Provide the resources and political drive to **strengthen Policy Coherence for Development** across Departments and State agencies;
- Contribute to the internationally agreed Millennium Development Goals (MDGs) through **targeted, transparent and effective spending on social sectors in developing countries**, and through creating an enabling environment by its actions at Irish, EU and international levels;
- **Invest in mechanisms, such as development education**, which encourage a deepened civic engagement with issues of global poverty and inequality.

1. Introduction

The members¹ of Dóchas, the Irish Association of Non-Governmental Development Organisations, are the most tangible expression of the national consensus that Ireland must play a key role in eradicating global poverty and injustice. Their work is supported, financially and otherwise, by hundreds of thousands of people in Ireland, and by the government's development cooperation programme.

Ireland's Development NGOs have welcomed the sustained cross-party support in the Oireachtas for a strong Irish role in international development cooperation. Thanks to this broad political support, Ireland has built up a high-quality programme of cooperation with governments, international organisations and civil society groups that is capable of making serious headway towards eradicating global poverty.

And aid does work:

- Thanks to aid the number of children under five years old who die each year is declining, from 20.5 million in 1960 down to 10.5 million today.
- In Africa, a continent that was once dependent on foreign aid, there are now 16 countries that have achieved annual growth rates in excess of 4.5% for more than a decade.
- In Sub-Saharan Africa, half of the population now has access to clean water. Through medical aid, various diseases including smallpox and polio have been drastically reduced and some others eradicated.

Dóchas believes it is essential that the national consensus on the importance of development aid is maintained even through straitened economic circumstances.

The past year has been a difficult one for the Irish economy. The drop in revenue has brought cuts in public spending and the prospect of a tight Budget for 2009. Already this year, the Government has cut the overseas aid budget to the tune of €45m in the July spending adjustments. Crucially, however, it has remained on track on its international commitment to reaching the UN target of 0.7% ODA to Gross National Income.

The 39 Development NGOs that are members of Dóchas (a sector supported both financially and in-kind by more than 850,000 Irish people) are making this submission to present their strong case that Ireland is right to maintain its international commitment to reaching 0.7% by 2012, while aiming to continually improve efficiencies and impact.

Ireland should also redouble its efforts to match its aid commitment with enhanced Policy Coherence for Development across the whole of government to make a real difference to the lives of the world's poor. Going beyond aid, and adopting a coherent national strategy aimed at human development will allow Ireland to demonstrate its credentials in international affairs.

Ireland's aid record, support for peace and justice, and championing of the rights of small states and voiceless communities are central to giving Ireland the high visibility and prestige it enjoys in the international arena. This prestige should not be taken for granted but carefully nurtured by the Government and the wider political establishment.

¹ For a full list of members, see annex

In particular, Dóchas urges the Government to:

- Introduce legislation to safeguard Ireland's continued commitment to spending, from 2012 onward, at least 0.7% of GNP annually on overseas development aid;
- Ensure adequate structures, systems and resources for Irish Aid to deliver efficient and effective development cooperation for maximum impact on the lives of the world's poor, especially in Africa;
- Provide the resources, analytical capacity and political drive to strengthen Policy Coherence for Development across Departments and State agencies, which was established as Government policy in the White Paper on Irish Aid 2006;
- Reinforce the open and strategic engagement on development of Irish Aid, but also the Irish Government more broadly, with key stakeholders, including United Nations agencies, the European Union, the International Financial Institutions, Global Funds and other international funds, the Oireachtas, Civil Society Organisations and the range of diverse development actors in Ireland's development programme countries;
- Strengthen Ireland and the EU's contributions to the MDGs, especially through targeted, transparent and effective spending on social sectors (health, education) in developing countries, and efforts to progressively reform the international system.

The next five years will be of crucial importance for Ireland's aid programme, as mechanisms and resources are put in place to ensure that Ireland can play a leading role in international efforts aimed at achieving the Millennium Development Goals (MDGs).

Dóchas believes it is essential that the Government continue to reflect the political and public consensus on the importance of development cooperation in its 2009 Budget deliberations and through its full term.

In this paper, Dóchas members set out a range of policy suggestions that will ensure that Ireland can live up to its responsibilities to the international community and the world's poorest people in particular.

2. The Quantity of Aid

In September 2005, the Government committed to meeting its international obligation of spending 0.7% of GNP annually on Official Development Assistance (ODA) by 2012.

Despite a worrying cut in real spending in July 2008, the Government remains on track at the time of writing to deliver on its aid spending commitment. Dóchas members welcome that and look forward to the Government reaching its own interim target of 0.6% in ODA/GNI by 2010, as a concrete expression of progress towards its commitment to the UN target of 0.7% by 2012.

In relation to the quantity of aid, Dóchas urges the Government to:

1. Ensure that Ireland programmes its spending on ODA to reach the Government's interim target of 0.6% in 2010 and the 0.7% commitment by 2012;
2. Bring forward new legislation and procedural arrangements to ensure that by 2012 and after that date, all Irish governments maintain annual ODA spending at a minimum of 0.7% of GNP.

3. The Quality of Aid

Ireland's overseas aid budget will expand significantly over the coming years, as we progressively reach the Government's commitment to 0.6% by 2010 and then the UN target of 0.7% by 2012. It is important to development NGOs and vital to poor people in developing countries that ODA spending has a clearly demonstrable impact and makes a genuine difference in the lives of poor people.

Ireland's overseas aid is making real and tangible differences in the lives of the poor. Irish aid works, and is laying the foundations for a just and sustainable global society, while at the same time cementing Ireland's reputation as a caring nation.

Ireland must ensure that all the mechanisms are in place to ensure the continued high quality of Irish aid. This involves strengthening public scrutiny and oversight mechanisms, as well as resourcing the mechanisms within Irish Aid and relevant government Departments to appraise, monitor and evaluate programme expenditure.

In relation to the quality of aid, Dóchas urges the Government to:

1. Ensure that Irish aid is provided in a manner that is responsive to, and supportive of, the priorities defined by recipient countries;
2. Assure the poverty focus and 'untied' nature of the Irish development cooperation programme, specifically precluding the use of aid money for security, migration, trade or commercial purposes;
3. Urgently facilitate the release of, and response to, the Management Review of Irish Aid; and particularly ensure that Irish Aid has the structures, systems and staff levels to operate a programme at the 0.7% ODA level, including necessary liaison with the EU, UN, IFIs and Civil Society Organisations (CSOs);
4. Continue to ensure, inter alia through its Annual Output Statement initiative, interactions with the Department of Foreign Affairs, Irish Aid, the Oireachtas Public Accounts Committee and the Office of the Comptroller and Auditor-General that the Irish ODA programme delivers maximum efficiency, effectiveness and development impact, as set out in Irish and international commitments on development;
5. Ensure that Irish Aid supports public financial management capacity, audit and oversight mechanisms, and civil society capacity to hold institutions to account.
6. Analyse and mitigate the negative effects on the Irish development cooperation programme of the relocation of Irish Aid to Limerick;

7. Engage proactively with the EU and other international institutions to ensure they play a positive role in Ireland's strategy towards the eradication of global poverty;
8. Ensure that all Irish ODA efforts include practical actions to promote gender equality, which is a prerequisite for developmental processes, by applying gender sensitive programming and analysis across the board.

4. Policy Coherence

Over the past decade, recognition has grown that it's not just, or sometimes even primarily, a developing country's own policies that affect its potential to develop: the foreign and domestic policies of rich countries significantly affect poor countries' development opportunities. Richer countries' policies in areas such as trade, agriculture, migration and security can impact heavily on developing countries.

It is important to note that the fight against poverty is not merely a matter of providing aid. We are proud of Ireland's record of generosity and professional development assistance, but we also know that aid alone cannot and will not bring an end to poverty.

As one of the world's rich countries, Ireland has a responsibility to ensure, as far as possible, that its policies and practices do not have a negative impact on poor countries. In line with the policy commitment in the 2006 White Paper on Irish Aid, Government should ensure that its commitment to fighting global poverty is translated in a whole-of-government approach to supporting poor countries.

Dóchas believes that Ireland needs to complement its effective aid policies by a coherent set of pro-development policies across other policy areas. It is encouraged by the establishment in 2007 of the Inter-Departmental Committee for Development (IDCD) to promote Policy Coherence for Development across the Irish Government, and eagerly awaits the Committee's priorities and strategy.

To ensure Ireland does not undermine its own aid programme, Dóchas urges the Government to:

- Ensure that the IDCD is better resourced to fulfil its role in a meaningful way, and given the backing to take pro-development or compromise policy options to Cabinet, especially on the difficult legislative and policy decisions affecting developing countries
- Establish a mechanism (perhaps through the Regulatory Impact Assessment process of the Better Regulation Unit) to "poverty proof" key areas of Government policy, in order to guarantee that trade, agriculture and security decisions do not have adverse effects on development and the realisation of the MDGs;
- Ensure regular meetings between the Department of the Taoiseach and Ministers for Foreign Affairs, Trade, Agriculture and Justice (and others as required) to ensure top level leadership on Policy Coherence for Development;
- Enhance transparency on Ireland's policy stances in relation to international trade and development (for instance at the WTO talks and IFI and EU meetings) by strengthening debate in the Oireachtas on these matters; and

- Adopt the Human Security concept, with the centrality of Human Rights, as its framework for policy-making on foreign affairs and security. Adopting the Human Security paradigm would mean placing human rights more formally at the heart of Ireland's foreign policy.

5. Active Citizenship and Development Education

In a world with unprecedented wealth and at a time when Ireland is one of the wealthiest, most privileged countries on earth, the scale and impact of poverty and inequality is a real challenge to human dignity. At the same time, Irish citizens have demonstrated time and again that there is a real drive for change: the Make Poverty History campaign, the rise of ethical consumer power, and the continuing campaign to tackle climate change are indicators of a broader shift towards active citizenship in the area of global poverty.

The government has recognised the importance of fostering active citizenship. Furthermore, it has acknowledged that its future is closely linked to its capacity to foster skills and knowledge in a global economy. It follows that further investment in fostering the type of skills that enable Ireland's citizens to participate fully in the new realities of a global society is warranted.

By working towards *global literacy* – the awareness and understanding of global issues, how these issues affect society as a whole, and how individuals' attitudes, decisions and actions shape that wider world – the government can help promote the skills needed in order for Irish citizens to become responsible and active citizens in a rapidly globalising society.

With regard to active citizenship, Dóchas urges the Government to:

- Invest substantial energy and resources in promoting 'global literacy' – enabling people to play a role as active citizens in shaping globalisation and addressing global inequalities – by promoting development awareness and development education processes.

6. Trade

A fairer trading system is central to the prospects of developing countries to meet the Millennium Development Goals and escape from poverty. Ireland, as an increasingly prosperous trading nation and member of the European Union has an important voice in deciding how the international trading system works and can, if willing, help ensure that trade helps rather than hinders the poor.

With regard to trade, Dóchas urges the Government to:

- Support multilateral trade negotiations as the best forum in which to create new trade rules and obligations and to fulfil the promise of the Development Round of trade negotiations at the World Trade Organisation (WTO);
- Strive towards putting an end to Economic Partnership Agreements (EPAs) between the EU and African Caribbean states in their current form. Rather, it should ensure that EPAs are non-reciprocal; exclude from them new issues such as investment liberalisation; and ensure that alternatives to EPAs are developed;
- Prevent trade rules from standing in the way of access to essential services: Ireland can do this by working for trade rules which support the ability of poor countries to successfully regulate essential services in the public interest and opposing any requests in trade negotiations for poor countries to liberalise essential services;
- Ensure that every Government Department supports FairTrade initiatives and seek goods with the Fairtrade Mark when purchasing tea, coffee and other goods for which FairTrade options are readily available.

7. Debt

Foreign debt remains a major drain on developing countries, diverting scarce financial resources from serving their own citizens, including through provision of basic social services, to developed countries. Responding to public pressure, the G8 group of nations agreed a debt reduction package, resulting in significant amounts of debt cancellation, making a real difference to the lives of millions of people in poor countries.

However, not all of what has been promised has actually been delivered, and too little debt has been cancelled for too few countries.

With regard to debt, Dóchas urges the Government to:

- Support expanded debt cancellation for all countries that need it, and cancellation of all illegitimate debts of impoverished countries through a fair and transparent international process;
- Support auditing of poor country debts and the cancellation of those to have resulted from irresponsible lending;
- Use Ireland's influence in international institutions, such as the IMF and World Bank, to ensure that poor countries are no longer required to fulfil economic and policy conditionalities that undermine their own development in order to qualify for debt cancellation. This includes halting financial support for aid mechanisms that are based on economic policy conditions (such as the World Bank's IDA and IFC funds); and
- Work towards a reform of the governance of the international finance institutions of the World Bank and IMF.

8. Tackling corruption and building accountable Government

Corruption is a serious development problem with complex causes and consequences, both in rich and poor countries. In developing countries, corruption is seen by civil society organisations as one among many key governance problems. Others include lack of political accountability, constraints on freedom of expression, and excessive influence of foreign donors and transnational corporations on national policy.

In its programme countries, the Irish aid programme should be transparent about its own inputs, outcomes and impact, but also build the capacity of parliaments, public accounts committees, citizens and others (private sector, media, academics) to hold their own governments to account for the use of all resources, including foreign aid.

Private sector actors from rich countries are often complicit in corruption through the use of bribes and other illicit payments to achieve commercial objectives. Ireland can take a stronger stance on this issue by ratifying and implementing without delay the United Nations Convention against Corruption (UNCAC), acting decisively to promote and implement the OECD Anti-Bribery Convention, and supporting that Convention's Peer Review mechanisms; and ensuring that EU states or companies do not undermine financing for development through tax evasion or avoidance at the expense of developing countries.

With a view to supporting accountable government and eradicating corruption, Dóchas urges the Government to:

- Ensure full transparency on Irish ODA spending, effectiveness and impact, both through Irish Aid and other Government Departments (in 2007, Government Departments other than the Department of Foreign Affairs accounted for some 7.25% of total Irish ODA) but also in and by programme countries;
- Publish current and planned Irish aid flows in Irish Aid programme countries, and encourage other donors to do likewise;
- Help partner country governments and their citizens tackle corruption by supporting the oversight functions of domestic civil society, parliaments, media and the judiciary;
- Ratify and fully implement the United Nations Convention against Corruption;
- Promote and fully implement the OECD Anti-Bribery Convention, including supporting its Peer Review mechanisms.

9. HIV and AIDS

Despite a scaling up of efforts by the international community since 2001 the consequences of HIV and AIDS continue to cause intense suffering to millions of people around the globe. Faced with overwhelming numbers of people affected, the international community's provision of effective prevention, treatment, care and support mechanisms continues to lag behind the needs.

With a view to tackling the HIV & AIDS pandemic, Dóchas urges the Government to:

- Work with bilateral and multilateral donors to ensure that basic social services, especially healthcare and education, are provided free of charge - and free of stigma and discrimination - at the point of delivery;
- Press strongly for interim targets to achieving universal access to HIV prevention and treatment by 2010, and working at international level to ensure that governments implement policies to achieve the other targets to which they signed up at UNGASS 2006;
- Ensure that IMF and World Bank policies do not restrict the increased spending on healthcare required to achieve universal access to HIV treatment, prevention and care;
- Ensure that Southern governments have access to affordable medicines and are not restricted in their efforts to use flexibilities in international agreements such as trade related intellectual property rights.

10. European Union development cooperation

Some 30% of Irish multilateral aid is channelled through the EU Development Cooperation Budget and European Development Fund (EDF). Though Europe is committed to helping achieve the Millennium Development Goals, there are serious problems in relation to the targeting and impact of EC aid, its investment in basic social services and its poverty reduction focus. The effectiveness of EC aid must also be improved.

To enhance the impact of EU aid, Dóchas urges the Government to:

- Ensure targeted and transparent spending towards achieving the Millennium Development Goals, both through the Development Cooperation Instrument (DCI) and the European Development Fund. Ireland needs to work within the Council of Ministers to ensure that agreed EC targets on spending in health and education (which apply to all developing countries with which the EU has aid programmes) are met;
- Encourage incorporation of the European Development Fund into the EU's annual budget;
- Enable the European Parliament to play its role in ensuring that EU budgets and EU programmes (under both the EDF and the DCI) are scrutinised and adequately targeted towards the achievement of the MDGs and the elimination of world poverty.;
- Support the planned phasing-out of economic policy conditionality attached to aid in favour of more mutually accountable, contractual agreements with partner countries, based on locally defined and prioritised development plans;
- Ensure full and democratic ownership of aid priorities by developing countries through a process of meaningful participation by parliament, civil society and local communities in EC development cooperation. Democratic mechanisms must be embedded in decision making processes at EU level, as well as in partner countries;
- See to it that the EU develops mechanisms through which civil society organisations can play a role in monitoring budget support programmes;
- Ensure that EU aid is fully untied and economic policy conditions are phased out;

- Strongly advocate that EU aid is made more transparent (with information on EU aid made available in a timely and accessible way) and more accountable (through the establishment of independent monitoring and evaluation mechanisms, including a complaints mechanism open to those affected by EU aid); and
- Ensure that the EU commitment to *policy coherence for development* enshrined in the Treaties is fully protected and operationalised under the new External Action Service proposed in the Lisbon Treaty.

11. Climate Change

Climate change is threatening the development goals of the world's poorest people. By 2100, some 180 million people in Africa's poorest countries may have died due to the increased prevalence of disease alone, as a result of climate change. Carbon emissions are a major contributor to climate change.

Dóchas urges the Government to:

- Ensure that Ireland meets its Kyoto Protocol commitments to reduce carbon emissions; and implement deeper reductions in Ireland's carbon emissions beyond 2012;
- Push for an international agreement to keep the rise in global temperatures to 2°C or less. This means global greenhouse gas emissions must reach their peak and begin to decline irreversibly within 10 years;
- Ensure that Ireland does its fair share to prevent climate chaos by bringing in a climate change law. This should provide for an annual Carbon Budget and 3% year-on-year reductions in Irish greenhouse gas emissions;
- Support developing countries to adapt to the unavoidable effects of climate change - but without taking from badly needed ODA to pay for that. Such support for adaptation and mitigation in developing countries must be additional to donors meeting their ODA pledges.

Conclusions

An Taoiseach Brian Cowen has made clear that the Government places a high premium on ensuring that it protects the vulnerable from any cuts in public spending that may be necessary to protect the health of the Irish economy.

The vulnerable certainly include those living in poverty and inequality overseas, especially in parts of Africa, or those severely affected by conflict, disaster or disease. For these people, Irish aid spending is vital to improving their opportunities and quality of life.

Irish aid makes a real difference to real people in the poorest and most difficult circumstances, so any corrective action in Irish public spending must put a high priority on protecting the lives and opportunities of the world's poor.

Ireland's overseas aid spending is making a real difference in reducing poverty and inequality in some of the world's poorest countries – a goal shared by over 850,000 people who support Dóchas member aid agencies. Without Ireland's assistance, thousands of people would not have access to school, health services or HIV drugs; thousands more would not have access to humanitarian assistance in disaster situations.

Ireland remains one of the world's wealthiest countries and must maintain its commitments to bringing positive changes to the lives of the world's poor and marginalised. Those commitments are rooted in practical, diplomatic and political considerations, as well as strong public support – openly and repeatedly expressed - for development assistance.

Ireland has invested hugely in its recognised international standing in the field of development cooperation. Dóchas encourages the Government to protect that international reputation and to continually strive to move beyond the role of financial donor by engaging strategically in world affairs and multilateral institutions in support of peace, equity and justice.

Ireland needs to commit explicitly to a role that goes beyond that of financial donor. Ireland should build on its reputation as a good donor, and develop a strong role as an advocate for change in international fora, and a strategic partner for development.

In order to do so, the Government must, as a matter of priority, invest in the staff numbers and profile within Irish Aid that would allow it to be proactively and strategically engaged in policy formulation and active governance of multilateral institutions such as the UN, EU, World Bank and IMF.

Holding firm on aid quantity and quality – coupled with delivering Policy Coherence for Development across all Government Departments – is a matter of clear public interest and considerable political importance for Ireland. It expresses in clear and certain terms that while Ireland's economic challenges are temporary its commitment to justice, equity and peace is deep and abiding.

