

**Budget 2013
Submission to Minister for Finance**

“Investing in the Future”

“These are difficult times. Times that test us, but also times that tell us something about ourselves, about our character as a people”

Tánaiste Eamon Gilmore, April 2012

September 2012

Summary

In 2013, Ireland will have a unique opportunity to help shape the decisions to resolve some of the key challenges it faces. In the words of Minister Creighton, the EU Presidency is an opportunity to “manage the EU agenda and find ways of advancing policies that will improve the lives of people in Ireland and abroad.”

Taoiseach Enda Kenny earlier this year promised to work during the Presidency in a “committed fashion” towards ending poverty. He underlined the particular role Ireland can play by stating: “This problem is only going to get worse if it is not dealt with [...] and Ireland is in a position to provide leadership on a range of areas.”

One of these areas where critical progress is needed is the area of Ireland’s development cooperation programme in general, and its commitment to achieving the 0.7% ODA/GNI target by 2015.

In this Submission, Dóchas members argue that:

- **Overseas aid works**
- **Aid works for Ireland**
- **Aid is not forever**
- **Our aid promise is worth keeping.**

Ireland must continue to make visible progress towards the 0.7% commitment. The Government has recognised that maintaining our role and reputation in ODA is key to restoring the damage to our international reputation.

The Irish presidency of the EU provides the ideal platform to bolster Ireland’s standing as a leader in Development, and offers the opportunity to provide leadership to the rest of the EU by carrying the torch for those in desperate poverty worldwide. By living up to its aid promises during the EU presidency, Ireland will fully embrace the spirit of its role as a leader in Europe and help to set the agenda for the years running up to the 2015 deadline.

Overseas aid increases Ireland’s influence

There is no doubt that Ireland’s positive reputation in the area of overseas aid has increased our influence abroad. Ireland was elected to the UN Security Council in 2000, largely on the basis of votes from African countries. Similarly, Ireland’s application to be elected to the UN Human Rights Council includes a pledge in relation to 0.7% as articulated in the Programme for Government 2011 – 2016 and is supported strongly by African countries.

Budget 2013 represents a clear opportunity to show global leadership in a global economic downturn. It must recognise and reflect the on-going pivotal role that Ireland plays in ODA and its positive impact on Ireland’s long-term investment economy.

In Budget 2013, therefore, the Government must demonstrate visible progress towards the 2015 commitment in order to ensure the quality, predictability and overall impact of our development work across the developing world.

Aid helps lay the foundations for economic prosperity

One of the key developments internationally is the rapid economic growth in a significant number of African countries. Africa's collective GDP, at \$1.6 trillion in 2008, is now roughly equal to Brazil's or Russia's, and the continent is among the world's most rapidly growing economic regions. Trade between Africa and the rest of the globe increased by some 200% between 2000 and 2011. A recent report estimated that publicly funded projects in 11 African countries could represent up to €12 billion worth of potential business for Irish companies.

Dóchas members are convinced that economic growth based on core labour standards is a key determinant for "sustainable development". Such growth requires an *"enabling environment"* based on the rule of law, democratic checks and balances, appropriate regulation, reliable infrastructure and – crucially - an active, educated, healthy work force.

By investing in social sectors, by tackling vulnerability to external shocks such as climate change, and by strengthening democratic oversight, overseas aid is supporting and strengthening the basic conditions for economic growth that is now transforming Africa. In addition, our overseas helps ensure that the benefits of economic growth are spread more evenly across societies.

Overseas aid strengthens the pillars of democracy and accountability that benefit markets and citizens alike. And in doing so, it is building stability, partnerships and markets which bring potential benefit for Ireland, too.

Dóchas members particularly urge that the Irish Government demonstrates its strong commitment to international cooperation in Budget 2013, by:

1. Increasing ODA spending to approximately 0.55% of GNI, in order to make the progress required to remain on track with Ireland's commitment to achieving 0.7% by 2015.
2. Restoring the multi-year funding agreement, as recommended by the OECD, and outlining the annual targets for ODA that would enable Ireland to reach the 0.7% target by 2015.
3. Progressing meaningfully towards obligatory reporting on the payment schedules of Ireland's multi-year ODA commitments and Ireland's performance in meeting its financial commitments within ODA.
4. Increasing public accountability about the aid programme, by publishing reports on the implementation of key commitments, including the commitments to spend 20% of ODA on Hunger, and €100 million each year on HIV & AIDS and other communicable diseases.

1. Global Leadership in a time of economic hardship

There is no question that Ireland is currently in the midst of an extremely difficult time economically. The 2013 budget will be amongst the most difficult faced by any Irish government. Hard choices will need to be made. And the impact of those choices needs to be assessed against criteria of fairness, sustainability and long-term interests. The Government should not, as Taoiseach Enda Kenny noted in the Michael Collins commemoration speech, allow “economic difficulties to become a political excuse”.

Ireland’s own history of severe deprivation, of hunger, forced emigration and terrible poverty, is not yet a too distant memory. In Taoiseach Kenny’s meeting with David Cameron in April this year, he rightly acknowledged Ireland’s own “history and tradition since the time of the Famine” as a major contributing factor in our proud history in Overseas Development.

A point reiterated in his speech at this year’s Béal na mBlath Commemoration when he noted the Government’s “firm commitment to prioritise the alleviation of hunger and under-nutrition”. The Irish State has, as stressed by the Taoiseach at the London talks, in its relatively short history placed itself “in a position of leadership” by being the only country committed to spending 20 per cent of its overseas development aid budget on hunger.

The 2010 Irish Aid report noted that:

“Ireland’s place in the world is defined by our commitment to justice, equality, human dignity and respect for human rights, and by our solidarity with those whose lives and futures are blighted by extreme poverty and hunger”.

This is something that Ireland, the government and its citizenship are rightly proud of.

2. Ireland’s work receives international praise

Ireland is a small nation with a big reputation as a caring nation. This was clearly illustrated during the visit of US President Barack Obama in 2011 when he commented on Ireland’s track record by saying:

“A people who once knew the pain of an empty stomach now feeds those who hunger abroad”.

In the same year, US Secretary of State Hilary Clinton, when launching the SUN initiative, a programme dedicated to ending child malnutrition by 2015, praised Ireland’s track record saying:

“The Irish people and the Irish Government know what hunger means from their own history and, as a result, they have been really the world’s leader in working to harness public and private resources in the fight against hunger, and now undernutrition.”

To be recognised as playing such a valuable role in bringing about a better world rightly engenders great pride amongst Irish people.

This pride is reflected in recent polls that show that there is overwhelming support for the Irish government to deliver on its aid promises. In July 2012, an IPSOS MRBI poll showed that 82% of respondents supported Ireland keeping its aid promise of 0.7% by 2015 – a

figure largely in line with similar surveys in previous years. Furthermore, an incredible 85% of respondents to an IPSOS/MRBI poll said that they saw Irish overseas aid as “important” and “very important”, and 88% of respondents felt that Ireland should be proud of its reputation as a leader in overseas development.

This research confirms once again that, even in the midst of recession, the Irish public want Ireland to fight poverty and help the most vulnerable, both at home and abroad.

Support for our aid programmes is not limited to the electorate - there is also wide cross-party support for Ireland to reach its commitment of 0.7% by 2015, as outlined in successive Programmes for Government.

3. Aid From Ireland Works for the World

Aid from Ireland is making a difference that has long-term benefits, ensuring better futures for countless individuals and the generations to come.

There is plenty of evidence that international aid, when focused on supporting the actions and resources of poor communities, is making huge differences for millions of people around the world. Aid from Ireland is helping to scale-up local efforts to save lives, educate children, develop livelihoods, stimulate growth, build democratic societies and promote peace and security.

Aid works:

- In Sub-Saharan Africa there has been a 28% reduction in child mortality in the ten years since 1999 and progress is seen to be accelerating in the years since.
- Maternal Mortality has shown a significant drop of 26% in the same time period.
- Goals of Universal Primary Education are on target to be achieved, with sub Saharan African showing the best improvements in school net enrolment.
- Irish Aid programmes helped Mozambique and Tanzania’s economies grow by 7% and 6% respectively in 2010.
- Irish Aid’s role in Tanzania’s education for girls programme resulted in net enrolment of 96% for girls.
- In Malawi, Irish Development Aid has meant that farmers can buy necessary fertilisers and seeds to help to reduce poverty and produce surplus maize crops.
- In Sierra Leone, Irish supported projects in Kenema have meant that there has been a reduction in women dying in childbirth from 5.4% to 0.17% in 2010 alone.

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The global ONE Campaign praised Ireland earlier this year for “not turning its back on the world’s poor” and QuODA (Quality of Official Development Assistance) Assessment figures for 2011 reveal that Ireland is among only three donors (out of 31) that scored highly across each of the key dimensions of effective aid.

These are facts recognised by the Tánaiste and Minister for Foreign Affairs and Trade, Eamon Gilmore, on a recent trip to Kenya, Uganda and Somalia, when he said –

“Today, with the support of donors including Ireland, the number of people living on less than \$1.25 a day has halved, while the number of children attending school has tripled to almost 8.5 million over the past 15 years.”

Yet, since 2008, Ireland’s aid budget has been reduced by some 30 per cent.

Aid works:

In 2000, the global community committed to reach the Millennium Development Goals (MDGs) by 2015, by investing in strategies with clear, time-bound targets.

Since then, important progress has been made:

- The MDG to halve extreme poverty from 1990 levels has been met, ahead of schedule;
- The MDG on access to safe drinking water has been met, ahead of schedule;
- The prevalence of malnourishment in the developing world has fallen by almost a quarter since 1990;
- The proportion of children in primary education has increased from 80% in 1990 to 89% in 2009 – and the gap between boys and girls has narrowed rapidly;
- Under-5 mortality and maternal mortality rates have been reduced by one-third since 1990.

2013 is a crucial year for the MDGs and Ireland will play a leading role in presiding over Europe’s preparations towards the UN MDG Summit in September. It is already well placed to speak with credibility of its commitment to the achievement of all of the MDGs including MDG8. Budget 2013 should ensure a commitment to the predictability and quality of Ireland’s development world is preserved.

At the same time, Ireland should embrace the opportunity to distinguish itself as a leader amongst the international community in terms of its commitment to accountability and transparency by publishing reports on the implementation of its commitments to hunger

4. Aid from Ireland works for Ireland

Ireland’s progressive and successful Development Aid programme has a further dimension that strikes to the heart of Ireland’s future economic potential. Aid from Ireland is key to ensuring that structural solutions for poverty are in place in the world’s poorest regions.

In order for the economy of developing regions to prosper an “enabling environment” must be established. Ireland’s bilateral and multilateral aid programmes are playing a hugely effective part in constructing this environment by enabling an active, educated, healthy workforce, and by laying the foundations for stable, accountable governments able to enforce the democratic rule of law.

Furthermore, overseas aid serves to ensure that the benefits of economic growth are shared more equally across societies, thus contributing to greater stability and social sustainability.

The results of this investment are evident in Africa's rapidly developing economy – described recently by Minister Costello as “the continent of the future” – which in turn provides a new sphere of economic possibility for Ireland.

Former US President Bill Clinton, addressing investors in New York in February 2012, described Ireland as “a great place for jumping in to Africa”, and later in 2012 as the “ideal gateway for conducting business with [...] rapidly developing African nations”. Ireland's own economic future is thus tangibly linked to the economic growth of developing countries.

Development aid from Ireland is not aimed at growing the economy in African countries, but without it the growth won't happen.

Our aid programme – by working with Governments, international institutions and citizen groups – is laying the foundations for economic growth and is helping to put in place the institutions necessary to ensure economic growth benefits all people, not just an elite.

Overseas aid strengthens the pillars of democracy and accountability that benefit markets and citizens alike. And in doing so, it is building stability, partnerships and markets which bring potential benefit for Ireland, too.

5. A Promise worth keeping – ODA and Ireland's Global Future

In 2000, Ireland formally committed to giving 0.7% of its GNI to Overseas Development Aid – a commitment reiterated repeatedly, and copperfastened in the Programme for Government in 2011.

One of the defining characteristics of Ireland's development cooperation programme has been its rapid rise since 2000, followed by dramatic reductions since 2008. In recent years, however, Government has kept the ODA/GNI ratio steady at 0.5%.

The central tenet of our Submission is that Ireland's demonstrated commitment to development cooperation has paid dividends for the country, and will continue to as the continent of Africa grows economically.

Furthermore, our investment in overseas aid plays an important role in our own economic future, by laying the foundations for sustainable and equitable economic growth in developing countries. As such, our overseas aid programme is inextricably linked to our own future.

As a small, open economy, Ireland is highly vulnerable to global shocks, but also well placed to benefit from security, stability, confidence and renewed economic growth. Our overseas aid is an investment in our common future, in that it is an investment in a safer, more secure world. Such a world is a good thing in itself, but it is good for Ireland too.

Dóchas calls on the Government to ensure that Budget 2013 contains tangible and visible progress towards the 0.7% ODA/GNI by 2015 target.

Ireland's commitment to the UN target was made in the context of the Millennium Development Goals, which are due to be achieved by 2015. If we are to achieve the Goals, we must invest now, not wait until 2015.

Aid alone is not enough

Aid spending is important, but it is not a panacea. Aid cannot end global poverty or redress imbalances of power, wealth and opportunity. Efficient aid saves lives and helps unlock poor people's potential, but 'Development' requires more.

For countries to develop, they need progressive revenue collection, accountable state institutions and private sector companies. And they need a global regulatory framework that gives them a fair chance.

Ending hunger, improving health and education and achieving other development goals will only happen if developing countries are able to mobilise and invest domestic tax revenues in the fight against poverty. Taxes are the most important, sustainable and predictable source of finance for developing countries, providing a domestic funding stream for countries to invest in their own development, and building accountability between states and their citizens. But global financial secrecy allows unscrupulous businesses and individuals to hide money in tax havens, depriving poor countries of the taxes they are owed.

"Tangible and Visible Progress" towards the 0.7% target would require an increase in Vote 29 reflecting an overall target of 0.55% of GNI.

We recognise this as a huge ask during trying economic times, however, this increase is the only way that the 0.7% will be realistically met within the two years remaining on our commitment.

A 2011 report by the Department of Public Expenditure and Reform, on why the ODA budget should not be reduced, clearly outlines the kind of long-term impact that would be imminent.

The report states: "[it] would change the structure of the programme and cause reputational damage to Ireland for many years to come [...] a reputation that has taken more than forty years to build would be jeopardised". The fallout from such a reversal of commitments would, according to the Department's paper, have significant consequences "in terms of support sought for roles in international bodies and the ability the aid programme has given Ireland to 'punch above our weight'".

Dóchas is convinced that Ireland must deliver on its aid commitments.

- A 2012 MRBI Poll shows that eight of out ten people in Ireland want the Government to deliver on its aid promise.
- Our European counterparts rely on us, as a partner, and as a key contributor towards the overall EU commitments on ODA.
- Our role in the Presidency of the EU requires us to take our own foreign policy commitments seriously, at a time when Ireland can play a key role on the global stage.
- As a small, open economy, we rely on a stable, sustainable and fair international order, which can only be brought about through rule of law and international cooperation.

Budget 2013 is the opportunity for us to show our character as a people, as called for by the Tánaiste earlier this year:

“These are difficult times. Times that test us, but also times that tell us something about ourselves, about our character as a people”

In Budget 2013, therefore, the Government must:

- **Demonstrate visible progress in Budget 2013 towards the 2015 commitment in order to ensure the quality, predictability and overall impact of our development work across the developing world.**

Dóchas members particularly urge that the Irish Government demonstrates its strong commitment to international cooperation in Budget 2013, by:

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Dóchas is the association of Irish Non-Governmental Development Organisations. It provides a forum for consultation and cooperation between its 45 members, and helps them speak with a single voice on development issues. For further information visit: www.dochas.ie

DÓCHAS MEMBERS

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Aid Works: Some statistics and facts about progress

Health & Disease

- In Bangladesh child mortality rates have been halved since 1990.
- Guinea Worm has been nearly eradicated: In 1986 3,500,000 cases, in 2011 1,058 cases.
- The number of people with HIV in Africa receiving anti-retroviral drugs has gone up from 100,000 in 2003 to almost 6 million today.
- Two hundred million bednets have been distributed since 2006, cutting deaths from malaria by half in some African countries.

Hunger

- The estimated percentage of underweight children under five has dropped from 25% in 1990 to 16% in 2010.
- In Ghana the number of children suffering from malnutrition has decreased from 32 % in 1992 to 9 % today. The country is now also self-sufficient in food production.
- In Malawi, with the support of Irish aid, the number of households with insufficient food has been reduced from 1 in 4 in 2006, to 1 in 10 today.

Education

- In Tanzania, with the support of Irish aid, 96 % of all children now go to school compared with only 50% in 1990.
- Enrolment rates in primary schools increased in sub-Saharan Africa, from 58% to 76% between 1999 and 2010.
- In Uganda with the support of Irish aid the number of children in school has tripled in 15 years.

Women

- Globally the number of women dying in childbirth every year declined by half between 1990 and 2010, from an estimated 543,000 to 287,000.
- Rwanda and Angola have more women in their parliament than anywhere else in the world, currently 56 %.

Poverty

- In 2012 for the first time since poverty trends began, both the number of people living in extreme poverty and poverty rates fell in every developing region in the world, including in sub-Saharan Africa, where rates are highest.
- With Irish aid support the number of poor people in Vietnam has fallen from 58 % in 1990 to 15 % in 2008.
- In Uganda, with the help of Irish aid, the number of people living on less than \$1.25 a day has halved in the last 15 years.

Children

- Fewer children are dying – annual global deaths of children under five fell to 8.8 million in 2008 – down by 30% since 1990.