



The Irish Association of Non-Governmental
Development Organisations

**BUDGET 2012
SUBMISSION TO MINISTER FOR FINANCE**

**Investing in Ireland's future
- Overseas development assistance**

**Ireland must make visible progress towards UN aid target
and enhance the predictability of this key component of our foreign policy**

September 2011

SUMMARY

The core message of this submission is that through these desperately difficult times, Government leadership is essential, and that this leadership requires that we invest in international cooperation and our international reputation.

Our overseas aid programme represents excellent value for money, in that it has been shown to effectively assist the poorest and most vulnerable people of our world, and has contributed greatly to improving Ireland's reputation – and influence – abroad.

Ireland's own credibility as an international actor of high standing is vital to our economic, financial, diplomatic, and foreign policy interests. In a globalised, inter-dependent world, Ireland must be seen to be an engaged and reliable member of the international community.

As a key element in our national strategy to come out of the current crisis, Ireland must continue to invest in our overseas development assistance programme.

In devising Budget 2012, therefore, the Government must:

- Demonstrate visible progress in Budget 2012 towards the 2015 commitment.
- Enhance the quality, predictability and overall impact of our development efforts.

Dóchas members particularly urge that the Irish Government demonstrates its strong commitment to international cooperation in Budget 2012, 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. Establishing a multi-year framework for ODA and outline the annual targets for ODA that would enable Ireland to reach the 0.7% target by 2015.
3. Restoring the multi-year funding agreement, as recommended by the OECD, under which the Department of Finance and Department of Foreign Affairs previously made medium-term forward plans.
4. 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.
5. Publishing reports on the implementation of Ireland's commitment to spend up to 20% of the total ODA allocation on Hunger, and at least €100 million of ODA each year on HIV & AIDS and other communicable diseases.

1. Ireland is facing unprecedented challenges - and choices

The past number of years have seen unprecedented economic turmoil in Ireland, in Europe and globally. This Budget Submission is not the place to analyse the causes and the extent of the global economic crisis. Suffice to say that the financial and economic crises have combined to put extraordinary pressure on Governments and societies around the world.

As countries try to repair the damage arising from a catastrophic failure of governance in the financial markets, Governments face difficult choices and severe restrictions in terms of the policy options open to them. The very fact that this is a global crisis, which can only be countered through international cooperation, threatens to unhinge the very fabric on international cooperation itself, as the foundations of the Euro zone and other international mechanisms are being tested to the limit.

If we make the right choices now, we have a real opportunity to build a new society, and a new global society, that is more resilient, safer and more predictable.

2. Resolution of international crises requires more, not less, international cooperation

The recent succession of global crises has shown how inter-connected the world is: the web of economic, financial, credit, trade and human movements is now tightly woven, binding the fate of nations together. Financial crises, pandemics and climate chaos affect all countries, irrespective of size, geography or political orientation.

This inter-dependence has brought great advantages, and great risks. The current global crisis is a powerful reminder of the need to manage more effectively the associated risks.

To build a safe and sustainable world for all, globalisation has to become more sustainable and equitable. One of the key lessons of recent years is that regulation must be at the heart of globalisation, and that the political primacy over “the market” must be re-established. Only a coordinated, coherent and sustained international effort can re-dress the balance that is so urgently required.

3. Ireland’s future lies in international cooperation

A small, open economy such as Ireland, highly vulnerable to global shocks must invest fully in international efforts to set the parameters for the future. Ireland’s future lies in international trade and in international cooperation.

The Constitution affirms Ireland's commitment to the ideal of peace and friendly cooperation amongst nations, founded on international justice and morality. Ireland’s foreign policy has always been based on the conviction that the country's interests, and those of all countries, are best served by clearly articulated and respected international rules and governance mechanisms.

If Ireland is to thrive, it needs a stable, just and sustainable international community, This in turn requires strong global governance which will protect and promote the values of democracy, human rights and human security.

4. Development cooperation is a central plank of Ireland's foreign policy

Ireland must play an active and responsible role as a member of the international community. At the heart of our foreign policy is a long-standing contribution to international development cooperation, reflecting the best of what we are as a nation.

Over the past 40 years, Ireland has built an enviable international reputation in emergency response and long-term development. Our development programme, besides making a real and tangible change in millions of people's lives, has given us credibility, influence and leverage on the world stage.

Dóchas and the 70 organisations in the "Act Now on 2015" campaign, consider that our overseas aid programme constitutes a vital part of Ireland's foreign policy. Since that development programme is built on the commitment to attain the UN goal of spending, by 2015 at the latest, 0.7% of GNI on Official Development Assistance, Ireland must deliver on this core element of our foreign policy.

5. Public support for investing in development remains strong

Dóchas argues strongly that Official Development Assistance (ODA) spending is not a matter of 'charity' but a solemn international commitment, underpinning Ireland's foreign policy priorities of supporting multilateralism, justice and stability in the world.

There is striking public support for Ireland's engagement in development cooperation, despite the current crisis: some 80 percent of respondents in a July 2011 Ipsos-MRBI poll for Dóchas expressed the view that Ireland should continue to support overseas aid even in the face of its economic difficulties.

In addition to supporting aid agencies directly, the Irish public believes that Ireland should support the global effort to address extreme poverty, hunger, disease and social justice.

6. Ireland's overseas aid is of world class quality – but lacks predictability

Ireland is a leading player among international donors pursuing aid effectiveness to achieve lasting development results. Independent assessments have highlighted the quality of our aid programme, and a number of Ireland's NGOs have built up a strong reputation internationally for the quality of their work, and their ability to work with poor and marginalised communities in extremely difficult circumstances.

The great threat to the high quality of our aid programme is the low level of predictability in the allocation of resources.

Research suggests that when the delivery of overseas aid expected under multi-annual programmes is unreliable, its value is diminished. Aid which is not paid as agreed disrupts recipient countries' Budget, fiscal arrangements, strategic planning, accountability in public finances, consumption spending and, overall, sound management of the economy.

According to the OECD (June 2010), aid loses between 10 percent and 20 percent of its value globally when it is not predictable, . It cites unpredictability as one of the three systemic factors that cause huge transmission losses in the value of global aid and which requires corrective action.

Not alone is Ireland undermining the value of its own ODA expenditure through unpredictability, but it can make major inroads on its drive for aid effectiveness and value for money by increasing its multi-annual predictability. In this case, as the OECD notes, fiscal pressures and the need for greater demonstration of results appear to pull in the same direction.

This suggests a strong financial case for the Department of Finance to move towards greater ODA predictability, in the short and medium term, in the interests of efficiency and value for money. One simple move to help restore that ODA predictability would be to follow the OECD/DAC's recommendation and restore the multi-year funding agreement under which the Department of Finance and Department of Foreign Affairs previously made medium-term plans.

Conclusion

As Ireland re-shapes its own model of development, and as it needs support from the international community, it is in our own short-term and long-term interest to invest in strong, democratic, accountable and effective governance mechanisms for the globe.

Ireland's own credibility as an international actor of high standing is vital to our economic, financial, diplomatic, and foreign policy interests. In a globalised, inter-dependent world, Ireland must be seen to be an engaged and reliable member of the international community.

For these reasons, we must deliver on our international commitments. One of the more high profile of these is our commitment to help achieve the Millennium Development Goals, through our ODA budget.

In light of the above, we call on the Government to:

- **Demonstrate visible progress in Budget 2012 towards the 2015 commitment.**
- **Enhance the quality, predictability and overall impact of our development efforts.**

Dóchas members particularly urge that the Irish Government demonstrates its strong commitment to international cooperation in Budget 2012, by:

1. Increasing ODA spending to approximately 0.55% of GNI, in order to make the progress required in 2012 to remain on track with Ireland's renewed commitment to achieving 0.7% by 2015.
2. Establishing a multi-year framework for ODA and outline the annual targets for ODA that would enable Ireland to reach the 0.7% target by 2015.
3. Restoring the multi-year funding agreement, as recommended by the OECD, under which the Department of Finance and Department of Foreign Affairs previously made medium-term forward plans.
4. In advance of enabling legislation, progressing meaningfully towards obligatory reporting on the payment schedules of Ireland's multi-year ODA commitments. This would include publishing statistics on Ireland's performance in meeting its financial commitments within ODA and annual assessments of the performance of Irish Aid, in particular, in meeting its commitments, as set out in the White Paper on Irish Aid and annual work plans.
5. Publishing reports, regularly and specifically, on implementation of Ireland's commitment to spend up to 20% of the total ODA allocation to alleviate and eradicate hunger, as well as its commitment to spend at least €100 million of ODA each year on HIV & AIDS and other communicable diseases. This could be through the annual DFA output report, Irish Aid annual reports, specific hunger/HIV & AIDS spending reports, Oireachtas briefings, or otherwise.

The rationale to eradicate extreme poverty and inequality is clear.

There is cross-party political support in the Oireachtas for Ireland's aid commitment. Government policy states that Ireland will deliver on its 0.7% commitment by 2015.

Through these desperately difficult times, your leadership is essential – to invest in international cooperation and our international reputation. And above all, to assist the poorest and most vulnerable people of our world.

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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 MEMBERS

A-Z Children's Charity - ActionAid Ireland - Afri - Africa Centre - Aidlink - Alan Kerins Projects - Amnesty International Ireland - Camara Education - Centre for Global Education - ChildFund Ireland - Children in Crossfire - Christian Aid Ireland - Christian Blind Mission Ireland - Comhlámh - Concern Worldwide - Friends of Londiani (Ireland) - Galway One World Centre - Gorta - Habitat for Humanity Ireland - Irish League of Credit Unions International Development Foundation (ILCU/IDF) - Irish Council for International Students (ICOS) - Irish Family Planning Association (IFPA) - Irish Foundation for Co-operative Development (IFCD) - Irish Missionary Union (IMU) - Irish Red Cross (IRC) - Kerry Action for Development Education (KADE) - National Youth Council of Ireland (NYCI) - Oxfam Ireland - Plan Ireland - Progressio Ireland - Self Help Africa - Sightsavers International Ireland - Skillshare International Ireland - Suas Educational Development - Tearfund Ireland - The Hope Foundation - The National Council of Ireland YMCA Trust - Trócaire - Vita - Voluntary Service International (VSI) - Voluntary Service Overseas (Ireland) - Volunteer Missionary Movement (VMM) - War on Want Northern Ireland - World Vision Ireland.