

Christian Aid submission to the review of the White Paper on Irish Aid

Christian Aid is an international development organisation that asserts that the world can and must be swiftly changed to one where everyone can live a full life, free from poverty. We work globally in 45 countries for profound change that eradicates the causes of poverty, striving to achieve equality, dignity and freedom for all, regardless of faith or nationality. We are part of a wider movement for social justice. We provide urgent, practical and effective assistance where the need is great, tackling the effects of poverty as well as its root causes.

We welcome the opportunity to contribute to the review of the White Paper on Irish Aid.

1.0 *Has the government been successful in implementing the commitments contained in the White Paper on Irish Aid?*

1.1 Ireland's failure to follow through on its commitment to increase aid to 0.7% of GNI by 2012 is regrettable. While acknowledging the difficult economic position the country is in today, we feel that the introduction of a multi-year framework for ODA, including annual targets that would enable Ireland to reach its target by 2015 would at least mitigate the damaging effects of smaller volumes of aid. Predictability in aid flows is crucial to ensuring maximum impact, and an agreed framework could provide the necessary certainty.

1.2 We welcomed the commitment in the White Paper to addressing governance and human rights. We believe that accountability, transparency and a sound relationship between citizens and the state is essential if healthy and sustainable development is to take place in a country. Indeed, in the White Paper, governance was described as a cross-cutting issue, with targets around mainstreaming set.

1.3 However, we feel that in the overall Irish Aid programme, more tangible, easily explainable issues such as hunger, nutrition, health and education have been prioritised, even if results from efforts in these areas may never be as deep-seated and sustainable as results from changing systems and

structures that keep people poor. We feel that as governance is seen as a cross-cutting issue for the programme, rather than a key driving force of the programme, it is not surprising that there are not stronger outcomes that evidence Irish Aid's commitment to "create the conditions in which women and men are empowered to participate freely in their political, social and economic development..." or to "ensure that national budgets and aid funds are spent effectively and benefit the most vulnerable people." The success of aid programmes cannot be assessed only in terms of vaccines provided, wells dropped, or schools built – the provision of health and education services cannot be sustained without a committed and robust demand for good governance. Poor and marginalised communities having the 'democratic space', as well as the voice and ability to articulate their demands from governments, is the clearest evidence of development that can be sustained.

- 1.4 In addition, aid programmes should include from the earliest possible stage, an 'exit strategy' and be committed to ensuring that aid dependency is not created. Having governance and human rights goals as the driving force, not merely a cross cutting concern, puts aid programmes in a much stronger position to avoid aid dependency.
- 2.0 *What are the implications of the changes in the global and domestic context for the Government's aid programme in the future and how will these effect current practices?*
- 2.1 Climate change continues to threaten any development gains made in the past 15 – 20 years, both in agriculture and in human security as weather patterns change and increase the vulnerability of poor and marginalised populations. As development actors the concept of building climate resilience into all infrastructure and livelihoods projects has emerged as crucial in recent years. However, the experience of the impact from climate change and unsustainable resource depletion are not matched by action to counter them. Opportunities arising using green technology are forging ahead, but it will be important to focus on programmes that develop ways of sharing the world's natural resources fairly and equitably.

- 2.2 The global financial crisis and the consequent reduction in overall ODA levels have heightened the need for greater support to domestic resource mobilisation. The most effective way of mobilising resources is through effective national tax systems. For developing countries, sustainable and effective tax regimes providing revenue for essential public services is key to ensuring that in the long-term developing countries are free from reliance on ODA for development needs.
- 2.3 Ireland's constrained financial situation demands that all areas of government spending is scrutinised in terms of its **value for money**. Overseas aid is not an exception, and the White Paper Review must ensure that Ireland's aid programme is designed in such a way that it continues to be able to withstand any amount of scrutiny in terms of effectiveness, relevance, and impact. Value for money must continue to be seen not only in terms of goods per beneficiary but also in terms of long-term changes to systems and structures that do not benefit the poor. An example of this would be that while aid continues to provide a crucial flow of resources into developing countries, there is a far greater outflow of resources through illicit capital flight. Tackling that systems and structures that facilitate this would be a good example of promoting better value for money.
- 2.4 Ireland could increase the economic impact and improve the effectiveness of aid by combining aid spending with actions to combat losses of capital from elsewhere in the economy resulting from capital flight, tax evasion and avoidance.
- 2.5 In 1990 almost 90 per cent of the world's poor lived in Low Income Countries(LIC). Today studies suggest three quarters of the world's poor are living in Middle Income Countries(MIC) with just a quarter of the world's poor are living in LIC, mainly in sub Saharan Africa¹. Studies have shown that to reduce poverty in countries of great inequality takes three times more economic growth than in more equitable countries - **inequality** therefore

¹Sumner, A. (2011), Centre for Global Development (CGD) Policy Brief, Washington, DC: CGD

represents one of the biggest challenges to poverty reduction efforts today². The traditional focus of donors and other development actors is likely to become more challenging as intrastate inequality becomes more significant, with the associated problems of more extreme levels of poverty, social unrest and conflict. Impressive rates of economic growth in some countries often serve only to mask growing levels of inequality. For example, the consequences of inequality were a major contributory factor in the Tunisian and Egyptian uprisings of 2011, yet they ranked first and sixth respectively in terms of progress towards the MDGs³. Extreme poverty, social fracture and unrest as a result of inequality can remain in countries that have grown significantly overall, and looking to the future consideration should be given by Irish Aid what is required to ensure that measures of growth take inequality into account.⁴

2.6 Irish Aid and national governments could, for example, support the collation of a consistent standard of data that will allow a clear analysis of the inequalities and dimensions of poverty facing each community and country. This will not only facilitate more effective policy making in a technical sense, but will also allow people to engage with the political response to inequality and make choices about prioritisation⁵

2.7 The **Millennium Development Goals** have driven significant progress and have raised the profile of international development which was greatly needed after the fall in aid in the 1990s. However they have also underperformed, primarily due to flaws in the understanding of poverty, and seeking to treat the symptoms of poverty only, rather than including the systemic and structural causes⁶. This meant that the ambition of the Millennium Declaration was lost and poor countries were told what their priorities should be. Christian Aid believes that a global framework has the potential to be effective, as indeed

²Vandemoortele, M. (2009), 'Within-country inequality, global imbalances and financial instability, Overseas Development Institute

³MDG Progress Index: Gauging Country level Achievements: Centre for Global development 2010, cgdev.org/section/topics/poverty/mdg_scorecards

⁴ See <http://www.oecd.org/dataoecd/54/29/48993634.pdf> - page 8

⁵*Poverty Over: We're All In This Together*, A Christian Aid Report, 2010 - <http://www.christianaid.org.uk/images/were-all-in-this-together.pdf>

⁶We're all in this together, A Christian Aid report , 2010 <http://www.christianaid.org.uk/images/were-all-in-this-together.pdf>

the MDGs have been, but that flaws in such a framework will also have global consequences. This makes it vital that the post 2015 successor to the MDGs gives a more nuanced and contextually adaptable framework for understanding development goals, in particular in relation to the institutional frameworks in developing countries, as well as the relationships between countries in a global community.

2.8 The successor to the MDGs must take account of inequality, sustainability and active citizen participation to a much greater degree. It must be developed in a more open, transparent and inclusive way and insofar as it imposes conditions they should apply to donors as well as recipients of aid.

3.0 *How should the government respond to the key issues of hunger, climate change, basic needs, governance and human rights, and gender equality? Are there other issues? What issues should the government prioritise?*

3.1 Christian Aid supports the continued focus on the key issues identified by Irish Aid. In particular, we would like to comment on those areas in which our programmes provide us with an evidence base to comment on the effectiveness of recent interventions and the opportunities for future development.

3.2 Christian Aid believes that a technical approach based on service delivery is insufficient to bring about lasting change; instead, the political process, which involves negotiation and bargaining between all actors in society, is a more powerful driver of change. **Accountable governance** is essential to combat inequality and poverty; however it is impossible for this to happen if the voice of civil society is stifled. Therefore the protection of civil society space is a fundamental requirement for change.

3.3 Christian Aid works primarily through civil society organisations. Many of our partner organisations however are finding that the constriction of civil space in which to work is hampering their work. The erosion of civil society space is part of a growing disregard for human rights and more restrictive environments for human rights defenders, sometimes carried out under the guise of enhanced security. It is clear that in order to address shrinking **civil society space**, it is essential to address respect for human rights, and in

many cases, respect for and protection of human rights defenders. In the context of a new White Paper, Irish Aid should ensure that both its commitment to **human rights**, and its commitment to the protection of human rights defenders are adequately reflected.

- 3.4 Irish Aid should commit to using its diplomatic leverage and work with other countries to ensure civil society space, and use its position in multilateral fora to highlight the importance of this issue. Donors, including Irish Aid, must also consider what degree of responsibility they have for the protection of **human rights defenders** whom they support either directly or indirectly through NGOs. Many of the human rights programmes supported through Irish Aid place people and communities at the sharp end of reprisals. Irish Aid should support whatever appropriate and decisive action is required to protect the safety of human rights defenders, mindful that this will sometimes require a cross government response.
- 3.5 The restriction of space for civil society actors is particularly evident in post conflict, or fragile states, but is also evident in countries where good progress towards deeper democratization has stalled, or has even been reversed. Irish Aid should support efforts to deepen and consolidate democratization, even in countries such as Mali for example, which had been praised for the strength of its governance institutions.
- 3.6 Christian Aid understands poverty as an issue of power, unequal distribution of power, unfair abuse and misuse of power. **Gender inequality** is the fundamental power imbalance shaping the lives and opportunities of women and men at every level, from household, through communities and national governments to global business and policy debates. Gender is how power most directly affects people's lives every minute of every day. Women constitute more than half of the world population and more than 70% of the world's poor. Development interventions that do not adequately centralise the needs and priorities of women (in conflict, post conflict or development context) fall short of achieving the MDGs.
- 3.7 While some progress has been made to address gender inequality, i.e. international conventions, commitments, alliances, establishment of UN Women, ratification of international conventions by UN members states,

increased political, social and economic participation by women, women remain the poorest of the world hence the momentum should be strengthened and sustained at every level. Men are key allies in the global, national and community initiatives to tackle gender inequality.

3.8 Christian Aid believes that we can truly eradicate the scandal of poverty when men and women have equal access and control over resources. In the context of the white paper we call on the Irish Government to sustain the momentum on tackling gender inequality and Gender Based Violence (GBV) in non-conflict, conflict and post conflict settings.

3.9 We call on the Irish Government to use their diplomatic leverage with funding recipient countries to ensure that they effectively implement, monitor and evaluate gender equality initiatives.

3.10. We also make the following recommendations on gender programming:

- **Gender Based Violence** remains a human rights and public health issue with huge social and financial costs to families, communities, businesses and governments. The Irish government should commit to sustained leadership and commitment to prevention of GBV in non, conflict, conflict and post-conflict settings and encourage donor and other international partners to commit and enforce international conventions on GBV.
- The Irish Government should sustain its commitment to universal education for girls and economic empowerment for women.
- Political participation is a key indicator for women empowerment. Ireland and its donor countries should demonstrate leadership by stepping up the civic and political participation of women.

3.11 Former UN secretary-general Kofi Annan described poverty as the "biggest enemy of health in the developing world". Approximately 1.2 billion of the world's populations live in extreme poverty, without clean water, proper nutrition, decent or adequate shelter – circumstances which cause widespread poor health. Poverty cannot be eliminated without addressing the causes of poor health. The challenge is huge – an estimated 7,500 people die each day as a result of **HIV**, and the global epidemic is most keenly felt in the poorest countries in the world. Ill health pushes poor people even further to

the margins of society. It impacts on all areas of life, undermining growth and holding back development. Healthy communities are more resilient, more able to engage in the decisions that affect their lives, to build their assets and secure equal access to common resources. Christian Aid believes that to truly bring an end to poverty and poor health, the structural and cultural determinants of health inequalities must be addressed. This is why addressing poor health, and in particular **HIV and AIDS** is central to Christian Aid's vision to bring an end to poverty. The Irish government should:

- 3.12 Irish Aid is well placed to continue to provide strong leadership: With the global perception that the focus on HIV and AIDS is waning, now is the time for strong leadership and determined action. The Irish Government has previously demonstrated leadership in ensuring that the global response covers improved service provision through health system strengthening, prevention of stigma and discrimination, meaningful participation of people living with and affected by HIV and AIDS, supporting universal access to prevention, treatment, care and support including community and home based care, and ensuring a fully functional social safety net. The Irish Government has also supported mainstreaming of HIV and AIDS across all sectors, particularly in countries with a generalised epidemic. This must continue.
- 3.13 HIV must be enshrined as a strategic priority within Irish Aid's reviewed White Paper. It must also be incorporated in other development issues such as hunger and climate change. Following the publication of its reviewed White Paper, Irish Aid should complete and publish its HIV Policy and Strategy in consultation with country partners and civil society.
- 3.14 The Declaration from the 2011 UN High Level Meeting on HIV and AIDS, which the Irish Government signed, stated that between \$22-\$24 billion/year is needed to achieve universal access by 2015. At a time when the global funding for HIV and AIDS fell for the first time by 10% from 2009 to 2010, it is imperative that the financial commitment expressed by the Irish Government to spend €100million/year on HIV and AIDS and other communicable diseases, with 20% of it allocated to children, is reaffirmed in the reviewed

White Paper. By doing this, the Government can ensure the sustainability of the much needed scale up of the response to HIV and AIDS.

3.15 The Irish Government should also encourage its donor partners to make and fulfil their commitments. Commitment to fund all national AIDS strategic plans must be reaffirmed while also asking African partner governments to maintain their commitments under the Abuja Declaration of spending 15% of national budgets on health. It is only through greater country commitment, alongside continued donor support, that there will be a more holistic and effective response.

3.16 National and international communities working together must continue to look for and strengthen funding mechanisms that allow for the most efficient use of funding available. Evidence shows that the Global Fund to combat AIDS, Tuberculosis and Malaria delivers value for money and the Irish Government should continue to support it through sustained contributions, commit to a fully funded Global Fund and encourage other donors to do likewise.

3.17 We also make the following recommendations with regard to HIV programming:

- Promote the Human Rights of People Living with and Affected by HIV and AIDS A strong human rights-based response is critical in the fight against the HIV epidemic. We support calls on the Irish Government to ensure that the human rights and dignity of the most vulnerable poorest people infected and affected by HIV and AIDS is promoted in the White Paper.
- The right of all people to live without AIDS related stigma and discrimination, to have equal access to high quality prevention, treatment and care and support services must be ensured. The Irish Government should encourage its donor and country partners to do the same in support and implementation of the GIPA Principles (Greater involvement of people living with or affected by HIV and AIDS).
- The international community must strive to achieve the UNAIDS vision of zero discrimination, zero new HIV infections and zero AIDS-related deaths. We call on the Irish Government to commit in the White Paper that prevention efforts

are scaled up, there is no roll-back on treatment, and that care and support is provided to all those who need it. The earmarking of funds for children's HIV and AIDS programmes should continue.

3.18 Action on **climate change** is a corporate priority for Christian Aid, and we view it as a major driver of vulnerability and poverty. Climate change is a particularly threatening symptom of the failure of existing development models from which food, energy and economic crises have emerged in recent years. Deep reductions in global (GHG) emissions and significant scaling up of support for adaptation and low carbon development are critical and urgent in order to tackle climate change. Current levels of political commitment and action remain wholly inadequate to meet the scale of the challenge presented by current impacts and projections by the Intergovernmental Panel on Climate Change and must be stepped up urgently. In order to be just and effective, all countries must act according to their responsibility and capacity, with a focus on protecting and promoting the human rights of the most vulnerable people. Furthermore, effective action on climate change is inherently linked to and dependant on a shift in both developed and developing countries to development models which are socially, environmentally and economically sustainable.

3.19 In the context of the new White Paper the Irish Government should advocate and pursue a justice approach to climate action, recognising the implications this has across Government policy and action, including the need for:

- Effective GHG emission reductions in Ireland and support for stronger emission reductions within the EU, recognising the implications of current low levels of ambition for vulnerable people in developing countries.
- Advocating national policy coherence by committing to work with other governments departments to ensure domestic action on climate change is both ambitious and effective. This should include the full implementation of the 'Framework for Sustainable Development for Ireland'.
- Fulfilling Ireland's commitment to provide €100mn in new and additional finance between 2010-2012, and scaling up Ireland's contribution to the mobilisation of long-term, secure, new and additional public finance for climate action in developing countries, with a continued focus on adaptation which remains underfunded.

- Advocating and pursuing a rights-based, people-centred approach to climate action to ensure investment at all levels is responsive, builds capacity and developmental co-benefits such as empowerment, food security and sustainable livelihoods.
- Identify and act on responses which threaten to exacerbate vulnerabilities or threaten human rights.
- Investment in small-scale women farmers given the disproportionate impacts they face from climate change, as well as their potential as a catalyst for promoting sustainable livelihoods practices.
- Promoting the effective participation of a diversity of civil society and community level organisations in decision making on climate change action.
- Promoting transparent, standardised, regular accounting and reporting on the sources and spending of climate finance flows, including whether finance is new, whether it is additional to existing ODA commitments, the share of loans versus grants, and the distribution of climate finance between adaptation and mitigation.
- Promote the inclusion of human rights and social and environmental safeguards in the principles, policies, reporting and evaluation of climate finance flows, and the establishment of independent national and international level grievance and recourse mechanisms to ensure compliance;

3.20 As both a development and humanitarian actor Christian Aid works to ensure strong linkages across our programmes. Beyond immediate **emergency relief**, it is important that communities have the opportunity to influence and shape the key decisions affecting the re-building of more resilient lives. Christian Aid has a strong record of supporting marginalised communities as they move beyond day-to-day subsistence to a self-reliant and sustainable future. We acknowledge the commitments made in the current White Paper on issues such as **humanitarian preparedness**, capacity building and linking relief, recovery and development (LRRD) but we also see scope for the inclusion of some practical steps that would enhance these commitments and promote good practice.

3.21 Change in practice: humanitarian agencies and donors should develop best practice on collaborative partnership approaches for disaster prevention and response that builds local capacity.

3.22 Change in global perspective: the importance of DRR and emergency response to building resilience and development makes it central to global development and aid debates; the UN secretary-general should appoint a high level panel to lead a global review of disaster prevention and response to feed into the post-millennium development goals (MDGs) agenda.

3.23 Change in funding, coordination and attitude: donors, UN coordination mechanisms and national governments should fund, coordinate and deliver emergency responses as if local capacity mattered. They must develop structures that reinforce and fund best practice for working with local capacity in emergency response.

4.0 How can the Government further strengthen its ways of working in delivering an effective programme with a view to delivering results / poverty reduction?

4.1 To make **aid more effective** requires that aid actually stays in the country and contributes to a country's development. The organisation Global Financial Integrity (GFI) estimates (conservatively) that Africa lost \$854 billion in illicit capital flight between 1970-2008⁷, twice what Africa received in development assistance making Africa a net creditor to developed countries. The problem is growing rapidly, increasing by an average of 11.9% per year. Given this situation, it is hardly surprising that the effectiveness of well-intended aid can be undermined. Corruption on the part of those receiving aid is certainly a part of the problem, but given the losses are more than aid received, it is clearly not the only problem. Indeed, Global Financial Integrity finds that globally just 3% of capital flight is from bribery and theft by government officials⁸. Christian Aid's own research, looking just at transfer mispricing and false invoicing estimates that developing countries lose \$160 billion a year in lost tax revenue, some one and a half times the global aid budget.⁹

4.2 That such **capital flight** and tax avoidance is possible is due to both corruption and lack of capacity within developing countries but also,

⁷http://www.gfip.org/storage/gfip/documents/reports/gfi_africareport_web.pdf

⁸ ibid

⁹ Death and Taxes, A Christian Aid Report 2008 -<http://www.christianaid.org.uk/images/deathandtaxes.pdf>

significantly, through utilising the willingness and ability of the global financial system to facilitate such processes. Tax havens are the prominent example of this facilitation; by providing financial secrecy, they facilitate the movement of capital abroad making it difficult for tax administrations to trace the transactions. There is neither the robustness of checks at the time of transaction to ensure transfers are legitimate nor the ability for interested parties to perform checks afterwards to trace the flows out of their country. In addition, the weakness and limited coverage of information exchange treaties between developing countries and tax havens mean that the risk of a tax evader being challenged is limited.

4.3 Furthermore, **tax havens** are used by some multinational companies to shift profits from where they are made to where they will incur low levels of tax. Under-resourced revenue authorities in developing countries find it difficult to track such abuses. If developing countries had reports of profits and activities in each country where multinationals were based, then they would be in a better position to target their resources towards high risk companies. Irish Aid should therefore advocate for cross government support for:

- Continued support to capacity building in domestic resource mobilisation – Irish Aid is already doing this.
- Global action through the EU, UN, OECD, and G20 to:
 - o Ensure multinational companies report on their activities in each of the jurisdictions in which they work
 - o Support automatic information exchange agreements between countries to help bring an end to the damaging effects of tax haven secrecy

4.4 Irish Aid should also support and advocate for the implementation of the OECD/World Bank/IMF recommendation to conduct a ‘spillover analysis¹⁰’ on the possible negative impacts of domestic taxation regulations, and an assessment of any planned changes to financial regulation governing multinationals based in Ireland that may increase tax avoidance overseas. This would necessarily raise the issue of **policy coherence** between government departments.

¹⁰<http://www.oecd.org/dataoecd/54/29/48993634.pdf> p.27

- 4.5 Governance should be moved to a more central position in Irish Aid's development approach. As a cross-cutting issue, its importance was acknowledged, but it was frequently side-lined for more tangible indicators of poverty. However, without making real progress regarding more accountable governance, it will be difficult to make real change in the lives of poor people.