

Overseas Aid

FICTION

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FACT



Setting the record straight about Aid

Dochas

The Irish Association of Non-Governmental
Development Organisations

Dóchas is the Irish Association of Non-Governmental Development Organisations. It is a meeting place and a leading voice for organisations that want Ireland to be a world leader in efforts to bring about global justice.



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Time and again, we see that public support in Ireland for overseas aid is very high in Ireland. Not only do opinion polls show that Irish people say they back the spending of money on aid, but they also put their money where their mouth is: each year, people in Ireland donate millions of euro to organisations working in developing countries.

Paradoxically, while support is widespread so are doubts about the effectiveness of aid. Research shows that although 8 out of 10 people in Ireland support Ireland's overseas aid programme, almost half of those questioned believe overseas aid is not actually making a real difference. The research also shows that there is a gap between what people believe about aid and the realities on the ground.

This leaflet aims to change that, by confronting the myths and untruths (**Fiction**) through the presentation of data and information (**Fact**).

We hope this leaflet promotes discussion and debate. And we hope it helps people Explore and Explode the Myths about Overseas Aid.



Development or **Overseas Aid** is a broad term that describes assistance given to developing countries. It comes from a number of sources and is used for a variety of purposes.

The overall aim of aid is to improve the welfare of citizens of developing countries and promote economic development in order to reduce suffering and eliminate poverty throughout the world.

The Department of Foreign Affairs, through Irish Aid, distributes the official government aid from Ireland. This is called **Official Development Assistance (ODA)**. Aid can be provided in the form of cash, technical assistance, debt relief, loans at a substantially reduced rate of interest and humanitarian assistance during emergencies.

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FICTION

Too much money is spent on aid.

FACT

Not enough money is spent on aid!



In 2014, rich country governments* provided some €123.89 billion in "official development assistance" or ODA. That is a lot of money. But to put it in perspective: **Each year the world spends more than that on video games!**



The €123.89 billion represents only 0.29% of governments' combined gross national income (GNI). In other words, 99.71% of rich countries' wealth is NOT spent on development aid.

Each government has promised to invest 0.7% of their gross national income by 2015 but most governments are falling way behind their development aid commitments and targets.

The financial crisis has led several governments to tighten their budgets, which has had a direct impact on development aid. Governments could however afford €1.3 billion on global military spending in 2014 - showing that it really is a question of priorities, rather than a lack of money.

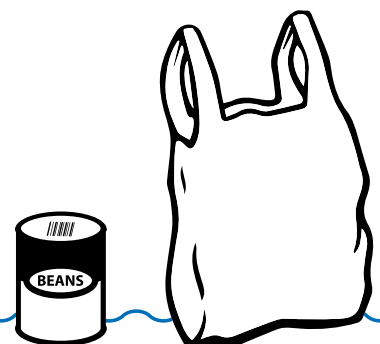
But enough about the big numbers, what does Ireland give in aid?

In Ireland, we spend less than 0.4% of Gross National Income on Overseas Development Assistance: 39 cents out of every 100 euro we earn.

To put that in context: If you were to do your shopping and spent €100 on groceries, the amount you would spend on Overseas Aid would be less than the price of a tin of baked beans or the levy for two plastic bags.

In actual money, the amount Ireland spends on aid is €614.86 million (2014 figures), an amount almost equal to the amount the Irish government spends on dyeing diesel. Each year 1.25 billion litres of fuel is dyed for agricultural and industrial use.

**The 34 members of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD)*





FICTION

Ireland should not give overseas aid when in a recession.

FACT

Ireland cannot afford NOT to give overseas aid during recession.



There is no doubt people in Ireland are struggling, with unemployment, debt and rising costs of living presenting real problems for countless people here. **But Ireland is still a relatively rich country.**



- ✓ **Our GDP per capita is higher than it was during 2004, when the Celtic Tiger was booming.**
- ✓ **Irish people still have some of the best quality lives in the world** (top 10 on the Human Development Index).
- ✓ **We are better off than over 190 other nations - 99% of the rest of the world.**

Ireland's Overseas Aid promise is made as a percentage of national income, meaning the aid budget can go up and down in line with Ireland's economy. Therefore, during recession the amount we spend can go down automatically, without affecting our aid promise.

More importantly, **Aid is to our benefit too.** Ireland prospers if it has countries to trade with. Our overseas aid helps build a safer, better educated and healthier world - which is better for all of us in the long run. By assisting other countries to escape poverty, we are investing in future partnerships and future trade relations. And by investing in health and education services, we help train the work forces in developing countries and provide opportunities for future entrepreneurs to come forward.

Poor countries will not remain poor forever. Trade between Africa and the rest of the globe has increased by some 200% between 2000 and 2011. Six of the 13 fastest growing economies in the world are in Africa. It is estimated that publicly funded projects in 11 African countries represents up to €12 billion worth of potential business for Irish companies.

And our aid programme also gives us political influence. Ireland's great reputation for good aid has not gone unnoticed by the United Nations; Ireland was elected to the UN Security Council in 2000, largely on the basis of votes from African countries, and Irish diplomats are regularly selected to lead major international processes, because we are seen as a caring country that has the interests of poorer and weaker nations at heart.

But Aid has also strengthened our relationship with richer countries too for example the USA; Barack Obama, Hilary Clinton and Bill Gates have publicly acknowledged Ireland's commitment to the poorest people in the world and our leadership in the fight against hunger. The US remains Ireland's largest export market by some distance, with more than €18 billion worth of goods shipped there in 2012 not to mention direct investment from multinationals such as Microsoft, Google, Intel and Abbott. Our aid reputation is not only important for our economic and political relationships with developing countries but also with richer countries.



FICTION

Too much aid funding is spent on administration.

FACT

Aid funding for overhead costs and administration is essential.



Good intentions simply are not enough to solve a problem as big as world poverty. Aid needs to be **effective, efficient, transparent and professional** in order for it to work.

Independent assessments of overseas aid have found that spending only a small amount on administration actually *increases* the likelihood that programmes will be ineffective. Would you buy insurance from an unprofessional, inefficient company? Or would you buy a car that was not properly road tested? Aid that is not properly tested is not only a bad investment but it puts people's lives at risk.

Similarly, money spent to run programmes efficiently makes sure aid is effective for the people it's helping and to guarantee its quality to the Irish tax payer. Stringent processes are followed in planning how aid money will be best invested and how it will be accounted for. That's a sound investment in quality control, not money wasted.



Would you buy a car that was not properly road tested?

Aid that is not properly tested is not only a bad investment but it puts people's lives at risk.



FICTION

Aid goes to corrupt governments.

FACT

Aid FIGHTS corruption.



There is no question that bribery and corruption **undermine development efforts** and particularly impact on the poor. Real change will not happen without governments that listen to – and respond to – their citizens.



And that is where overseas aid comes in. Aid supports what Transparency International calls the “pillars of integrity”: informed citizens, a strong judiciary, independent media and watchdog agencies. Ireland’s overseas aid programme helps governments strengthen the accountability of national institutions, improving their financial management systems and oversight bodies such as auditors general, government inspectorates, national parliaments, anti-corruption agencies and public and civil society organisations - including the media.

Aid empowers developing countries to increase tax revenues from their wealthier citizens, boosting the amount of money earned to be spent on vital services that help poor communities. And speaking of corruption, developing countries lose more money due to tax-dodging by global corporations than they receive in foreign aid every year.

 **FACT:**

Most corruption occurs not in aid, but in the interaction between governments and private companies.



Around the world, businesses are the principal payers of backhanders, shelling out bribes to win contracts or licences. The biggest bribe-paying businesses are Western, not African.

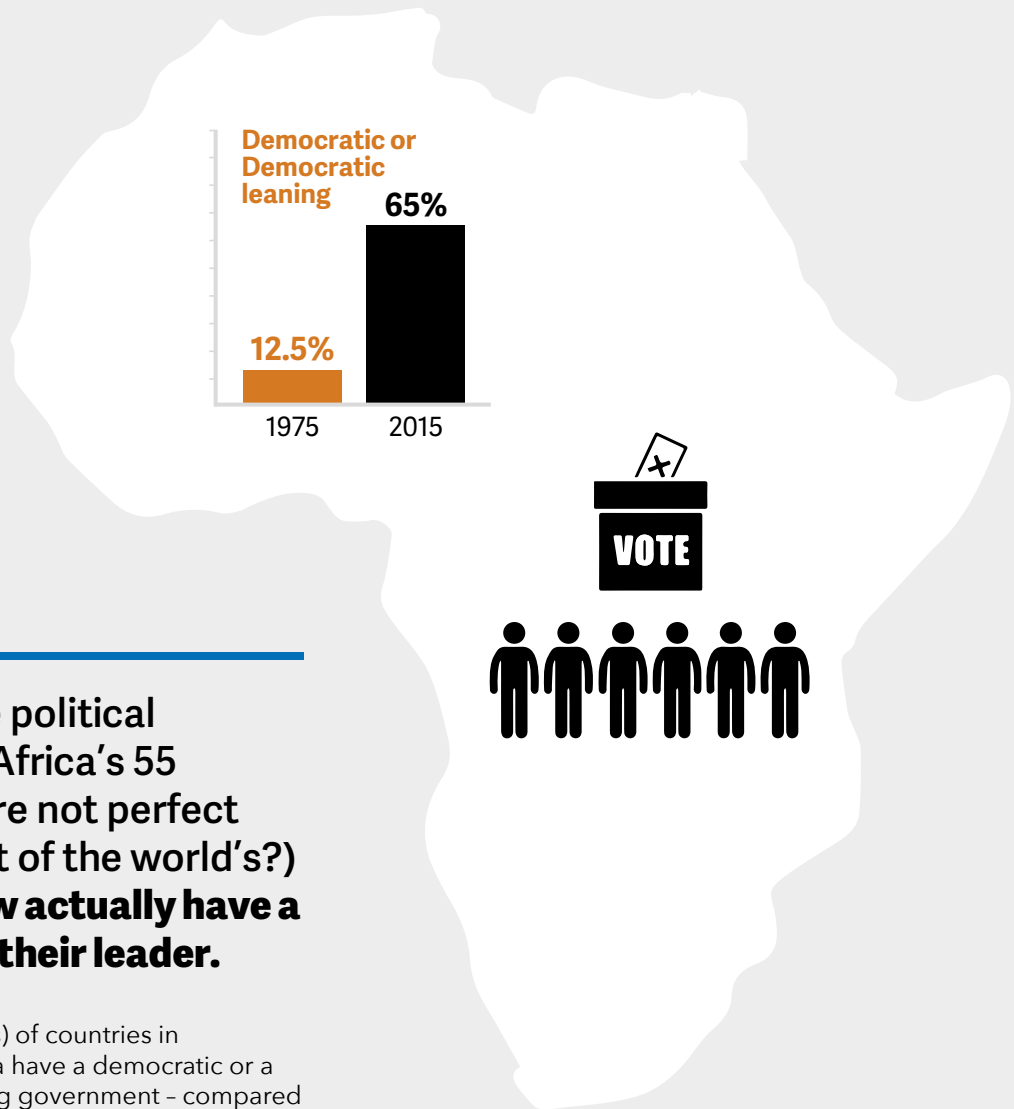


FICTION

All African leaders are dictators.

FACT

65% of governments in sub-Saharan Africa are democratic or democratic-leaning.



Okay so the political systems in Africa's 55 countries are not perfect (are the rest of the world's?) **but very few actually have a dictator as their leader.**

65% (30 countries) of countries in sub-Saharan Africa have a democratic or a democratic leaning government - compared to **12%** in 1975.



FICTION Overseas aid doesn't work.

FACT Aid works.



Overseas aid is important. But aid cannot lift countries out of poverty if they are not being given a fair chance to **participate in global trade.**



Aid cannot compete with subsidies, trade rules and migration policies that present real obstacles for poor countries wishing to work their way out of poverty.

Yet the role of overseas aid is crucial. Aid helps relieve suffering and enhance opportunities for prosperity. Aid works with governments and societies to provide essential services to vulnerable people. Aid provides funds and advice for immunisation campaigns, schools and training of health workers. Aid helps reform governments and encourages citizen participation in public policy. Aid does not "develop" a country. But countless research projects have concluded that aid has helped bring down the costs of education, health care and agricultural services for poor people and has helped create the basic conditions for economic growth to take off.

In the past 10 years, Ireland's aid programme has helped;

- ✔ 46 million more children to attend school in Africa.
- ✔ Poverty rates amongst ethnic minorities fell by 17% in Vietnam.
- ✔ Reduce the number of households in Malawi without enough food by 20%.
- ✔ Reduce the infant mortality rate in Tanzania from 96 children in every 1000 to 65 in every 1000.
- ✔ Cut malaria deaths by 75% in some countries.

Worldwide, aid has also helped achieve remarkable successes:

- ✔ 700 million fewer people lived in conditions of extreme poverty in 2010 than in 1990.
- ✔ Between 2000 and 2011, the number of children out of school declined by almost half – from 102 million to 57 million.
- ✔ The mortality rate for children under five dropped by 41% between 1990 and 2011.
- ✔ The maternal mortality ratio declined by 47% since 1990.
- ✔ The number of new HIV infections per 100 adults (aged 15 to 49) declined by 44% between 2001 and 2012.
- ✔ Between 2000 and 2010, mortality rates from malaria fell by more than 25% globally.
- ✔ Death rates from tuberculosis have been halved compared with 1990 levels.
- ✔ Over the last 21 years, more than 2.1 billion people gained access to improved drinking water.

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



FICTION

Africa is as poor today as it has ever been.

FACT

Africa's economic growth has accelerated.



One of the key developments internationally is the rapid economic growth in a significant number of African countries.



Africa's collective Gross Domestic Product (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: In 2014, the economies in Africa grew by 5.3% each year over the last decade, despite the weak global economy and are expected to grow by 4.5% in 2015.

The Irish government and Irish aid organisations work with international governments to put in place the institutions necessary to ensure that this economic growth benefits all people equally. This in turn creates more stability and has lasting benefits for the poorest people.

So why do we give aid to Africa if there is economic growth?

Aid is not there to boost economic growth. Rather, aid is given to level the playing field for poor and marginalised people, and to give them a fair chance.

Economic growth helps combat poverty, but only if it is managed well. In many developing countries large swathes of the population are excluded from the economy and from political decision-making. Aid can help empower those people and give a voice to the voiceless, and power to the powerless.

Overseas aid also strengthens democracy and fights corruption which in turn benefits markets and citizens alike. And in doing so, it is building stability, partnerships and markets (which bring potential benefits for Ireland, too).



The economies in Africa are expected to grow by 4.5% in 2015.



FICTION

Aid does more harm than good.

FACT

Aid has done more good than harm!



Good aid programmes are carefully targeted, and are based on the real needs of the people and communities they work with. Good aid is managed with the highest standards of professionalism and accountability.



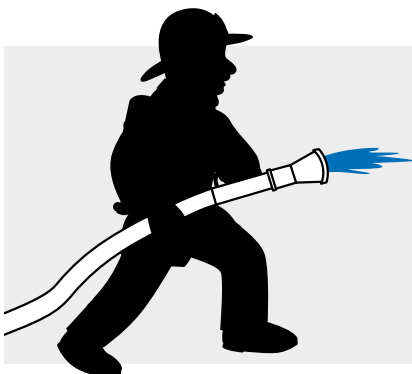
The right type of development aid not only helps countries grow and gives children a better future but is also hugely important in helping to prevent humanitarian crises. In the future, poverty and lack of access to resources will be two of the greatest drivers of conflict. Aid is one of the best ways to prevent these conflicts. If you think aid is expensive - try war as an alternative (\$1.75 trillion on global military spending in 2012).

But aid alone will not end poverty. Aid can help relieve suffering and enhance opportunities for prosperity. Aid can save lives and provide essential services to vulnerable people. But aid will not work if it continues to be undermined by unfair economic policies (a fact systematically overlooked by many aid critics).

Aid works to address the causes and the consequences of poverty. But if we want to really end poverty, we also need political and economic reform.

In the meantime, governments and aid agencies are doing all they can to continually improve the way aid is managed. They have agreed international criteria for good aid and here at home, Irish NGOs have developed professional standards for their work. And Irish NGOs use their experience in this field to influence others.

One big criticism of aid is where aid is 'conditional' or 'tied'. This happens where donors attach inappropriate conditions to their aid or demand that a major part of their aid is spent in the donor country itself.



Much like you cannot blame firefighters for failing to stop fires from happening, or doctors for failing to stop people falling ill, we cannot say aid does not work because poverty continues to exist.



FICTION

If we keep giving people money they will never learn to look after themselves.

FACT

Aid is actually making poor countries *less aid dependent*.



Aid is often seen as simply giving food, medicine and clothing in a disaster to helpless and hopeless people in the developing world who wait for us to deliver. **The fact is that good aid is focused on working with people in developing countries to achieve long-term self-sufficiency and peace.**



Smart aid actually supports dramatic decreases in aid dependence. Good aid empowers poor people to realise their rights, supports smallholder farmers or helps create better tax systems and democratic watchdogs. Good aid is accountable, transparent, and gets the most out of every euro spent. It works with developing countries to make their own decisions.

Many critics of aid talk as though aid dependency is a permanent state. It is not, in fact, after rising for the previous 20 years, average aid dependency of developing countries has fallen very sharply over the last decade or so. Since 2000, aid dependency has fallen by a third (12% of overall

government spending that comes from aid) and the number of countries relying on aid for 30% of its spending has fallen from 42 to 30. For example, aid dependency has fallen in Ghana from 46% to 27%; in Mozambique from 74% to 58%; in Rwanda from 86% to 65% and in Nepal from 53% to 34%.

One of the many reasons aid dependency is falling relates, paradoxically, to aid itself. When aid is given in such a way that it supports poor countries to lead their own development, be more accountable to their own people, and mobilise more of their own resources, then aid itself contributes to reducing aid dependency.



Falling aid dependency

Ghana 46% to 27%

Mozambique 74% to 58%

Nepal 53% to 34%

Rwanda 86% to 65%



FICTION

Aid does not address the underlying causes of poverty.

FACT

Aid helps challenge and change the systems that are keeping people in poverty.



Ireland works with other countries to change internal processes that keep people locked in poverty.



The Irish government and Irish NGOs work to tackle not just the effects of poverty, hunger and insecurity in developing countries, but also the causes such as gender inequality, discrimination, conflict and climate change.

Aid can be a catalyst for change to help people in developing countries change the systems and policies that are undermining development and poverty reduction.

Ireland works strategically in countries to advance economic growth, sustainable development and gender equality. Aid programmes help prevent

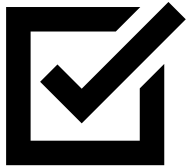
disasters and crises by helping people adapt and build resilience to the effects of climate change such as flooding and drought.

Internationally, Ireland speaks out for the poorest people of the world; taking a global leadership role and advocating in the United Nations (UN), European Union (EU) and elsewhere for a comprehensive approach to the complex problem of hunger and under-nutrition, building resilience and recognising women as key drivers for positive change.

Aid alone is not enough

Aid alone cannot lift countries out of poverty and 'develop' a country; climate change, unfair international trade, debt repayments, the brain drain, capital flight (e.g. multi-national companies not paying their taxes in developing countries), unequal access to energy supplies, European and US farm subsidies and many more 'international' policies and systems present obstacles to developing countries wishing to work their way out of poverty. The fact is that, on the global stage, developing countries still are not given a fair chance.

Despite an effective aid programme, Ireland still needs to do more. Ireland not only needs to increase the aid budget but it needs to play its part in tackling climate change, combating tax avoidance in developing countries and reforming unfair trade and agricultural policies if it is truly committed to reducing poverty.



Solving poverty is not a priority for the world's richer governments, Ireland included. Real commitment and investment is needed by all governments to reduce poverty significantly.

The United Nations 0.7% target is not likely to be met by the majority of governments. We, the people of Ireland have the power to change the world for the better by simply telling our government that we want this aid target to be met.

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The ideas, opinions and comments in this publication are entirely the responsibility of Dóchas and do not necessarily represent or reflect the policies of Irish Aid or of the European Union.



**Dóchas**

The Irish Association of Non-Governmental Development Organisations

Dóchas
1-2 Baggot Court
Lower Baggot Street
Dublin 2
Ireland

+353 (0)1 405 3801
media@dochas.ie
www.dochas.ie
twitter.com/dochasnetwork
facebook.com/dochasnetwork

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