



Submission to the *Review of Ireland's Foreign Policy and External Relations*
Debt and Development Coalition Ireland
4th February 2014

Debt and Development Coalition Ireland (DDCI) welcomes the current review of Ireland's Foreign Policy and External Relations. In this submission, we respond to a selection of questions posed in the *Review of Ireland's Foreign Policy and External Relations: Public Consultation Document*.

Question 1. The international community is confronted with a growing range of complex and inter-linked global issues, which require concerted international action. How can Ireland contribute to international efforts to address such challenges?

1. **Meet our ODA obligation:** Ireland should meet its international obligation to spend 0.7% of GNI on Official Development Assistance (ODA) and introduce a clear timetable for delivering this. The timetable should be copper-fastened through legislation.
2. **Prioritise the strategic theme of 'financing for development':** As Ireland's resources are comparatively limited, Ireland should focus on supporting the achievement of policy changes that enable global South countries overcome the root causes of poverty and inequality. The theme of 'financing for development' should be prioritised. This is because, within a fairer international financial system, Southern countries could overcome their dependence on ODA flows and regain enormous lost debt and tax based revenue that is rightfully theirs.

Debt distress levels of global South countries continues to rise. - The external debt of countries of the global South has doubled over the past decade to reach US\$ 4.5 trillion.¹ Revenue lost from global south countries through illicit capital flight is estimated at € 660 - € 870 billion per year.² This is a conservative estimate. And the institutions that are intended to address these policy areas are not delivering development centred responses. Rather, they are often found, even by their own evaluation mechanisms, to fail poor people

¹ Ellmers & Hulova, *The New debt Vulnerabilities, 10 Reasons Why the Debt Crisis is Not Over*, Eurodad, Nov 2013

<http://www.eurodad.org/Entries/view/1546060/2013/11/11/The-new-debt-vulnerabilities-10-reasons-why-the-debt-crisis-is-not-over>

² Debt and Development Coalition, Christian Aid and Eurodad, *Giving with One Hand and Taking with the other, Europe's Role in Tax Related Capital Flight*, Dec 2013 <http://www.eurodad.org/takingwithonehand2013>

through the promotion of inappropriate economic policies and damaging lending practices.

3. **Outline a clear advocacy agenda:** Specifically, Ireland should develop a clear advocacy agenda on the theme of 'financing for development'. DDCI recommends that Ireland pursue a package of policy proposals, including the policy concerns below, as a route to delivering a coherent advocacy strategy on the development finance theme. Ireland should support³:
 - a) The right of countries of the Global South to cancellation of unsustainable and illegitimate debts;
 - b) An end to the practice of damaging policy conditionality applied by the IFIs;
 - c) Ensuring that the IFIs, especially the IFC at the World bank, respect robust social and environmental safeguards in their lending practices
 - d) The establishment of legally binding fair and responsible international lending and borrowing practices, to prevent future debt crises
 - e) An end to the practice of tax evasion and avoidance through the introduction of transparency measures including: full country-by-country financial reporting for multi-national companies; automatic information exchange on tax matters between jurisdictions and the establishment of a public register of the beneficial owners of companies in Ireland.

Question 2. How should Ireland respond to changes in the international system associated with the emergence of new global powers?

1. **Inclusion of all global South countries in policy making:** While it is welcome that certain global South governments have somewhat increased influence on international decision-making, the G20 and BRIC countries only represent a limited set of global South countries. Ireland should work to ensure that less powerful states are equally included in international decision-making. For example, given Ireland's shared constituency at the World Bank and the IMF with small island Caribbean states, it should advocate more actively with those indebted nations to put their debt cancellation needs on the agenda of the IFIs.
2. **Fundamental reform of the International Financial Institutions (IFIs):** The governance structures of the IFIs continue to undemocratically exclude global South governments from influencing decision-making. Reform of the institutions, while in progress, is far too slow. Ireland should advocate for a speeded up process which fundamentally reforms the 'voice and vote' allocations among member governments of the IFIs. This should include giving serious consideration to long-standing proposals from civil society organisations (CSOs), such as introducing a double majority voting system at the IMF.

Question 3. How can Ireland contribute to a strong and resilient, rules based global system, based on the UN?

1. **Utilise the UN Financing for Development Process:** Ireland should use the opportunity of the UN financing for development process to put the set of development finance proposals outlined above at the centre of the

³ For more detail on these policy proposals see: Debt and Development Coalition: *World Bank IMF Watch 2013* http://www.debtireland.org/download/pdf/ddci_world_bank_imf_watch_2013.pdf and Debt and Development Coalition, Christian Aid Ireland and Eurodad, op cit

negotiations. Relevant stakeholders in Ireland should be consulted in preparing Ireland's policy position, including the Oireachtas Committees on Foreign Affairs and Trade, and Finance, and CSOs working in this area.

2. **Make 'partnership' meaningful: Change the location of international tax negotiations:** To show that Ireland believes in meaningful partnerships with global South countries (as committed to in *One World One Future*), Ireland should support the equal inclusion of global South governments in ongoing international tax negotiations. This should involve making the UN the location for negotiations on international taxation policies, and not the exclusive OECD forum, as is currently the case.

Questions 4 & 5. How best might Ireland deliver on the commitments in One World, One Future, through a Whole of Government approach? and How can a commitment to international development be better reflected across Ireland's foreign policy?

1. **Create transparent policy coherence mechanisms:** Ireland requires stronger mechanisms to ensure that it meets its commitment to deliver policy coherence for development as outlined in *One World, One Future*. The role of the Inter-Departmental Committee for Development should be strengthened to include publicly available agendas of meetings in advance, and the extending of invitations to CSOs to make submissions and presentations to the Committee. Transcripts of these meetings should be available online, so they may be accessed by all government departments and members of the public.
2. **Establish robust monitoring and evaluation of the IFIs:** Ireland does not have adequate public monitoring and evaluation mechanisms in place to assess the impact of its expenditure (approx € 50 million per year) or policy engagement at the World Bank and IMF. DDCI's annual *World Bank-IMF Watch*⁴ report outlines a set of serious concerns regarding the impact of damaging loan policy conditions and human rights abuses in the global South that are occurring as a result of the actions of the IFIs. Currently, Ireland publishes 1 general report on its engagement and expenditure at the IFIs, which rarely references the pressing issues being raised by people living in the global South. Ireland should establish clear objectives for its engagement with the IFIs, tracking mechanisms to show how it will meet its objectives, and initiate debate on its progress through an annual Oireachtas debate.

Questions 6 & 7. How can our foreign policy and economic diplomacy support economic development and growth?

How can our embassy network continue to respond to the needs of business?

1. **Explain what Ireland means by 'coherence': Publish ethical investment guidelines:** Ireland should publish ethical investment guidelines, which would guide Ireland's engagement with businesses operating in countries of the global South. Guidelines are necessary to provide clarity about what Ireland means in practice by its strongly stated support (in *Ireland and Africa: Our Partnership with a Changing Continent*), for the identification of new markets for Irish business in the global South. This is also relevant to Ireland's support to lending institutions that use client 'financial intermediaries', such as the International Finance Corporation (IFC) of the World Bank Group. DDCI believes that Ireland's engagement as a member of the IFC requires particularly immediate attention. The IFC currently has a series of complaints against it for investing in client companies allegedly involved in human rights

⁴ DDCI, 2013 op cit

abuses including alleged forced evictions, kidnappings and killings of farmers, and environmental damage.⁵ Genuinely ethical investment guidelines should provide immediate clarity on where Ireland stands in relation to its financial linkages to such extreme human rights abuses.

⁵ For more detail see: *IFC Fails to Act on Human Rights Abuses in Honduras*, 23rd January 2014, <http://www.brettonwoodsproject.org/2014/01/ifc-fails-act-human-rights-abuses-honduras/>