



PRE-BUDGET 2021 SUBMISSION

OXFAM IRELAND'S RECOMMENDATIONS FOR BUDGET 2021

OFFICIAL DEVELOPMENT ASSISTANCE

- Ireland should maintain, and preferably increase, our existing Official Development Assistance (ODA) investment in Budget 2021, as recommended by the OECD's DAC review with a view to maintaining progress to reaching the target of 0.7% of GNI spending on ODA.
- Publish a roadmap to reaching 0.7% GNI.
- Ensure that additional commitments to tackle the COVID-19 pandemic do not divert existing aid budgets away from other pressing humanitarian and development needs.
- **Maintain the integrity of ODA:** Maintain Ireland's commitment to development effectiveness by implementing the recommendations of the OECD DAC review of Ireland's ODA programme in full.

DEBT MORATORIUM

- Support the cancellation of all developing country debts due to be paid in 2020 and 2021 and ensure that new emergency funding is provided by means of grants, not loans.
- Support initiatives aimed at creating additional finance flows including the issuing of Special Drawing Rights (SDRs).

CLIMATE FINANCE

- Reach the target of spending 20% of ODA on climate finance by 2025, instead of 2030.
- Increased ODA spending on climate finance should receive an additional budgetary allocation rather than being diverted from the existing ODA budget.

CORPORATE TAX REFORM

- Contribute to a **second generation of international tax reforms** by supporting a transformative international reform of corporate income tax leading to an equitable rebalancing of taxing rights.
- **Agree a global minimum effective tax rate at a fair level** applied on a country-by-country basis without carve-outs and set at a high enough rate to effectively curb profit shifting.
- Require that all large multinational companies (MNCs) adhere to **full and effective transparency** by supporting efforts at EU level to agree meaningful legislation on *public Country-by-Country Reporting*.
- **Review and reform Ireland's Double Taxation Treaties:** Ireland should adopt the UN Model Double Taxation Convention between developed and developing countries (the UN model) as the minimum standard.

ACHIEVING GENDER JUSTICE

- Ensure that significant extra investments in public services and social infrastructure are delivered.
- Ensure care workers employed or funded by State programmes are properly compensated to at least living-wage level.
- Hold a referendum on Article 41.2 of the Constitution about the role of women in the home to amend the language so it is gender neutral and recognises the value of care work in Irish society.
- Deliver integrated changes in social and employment policies that support carers, facilitate the combination of care and employment, while at the same time encourage and support greater male participation in care.
- Prioritise gender budgeting and develop and properly resource the Equality Budgeting process.

INTRODUCTION

The COVID-19 crisis has created a new world. While we are all familiar with the enormous challenges faced by Ireland in response to the pandemic, the situation in low-income countries is even more daunting. COVID-19 has the potential to have a devastating impact on poorer countries because access to healthcare and social protection mechanisms is already extremely limited. In addition to causing unprecedented human suffering, COVID-19 will exacerbate existing inequalities between rich and poor, men and women. One example of the potential negative impacts of COVID-19 features in Oxfam's recent report [The Hunger Virus](#)¹. It estimates that by the end of this year, as many as 12,000 people could die every day from COVID-19-related hunger – potentially more than will die from the disease itself. To put it in an Irish context, this would equate to the entire population of Galway city dying in just one week. The pandemic is the final straw for millions of people already struggling with the impacts of conflict, climate change, inequality and a broken food system that has impoverished millions of food producers and workers.

Ireland has already shown solidarity with the world's poorest and most vulnerable people struggling with the COVID-19 pandemic through its contributions to a variety of multilateral responses to the virus. These contributions build on Ireland's ongoing work to create a fairer, more peaceful and sustainable world through its Overseas Development Aid (ODA) programme. Ireland successfully campaigned on a platform of promoting human rights, climate action, gender equality and humanitarian support to secure a non-permanent United Nations Security Council seat for the 2021–2022 term. Upholding Ireland's strong reputation and credibility as a leader on international development depends on its continued support for overseas aid.

Against this backdrop, Budget 2021 provides the Government with an opportunity to build on these commitments and improve the lives of people living in, or those vulnerable to, poverty and/or crisis.

OFFICIAL DEVELOPMENT ASSISTANCE

[The review of Irish Aid by the Joint Committee on Foreign Affairs and Trade in 2018](#)² demonstrated cross-party support for restoring Ireland's ODA budget and called for a multiannual plan to increase the aid budget on an incremental, phased basis. Pledges in the recent Programme for Government to grow Ireland's overseas aid budget to 0.7 percent of national income in line with international commitments, and to set a monetary expenditure floor to protect the Irish Aid budget from cuts, are very welcome. At a minimum, Ireland should maintain – and preferably increase – our existing ODA investment in the short term. Most importantly, Ireland's financial assistance in response to COVID-19 must be additional, so as not to divert existing aid budgets away from other pressing humanitarian and development needs. Some donors, such as [France](#)³, have started reallocating existing aid budgets to the COVID-19 response. This short-sighted approach should be avoided, as it will divert funds away from other vital programmes, undoing efforts to fight other

¹ <https://www.oxfamireland.org/sites/default/files/mb-the-hunger-virus-090720-en1.pdf>

² <https://www.oireachtas.ie/en/press-centre/news-and-features/20180222-committee-publishes-report-on-irish-aid-programme-review/>

³ https://www.lemonde.fr/afrique/article/2020/04/09/la-france-va-consacrer-pres-de-1-2-milliard-d-euros-a-la-lutte-contre-le-coronavirus-en-afrique_6036084_3212.html

deadly diseases or child malnutrition, for example. The UN Population Fund (UNFPA) has warned that if resources were diverted away from sexual and reproductive health, for instance, it could fuel [a rise in pregnancy complications, maternal deaths and unsafe abortions](#)⁴. During the Ebola crisis in Sierra Leone, there were [nearly as many additional maternal and neonatal deaths as deaths from Ebola](#)⁵ due to reductions in life-saving care for pregnant women. Situations like this must not be repeated.

In addition to quantity, the quality of aid is key. Ireland has been recognised internationally as a donor that provides [effective aid](#)⁶. The policy of providing untied aid and compliance with the [Busan aid principles](#)⁷ and principles of Good Humanitarian Donorship must be maintained, while Ireland's aid should continue to be used for its intended purpose to save lives, alleviate poverty and reduce vulnerability. Irish Aid's effective aid approach can be bolstered by committing to implement the recommendations of the [OECD's Development Assistance Committee review of Irish Aid in full](#)⁸. Ireland must also advocate for the protection and integrity of aid in multilateral instruments, particularly in ongoing negotiations on the EU's Multiannual Financial Framework. Ireland must defend principled EU development cooperation that maintains integrity, accountability and a development focus as it channels over 25 percent of ODA through EU institutions – €209 million of a budget of €791 million in 2019. In essence, Ireland should:

- Maintain, and preferably increase, our existing ODA investment **in Budget 2021, as recommended by the OECD's DAC review** with a view to maintaining progress **to reaching the target of 0.7% of GNI spending on ODA.**
- **Publish a roadmap to reaching 0.7% GNI:** The Government's pledge needs to be backed up with a roadmap to 0.7%, detailing year-on-year increases.
- Ensure that additional commitments to tackle the COVID-19 pandemic **do not divert existing aid budgets away from other pressing humanitarian and development needs.**
- **Maintain the integrity of ODA:** Maintain Ireland's commitment to development effectiveness by **implementing the recommendations of the OECD DAC review of Ireland's ODA programme in full.**

DEBT MORATORIUM

Ireland should support an immediate, unconditional moratorium on debt interest payments for poor country governments. [This has already been called for by the World Bank and the IMF in an unprecedented move](#)⁹. In Africa alone, this act would [free up an estimated \\$44 billion this year to](#)

⁴https://reliefweb.int/sites/reliefweb.int/files/resources/Policy%20Brief_%20UNFPA_Bayanihan%20Heal%20As%20One%20Act%20%282%29_0.pdf

⁵https://academic.oup.com/heapol/article/32/suppl_3/iii32/4621472

⁶<http://www.oecd.org/ireland/peer-review-ireland.htm>

⁷<http://www.oecd.org/development/effectiveness/busanpartnership.htm>

⁸<https://www.oecd.org/dac/peer-reviews/oecd-development-co-operation-peer-reviews-ireland-2020-c20f6995-en.htm>

⁹https://www.worldbank.org/en/news/statement/2020/03/25/joint-statement-from-the-world-bank-group-and-the-international-monetary-fund-regarding-a-call-to-action-on-the-debt-of-ida-countries?cid=SHR_SitesShareTT_EN_EXT

[help finance their public health response¹⁰](#). Cancelling debt payments is the fastest way to keep money in countries and to free up resources to tackle the urgent health, social and economic crises resulting from the global pandemic. In 2018, the total debts of developing countries – private, public, domestic and external – had reached [191 percent of their combined GDP¹¹](#), the highest level on record, with the world’s [low- and middle-income countries due to make approximately \\$400 billion of debt repayments this year¹²](#). As the pandemic will require a massive injection of resources to support economies, it makes no sense for poorer countries to transfer vital resources to the rich world. Faced with these debts, many countries were [embarking on austerity measures¹³](#) when the virus hit. A total of 46 countries were spending on average [four times more money on paying debts than they were on public health services at the beginning of 2020¹⁴](#), as COVID-19 was beginning to spread. [The costs of the debt burden are paid by the poorest people, in cuts to government services, while women are the hardest hit¹⁵](#). If we are going to fight this virus, poorer governments cannot do it with one hand tied behind their backs. The money they are set to pay back in debt payments must be made available to support COVID-19 prevention measures and provide the healthcare people desperately need.

The United Nations Conference on Trade and Development (UNCTAD) has called for [\\$2.5 trillion to rescue the economies of developing countries¹⁶](#). This would be made up of \$1 trillion in debt relief, \$1 trillion in additional liquidity mobilised through SDRs and \$500 billion in aid to support developing countries’ health systems. Some 20 experts, among them four Nobel Prize winners, including Joseph Stiglitz, Lord Nicholas Stern and seven chief economists from the World Bank and other development banks, have written to G20 leaders to warn of “unimaginable health and social impacts” and have called for “trillions to be mobilised”. For this reason, our Government should:

- Support the **cancellation of all developing country debts due to be paid in 2020 and 2021** and ensure that new emergency funding is provided by means of grants not loans.
- Support initiatives aimed at **creating additional finance flows** including the issuing of Special Drawing Rights (SDRs) as one-off global stimulus.

CLIMATE FINANCE

The devastating impacts of climate change are being felt everywhere and are having very real consequences on people’s lives, especially in the world’s poorest countries. It is affecting many of the communities Oxfam works with, undermining their livelihoods through gradual, insidious changes in temperature and rainfall patterns, and increasing the frequency and/or intensity of hazards such as floods and droughts. Vulnerability to disaster and climate change matters because it perpetuates and deepens poverty and suffering. It stands in the way of people –

¹⁰ <https://www.uneca.org/stories/african-finance-ministers-call-coordinated-covid-19-response-mitigate-adverse-impact>

¹¹ https://unctad.org/en/PublicationsLibrary/gds_tdr2019_update_coronavirus.pdf

¹² <https://datatopics.worldbank.org/debt/ids/>

¹³ <https://www.cadm.org/Poor-countries-cut-public-spending-debt-payments-trebled>

¹⁴ https://www.eurodad.org/covid19_debt1

¹⁵ <https://gadnetwork.org/gadn-resources/2018/8/9/realising-womens-rights-the-role-of-public-debt-in-africa>

¹⁶ <https://news.un.org/en/story/2020/03/1060612>

particularly women – being able to enjoy their basic rights and reduces their chances of ever being able to attain them.

As well as reducing carbon emissions at home, richer countries like Ireland should provide sufficient climate finance to ensure that nations most impacted by climate breakdown have adequate resources to implement necessary adaptation and mitigation measures. After all, poor countries and people living in poverty are being hardest hit by a problem they have not caused and have the least resources to address. Philip Alston, the UN Special Rapporteur on Extreme Poverty and Human Rights, has pointed out the profound inequality behind climate breakdown. Projections estimate that developing countries will bear 75 percent of the cost of the climate crisis, despite the fact that the poorest half of the world's population, mainly residing in these countries, are responsible for just 10 percent of historical carbon emissions. In a report last year on ***Climate Change and Poverty***, Mr Alston stated: "We risk a 'climate apartheid' scenario where the wealthy pay to escape overheating, hunger and conflict, while the rest of the world is left to suffer."¹⁷

While the quality of Irish climate finance is high, Ireland is falling short in terms of the quantity and predictability of these financial flows. In 2018, Ireland reported nearly **€80 million in climate finance**¹⁸ as its annual contribution to the \$100 billion-a-year global climate finance target to be reached by 2020. However, based on estimates using the **Eco-Equity Stockholm Environment Institute Responsibility Capacity Index**¹⁹, Ireland's fair share of this annual figure should be around \$500 million a year. Importantly, the global \$100 billion-a-year commitment is a political target, rather than an amount based on detailed assessment of needs in developing countries, which, by **some estimations, are up to 18 times greater**²⁰.

In its Climate Action Plan, published last year, the Irish Government committed to at least doubling the percentage of ODA spending on climate finance by 2030. To reach this target, Ireland needs to spend about 20 percent of its ODA budget on climate finance. However, as climate breakdown is happening now, it important that this commitment is reached as soon as possible – by 2025 at the latest. It is equally important that increased ODA spending on climate finance should receive an additional budgetary allocation rather than being diverted from the existing ODA budget. It is vital that Ireland:

- **Reach the target of spending 20% of ODA on climate finance by 2025, instead of 2030.**
- **Increase ODA spending on climate finance, providing additional budgetary allocation** instead of diverting funding from the existing ODA budget.

CORPORATE TAX REFORM

It is impossible to develop long-term solutions to global poverty and inequality as long as the current scale of corporate tax avoidance continues to drain financial resources from low-income

¹⁷ <https://digitallibrary.un.org/record/3810720?ln=en>

¹⁸ https://www.climatelearningplatform.org/sites/default/files/resources/ireland_climate_finance_report_2018.pdf

¹⁹ <https://calculator.climateequityreference.org/glossary.php>

²⁰ <https://gca.org/global-commission-on-adaptation/adapt-our-world>

countries – resources which should be used to provide essential services such as health and education.

Oxfam Ireland recognises that Ireland has made some reforms to address corporate tax avoidance; however, these reforms have not gone far enough to address the scale of tax avoidance facilitated by the current corporate tax regime. There is clear and growing evidence that Ireland is still acting as a “conduit”, facilitating large-scale tax avoidance. A February 2020 Oxfam [review of the EU Tax Haven List²¹](#) established that royalty payments sent out of Ireland were equivalent to 22 percent of its GDP in 2018. This equates to more royalties than those sent out of the rest of the EU combined and makes Ireland the world’s number one royalties’ provider. High levels of these payments, far above normal economic activity, indicate that a jurisdiction is facilitating tax avoidance. The [2020 European Commission Semester Report on Ireland²²](#) backs up this finding, stating: “The economic evidence suggests that Ireland’s tax rules are used by companies that engage in aggressive tax planning.”

Corporate tax avoidance negatively impacts efforts to reduce global poverty reduction. The [UN estimates²³](#) that developing countries lose around \$100 billion annually as a result of corporate tax avoidance. This deprives them of vital revenue needed to provide the health, education and infrastructure that lift people, especially women, out of poverty. Increasing attention has also been drawn to how tax avoidance and evasion negatively affect women’s rights and are detrimental to closing the gender inequality gap.

Efforts to reform the global tax system are taking place at the OECD – an approach which Ireland supports. These reforms are essential to finance the Sustainable Development Goals. Corporate income tax is essential for revenue raising in developing countries. With low-income countries particularly exposed to profit shifting and tax competition, the Government needs to engage constructively with the OECD process and ensure that world’s poorest countries stop paying the price for an outdated global tax system. Ireland needs to adopt the following:

- **Contribute to a second generation of international tax reforms by supporting a transformative international reform of corporate income tax leading to an equitable rebalancing of taxing rights between developed and developing countries.** The aim should be to find a solution for all economic sectors and not ring-fence highly digitalised companies, ensuring sufficient taxing rights for operations in consumer markets as well as manufacturing and natural resource operations. Redistribution of taxing rights should allocate profits based on a corporations’ global activity and a combination of factors such as consumption, employment and production.
- **Agree a global minimum effective tax rate at a fair level.** The minimum effective tax rate should be set globally, applied on a country-by-country basis without carve-outs, and

²¹ <https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2020-02/2020-02-17%20Oxfam%20background%20briefing%20-%20EU%20tax%20haven%20list.pdf>

²² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0506&from=EN>

²³ <https://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=253>

set at a high enough rate to effectively curb profit shifting. It should generate additional revenues where economic activity takes place.

- **Require that all large multi-national companies (MNCs) adhere to full and effective transparency by supporting efforts at EU level to agree meaningful legislation on *public Country-by-Country Reporting*.** This would ensure that MNCs publicly report on a country by country basis where they make their profits and pay their taxes.
- **Review and reform Ireland's Double Taxation Treaties:** Ireland should adopt the UN Model Double Taxation Convention between developed and developing countries (the UN model) as the minimum standard.

ACHIEVING GENDER JUSTICE

The COVID-19 crisis has shown that care work, often unpaid, is the “hidden engine” that keeps the wheels of our economies, businesses and societies turning. It is driven by women and girls who have little or no time to earn a decent living, to get involved in their communities or have a say in how their societies are run. As a result, they remain trapped at the bottom of the economy. Care work (paid and unpaid) in Ireland and around the world is highly gendered and undervalued in terms of pay and recognition. Many workers in the care sector are still paid poverty wages.

The COVID-19 pandemic has equally highlighted the important role of unpaid care. [Irish women spend 38 million hours a week on unpaid care work, contributing at least €24 billion to the economy every year – the equivalent of 12.3 percent of the entire annual Irish economy²⁴](#). Globally, women do more than three-quarters of all unpaid care work. Women and girls are putting in 12.5 billion hours of unpaid care work every day, which amounts to a contribution to the global economy of at least \$10.8 trillion a year – more than three times the size of the global tech industry. The crisis is also highlighting the important role of low-wage workers in terms of the provision of essential goods and services. Most importantly, it is emphasising the hugely important role women play in our economy, despite the unequal rewards and recognition they receive. A study of essential workers by the ERSI has found that [the majority \(almost 70 percent\) of essential employees in Ireland are female²⁵](#). This trend is replicated worldwide, with [more than 70 percent of healthcare workers worldwide being female²⁶](#). If not all heroes wear capes in this crisis, most cape-less heroes are women. Their voices and considerations should now become central to how we plan for the future.

Provision of care services (e.g. childcare, or care for the elderly or people with special needs) by the Irish State is relatively low, forcing households to provide these services themselves, or pay for them – if they can afford it. With this issue becoming more acute due to COVID-19, Ireland should:

- **Ensure significant extra investments in public services and social infrastructure are delivered.** For example, investment must be increased in early years education to bring overall expenditure in line with the UNICEF recommendation of one percent of GDP.

²⁴ <https://www.oxfamireland.org/blog/investing-care-system>

²⁵ https://www.esri.ie/system/files/publications/SUSTAT85_0_0.pdf

²⁶ <https://www.oxfamireland.org/blog/5-reasons-why-covid-19-crisis-needs-feminist-response-now>

- **Ensure care workers employed or funded by State programmes are properly compensated to at least living-wage level.**
- **Hold a referendum on Art. 41.2 of the Constitution on the role of women in the home to amend the language so it is gender neutral and recognises the value of care work in Irish society.**
- **Deliver integrated changes in social and employment policies** that support carers, facilitate the combination of care and employment, while at the same time encourage and support greater male participation in care.
- **Prioritise gender budgeting:** Gender budgeting must be prioritised by the Government to assess the possible impact of fiscal and spending decisions on women and girls and enable the collection and allocation of national and international funds in ways that promote gender equality.
- **Develop and properly resource the Equality Budgeting process** beyond the current pilot stage to include all dimensions of inequality including poverty, socioeconomic inequality and disability.

OXFAM IRELAND

Oxfam is a global development and humanitarian organisation that mobilises the power of people against poverty. Around the globe, Oxfam works to find practical, innovative ways for people to lift themselves out of poverty. We save lives and help rebuild livelihoods when crisis strikes, and we campaign so that the voices of the poor influence the local and global decisions that affect them.

Last year, Oxfam Ireland, in partnership with Irish Aid, worked in over ten countries and reached 8.05 million people through our development and humanitarian programmes.

In Ireland, we advocate nationally and globally on a variety of issues, including financing for development, inequality, tax justice, women's rights and human rights in humanitarian crises. At EU level, Oxfam challenges EU policies to make them work for people in poverty. In Brussels, we work to influence key decision-makers in the EU institutions to ensure that EU policies affecting poor countries have a far reaching, positive impact on the lives of those most in need.

CONTACT

Policy and Advocacy Team at:
IRL-campaigns@oxfam.org

Oxfam Ireland
2nd Floor Portview House
Thorncastle Street
Ringsend
Dublin 4
t: +353 1 635 0461

w: www.oxfamireland.org

f: www.facebook.com/oxfamireland

t: www.twitter.com/OxfamIreland