

Closing the Gap – Reversing the Decline in Jersey’s Overseas Aid

The Plan

- In 2021 we received **£12.37m**, which at 2020 projections would amount to 0.26% of GVA.
- From 2021 onwards the States agreed to formally tie JOA’s budget to GVA, receiving a slightly higher percentage every year, starting at 0.26% in 2021 and **reaching 0.30% in 2025**. The 0.01% increase is the minimum that is reportable against OECD data.
- **GP2022-25 Draft Budget:**

GP 2022 - 2025 Submission	2021	2022	2023	2024	2025
Nominal GVA (£m) Mar 2021	4,752	4,957	5,173	5,417	5,587
% of GVA	0.26%	0.27%	0.28%	0.29%	0.30%
JOA Draft Net Budget GP2022-25 (£m)	12.37	13.375	14.476	15.702	16.752

Why it’s (still) affordable

- **Pegging to the size of the economy means that when we stagnate or shrink, so does the aid budget - automatically and proportionately.** In 2021 we received £1m less than budgeted in the previous year’s government plan.
- The figure of 0.30% of GVA (by 2025) is still below the **UN target (0.7%)**; the UK (0.5%); and other financial services centres like Liechtenstein (0.7%), Switzerland (0.44%), Luxembourg (1.05%), Ireland (0.31%). The **OECD DAC average is 0.31%**, so we are beginning to align to international norms.
- **The States has signed up to the 0.7% GVA target before (in 1996) and to 2.4% of tax revenues (in 1998 and 2002).** These goals were reiterated by Corporate Services Scrutiny Panel in 2007.
- These increases are **modest in relation to the contribution of the Finance Industry to Jersey’s tax revenue**, a contribution which Jersey’s aid programme will help to maintain.
- Currently, **for every £10 paid in tax we spend about 14 pence on aid.** By 2024 we are projecting this will increase to about 17 pence. With that 14 pence we reach more people every year than the £9.86 spent in Jersey.

Why it’s important

Reputation, Economy and Finance

- Jersey’s future depends on its image and reputation. **With a below-average and declining contribution to overseas aid until 2020 we were punching below our weight in this sphere, hampering efforts to project us as a good global citizen.**

- The narrative that Jersey is parasitical on developing world economies damages the Island, and threatens the long-term future of its finance industry by creating a climate in which it is acceptable to blacklist us. It also discourages individuals and firms from relocating here. **Efforts to enhance the reputation of the Island are of critical importance for Jersey's continued success as an international finance centre.**
- Impact Investing is the fastest-growing area of investing, but we are falling behind Luxembourg, Switzerland and even Guernsey. A recent Jersey Finance report states that we need to become 'a centre of excellence in at least one 'impact' area'. **An effective aid programme creates links, develops expertise and opens doors for the finance industry.**
- **By developing Jersey's knowledge and reputation in specific investable development sectors** (such as Financial Inclusion, Conservation and Dairy – JOA's new priorities), and by **sharing its expertise in project evaluation and impact measurement, JOA can help to support the Island's Private Wealth and Fund Administration sectors**, as well as **attracting philanthropists, foundations, NGOs and socially-oriented investors and funds to Jersey.**

History, Ethics, Island Identity

- Jersey received humanitarian aid within living memory. Without the five wartime visits of the SS Vega, many of us would not be here today. **It is not only fitting and satisfying but morally right that now we are one of the richest jurisdictions in the world we should use our good fortune to help some of the poorest.**
- Jersey understands the **plight of child refugees**, and many in the community would like the Island to accept some. We argue that this would currently overwhelm Children's Services, but our position is strengthened by being able to **assist refugees much closer to their countries of origin** through our overseas aid work. JOA needs more funds to do so, and Covid looks a lot more frightening if you live in a crowded Refugee Camp.
- **Our effective aid programme speaks to who we are as an Island.** Not just the 'One Trick Pony' or 'Tax Haven' of caricature, but generous, outward-looking, responsible.

Honouring previous commitments

- We have made numerous promises (eg Propositions in 1996, 1998 and 2002) to increase aid.
- In the CSP this Government has already recognised the importance to our economy of **protecting and enhancing our reputation**, and of **attracting charitable foundations, NGOs, social investment funds and philanthropic capital to the Island.**
- The 2018 appointment of **Jersey's first Minister for International Development** reflects the **Chief Minister's nomination pledge to 'enhance and expand' Jersey's international aid work.** Our aid programme is functioning better than it ever has, and the Island now joins OECD countries in having a dedicated Minister.

What does JOA achieve?

Doing good abroad

- For over half a century, Jersey Overseas Aid has worked to alleviate the suffering of those still afflicted by poverty, conflict and natural disasters. A little rock off the coast of Normandy has **built schools and clinics on six continents, provided emergency food and shelter in the rubble of hundreds earthquakes and airstrikes, and given hope and dignity to millions of hungry, sick and displaced people.**
- **Nearly a thousand Islanders have contributed in person** by participating in one of JOA's Community Work Projects (which have run since 1972) or working for a Jersey-based charity.
- **JOA reaches more people every year than live in Jersey.** With our Financial Inclusion programme alone we will benefit over 900,000 people in four years. Meanwhile, in Rwanda as a result of a single project a life-changing female Jersey (or Jersey-cross) calf will be born every hour, on average, for the next three years.
- **JOA is focusing its development grant-making on just three areas: Conservation Livelihoods (such as the work of Durrell); Financial Services for the Poor; and Dairy.** By specialising in these fields we can achieve more, deploy Jersey expertise, create opportunities for Jersey investors, and build up our expertise and reputation.
- **JOA is also focusing its development work on just six countries (down from 45 in 2015):** Nepal, Rwanda, Zambia, Sierra Leone, Ethiopia and Malawi. These are chosen by combining measures of need and corruption, ensuring our money is spent where it is most likely to have a sustainable impact. Focusing on fewer countries allows us to do more in each one, enables us to build local knowledge and connections, and improves our ability to select and oversee good projects.
- **Jersey's humanitarian aid is allocated more effectively than ever before.** As well as responding to crises as they arise, **we contribute to UN and NGO pooled funding mechanisms which mean funds can be deployed within 72 hours at the frontline of a crisis,** while being monitored and overseen by professionals on the ground. Our place on the Advisory Boards of these respected mechanisms alongside far larger countries helps us punch above our weight in the world.

Doing good at home

- JOA provides numerous opportunities for Islanders to pursue projects and work (paid or voluntary) in international development. **2021 will break the record (for our funding of Jersey charities working abroad, which now stands at £2.3m and makes JOA the biggest donor to Jersey charities in Jersey.** We have launched **two bursary schemes** to allow people from Jersey to give their time and expertise in the service of others, created a **paid internship** (about to launch its fifth iteration) to give an

islander the chance to pursue a rewarding career in international development, and launched a placement scheme with the UN for young professionals.

- **JOA's Community Work Projects** – run since 1972 – have provided over **1,000 Islanders with the chance to help communities in poor countries and broaden their skills and horizons** while doing so. Our recent **agreement with the Trackers Apprenticeship Scheme** will enable more young people to take advantage of this opportunity.
- JOA promotes understanding and disseminates knowledge in Jersey about international relief and development. Our **workshop programmes – connected to the STEM curriculum – involved 14 schools in 2018**, while 2019 saw the launch of the **Jersey International Development Network** with regular talks and debates. This is a forum for interested individuals to discuss aid and development issues, and will help us develop and coordinate the many faces of Jersey's philanthropy, corporate social responsibility and impact-oriented investment.
- JOA also **engages closely with Jersey Charities, regulators and donors to ensure charities follow high standards of good practice**. As a repository of expertise in project selection, due diligence and impact assessment, it plays an increasing role in improving standards in the third sector domestically as well as abroad.

How do we know the money is not wasted?

Value for Money

- **Jersey Overseas Aid bears a dual responsibility: to the world's poorest and neediest people, and to Jersey's taxpayers.** Happily, discharging this dual responsibility requires the same straightforward approach: a well-governed, professionally-staffed donor organisation making the most effective use of its budget, concentrating on areas where Jersey can add the most value, and focusing on long-term outcomes rather than short-term activities.
- JOA monitors projects closely, and may suspend or cancel any project not coming up to scratch. We have withheld final payments on several occasions, and **since 2017 we have required over £250,000 to be returned from underperforming charities.**
- JOA spends **less than 4% of its budget on administration, considerably lower than the OECD average of 7.6%.**
- Through our **matched funding with other donors like Comic Relief**, we add an additional layer of due diligence and oversight and make taxpayers' contributions go further.

Good Governance

- Under the Chairmanship of the current Minister for International Development, JOA has transformed from a kitchen-table organisation into a specialist relief and development agency. **Dozens of reforms have been enacted, radically improving**

JOA's governance, its project selection and oversight, its expertise, its accountability, its outreach, its effectiveness and its reputation.

- The **appointment of Jersey's first Minister for International Development** in 2018 adds several additional layers of **democratic accountability, to the Council of Ministers, to the States** (through regular question sessions), and **to Scrutiny** (by the Economic and International Affairs Panel). Internally, the representation of Jersey's aid programme at Ministerial level improves its coordination with other aspects of Jersey's international work, while externally it adds tremendous clout to our voice and to our reputation as a good global citizen.
- JOA commissioned an independent report on improving its governance, and has been working with Treasury and others to implement the recommendations. This includes the **appointment of an Accountable Officer**, the more-stringent **two-stage approval process for all new projects**, and a formal **delegation of powers** to the Executive, lodged with the States in August 2018. While still governed by its own (2005) Law, JOA has also agreed an **MOU with central government**, and a **special chapter of the Public Finances Manual** outlines how it meets its unique obligations.

Operational Capacity

- JOA has five employees, three of whom have **direct professional experience of designing, implementing and evaluating aid projects abroad**. Together with the Minister and volunteer Commissioners, they are able to ensure JOA's aid is delivered to the highest standards and that Jersey is appropriately recognised internationally.
- JOA's **high standards of due diligence, project selection and oversight** are outlined in the Business Case. JOA's two-stage, empirically-assessed, outcome-focused project approval process, rigorous monitoring procedures, and track record in recovering money from underperforming grantees, provide significant comfort that its resources are being applied effectively and efficiently.

Risk management

- The things which make development projects necessary can also make them risky. JOA has taken steps to manage its risks in several ways. Reducing the number of countries (to six) and sectors (to three) enables the **development of specialist knowledge and thus improved monitoring and oversight**. Fewer, larger projects also mean **more resources can be allocated to monitoring** each. **Corruption is taken into account in choosing where to work**. **Enhanced due diligence is conducted on Jersey Charities**, including using Risk Screen software, and since 2019 JOA has worked with the SOJ Police to ensure we are **green-rated on the Terrorist Financing National Risk Assessment**. **Grant Agreements** define and reduce Jersey's liability for project failures.