

JERSEY OVERSEAS AID COMMITTEE: FUNDING

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by the Overseas Aid Committee**



STATES OF JERSEY

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PROPOSITION

THE STATES are asked to decide whether they are of opinion -

to refer to their Act dated 3rd November 1998 in which they approved a funding mechanism for the Overseas Aid Committee for the years 1999 to 2003; and

- (a) to confirm their long-term policy objective that the annual level of funding to the Overseas Aid Committee should be 2.4 per cent of the States of Jersey total taxation revenue;
- (b) to agree to reach this objective as soon as possible after 2008;
- (c) to agree that funding for Overseas Aid should be increased as follows -

<i>Year</i>	<i>Percentage of taxation revenue</i>
2004	1.25 per cent
2005	1.30 per cent
2006	1.40 per cent
2007	1.50 per cent
2008	1.60 per cent

- (d) to agree the level of funding to overseas aid should be further reviewed in 2008.

OVERSEAS AID COMMITTEE

Note: The Finance and Economics Committee believes it is for the States to determine the level of Overseas Aid appropriate to the Island. However, the Committee firmly believes that the budget for Overseas Aid should be protected from the annual Resource Allocation process, similar to the existing funding formula, and that such budget be met within the total States net revenue expenditure limits set by the States.

The proposals of the Overseas Aid Committee will result in a greater proportion of tax revenues being allocated to Overseas Aid. Under these proposals, it is estimated that Overseas Aid funding will increase from £4.6m in 2003 to £7.6m in 2008.

In order to fund this increase, either other committees will receive a smaller proportion of overall funding or further increases in taxes will be necessary.

REPORT

Foreword

This report and proposition sets out the Overseas Aid Committee's policies to support people in the less developed countries of the world and follows a similar report in support of a proposition accepted by the States on 3rd November 1998 (P.211/98). The work of the Overseas Aid Committee would not have succeeded without the full political support of the States. Over the last 34 years the States and the people of Jersey have continually demonstrated their willingness to provide time and money to support the less fortunate. During 2002, £4,649,000 has been made available by the States to the Overseas Aid Committee. In addition 37 Islanders have engaged or are about to engage on overseas community work projects this year. The Overseas Aid Committee has built on the support given by the States following the funding formula agreed in 1998 and proposes to continue calling on that support by developing a clear case for a small increase in funding and continues to enhance the processes and frameworks through which those funds are used and allocated.

1. Introduction

The Overseas Aid Committee has produced this report after a period of further analysis of its operations. The States will recall that the 1998 Report followed a Policies and Procedure Review which in turn followed a period of consultation with aid agencies, Islanders, local charities, work project participants, the Committee and its honorary officers. That thorough Review set the pattern and procedures which the Committee has followed since 1998 and has proved procedurally sound, workable and flexible when the need for such flexibility is required. The Committee does not propose seeking a further review to support this Report.

2. Purpose

- (a) The Committee's strategy is driven by the clear mission by which the States are committed to joining with others world wide in reducing poverty, introducing hygienic practices, education and, where possible, self sufficiency in food and water supply by making a sustained contribution, which is proportional to the Island's means.
- (b) In particular the Committee with the continued support of the States will contribute to -
 - basic health care;
 - medical care;
 - effective education;
 - projects to assist self-sufficiency;
 - safe drinking water and food security;
 - emergency and humanitarian needs;
 - working towards the elimination of child labour and abuse.
- (c) The Committee with the support of the States will pursue this by -
 - working closely with both the private and voluntary sectors;
 - ensuring the consistency of policies affecting poorer countries;
 - encouraging and supporting recognised local bodies engaged in overseas aid;
 - using resources efficiently, promptly and effectively.

"We are extremely appreciative of the swift reactions to these emergencies by Jersey Overseas Aid without which it would not have been possible to organise the food relief programmes that are so necessary to avoid widespread disease and starvation."

Plan UK 29 May 2002

"It is thanks to the understanding and flexibility of Jersey Overseas Aid that the Mines Advisory Group (MAG) was able to avoid suspending its operations while pledged funding was secured, meaning that the only de-mining capacity in Cunene Province was able to maintain continuous operations throughout the first half of 2002."

MAG August 2002

3. Globalisation and poverty

Globalisation is opening up many opportunities for millions of people around the world, fuelling economic growth and creating enormous potential to eradicate poverty. We have more wealth, technology and interdependence than ever before. Jersey has been able to take advantage of the new opportunities opened up by this global marketplace. But many of the world's poorest are not in a position to benefit from the advantages of global markets and competition. Governance structures are needed to ensure that these powerful forces work for the good of all. For the poorest there is still much to be done before they can benefit from these developments, even though real progress has been made in recent decades.

- Globally, infant mortality rates have fallen to 56 per thousand live births, down from 96 in 1970. Yet 11 million children under 5 still die each year from preventable diseases- one every three seconds. Jersey's infant mortality rate is less than six per thousand.
- There are now around 800 million undernourished people, down from more than 900 million in 1975.
- Adult literacy has increased to 73%, up from 47% in 1970, but there are still 325 million children out of school.
- In real terms average incomes in developing countries have almost doubled between 1975 and 1998 to reach \$3,530 per person per year. In comparison, average income in Jersey in 1999 was £21,300 (\$33,975) per person.
- Female primary school enrolment has reached 90% of male enrolment, up from less than 60% in 1970.
- In more than 60% of countries there are multiparty elections, whereas less than 30% had multiparty elections in 1974.

Within this overall picture all regions have made progress, but sharp contrasts exist. East Asia and the Pacific have made rapid sustained progress but South Asia and sub-Saharan Africa lag far behind. Nonetheless, given the necessary and appropriate forms of support, education and encouragement, many more people will be able to help themselves and participate in the global economy.

4. Are we doing enough?

- (a) This is where Jersey through the Overseas Aid Committee can help. Following the decision in 1998 the contribution made and to be made by Jersey to its Overseas Aid funding is as follows -

<i>Year</i>	<i>Percentage of taxation revenue</i>
1999	1.00 per cent
2000	1.05 per cent
2001	1.10 per cent
2002	1.15 per cent
2003	1.20 per cent

- (b) However, the United Nations target is 0.7 per cent of gross national income ("GNI"). The current funding is well below the benchmark set by the United Nations. In 1999, the most recent figures available, the Island's GNI was £1.845 million and the Overseas Aid Committee's budget was £3,320,000, just 0.18% of the Island's GNI. To meet the United Nations target the funding of the Overseas Aid Committee would have to have been £12,915,000. **One of our major competitors; Luxembourg, already commits 0.8% of its GNP to aid which demonstrates unequivocally that we too could realistically embrace such a target if we so choose.**
- (c) In 2002 the funding made available to the Overseas Aid Committee is £4,649,000. These funds have been spent or are earmarked to relieve poverty and provide relief where natural and man made disasters have removed the ability of the local population to provide for its basic needs. They include -
- Grant Aid of large and medium sized relief projects implemented through internationally recognised relief agencies (recently extended to funding for a limited number of three year projects).
 - Emergency/disaster relief funding.

- Community work projects, where teams of Jersey volunteers undertake a specific aid project.
- Support on a £ for £ basis of locally funded and engendered overseas projects by Jersey based charities (to a maximum of £3500).

It should be noted, and the Overseas Aid Committee gladly acknowledges, that much of its administrative work is carried out by volunteers on an honorary basis and who receive no remuneration thus allowing more of the funds to be used for its aid projects and other funding.

- (d) The Committee strongly believes that -
- it is the moral duty of the well off to care for the less well off and to help them to help themselves;
 - it is the duty of the present generation to address issues of poverty and other needs which may in the long-term threaten global security;
 - this exemplifies the avowed intention of the Island to foster and maintain an example of good governance and to provide an example for others to follow;
 - having signed up to international obligations and conventions and, in particular, to Agenda 21 which commits the Island to moving to a target which is comparable with that of other nation states it is the duty of the Island's government to honour these obligations.
- (e) After considerable deliberation the Overseas Aid Committee has taken the view that the States will be unlikely in the present circumstances to support a commitment to reach the international target and is therefore seeking support for a modest increase building on the funding formula set in 1998.
- (f) Members will recall that in the 1998 review endorsed by the States on the 3rd November 1998 the Committee recommended that -
- (i) the States confirm the long-term policy objective that the annual level of funding to the Overseas Aid Committee should be 2.4 per cent of the States of Jersey total taxation revenue;
 - (ii) the States aspire to reaching this objective in the year 2008;
 - (iii) the States increase funding to the Overseas Aid Committee initially to one per cent of taxation revenue for 1999 and, thereafter, increasing each year for four years by 0.05 per cent.
- (g) In order to achieve the goal set in 1998 (to reach its objective of 2.4 per cent of the States of Jersey total taxation revenue) the increase between the years 2004 and 2008 would have to be 0.24 per cent per annum - 1.20 per cent over five years.
- (h) The Overseas Aid Committee mindful of the change of circumstances and the pressure on the revenues of the States now puts a more modest proposal to the States.
- (i) The Overseas Aid Committee is of the view that the funding formula should continue at an annual increase of 0.05 per cent for the years 2004 and 2005 and then be accelerated to an annual increase of 0.10 per cent for the next three years ending in 2008 when the funding would be subject to a further review.
- (j) The Overseas Aid Committee therefore recommends that -
- the States confirm its long-term policy objective that the annual level of funding to the Overseas Aid Committee should be 2.4 per cent of the States of Jersey total taxation revenue;
 - the States aspire, now, to reach this objective as soon as possible after 2008;
 - the States phase in an increase in funding to the Overseas Aid Committee to achieve a level of 1.6 per cent of taxation revenue by 2008;

- the funding of Overseas Aid be reviewed in 2008.

Conclusion

The provision of help and support to those in need whether that need arises through poverty, natural or man made disasters or by other means, is vitally important. Jersey has made a substantial contribution to this task over the last 34 years. Regrettably the task is not at an end for there is much to be done and important work to be undertaken. Jersey can play a significant role in the development of a global caring society as it does in many other areas of national and international responsibility. The Island's economy has benefited and continues to benefit materially from the globalisation of many areas of business and commerce and the wealth this has and is creating. But we must return some of this wealth where it can play a vital part in the alleviation of poverty and suffering to ensure that those who cannot benefit directly from this globalisation may do so through the agency and generosity of Jersey. This can only be achieved by the States supporting the Overseas Aid Committee in its aims. This is consistent with the commitment made at the World Summit in Rio in 1992 and which was made explicit when the sustainable development strategy was presented and accepted by the States in 1999.

Jersey **can** make a difference and the Overseas Aid Committee is wholly committed to providing one way by which the people of Jersey will, with the co-operation of the States, make that difference.

Net Official Development Assistance in 2001

Country	% of GNI
Australia	0.25
Austria	0.25
Belgium	0.37
Canada	0.23
DAC average	0.40
Denmark	1.01
Finland	0.33
France	0.34
Germany	0.27
Ireland	0.33
Italy	0.15
Japan	0.23
Luxembourg	0.80
Netherlands	0.82
Norway	0.83
Sweden	0.76
Switzerland	0.34
United Kingdom	0.32
United States	0.11

The above is taken from the provisional data produced by OECD Development Assistance Committee (www.oecd.org).

In 2003 Jersey's aid budget will be 1.2% of taxation revenue. On average over the period 1993 to 1999 taxation revenue has been 17.6% of gross national income. Assuming this level of taxation revenue is maintained the 2003 aid budget will be equivalent to 0.18% of GNI and, if the States approve this proposition the 2008 budget (1.6% of tax revenue) will equate to 0.28% of GNI.