

Mr Joe Costello T.D.
Minister of State for Trade and Development
Irish Aid
Department of Foreign Affairs
Riverstone House,
23 - 27 Henry Street
Limerick

31st April 2012

Reference: Review of White Paper on Irish Aid

Dear Minister Costello,

I am writing to you from the Kenya Debt Relief Network a Kenyan civil society organisation that has been working on issues of international finance, with particular focus on debt for many years. We would like to highlight to you our key concerns relating to the ongoing review of Ireland's White Paper on Irish Aid.

We welcome that Ireland has played a positive role in supporting debt cancellation for countries of the global South since 2002. We also welcome the focus in the current White Paper on Irish Aid on principles of partnership with Southern countries and the Irish Government's commitment to focus on locally owned strategies and policy coherence for development.

However, we urge you to ensure that the review of Ireland's current White Paper on Irish Aid addresses a range of issues relating to international debt and taxation which are central to protecting the economic sovereignty of African countries, and to supporting African countries achieve financial independence, poverty eradication and sustainable development.

Despite achieving some debt cancellation, African countries, including Kenya, continue to be burdened with high levels of unjust debts. The existing debt cancellation schemes of HIPCI/MDRI have been too slow, too limited in the number of countries included, and have come with damaging policy conditions attached. Our debt crises are far from over. As you will be aware, the IMF estimates that one third of Low Income Countries are either in debt distress or are at high risk of debt distress.

Ireland, as a member of the World Bank and International Monetary Fund (IMF) has a responsibility to ensure that both institutions pursue positive development strategies and do no harm to Southern countries. However, this is currently not the case. Our key concerns include that:

Ireland should be a more vocal advocate for Southern countries' interests as a member of the World Bank and IMF through supporting:

Increased Debt Cancellation

Despite having received some debt cancellation many Southern countries require increased, unconditional debt cancellation. Ireland should support this for all African and Southern countries that need it, especially including the cancellation of unjust and illegitimate debts.

An end to loan policy conditionality and support for fair and responsible lending and borrowing standards by

Supporting an ending to the practice of attaching policy conditions to loans and debt cancellation processes. Policy conditions attached to loan agreements and debt relief have had disastrous impacts on the lives of people in the global South and have generally promoted a narrow set of economic policies. Southern countries' right to promote independent economic policies should be respected by the Irish government and the international financial institutions of which Ireland is a member. Ireland should advocate for a more respectful and equal relationship between Northern and Southern nations through the creation of fair and responsible financing standards instead of loan policy conditions.

Fundamental Governance Reform of the World Bank and IMF through

Advocating for IMF and World Bank governance reform so that Southern countries are fairly and democratically represented.

Just Climate Financing through

Supporting a genuinely democratically governed, grant based global Climate Fund and ensuring that Southern nations – who are not responsible for causing catastrophic climate change - are not forced to take out loans with policy conditions attached in order to cope and adapt.

International Tax Justice through

Working to stop the losses of billions of euro each year from African and all Southern countries through tax evasion by multi-national companies by strengthening financial reporting standards for multi-national companies. This should be supported through ensuring full country-by-country financial reporting by multi-national companies on profits and taxes, and automatic information exchange between jurisdictions on tax matters.

We ask that these policy positions, based on justice and sustainable development for the people of Africa, Asia and Latin America, **should be clearly supported by the Irish government through an updated international debt policy for Ireland and in the review of the White Paper on Irish Aid.**

Yours sincerely,

Kiama Kaara, Coordinator Kenya Debt Relief Network