

Report of the Irish Aid Expert Advisory Group

Promoting Linkages,
Complementarities and Coherence
across Ireland's Development
Cooperation, Economic and Political
Objectives in Africa

Statement by the Irish Aid Expert Advisory Group

The Irish Aid Expert Advisory Group was established in 2010 to provide independent advice to the Minister for Foreign Affairs and Trade and the Minister of State for Development, Trade Promotion and North-South Co-operation, on the direction of the aid programme. The Expert Advisory Group played a significant role in the review of the White Paper on Irish Aid, providing independent oversight to ensure that the review was undertaken in a transparent, efficient and participatory manner.

Arising from issues raised during the consultations for the White Paper review in September 2013, the Advisory Group decided to undertake an analysis of the linkages, complementarities and coherence across Ireland's development cooperation, economic and political objectives in Africa. In particular, the Advisory Group sought to examine relationships between the advancement of inclusive economic growth, trade promotion and support for the Irish private sector with the Government's priorities in poverty reduction, fighting corruption and the protection of human rights. The primary purpose of this review is to ensure that Ireland's approach to and delivery of its development, economic and political objectives in Africa are coherent and effective.

The group undertook an extensive programme of work, meeting with relevant stakeholders in Ireland and overseas as well as undertaking field visits to Mozambique and South Africa to ensure that the voices and views of relevant parties were taken into account. We found this consultation process to be invaluable, speaking with representatives from non-governmental organisations, business people, trade union representatives, academics, development practitioners, diplomats and representatives from relevant Government Departments and state agencies. We have tried to ensure that these voices are well reflected in this report and in the recommendations that we have made.

I would like to take this opportunity to sincerely thank those who participated in our consultations and facilitated our work. I would also like to acknowledge the invaluable assistance provided by our researcher, Ms. Mary Brady. We hope that this report and our recommendations will further strengthen the coherence and effectiveness of Ireland's engagement in Africa and contribute towards the solidification of a mutually fruitful partnership.

Nora Owen Chairperson, October, 2014



Members of the Irish Aid Expert Advisory Group

(back row, l-r) Prof. Tom Lodge, Prof. Patrick Fitzpatrick, Dermot Quigley, Ronan Murphy, Aidan Clifford
(front row, l-r) Prof. Jane Harrigan, Nora Owen, Herbert M'cleod. *Photo: Maxwell Photography*



Ms. Nora Owen, Irish Aid Expert Advisory Group Chairperson, and Mr. Seán Sherlock, T.D., Minister of State for Development, Trade Promotion and North South Co-operation. *Photo: Maxwell Photography*

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Executive Summary

In September 2011, the Department of Foreign Affairs and Trade launched an *Africa Strategy* which provided a framework for Ireland's development cooperation, political and economic relations with African Countries. This was followed in 2013 by the review of the White Paper on Irish Aid and the publication of Ireland's Policy for International Development '*One World, One Future*'. The new policy reiterated Ireland's intention to maintain its geographical focus on Africa. It also outlined Ireland's approach to supporting sustainable development and inclusive economic growth in developing countries.

As a result of the level of interest shown about the parameters of Ireland's trade and development cooperation priorities during the review of the White Paper on Irish Aid, the Irish Aid Expert Advisory Group (IAEAG) prioritised an analysis of Ireland's development cooperation, economic and political objectives to examine how best to promote coherence, complementarities and linkages. In particular, the Advisory Group looked at how to ensure that the advancement of inclusive economic growth, trade promotion and support for the Irish private sector is fully consistent with the Government's priorities in poverty reduction, fighting corruption, and the protection of human rights. In doing this, it was strongly acknowledged that the linkages between political, economic and international development priorities are complex. However, the Advisory Group undertook to not only identify potential adverse implications, but to also examine the potential benefits of a more rounded relationship with Africa for supporting inclusive and sustainable development and, where possible and appropriate, for developing two-way trade.

The IAEAG undertook a rigorous analysis which took stock of the developments made since the launch of the 2011 *Africa Strategy* and the 2013 *One World, One Future*, consulting with a wide variety of stakeholders from the public, private and non-governmental sectors. The Advisory Group also noted the changes in the Irish and African contexts, and undertook two case-studies of South Africa and Mozambique to assess how matters are dealt with at two Irish Embassies in Africa.

Throughout the consultations, it was very evident that the Irish, African and broader global context has seen much change over the past decade. Many developing countries, particularly in Africa, are experiencing increased levels of trade, investment and economic growth, whilst many of the more developed countries are still experiencing economic stagnation. The broader development arena is also experiencing change, with economic growth and trade becoming more prominent in the policy debates of both donor and partner countries. Economic growth is increasingly recognised as an essential ingredient for long term and sustainable development, with trade and investment being seen as a key stimulus. However, it is also evident that such growth must be inclusive and pro-poor for effective development, to ensure that the marginalised and vulnerable are not left behind. Herein lies the challenge: ensuring that economic growth, which is often driven by private interest and profit making, has broader benefits for a country as a whole.

Summary of Key Findings

The Expert Advisory Group looked at how Ireland's engagement in Africa was evolving and responding to an expanded policy focus, particularly in terms of an increased emphasis on two-way trade promotion and its relationship with Ireland's development priorities.

Overall, the Advisory Group found that the Department of Foreign Affairs and Trade and its Embassies were indeed giving effect to the priorities of the Africa Strategy moving towards more rounded partnerships of mutual interest with African countries, whilst also maintaining a strong focus on development objectives. However, the Advisory Group found that there is potential to strengthen Ireland's approach by building on existing synergies between Ireland's development cooperation, economic and political objectives, to further develop two-way trade. Efforts to promote growth and trade should incorporate broader based benefits for the poor and vulnerable.

In terms of building on synergies to increase development and two-way trade, the Advisory Group identified three particular areas where Ireland's approach could be strengthened:

1. Engagement with partner governments on the development of macro-economic policies that lay the basis for increasing trade and investment and ensuring that growth is inclusive and sustainable.
2. Increase support for the development of sound and transparent business and regulatory environments which are a key factor in attracting Foreign Direct Investment (FDI) and fostering domestic investment.
3. Embassies should further build upon the goodwill generated for Ireland through its development cooperation programme for cultivating two-way trade and investment relationships.

The Advisory Group believes that more can be done by Ireland's development programme to support growth that is inclusive and sustainable. A recurrent theme, both in the literature reviewed and throughout the consultations held, was that growth alone would not address the development challenges of the poorest. In order for economic growth and increased trade to promote sustainable development, deliberate efforts must be made to ensure it is inclusive and benefits the entire population.

The Advisory Group identified eight areas where Irish Aid should strengthen efforts to promote inclusive economic growth. These include:

- Supporting the development of business environments which allow small, medium and micro enterprise to grow and prosper.
- Strengthening governance systems and the rule of law to increase transparency, accountability and effectiveness.
- Supporting education, training and capacity building.
- Supporting efforts to increase agricultural productivity for smallholder farmers.
- Supporting efforts to generate employment, decent work and increased incomes and labour standards.
- Supporting the development of social safety nets for the poor and vulnerable.
- Supporting health and nutrition programmes.
- Investment in initiatives to promote environmental sustainability and gender equality.

Summary of Key Recommendations

The Expert Advisory Group made a number of specific recommendations for strengthening Ireland's engagement in Africa. These are divided into recommendations for 1. the Government, 2. the Department of Foreign Affairs and Trade and 3. the Development Cooperation Division which leads on Ireland's engagement with Africa. It is hoped that these recommendations, when implemented, will lead to a more coherent and stronger partnership of mutual benefit between Ireland and its partner countries in Africa. These include:

Government of Ireland:

- To continue to use Ireland's position within the EU and other international fora to support efforts to increase market access for developing country exports and to ensure a strong focus on the needs of the poorest and most vulnerable in Africa.
- To expeditiously implement the 2011 UN Guiding Principles on Business and Human Rights.

Department of Foreign Affairs and Trade:

- To ensure that the Department's role in trade promotion is clearly communicated both internally and externally.
- To ensure that all efforts to promote two-way trade and investment are compatible with Ireland's commitment to human rights, including decent work and gender equality.
- To improve coordination on trade, human rights and development by establishing a subcommittee of the Export Trade Council or strengthening the functioning of the Inter-Departmental Committee on Development.
- That the Minister institute an arrangement by which the Human Rights Unit and Embassies in Africa would be more available to broader Departments, State Agencies and Irish businesses to provide information on relevant human rights issues.
- To develop clear guidelines for Embassies in Africa on implementing a combined mandate of trade and development. Within this, the role of Embassies in informing Irish companies of country contexts, best practice, standards and legislation should be clarified. In particular Irish companies should be informed of:
 - a. The ILO Tripartite Declaration of Principles concerning Multinational Enterprises (MNE) and Social Policy (MNE Declaration, 1977).
 - b. The OECD Guidelines for Multinational Enterprises (2008).
 - c. The UN Guiding Principles for Business and Human Rights (2011).
 - d. The OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions (1997).
- To ensure that internal performance evaluation systems that measure progress made by Irish Embassies in Africa are appropriately balanced taking account of both development and trade priorities.

Development Cooperation Division:

- To strengthen efforts to support sustainable development and inclusive economic growth ensuring that the poor and marginalised are not left behind. In particular, to strengthen efforts in the eight areas outlined in the findings section: small, medium and micro enterprise development; governance and the rule of law; education, training and capacity building; agricultural productivity of smallholders; employment and decent work; social safety nets; health and nutrition; and environmental sustainability and gender equality.
- To ensure that the Development Cooperation Division's role in trade promotion in Africa and its compatibility with poverty alleviation is clearly communicated in all its policy documents and on the Irish Aid website.
- That Embassies continue to engage in policy dialogue in partner countries to strengthen the macro-economic environment and strengthen efforts to support the development of sound business and regulatory environments in partner countries.
- That Embassies effectively utilise the goodwill generated by the development programme to support two-way trade and investment, while at all times ensuring that this does not conflict with its development cooperation goals.
- To ensure that country strategy planning processes include a comprehensive contextual analysis of trade and investment in each partner country to be fully aware of any complementarities or potential inconsistencies.
- To utilise opportunities at the annual Africa-Ireland Economic Forum to enhance awareness of human rights commitments, ethical business practice and development policy.
- To strengthen efforts to increase transparency, combat corruption, increase domestic revenues and promote equitable public spending in partner countries.

Chapter 1 - Introduction

The world economy has seen remarkable change over the past decade, with the global financial crisis, which led to stagnation and recession in most of the so-called developed world and the increasing rise of emerging economies as drivers of global economic growth. Whilst hunger and poverty remain daily challenges for millions of people throughout the world, many developing countries - particularly in Africa - are recording increased levels of economic growth driven not only by global commodity prices but also by increased domestic demand. Developing countries are now becoming less reliant on external aid for their development but are increasingly eager to sustain and build upon economic growth.

The broader development arena is also witnessing change. Inclusive economic growth and trade are gaining more traction in policy debates, with aid being viewed more as a catalyst than the main driver of development. However, whilst economic growth is recognised as a key factor in promoting long-term development, growth alone will not end hunger and poverty. For economic growth to effectively address development challenges it must be inclusive and pro-poor taking fully into account the needs of the vulnerable and marginalised. This is not always easy given that economic growth is more often driven by private interest and profit making. Thus lies the challenge of ensuring that economic growth has broader benefits for a country as a whole.

Ireland's policies for engagement in Africa have also adapted in response to this changing environment. In 2011, the Department of Foreign Affairs and Trade (DFAT) launched the *Africa Strategy* which outlined Ireland's political, economic and international development priorities with Africa and laid the foundation for an expanded focus on two-way trade and investment, and the basis for a maturing relationship with Africa. This new focus is consistent with the DFAT's broader mandate for trade promotion. The launch of Ireland's Policy for International Development '*One World, One Future*' in 2013 outlines Ireland's approach to sustainable development and inclusive economic growth and trade and sets out a more focused, whole-of-government approach that will draw on the strengths of all Government Departments.¹

¹ DFAT (2013) "One World, One Future- Ireland's Policy for International Development" Dublin: DFAT.

The Process

In September 2013, arising from issues raised during the review of the White Paper on Irish Aid, the Irish Aid Expert Advisory Group (IAEAG) identified the need to undertake an analysis of Ireland's development cooperation, economic and political objectives. The purpose of which was to further promote linkages, complementarities and coherence in Ireland's engagement with Africa and to examine the challenges and opportunities for Ireland in developing its support for inclusive economic growth. In particular, the Advisory Group looked at how best to ensure that the advancement of inclusive economic growth, trade promotion and support for the Irish private sector is fully consistent with the Government's priorities in poverty reduction, fighting corruption, and the protection of human rights.

In undertaking this analysis, it was accepted that the links between political, economic and international development priorities are complex and can often be problematic. Whilst recognising this, the point of this exercise was to move beyond the idea of seeing aid and trade as alternatives or substitutes for one another with few if any synergies, but to identify the potential of both to support inclusive and sustainable development, and where possible and appropriate to support Ireland's export-led economic growth.

The Group conducted an extensive process of independent assessment and analysis which took stock of progress made since 2011 and considered the evidence of what works best. The analysis included a comprehensive literature review of relevant policies and documents; country case-studies of Mozambique and South Africa to assess how matters are dealt with at two Irish Embassies in Africa; and consultations with relevant stakeholders from the Irish private sector and Irish companies working in Africa, Non Governmental Organisations (NGOs), academia, divisions within the DFAT, Government Departments and State Agencies, representatives from the Irish Congress of Trade Unions (ICTU), the Irish Business and Employers Confederation (IBEC) and other donors and foreign offices engaging in development and trade promotion.

Key Questions:

Overarching Question:

- How can we promote coherence, complementarities and linkages between Ireland's development cooperation, economic and political objectives in Africa?

Within this, the Group explored the following issues:

- Why is the promotion of trade and foreign investment of importance to Ireland and what implications does this have for Government policy and in particular the role of the Department of Foreign Affairs and Trade?
- How does the commitment to increase trade promotion fit with the Government's commitment to international development cooperation?
- What synergies are there between achieving the Government's development priorities and Ireland's own economic and political priorities? And what are the potential inconsistencies?
- How can we ensure that the Government's objective of supporting the advancement of inclusive economic growth, trade promotion and support for the Irish private sector is fully consistent with its priorities in poverty reduction, anti-corruption and the protection of human rights in developing countries?

Chapter 2- Ireland's Institutional and Policy Context

Ireland's Historical Links with Africa

Ireland and its people have had a long history of positive engagement with Africa, from the work of Irish missionaries and aid workers to the strong government-to-government links that have been established through development co-operation partnerships, peacekeeping and diplomatic ties. The commitment of the Irish public to help alleviate poverty in other parts of the world has become entrenched over time. This is particularly evident in the case of Africa.²

Ireland's official development assistance programme which began in 1973, grew from a modest base to a programme ranked amongst the best in the world. Africa has always been a primary focus for the official development programme with Tanzania, Zambia, Sudan and Lesotho being chosen as four of Ireland's first priority countries for development cooperation. Ireland's development cooperation programme – Irish Aid- still continues this strong focus on Africa, and sub-Saharan Africa in particular. Eight of Irish Aid's Key Partner Countries are situated in Africa: Ethiopia, Lesotho, Malawi, Mozambique, Sierra Leone, Tanzania, Uganda and Zambia. The primary vision of Ireland's development cooperation is 'a sustainable and just world, where people are empowered to overcome poverty and hunger and fully realize their rights and potential'.³ Aid is provided through national and local governments, civil society and multilateral organisations. More recently, with the publication of the Africa Strategy, engagement has expanded to building a more comprehensive relationship with Africa.

² Murphy, R (2012) *Inside Irish Aid- The Impulse to Help*. Dublin: Liffey Press, pp.7.

³ DFAT (2013).

A Changing Context

The Irish, African and broader development context has seen radical change in recent years. The continent of Africa is undergoing substantial change, and is playing an ever more important role on the world stage. Despite the considerable challenges that the continent stills faces, Africa has experienced high levels of economic growth, increased trade and investment and more stability than ever before.⁴ Africa can no longer be considered a marginal player in economic or political terms.

The world economy is also changing. Emerging economies such as Brazil, Russia, India, China and South Africa (BRICS), are now among the key drivers of global economic growth and are also becoming important players in development cooperation. Many developing countries are becoming less reliant on aid, with growing levels of trade, inward investment and domestic revenue. Expectations among citizens are also rising.⁵ It is expected that the next decade will see emerging economies contributing more to global growth than all the developed countries combined.⁶

Ireland too has seen many changes in recent years. Due to economic difficulties and a reduction in public expenditure, there is a strong Government focus on increasing export-led economic growth and creating jobs. As is evident from the White Paper review, the Irish public also recognises that the role of aid is changing as the global and Irish context changes, and that Ireland's approach needs to adapt accordingly. Furthermore, in this current climate of austerity, it becomes increasingly necessary to justify the aid programme to the Irish public and to ensure that it is responding to the needs of partner countries and delivering results.

Continued importance of development assistance and importance of other forms of development financing

As recognised in the White Paper review, aid alone will not solve the development challenges of the world. Developing countries need to find lasting solutions to boost economic growth, increase trade and investment, foster indigenous enterprise, raise domestic revenue and ultimately address their own development challenges. Development practitioners are increasingly looking beyond aid towards trade and investment relationships and support. African countries have themselves identified job creation, FDI, trade and private sector development as drivers of future growth and development. Aid is now being seen more as a catalyst for development rather than its main driver.

In light of this and in response to the changing context, Ireland's relationship with Africa in recent times has been moving towards a more comprehensive set of relationships, incorporating stronger political exchange and sustainable two-way trade and investment flows. New links are developing between Irish and African businesses and modest but growing Irish economic relationships exist in some of Ireland's Key Partner Countries.⁷ Alongside this expanded focus, Ireland's development cooperation programme - Irish Aid – remains an integral part of its relationship with Africa and in particular sub-Saharan Africa. Development aid still has an important role to play in assisting

⁴ UNCTAD (2014) "Economic Development in Africa – Report 2014: Catalysing Investment for Transformative Growth" United Nations Publication 2014, pp. 2.

⁵ DFAT (2013), pp. 8.

⁶ McKinsey Global Institute (June 2010) "Lions on the Move: The progress and potential of African economies" McKinsey and Company 2010, pp.4.

⁷ DFAT (2011a) "Ireland and Africa, Our Partnership with a Changing Continent - An Africa Strategy for the Department of Foreign Affairs and Trade" Dublin: DFAT, pp. 6-16.

developing countries address the many challenges they face. Whilst many African countries are experiencing unprecedented economic growth, most African countries will not meet the 2015 development goals. Poverty and hunger remain the greatest obstacles to development in many parts of Africa. Ireland's new development agenda aims to utilise the many facets of its relationship with Africa to assist the continent in overcoming the challenges it faces.

Trade and Investment Links between Ireland and Africa

Current levels of trade between Ireland and individual African countries are low but increasing. In sub-Saharan Africa the countries of Nigeria and South Africa stand out as Africa's largest markets for Irish goods. Overall the merchandise trade figures are imbalanced in Ireland's favour although Ireland's trade with Kenya is closer to parity than with any other country. Imports from six of Irish Aid's key partner countries (Ethiopia, Lesotho, Mozambique, Tanzania, Uganda and Zambia) into Ireland declined over the period from 1995-2013. This decline appears to be due to changes in Irish manufacturing and challenges in some sectors of African economies. For example, declining imports of coffee appear to have resulted from production difficulties in Uganda.⁸

There are, however, prospects for increased growth in trade in both directions. Irish exports to Africa are increasing. Total Irish exports of goods and services to Africa increased by 200% in the three years from 2009, reaching €2.7 billion in 2012. Much of this growth has been led by sub-Saharan Africa and South Africa in particular. Between 2010 and 2013 merchandise exports from Ireland to sub-Saharan Africa increased by 25% - from almost €750m to just under €1bn. In the same period imports from the region more than doubled from just under €250m to over €580m. As recognised by the Irish Exporters Association (2013), African markets hold good potential for Irish exporters and present Irish businesses with a significant opportunity to expand their reach and grow trade. Irish businesses are also increasingly seeing Africa as a growing opportunity, particularly in the areas of agriculture, energy and utilities, construction and tourism. There is also a strong realisation between governments and businesses that joint investments and strategic partnerships are the best way to develop trade as opposed to one-way trade. It is estimated that exports from Ireland to Africa have the potential to reach €24 billion by the end of the decade.⁹

DFAT's Mandate for Trade Promotion and Development

The Mission Statement of DFAT is 'to promote and protect abroad the values, interests and economic

The Department's Statement of Strategy 2011-2014 sets out six High Level Goals:

- Promote Ireland's economic interests in Europe and internationally.
- Deliver on Ireland's global development commitments, focusing on poverty and hunger.
- Advance reconciliation and co-operation on this island.
- Contribute to international peace, security and human rights.
- Provide consular and passport services for Irish citizens and engage with Irish communities abroad.
- Strengthen the Department's ability to deliver its goals.

⁸ O'Caomh, C., McCauley, P. (2011) "Evidence and Opportunity – Ireland's Trade with its Development Programme Countries in Africa" Value-Added in Africa, Dublin, pp. 6-53.

⁹ Irish Exporters Association (25th April 2013) "Irish Exporters Urged to Look to Africa to Increase Exports of Goods and Services" <http://www.irishexporters.ie/section/IrishExportersUrgedtoLooktoAfricatoIncreaseExportsOfGoodsandService>.

wellbeing of Ireland and its people'. The primary role of the Department is to advise Government officials on all aspects of foreign policy and to co-ordinate Ireland's response to international developments.

The promotion of Ireland's economic, trade, tourism and investment objectives overseas, in co-operation with the relevant Government Departments and State agencies, has long been one of the key priorities of the Department and its Embassy network.¹⁰ In 2011 the Department's existing trade promotion role was enhanced through the transfer of certain trade promotion functions from the then Department of Enterprise, Trade and Innovation. These functions included: management of the Export Trade Council, coordination with Enterprise Ireland on trade missions, and Joint Economic Commissions. . The Trade and Promotion Division (TPD) of DFAT is responsible for trade promotion coordination, economic diplomacy and cultural relations. Individual geographical units within the Department are responsible for the bilateral economic relationship with specific countries. In each of the 27 priority markets for trade, tourism, investment and education promotion there is a Local Market Team, which comprises the Embassy/Consulate and State agency presence on the ground, and which is chaired by the respective Ambassadors. The Department of Jobs, Enterprise and Innovation, through its State agencies such as IDA Ireland and Enterprise Ireland, has a mandate to increase Irish exports alongside other Government Departments [See Appendix A].

Ireland's development cooperation programme – Irish Aid - is an integral part of DFAT. The Development Cooperation Division (DCD) of the Department is responsible for the management of relations with countries in Africa, including Ireland's international development cooperation, political and economic relations. Since the launch of the Africa Strategy, trade has become a greater priority in the Embassies in Africa. Currently, Ireland has embassies in 11 African countries: Egypt, Ethiopia, Kenya, Malawi, Mozambique, Nigeria, Sierra Leone, South Africa, Tanzania, Uganda and Zambia.

One World, One Future - Ireland's Policy for International Development

Ireland's Policy for International Development, '*One World, One Future*', which was launched in 2013, outlines a focused, whole of government approach, which aims to draw on the strengths of all Government Departments. It sets its vision as 'a sustainable and just world, where people are empowered to overcome poverty and hunger and fully realise their rights and potential' and reiterates Ireland's intention to maintain its geographical focus on Africa. The new policy recognises that lasting solutions beyond aid must be supported to sustainably address poverty. This includes supporting developing countries to raise revenue, boost FDI and increase integration into world markets. The policy also outlines the types of actions which Irish Aid will take to support the emergence of inclusive economic growth in developing countries and highlights the need to ensure that the advancement of inclusive economic growth, trade promotion and support to the Irish private sector is fully consistent with Irish Government priorities in poverty reduction, anti-corruption and the protection of human rights. Sustainable development and inclusive economic growth is one of three overall goals outlined in the policy with trade and economic growth identified as one of six priority areas of action.¹¹

¹⁰ DFAT (2011b) 'Department of Foreign Affairs and Trade Statement of Strategy 2011-2014' Dublin, DFAT.

¹¹ DFAT, (2013).

The *One World, One Future* Policy sets out three main goals:

- Reduced hunger, stronger resilience.
- Sustainable development, inclusive economic growth.
- Better governance, human rights and accountability.

And six priority areas for action:

- Global hunger.
- Fragile states.
- Climate change and development.
- Trade and economic growth.
- Essential services.
- Human rights and accountability.

The Africa Strategy

The Africa Strategy (2011) provides an overarching framework for Ireland's development cooperation, political and economic relations with African countries. The Strategy strives to deepen Ireland's political and economic relationship with countries in Africa in order to contribute more effectively to peace, security, democracy and human rights in Africa, and also to strengthen economic relations and create better development outcomes. One of the primary objectives of the Strategy is to build a more mature relationship between Ireland and Africa, where mutual political, economic and development interests are complementary.¹²

The *Africa Strategy* sets out a number of areas for action in relation to trade promotion:

1. Promotion of High Level visits between Ireland and Africa.
2. Enhance the trade promotion mandate of Irish Embassies across Africa.
3. Work closely with State Agencies to promote trade in Africa.
4. Incorporation of a stronger business focus in the development programmes to help African countries promote their own economic growth.
5. Examine options for further initiatives and activities in the areas of academic and research collaboration between Irish and African counterparts, including with private sector involvement.
6. Investigation of business opportunities from existing International Financial Institutions such as the World Bank and the European Union.

¹² DFAT (2011a).

Trading and Investing in a Smart Economy – A Strategy and Action Plan for Irish Trade, Tourism and Investment 2010-2015

A Strategy and Action Plan for Irish Trade, Tourism and Investment to 2015, launched in 2010, highlighted that Ireland is a small, open economy with relatively modest levels of domestic demand, which is heavily reliant on trade. The Strategy set out cross-sectoral priorities and targets which focus on a whole of government approach, inclusive of all relevant Government Departments, State agencies, Embassies and Consulates abroad.¹³

In February 2014, a Review of the Strategy was launched which included a ‘new market approach’, which seeks to reflect the diversity of Ireland’s priorities in the trade, tourism, investment and education areas, and to accommodate prospecting activities in dynamic, rapidly developing economies not previously listed as priorities in the Strategy. This approach identified ‘High Value Markets’, ‘Other Established and Developing Markets’ and for the first time, ‘Exploratory and High Potential Markets’. Of the 27 priority markets listed in the original Strategy, one was based in Africa – South Africa. In the Review, Nigeria was included as an ‘Exploratory and High Potential Market. The Review also updated targets for growth in exports, investment, tourism and jobs, including:

the inclusion, for the first time, of a 2015 target of €900 million for the international education sector in recognition of its growing economic contribution.

Ireland’s recovery process is focused on export-led growth, increasing new inward investment and improving trade, tourism and investment links with new and fast-developing markets, to increase employment and national prosperity. The Review aims to ensure that the resources of the State – both the Embassy network and State agencies – are positioned to deliver maximum overall benefit for the economy. The Export Trade Council oversees the implementation of the Strategy.¹⁴

The Export Trade Council

The Trade and Promotion Division (TPD) provides the Secretariat for the Export Trade Council (ETC). The ETC, which is chaired by the Minister for Foreign Affairs and Trade and meets twice a year, oversees implementation of the Government Trade, Tourism and Investment Strategy and encourages cooperation and coordination between the Embassy network and all Government Departments and State agencies that work on trade, tourism, investment and education promotion.. Other participants include the Minister for Agriculture, Food, the Marine and Defence, the Minister for Jobs, Enterprise and Innovation, the Minister for Transport, Tourism and Sport, the Minister for Education and Skills, the Minister of State for Development, Trade Promotion and North-South Co-operation, the heads of Bord Bia, Enterprise Ireland, IDA Ireland, Tourism Ireland, and Science Foundation Ireland and a number of senior level officials and representatives from the private sector and private sector bodies. The Council provides a framework for coordination and consultation by Departments and State agencies as well as private sector representatives. Local Market Teams, operating in the 27 priority markets, report annually to the ETC on their work over the previous year and their Local Market Plans for the year ahead.

¹³ Department of Enterprise, Trade and Innovation (DETI) (2010) “Trading and Investing in a Smart Economy – A Strategy and Action Plan for Irish Trade, Tourism and Investment to 2015” Kildare Street, Dublin: DETI, pp. vii.

¹⁴ DFAT. (2014) ‘Review of the Government Trade Tourism and Investment Strategy 2010-2015’, Dublin: DFAT.

Chapter 3 - Trade and Development

Trade and Development

Trade, as an important contributor to economic growth, enables countries to exploit their comparative advantage, drives innovation, supports livelihoods, increases market access and purchasing power and has the potential to increase employment and raise household incomes.¹⁵ In the last 50 years, as global markets have opened up, trade has become one of the most important drivers of growth in the world economy, underpinning unprecedented increases in living standards in many countries.¹⁶

One of the critical challenges debated throughout the past year during the Advisory Group's consultations was how to assist developing countries to capitalise on the benefits of trade and investment to reduce poverty and promote development. It was recognised that the links between trade and development are often complex.¹⁷ Many obstacles and constraints exist which can prevent developing countries from participating in international trade and/ or result in the unequal distribution of the benefits of trade.¹⁸ Even if the international trading system was overhauled, country specific situations and circumstances, such as the quality of domestic policies, institutions and infrastructure, existing levels of inequality, geography and labour standards influence the interaction between trade and development.¹⁹

Despite its obvious benefits, trade can have negative consequences and often those most affected are the poor. Increased trade and, more particularly, efforts to liberalise trade have sometimes led to negative effects on developing countries and their economies - increasing unemployment, inequality, vulnerability, corruption and environmental degradation as well as crowding out local industries, raising government administration costs, reducing domestic revenues, increasing imports and causing severe economic distortions.²⁰ In the absence of sound socio-economic management and compliance with internationally agreed norms of labour standards, to guide the distribution of its benefits, increased trade can create winners and losers.²¹

There are numerous examples of the adverse consequences that can be caused by trade. One such example is Malawi where, following liberalisation efforts, textile production fell by over 50% from 1990 to 1996 and many manufacturing industries reliant on domestic consumer markets closed, resulting in increased unemployment. Similarly in Zambia, following efforts to liberalise trade, employment in the formal manufacturing sector decreased by 40% within five years.²² In countries

¹⁵ Stiglitz, J., and Charlton, A. (2005) *Fair Trade for All – How Trade Can Promote Development*. Oxford: Oxford University Press, pp. 23-24.

¹⁶ Wiig, Arne, Tonde, Line, Villanger, Espen, Maestad, Ottar (2007) "Will International Trade Reduce Poverty? A Background Note to Norad" Chr. Michelsen Institute (CMI) Report, Bergen Norway, pp. 16-20.

¹⁷ Oxfam International (2005) "Scaling up Aid for Trade" *Oxfam Briefing Note*, pp. 1.

¹⁸ Higgins, K., Prowse, S. (2010) 'Trade, Growth and Poverty: Making Aid for Trade work for Inclusive Growth and Poverty Reduction' *Overseas Development Institute (ODI) Working Paper 313*, pp. 1.

¹⁹ UNDP (2011) "Trade and Human Development – A Practical Guide to Mainstreaming Trade. United Nations Development Programme, Geneva Switzerland, pp. 6-9.

²⁰ Wiig, Arne, Tonde, Line, Villanger, Espen, Maestad, Ottar (2007) "Will International Trade Reduce Poverty? A Background Note to Norad" Chr. Michelsen Institute (CMI) Report, Bergen Norway, pp. 16-20.

²¹ Stiglitz and Charlton (2005), pp. 26-28.

²² Melamed, C. (2005) "The Economics of Failure- The real cost of "fair" trade for poor countries" *A Christian Aid Briefing Paper*, June 2005, Christian Aid, London pp.6.

where there are weak social safety nets and no unemployment insurance, these effects can be particularly harsh.

Such possible consequences are important practical considerations for any country looking to develop its trade portfolio and form the crux of the difficult issue facing most countries: what trade reforms to undertake in order to reap the greatest benefit while minimising adverse consequences? Often what works in one region or country at one particular time does not necessarily work for another.²³ In this regard, it is important for Ireland to fully understand the complexity of the issue and its potential impact on development in each country when engaging in trade promotion.

Foreign Direct Investment and Development

As was emphasised during the Advisory Group consultations, FDI can act as a catalyst to develop indigenous industry, accelerate growth and increase a country's productivity. Under the right policy environment, FDI can also have significant positive impacts on a host country's welfare and development through both direct and indirect channels. It can increase a country's access to international markets, promote the transfer of technology and skills, the development of human capital, increases in tax revenues, increases in employment and an increased demand for local services and products.²⁴ FDI can also provide an important source of capital for developing countries, where income levels and domestic savings are often low.²⁵

As with trade, FDI can also be a cause of more negative impacts on countries and their development. It can, in certain cases, lead to increases in inequalities and unemployment. It can crowd out domestic private investors and contribute to environmental degradation amongst other issues. The nature and type of FDI must also be considered. Market-seeking FDI can compete with, and displace, local consumer industries creating unemployment whilst export orientated FDI can increase much needed exports, but if this is only used to purchase raw materials the scope for job creation and spillovers is reduced.²⁶ Enclave type FDI which focuses narrowly in one sector such as mining and commodity often creates very few linkages with the domestic economy. Furthermore 'footloose' FDI which generally stays only as long as labour costs are low, can hinder efforts to increase labour standards and create decent employment. FDI therefore presents a number of challenges to host governments to ensure that the necessary systems are in place to prevent such negative effects and to ensure that its benefits are welfare promoting for the broader population. Some of the key factors that can significantly influence investment include issues such as political stability, domestic governance systems and credible policy implementation, adequate infrastructure, a transparent business and regulatory environment and stable macroeconomic conditions.²⁷ Moreover it is considered essential that developing country governments have the capacity to make good policy decisions to attract the right type of FDI that will create employment and ensure that its benefits are broadly dispersed.

²³ Melamed, C., Hartwig, R. and Grant, U. (2011) "Jobs, growth and poverty: what do we know, what don't we know, what should we know?" Overseas Development Institute (ODI) Background Note, May 2011.

²⁴ Loungani P. and Razin, A. (2001) "How Beneficial Is Foreign Direct Investment for Developing Countries?" *Finance & Development Magazine, IMF*, 38 (2). <https://www.imf.org/external/pubs/ft/fandd/2001/06/loungani.htm>.

²⁵ Asiedu, E. (2002: 107-119) 'On the Determinants of Foreign Direct Investment to Developing Countries: Is Africa Different?' *World Development*, Vol 30, No. 1, pp. 107 – 115.

²⁶ Gohou, G. and Soumare, I., (2012) "Does Foreign Direct Investment Reduce Poverty in Africa and There Regional Differences?" *World Development*, 40, (1), pp.77.

²⁷ Morrissey, O. and Udomkerdmongkol, M., (2012) "Governance, Private Investment and Foreign Direct Investment in Developing Countries", *World Development*, 40(3), pp. 437-442.

Current Thinking and Practice of Other Governments and the EU

The past decade has seen a renewed focus on trade in the development policies of many OECD countries. The countries that participated in the Advisory Group's consultations (the Netherlands, Canada and Denmark) explained that they have made institutional changes to combine their trade promotion and international development in their foreign policy approach. They have an emphasis on supporting sustainable economic growth as a key part of their development interventions as well as on increasing bilateral trade and investment.

The Advisory Group was made aware of a number of initiatives during their discussions. For example, Norway is looking into the possibility of using ODA to support feasibility studies for Norwegian companies and a programme on Oil for Development. The Department for International Development (DFID) is increasingly looking to see what role UK expertise can play in its development cooperation as part of its Global Powers programme. The EU is looking at blending financing to combine EU grants with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing. Flanders is working on corporate social responsibility in sectors where Flemish companies are particularly prominent. From the discussions, it was made clear that some donors were concerned that trade may dilute their focus on aid and development. South African Government Officials however, welcomed this change in focus stating that the 'time is right to talk about aid for trade' and FDI.

More broadly, the EU has increased its focus on inclusive and sustainable growth to assist developing countries in lifting themselves out of poverty. The EU 2011 'Agenda for Change' identifies two key priorities for increasing the impact of EU development cooperation: human rights, democracy and good governance, and inclusive and sustainable growth for human development. With the latter priorities, the EU highlights social protection, health, education, regional integration, a stronger business environment and sustainable agriculture and energy as important areas of focus.²⁸ In May 2014, the European Commission adopted a new EU policy paper; 'A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries'. The Communication outlines a new framework for ensuring that support to the private sector in developing countries has a positive impact on the broader society – particularly for women, young people and the poor.²⁹ There are also a number of multi-donor initiatives such as the World Trade Organisation-led Aid for Trade framework and the World Bank's Multi-Donor Trust Fund for Trade and Development which focus on assisting developing countries to address trade-related constraints. Part of the rationale for an increased focus on economic growth and trade is the drive to seek more sustainable, country-led solutions to poverty reduction, enabling developing countries to essentially assist themselves. However, strong efforts are needed to ensure that economic growth and trade are translated into broader development gains.

²⁸ European Union: European Commission. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Region on Increasing the Impact of EU Development Policy: Agenda for Change*, October 2011, COM (2011) 637 final, available at: http://ec.europa.eu/europeaid/sites/devco/files/publication-agenda-for-change-2006_en.pdf.

²⁹ European Union: European Commission Brussels, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*, 13 May 2014 COM(2014) 263 final.

Trade and the Post-2015 Development Agenda

The UN Millennium Development Goals (MDGs), set out in 2000, serve as the international framework for development. Since their launch, substantial progress has been made towards reaching these goals with the number of people living in extreme poverty halved, increased access to primary education and clean water and reductions in the prevalence of malaria and tuberculosis. However, many pivotal goals still remain to be achieved such as the eradication of hunger, a reduction in maternal mortality rates and access to adequate sanitation amongst others. This is particularly relevant to sub-Saharan Africa, where despite some recent accelerated progress, much still remains to be done.³⁰

The MDGs will run until 2015 when they will be replaced by a new set of goals which are currently being agreed under the Post-2015 Development Agenda. The issue of Trade and Development is currently captured under the eighth MDG, the Global Partnership for Development. This goal, which also covers major areas on ODA, debt sustainability and technologies, is generally regarded as the least concrete and most difficult to measure of the MDGs. The 2013 High Level Panel Report on the Post 2015 Development Agenda recognised this and argued that perhaps the most important transformative shift required in the post 2015 agenda is to bring a new sense of global partnership into national and international politics. The Panel placed the new global partnership at the heart of all its recommendations, most notably on the need for a more open and fair global trading system and an effective sustainable development financing strategy. The role of business is increasingly recognised.

In July 2014, an Outcome Document, the 'Proposal of the Open Working Group for Sustainable Development Goals' was adopted by the UN. The Document contains 17 goals, with trade being largely captured under the goal to 'Strengthen the means of implementation and revitalise the global partnership for sustainable development'. The proposal reaffirms the importance of concluding negotiations on the WTO Doha Development Agenda and the timely implementation of duty-free, quota-free market access on a lasting basis for all least developed countries (LDCs) consistent with WTO decisions. It calls for significant increases in the exports of developing countries, in particular doubling the LDC share of global exports by 2020. It also calls for the transfer of environmentally sound technologies to developing countries on favourable terms.

Other trade and development issues which have arisen in the discussions include the need to: (i) increase Aid for Trade support for developing countries, particularly LDCs, (ii) correct and prevent trade restrictions and distortions in world agricultural markets, (iii) adopt and implement investment promotion regimes for LDCs and (iv) encourage ODA and financial flows, including FDI, to states where the need is greatest. The broader but closely related issue of financing for development remains a contentious issue with a separate conference planned for 2015.

³⁰ United Nations (2013) "The Millennium Development Goals Report 2013" United Nations, New York, pp. 3-57.

Africa's Recent Experience of Trade and FDI

It was very evident throughout the Advisory Group's consultations that attitudes to Africa were changing and that the continent's economic prospects are improving. Whilst many countries in Africa still face considerable challenges of hunger, poverty and disease, Africa is more and more being seen as a location in which to do business, rather than merely a recipient of aid. Over the past decade, the continent has experienced high and continuous economic growth. Average annual growth rates of real output increased from 1.8% from 1980 to 1989 to 5.3% from 2000 to 2010.³¹

Africa's relative attractiveness is on the rise

Relative to the following markets, is Africa more or less attractive as an investment destination?



Source: EY's 2014 Africa attractiveness survey (total respondents: 503).

As of 2013, Africa is viewed as the second most attractive investment destination after North America, which is a considerable leap from its 2011 position of third from last (see graph above). In 2013 Africa's share of global FDI projects – 5.7% - reached its highest level in a decade. South Africa remained the largest destination for FDI Projects, with a number of other countries including Ghana, Nigeria, Kenya, Mozambique, Tanzania and Uganda becoming more prominent. The main sources of investment were from the UK and US with an increasing number of FDI projects from Asian countries and intra-African investment.³² Irish companies spoken to who are already operating in Africa explained to the Group that they see good potential for further investment in Africa and had not found it overly difficult to do business there³³. The investment pattern has also seen some change from investment primarily in extractive industries, which still remains significant, to an increase of investment in consumer-facing industries such as technology, media and telecommunications, retail and consumer products and financial services.³⁴

A combination of changing internal and external factors contributed to Africa's recent growth.³⁵ While a considerable part of this growth can be attributed to a rise in global commodity prices over the past decade, with natural resources accounting for 24% of Africa's GDP growth from 2000 to 2008, the major share came from other sectors. These include wholesale and retail, agriculture, transport, telecommunications and manufacturing among others, which have benefited significantly from the

³¹ UNCTAD (2014), pp.2.

³² EY (Ernest and Young) (2014) "EY Attractiveness Survey: Africa 2014 – Executing Growth" EY, pp. 5-28.

³³ IAEAG Stakeholder consultations with representatives from Glanbia and Q Sat, Dublin, 1 April 2014.

³⁴ EY (Ernest and Young) (2014), pp. 5-28.

³⁵ UNCTAD (2014), pp.2-4.

commodity boom and resulting increased incomes and consumer demand for services and thus may be subject to contraction should commodity prices collapse. Other notable factors which contributed to Africa's growth include improved political and macroeconomic stability, better macroeconomic management, high domestic demand, favourable commodity prices, stronger economic cooperation with emerging economies, high official development assistance since 2000, and an increase in FDI flows. Such changes allowed companies to achieve greater economies of scale, increase investment and become more competitive.³⁶

It is argued that, over the next 30 years, Africa has the potential to significantly increase its growth and become an important player in the global economy with Africa's consumer-facing industries presenting the largest opportunities. The continent's household spend is projected to reach USD1.4 trillion over the next decade if real GDP continues to grow at current levels, increasing domestic consumer markets. Africa's agriculture and infrastructure sectors also hold potential for expansion, with Africa comprising 60% of the world's uncultivated arable land. Africa's natural resource sector similarly holds considerable potential with volumes of oil, gas and most minerals forecasted to increase. Demographics will also play a part - by 2040 Africa will have the largest working-age population in the world.³⁷ However, this will only be of benefit if jobs can be created for the growing labour force. Moreover creating and sustaining a healthy business environment for the domestic private sector to grow and increasing trade and FDI more broadly can play a significant role under the right conditions to unleashing Africa's potential and assisting the continent in addressing the many developmental challenges it faces.³⁸

Ireland's Experience of Trade and Investment

During the consultations, the Advisory Group met with representatives from Irish academia, who outlined to the Group the potential lessons that can be learned from Ireland's own development.³⁹ It was explained that from the 1950's onward Ireland's industrial policy and export-led development was driven by a holistic, whole of government approach, which focused not only on trade but on building the necessary supply side supports to ensure sustainability, and the necessary institutions, policies, public goods and social protections to ensure that any gains were distributed more broadly. The many layers of Ireland's industrial policy incorporated investment incentives, productivity incentives, investment in public goods, such as higher education, investment in infrastructure such as roads, energy, and water, along with health and social protection systems.⁴⁰ In conjunction with this, the Group examined a research piece commissioned by Irish Aid in 2007, undertaken by Fitzpatrick Associates, which outlined some potential transferable lessons from Ireland's Celtic Tiger period. These included: good macro-economic management; education and the importance of a skilled labour force; industry, trade and enterprise development; sectoral development; and regulation and governance.⁴¹

³⁶ McKinsey Global Institute, (2010), pp.2.

³⁷ McKinsey Global Institute, (2010), pp.7-9.

³⁸ UNCTAD (2014), pp.3-4.

³⁹ IAEAG consultation with Professor Patrick Paul Walsh and Dr. Susan Murphy, Dublin, 6 June 2014.

⁴⁰ Murphy, S., Walsh, P. (2013) "The Challenges and Opportunities Presented by Trade Partnerships between Africa and Ireland," *Irish Studies in International Affairs*, 24, pp.11-21.

⁴¹ Fitzpatrick Associates Economic Consultants (December, 2007). "Ireland's Economic Development Experience: Transferring Lessons to South East Asia", Dublin, pp. ii-v.

The Group also strongly recognised the need to look at potential lessons to be learned from Ireland's economic recession and the period leading up to this. From 2001, Ireland's growth became driven more by domestic sources such as construction and domestic consumption, rather than exports as the economy's competitiveness declined. This increasing dependence on one sector and the associated increase in bank lending and borrowing on the international market to support growth left the Irish economy in a vulnerable position. This became painfully apparent during the rapid global downturn of 2008-2009, where growth rates dramatically declined and Ireland's economy went into recession. The collapse of the construction industry combined with Ireland's reduced domestic competitiveness and a reduction in global demand, left Ireland in a difficult position with rising unemployment and emigration rates. To stimulate recovery, Ireland implemented a strong economic policy response alongside significant financial support from the EU and the International Monetary Fund.⁴² This policy response included a strong focus on a sustainable model of export-led economic growth and a deepened whole-of-Government approach to trade.

⁴² Department of Finance (2012) "The Irish Economy in Perspective", May, DoF, Dublin.

Chapter 4 - Findings and Recommendations

Findings

Ireland's prioritisation of trade and inclusive economic growth has increased since the launch of the Africa Strategy in 2011 and the subsequent publication of the Ireland's Policy for International Development '*One World, One Future*' policy in 2013. The question for the Advisory Group was how these priorities were being implemented alongside Ireland's existing priorities in Africa. In this Chapter, we look at some of what Ireland is already doing to promote trade and inclusive economic growth. We also outline what we consider to be the synergies between Ireland's development and trade promotion objectives and how these can be strengthened to ensure that growth is sustainable and inclusive. The chapter concludes with a list of recommendations for the Government and the DFAT to take forward.

Ireland's Current Support to Trade Development and Inclusive Economic Growth

Through the consultations and the field visits undertaken, the Advisory Group found that Ireland's development cooperation programme was indeed evolving and responding to the new policy priorities and the significant economic changes underway in different African countries. Irish Embassies, such as those visited by the Group in Mozambique and South Africa, are proactively giving effect to the aim of the Africa Strategy by moving towards more rounded partnerships of mutual interest. Importantly, the Group found that this is currently being done in a manner that is both coherent with and complementary to the aims of the aid programme and Ireland's commitment to untied aid. In both countries visited, the Embassies noted that aid was not being used to support the interests of Irish businesses and that trade promotion did not require significant financial resources from the Embassies but was more demanding on human resources.

The Advisory Group found that Ireland's existing development cooperation programme in partner countries still remains strongly focused on reducing poverty and hunger for the poorest. In Mozambique, for example, approximately €36 million of the programme's €37 million budget in 2012 was spent on Health, Education, HIV and AIDS and Governance and General Budget support, while €710,000 (2%) was spent on domestic private sector development. This is more substantial in South Africa where support to domestic private sector development and related areas is approximately 30% of a €3 million budget. The remainder is used to support initiatives on HIV/AIDS and gender-based violence, with a particular focus on Limpopo Province. Overall, it was found that funds used to facilitate bilateral trade links were minimal.⁴³

The Advisory Group also found that there was considerable openness by Irish Aid both in Mozambique and in South Africa to collaboration with private sector actors more broadly to deliver on the objectives of the aid programme. The Group encountered some interesting examples of this in Mozambique where Irish Aid is supporting programmes which involve public-private partnerships in the areas of health, nutrition and a collaborative approach to improving agriculture with the support of Technoserve and the local Ministry of Agriculture. Innovation is central to the Irish Government's programme in Mozambique demonstrated by the tri-partite partnership between Ireland, the Ministry

⁴³ IAEAG consultation with Embassy Officials in Mozambique and South Africa, 1-8 March 2014.

of Health and the Clinton Health Access Initiative which draws on the private sector internationally for technological innovation, global advances in research, and breakthroughs in clinical diagnostics to improve health service delivery in the resource-poor setting of Mozambique.⁴⁴

More broadly, the Advisory Group found that Irish Aid was also supporting initiatives from its headquarters through the 'Aid for Trade' framework, the EU and other programmes such as the Investment Climate Facility, the Private Infrastructure Development Group, Ethical and Fair Trade, United Nations Industrial Development Organisation, International Labour Organisation, the World Bank Group Foreign Investment Advisory Group and the International Finance Corporation. However, Ireland's total funding remains small when compared to other donors. The 2009 OECD DAC Peer Review notes that Ireland had the lowest percentage spend of all donors in the area of economic infrastructure (energy, transport and communications) and the third lowest in the broader area of trade and economic growth. Overall Ireland's current support aimed explicitly at skills development, innovations, the business environment, trade development, economic growth and private sector development remains a relatively small part of the development cooperation programme.

Further to this, given that trade and development are not mutually exclusive, there are also a number of synergies within Ireland's existing development cooperation, which Ireland can further build upon to enhance both trade development and inclusive economic growth priorities, whilst continuing to fulfill its foremost aim of reducing poverty and promoting development. These are elaborated on in more detail in the following sections.

Building on the Synergies to Support Trade Development

In terms of building on synergies to promote trade development and facilitate bilateral trade, the Advisory Group recommends increasing support in three main areas:

1. The development and maintenance of a stable macroeconomic environment, which is essential to increasing trade, investment and economic development. As the Advisory Group witnessed in Mozambique, the Embassy plays an important role at both the political and technical levels in providing advice and support on macro-economic policy as part of its commitment to general budget support and as lead of several joint donor-government working groups. This was felt to be very beneficial to both the overall development of the country and to the country's ability to encourage trade and investment. The Advisory Group believes that increased support to the development of stable macroeconomic environments in each of Ireland's key partner countries, alongside efforts to increase partner government capacity in macro-economic management would be very worthwhile in both promoting trade and inclusive economic growth. The Advisory Group also believe that this is an area in which Irish Aid may be able to draw upon the experience of Ireland's own economic development where relevant and appropriate.

⁴⁴ IAEAG consultation with Embassy Officials and Technoserve, Maputo, 1-8 March 2014.

2. The development of transparent and sound domestic business and regulatory environments. A sound business and regulatory environment is a key component in attracting FDI and fostering domestic investment. As witnessed by the Advisory Group, Irish Aid is already supporting some endeavours in this area, such as the development of a ‘One Stop Shop’ for business licensing in Mozambique and support to the development of Special Economic Zones in South Africa. Irish Aid should strengthen its support to such initiatives to build sound legal, institutional and regulatory capacity to make it easier to set up and do business in partner countries.

3. To build upon the goodwill generated by the development cooperation programme to develop bilateral trade and investment between Ireland and Africa. Two of the Irish companies spoken to during the Group’s consultations stated that this goodwill and support provided by the Embassies was very useful in developing their operations in Africa.⁴⁵ The Advisory Group believes that there is more scope for Irish Embassies based in Africa to utilise their extensive knowledge, and networks to inform Irish companies and institutions of opportunities for business; to make introductions for Irish companies and institutions with partner governments, local institutions and the domestic private sector and to build on existing relationships to engage with government on issues of specific relevance to Irish companies. One particular issue which was raised during the consultative process, was that of partner country staffing regulations and limitations on visas for expatriate staff in the absence of appropriately skilled local staff.⁴⁶ The Advisory Group believes that this is a good example of an issue which the Embassy can raise with partner governments but it is also an area which Irish Aid can address by supporting skills development in the necessary areas to enable the local population to avail of these employment opportunities.

Another issue highlighted through the consultations with partner governments is the increased role the Embassies can play in identifying and building links between Irish and African institutions for capacity transfer in areas where Ireland has specialist expertise such as agriculture and climate change technology. This suggestion was raised by South African Government Officials and also by Irish Government Departments and State Agencies.⁴⁷ Whilst some initiatives, such as the Africa Agri-Food Development Fund (AADF) do exist, this is an area which can be further explored. One particular issue that came to light during the consultations was the need for assistance in setting quality standards for products in the agricultural sector in many of Ireland’s partner countries. Ireland is already doing some work in this area. For example, in Malawi the Irish Dairy Board is working with their local counterpart to improve standards in the dairy industry. However, these efforts can be increased, particularly given Ireland’s expertise in this field.

⁴⁵ IAEAG consultation with representatives from the ESB-I (Pretoria, 7 March 2014) and Q-Sat, (Dublin, 1 April 2014).

⁴⁶ IAEAG consultation with representatives from Kenmare Resources, Maputo, 3 March 2014.

⁴⁷ IAEAG consultation with officials at National Planning Commission (NPC), Pretoria, 6 March 2014 and IAEAG consultation with representatives from the Irish Government Departments and State Agencies, Dublin, 1 April 2014.

Building on Synergies to Promote Inclusive Economic Growth

In terms of building on synergies to promote inclusive economic growth, the Advisory Group believes that there are eight areas which Irish Aid can scale up to assist partner countries in translating growth into broader development gains. These are:

1. Supporting the development of business environments, which allow small, medium and micro enterprises to grow and prosper. This includes supporting efforts to increase access to credit and markets for local producers. South African Government Officials with whom the Group spoke were supportive of this and suggested the development of pilot programmes and the establishment of knowledge-sharing links between Irish and African organisations.⁴⁸
2. Supporting transparent, accountable and effective governance systems, including strengthening the rule of law to combat corruption and provide equitable public goods and services. Irish companies operating in Africa particularly stressed this issue.⁴⁹ In line with this it will also be important that Irish Aid continue to support initiatives which empower citizens to hold governments accountable and advocate for the rights of the poor and marginalised.
3. Supporting education, training and capacity building programmes and initiatives not only to support growth but to enable the local population to avail of employment opportunities. The ‘skills deficit’ in vocational professions was particularly stressed in the Group’s discussions in Mozambique. Irish Aid is already implementing innovative approaches to address this such as the twinning arrangement between accountancy professional organisations in Mozambique and Ireland, and the Kader Asmal Fellowship programme in South Africa which supports third level studies in areas such as business management, agriculture, food science and nutrition, public administration, law and nursing. Some companies, such as Glanbia also explained that they had made efforts to up-skill local staff on short-term training courses and that their operations in Africa largely employed and depended upon local staff. The Advisory Group believes more can be done to coordinate between Irish institutions and companies to support skills development. For example, there was an interesting suggestion of engaging Irish companies to support scholarships for local people to develop the necessary skills to work in their local operations.
4. Continuing to support innovative approaches to increase agricultural outputs and economic activity for smallholder farmers, given that this is the sector in which the majority of the poorer populations are engaged. During the Advisory Group’s consultations a number of projects were discussed, including the agri-business project with Technoserve in Mozambique, which seeks to improve the competitiveness of small and medium enterprises and increase employment and a potato production programme in Lesotho. It is recognised that Irish Aid is particularly strong in this area given its priority focus on hunger.

⁴⁸ IAEAG consultation with Mr. Robin Toli, Chief Director, International Development Co-operation Unit at the National Treasury, Pretoria, 6 March 2014.

⁴⁹ IAEAG consultations with Irish companies in Mozambique and South Africa, 1-8 March 2014.

5. Supporting initiatives to generate employment, decent work and increased incomes and labour standards. Employment creation is something, which should filter through Irish Aid's support to SME's, education and other sectors. It is also an area, which can be supported through Ireland's engagement in dialogue on macro-economic policy to assist partner governments in creating the right incentives to attract investment, which creates employment. The Irish NGO's and trade union representatives spoken to also stressed the important role Ireland can play in supporting the decent work agenda and improved labour standards for people in partner countries, particularly those working for Irish subsidiaries.⁵⁰
6. Promote efforts to address vulnerability and inequalities and mitigate shocks that often affect the poorest. It will be important for Irish Aid to continue to explore approaches to supporting social protection systems to ensure that there are appropriate social safety nets for the most vulnerable.
7. Continuing to invest in health and nutrition programmes. This was emphasised by Embassy officials spoken to as being important to increasing educational attainment, quality of life and life expectancy, which is still quite low in a number of Irish Aid's partner countries. The Advisory Group visited some interesting projects which Irish Aid is supporting including the food fortification programme funded by Ireland and The Global Alliance for Improved Nutrition (GAIN) in Mozambique which hinges on the commitment of Merec, the largest flour producer in the country, to fortify flour at their own cost in order to help address nutritional deficiencies country-wide.
8. Investing in initiatives to promote environmental sustainability. Increased trade and investment can contribute to environmental degradation and the erosion of natural resources.⁵¹ This can constrain further growth and development and often affects the poorer sectors of society more harshly. In this regard, the Advisory Group support the actions outlined in *One World, One Future* to support sustainable natural resource management and to assist developing countries in formulating national responses to environmental degradation and climate change.

⁵⁰ IAEAG consultations with Irish Non-Governmental Organisations, Dublin, 3 December 2013 and IAEAG consultation with the representative from the Irish Congress of Trade Unions, Dublin, 1 April 2014.

⁵¹ World Bank Group (2014) 'Global Monitoring Report 2014/2015: Ending Poverty and Sharing Prosperity' Conference Edition. Washington, DC: World Bank.

Ireland's Bilateral Trade Promotion

The Advisory Group were informed that Irish Embassies' trade promotion activities in Africa focus on identifying and reacting to possible opportunities for Irish businesses as well as seeking synergies with Ireland's development cooperation programme. It was evident that the Ambassadors in both countries play an important role in coordinating Ireland's approach to trade and in ensuring a strong whole of embassy approach to implementing Ireland's trade, political and development cooperation priorities. As would be expected, in middle-income countries such as South Africa and also one of Ireland's 27 priority markets, the Embassy's trade promotion role is more advanced. In South Africa, the Ambassador chairs the Business Ireland Southern Africa Network, which works to promote Irish trade and investment across southern Africa. Enterprise Ireland is also based in South Africa, which acts as a 'hub' for its work in western and eastern Africa. In Mozambique, discussions are currently ongoing regarding the establishment of similar business networks. Neither Embassy felt that having recourse to significant financial resources to support Irish business was essential for trade promotion.

In relation to the Embassies' engagement with Irish companies, it appeared that more can be done to explain to companies what development cooperation is and also to assist companies in aligning their corporate social programmes to national development priorities. Irish companies also play an important role in promoting Ireland's reputation and generating goodwill. Those Irish companies which met with the group said that they take the ethical dimension of their engagement very seriously.⁵² For larger firms, corporate social responsibility is very prominent in their overall approach. There is also more scope for Embassies' to inform Irish companies of relevant international guidelines such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises (MNE) and Social Policy (MNE Declaration, 1977); the OECD Guidelines for Multinational Enterprises (2008); the UN Guiding Principles for Business and Human Rights (2011), as well as the general context specific to each country; and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)⁵³.

⁵² IAEAG consultation with stakeholders from State Agencies and the Irish private sector, Dublin, 31 March-1 April 2014.

⁵³ IAEAG consultations with representatives from the ICTU and the Department of Justice and Equality, Dublin, 31 March – 1 April 2014.

Broader Implementation and Coherence

While improving Ireland's approach to trade promotion is beyond the scope of this exercise, it is the case that a more strategic, coherent, consistent all-of-government approach to trade promotion would address many of the concerns raised regarding the Africa Strategy. It does appear that more can be done to ensure that the government, its agencies and Irish institutions work together in a strategic fashion in developing countries. The availability of skilled staff and the sharing of information between agencies and the DFAT is essential to this work. In line with this, the Advisory Group noted the need to ensure clarity around the department's role in trade promotion relative to that of other government departments. It is also hoped that the new institutional arrangements of the Development Cooperation Division ensure that any ambiguity around its role and that of the Minister of State for Development, Trade Promotion and North-South Cooperation is avoided. Additionally, while it was evident from the Advisory Group's consultations that the department takes its role on human rights very seriously, efforts to coordinate trade, human rights and development could be further strengthened. It is hoped that the development of a National Action Plan for the UN Guiding Principles on Business and Human Rights, which is being led by the DFAT, will provide a useful opportunity to explore the best approach to this.

Recommendations

The Advisory Group endorses the key principles of Ireland's aid being untied and pro-poor. These are principles that can be maintained while seeking, at the same time, to create a 'win-win' situation for Ireland and Africa in broadening Ireland's engagement in Africa to incorporate economic and trade priorities. This increased mandate responds to the changing contexts and will hopefully lead to stronger and more equal partnerships between Ireland and its key partner countries. There are many opportunities which can be built upon.

In examining the linkages, complementarities and coherence between Ireland's development cooperation, economic and political objectives in Africa, the Irish Aid Expert Advisory Group proposes the following recommendations, divided into three categories: for the government, the DFAT and the Development Cooperation Division.

Government of Ireland:

- We recommend that Ireland continue to use its position within the EU and other international fora to support efforts to increase market access for developing country exports and to ensure a strong focus on the needs of the poorest and most vulnerable in Africa.
- We recommend the expeditious implementation of the UN Guiding Principles on Business and Human Rights (2011).

Department of Foreign Affairs and Trade:

- We recommend that the department ensures that its trade promotion role is clearly communicated both internally and externally.
- We recommend that the Minister devote attention to improving coordination on trade, human rights and development. The following are suggested as possible approaches.
 - Establish a subcommittee of the Export Trade Council.
Strengthen the functioning of the Inter-Departmental Committee on Development.
 - We recommend that the Minister institute an arrangement by which the Human Rights Unit and Embassies in Africa would be more available to broader departments, state agencies and Irish businesses to provide information on relevant human rights issues.
 - We recommend that a set of guidelines is developed for Heads of Mission on implementing a combined mandate of development and trade in Africa and that this is incorporated into the orientation training for new Ambassadors. Within this, the role of Embassies in informing Irish companies of country contexts, best practice, standards and legislation should be clarified. In particular Irish companies should be informed of:
 - a. The ILO Tripartite Declaration of Principles concerning Multinational Enterprises (MNE) and Social Policy (MNE Declaration, 1977).
 - b. The OECD Guidelines for Multinational Enterprises (2008).
 - c. The UN Guiding Principles for Business and Human Rights (2011).
 - d. OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997).
 - We recommend that internal performance evaluation systems that measure progress made by Irish Embassies in Africa are appropriately balanced taking account of both development and trade priorities.

Development Cooperation Division:

- We endorse the *One World, One Future* goal of ‘sustainable development and inclusive economic growth’ and recommend that DCD strengthen its efforts in this area to ensure that the poor and marginalised are not left behind. In particular, to strengthen efforts in the eight areas outlined in the findings section: small, medium and micro enterprise development; governance and the rule of law; education, training and capacity building; agricultural productivity of smallholders; employment and decent work; social safety nets; health and nutrition; and initiatives to promote environmental sustainability and gender equality.
- We recommend that the Development Cooperation Division ensure that its role in trade promotion in Africa and its compatibility with poverty alleviation is clearly communicated in all its policy documents and on the Irish Aid website.
- We recommend that the country strategy planning processes include a comprehensive contextual analysis of trade and investment in each partner country to ensure that complementarities and any potential inconsistencies are fully taken into consideration.
- We recommend that the annual Africa-Ireland Economic Forum utilises the opportunity to enhance awareness of human rights commitments, ethical business practice and development policy.
- We recommend that DCD ensure that all efforts to promote two-way trade and investment are compatible with Ireland’s commitment to human rights, including decent work and gender equality. Irish Embassies should also continue to advocate for such principles in their engagement with partner country governments, other development practitioners and the private sector.
- We recommend that DCD strengthen efforts to increase transparency, combat corruption, increase domestic revenues and promote equitable public spending in partner countries and continue to support the development of transparent, accountable and effective governance systems and the rule of law.
- We recommend that Irish Embassies continue to engage in policy dialogue in partner countries to strengthen the macro-economic environment where possible.
- We recommend that Irish Embassies strengthen efforts to support the development of sound business and regulatory environments in partner countries.
- We recommend that Irish Embassies effectively utilise the goodwill generated by the Irish Aid programme to support the development of two-way trade and investment, while at all time ensuring that this does not conflict with its development cooperation goals.

Appendices

Appendix A

List of People Consulted by the Expert Advisory Group

Dublin, 3 December 2013

Prof. John Doyle, Dublin City University
Paddy McGuiness, Traidlinks
Hans Zomer, Dóchas
Lorna Gold, Trócaire
Peter Gaynor, Fair Trade Ireland
Michelle Hardiman, Value Added Africa
Dr. Vincent O'Neill and Carmel Madden, DCD, DFAT

London, 10 December 2013

UK Foreign and Commonwealth Office (FCO), Department for Commercial and Economic Diplomacy:
Andrew Heyn (Department Director)
Maya Sivagnanam (Emerging Powers Section)
Matthew Trott (Africa Section)
Department for International Development (DFID):
Anthony Smith (International Relations Department)
Gareth Moore (International Relations Department)
Nick Dyer (Policy Division)
Andrew Maclean (Private Sector Department)

Field Visit to Mozambique and South Africa, 1-8 March 2014

Mozambique

Ambassador Ruairí de Burca, Embassy of Ireland
Kevin Colgan, Head of Cooperation, Embassy of Ireland
Nicole McHugh, Development Specialist, Embassy of Ireland
Diarmuid McClean, Development Specialist, Embassy of Ireland
Lise Ellyin, Country Director, Clinton Health Access Initiative (CHAI)
Alicia Herbert, Head of DFID in Mozambique
Edmund Wega, Head of Cooperation Canadian High Commission
Jan Hueskens, Head of Cooperation, Netherlands Embassy
Patrick Wesner, Deputy Head of USAID Mozambique
Mr. Theo Larsen, Royal Danish Embassy
Kurt Henne, Director Helen Keller International
Ms. Mualide de Sousa, Quality Director and New Products Development for Merec
Gareth Clifton, Country Director, Kenmare Resources
Johnny Bottomley, Mozfoods
Paul O'Donoghue
Stephanie and Rob Walker, Columbanus - Business Consultancy
Naomi Scott, Metals of Africa

South Africa

Ambassador Brendan McMahon, Embassy of Ireland
Bob Patterson, Head of Development, Embassy of Ireland
Richard Young, Head of Development in the EU Delegation to South Africa
Robin Toli, Chief Director, International Development Co-operation Unit at the National Treasury
Heads of Development from a number of Development Offices - Canada, Flanders, Germany,
Norway, Sweden, UK and US.
Khulekani Mathe, National Planning Commission (NPC)
Mandla Nkomo, Technoserve
Fred Klinkenburg, Enterprise Ireland
Paul Farrell, ESB International
BISA Johannesburg Chapter

Dublin, 31 March – 1 April Meeting

Sean Hoy, DCD, DFAT
Nicola Brennan, DCD, DFAT
Earnan O'Cleirigh, DCD, DFAT
Mary Barrett, DCD, DFAT
Deirdre Lyster, DCD, DFAT
Emer O'Connell, DCD, DFAT
Robert Meade, DCD, DFAT
Deirdre Meenan, Department of Justice and Equality (DJE)
Colin Wrafter, Human Rights Unit, DFAT
Brian O'Brien, Human Rights Unit, DFAT
Claire Tadla, Human Rights Unit, DFAT
James Farrell, Procurement Unit, DFAT
Colm Ó Floinn, Trade and Promotion Division, DFAT
Keith McBean, Trade and Promotion Division, DFAT
Aidan O'Driscoll, Department of Agriculture, Food and the Marine (DAFM)
Gerard Monks, Department of Jobs, Enterprise and Innovation (DJEI)
Conor Fahy, Enterprise Ireland
Alexa Toomey, Enterprise Ireland
Michael Murphy, Bord Bia
Niall Quinn, Q Sat
Barry Brennan, Glanbia
David Joyce, ICTU
Pat Ivory, IBEC

Dublin, 6 June Meeting

Susan Murphy, Assistant Professor in Development Practice, Trinity College Dublin
Professor Patrick Paul Walsh, Chair of International Development Studies in Dublin, University College Dublin

Appendix B

Terms of Reference

Background

1. In September 2011, the Department of Foreign Affairs and Trade launched an Africa Strategy which guides Ireland's engagements with the continent across three broad pillars: economic, political and development.
2. African countries have identified job creation, foreign direct investment, trade and private sector development as drivers of growth and development. The Irish Government recognizes that this represents an unrivalled opportunity to build on 40 years of development cooperation work and move towards a relationship with African countries which incorporates sustainable two-way trade and investment flows. The Government is committed to doing this in a way that will benefit Irish and African businesses and complement the objectives of the development cooperation programme.
3. Earlier this year, following an extensive review process, the Government published '*One World, One Future - Ireland's Policy for International Development*' which guides Ireland's efforts in the area of development cooperation. The new policy reiterates Ireland's intention to maintain its geographical focus on Africa and as such sets the agenda for Ireland's engagement under the Third Pillar of the Africa Strategy.
4. The policy also outlines the types of actions which Irish Aid can take to support the emergence of inclusive economic growth in developing countries, including for example by supporting value addition for African produce, intra regional trade, local private sector development, business and human rights initiatives, social protection programmes, the decent work agenda and the creation of a favourable business environment.
5. While the policy objectives of *One World, One Future* and the *Africa Strategy* in promoting trade and economic growth are complementary and reinforcing, it will be necessary to ensure they are implemented in a way that ensures coherence between Ireland's development cooperation, economic and political objectives. In particular, it will be important to ensure that the advancement of inclusive economic growth, trade promotion and support for the Irish private sector is fully consistent with Irish Government priorities in poverty reduction, anti-corruption and the protection of human rights.
6. In order to deliver on the objectives of One World, One Future and the Africa Strategy, the Irish Aid Expert Advisory Group could play a role in examining the challenges and opportunities for Ireland in developing its support for inclusive economic growth in developing countries. In particular, the Advisory Group could explore the linkages, complementarities and coherence between Ireland's development cooperation, economic, political objectives in Africa.

Scope and Modalities

7. Between September 2013 and September 2014, the Irish Aid Expert Advisory group will:
 - a) Look at Ireland's policy commitments and the relevant literature on this area;
 - b) Observe how Ireland implements the Africa Strategy at Headquarters, including by engaging with relevant parts of the DFAT such as Trade and Promotion Division, the

Human Rights Unit and, in the case of Development Cooperation Division, Africa Section, Partner Countries Section and Policy Planning and Effectiveness Section;

- c) Assess how these matters are dealt with at two Irish missions, South Africa and Mozambique, and others where feasible;
 - d) Engage with relevant sectors and stakeholders in Ireland and overseas, including the private sector, NGOs, the Irish Congress of Trade Unions, other Government Departments, and Enterprise Ireland
 - e) Compare Ireland's approach in this area to that of other like minded donors, in particular DFID;
 - f) Identify positive ways in which Irish Aid can support Private Sector Development.
 - g) Make suggestions about the expertise and support systems required to effectively deliver commitments in the Africa Strategy and One World One Future.
8. The group will hold a series of meetings, arranged in conjunction with Irish Aid.
 9. It is expected that the final output from this work will involve the presentation of a report to the Minister for Foreign Affairs and Trade and the Minister of State for Development, Trade Promotion and North-South Co-operation by October 2014 detailing the findings and outlining steps which the Department could take to ensure further complementarities and coherence between Ireland's development cooperation, economic and political objectives in Africa.

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Government Response to the Report of the Irish Aid Expert Advisory Group (IAEAG) – Promoting Linkages, Complementarities and Coherence across Ireland’s Development Cooperation, Economic and Political Objectives in Africa

1. Government of Ireland

To continue to use Ireland's position within the EU and other international fora to support efforts to increase market access for developing country exports and to ensure a strong focus on the needs of the poorest and most vulnerable in Africa.	<p>Ireland is committed to making every effort to improve market access for developing countries particularly least developed countries. The EU has concluded Economic Partnership Agreements with West Africa, the East African Community and the Southern African Development Community. These agreements will improve market access for exports from the countries concerned as soon as the EPAs enter into force. At present, the EU provides duty-free, quota-access to the exports of Least Developed Countries under the ‘Everything but Arms’ scheme. Ireland, as part of the EU, delivers the consistent message at the World Trade Organisation (WTO) that all countries in a position to do so should similarly grant duty-free, quota-free access to the exports of LDCs. Ireland also provides support to developing countries, especially LDCs, to ensure their voice is heard in WTO negotiations.</p> <p>The EU offers generous tariff reductions on certain categories of products under the Generalised Scheme of Preferences (GSP) and full removal of tariffs for countries which ratify and implement international conventions relating to human and labour rights, environment and good governance (GSP+). Ireland also provides assistance through Aid for Trade initiatives to assist developing countries particularly small business in LDCs in accessing world markets. This is through World Trade Organisation technical assistance programmes and legal advice to developing countries on WTO law through the Advisory Centre for WTO law. We will continue to build on these efforts.</p>
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<p>To expeditiously implement the 2011 UN Guiding Principles on Business and Human Rights.</p>	<p>Ireland is in the process of developing a National Plan on Business and Human Rights to implement the United Nations Guiding Principles on Business and Human Rights (UNGPs) adopted by the UN Human Rights Council in 2011. An inter-departmental working group led by the Department of Foreign Affairs and Trade is leading the development of the Plan. The Plan will be designed to help Government Departments, State Agencies, Irish companies and Multinational Enterprises (MNEs) operating in Ireland and Irish enterprises operating abroad adhere to and promote the UNGPs. It will set out the current state of play in relation to the implementation of the UNGPs and set out actions which can be taken over a two to three year period in order to further implement the UNGPs. A wide consultation process is being undertaken in the development of the Plan. The Department of Foreign Affairs and Trade NGO Forum on Human Rights in November 2014 provided an opportunity for NGOs, trade unions, academics and business to exchange views. Bilateral meetings have been held with business representative organisations, and a workshop was co-hosted with Chambers Ireland in February 2015 to engage with business on the development of the plan and to identify best practice in this area. Nearly 30 submissions were received by the closing date of 1 March 2015.</p>
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2. Department of Foreign Affairs and Trade

<p>To ensure that the Department's role in trade promotion is clearly communicated both internally and externally.</p>	<p>The overarching framework set out in the <i>Government Strategy for Trade, Tourism and Investment</i>, and the 2014 review of that Strategy, constitutes the basic guide for the work of the Embassy network in trade, tourism and investment promotion.</p> <p><i>The Global Island: Ireland's Foreign Policy for a Changing World</i>, sets out the role played by Irish Embassies in trade promotion and how the work of Ireland's diplomatic network has been re-orientated to better support economic promotion. The work of the Embassy network in trade promotion across the globe is focussed on supporting Irish exporters, promoting Ireland as a destination for FDI, promoting Ireland as a destination for tourism and education, and strengthening our international reputation. <i>The Global Island: Ireland's Foreign Policy for a Changing World</i> also underlines that a lasting solution to poverty eradication means inclusive and sustainable economic growth in developing countries must be underpinned by their ability to raise tax revenue, create economic opportunities and better integrate into regional and global markets.</p> <p>Irish Embassies in Africa can assist Irish companies find and access new markets and provide general advice on doing business locally and market access for Irish products in key sectors in high-growth and emerging markets. Embassies in Africa have been instructed to make clear on their websites the support the Embassy can offer to Irish companies.</p>
<p>To ensure that all efforts to promote two-way trade and investment are compatible with Ireland's commitment to human rights, including decent work and gender equality.</p>	<p>Any Irish company operating abroad is expected to have due regard to the principles of international law and the rights of the inhabitants of the territory in which it is operating. The National Plan on Business and Human Rights should assist companies in advancing the United Nations Guiding Principles on Business and Human Rights (UNGPs).</p>

<p>To improve coordination on trade, human rights and development by establishing a subcommittee of the Export Trade Council or strengthening the functioning of the IDCD.</p>	<p>The nexus between trade, human rights and development is critical for developing countries to pursue sustainable development. As outlined above, the National Plan on Business and Human Rights will set out actions which can be taken over a two to three year period in order to further implement the UN Guiding Principles on Business and Human Rights.</p> <p>The Expert Advisory Group report was submitted as part of the consultation process. Its recommendations on improving coordination on trade, human rights and development will be considered in the formulation of the National Plan.</p>
<p>That the Minister institute an arrangement by which the Human Rights Unit and Embassies in Africa would be more available to broader Departments, State Agencies and Irish businesses to provide information on relevant human rights issues.</p>	<p>The promotion and protection of human rights is a signature of Ireland's foreign policy. The Department of Foreign Affairs and Trade, including its geographic desks and Embassies, are readily available to other Government Departments, State Agencies and Irish business to provide information on human rights issues.</p> <p>The Government has established an Inter-Departmental Committee on Human Rights chaired by the Minister of State to improve the coherence and promotion of human rights in our foreign policy. All Government Departments are represented on the committee.</p>

<p>To develop clear guidelines for Embassies in Africa on implementing a combined mandate of trade and development. Within this, the role of Embassies in informing Irish companies of country contexts, best practice, standards and legislation should be clarified.</p>	<p>Trade promotion is at the core of the work of the Department of Foreign Affairs and Trade and the Embassy network. All Embassies have a trade promotion role, although the nature and extent of trade promotion activities differs depending on local context, market conditions and other factors</p> <p>Trade promotion guidelines were issued to all Embassies in 2014. They detail how Embassies should carry out their trade promotion role and provide guidance on a range of issues including supporting trade missions, maximising the opportunity of St Patrick's Day and other high-level visits, building positive awareness of Ireland, carrying out public diplomacy, engaging with local media and opinion-formers on Ireland and developing Irish business networks. The guidelines highlight good practice from Embassies, the support available to the Embassy network in carrying out their trade promotion role and outline the legal and ethical obligations on Embassy staff in carrying out a trade promotion role.</p> <p>Embassies have also been requested to develop an information pack on doing business in their respective country of accreditation. This will provide an overview of the business environment and provide practical information as a starting point for Irish companies interested in looking at new markets in Africa. It will include general information on country contexts, best practice, standards and legislation. When published, Ireland's National Plan on Business and Human Rights will also be included.</p>
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<p>To ensure that internal performance evaluation systems that measure progress made by Irish Embassies in Africa are appropriately balanced taking account of both development and trade priorities.</p>	<p>The business planning of Embassies in developing countries reflects the whole of Embassy approach. The business plans of all Embassies reflect the priority to be attached to economic and promotional work and outline the relevant activities planned for the year. The Department of Foreign Affairs is continually improving analytical and planning tools to ensure a more coherent approach to delivering on Ireland's development, political, trade and economic relations in partner countries.</p>
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3. Development Cooperation Division

<p>To strengthen efforts to support sustainable development and inclusive economic growth ensuring that the poor and marginalised are not left behind. In particular, to strengthen efforts in the eight areas outlined in the findings section: small, medium and micro enterprise development; governance and the rule of law; education, training and capacity building; agricultural productivity of smallholders; employment and decent work; social safety nets; health and nutrition; and environmental sustainability and gender equality.</p>	<p><i>One World One Future</i> sets out three overarching goals: reduced hunger and stronger resilience; sustainable development and inclusive economic growth; and better governance, human rights and accountability, which drive all Ireland's engagement in our key partner countries. They are interdependent and mutually reinforcing.</p> <p>We are in the process of developing an inclusive economic growth policy and strategy to take forward the commitments made in <i>One World One Future</i>. This will explore how to incorporate actions and policy agendas linking economic growth more directly to poverty reduction by addressing economic aspects of development in a more systematic manner. There are four essential and complementary areas of focus of the inclusive economic growth policy: agricultural markets that are accessible to and benefit the rural poor; national social protection systems – including safety nets for the poorest; smallholder agricultural productivity; and financial services providing greater security and legal protections to poor households. The Expert Advisory Group will be consulted on the draft policy and strategy at a future meeting. Irish Aid will also review its guidance for country strategy planning this year. This will be informed by the Expert Advisory Group's recommendations and will build on work in areas where Ireland is already substantively engaged as detailed below.</p> <p><i>Supporting the development of business environments which allow small, medium and micro enterprise to grow and prosper.</i></p> <p>We are working across our key partner countries on governance and financial management to ensure that macroeconomic policy frameworks to enable private sector development supports the domestic small scale and micro investors, whose investments are critical for economic inclusion. We are also engaged in private sector development supporting small and medium sized business to build the capacity to trade regionally, and supporting partner governments to improve the business environment. As an example, Ireland is supporting a programme to strengthen the institutional capacity of the Ministry of Industry and Commerce in Mozambique which has resulted in a streamlining of business licensing procedures and regulations reducing the time and cost for companies in obtaining a business license.</p>
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Strengthening governance systems and the rule of law to increase transparency, accountability and effectiveness.

We are working with partner governments, parliaments and communities at national and local level to strengthen public financial management systems and accountability for equitable, efficient and sustainable service delivery. Good governance and accountability are vital for the realisation of human rights, and key to addressing inequality, discrimination and exclusion. Ireland will continue to focus on building effective institutions and policies as well as encouraging popular participation in the democratic process. For example, in Tanzania, Ireland is working to increase budget scrutiny and oversight of the Executive by parliament, and strengthen democratic accountability through support for election management in the 2015 elections.

Supporting education, training and capacity building

Irish Aid support to education in 2013 totalled €35m. This included support to Key Partner Country governments to improve the quality and management of education and fellowships to support professional development through postgraduate education of staff working in ministries and civil society organisations in key partner countries. Work to identify how programming can promote education systems which better address emerging labour market needs will be progressed by Embassies in 2015.

Supporting efforts to increase agricultural productivity for smallholder farmers

We are working to increase agricultural productivity for smallholder farmers in all key partner countries. In Tanzania, we support smallholder farmers to increase their crop production through better animal care, more irrigation and better access to farm advisory services by providing financial and technical support to the national Agriculture Sector Development Programme. Irish Aid also works to improve incomes by supporting organisations that work with farmers to increase their access to the value chain from farm to market.

Supporting efforts to generate employment, decent work and increased incomes and labour standards.

Irish Aid works to ensure vulnerable groups see increased economic opportunities, better working conditions, and removal of barriers to employment through its support for the International Labour Organisation's *Decent Work Agenda*. The programme with the ILO supports women's entrepreneurship and economic empowerment, improving conditions of employment and opportunities for people with disabilities, and tackling forced labour and child labour.

Supporting the development of social safety nets for the poor and vulnerable.

Ireland supports key partner countries to provide social protection programmes. The Productive Safety Net Programme in Ethiopia - the biggest social protection programme in sub-Saharan Africa, is instrumental in protecting the lives of millions of people on an annual basis. The PSNP provides multi-annual predictable transfers such as food, cash or a combination of both to help chronically food insecure people survive food deficit periods. As part of the work on an inclusive economic growth policy, Irish Aid is currently developing a Social Protection Strategy which will ensure a coherent but context specific approach to supporting national social protection systems across Irish Aid programmes and partnerships.

Invest in health and nutrition programmes

We are working closely with key partner country governments to improve health, reduce under-nutrition and improve access to nutritious food. In Mozambique, we support the fortification of wheat flour with key nutrients, while in Malawi we support a programme to improve seed production to improve food security. In Ethiopia, we support the health sector to ensure a reduction in maternal mortality, while collaboration with NGOs aims to improve health facilities' access to water supply to improve maternal and child health services.

Investment in initiatives to promote environmental sustainability and gender equality.

We are working with partners to support rural livelihoods programmes that are climate smart, and gender and nutrition sensitive. In Ethiopia, Irish Aid is supporting programmes which distribute fuel efficient cooking stoves. These reduce the workload for women, produce less smoke and are also an income generating programme for women's groups.

<p>To ensure that the Development Cooperation Division's role in trade promotion in Africa and its compatibility with poverty alleviation is clearly communicated in all its policy documents and on the Irish Aid website.</p>	<p>As part of a sustainable solution to eradicate poverty, <i>One World One Future</i> sets trade and economic growth as a priority action as a way for partner countries to achieve sustainable development.</p> <p><i>The Global Island: Ireland's Foreign Policy for a Changing World</i> underlines that a lasting solution to poverty eradication means sustainable and inclusive economic growth in developing countries must be underpinned by their ability to raise tax revenue, create economic opportunities, and better integrate into regional and global markets</p> <p>The <i>Africa Strategy</i> recognises the continued importance for development aid for Africa, and acknowledges that the top priority remains reducing poverty and promoting equitable and sustainable development, human rights and good governance. 80% of the Irish Aid budget is focused on sub-Saharan Africa in recognition of the enormous challenges still facing Africa. <i>One World, One Future</i> and the <i>Africa Strategy</i> recognise that aid alone can't solve these problems, and lasting solutions need to be underpinned by sustainable economic development and a strong domestic tax base.</p> <p>As African countries grow their economies, they will need innovative solutions, and goods and services that cannot be produced domestically. Irish companies are well placed to meet that demand given the expertise of Irish companies in ICT and other high-tech sectors, and the Embassies' trade promotion role is about identifying areas where Irish companies can meet a demand in an African market, and helping companies access that market.</p> <p>At the same time, Irish Aid programmes work to ensure that the benefits of economic growth are focussed on the needs of poor people and poor communities. Irish Aid is supporting developing countries to improve their ability to raise their own domestic revenues, and has increased its focus on private sector development. Ireland is also encouraging investment and knowledge transfer through initiatives such as the Africa Agri-Food Development Fund. We will continue to strengthen these programmes in accordance with our policy commitments.</p>
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<p>That Embassies continue to engage in policy dialogue in partner countries to strengthen the macro-economic environment and strengthen efforts to support the development of sound business and regulatory environments in partner countries.</p>	<p>Ireland participates, frequently in a leading role, in donor groups in key partner countries that engage with partner governments on a technical and political level on macroeconomic issues such as governance, financial management and public sector reform. This engagement will continue in the future. At local level, Ireland is deepening its engagement on improving the equity, competitiveness and efficiency of those markets in which poor people make their living.</p>
<p>That Embassies effectively utilise the goodwill generated by the development programme to support two-way trade and investment, while at all times ensuring that this does not conflict with its development cooperation goals.</p>	<p>The State continues to play an important role in key economic sectors in many partner countries, and the development programme leads to a greater awareness of Ireland and gives a positive image of Ireland to key decision makers within government. This positive image of Ireland benefits any Irish company looking to access new markets in partner countries.</p> <p>Embassies have a key role in securing market access for Irish products; assisting Irish companies pursue export and investment opportunities by facilitating introductions; and helping to resolve commercial difficulties. However, Embassy staff can not engage in direct sales on behalf of any company.</p> <p>The Government is committed to strengthening and broadening Ireland's engagement with Africa recognising the potential of Irish exports in African markets. The focus of the aid programme in tackling hunger and poverty remains constant, and there is no question of trade promotion activities being pursued which undermine the objectives of the development programme.</p>

<p>To ensure that country strategy planning processes include a comprehensive contextual analysis of trade and investment in each partner country to be fully aware of any complementarities or potential inconsistencies.</p>	<p>Irish Aid will undertake a review of its guidance for country strategy planning this year. The review will allow for an update of our approach to programming, and will seek to ensure <i>inter alia</i> that issues such as trade and investment are adequately reflected in contextual analysis and inform the formulation of results-oriented programme strategies which build on our comparative advantage and which align with the relevant aspects of the Department's mission. Preparation for new country strategy will place greater emphasis on political economy analysis which will explore power relations, incentives and motivations of different players and how policy decisions impact on the poor. The Inclusive Economic Growth Policy and Strategy will set out ways of supporting partner countries to ensure that economic growth is more inclusive.</p>
<p>To utilise opportunities at the annual Africa-Ireland Economic Forum to enhance awareness of human rights commitments, ethical business practice and development policy.</p>	<p>The Africa-Ireland Economic Forum is intended to provide an opportunity for Irish and African businesses to develop contacts and identify potential new business opportunities. The format of the Africa-Ireland Economic Forum is currently under review to make it a more relevant platform for businesses to engage on all the issues relevant to doing business in an African context. The Expert Advisory Group's report will be considered as part of the review of the Africa-Ireland Economic Forum.</p>

<p>To strengthen efforts to increase transparency, combat corruption, increase domestic revenues and promote equitable public spending in partner countries.</p>	<p>The Global Island: Ireland's Foreign Policy for a Changing World recognises that good governance and accountability are vital for the realisation of human rights, and key to addressing inequality, discrimination and exclusion. Ireland is working with partner governments, parliaments and communities at national and local level to strengthen public financial management systems and accountability for equitable, efficient and sustainable service delivery, and will continue to focus on building effective institutions and policies as well as encouraging popular participation in the democratic process.</p> <p>Ireland is playing a strong role in local and global efforts aimed at increasing revenue generation and tackling tax avoidance and evasion in developing countries. Support for the strengthening of government systems, including tax and other systems of good governance, is an essential element of Ireland's programme. In our Key Partner Countries, we support state institutions and independent organisations that promote human rights, governance and democracy. Ireland is also actively engaged at the UN, OECD and EU levels on multilateral efforts to address tax evasion and avoidance. These include the promotion of more and better exchange of information on tax matters between countries, the implementation of agreed standards on tax transparency, and support for the capacity building of tax administrations in developing countries.</p> <p>Ireland provides financial support to a number of relevant governance partners. We support the <i>Association of European Parliamentarians with Africa (AWEPA)</i> to help strengthen parliamentary capacity, and the <i>International Organisation of Supreme Audit Institutions (INTOSAI)</i>, who support independent audit institutions in developing countries, thereby facilitating the tracking and reporting of expenditure to parliament. Ireland also supports the <i>African Tax Administration Forum (ATAF)</i> which aims to improve the performance of tax administration in Africa and the <i>OECD Tax and Development Programme</i> which aims to enhance the enabling environment for developing countries to collect appropriate and adequate tax revenues and to build effective states. Ireland also supports <i>Transparency International</i>, an organisation which have been at the forefront of the considerable progress made in developing techniques for diagnosing and combating corruption.</p> <p>We will continue to advocate for, and support, a more transparent global tax environment, and to strengthen tax systems in developing countries so more resources can be made accessible for equitable development.</p>
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