Institute for International Integration Studies

POLICY COHERENCE FOR DEVELOPMENT: INDICATORS FOR IRELAND

A Report commissioned by the Advisory Board for Irish Aid

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Preface

With the support of the Advisory Board for Ireland Aid (ABIA), the Institute for International Integration Studies (IIIS) at Trinity College Dublin and the School of Biology and Environmental Science at University College Dublin conducted a four year research programme (2007-2011) into the coherence of various aspects of Irish government policy with the overarching objective of Irish Aid to contribute to the reduction of poverty, inequality and exclusion in developing countries. This report is the outcome of the third project, entitled *PCD Indicators for Ireland*, under the ABIA framework agreement.

The 2009 IIIS report *Policy Coherence for Development: The State of Play in Ireland* made a number of recommendations on how to implement PCD in the Irish policy-making system. It highlighted three distinct agendas: efforts to strengthen PCD decision-making systems, the development of effective oversight mechanisms and the further deepening of PCD understanding. Regarding the latter objective, the report specifically highlighted the need for ongoing research into the causal chains that link policy in Ireland to outcomes in developing countries as well as the need to develop a set of indicators to help inform the PCD agenda and track progress.

This report is the first systematic attempt at developing a set of policy coherence for development (PCD) indicators for an EU member state. Our focus on the development of a range of appropriate and easily-available PCD indicators for Ireland complements the EU Commission's adoption of EU-wide PCD targets and indicators in its *Policy Coherence for Development Work Programme 2010- 2013* published in 2010.

Our objectives were:

- To develop a comprehensive set of policy coherence for development indicators for Ireland.
- To provide a broad and up to date assessment of Ireland's policy coherence with its official overseas development objectives.

Our methodology involved collaborative research with all Irish government departments as well as discussions with representatives from interested non-governmental organisations (NGOs).

We would like to express our appreciation to all those departments and NGO representatives who took the time out to respond at length to our questions and review potential indicators. We would like to record our special thanks to Nicole McHugh of ABIA and Carol Hannon of the Interdepartmental Committee on Development (IDCD) for their support throughout this project.

Finally, we would like to acknowledge the financial support of Irish Aid through its framework agreement for research into policy coherence for development issues. It is, of course, the case that the views expressed in this report are not necessarily shared by Irish Aid but are those of the authors alone.

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Country Codes and Abbreviations

Country	Code	Country	Code
Algeria	DZA	Luxembourg	LUX
Angola	AGO	Madagascar	MDG
Australia	AUS	Malawi	MWI
Austria	AUT	Mali	MLI
Belgium	BEL	Mauritania	MRT
Belize	BLZ	Mauritius	MUS
Botswana	BWA	Mexico	MEX
Burkina Faso	BFA	Micronesia	FSM
Burundi	BDI	Morocco	MAR
Cameroon	CMR	Mozambique	MOZ
Canada	CAN	Namibia	NAM
Cape Verde	CPV	Netherlands	NLD
Central African Republic	CAF	New Zealand	NZL
Chad	TCD	Niger	NER
China	CHN	Nigeria	NGA
Comoros	COM	Norway	NOR
Congo	COG	Poland	POL
Côte d'Ivoire	CIV	Portugal	PRT
D. R. of the Congo	COD	Russia	RUS
Denmark	DNK	Rwanda	RWA
Egypt	EGY	Sao Tome and Principe	STP
Equatorial Guinea	GNQ	Senegal	SEN
Eritrea	ERI	Seychelles	SYC
Ethiopia	ETH	Sierra Leone	SLE
Finland	FIN	Solomon Islands	SLB
France	FRA	Somalia	SOM
Gabon	GAB	South Africa	ZAF
Gambia	GAM	South Korea	KOR
Gambia	GMB	Spain	ESP
Germany	DEU	Sudan	SDN
Ghana	GHA	Swaziland	SWZ
Great Britain	GBR	Sweden	SWE
Greece	GRC	Switzerland	CHE
Guinea	GIN	Timor-Leste	TMP
Guinea-Bissau	GNB	Togo	TGO
Iceland	ISL	Tunisia	TUN
Ireland	IRL	Turkey	TUR
Italy	ITA	Uganda	UGA
Japan	JPN	United Republic of Tanzania	TZA
Kenya	KEN	United States	USA
Latvia	LVA	Vietnam	VNM
Lesotho	LSO	Western Sahara	ESH
Liberia	LBR	Zambia	ZMB
Libyan Arab Jamahiriya	LBY	Zimbabwe	ZWE
Lithuania	LTU		

Countries	Abbreviations	Countries	Abbreviations
Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.	EU15	EU15 plus Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia.	EU 27
Irish Aid partner countries in Africa (Ethiopia, Lesotho, Malawi, Uganda, Mozambique, Tanzania, Zambia)	Africa IA	Irish Aid partner countries in Asia (Vietnam, Timor-Leste)	Asia IA
Latin American and Caribbean countries	LAC	Least developed counties (33 in Africa, 14 in Asia and Haiti)	LDCs
African countries	AFR	Sub-Saharan African countries	SSA
Low and middle income countries	LMY		

Executive Summary

This research responds to calls from the OECD and the EU Commission for greater evaluation of policy coherence efforts and represents the first attempt to quantitatively measure policy coherence for an EU member state. Specifically, we present the findings of an exercise to establish a portfolio of indicators to measure policy coherence for development (PCD) in Ireland.

Our choice of indicators has been guided, first, by their relevance to developing countries, suitability for Ireland and the requirement for a balanced portfolio, and second, by characteristics such as data quality, international comparability and frequency of updating. We have endeavoured to be as comprehensive as possible in our approach but the very nature of policy-making environments means that many important aspects of policy coherence are not amenable to measurement. An earlier output of the Irish Aid PCD research programme (Barry et al., 2009) provides a more detailed and comprehensive policy analysis of PCD issues and that book explicitly provides the background material to this report.

Part 1 of this report discusses the motivation and rationale for attempting to develop a portfolio of PCD indicators. There are clear benefits to identifying indicators to track progress towards policy objectives, to flag problematic areas, to mobilise public awareness and as part of a culture of evaluation. Of course, indicators should be just one input into the policy process and their importance should not be overplayed.

The report discusses the merits of an aggregated index (presenting a composite 'score' for PCD performance in a single number, such as the Centre for Global Development's Commitment to Development Index (CGE, 2010) versus a portfolio of indicators, where no attempt at aggregation is made. While there are arguments for aggregation, including the ability to communicate progress towards the policy goal or lack of it more easily, the aggregation of individual indicators raises many conceptual and practical problems. There is also a major loss of information in moving from individual to aggregate indicators. In this report, we have adopted the portfolio approach, presenting the results for individual indicators without any attempt to aggregate these into an overall score.

A number of indicator types are identified, each of which have their strengths and weaknesses:

- **Policy outcome indicators** track most closely trends in desired development outcomes 'on the ground'. However, trends in economic and social development within developing countries are usually influenced by a multitude of factors, of which the policy stance in donor countries is just one. It may be very difficult to show a causal link between policy outcomes in developing countries and the policy position taken by an individual donor. Often, this link will be established on the basis of a priori theoretical reasoning supported by empirical studies. This report identifies a number of relevant outcome indicators and they comprise 25 per cent (13 indicators) of the total.
- **Policy output indicators** capture concrete changes in policies designed to make Irish policies more 'development-friendly'. They are attractive measures because they are directly under the control of Irish policy-makers. The key challenge in identifying output indicators is the need to have a clear 'story' linking the indicator to success in development. In some cases, this causal logic will be widely accepted by participants in the development debate; in other cases, the causal logic linking the output indicator to economic and social progress in developing countries may be more contested.

Around 30 per cent of the indicators in this report (16 indicators) are output indicators.

- **Policy input indicators** are useful where it may be hard to quantify or summarise the output of a policy in a single indicator. Input indicators usually monitor donor expenditure on a particular policy area. Input indicators have the advantage that they are easily measurable and comparable across countries. However, because the effectiveness of expenditure in meeting development goals may differ across countries, rankings using policy input indicators must be interpreted cautiously. Policy input indicators make up 30 per cent of the total (16 indicators) in this report.
- **Policy stance indicators** arise because of the nature of decision-making within the European Union where competences in particular policy areas may be transferred completely to, or shared with, the EU. EU decision-making is a process of compromise between Council, Parliament and member states. In this process, the position defended by Ireland may not be reflected in the final outcome. In a similar fashion, Ireland might hold a different view and seek changes to a long-standing EU policy (as reflected in a policy output indicator). In these situations, it may be incorrect to assume that the EU policy outcome represents Ireland's position. The intent of identifying a policy stance indicator would be to better capture the Irish position on a particular policy issue. One difficulty in identifying such indicators is that they tend to emerge around particular topics or issues. For example, Ireland might favour a lower EU tariff on imports of manufactured goods from developing countries than the existing tariff (which would be taken as a policy output indicator). However, often this policy stance might only become explicit in the context of a specific policy proposal, for example, negotiating a free trade agreement with a developing country. By their nature, policy stances taken with respect to a particular issue do not lend themselves to continuous measurement (one of the criteria for a good PCD indicator, see below). They may often be difficult for outsiders to assess (the Irish position may be communicated through Ministerial speeches and Dail debates, but often may not be explicitly articulated in public). We had intensive discussions with government departments on the feasibility of identifying policy stance indicators but in the end there was a general consensus that this was not possible at the present time. Thus, no policy stance indicators are included in this report.
- Developing country **partner strength indicators** are included to capture the role that the development stance of key developing country partners has on the coherence of Irish policies affecting developing countries. While they are not rankings of domestic Irish government policies, they do reflect decisions by Irish policy-makers on which developing countries to work with. These indicators are mainly relevant to development assistance policy, where Ireland chooses to work intensively with a limited number of partner countries, but in principle they can also arise in other areas where Ireland enters into explicit co-operation agreements with developing countries. They cover issues such as income needs, level of corruption and effectiveness of government institutions. Coherent policies would seek to focus attention and effort on developing countries where needs are greatest but also where Irish effort is likely to be most effective in promoting economic and social development. Thirteen per cent (7 indicators) in this report relate to such indicators of partner strength.

In choosing particular indicators under each of these headings, a number of desirable criteria for PCD indicators are identified. These include the criteria of relevance, suitability, comparability, frequency, balance and data availability and quality. The indicators presented in this report represent a compromise between these attributes.

Part II of the report presents and discusses 52 indicators across eight policy areas. These include the seven policy areas identified in the 2009 IIIS PCD Report (Barry et al., 2009) with

the addition of development aid. The inclusion of development aid resulted from a request from the IDCD so that issues of policy coherence across all government departments are considered within the context of an open debate on the success or otherwise of Ireland's overseas aid programme.

Each heading includes different kinds of indicators covering policy outcomes, policy outputs, policy inputs and indicators of partner country strength.

The portfolio approach to indicators taken in this report allows observers to draw conclusions based on a detailed understanding of the indicators and their own understanding of the relative importance of each indicator. This allows value weighting (what is most important?) to be done ex post by politicians, civil society representatives and interested parties. We have specifically chosen not to aggregate the indicators into a composite index.

Coherence in trade policy, with the primacy of EU decision-making in trade policy in mind, is measured using six indicators. They include the average tariff applied on imports of manufactured goods from developing countries, the proportion of imports that can enter duty-free, the restrictiveness of non-tariff barriers, the trend in imports of developing country non-agricultural goods, the effectiveness of EU trade preferences and a measure of Ireland's support for aid for trade programmes.

Six indicators are also used to assess the coherence of Irish agricultural policy. Three of the indicators are the same as for trade policy but applied to agricultural products; the tariff applied to agricultural imports, the restrictiveness of non-tariff barriers, and trends in imports of agricultural goods from developing countries. Additional indicators include the average level of market price support for agricultural production, the level of trade-distorting subsidies and the level of agriculture-related ODA expenditure.

Eight indicators have been selected in the fisheries area measuring market access for fish products, the level of subsidies paid to the fishing industry, commitment to and enforcement of international fisheries treaties and the level of fisheries-related ODA provided to developing countries. A measure of partner country capacity is also included by examining the strength of the fisheries management systems in developing countries and their level of marine protection.

Seven indicators are used to throw light on the development impacts of Irish migration policy. They cover Ireland's openness to immigrants, the stock of immigrants from Irish Aid partner countries, and the numbers of asylum seekers and refugees and third level students from developing countries. Also included are the level of third level fees for students from developing countries and policy efforts to support the flow of remittances.

Nine indicators are included to examine the coherence of Irish environmental policy with development objectives. They include number of expenditure-related indicators, GHG emission indicators, the level of biofuel tariffs and subsidies and Ireland's adherence to international biodiversity conventions.

In the finance and enterprise domain, four indicators are assembled to reflect different dimensions of issues such as debt relief, taxation agreements with Irish Aid partner countries, enforcement of bribery conventions and openness to the flow of technology.

Five indicators are shown to cover PCD issues in security. They include the peacekeeping contribution Ireland makes, our contribution to security sector reform initiatives, our commitment to important security-related international treaties and our level of arms exports.

Finally, eight indicators of aid size and quality are reported. These include an indicator of the financial size of Ireland's total overseas aid programme, an assessment of the economic need of Irish Aid partner countries measured by their GNI per capita (PPP), their level of government effectiveness, efforts at the control of corruption, the quality of economic management and the degree of policy focus on social inclusion and equity. Indicators on the level of Irish Aid assistance going directly to partner governments and the degree of tied aid are also included.

There will be inevitably disagreement with the choice of individual indicators in this report to measure PCD. This is one of the justifications for not trying to summarise the indicators into a single index, as readers are free to focus on those indicators they consider most relevant. It is important, however, to initiate the process of formulating indicators by putting these proposals into the public domain where, hopefully, they can be critiqued and refined. There are also gaps in coverage where additional indicators might be defined and presented. Also, to fully exploit the value of PCD indicators in underpinning the PCD agenda it would be desirable to track changes on these indicators over time. At a time when the development aid budget is under pressure given Ireland's changed economic circumstances, arguably the PCD agenda has become even more important.

Our main recommendation is therefore that, in the light of the critique and debate on the particular portfolio of indicators presented in this report, the IDCD might consider the regular updating of these indicators, modified as appropriate, on a biannual basis. Such regular review of Ireland's progress towards greater policy coherence for development will help to ensure that developing countries' 'voice' in Irish policy-making is further strengthened.

Introduction

Policy Coherence for Development (PCD) seeks to represent the interests of the poorest developing countries within Irish and European policy-making processes. PCD is firstly about doing no harm to developing countries by ensuring that progress towards Ireland's development assistance goals is not undermined by policies which relate primarily to domestic goals. Secondly, PCD is about searching for potential synergies and win-win scenarios, where domestic policies support development goals whilst securing other objectives too.

Following the first European Commission PCD report (Commission, 2007), the OECD called for a greater effort to analysis progress towards PCD in 2008 (OECD, 2008). This was the first official call for systematic measurement of PCD. In 2010, the EU Commission's *Policy Coherence for Development Work Programme 2010- 2013* (Commission, 2010) established a number of targets and indicators to help track progress towards the identified PCD objectives. The EU approach to measuring PCD has important implications for assessing PCD in Ireland, but it is not sufficient to rely on this alone. Because EU competence prevails in many important policy areas, such as agriculture and trade, the examination of causal chains, identification of coherent policies and development of policy indicators can be considered an EU-wide endeavour. However, member states retain exclusive powers in many important policy areas thus requiring that PCD should also be considered from a national perspective. Ireland's approach to migration, taxation and security policy, for example, is different to other member states. Even in those areas where there is a considerable degree of policy harmonisation, such as agriculture and trade, Ireland may have specific strategic interests that may lead to either more or less coherent EU policies towards developing countries.

In Ireland, the agenda for Policy Coherence for Development is set out in the *White Paper on Irish Aid* (Government of Ireland, 2006). Responding to PCD developments at EU level and in the OECD Development Assistance Committee, the White Paper adopted coherence as a guiding principle for Ireland's official development aid programme. The White Paper committed Ireland to working towards a coherent approach to development assistance across all government departments and towards coherence across all development assistance instruments.

For many, policy coherence for development remains a poorly defined and impractical tool for policy analysis. In earlier work commissioned by Irish Aid, we devised a typology to help understand the various dimensions of PCD (Barry et al, 2009; Barry et al, 2010). This typology identified PCD as comprising four different components: policy consistency, policy mitigation, policy enhancement and consistency in advocacy. But given the White Paper's commitment to improving the coherence of Irish policies with the country's development objectives across the whole range of government departments, the question naturally arises, how can we measure progress towards this commitment? Is it possible to show whether, overall, Irish policies are becoming more or less development-friendly over time?

Evaluating progress towards PCD requires two distinct but complementary approaches. Case studies are required to examine in depth the detailed relationships between EU and EU member state non-aid policies and outcomes in developing countries. But in addition, there is merit in a comprehensive set of indicators designed to capture policy positions, policy outputs and actual outcomes. Case studies should be used to inform the choice of and rationale for indicators. Whether based on evidence from case studies or not, the inclusion of each indicator should be based on a clear logic as to how its value affects developing countries.

The value of indicators to measure policy progress is well known in the policy evaluation literature. Indicators can focus public awareness, they can raise the quality of public debate, and they can provide a measure of success or otherwise in meeting public policy objectives.

However, the construction and interpretation of indicators always poses conceptual challenges. While this is true even for relatively focused targets such as, for example, improving water quality or reducing the incidence of disease, the issues multiply in the case of complex and multi-dimensional objectives such as improving the policy coherence of government policy-making with our development co-operation objectives.

Nonetheless, for purposeful policy-making, stakeholders should ideally agree on a yardstick to help decide if progress is being made towards the goal. For this reason, we believe there is merit in the construction of a country-specific portfolio of PCD indicators.

In this report we present a set of indicators to track Ireland's performance in policy coherence for development (PCD). In doing so we hope that our approach informs any future efforts to establish an EU-wide PCD evaluation framework. The report is in two parts. In Part I, we discuss the motivation for identifying PCD indicators and the criteria which might be used in their selection. We also summarise some of the broad findings from the PCD indicators reported in this volume. In Part II, which makes up the core of the report, we present selected PCD indicators under a number of PCD domains; trade, agriculture, fisheries, migration, the environment, finance and enterprise, security policy and development aid.

This exercise represents an initial attempt to establish a set of appropriate PCD indicators. We hope it will challenge others to identify gaps, to propose alternatives and to recommend better or additional measures. By updating the indicators on, say, a biannual basis, it will be possible to measure Ireland's progress in achieving greater policy coherence for development. To assist the process, the data and calculations behind the indicators in the report are made available in spreadsheet format on the IIIS website www.tcd.ie/iiis from where they can be freely downloaded.

PART I

RATIONALE AND METHODOLOGY

Introduction

In Part 1 of this report, we discuss the motivation for identifying PCD indicators and the criteria we use in their selection. Section 2 discusses the potential benefits of policy indicators. In Section 3, we examine the arguments for and against aggregated indices such as the Commitment to Development Index (CGD, 2010) as opposed to the alternative approach of simply reporting the individual policy indicators and leaving it up to users to decide which are the most important. In Section 4 we identify different categories of PCD indicators. We propose various criteria for selecting indicators and the desirable properties of these indicators. We summarise the PCD indicators reported in this volume in Section 5. Section 6 concludes with our assessment of the exercise and highlights some of the challenges to be faced if this work is carried forward in the future.

Benefits of Policy Indicators

There are a number of benefits to the use of PCD indicators in policy-making. First, the integration of policy indicators into the policy-making process should lead to improved understanding of the policy environment. As policy-making takes place in complex and dynamic environments, indicators can act as anchors to guide policy decisions.

Second, policy indicators instil a level of objectivity in the policy-making process that acts as a counter-balance to the real politics between stakeholders' different interests and political ideologies. In highly-charged policy discussion, indicators can provide a basis for objective analysis that can prove significant in the development of successful policy reforms.

Third, policy indicators can be used as targets for policy development by setting desired values for the indicator as a goal to be achieved. The use of targets in policy development has become popular in recent years and offers the opportunity to monitor the effectiveness of future PCD policies. The Millennium Development Goals (MDGs) are a high profile example of target indicators in the development area.

Fourth, policy indicators support a culture of evaluation of public policy choices by providing objective reference points for monitoring progress and anchoring policy discourse in facts and figures.

Finally, policy indicators can be used at the policy design phase as inputs into ex-ante evaluations of policy options through the forecasting of the effects of different interventions and in the comparative evaluation of policies (Carley, 1981).

For these reasons, the integration of policy indicators into the policy-making process should lead to more balanced government decisions based on rigorous analysis of the policy environment. Nevertheless, policy indicators are simply one input into the policy design process and their importance should not be overplayed. Policy reform packages should be appropriate to the institutional context, the capabilities of the implementing agency and rooted

in the real politics of the policy system. The automatic identification of priorities based on indicator analysis alone is rarely suggested (Carley, 1981).

Alternative Approaches: Composite versus Portfolio

There are two alternative approaches to presenting policy indicators. Composite indicators are the combination of several policy indicators into a summary figure such as the Centre for Global Development's Commitment to Development Index (CGD, 2010). An alternative approach is to present a portfolio of indicators and provide an editorial commentary for each policy area that combines information from each indicator and an understanding of its limitations. An example of this approach is Ireland's National Competitiveness Council's (NCC) set of competitiveness indicators (NCC, 2010).

Composite indicators can be more easily understood than a portfolio of individual indicators as they combine diverse indicators into a more digestible measure. A portfolio of indicators can result in information overload. In a fast moving and media-influenced policy environment, indicators ideally should deliver short concise messages to stakeholders in the policy process. However, further analysis of the process of developing composite indicators raises some concerns. Developing composite indicators involves a two stage methodology, namely standardisation and aggregation (including value weighting). We examine each in turn.

Standardisation imposes uniform units on disparate indicators. This process can hide information and can serve to dumb down the contribution of the individual indicator to policy discourse. The CDI, for example, enforces standardised scores on a 0-10 scale where 0 is deemed the absence of a development 'good' like aid and 10 is the absence of a 'bad' such as trade distorting policies (CGD, 2008). With this approach the absolute differences in policy performance can be rendered less meaningful. For example, an outlier's abnormal performance may bunch the majority of countries around the mean, minimising important differences in their performance and ultimately serving to trivialise the differences around the mean. Issues also arise with respect to comparability as it is not likely to be conceptually valid to equate one standard deviation above the average for trade policy, for example, with one standard deviation above the average in technology policy. Other approaches to standardisation exist such as the use of dollar estimates of aid related flows such as aid, trade, investment and remittances as suggested by Picciotto (2003). This approach considers the value of $1 dollar of aid flows to developing countries as equal to $1 of trade, $1 of investment and $1 of remittances. However, the approach of assigning equal weights to diverse financial flows can also be questioned.

Aggregation of standardised indicators into a composite indicator opens up the question of value weighting. For value weighting, there are two options. One can weight the indicators based on a subjective ratio of importance, or remain agnostic and simply leave the indicators unweighted and calculate a simple average of the scores. Value weighting is a highly subjective exercise. The developed world understanding of the importance of the various indicators may not reflect the views of those in developing countries. In addition, it would be difficult for researchers to reach a consensus on the relative importance of the component indicators. Nevertheless, there are a number of examples in social science of composite indicators with use of predetermined value weighting such as the CGD practice in constructing the policy area indicators in its CDI index. For example, the environment score in the CDI is made up of standardised climate change indicators (60%), biodiversity and global ecosystems (30%) and fisheries (10%). The CDI overall country score weights the standardised scores for aid, trade, environment, security, technology, migration and investment as equal. According to the designers of the CDI, a survey that asked leading

experts to weight the importance of each policy areas to developing countries did not produce any systematic agreement to encourage anything other than equal weighting (CGD, 2010). While the agnostic approach may seem more 'objective', aggregation without value weighting simply transfers the value weighting to the choice of indicators.

As a result, we recommend the use of a balanced portfolio of indicators for the evaluation of Ireland's PCD status which can also be used to measure Ireland's progress over time. This approach allows observers to draw conclusions based on a detailed understanding of the indicators and their own understanding of their relative importance. Value weighting can then be done ex post by politicians, civil society representatives and other users of the indicators if this is felt desirable.

Policy indicators purport to introduce a level of objectivity into the policy-making system. However, policy indicators are not value-free descriptions of the policy. Policy indicators imply normative connotations. Every indicator is based on the assumption that 'things are getting better' if performance in the indicator improves year by year. The very construction of a system of PCD policy indicators thus involves defining the ideal policy outcomes in developed countries for developing countries. However, differences in understandings of how the world works, lack of data, the existence of multiple objectives and the complexity of the interrelationships between developed and developing countries can make the definition of what exactly constitutes the ideal policy outcome a challenging exercise.

Someone has to decide on what 'getting better' means when choosing a policy indicator. While value judgements or ideology are inevitable in this process, it does not negate the value or usefulness of the indicators. It means that when value judgements are made, they should be made as explicit as possible in the analysis.

Appropriate PCD Indicators for Ireland

Policy coherence for development indicators need to be acceptable to policy-makers, the development community and the general public. Agreement and adoption of indicators should occur within a wide participatory process on PCD to ensure legitimacy of the indicators; legitimacy that will ultimately determine the influence of the indicators in the policy-making process.

While the choosing of PCD indicators for Ireland should be a highly consultative process, academic analysis can provide a set of desirable criteria for appropriate indicators. This section outlines various categories of potential indicators. It also discusses criteria for selecting indicators and their different properties.

Outcome Indicators

Policy indicators have in the past tended to focus on outcomes. Outcomes are defined as socio-economic variables such as, in the case of the Millennium Development Goals (MDGs), income per capita, school enrolment rates or child malnutrition rates. They measure real trends in the developing countries of interest that are a result of both policy and societal changes and may only be partly influenced by policy instruments. As such, they may not accurately measure policy efforts. For example, countries in close proximity to developing counties and who also share a language are likely to have a higher proportion of immigrants for a given immigration policy. Spain may have a higher proportion of developing world immigrants as opposed to Japan primarily because of its proximity to North Africa and its shared language with most of Latin America. It would be unfair to judge Japan's policy towards developing world immigrants on the basis of an outcome variable such as number of immigrants from developing countries alone. Nevertheless, outcome variables should play an

important part in a portfolio of indicators due to their objectivity and their partial measurement of the effectiveness of policy measures, despite the fact that they may be influenced by other factors. Twenty-five percent (13 indicators) of the indicators proposed in this report are outcome indicators.

Policy Outputs

Policy output indicators capture concrete changes in policies designed to make Irish policies more 'development-friendly'. They are attractive measures because they are directly under the influence of Irish policy-makers. A policy output can be defined as the existence of a policy instrument, such as adoption of an international treaty or a particular tariff rate. A policy output might include the existence of an information platform comparing the costs of making remittances, the level of tuition fees for students from developing countries or a tariff rate for beef imports. The key challenge in identifying output indicators is the need to have a clear 'story' linking the indicator to success in development. In some cases, this causal logic will be widely accepted by participants in the development debate; in other cases, the causal logic linking the output indicator to economic and social progress in developing countries may be more contested. Around 32 per cent of the indicators in this report (17 indicators) are output indicators.

Policy Inputs

Policy input indicators are useful where it may be hard to quantify or summarise the output of a policy in a single indicator. Input indicators usually monitor donor expenditure on a particular policy area. The extent of financial contributions can be considered an important proxy for commitment to a policy area. Examples would include financial contributions to aid for trade or biodiversity or, with negative consequences for development, trade-distorting subsidies. Input indicators have the advantage that they are easily measurable and comparable across countries. However, because the effectiveness of expenditure in meeting development goals may differ across countries, rankings using policy input indicators must be interpreted cautiously. The absence of any measure of quality is a specific weakness of such indicators. For example, it could be argued that Ireland's contribution to UN peacekeeping is poorly reflected by the monetary value of our peacekeeping efforts. Nevertheless, in the absence of robust and comparable measures of quality, the monetary value of Ireland's peacekeeping contribution remains an informative indicator. Policy input indicators make up 30 per cent of the total (16 indicators) in this report.

Policy stance indicators

Policy stance indicators arise because of the nature of decision-making within the European Union where competences in particular policy areas may be transferred completely to, or shared with, the EU. EU decision-making is a process of compromise between Council, Parliament and member states. In this process, the position defended by Ireland may not be reflected in the final outcome. In a similar fashion, Ireland might hold a different view and seek changes to a long-standing EU policy (as reflected in a policy output indicator). In these situations, it may be incorrect to assume that the EU policy outcome represents Ireland's position. The intent of identifying a policy stance indicator would be to better capture the Irish position on this policy issue.

In our research, we attempted to include indicators that measure Ireland's position in multi-national negotiations prior to the emergence of agreed policies. For example, in terms of EU climate change or trade policy, we sought to answer the question what was Ireland's specific role leading up to the negotiations. Ireland's exact role as leader, follower or objector on a specific issue is often not publicly known. We sought to deduce the coherence of Ireland's policy position by asking government departments about the availability of documentary evidence of support for certain pro-development positions or draft proposals. The fluid nature of EU negotiations and some reluctance on the part of departments to reveal their negotiation positions meant that this attempt proved less than fruitful.

Another issue in identifying such indicators is that they tend to emerge around particular topics or issues. For example, Ireland might favour a lower EU tariff on imports of manufactured goods from developing countries than the existing tariff (which would be taken as a policy output indicator). However, often this policy stance might only become explicit in the context of a specific policy proposal, for example, negotiating a free trade agreement with a developing country. By their nature, policy stances taken with respect to a particular issue do not lend themselves to continuous measurement (one of the criteria for a good PCD indicator, see below). They may often be difficult for outsiders to assess (the Irish position may be communicated through Ministerial speeches and Dail debates, but often may not be explicitly articulated in public).

The consensus view from discussions with government departments was that identification of policy stance indicators was not possible at the present time. Thus, no policy stance indicators are included in this report. Instead, it may make more sense for the agenda of a body such as the Inter-Department Committee on Development (IDCD) to include discussion of these topical issues to ensure that the development dimension in the negotiations is identified and, where possible, incorporated into the Irish position.

Partner Country Strength

A fifth indicator type, developing country partner strength, may be less under the influence of Irish policy makers but its inclusion is justified for a number of reasons. These indicators are intended to capture the role that the development stance of key developing country partners has on the coherence of Irish policies affecting developing countries. While they are not rankings of domestic Irish government policies, they do reflect decisions by Irish policy-makers on which developing countries to work with. The coherence of EU and Irish policy can be dependent on the strength of local institutions. For example, the development dimension of Fisheries Partnership Agreements (FPAs) can be compromised when the revenue received by the partner government is not supportive of development objectives or local fisheries management systems are too underdeveloped to effectively ensure the sustainability of fish stocks in local waters. Second, it can be argued that when Ireland or the EU engage in extensive partnership agreements in the area of aid, fisheries or trade with developing countries that some degree of responsibility needs to be shared for the effectiveness of key institutions in developing countries. These indicators are mainly relevant to development assistance policy, where Ireland chooses to work intensively with a limited number of partner countries, but in principle they can also arise in other areas where Ireland enters into explicit co-operation agreements with developing countries. They cover issues such as income needs, level of corruption and effectiveness of government institutions. Coherent policies would seek to focus attention and effort on developing countries where needs are greatest but also where Irish effort is likely to be most effective in promoting economic and social development. Thirteen per cent (7 indicators) in this report relate to such indicators of partner strength.

In parallel to this research project the EU Commission published 87 indicators to help track progress towards PCD in its 2010 report *Policy Coherence for Development Work Programme 2010- 2013* (Commission, 2010). These indicators are listed in Appendix 1. The indicators are wide and varied, in many cases blurring the distinction between indicators and policy objectives. The 87 proposed 'indicators' consist of roughly 33 of what we define as indicators (outcomes, outputs, inputs or related to partner countries). About 50 per cent are policy objectives to be fulfilled over the course of the work programme such as 'launch of the EU immigration portal in 2010', 'agreement at EU level on principles for responsible investments in agricultural land in 2010' or commitments to further research such as 'to evaluate the EU's conflict prevention programme and the contribution it has made to development' or 'explore mobility options in the framework of mobility partnerships drawing on the Moldovan example'. The final 10 indicators relate to improvements in the consideration of PCD principles in the policy-making process at EU level such as the 'extent

to which crisis management missions take account of development objectives in 2010' or the commitment that 'proposals for post-2013 Common Fishery Policy are based on an Impact Assessment, including an assessment of the impact on developing countries'. This report takes the view that those indicators from the EU Commission report related to future policy objectives, investments in PCD knowledge and the PCD process should be considered alongside the recommendations of the 2009 IIIS report for Irish Aid *Policy Coherence for Development: The State of Play in Ireland* and not considered as potential indicators useful for tracking progress towards PCD objectives (Barry et al., 2009).

While 33 of the EU's report indicators were considered for inclusion in this report, the Commission has not yet provided the baseline data nor provided details on how exactly each indicator is to be calculated. For some of the indicators it may not be possible to gather the necessary data on an ongoing basis. In principle, as more work is done by the Commission and, indeed, other member states on the development of PCD indicators, these can be assessed for their suitability for monitoring also from an Irish perspective.

Criteria for PCD Indicators

Six criteria are suggested to evaluate potential indicators.

1. *Relevance:* The importance of the indicator to the growth and poverty reduction objectives of developing countries should be clear. The channel of causality from donor country action to developing world country outcomes should be outlined. Barry et al. (2009) contains an extensive discussion of the causal channels related to each indicator proposed in this report.
2. *Suitability:* The indicator should be suitable to Ireland's political and economic circumstances. For a variety of reasons many potential PCD indicators proved less than suitable for Ireland. Ireland's unique policy circumstances (e.g. neutrality and high levels of EU immigration) and institutional context (e.g. no direct control over EU decisions in areas such as agriculture, fisheries and technology policy) can render less relevant a number of PCD indicators that might otherwise suggest themselves or that have been used, for example, in the CDI index.
3. *Comparability:* Policy indicators should ideally be measurable in a sufficiently comparable way across countries. Internationally comparable statistics provide an opportunity to benchmark Ireland's performance with OECD countries and leading middle income countries. This would be easier for outcome and output indicators than for policy stance indicators.
4. *Frequency:* Policy indicators should also be able to measure policy performance over time. Ideally data points would be generated on a yearly basis and such collection of data would require the commitment of resources to undertake regular data collection.
5. *Balance:* The inherent challenge in policy indicators, the translation of policy goals into quantitative measures, implies a focus on certain aspects of the policy environment to the exclusion of others. To overcome this, the development of a portfolio of indicators which is balanced across different dimensions is an important objective to give a complete representation of the policy landscape.
6. *Data Availability and Quality:* No matter how good an indicator in principle, if appropriate data is not available then the indicator cannot be calculated. Indicators should rely on data of good quality that can be replicated by other researchers. Indicators should also be validated by reference to alternative sources of information.

Policy indicators can come in a number of forms and we have identified four potential properties.

1. *Per person or as a % of GDP:* A natural starting point is the unit of comparison for the policy indicator. For example, should greenhouse gas (GHG) emissions be compared internationally in per capita terms or should they be assessed within the context of income level (stage of development) of the country? Reference to the criteria above will help ascertain the most appropriate denominator.

2. *Static or Dynamic Indicators:* Policy indicators that are static in nature (based on levels) often fail to reveal the changes taking place in the policy environment. A country may have a high level of GHG emissions but it may be recording the greatest reductions in these emissions. It is thus preferable to use dynamic indicators (growth rates or changes in a variable) to throw light on the current policy environment.
3. *Discrete or Continuous Indicators:* Policy indicators can be represented by binary or ternary functions (for example, 0,1 or high, medium, low). Alternatively, it may be possible to measure them on an ordinal scale. The former type of indicator can represent the existence or absence of a policy or a three way distinction such as higher, the same or lower. This approach can hide information on the intensity of support for a policy, for example, in measuring how much higher are tariffs on exports from developing countries. However, they may offer the most appropriate way to capture changes in more qualitative indicators such as policy stances.
4. *Objectively Verifiable vs Self-reported Indicators*: Objectively verifiable indicators based on published data or publicly-stated policy positions represent the first-best indicator choice. However, this may not always be possible. In these cases, self-reporting by a government department of its positions without the support of publicly-available documentary evidence may represent a second-best solution. This report focuses exclusively on verifiable indicators using published data.

Policy Indicators

This report covers eight different policy areas. It follows the seven policy areas identified in the 2009 IIIS PCD Report (Barry et al., 2009) plus the addition of development aid. Table 1 presents the evolving PCD policy areas of the European Commission and the policy areas covered in Barry et al. (2009) and continued into this report. The inclusion of development aid resulted from a request from the IDCD so that issues of policy coherence across all government departments are considered within the context of an open debate on the success or otherwise of Ireland's overseas aid programme. Further efforts to achieve the objectives set out in the 2006 *White Paper on Overseas Aid* should continue across all departments. When referring to indicators we use abbreviations such as 'T' for Trade and 'DA' for Development Aid. The list of these codes is presented in column four of Table 1. Each heading includes different kinds of indicators covering policy outcomes, policy outputs, policy inputs and indicators of partner country strength. The indicators have been numbered to group those which refer to specific policy topics within the eight broad policy areas.

Table 1: Policy Coherence for Development: Policy Areas			
2009 Commission Report	**2010 Commission Work Programme**	**2009 IIIS PCD Report**	**2012 IIIS Indicators Report**
Trade	Trade and Finance	Trade	Trade (T)
Environment	Climate Change	Agriculture	Agriculture (A)
Climate Change	Security	Fisheries	Fisheries (F)
Security	Food Security	Migration	Migration (M)
Agriculture	Migration	Security and Defence	Security and Defence (S)
Fisheries		Environment, Transport and Energy	Environment, Transport and Energy (E)
Transport		Finance, Enterprise, Science and Technology	Finance, Enterprise, Science and Technology (FE)
Energy			Development Aid (DA)
Migration			
Research and Innovation			
Information Society			
Social Dimension of Globalisation, Employment and Decent Work			

Source: Authors' tabulation.

The portfolio approach to indicators taken in this report allows observers to draw conclusions based on a detailed understanding of the indicators and their own understanding of the relative importance of each indicator. This allows value weighting (what is most important?) to be done ex post by politicians, civil society representatives and interested parties. We have specifically chosen not to aggregate the indicators into a composite index.

Coherence in trade policy, with the primacy of EU decision-making in trade policy in mind, is measured using six indicators. They include the average tariff applied on imports of manufactured goods from developing countries, the proportion of imports that can enter duty-free, the restrictiveness of non-tariff barriers, the trend in imports of developing country non-agricultural goods, the effectiveness of EU trade preferences and a measure of Ireland's support for aid for trade programmes.

Six indicators are also used to assess the coherence of Irish agricultural policy. Three of the indicators are the same as for trade policy but applied to agricultural products; the tariff applied to agricultural imports, the restrictiveness of non-tariff barriers, and trends in imports of agricultural goods from developing countries. Additional indicators include the average level of market price support for agricultural production, the level of trade-distorting subsidies and the level of agriculture-related ODA expenditure.

Eight indicators have been selected in the fisheries area measuring market access for fish products, the level of subsidies paid to the fishing industry, commitment to and enforcement of international fisheries treaties and the level of fisheries-related ODA provided to developing countries. A measure of partner country capacity is also included by examining the strength of the fisheries management systems in developing countries and their level of marine protection.

Seven indicators are used to throw light on the development impacts of Irish migration policy. They cover Ireland's openness to immigrants, the stock of immigrants from Irish Aid partner

countries, and the numbers of asylum seekers and refugees and third level students from developing countries. Also included are the level of third level fees for students from developing countries and policy efforts to support the flow of remittances.

Nine indicators are included to examine the coherence of Irish environmental policy with development objectives. They include number of expenditure-related indicators, GHG emission indicators, the level of biofuel tariffs and subsidies and Ireland's adherence to international biodiversity conventions.

In the finance and enterprise domain, four indicators are assembled to reflect different dimensions of issues such as debt relief, taxation agreements with Irish Aid partner countries, enforcement of bribery conventions and openness to the flow of technology.

Five indicators are shown to cover PCD issues in security. They include the peacekeeping contribution Ireland makes, our contribution to security sector reform initiatives, our commitment to important security-related international treaties and our level of arms exports.

Finally, eight indicators of aid size and quality are reported. These include an indicator of the financial size of Ireland's total overseas aid programme, an assessment of the economic need of Irish Aid partner countries measured by their GNI per capita (PPP), their level of government effectiveness, efforts at the control of corruption, the quality of economic management and the degree of policy focus on social inclusion and equity. Indicators on the level of Irish Aid assistance going directly to partner governments and the degree of tied aid are also included.

Conclusions

The context for this report is the Irish government's commitment to policy coherence for development in designing its aid and non-aid policies. This raises the question whether it is possible to monitor and measure how well the government is doing in fulfilling this commitment. This report adopts the perspective that developing a set of indicators can help to improve the evaluation of PCD. It also presents a set of indicators for Ireland

The commitment to PCD is based on the recognition that the international framework for successful economic and social development in low-income countries cannot be simply reduced to the volume and quality of development assistance flows. Development is much more influenced, even in its international dimension, by the framework of rules that make up international governance and by the impact of developed country policies across the whole range of non-aid policy areas, whether by accident or design. It is the growing awareness of this association that has driven the interest in PCD and a 'whole of government' approach to monitoring impacts on development. However, it is also the complexity and comprehensiveness of this agenda which makes the evaluation of PCD so challenging. Piciotto (2005), in his review of PCD evaluation, notes how little attention has been given to the evaluation of what he calls 'donor-recipient coherence', or the consistency of policies adopted by rich countries collectively and poor countries individually or collectively to achieve shared development objectives, and suggests that its inherent complexity is one possible reason.

Given this complexity, some may question the usefulness of trying to reduce the PCD agenda to a set of individual indicators. It may be argued that policy coherence is not necessarily amenable to the use of indicators, whose choice may involve imposing less than ideal normative judgements, and which simplify the complex nature of the causal chains and policy environment. However, the act of identifying indicators forces policy-makers to think through the potential ways in which non-aid policies may impact on development concerns. In our

discussions with government officials, this was often the most useful aspect of the exercise. It is true that, in many cases, indicators do not exist to measure these impacts, and the portfolio of indicators presented in this report can be criticised for their focus on a relatively narrow range of impacts. Nonetheless, we can imagine that debating the inadequacies of these indicators may well be the first step to identifying a more appropriate and balanced set.

The exercise of identifying PCD indicators in this report has been an experimental one, and we are convinced that, now that a portfolio of indicators has been proposed, further debate and discussion will quickly lead to suggestions for their improvement. We hope that this report will encourage other member states to conduct more systematic evaluations of PCD and the EU Commission to invest in developing further its indicators from its 2010 report *Policy Coherence for Development Work Programme 2010-2013* (Commission, 2010).

Our biggest regret was that it did not prove possible to identify and include policy stance indicators that could assess Ireland's specific contributions to EU or multilateral policy deliberations in areas such as climate change or trade policy. These would help to identify specifically Irish policy positions and avoid the necessity to take the jointly agreed outcome as representing the Irish position. As noted above, following discussions with various government departments it became evident that identifying policy stance indicators was too challenging. It may be that such indicators are a priori too ambitious as developing a set of policy stance indicators common to all EU counties would be even more likely to prove unsuccessful given that countries jealously guard their negotiating positions.

Another missing dimension is the direct involvement of partner governments in developing countries in the formulation of priorities and evaluation of incoherencies. The PCD agenda might be described as an attempt to indirectly represent the interests of developing countries in EU and Irish policy systems. Thus it would make sense to try to ascertain the views of these countries directly.

If our proposal to maintain and update this portfolio of PCD indicators were accepted, some mechanism to involve Irish Aid partner countries in evaluating the indicators and suggesting new ones might be sought. The precise mechanism for this involvement would be a matter for the IDCD to decide.

To fully exploit the value of PCD indicators in underpinning the PCD agenda it would be desirable to track changes on these indicators over time. At a time when the development aid budget is under pressure given Ireland's changed economic circumstances, arguably the PCD agenda has become even more important. Our main recommendation is therefore that, in the light of the critique and debate on the particular portfolio of indicators presented in this report, the IDCD might consider the regular updating of these indicators, modified as appropriate, on a biannual basis. Such regular review of Ireland's progress towards greater policy coherence for development will help to ensure that developing countries' 'voice' in Irish policy-making is further strengthened. To assist the process, the data and calculations behind the indicators in the report are made available in spreadsheet format on the IIIS website www.tcd.ie/iiis from where they can be freely downloaded.

PART II

PCD INDICATORS FOR IRELAND

1. International Trade Policy

1.1 Overview

Integration into the world trading system and the diversification of exports towards higher value-added products offers significant potential for poverty reduction and sustainable economic growth in the world's poorest countries. The Blair Commission on Africa noted that, if sub-Saharan Africa could manage to increase its share of world exports by just one per cent, it would generate over US$70 billion – treble the amount it gets from all its current aid flows and nearly a quarter of its total annual income (Commission for Africa, 2005). While many developing countries have increased their exports dramatically in the last few decades, Africa has been left behind, continuing to depend on export earnings from low value-added primary resources. The share of world exports of African, Caribbean and Pacific (ACP) countries, which are key partners for the EU, fell from 4.4 per cent in 1970 to 1.8 per cent in 2000 before rising somewhat to 2.5 per cent in 2010. Their share in developing countries' exports fell from 23.0 per cent in 1970 to 5.6 per cent in 2000 and rose only marginally to 5.8 per cent in 2010 (UNCTAD Stat, 2011).

Irish trade policy is now determined by the EU's Common Commercial Policy and thus there is virtually no scope for autonomous national action (the conclusion of trade agreements with third countries is in practice one of the few areas where member states share decision-making with the European Council and the European Parliament). EU trade policy plays a significant role in multilateral negotiations on trade liberalisation such as the Doha Round negotiations under the auspices of the World Trade Organisation (WTO). These negotiations cover trade in agricultural products, non-agricultural market access, services as well as revision of the rules governing international trade. The EU has been one of the main proponents in the Doha negotiations that all developed countries should grant duty and quota-free treatment to all exports from least developed countries (LDCs), as well as encouraging the more advanced developing countries to increase South-South market access on a multilateral basis.

The main EU preference regime is the Generalised System of Preferences (GSP) which includes the Everything But Arms (EBA) arrangement for least developed countries and the General System of Preferences Plus (GSP+) for small and vulnerable economies. The EU has also provided specific preferences to ACO countries under the Cotonou Agreement.

EU trade policy is also developed through an increasingly active role in pursuing regional trade agreements with its trading partners, many of which are developing countries. Examples where active negotiations are underway and where PCD issues arise include the Economic Partnership Agreements (EPAs) with ACP countries, revisions in the Generalised System of Preferences, and discussions with Mercosur (Argentina, Brazil, Paraguay and Uruguay) on a free trade area agreement. Other important trade policy areas where PCD issues arise concern technical barriers to trade as well as financial support for aid for trade.

With the primacy of EU decision-making in trade policy in mind six policy coherence indicators have been selected. They include the average tariff applied on imports of manufactured goods from developing countries, the proportion of imports that can enter duty-free, the restrictiveness of non-tariff barriers, the trend in imports of developing country non-agricultural goods, the effectiveness of EU trade preferences and a measure of Ireland's

support for aid for trade programmes. Because trade policy is now primarily determined at EU level, EU policy output indicators are used to represent Irish policy.

Indicator T.1.1 presents the average tariffs applied to non-agricultural imports from developed countries, developing countries and least developed countries (LDCs) when entering five important OECD markets including the EU. Applied tariffs take into account the value of preferences provided to exporting countries by each importing country. Manufactured goods entering the EU from developing countries face lower tariffs than the comparator countries with the exception of Switzerland. Comparing the differences between the average tariffs facing imports from developed countries and from developing countries is an indication of the average preference margin provided by preference schemes. The preference margin in the EU is greater than in the other countries. Of particular interest is the treatment of non-agricultural imports from LDCs. Australia, Switzerland and the EU provide complete duty-free access (in the EU, with the exception of arms), while Japan and the US retain some tariffs on exports originating in these countries.

While average tariffs provide one measure of the importance of trade barriers, another measure is to examine the share of imports than can enter duty-free, either because the MFN tariff is zero or because imports are zero-rated under a preferential trade agreement. Indicator T.1.2 shows the relative share of duty-free imports from different developing country regions into Ireland compared to the EU as a whole. A drawback of this indicator is that, as there is no difference in the trade regime applied, any differences shown in this indicator reflect differences in the structure of imports between Ireland and the EU rather than differences in policy outputs. Indicator T.1.2 shows that 96 per cent and 95 per cent of African imports entering the EU and Ireland, respectively, are eligible for zero tariff status either under a preference agreement or a zero tariff Most Favoured Nation trade regime. These figures fall to 81 and 74 per cent, respectively, for imports from Latin America and the Caribbean and 55 and 37 per cent for developing countries in the Asia, Middle East and the Pacific region. The pattern that emerges is that imports from Asia are treated less generously than imports from Latin America, which in turn are treated less generously than imports from Africa. In general, fewer imports from developing countries enter Ireland duty-free than is the case for the EU as a whole.

Increasingly, trade barriers take the form of non-tariff measures rather than tariffs. T.1.3 provides an assessment of the extent and importance of non-tariff measures using the World Bank's Overall Trade Restrictiveness Index (OTRI) and comparing it to its Tariff Trade Restrictiveness Index (TTRI). The Overall Trade Restrictiveness Index provides a single number for the restrictive effect on imports of both tariffs and non-tariff measures. The Trade Tariff Restrictiveness Index measures the restrictive effect of tariffs on their own. Comparing the values for the two indices gives an indication of the importance of non-tariff measures. The indicator shows that the EU is ranked third out of eight countries for the importance of non-tariff measures.

While openness to imports from developing countries in terms of tariff and non-tariff barriers is a policy output variable, actual trends in imports from developing countries represent the policy outcome that is desired. There are many factors which influence the level and growth of imports from different regions and policy variables, such as tariffs and non-tariff measures, are only one factor in the mix. With this caveat, this indicator compares the growth rates of imports of manufactures from developing countries with the growth rate of similar imports from the world as a whole over the period 2007-2009. Irish consumers have increased their imports of non-agricultural goods from developing countries at a faster rate than similar imports in total during this period (T.1.4). Thus, the share of developing country imports in imports of non-agricultural goods into Ireland is growing faster than in other markets (albeit from a relatively small base). On this measure Ireland outperforms the US and the EU-27 as well as Japan and Switzerland.

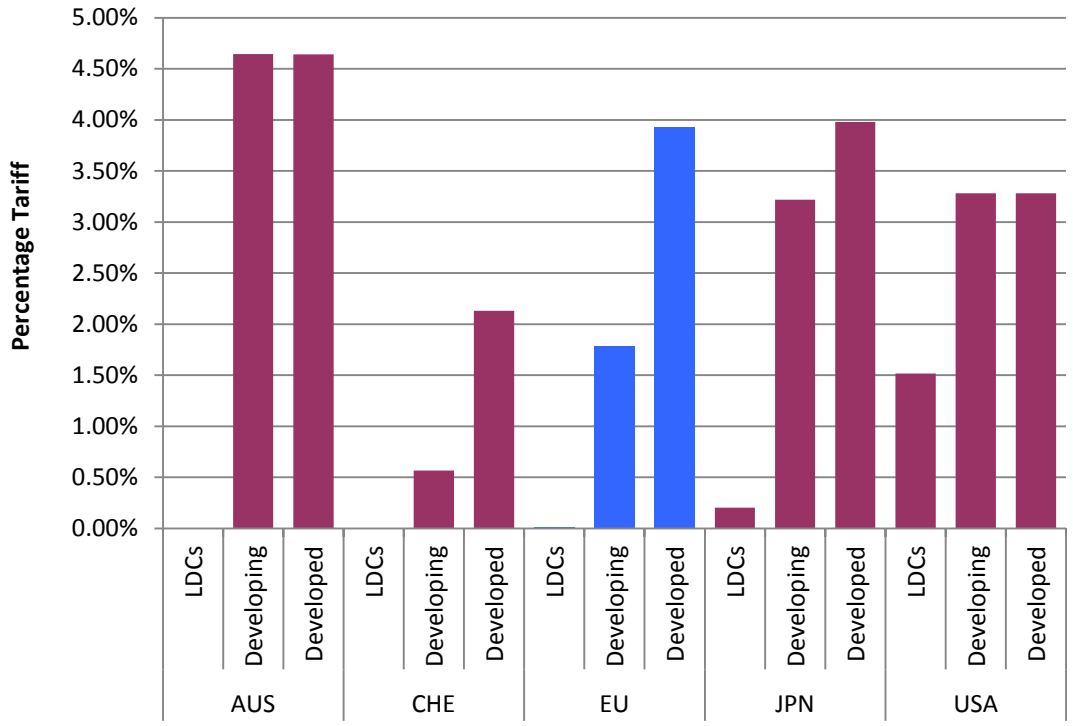
The generosity of preference schemes can be compared by examining the preference utilisation rate, the rate at which eligible goods actually avail of the preferences provided when entering the EU. This preference utilisation rate reflects both the administrative costs in complying with the rules of the preference regime, as well as the restrictiveness of rules of origin. The indicator T.2.1 shows that 93 per cent and 88 per cent of goods imported into the EU and Ireland, respectively, from Africa that are eligible for EU preferences are processed under a preference regime at the point of entry. 81 per cent and 60 per cent of goods imported into the EU and Ireland, respectively, from Latin America and the Caribbean that are eligible for EU preferences are processed under a preference regime at the point of entry. 75 per cent and 72 per cent of goods imported into the EU and Ireland, respectively, from middle and low income countries in the Asia, Middle East and the Pacific region that are eligible for EU preferences are processed under a preference regime at the point of entry. The lower figure for Ireland in each case compared with the EU indicates that a lower proportion of imports into Ireland that were eligible for preferences was processed at the point of entry under a preference regime.

It is increasingly recognised that, for low-income countries, providing market access on its own is not sufficient to encourage additional exports but that there is also a need to reduce the cost of exporting. 'Aid for trade', or development assistance aimed at reducing the transactions costs of exporting as well as improving infrastructure, has emerged in response to this need. Indicator T.3.1 compares Ireland's performance in the provision of aid for trade focusing specifically on aid for trade policy, trade facilitation and trade adjustment (thus excluding infrastructure expenditure). Ireland is ranked 8th out of 22 comparison countries on this indicator.

Code	**List of Trade Policy Indicators**
T.1.1	Average Tariffs on Manufacturing Imports, 2010.
T.1.2	Share of Duty-Free Imports, 2009.
T.1.3	Trade Restrictiveness Indicators for Manufactured Goods, 2009.
T.1.4	Trends in Import Growth Rates, 2007-2009.
T.2.1	EU and Irish Trade Preference Utilisation, 2009.
T.3.1	ODA Expenditure on Trade Policies & Regulations, % of 2008 GDP.

1.2 Indicators

T.1.1 – Policy Output – Average Tariffs on Manufacturing Imports, 2010.



Ireland's Performance: Manufactured goods entering the EU from developing countries face lower tariffs than the comparator countries with the exception of Switzerland. Comparing the differences between the average tariffs facing imports from developed countries and from developing countries is an indication of the average preference margin provided by preference schemes. The preference margin in the EU is greater than in the other countries. Of particular interest is the treatment of non-agricultural imports from LDCs. Australia, Switzerland and the EU provide complete duty-free access (in the EU, with the exception of arms), while Japan and the US retain some tariffs on exports originating in these countries

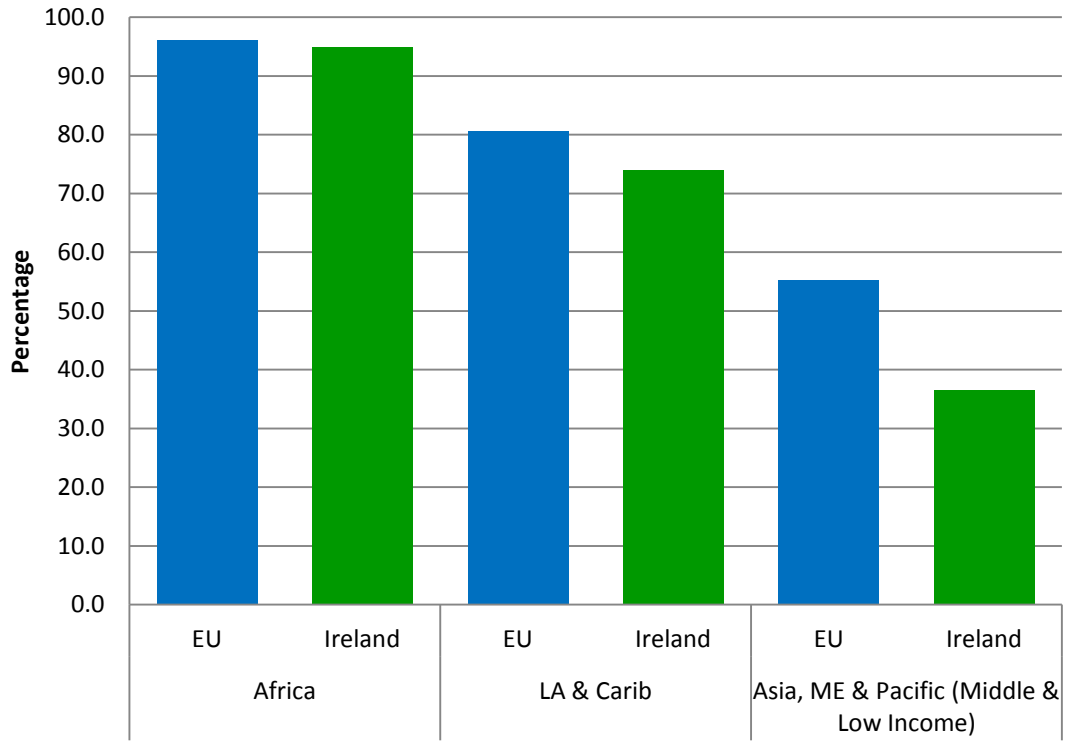
Relevance to PCD: Easy access to European markets supports economic growth in developing countries. Tariffs are the first restriction faced by exporters.

Other Issues to Consider: The comparison would be improved by weighting tariffs in each country using weights derived from the relative importance of exports under each tariff heading in the total export basket of developing countries. This would take account of the importance of trade under each tariff heading as well as control for differences which arise solely because of the differences in the composition of imports of each country.

Source: International Trade Centre, www.macmap.org

Methodology: Tariff data are for the most recent year in the ITC database, either 2009 or 2010. The average tariff by HS2 chapter is aggregated by the relative number of tariff lines in each chapter to obtain the overall average tariff. Non-agricultural imports are defined as HS chapters 25-97. The tariff used is defined for a representative country for each importer (avoiding partners with a preferential trade agreement, for example). In general, tariffs against the US, EU or Japan are used to represent developed countries, Brazil or China for developing countries and Malawi where necessary for least developed countries.

T.1.2 – Policy Output – Share of Duty-Free Imports, 2009.



Ireland's Performance: One measure of openness to imports is the proportion of trade that is eligible to enter duty-free. 96 per cent and 95 per cent of African imports entering the EU and Ireland respectively are eligible for zero tariff status either under a preference agreement or a zero tariff Most Favoured Nation trade regime. These figures fall to 81 and 74 per cent respectively for imports from Latin America and the Caribbean and 55 and 37 per cent for middle and low income countries in the Asia, Middle East and the Pacific region. The lower figure for Ireland in each case compared with the EU indicates that goods imported into Ireland were less eligible for EU preferences than the EU average.

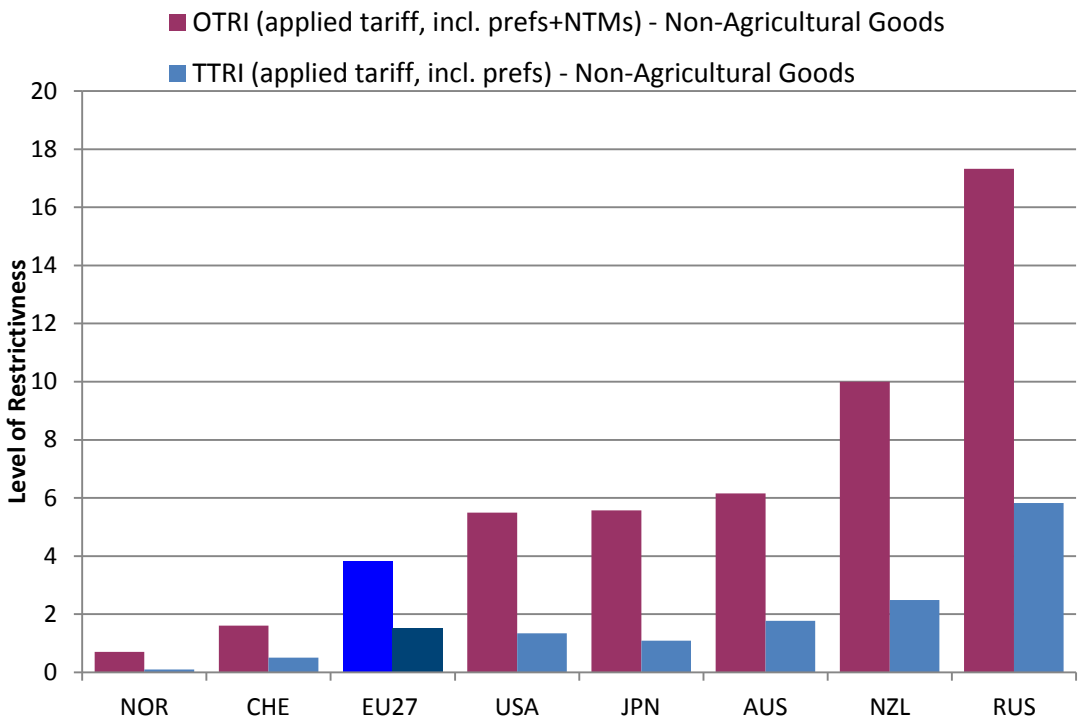
Relevance to PCD: This indicator helps to assess the generosity of preference schemes intended to facilitate export growth of developing countries.

Other Issues to Consider: Restrictive rules of origin and high costs of compliance may limit the ability of developing countries to take advantage of preference schemes even for those products which formally are covered by the scheme. Also, the extent of preference eligibility may be biased upwards by the existence of tariff rate quotas (particularly important for agricultural goods). Trade enters tariff-free within the quota, but prohibitive out-of-quota tariffs means that no trade takes place beyond the quota ceiling. Because this prevented trade is not observed, this gives an upward bias to this measure of the openness of the trade regime.

Source: Adjusted EU-EXTRA Imports by tariff regime, by HS2 from Eurostat Data Website: *ec.europa.eu/Eurostat*

Methodology: This indicator measures the value of imports that are eligible either for zero tariff preferences or zero Most Favoured Nation tariffs as a percentage of all import flows into Ireland and the EU from different regions. The measure includes both agricultural and non-agricultural imports.

T.1.3 – Policy Output – Trade Restrictiveness Indicators for Manufactured Goods, 2009.



Ireland's Performance: The World Bank's Overall Trade Restrictiveness Index provides a single number for the restrictive effect on imports taking account both of applied tariffs as well as non-tariff measures. The Trade Tariff Restrictiveness Index measures the restrictive effect just of applied tariffs. Comparing the values for the two indices gives an indication of the importance of non-tariff measures alone. For each of the eight countries/trading blocs non-tariff measures increase the effective barrier to partner country exports. The EU is ranked third out of eight for the significance of non-tariff measures (the difference between OTRI and TTRI) and fifth out of eight in terms of tariff protection (TTRI).

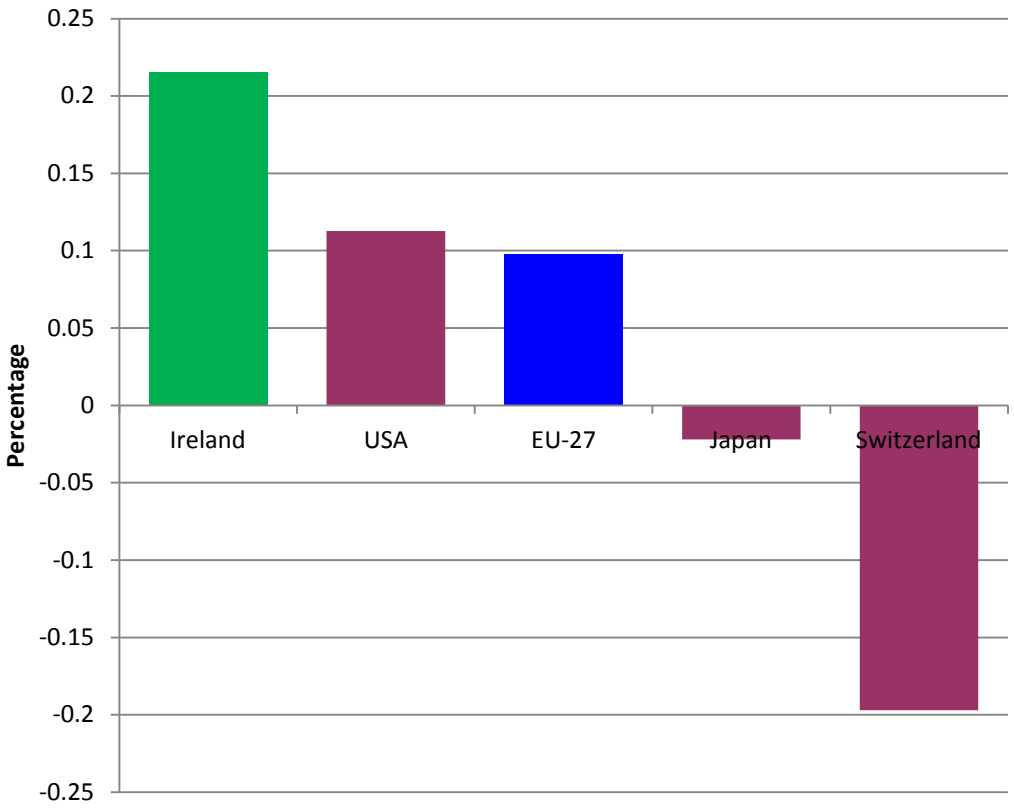
Relevance to PCD: Easy access to European markets supports economic growth in developing countries. Both tariffs and non-tariff measures can restrict exports from developing countries.

Other Issues to Consider: This measure of the importance of NTMs applies to all EU trade and is not specific to developing countries. It is possible that NTMs are more burdensome for developing countries if they are particularly targeted by these measures. Because the composition of Irish imports differs from the EU average, it is likely that these indicators would have different values if they were calculated for Ireland alone.

Source: World Bank Institute (World Trade Indicators) http://info.worldbank.org/etools/wti/3a.asp

Methodology/Definitions: The Overall Trade Restrictiveness Index or OTRI calculates the uniform equivalent tariff that would maintain domestic import levels at the level observed with both a country's existing tariff schedule and non-tariff measures (NTMs) in place. This index gives the estimated degree of trade restrictiveness of a country's trade policy taking account of both non-tariff and tariff barriers. NTMs considered include price control measures, quantity restrictions, monopolistic measures, technical regulations, and agriculture support. The Tariff Trade Restrictiveness Index or TTRI calculates the equivalent uniform tariff of a country's tariff schedule (taking account of tariff preferences) that would keep domestic import levels constant if existing disparate tariffs were replaced. Product level tariffs are weighted by import shares as well as the responsiveness of imports to price changes (import demand elasticity). Each index is reported separately for non-agricultural goods (manufactured products, fuels and mining products, fish and fish products, and forestry products) and agricultural goods. The non-agricultural goods indices are compared in this figure.

T.1.4 – Policy Outcome – Trends in Import Growth Rates, 2007-2009.



Ireland's Performance: Ireland has increased its imports of non-agricultural imports from developing countries at a faster rate than similar imports from the world as a whole between 2007 and 2009. On this measure Ireland outperforms the US and the EU-27 as well as Japan and Switzerland.

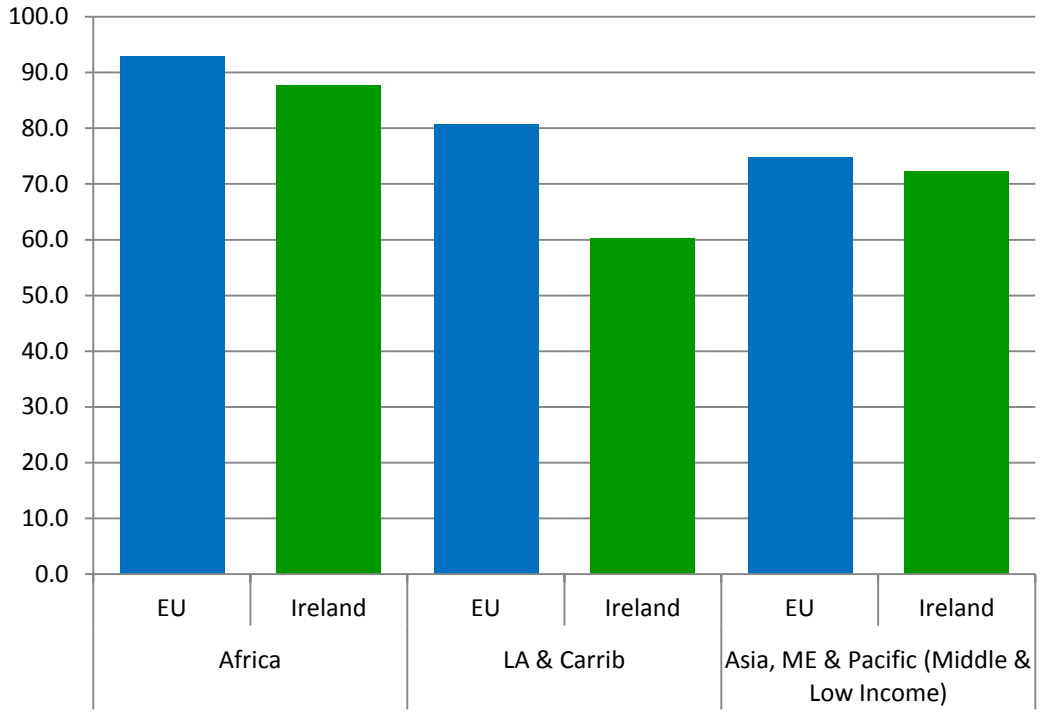
Relevance to PCD: While many factors influence the growth rates of imports, it is relevant to look at this indicator because ultimately the purpose of facilitating market access is to encourage a faster growth of imports.

Other Issues to Consider: Percentage changes can be influenced by the base to which they are applied. In Ireland's case the share of developing countries in base imports is relatively low.

Source: UN Comtrade Data http://comtrade.un.org/

Methodology: Difference between the average annual growth rate of non-agricultural imports from developing countries (2007-2009) and the average annual growth rate in non-agricultural imports from the world (2007-2009). Non-agricultural imports are defined as HS Chapters 25-97 in the UN Harmonised System of tariff nomenclature.

T.2.1 - Policy Outcome – EU and Irish Trade Preference Utilisation, 2009.



Ireland's Performance: The extent to which imports from developing countries make use of preferences provides another measure of trade openness. 93 per cent and 88 per cent of goods imported into the EU and Ireland, respectively, from Africa that are eligible for EU preferences are processed under a preference regime at the point of entry. The remaining imports eligible for preferences were not granted preferences either because the exporter chose not to use the preference scheme because of the extra costs involved or because preferences were refused because the goods did not meet the rules of origin. 81 per cent and 60 per cent of goods imported into the EU and Ireland respectively from Latin America and the Caribbean that are eligible for EU preferences are processed under a preference regime at the point of entry. 75 per cent and 72 per cent of goods imported into the EU and Ireland respectively from middle and low-income countries in the Asia, Middle East and the Pacific region that are eligible for EU preferences are processed under a preference regime at the point of entry. The lower figure for Ireland in each case compared with the EU indicates that a lower proportion of the bundle of goods imported into Ireland that were eligible for preferences were processed at the point of entry under a preference regime.

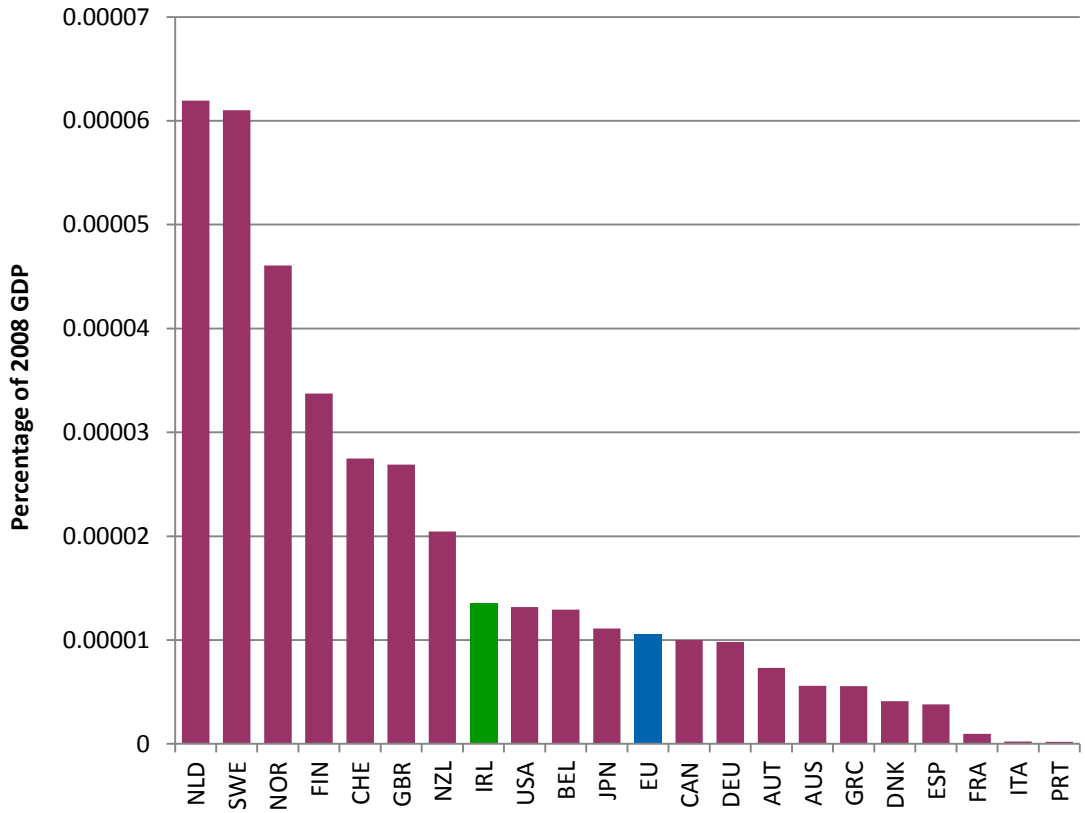
Relevance to PCD: While preference and zero tariff arrangements may have a wide scope exporters from developing countries may chose not to avail of such regimes because of the burden of administration or inability to comply with rules of origin. Preference utilisation provides an indirect measure of these non-tariff barriers and the effectiveness of preferences.

Other Issues to Consider:

Source: Adjusted EU-EXTRA Imports by tariff regime, by HS2 from Eurostat Data Website: *ec.europa.eu/Eurostat*

Methodology: Preference utilisation is calculated by taking the value of imports into Ireland or the EU that are granted preferences or enjoy zero Most Favoured Nation (MFN) tariff rates at point of entry as a proportion of all imports that are eligible for preferences.

T.3.1 – Policy Input – ODA Expenditure on Trade Policies & Regulations, % of 2008 GDP.



Ireland's Performance: Ireland is ranked 8th out of 22 comparison countries for the importance of Aid for Trade expenditure specifically on trade policies & regulations, where expenditure is calculated as % of 2008 GDP.

Relevance to PCD: Financial support for capacity building in trade policy and regulations can help developing countries benefit from low tariffs and to access EU markets. Research shows that ease of access to OECD markets is a necessary but not sufficient condition for exporters in low income countries to develop export markets.

Other Issues to Consider: Regular evaluation of the effectiveness of aid for trade expenditure should be undertaken.

Source: OECD International Development Statistics http://stats.oecd.org/qwids/

Methodology: Includes assistance for trade policy and administrative management, trade facilitation, support for regional agreements and multilateral trade negotiations, trade education and training and trade related adjustment to all developing countries.

2. Agricultural Policy

2.1 Overview

In most developing countries, and particularly amongst Irish Aid's partner countries in Sub-Saharan Africa, the agricultural sector remains the driving force behind economic development. Three of every four poor people in developing countries live in rural areas—2.1 billion living on less than $2 a day and 880 million on less than $1 a day—and most depend on agriculture for their livelihoods (World Bank, 2008).

Hunger and malnutrition are widespread in developing countries. FAO estimates that 925 million people suffered from under-nutrition in 2010 (FAO, 2010) while climate change, environmental degradation, rising competition for land and water, higher energy prices, and doubts about future adoption rates for new technologies create rising uncertainties about global food security (UN, 2008; FAO, 2008; World Bank, 2008).

The challenge of increasing agricultural production in developing countries is primarily a matter of creating an appropriate institutional and incentive framework within these countries and ensuring an adequate level of public and private investment. However, incentives and the profitability of agricultural production can be influenced by the agricultural policies of other countries. Support to farm production in OECD countries, for example, leads to lower imports from or greater exports to developing countries, reducing the prices their farmers receive.

Six indicators are selected to assess the coherence of Irish agricultural policy with development policy. Three of the indicators are the same as in the trade policy section but applied to agricultural products; the tariff applied to agricultural imports, the restrictiveness of non-tariff barriers, and trends in imports of agricultural goods from developing countries. Additional indicators include the average level of market price support for agricultural production, the level of trade-distorting subsidies and the level of agriculture-related ODA expenditure. Because agricultural policy is now primarily determined by EU level, EU policy output indicators are used to represent Irish policy where separate Irish indicators cannot be calculated.

Indicator A.1.1 compares the average applied tariffs on agricultural imports from developing countries across a number of importers. The highest agricultural tariffs are applied by Switzerland, followed by Japan and then the EU. Agricultural goods entering the EU from developing countries without special preferences face an average applied tariff rate of 12.7 per cent. While this is lower than for Switzerland and Japan, it is higher than the US figure of 5.3 per cent and the Australian figure of 2.2 per cent. With respect to imports from the least developed countries, the EU performs better. Along with Australia and Switzerland, it now offers duty-free access for all agricultural imports from LDCs. Here the US and Japan are outliers with average tariffs of 2.9 per cent and 3.3 per cent, respectively.

Although the EU has a common agricultural policy, some commodities are more heavily protected than others, and thus farmers in some member states are more heavily supported than others, depending on differences in the structure of production. Indicator A.1.2 shows that Irish agriculture has a higher level of agricultural protection than agricultural production in other EU member states. This reflects the dominance of beef and milk production in Irish agricultural output, both of which are relatively heavily supported commodities within the EU. In 2009 86 per cent of Irish agricultural production was made up of beef and veal (44 per cent), milk (33 per cent) and pigmeat (9 per cent).

As was the case for manufactured imports, tariffs are only one of the potential barriers which exports from developing countries may face. Non-tariff measures are particularly pervasive in

agriculture, not least because of the importance of human health and safety and animal and plant disease concerns. Non-tariff measures are often introduced to protect consumers rather than farmers, but nonetheless can have the effect of lowering the level of potential exports from developing countries. The World Bank's Overall Trade Restrictiveness Index measures the overall restrictiveness of a country's trade barriers including both applied tariffs and non-tariff measures. Its Trade Tariff Restrictiveness Index measures the restrictiveness of tariff barriers on their own. By comparing the two indicators, it is possible to derive the relative importance of non-tariff measures across countries. Comparing Indicator A.1.3 with Indicator T.1.3 confirms that non-tariff barriers are more significant in agricultural trade than trade in manufactured goods. The EU is shown to have the highest level of non-tariff barriers among the seven countries/trading blocs surveyed, marginally higher than Australia. The EU is ranked fourth out of seven for the restrictiveness of its agricultural tariffs alone (TTRI).

Ultimately, trade barriers influence the volume of imports from developing countries. Indicator A.1.4 compares differences in the growth rates of agricultural imports from developing countries and the rest of the world for major import markets. Ireland had a slower rate of growth of agricultural imports from developing countries relative to the rest of the world over the period 2007 to 2009. This may reflect differences in the composition of such imports into Ireland as well as differences in the sources of such imports. Ireland may import a higher proportion of its agricultural imports from other EU countries which can enter duty-free compared to imports from third countries which face tariff and non-tariff barriers. For example, many agricultural products from developing countries, such as tea, coffee or sugar, would first be imported into other EU countries for packaging or processing before being imported into Ireland.

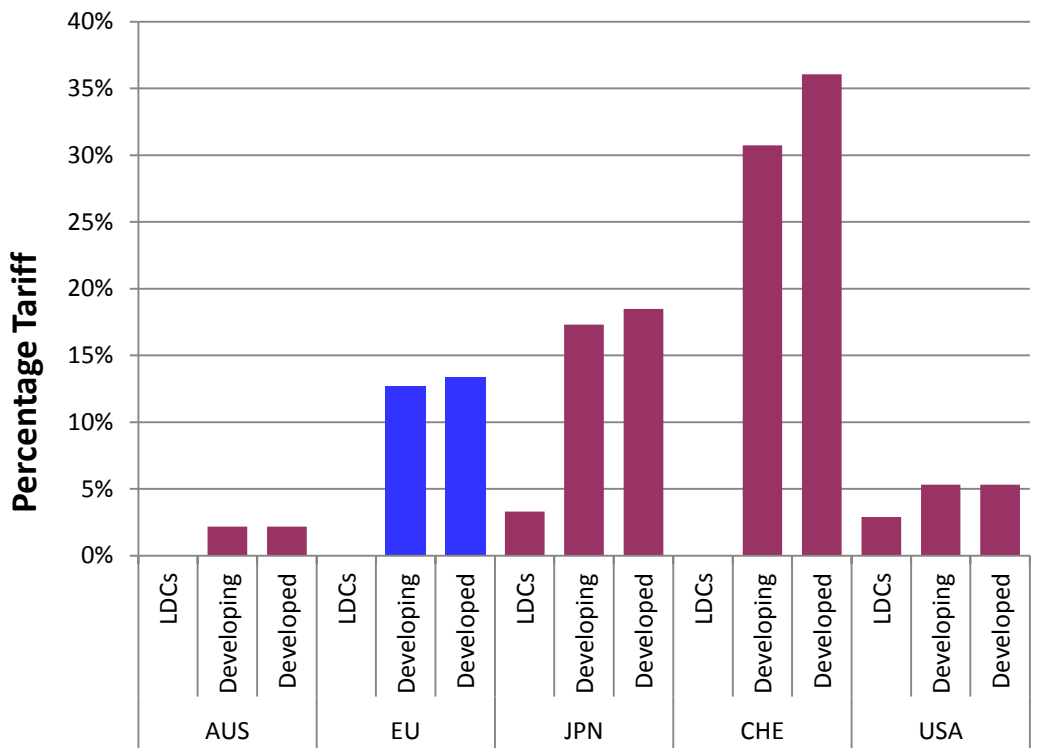
A feature of agricultural policy is that support is often provided to domestic agricultural sectors not only through trade measures (import barriers and export subsidies) but also through direct support to producers. Depending on the way this support is provided and the conditions attached, domestic subsidies can also lead to unbalanced conditions of competition between producers in countries receiving such subsidies and in other countries. Under the WTO Agreement on Agriculture a distinction is made between support which is assumed to have either no or minimal effects on trade and trade-distorting support. Countries have accepted disciplines on the amount of trade-distorting support that they can give to their farmers. Indicator A.2.1 shows that farmers in Ireland receive a lower share of trade-distorting support than farmers on average in the EU or in comparator countries with the exception of Australia. The difference in the EU and Irish level of subsidies, despite a common agricultural policy, is due to the different production structure in each jurisdiction.

Market access issues are not the only barrier to increased agricultural production in developing countries. Many low-income countries also face severe supply-side constraints, and assistance to help developing countries to overcome these constraints makes an important contribution to economic development and the reduction of hunger. The focus of Ireland's overseas aid programme on agriculture and hunger is evident from indicator A.3.1. Ireland is among the Nordic countries Denmark, Sweden and Norway as well as France and Belgium as the OECD countries with a strong focus on agricultural assistance in developing countries.

Code	List of Agriculture policy Indicators
A.1.1	Average Tariff on Agricultural Imports, 2010.
A.1.2	National Levels of Market Price Support, 2009.
A.1.3	Trade Restrictiveness Indices for Agricultural Goods, 2009.
A.1.4	Growth in Agricultural Imports from Developing Countries, 2007-2009.
A.2.1	Trade-distorting Support, 2007.
A.3.1	Agricultural ODA Expenditure, 2008.

2.2 Indicators

A.1.1 – Policy Output – Average Tariff on Agricultural Imports, 2010.



Ireland's Performance: Agricultural goods entering the EU from developing countries face an average tariff of 12.7 per cent, less than in Switzerland and Japan, but higher than in Australia and the US. Imports from LDCs enter duty-free in the EU, Switzerland and Australia, but face small positive duties in Japan and the US.

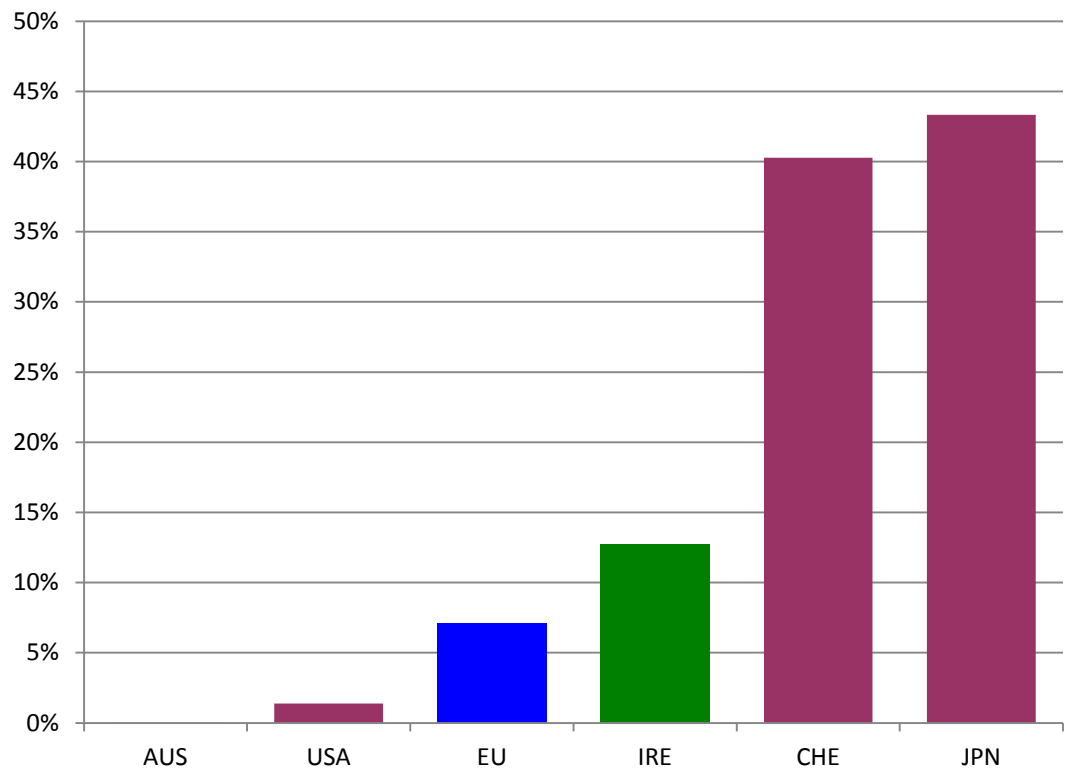
Relevance to PCD: Easy access to European markets supports economic growth in developing countries. Tariffs are the first restriction faced by exporters.

Other Issues to Consider: The comparison would be improved by weighting tariffs in each country using weights derived from the relative importance of exports under each tariff heading in the total export basket of developing countries. This would take account of the importance of trade under each tariff heading as well as control for differences which arise solely because of the differences in the composition of imports of each country.

Source: International Trade Centre **www.macmap.org**

Methodology: The graph compares the average ad valorem equivalent (AVE) tariff of agricultural products as defined in the ITC database. It is necessary to calculate the AVE tariff where tariffs consist of both a specific component and a percentage (ad valorem) component. An AVE is the total tariff paid as a percentage of the value of goods cleared through customs. Tariff data are for the most recent year in the ITC database, either 2009 or 2010. The average tariff by HS2 chapter is aggregated by the relative number of tariff lines in each chapter to obtain the overall average tariff. Agricultural imports are defined as HS chapters 1-24 excluding 3 (fish), plus Chapters 29, 33, 35, 38, 41, 43, 50-53. The tariff used is defined for a representative country for each importer (avoiding partners with a preferential trade agreement, for example). In general, tariffs against the US, EU or Japan are used to represent developed countries, Brazil or China for developing countries and Malawi where necessary for least developed countries.

A.1.2 – Policy Output – National Levels of Market Price Support, 2009.



Ireland's Performance: Japan and Switzerland show the highest level of market price support for domestic agricultural production. Although the EU has a common agricultural policy, Ireland has a higher level of support in 2009 as a result of the different production structure in Ireland compared with the EU as a whole. In 2009 77 per cent of Irish agricultural production was made up of beef and veal (44 per cent) and milk (33 per cent), where EU tariff levels are relatively high.

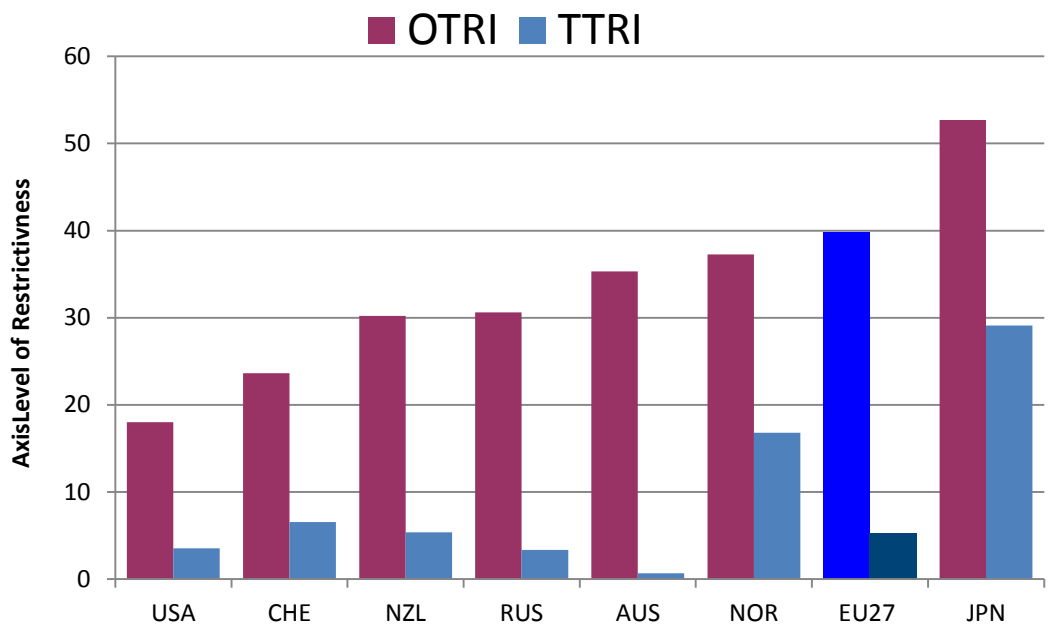
Relevance to PCD: High market price support provides a stimulus to increase output, which either displaces imports on the domestic market or competes with developing country production on their home market or in third country markets. In either case, the price that developing country farmers receive is reduced.

Other Issues to Consider: This indicator measures the value of market price support to farmers; it does not take into account the support provided by domestic subsidies. Milk production in the EU is limited by quota, which mitigates the impact of the high tariff protection.

Source: OECD Producer Support Estimate Database, FAOSTAT Database and Eurostat Database.

Methodology: The Market Price Support (MPS) data is derived from the OECD Producer Support Estimate (PSE) database as the ratio of the value of market price support to the value of agricultural output at producer prices. To derive the Irish figures, the percentage rates of MPS by commodity, derived from the EU figures, is weighted by the composition of Irish output. Thus the Irish percentage market price support is derived from the EU figure but altered to take account of the different composition of Irish agricultural output.

A.1.3 – Policy Outcome –Trade Restrictiveness Indices for Agricultural Goods, 2009.



Ireland's Performance: The World Bank's Overall Trade Restrictiveness Index provides a single number for the restrictive effect on imports taking account both of applied tariffs (including preferences) as well as non-tariff measures. The Trade Tariff Restrictiveness Index measures the restrictive effect just of applied tariffs . Comparing the values for the two indices gives an indication of the importance of non-tariff measures alone. For each of the seven countries/trading blocs non-tariff measures increase the effective barrier to partner country exports. The EU has the highest level of non-tariff barriers for agricultural products among the seven countries/trading blocs surveyed, marginally higher than Australia. The EU is ranked fourth out of seven for applied tariffs and preferences (TTRI).

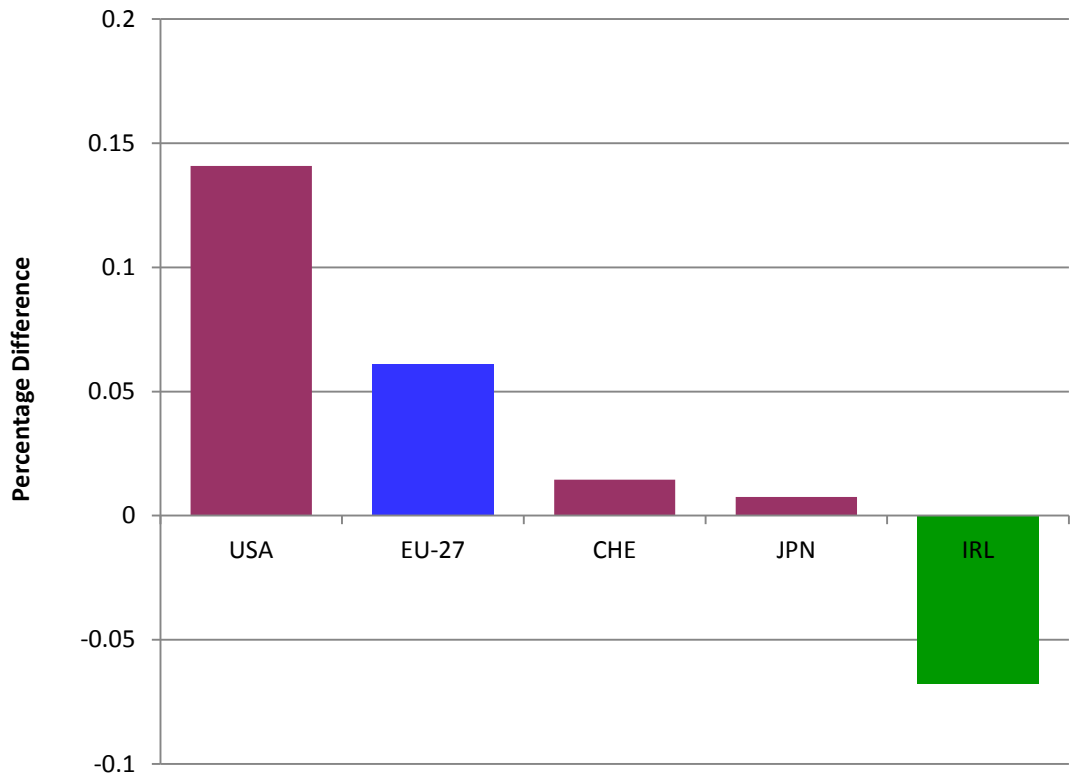
Relevance to PCD: Easy access to European markets supports economic growth in developing countries. Both tariffs and non-tariff measures can restrict exports from developing countries.

Other Issues to Consider: This measure of the importance of NTBs applies to all EU agricultural trade and is not specific to developing countries. It is possible that NTMs are more burdensome for developing countries if they are particularly targeted by these measures. Because the composition of Irish imports differs from the EU average, it is likely that these indicators would have different values if they were calculated for Ireland alone.

Source: World Bank Institute (World Trade Indicators) http://info.worldbank.org/etools/wti/3a.asp

Methodology/Definitions: The Overall Trade Restrictiveness Index or OTRI calculates the uniform equivalent tariff that would maintain domestic import levels at the level observed with both a country's existing tariff schedule and non-tariff measures (NTMs) in place. NTMs considered include price control measures, quantity restrictions, monopolistic measures, technical regulations, and agriculture support. The Tariff Trade Restrictiveness Index or TTRI calculates the equivalent uniform tariff of a country's tariff schedule that would keep domestic import levels constant if existing disparate tariffs were replaced. Product level tariffs are weighted by import shares as well as the responsiveness of imports to price changes (import demand elasticity). Each index is reported separately for agricultural and for non-agricultural goods. This figure shows the indicators for agricultural imports.

A.1.4 – Policy Outcome – Growth in Agricultural Imports from Developing Countries, 2007-2009.



Ireland's Performance: Imports of agricultural goods into Ireland from developing countries have grown more slowly than from the world as a whole over the period 2007 to 2009, in contrast to the comparator countries where the share of agricultural imports from developing countries has been increasing.

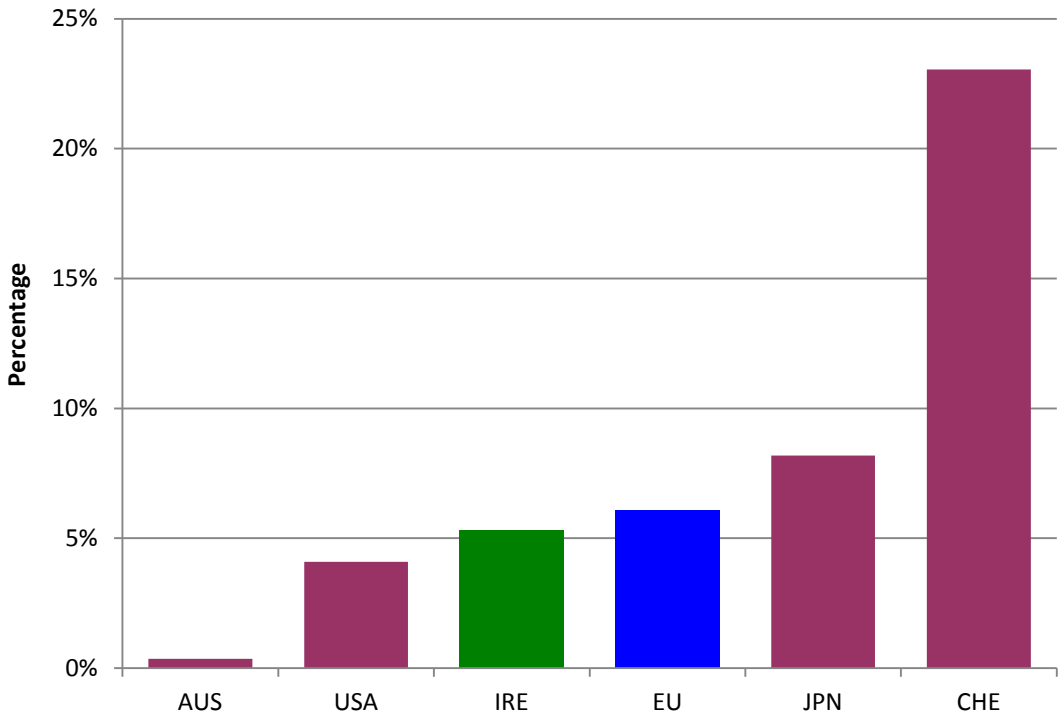
Relevance to PCD: While many factors influence the growth rates of imports, it is relevant to look at this indicator because ultimately the purpose of facilitating market access is to encourage a faster growth of imports.

Other Issues to Consider: The indicator is influenced by structural factors which affect the sourcing of imports. In Ireland's case, some imports from developing countries are first processed in other EU countries and then exported to Ireland, which will tend to underestimate the share although less so the growth shown for imports from developing countries. Percentage changes can be influenced by the base to which they are applied. In Ireland's case the share of developing countries in base imports is relatively low.

Source: UN Comtrade Data http://comtrade.un.org/

Methodology: Difference between the average annual growth rate of agricultural imports from developing countries (2007-2009) and the average annual growth rate in agricultural imports from the world (2007-2009).

A.2.1 – Policy Output – Trade-distorting Support, 2007.



Ireland's Performance: Trade-distorting subsidies in Ireland are lower on average than in the EU or comparator countries with the exception of Australia. The difference in the EU and Irish level of subsidies is due to differences in production structures.

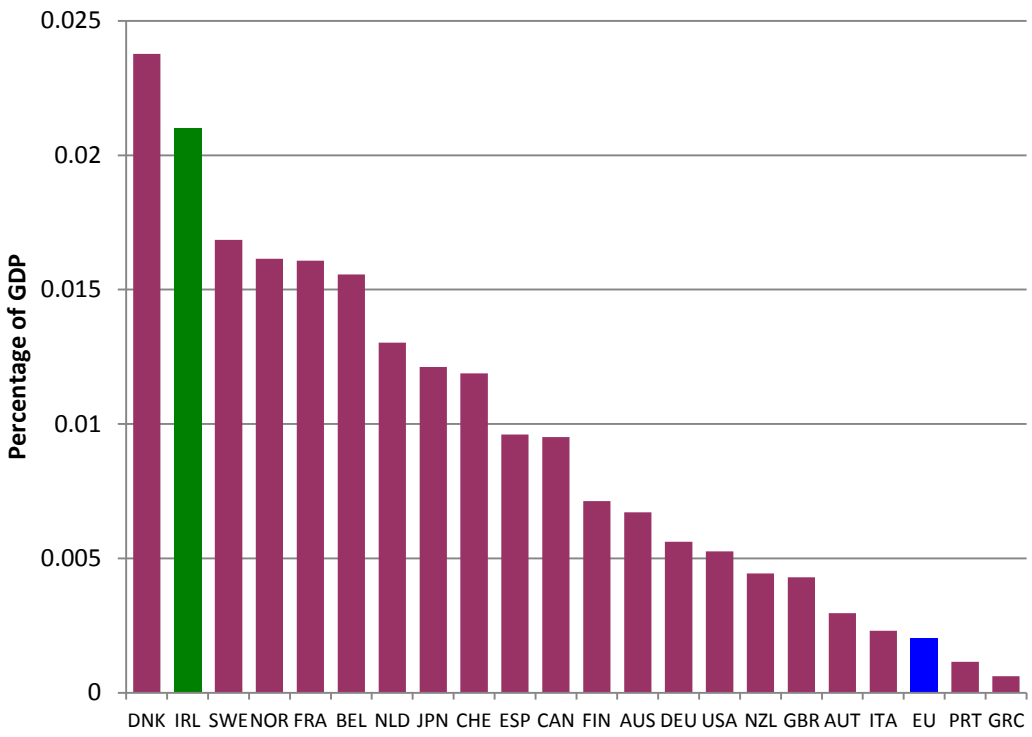
Relevance to PCD: Domestic subsidies which encourage additional farm production have a similar effect to tariffs in lowering the level of world prices and the prices received by farmers in developing countries.

Other Issues to Consider:

Source: EU notification of domestic supports to the WTO, CSO estimate of agricultural output, own calculation.

Methodology: The EU notifies its domestic support to the WTO annually, distinguishing between trade-distorting and other domestic support. It is assumed that the only trade-distorting domestic support in Ireland arises from market price support. The rates of MPS in the EU WTO notification by commodity are applied to the structure of Irish production to derive an Irish-weighted index of trade-distorting support.

A.3.1 – Policy Input - Agricultural ODA Expenditure, % of GDP in 2008.



Ireland's Performance: The focus of Ireland's overseas aid programme on agriculture and hunger is evident from this indicator. Ireland along with the Nordic countries Denmark, Sweden and Norway as well as France and Belgium is among the OECD countries with a strong focus on agricultural assistance in developing countries.

Relevance to PCD: Support for the development of the agricultural sector can not only help overcome issues of hunger and high food prices in developing countries but can help exporters to access OECD markets with their goods..

Other Issues to Consider:

Source: OECD International Development Statistics, http://stats.oecd.org/qwids/

Methodology: Agricultural ODA Expenditure, % of GDP in 2008

3. Fisheries Policy

3.1 Overview

Fisheries play an important role in income generation, employment and food security in many developing countries. Earnings from fish exports are a significant source of foreign exchange earnings, especially for coastal African and least developed countries (LDCs). Eight indicators have been selected covering issues measuring market access for fish products, the level of subsidies paid to the fishing industry, commitment to and enforcement of international fisheries treaties and the level of fisheries-related ODA provided to developing countries. We also include partner country capacity by examining the strength of the fisheries management systems in developing countries and their level of marine protection.

International treaties on fisheries protection play an important role in protecting the marine resources of developing countries from overfishing. Ireland has signed and ratified the four important international agreements designed to protect common fish stocks (Indicator F.1.1). These include the 1994 United Nations Convention on the Law of the Sea (UNCLOS), the 1995 Code of Conduct of Responsible Fishing (CCRF), the 2001 United Nations Fish Stock Agreement (UNFSA) and the 2001 International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (IPOA-IUU).

While the Code of Conduct of Responsible Fisheries in a non-binding agreement, it represents a significant benchmark for enlightened fisheries policy. A 2006 assessment of FAO member country compliance with the Code of Conduct by researchers at the University of British Columbia shows that Ireland is at the lower end of compliance, ranked 15th out of 17 DAC countries surveyed, with specific concerns raised about the sustainable management of fishing stocks and fleets and the quality of sector management procedures and data collection processes in the fisheries sector (Indicator F.1.2).

Unrestricted market access for fish exports from developing countries is an important policy instrument in assisting developing countries to fully exploit the potential of this resource for their economic development, provided sustainability criteria are observed. In 2008 the European Union applied an average tariff of 11.8 per cent to imports of fish and fish products under its most favoured nation trade (MFN) regime (Indicator F.2.1). This average tariff was higher than 7 of 8 comparator countries. However, the MFN tariff does not take account of preferences which the EU makes available for particular developing countries. However, even taking account of preferences, EU tariffs are higher than for other developed countries with the exception of Japan.

Subsidies to fishing activity are an important source of distortions and unfair competition in world trade and encourage overfishing. To limit the negative externalities of fishing subsidies limits are currently being negotiated in the WTO Doha Round trade negotiations. Using data from a recent OECD (2009) report we find that Ireland provides the lowest level (1 per cent of total landed value) of financial transfers to the fishing industry of 19 surveyed countries (Indicator F.3.1). Overall, the EU provides 5 per cent of total landed value in the form of financial assistance to the sector. At the other extreme Finland provides 78 per cent of total landed value in the form of financial assistance.

One of the ways the EU assists its fishing fleet is through negotiating fishing rights in the waters of developing countries under Fisheries Partnership Agreements in return for payment of a rental income. While the latest generation of these agreements address many criticisms of

earlier EU fisheries agreements with developing countries, they remain controversial because of the inherent tension between supporting the activities of the EU's distant-water fishing fleets and encouraging sustainable fisheries in the host countries (Barry et al., 2009). Ireland currently enjoys fishing rights in Morocco under the EU's Fisheries Partnership Agreement. This agreement entered into force on February 2007 and was extended for one year in 2011. The original four year agreement provided a financial contribution of €36.1 million out of which €13.5 million was dedicated to the support of the fisheries policy in Morocco. Under the FPA with Morocco, Ireland enjoyed fishing possibilities up to 2,500 tonnes of industrial pelagic fish (Indicator F.4.1). This is less than the Netherlands, Lithuania, Latvia and Germany but nonetheless gives Ireland some responsibility for ensuring that the agreement is managed to maximise the development benefits to Morocco.

The strength of fisheries management frameworks in partner countries is important to ensure that FPA's do not lead to overfishing or undermine the local fishing industry. Using the compliance scores of the FAO Code of Conduct, Morocco's compliance with responsible fishing processes appears weak compared with the EU average but is still higher than two comparison countries which have also signed FPA's with the EU but without Irish involvement, Senegal and Angola.

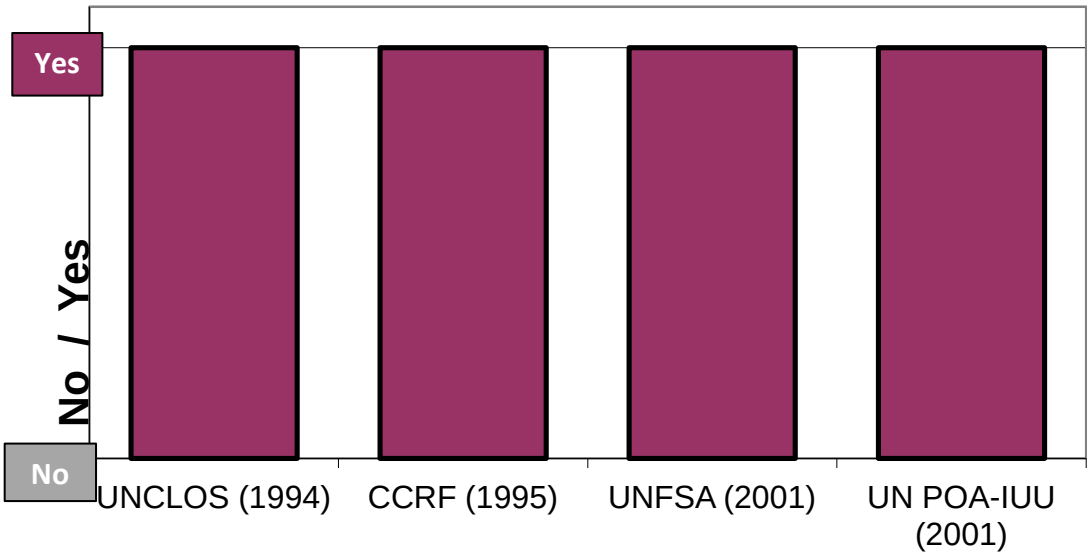
The protection of marine areas from commercial fishing can play a role in protecting common marine resources from over-fishing. While the degree of protection provided in developing countries may have a more direct impact on development outcomes over the medium term, the degree of protection in Ireland is also an issue for PCD from the perspective of migratory fish stocks shared with west African countries. Indicator F.4.3 shows that only 0.15 per cent of Irish waters is protected from human disturbances, such as fishing, industrial exploitation, and recreational activities This is low by international standards and significantly lower than Spain or the United Kingdom as well as the US. Ireland's fisheries partner country Morocco has designated 6.6 per cent of its waters as legally protected. The low Irish share may reflect the abundance of coastline that Ireland enjoys.

Ireland's aid programme does not specialise in the support of the fisheries sector in developing countries. Compared with other DAC members Ireland is ranked 12th out of 21 countries for financial support for fisheries under its ODA programme.

Code	List of Fisheries Policy Indicators
F.1.1	Ireland's Participation in International Agreements on Fisheries Protection, 2010.
F.1.2	DAC Country Compliance Scores for FAO (UN) Code of Conduct for Responsible Fisheries, 2006.
F.2.1	Average MFN and Applied Tariffs on Fish and Fish Products, 2008.
F.3.1	Government Financial Transfers to Fisheries Sector, as a % of the Total Landed Value, 2007.
F.4.1	Ireland's Industrial Pelagic Fishing Possibilities in Morocco, 2007-2011.
F.4.2	FAO (UN) Code of Conduct for Responsible Fisheries, Compliance Scores for FPA Countries, 2006.
F.4.3	Marine Protected Areas, % of Country's Exclusive Economic Zone, 2010.
F.4.4	Ireland's Contribution towards Fisheries Capacity Building in Developing Countries, 2008.

3.2 Indicators

F.1.1 – Policy Output – Ireland's Participation in International Agreements on Fisheries Protection, 2010.



Ireland's Performance: Ireland has signed and ratified the four important international agreements designed to protect common fish stocks. These include the 1994 United Nations Convention on the Law of the Sea (UNCLOS), the 1995 Code of Conduct of Responsible Fishing (CCRF), the 2001 United Nations Fish Stock Agreement (UNFSA) and the 2001 International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (IPOA-IUU).

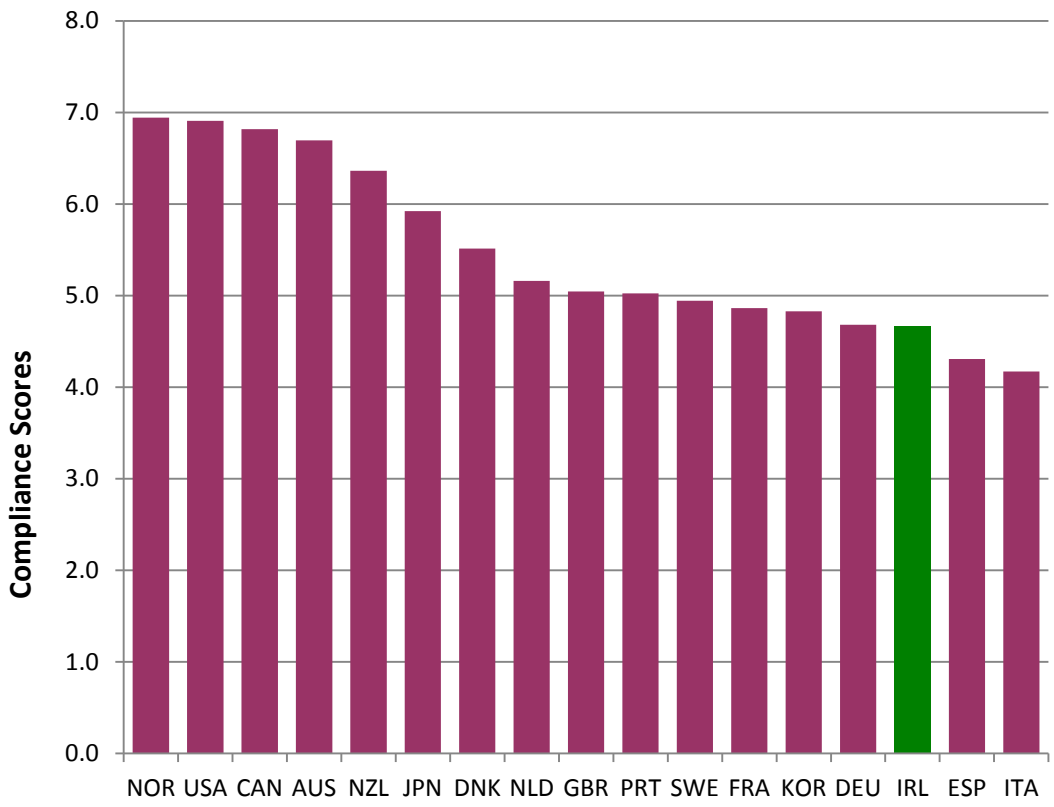
Relevance to PCD: International treaties on fisheries protection play an important role in protecting the marine resources of developing countries from overfishing.

Other Issues to Consider: Ratification of an international agreement is a first step, but enforcement and implementation issues should also be considered. For example, there may be significant differences in the resources provided by countries to monitor and tackle IUU.

Source: FAO http://www.fao.org/fishery/en, Department of Agriculture and Fisheries.

Definitions: The 1994 United Nations Convention on the Law of the Sea (UNCLOS) is an international agreement covering issues such as setting limits, navigation, archipelagic status and transit regimes, exclusive economic zones (EEZs), continental shelf jurisdiction, deep seabed mining, the exploitation regime, protection of the marine environment, scientific research, and settlement of disputes. The United States, Peru, Venezuela, Turkey and Columbia are among those countries not to ratify the treaty. The 1995 Code of Conduct of Responsible Fishing (CCRF) sets out principles and international standards of behaviour for responsible practices with a view to ensuring the effective conservation, management and development of living aquatic resources, with due respect for the ecosystem and biodiversity. The agreement is non-binding. The 2001 UN Fish Stock Agreement (UNFSA) elaborates on the fundamental principle, established in the UN Convention on the Law of the Sea, that countries should cooperate to ensure conservation and promote the optimum utilization of migratory fishery resources, both within and beyond areas under national jurisdiction. Under the Agreement, regional fisheries management organizations are the primary vehicle for cooperation between coastal states and high seas fishing states in the conservation and management of straddling fish stocks and highly migratory fish stocks. The 2001 International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (IPOA-IUU) is to prevent, deter and eliminate IUU fishing by providing all States with comprehensive, effective and transparent measures by which to act, including through appropriate regional fisheries management organizations established in accordance with international law.

F.1.2 – Policy Input – DAC Country Compliance Scores for FAO (UN) Code of Conduct for Responsible Fisheries, 2006.



Ireland's Performance: While the Code of Conduct of Responsible Fisheries in a non-binding agreement, it represents a significant benchmark for enlightened fisheries policy. A 2006 assessment of FAO member country compliance with the Code of Conduct by researchers at the University of British Columbia shows that Ireland is at the lower end of compliance, ranked 15th out of 17 DAC countries surveyed, with specific concerns raised about the sustainable management of fishing stocks and fleets and the quality of sector management procedures and data collection processes in the fisheries sector.

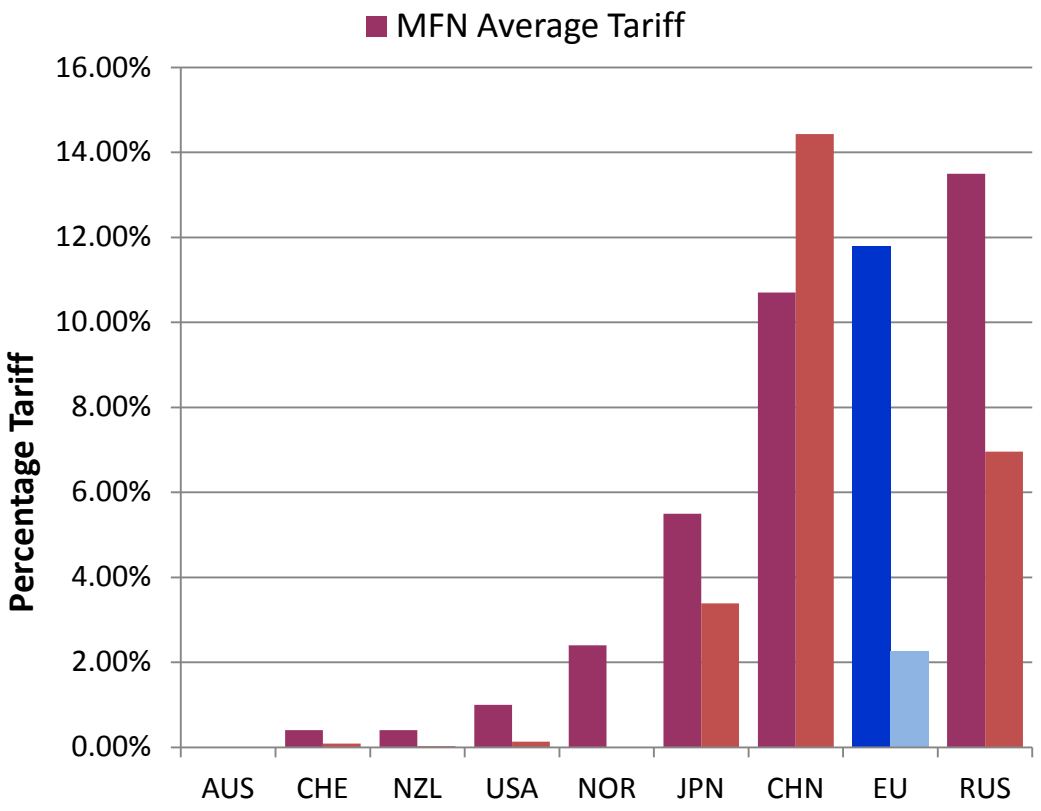
Relevance to PCD: Ireland's compliance with the FAO Code of Conduct for Responsible Fisheries helps protect the stocks of migratory marine life shared with developing countries off the west coast of northern Africa. It also demonstrates the importance of the Code of Conduct to our developing country partners.

Other Issues to Consider: The measurement of this indicator is taken from a once-off academic study. It would be desirable to rely on ongoing monitoring by an internationally-recognised source.

Source: Ganapathiraju Pramod and Tony J Pitcher, 2006. Evaluations of Compliance with the FAO (UN) Code of Conduct for Responsible Fisheries, Fisheries Centre Research Reports. Volume 14, Number 2. See: http://www.illegal-fishing.info/uploads/Univ-BC-FAO-compliance-report-06.pdf

Methodology: Compliance with the Code of Conduct was measured under 43 headings. Under each metric each country was given a score as well as an upper and lower score to provide a range to indicate the degree of uncertainty in assigning scores. While this uncertainty is important to acknowledge, for the purpose of this report we simply use the mean scores. This indicator provides the means score for each country across all 43 indicators.

F.2.1 – Policy Output – Average MFN and Applied Tariffs on Fish and Fish Products, 2008.



Ireland's Performance: In 2008 the European Union applied an average tariff of 11.8 per cent to imports of fish and fish products under its MFN trade regime. This average tariff was higher than 7 of 8 comparator countries. However, when trade preferences for developing countries are taken into account, the EU's position improves, although its average tariff applied to developing country exports of 2.3 per cent is still greater than most other developed countries with the exception of Japan.

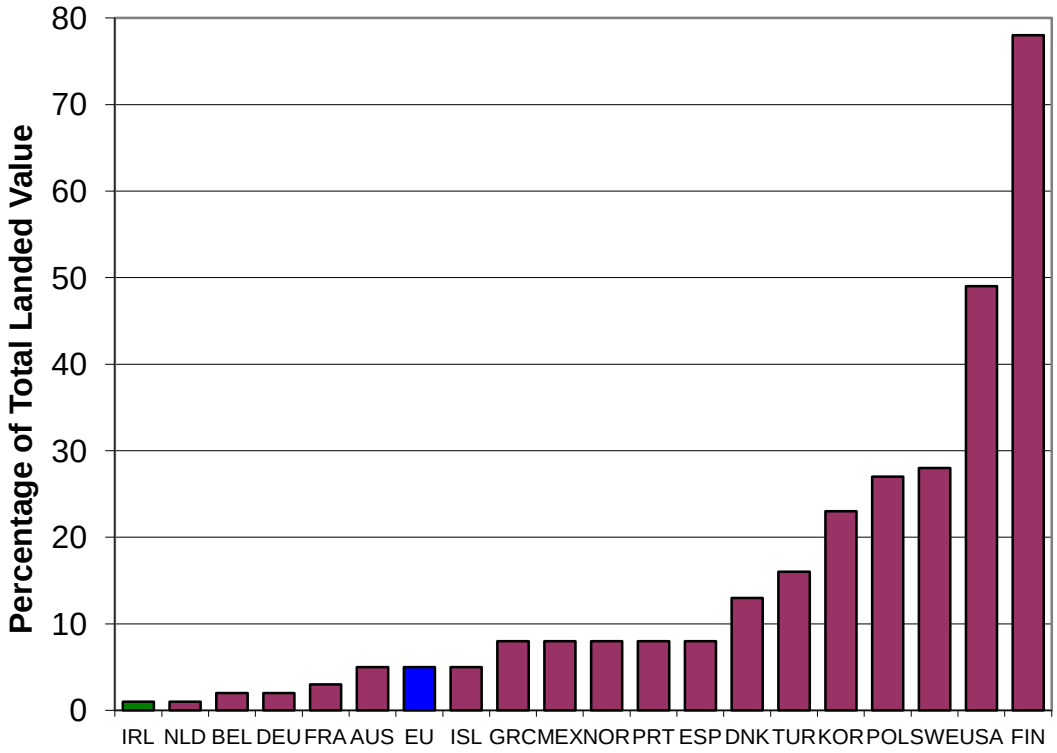
Relevance to PCD: Easy access to European markets supports economic growth in developing countries. Tariffs are the first restriction faced by exporters.

Other Issues to Consider: EU tariffs provide protection not only to the domestic fishing fleet but also to those developing countries (e.g. ACP countries) whose preferences give them duty-free access to the EU market. A reduction in the MFN tariff would result in some erosion of their preference benefits. Also, fish exports face significant sanitary and phytosanitary standards which may differ in restrictiveness across countries.

Source: WTO, World Tariff Profiles 2009. See: http://www.wto.org/english/res_e/booksp_e/tariff_profiles09_e.pdf

Methodology: World Tariff Profiles 2009 presents the average tariff faced by goods in 22 broad goods classifications including fish and fish products.

F.3.1 – Policy Input - Government Financial Transfers to Fisheries Sector, as a % of the Total Landed Value, 2007.



Ireland's Performance: Of the 19 countries assessed in a 2009 OECD survey Ireland provides the lowest level (1 per cent of total landed value) of financial transfers to its fishing industry. Overall, the EU provides 5 per cent of total landed value in the form of financial assistance to the sector. At the other extreme Finland provides 78 per cent of total landed value in the form of financial assistance.

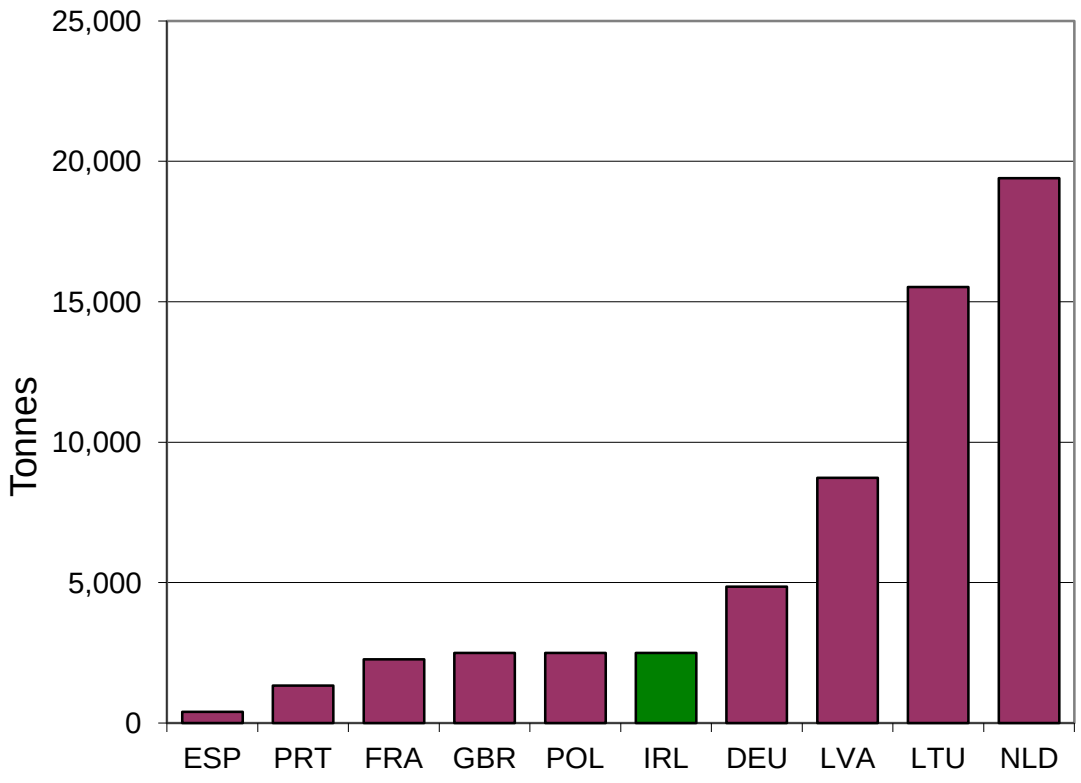
Relevance to PCD: Subsidies to the fishing industry are an important source of distortion and unfair competition in world trade.

Other Issues to Consider:

Source: OECD, Review of Fisheries in OECD Countries, 2009

Methodology: Direct Payments, Cost Reducing Transfers and General Services provided to the fisheries industry as a % of the Total Landed Value.

F.4.1 – Policy Output - Ireland's Industrial Pelagic Fishing Possibilities in Morocco, 2007-2011, Tonnes.



Ireland's Performance: Ireland currently enjoys fishing rights in Morocco under the EU's Fisheries Partnership Agreement. The current Fisheries Partnership Agreement between the EU and Morocco entered into force on February 2007 and was extended for one year in 2011. The original four year agreement provided a financial contribution of €36.1 million out of which €13.5 million was dedicated to the support of fisheries policy in Morocco. Under the FPA with Morocco, Ireland enjoys fishing possibilities up to 2,500 tonnes of industrial pelagic fish. This is lower than the Netherlands, Lithuania, Latvia and Germany.

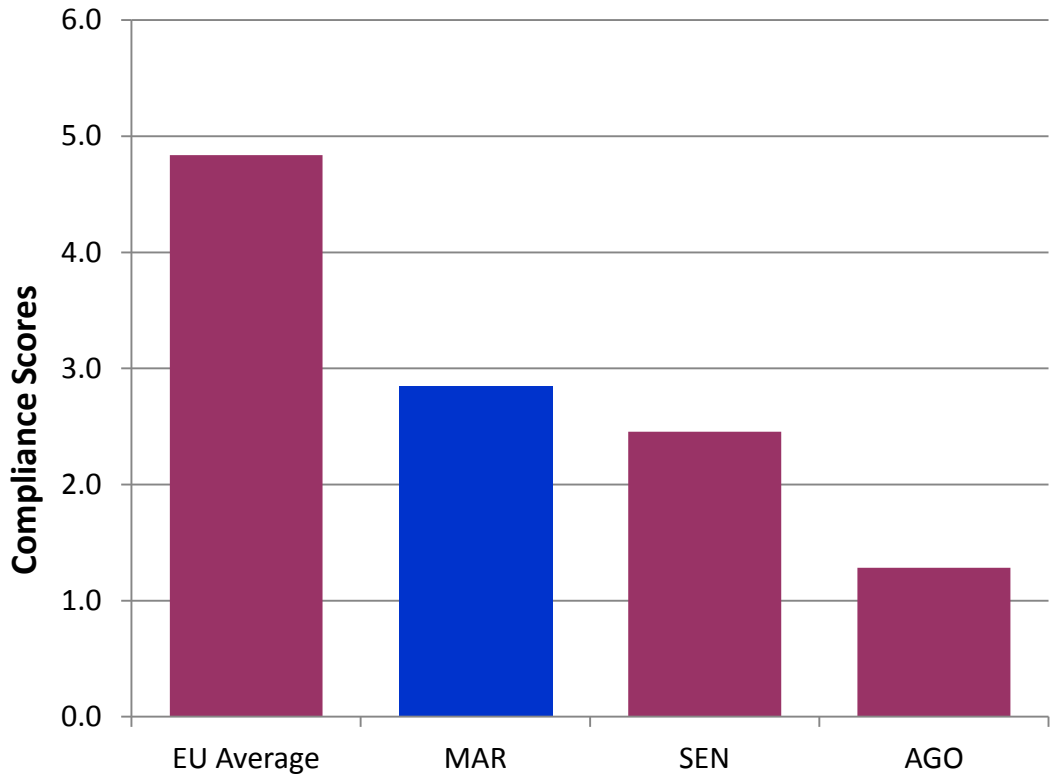
Relevance to PCD: While this indicator is not a direct measure of policy coherence, the fishing possibilities enjoyed by Ireland under the EU' Fisheries Partnership Agreements (FPAs) give rise to PCD issues including how fish stocks are managed.

Other Issues to Consider: The EU has signed 15 FPAs with developing countries and Ireland only has fishing rights under one of these. Another indicator of Ireland's responsibility to monitor the development impact of FPAs would be to compare the ratios of FPA fishing rights over all agreements with each country's share of the catch in EU waters.

Source: European Union
http://ec.europa.eu/fisheries/cfp/international/agreements/morocco/index_en.htm

Methodology: Reported figures.

F.4.2 – Partner Country – FAO (UN) Code of Conduct for Responsible Fisheries, Compliance Scores for FPA Countries, 2006.



Partner Country Performance: The strength of fisheries management frameworks in partner countries is important to ensure that FPAs do not lead to overfishing or undermine the local fishing industry. The only FPA which gives Ireland fishing rights is that with Morocco. Using the compliance scores of the FAO Code of Conduct, Morocco's compliance with responsible fishing processes appears weak compared with the EU average but still higher than two comparison countries which have also signed FPAs with the EU, Senegal and Angola.

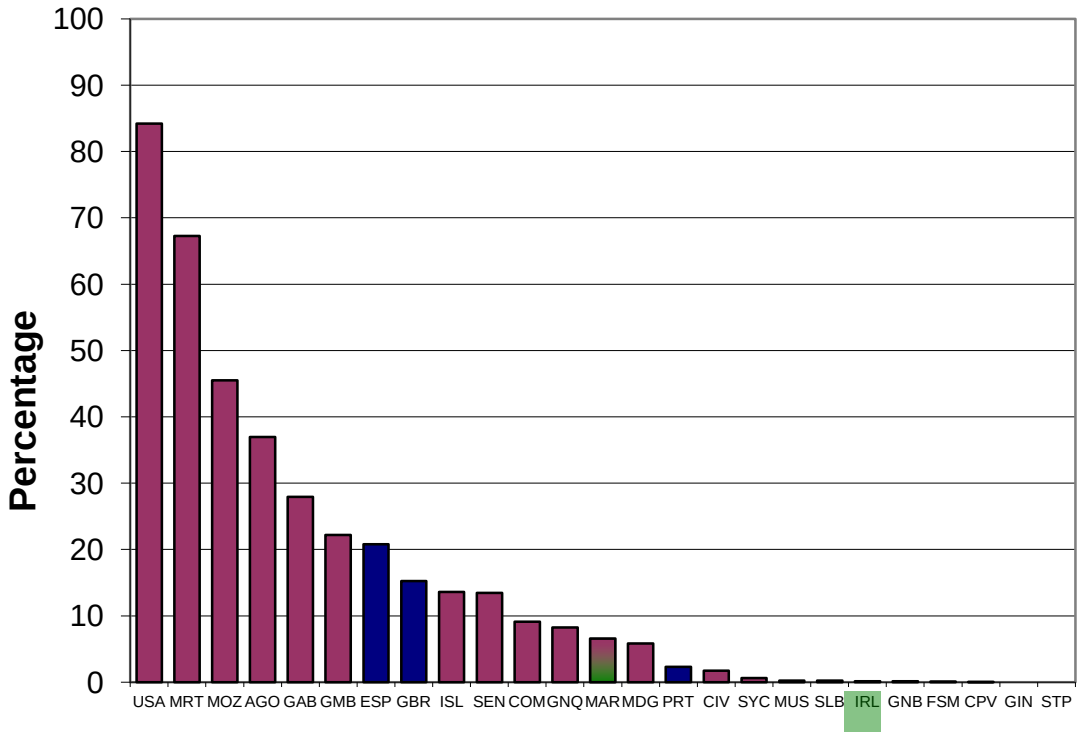
Relevance to PCD: The strength of local fisheries management is an essential component in the coherence of the EU's FPAs with development objectives. Ireland has a responsibility to ensure that the highest standards are reached in countries where it has been granted access to fish resources.

Other Issues to Consider: The assessment of FPAs is a matter for the European Commission under the political responsibility of the European Parliament and the member states. While Ireland has a responsibility for the quality of the Moroccan fisheries management system by virtue of our participation in the EU-Morocco FPA, perhaps the quality of the fisheries management systems in Irish Aid partner countries have equal importance for PCD in Ireland. Unfortunately, compliance scores are not available for Irish Aid partner countries in the source, perhaps reflecting the absence of data and oversight and overall lack of capacity in their fisheries management systems.

Source: Ganapathiraju Pramod and Tony J Pitcher, 2006. Evaluations of Compliance with the FAO (UN) Code of Conduct for Responsible Fisheries, Fisheries Centre Research Reports. Volume 14, Number 2. See: http://www.illegal-fishing.info/uploads/Univ-BC-FAO-compliance-report-06.pdf

Methodology: Compliance with the Code of Conduct was measured under 43 headings. Under each metric each country was given a score as well as an upper and lower score to provide a range to indicate the degree of uncertainty in assigning scores. While this uncertainty is important to acknowledge for the purposes of this report we simply use the mean scores. This indicator provides the means score for each country across all 43 indicators.

F.4.3 – Partner Country - Marine Protected Areas, % of Country's Exclusive Economic Zone, 2010.



Ireland's Performance: The protection of marine areas from commercial fishing can play a role in protecting regionally-shared marine resources from over-fishing. Only 0.15 per cent of Irish waters is protected from human disturbances, such as fishing, industrial exploitation, and recreational activities. This is low by internationals standards and perhaps reflects the abundance of coastline Ireland enjoys. This is significantly lower than Spain or the United Kingdom as well as the US. Ireland's fisheries partner country Morocco has designated 6.6 per cent of its waters as legally protected. Spain, Great Britain and Portugal are highlighted as EU comparisons.

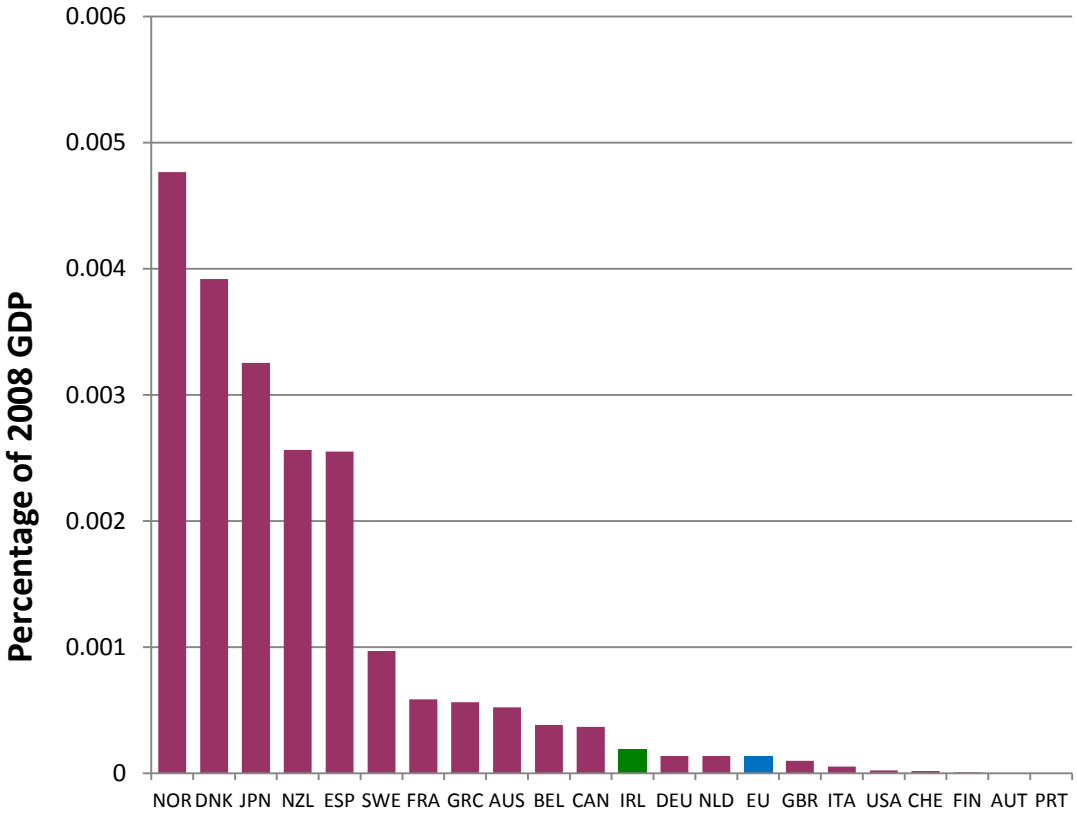
Relevance to PCD: While not an exact measure of the success of local fisheries management systems, the level of protected marine zones can be a proxy for a country's commitment to marine protection.

Other Issues to Consider: Marine zone protection is only one component in wider fisheries management systems.

Source: Sea Around Us Project, Fisheries Centre, University of British Columbia. Data taken from Yale University's Environment Performance Index 2010. Website: http://epi.yale.edu/

Methodology: The Marine Protected Areas (MPA) indicator measures the percentage of a country's exclusive economic zone (EEZ) that is under protection. Protected area criteria were taken from MPA Global, a database developed in conjunction with the Sea Around Us Project. The indicator was calculated by comparing the area of MPA (in sq. km) to the country's total area of EEZ, as reported in the Global Maritime Boundaries database.

F.4.4 - Policy Input - Ireland's Contribution towards Fisheries Capacity Building in Developing Countries, Fisheries ODA, % of 2008 GDP.



Ireland's Performance: Ireland's aid programme does not specialise in the support of the fisheries sector in developing countries. Compared with DAC members Ireland is ranked 12th out of 21 countries for financial support for fisheries under its ODA programme.

Relevance to PCD: Support for the fisheries sector in developing countries can assist economic and social development.

Other Issues to Consider: Consideration of the share of fisheries aid specifically to Irish Aid's partner countries compared to other donors might also be informative.

Source: OECD International Development Statistics http://stats.oecd.org/qwids/

Methodology: Fisheries ODA are made up of financial assistance provided under five different headings; fishing policy and administrative management, fisheries development, fisheries education and training, fisheries research and fisheries services.

4. Migration Policy

4.1 Overview

Migration flows, both inward and outward, play an important role in economic development, and migration policy has the potential for both positive and negative effects on developing countries (for a full discussion, see Barry et al., 2009). In short, emigration from developing countries can be an important catalyst for development outcomes when brain drain of needed skills is avoided, remittances are encouraged and migrant return, seasonally or permanent, is facilitated.

In this chapter we assemble seven indicators which throw light on the development impacts of Irish migration policy. We assess Ireland's openness to immigrants from developing countries, and the stock of immigrants from Irish Aid partner countries, asylum seekers and refugees and third level students from developing countries. We also assess the level of third level fees for students from developing countries and examine policy efforts at supporting the flow of remittances.

Openness to migrants from developing countries is an important measure to consider. Ireland in recent years has shown itself to be relatively open to immigrants from non-DAC countries (note that non-DAC countries include the countries of central and eastern Europe that joined the European Union in 2004). It ranked second among 22 DAC countries for the level of non-DAC immigrants on a per capita basis in 2008, a year towards the tail end of a period of significant immigration into Ireland (Indicator M.1.1). Other European countries experienced lower levels of non-DAC immigration possibly reflecting fewer job opportunities, tighter official controls or greater cultural barriers and despite large established migrant communities.

The stock of migrants from various regions of the world was recorded in the 2006 Census. Excluding migrants from the enlarged EU, migrants from Africa represented the largest regional grouping of migrants in Ireland (Indicator M.1.2). Just over 1,000 people from Irish Aid countries in Africa and Asia were recorded as resident in Ireland in the 2006 census.

Further analysis of the countries of origin of African-born residents recorded in the 2006 Census shows that migrants come predominantly from Nigeria and South Africa rather than from least developed and Irish Aid partner countries (Indicator M.1.3). This may reflect migration costs and extreme poverty preventing migration from the poorest countries in Africa. Well-managed migration programmes can provide significant returns to the sending country. As the Irish unemployment falls in the years ahead, opening up migration channels for citizens of Irish Aid partner countries could be considered as part of an integrated development strategy.

Remittances play an important role increasing the return from migration to the sending country. Measures to encourage remittances would be a development-friendly objective. We identified three possible binary indicators of policy support to encourage remittances (Indicator M.2.1). Ireland does not have an official platform for remittances transfer prices, does not provide tax incentives for migrants to remit and does not participate in the World Bank Remittances Prices project.

Asylum seekers and refugees are among the most disadvantaged of immigrant groups. Ireland is ranked 13th out of 22 DAC countries for the number of refugees/people of concern to the UN High Commission for Refugees and the number of asylum applications per billion USD of Gross Domestic Product (GDP) (Indicator M.3.1). Ireland's ranking would be marginally higher if GNP was used instead of GDP to calculate this ratio.

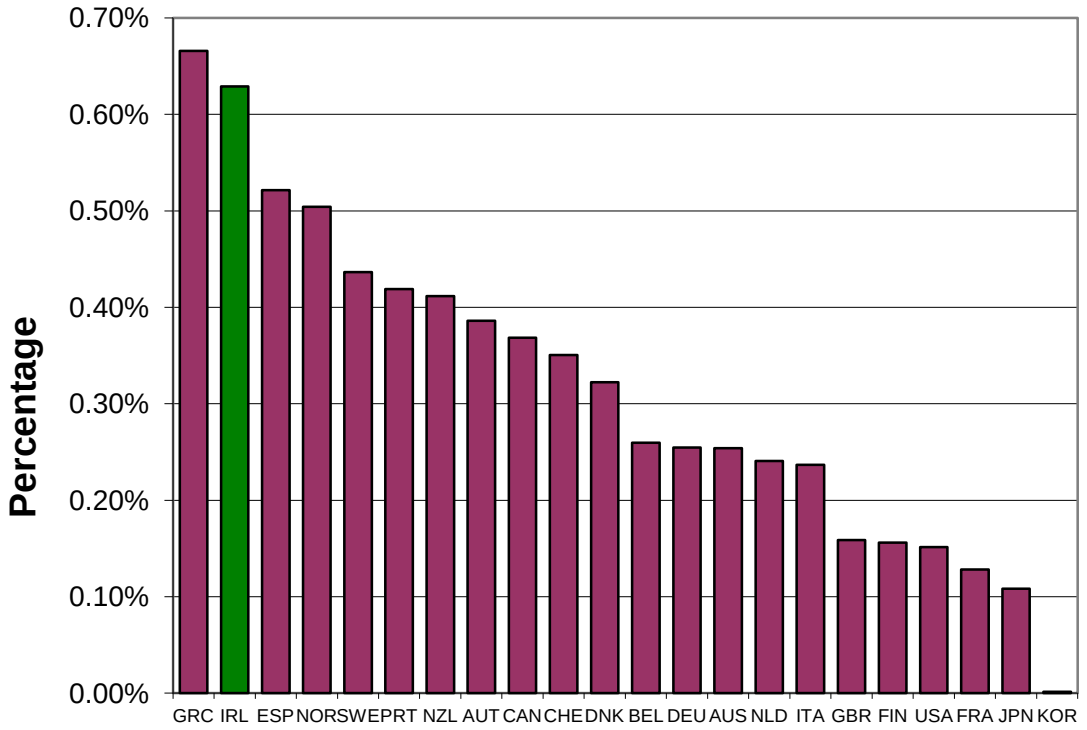
Supporting the temporary migration of students to take advantage of third level education opportunities in Ireland can be a means of helping to increase the stock of human capital and expertise in developing countries. Such efforts should occur in parallel with efforts to build capacity in third-level institutions in low-income countries. In relative terms, fees for developing country students in Irish third level intuitions are higher than for EU students (Indicator M.4.1). Tuition policy in Finland, Norway and Sweden offers students from low-income countries lower fees, while institutions in Germany, France, Greece, Italy, Japan, Portugal, Korea and Spain charge all students equally.

The internationalisation of Irish education has become a strategic priority of the Irish government in recent years as it represents an opportunity to earn export earnings. In 2007 Ireland had 16,758 foreign students registered at third level institutions, 50 per cent of which were from non-DAC countries. Given Ireland's long tradition of accepting students from the UK, the US and the rest of Europe 50 per cent is a significant achievement. However, compared with other DAC countries Ireland is ranked 18th out of 22 countries (Indicator M.4.2).

Code	**List of Migration Indicators**
M.1.1	Non-DAC Inflow as a Percent of Total Population, 2008.
M.1.2	Number of Residents in Ireland from Different Regions of the World, 2006.
M.1.3	Country of Origin of African Migrants into Ireland, 2006.
M.2.1	Support for Remittances to Developing Countries, 2010.
M.3.1	Total UNHCR Population of Concern + Applications/ Billion USD of GDP, 2010.
M.4.1	Ratio of Tuition Fees for non-DAC students to DAC students and Irish Students, 2004.
M.4.2	Proportion of non-DAC (to total) students in tertiary education, 2007.

4.2 Indicators

M.1.1 – Policy Outcome – Non-DAC Inflow as a Percent of Total Population, 2008.



Ireland's Performance: Ireland was ranked second of 22 DAC countries for the level of immigrants from non-DAC countries (including countries of central and eastern Europe) in 2008, a year towards the tail end of a period of significant immigration into Ireland.

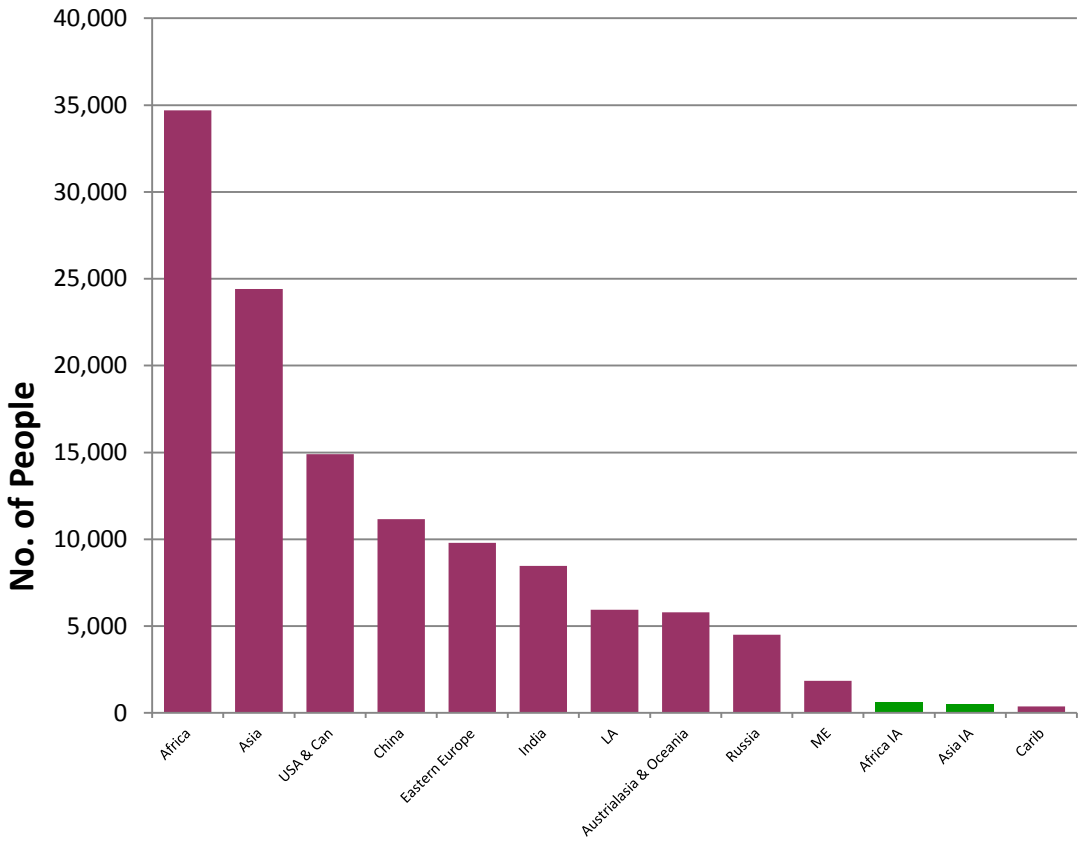
Relevance to PCD: Migration of developing country citizens to OECD countries can have a positive influence on home country development prospects if remittances and return are encouraged and long term brain drain of scarce human resources is avoided.

Other Issues to Consider: The skill mix of non-DAC migrants may have an impact on the overall benefits of migrant flows from developing countries and may differ across recipient countries.

Source: Commitment to Development Index 2010

Methodology: Gross non-DAC immigrant inflow/receiving-country population in 2008. See Grieco and Hamilton (2004) for further details.

M.1.2 – Policy Outcome - Number of Residents in Ireland from Different Regions of the World, 2006.



Ireland's Performance: M.1.2 presents the stock of migrants from various regions of the world, excluding the enlarged EU, as recorded in the 2006 Census. Non-Irish Aid partner countries in Africa are the largest source of migrants living in Ireland. Just over 1,000 people from Irish Aid countries in Africa and Asia are recorded as resident in Ireland in the 2006 census. Note that 'Africa IA' means Irish Aid partner countries in Africa, whereas 'Asia AI' represents Vietnam and Timor Leste, the Irish Aid partner countries in Asia.

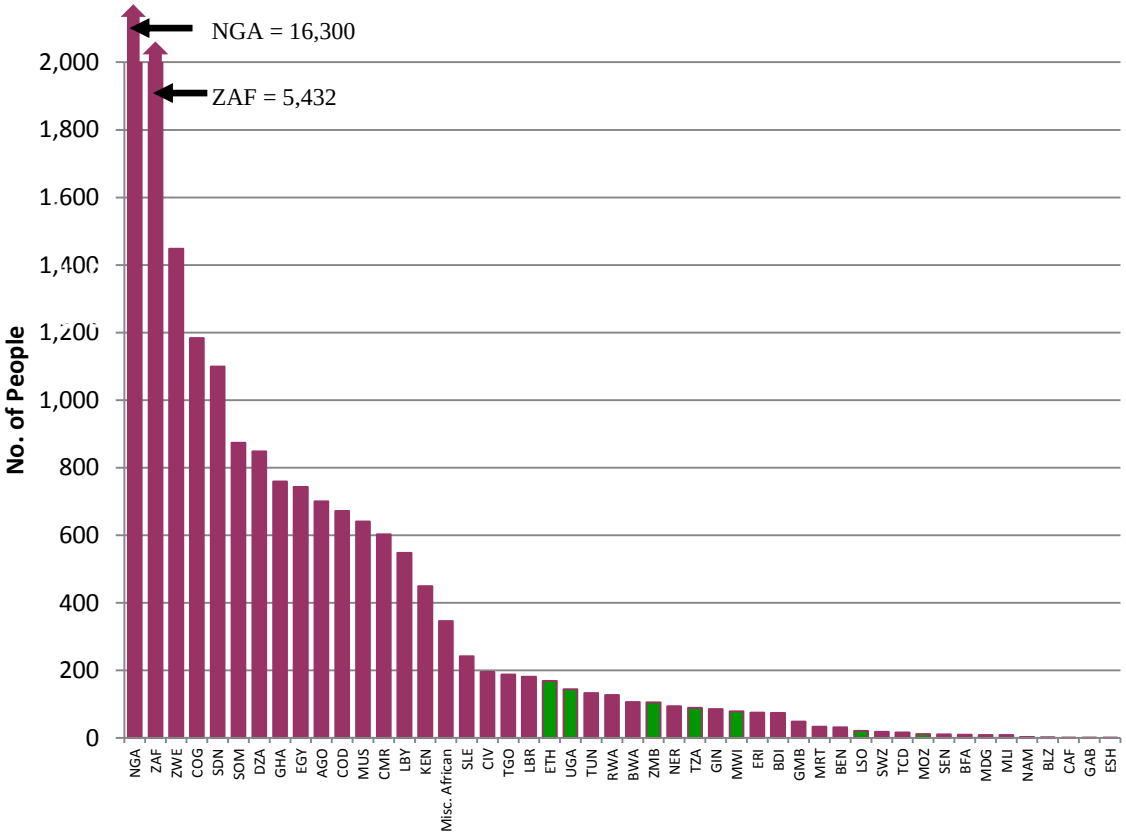
Relevance to PCD: The stock of migrants from different countries living in Ireland is not, in itself, a target for PCD. However, it is informative to know that relatively few people from Irish Aid partner countries reside in Ireland. If migration, temporary or otherwise, is considered beneficial to development then these low numbers may hint at an incoherence that needs to be addressed.

Other Issues to Consider: As economic growth returns to Ireland and unemployment falls in the coming years, there may be an argument to build greater coherence between Ireland's development policy and Ireland's migration policy.

Source: Irish Census, 2006.

Methodology: The Irish Census is a nationwide survey of all households.

M.1.3 – Policy Outcome - Country of Origin of African Migrants into Ireland, 2006.



Ireland's Performance: Analysis of the countries of origin of African-born residents recorded in the 2006 Census shows that such migrants come predominantly from Nigeria and South Africa rather from least developed and Irish Aid partner countries. This may reflect migration costs and extreme poverty preventing migration from the poorest countries in Africa. Well managed migration programmes can provide significant returns to the sending country. As the Irish unemployment falls in the years ahead, opening up migration channels for citizens of Irish Aid partner countries could be considered as part of an integrated development strategy.

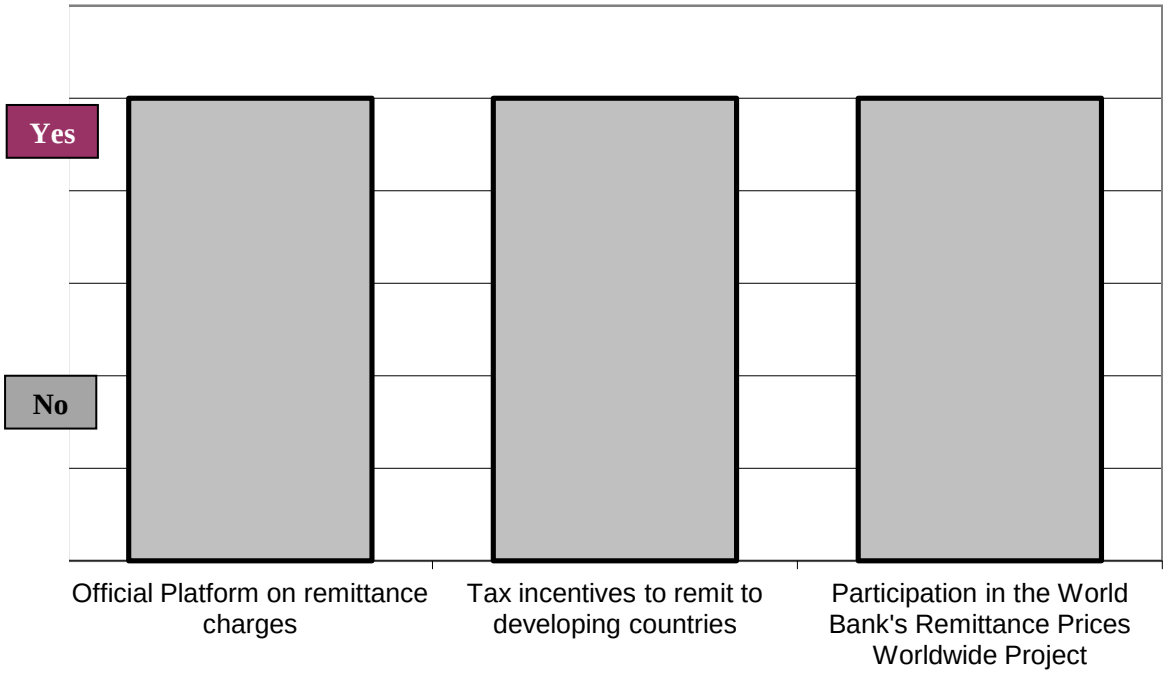
Relevance to PCD: The stock of migrants from different countries living in Ireland is not, in itself, a target for the PCD objective. However, the reason why relatively few people from Irish Aid partner countries reside in Ireland even relative to migrants from the rest of Africa should be further investigated.

Other Issues to Consider: Nigeria and South Africa are among the most populated countries in Africa and are also characterised by higher income per capita than any of the Irish Aid partner countries.

Source: Irish Census, 2006.

Methodology: The Irish Census is a nationwide survey of all households.

M.2.1 – Policy Output – Support for Remittances to Developing Countries, 2010.



Ireland's Performance: Remittances play an important role increasing the return from migration to the sending country. Efforts to encourage remittances would be a development-friendly policy. Three binary indicators of policy support for remittances are presented in this figure. Ireland does not have an official platform for remittances transfer prices, does not provide any tax incentives for migrants to remit and does not participate in the World Bank Remittances Prices project.

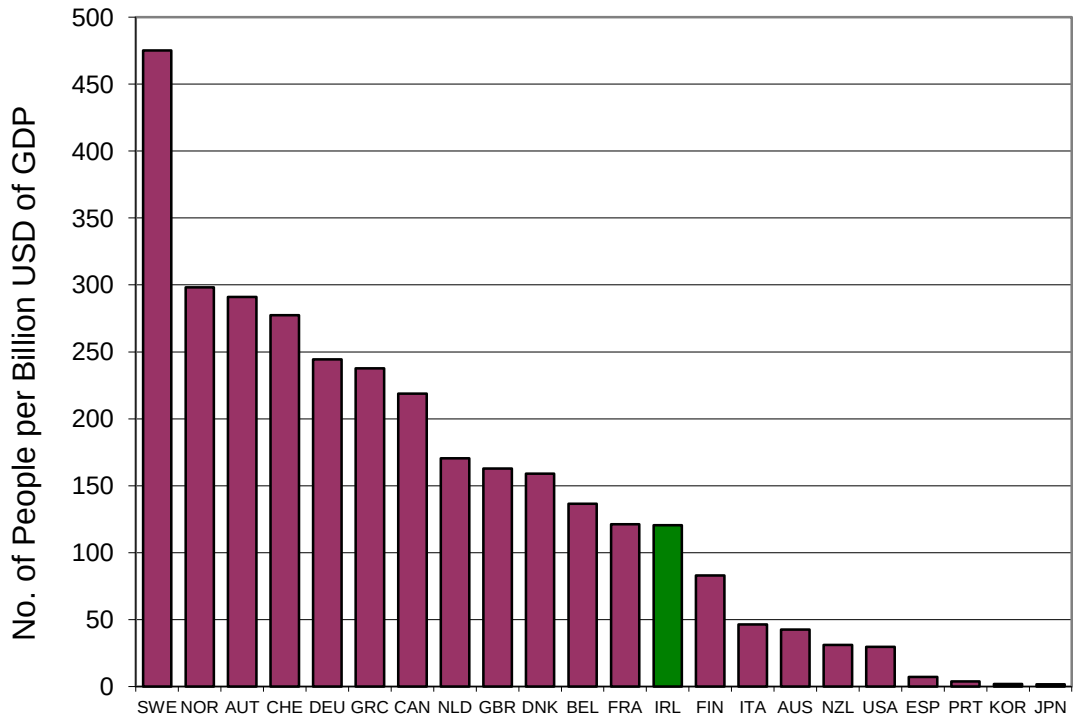
Relevance to PCD: Barry et al. (2009) discuss how official support for remittances in the form of an information platform or tax incentives can be beneficial to the sending country.

Other Issues to Consider: With a large migrant community in Ireland remittances are likely to be significant. However, given the small number of immigrants from Irish Aid partner countries, remittances to these countries are likely to be modest.

Source: Barry et al. (2009) and World Bank's Remittance Prices Worldwide Project website http://remittanceprices.worldbank.org/.

Methodology: Questionnaire.

M.3.1 – Policy Outcome – Total UNHCR Population of Concern + Applications/ Billion USD of GDP, 2010.



Ireland's Performance: Ireland is ranked 13th out of 22 DAC countries for the number of refugees/people of concern to UNHCR and the number of asylum applications per billion USD of Gross Domestic Product (GDP). Ireland's ranking would be marginally higher if GNP was used instead of GDP in calculating this ratio.

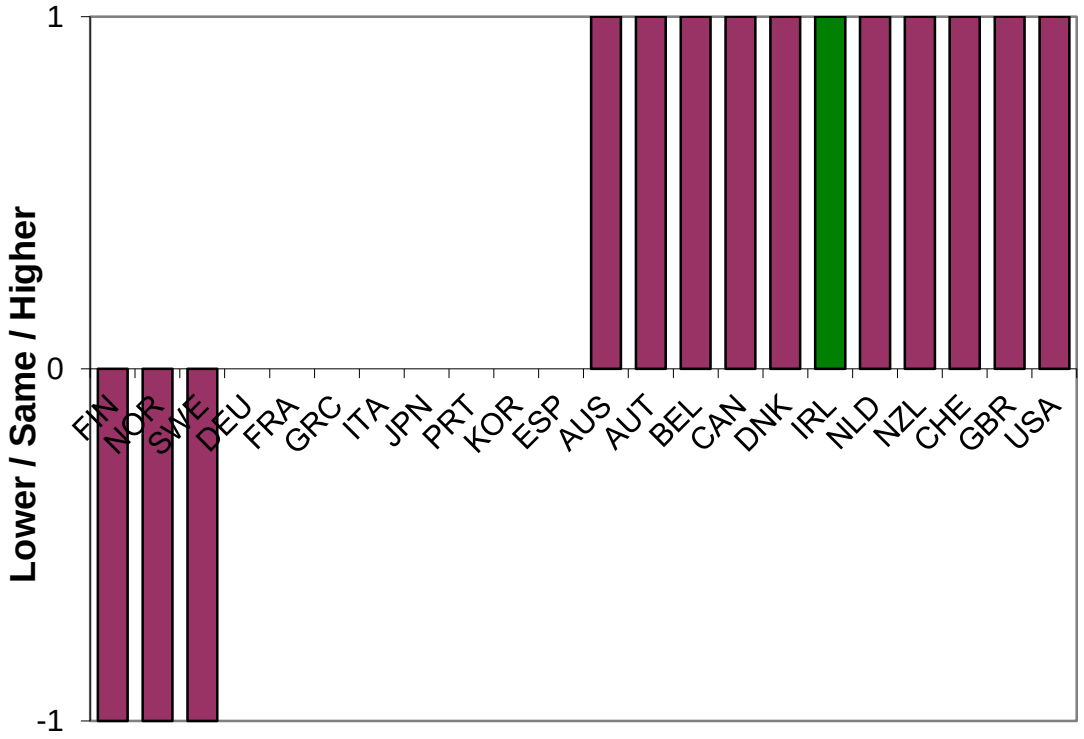
Relevance to PCD: Facilitation of asylum seekers and internally displaced people from conflicted regions of the world is an important humanitarian element of the development agenda.

Other Issues to Consider: Ireland's ranking may be influenced by its lack of sea and land borders with developing countries and the EU policy under the Dublin Convention that asylum seekers must make application for asylum in the first EU country they enter. The length of time to process asylum applications is also likely to be a PCD issue, with shorter times that allow applicants to move on with their lives whether in Ireland or elsewhere preferable.

Source: Commitment to Development Index, 2010.

Methodology: Computed as the total of the number of refugees hosted domestically, the number of other people "of concern" to UNHCR (e.g. internally displaced) and the number of asylum applications as a percentage of receiving-country GDP. See Roodman (2010) for further details.

M.4.1 – Policy Output – Ratio of Tuition Fees for non-DAC Students to DAC Students and Irish Students, 2004.



Ireland's Performance: In relative terms, fees for non-DAC students in Irish third level intuitions are higher than for EU students. Tuition policy in Finland, Norway and Sweden offers students from low-income countries lower fees, while institutions in Germany, France, Greece, Italy, Japan, Portugal, Korea and Spain charge all students equally.

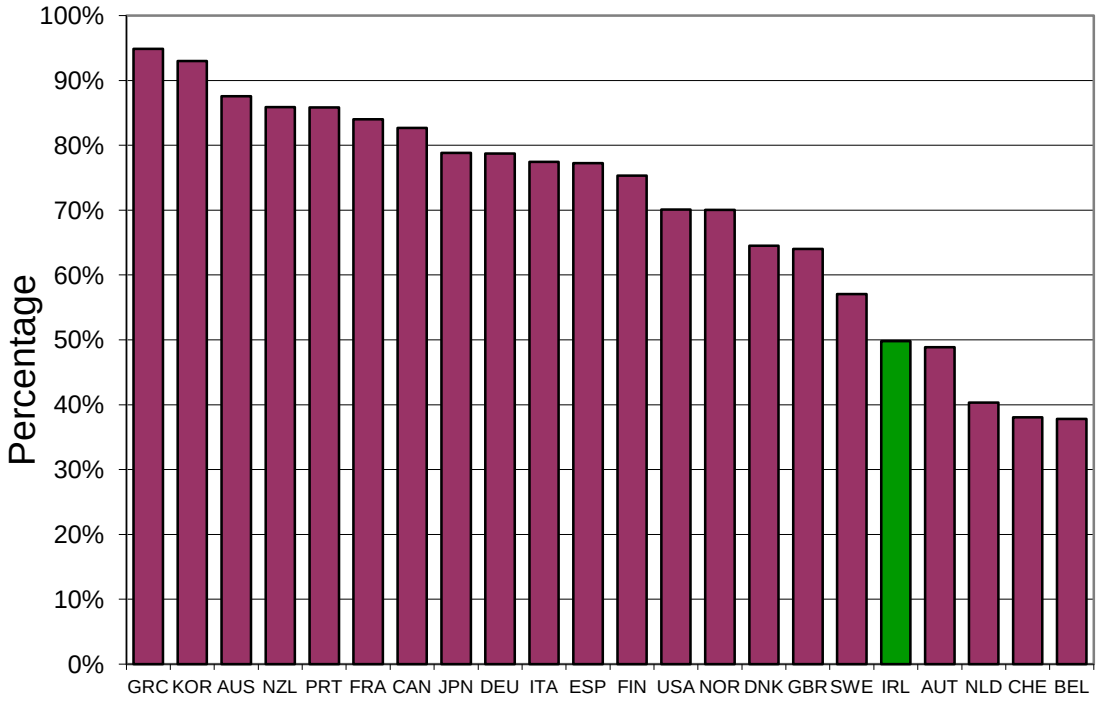
Relevance to PCD: When education visas encourage return to the migrant sending country, access to quality higher education in OECD countries can prove beneficial to developing countries. Lower fees for developing country students can be considered a more development-friendly strategy when the potential for long term brain drain is reduced.

Other Issues to Consider: Support for capacity building of third and fourth level sectors in Irish Aid partner countries should remain a priority for Irish Aid.

Source: Commitment to Development Index 2010. Data originally taken from OECD, Education at a Glance 2009: OECD Indicators (Paris: 2009), p. 317 and OECD, Internationalisation and Trade in Higher Education (Paris: 2004), p. 26 for Greece, Portugal, Switzerland.

Methodology: See Roodman (2010).

M.4.2 – Policy Outcome – Proportion of non-DAC (to total) Students in Tertiary Education, 2007.



Ireland's Performance: The internationalisation of Irish education has become a strategic priority of the Irish government in recent years as it represents an opportunity to earn export earnings. In 2007 Ireland had 16,758 foreign students registered at third level institutions, 50 per cent of which were from non-DAC countries (this includes students from central and eastern Europe, although such students are also included in the figures for other European countries). Given Ireland's long tradition of accepting students from the UK, the US and other 'old' EU member states, 50 per cent from non-DAC countries is a significant achievement. However, compared with other DAC countries Ireland is ranked 18th out of 22 countries.

Relevance to PCD: The internationalisation of higher education in recent years has tended to focus on students from other OECD countries, Asian and Middle Eastern countries, where students can pay higher fees. The proportion of international students from non-DAC countries is a good indicator of the openness of higher education to students from developing countries.

Other Issues to Consider: It would in principle be desirable to present these figures for developing countries alone without the inclusion of students from the rest of Europe.

Source: Commitment to Development Index, 2010 Data originally from OECD Education at a Glance 2009, Table C2.7; Data is also available at OECD Online Education Database (for Non-Citizen Students of reporting country).

Methodology: See Roodman, 2010.

5. Environment Policy

5.1 Overview

The environment is a policy area of particular relevance to developing countries as natural capital is a major element of their total national wealth, and most low and middle income countries are highly dependent on natural resources for their development. Climate change and the loss of biodiversity are two important policy challenges facing developing countries, and developed countries such as Ireland can make a contribution in assisting developing countries to meet these challenges.

Probably the major environmental challenge facing developing countries will be the impact of climate change in terms of rising temperatures, increased frequency of drought and extreme weather events. Stabilising the concentration of greenhouse gases (GHG) in the atmosphere was agreed as a global objective in the Copenhagen Committee of the Parties (COP) meeting of the UNFCCC in 2009. Previously, Ireland has accepted particular targets for the reduction of GHG emissions for the 2008-12 period under the Kyoto Protocol and the resulting burden-sharing agreement within the EU. The extent to which we meet these targets or not is thus an important policy coherence issue from a development perspective. The Kyoto Protocol target is averaged over five years, and comparable information is only available for 2008, the first year of this period. In 2008 Ireland met its Kyoto Protocol target for average emissions over the period, but partly through the purchase of carbon credits through the Clean Development Mechanism (CDM). Such investment in developing countries can assist them in moving towards a low-carbon economic growth path, but should not be used to avoid moving towards a carbon-neutral growth strategy in Ireland.

The protection of biodiversity can play an important medium to long term role in maintaining rural livelihoods and poverty prevention. To further the protection of biodiversity additional international efforts to strengthen the international governance/legal framework are required. These efforts should occur in parallel with additional funding for environmental protection projects and climate proofing of aid projects.

Seven indicators are identified to measure Ireland's policy coherence in environmental policy towards developing countries. These include a number of expenditure-related indicators, emission indicators, the level of biofuel tariffs and subsidies and Ireland's adherence to international biodiversity conventions.

In 2008 Ireland's commitment of overseas aid as a percentage of GDP in the area of general environmental protection was low compared with 23 OECD comparison countries. Ireland was ranked in the bottom five of OECD countries for this indicator (E.1.1). In 2008, Ireland committed $2.32 million USD to general environmental protection, a figure that fell to $1.5 million USD in 2009.

A breakdown of Ireland's contribution to environmental challenges in developing countries can be found through the Rio Markers data which tracks developed countries' contributions to the implementation of the three Rio Conventions, on Biodiversity (Convention on Biological Diversity), Climate Change (United Nations Framework Convention on Climate Change) and Desertification (United Nations Convention to Combat Desertification) that derive directly from the 1992 Earth Summit. Ireland's performance under the second Rio Marker on Climate Change expenditure is moderate to poor, with a ranking of 13th out of 20 OECD countries (E.2.3). An even weaker performance is found for Ireland's expenditure on biodiversity, where Ireland is ranked 20th out of 20 OECD countries (E.4.1). A better performance is recorded for Ireland's expenditure as a percentage of GDP on desertification, where Ireland is ranked 9th out of 20 OECD countries (E.3.1).

Financial contributions do not fully capture Ireland's contribution to the environmental challenges of developing countries. For the climate change agenda, it would be desirable to be able to provide an indicator of Ireland's support for ambitious EU emissions targets and negotiating positions. In the absence of this, we turn to indicators of changes in greenhouse gas emissions per unit of Gross Domestic Product and whether Ireland is meeting its Kyoto targets. Between 1997 and 2007 Ireland posted one of the highest declines in growth rate of greenhouse gas emissions to Gross Domestic Product on a purchasing power parity basis (E.2.1). This suggests that the structure of the Irish economy is becoming less carbon-intensive. While the main factors in Ireland's performance are the economy's gradual transition to the services economy and the shift to cleaner sources of electricity generation, the result also reflects policy changes that have contributed to the reduction of greenhouse gas emissions over the period. Ireland met its Kyoto emissions targets in 2008 as a result of purchasing GHG credits in developing countries using the Clean Development Mechanism (NTMA, 2010). This involves a direct cost to the Irish taxpayer but assists developing countries in moving towards a less carbon-intensive growth path. Ireland is not alone among EU countries in having to use the flexible mechanisms and carbon sinks to achieve its EU targets. Denmark, Italy, Austria, Spain and Luxembourg experienced emissions above their Kyoto targets in 2008 (E.2.2).

Ireland's contribution to the challenge of maintaining biodiversity does not simply involve financial contributions. International conventions on biodiversity play an important role in ensuring the protection of diverse ecosystems around the world. Ireland and the EU have signed up to both the Convention on Biodiversity and the Cartagena Protocol on Biosafety (E.4.2). The US has signed neither and Canada and Australia have remained outside of the Protocol.

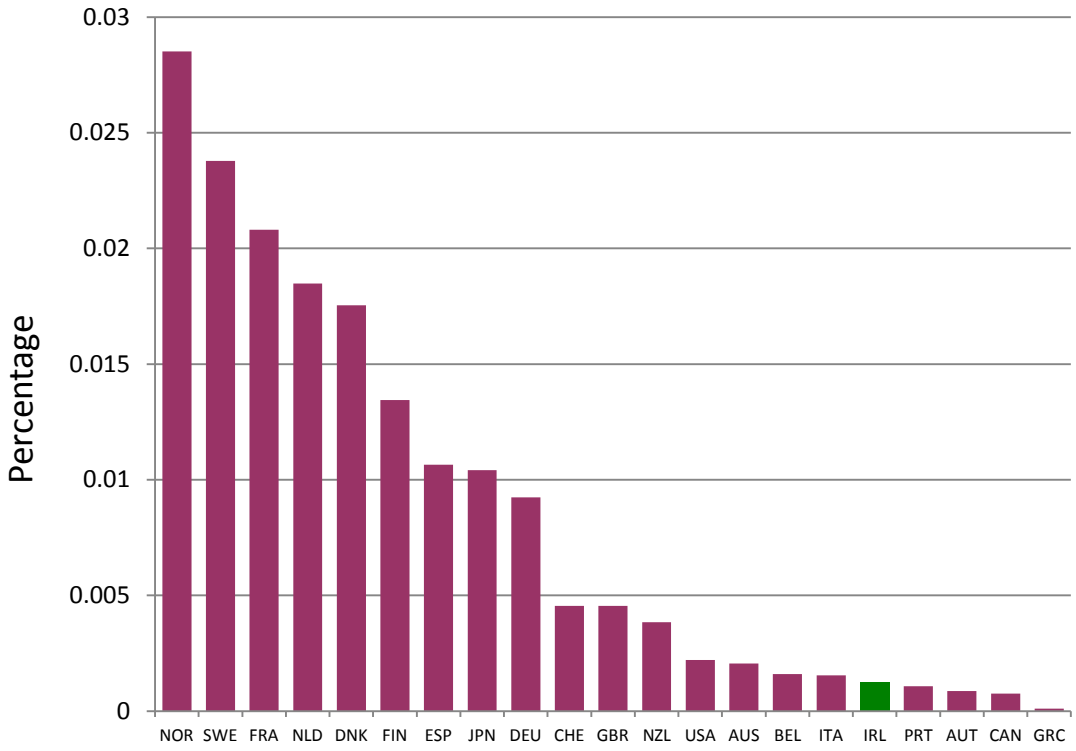
Finally, based on a triumvirate of policy objectives, concern for climate change, energy security and rural development, each underpinned by strong interest groups, EU policy for biofuels has been proactive and interventionist since 2001. Biofuels production offers a significant business opportunity for middle income and some low income countries but global biofuels demand has also increased the price of food, hurting net consuming regions and households. Higher levels of biofuels production can also, if unregulated, lead to environmental degradation. The EU has introduced a certification system to ensure biofuels imports have been grown using environmentally sustainable practices. In order to minimise the resource footprint of biofuels and to maximise their contribution to emissions reductions biofuel feedstocks should be grown in those areas most suitable for them. In that context, the most development-friendly strategy is to keep tariffs low for incoming developing country imports that meet the sustainability requirements. Indicator E.5.1 shows that the EU tariff on bioethanol was higher than the US and Japan in 2008, reflecting a policy preference to support European bioethanol producers. The EU has a tariff of 6.5% on imports of biodiesel although imports of vegetable oils for biodiesel production are duty-free.

The potential adverse impact of greater biofuels production on the price of food is an important consideration in measuring their development impact. Artificial subsidies and support to biofuel production contribute to higher food prices than would otherwise be the case. Many countries have introduced regulations mandating a certain proportion of biofuel use in transport fuels, or subsidising the production or use of biofuels. Indicator E.4.2 compares the level of subsidies in the EU and five comparator countries for ethanol and biodiesel combined. The EU has the second highest level of subsidies but is nonetheless significantly lower that the US.

Code	List of Environment Indicators
E.1.1	Environmental Protection ODA (Commitment), 2008.
E.2.1	Average Annual Growth Rate of GHG Emissions/PPP GDP, 1997-2007.
E.2.2	Performance in Meeting Kyoto Protocol Targets, 2008.
E.2.3	ODA Expenditure on Climate Change, 2008 (Second Rio Marker).
E.2.4	ODA Expenditure on Desertification, 2008 (Third Rio Marker).
E.3.1	ODA Expenditure on Biodiversity (Disbursement), 2008 (First Rio Marker).
E.3.2	Adoption of Convention of Biological Diversity and Related Protocol, 2010.
E.4.1	MFN Tariffs on Bioethanol, 2010.
E.4.2	Subsidies for Liquid Biofuels (Ethanol and Biodiesel), Most Recent Year.

5.2 Indicators

E.1.1 – Policy Input – Environmental Protection (Commitment), ODA, % of 2008 GDP.



Ireland's Performance: In 2008 Ireland's commitment of overseas aid in the area of general environmental protection was low compared with 23 OECD comparison countries. In 2008, Ireland committed $2.32 million USD to general environmental protection, a figure that fell to $1.5 million USD in 2009. In 2008, Ireland was ranked in the bottom five of OECD countries for this indicator.

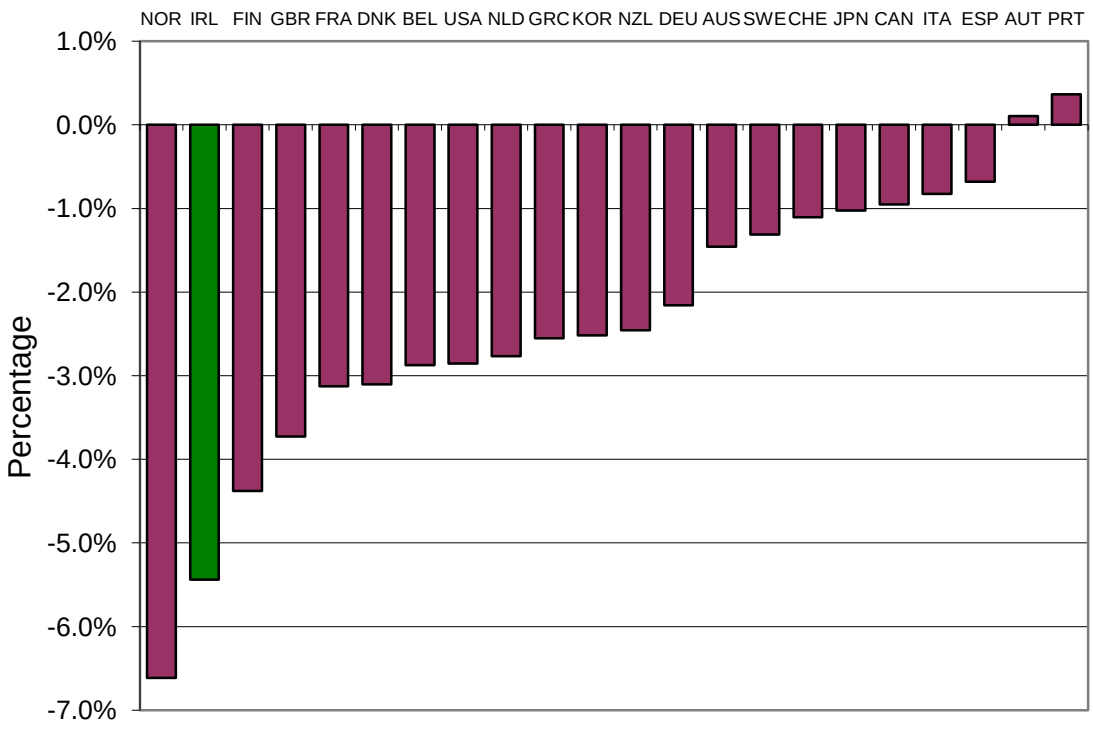
Relevance to PCD: Support for environmental protection in developing countries contributes to sustainable economic and social development.

Other Issues to Consider: Ireland has prioritised hunger and food security among its aid objectives. However, the importance of environmental protection in developing countries is increasing, not least as a result of climate change. Irish Aid funding not classified officially as general environmental protection may be sensitive to environmental concerns. It may be possible to measure whether the impact on the environment have been assessed in other aid projects.

Source: OECD Online Database 2011. Website: http://stats.oecd.org/qwids/

Methodology: Commitment of overseas development aid designated as general environmental protection in 2008 as a percentage of Gross Domestic Product (GDP) in 2008. OECD members provide annual data to the OECD on the purpose of all aid flows as defined under an agreed set of classifications.

E.2.1 – Policy Outcome – Average Annual Growth Rate of GHG Emissions/PPP GDP, 1997-2007.



Ireland's Performance: Between 1997 and 2007 Ireland posted one of the highest declines in the carbon intensity of its economic growth. The structure of the Irish economy is becoming less carbon-intensive over time. The main factors in Ireland's performance are the economy's gradual transition to the services economy and the switch to less carbon-intensive fuels for electricity generation, but the result also reflects policy changes that have contributed to the reduction of greenhouse gas emissions over the period.

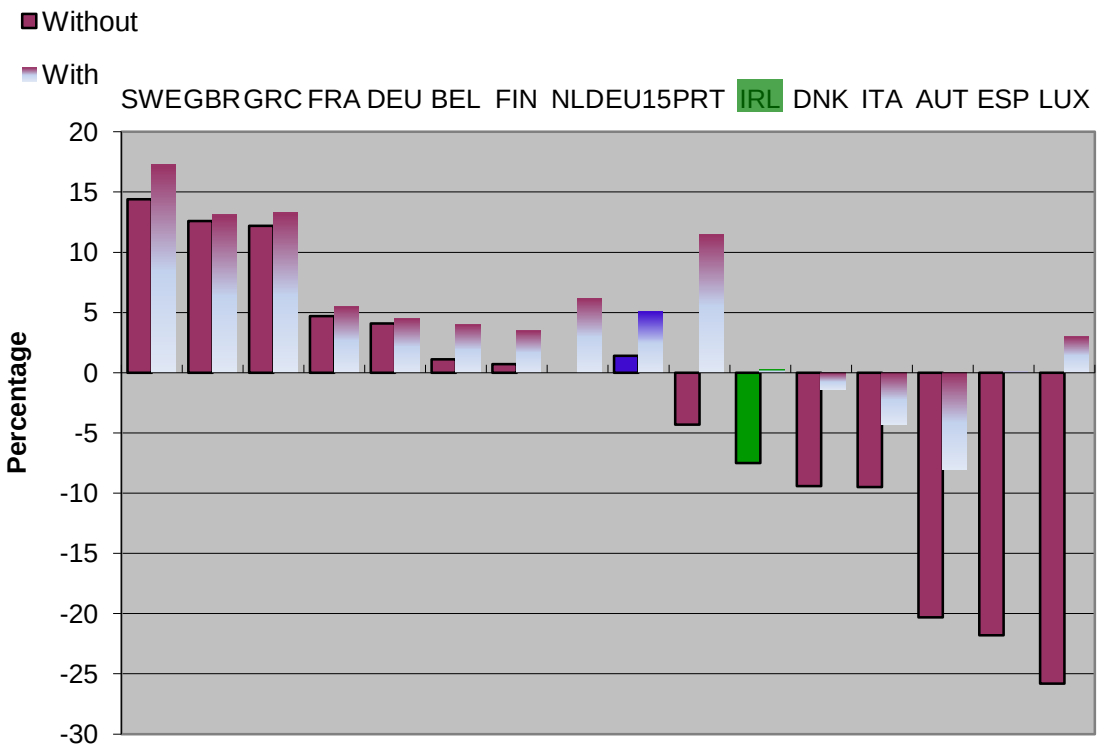
Relevance to PCD: Climate change is a huge threat to developing countries, particularly in tropical Africa. Reducing the GHG intensity of the Irish economy improves long term policy coherence.

Other Issues to Consider: It is difficult to decipher the precise contribution of policy in the reduction in the carbon intensity of the Irish economy over this period.

Source: Commitment to Development Index (CDI), Center for Global Development, Washington DC. Website: http://www.cgdev.org/section/initiatives/_active/cdi/inside

Methodology: Carbon intensity is measured as the ratio of greenhouse gas emissions to Gross Domestic Product on a purchasing power parity basis. The rates of decline have been calculated by the CGD in Washington DC and represent "least squares" decline rates for the last 10 years of available data—1997–2007 for the 2009 CDI. In other words log emissions/GDP is regressed on time to find the best fit, and the corresponding average decline rate is calculated. This approach reduces sensitivity to aberrations such as a cold winter in an end-point year. The GDP figures are converted to dollars on a purchasing power parity (PPP) basis. Emissions figures here take into account land use and land use change.

E.2.2 – Policy Outcome – Performance in Meeting Kyoto Protocol Targets, 2008.



Ireland's Performance: Ireland has met its Kyoto emissions targets in 2008 although this was due partly to purchasing GHG credits in developing countries through the clean development mechanism (CDM). This involves a direct cost to the Irish taxpayer but assists developing countries in moving towards a less carbon-intensive growth path. Ireland is not alone among EU countries in requiring the use of flexible mechanisms and carbon sinks to achieve its EU targets. Denmark, Italy, Austria, Spain and Luxembourg experienced emissions above their Kyoto targets in 2008.

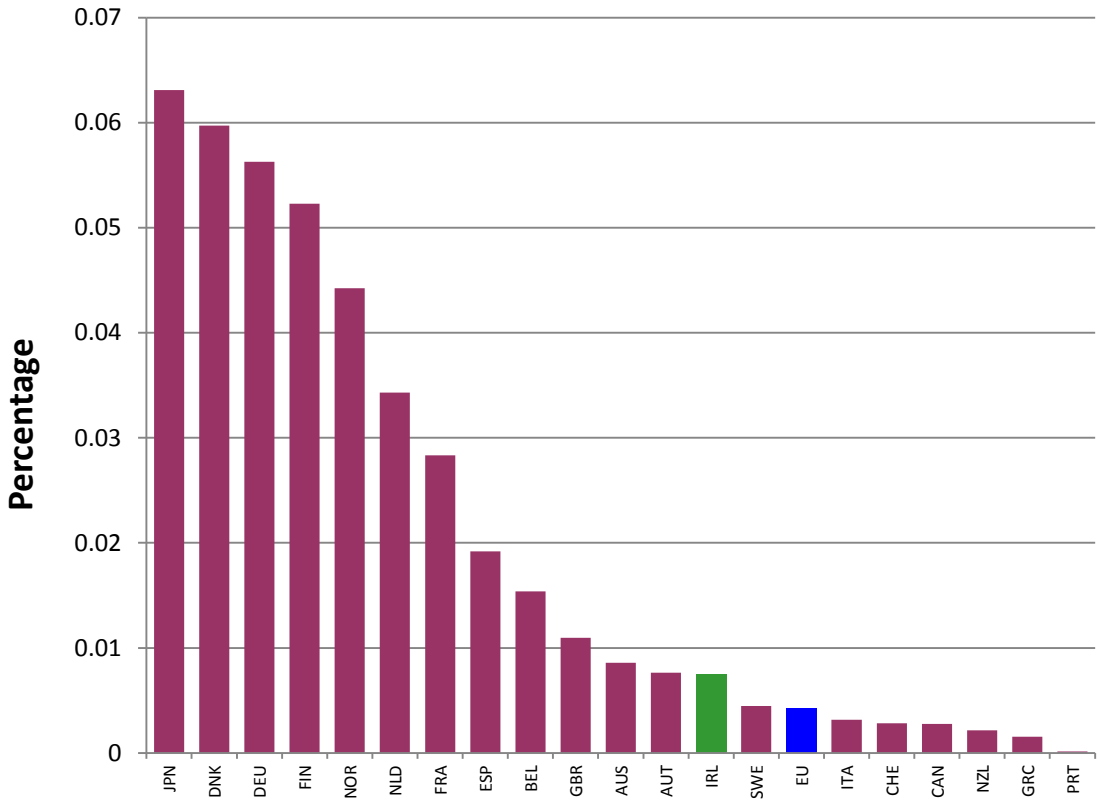
Relevance to PCD: Stabilising the concentration of greenhouse gases in the atmosphere is now a shared global goal following the Copenhagen 2009 COP meeting of the UNFCCC. Because developing countries will bear a disproportionate share of the costs of climate change, meeting this goal has important development implications.

Other Issues to Consider: The reliance on flexible mechanisms to meet our 2008 carbon target is a short term advantage to developing countries, but should not replace the goal of moving ultimately to a carbon-neutral economy. Ideally, Ireland's carbon offsetting would occur in Irish Aid partner countries. The European Union has taken a leadership role in offering significant further GHG emission reductions within the context of any post Kyoto agreement. The policy coherence challenge for Ireland is to keep up with future EU pledges.

Source: Greenhouse gas emission trends and projections in Europe 2009 Tracking progress towards Kyoto targets. EEA Report No 9/2009 Website:
http://www.eea.europa.eu/publications/progress-towards-kyoto

Methodology: Projected gap between GHG emissions in 2008 and Kyoto units (emission rights) in 2008.

***E*.2.3 – Policy Input – ODA Expenditure on Climate Change, as a % of 2008 GDP (Second Rio Marker).**



Performance: Ireland's performance under the second Rio Marker on Climate Change expenditure is moderate to poor when compared with international peers in the OECD.

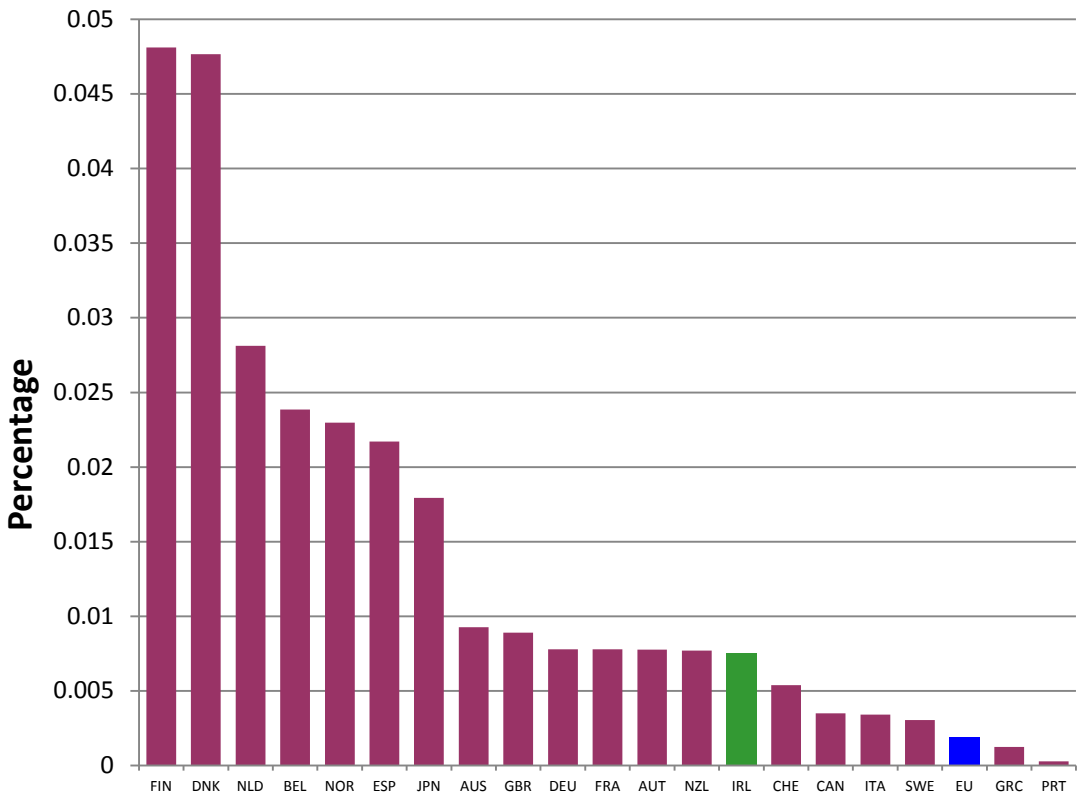
Relevance to PCD: Support for climate change adaptation/mitigation in developing countries improves coherence, especially when the role of OECD countries in historical carbon emissions is considered.

Other Issues to Consider: Ireland has prioritised hunger, nutrition and food security in its aid budget so this helps to explain the low shares for other policy areas. Also, these are areas which will be particularly adversely affected by climate change in many developing countries. The marker data were not designed as quantitative measures, but are more qualitative in nature and using them as quantitative measures can be misleading. They give an indication (best estimate) of such aid flows and describe the extent to which donors address the objectives of the Rio Conventions in their aid programmes.

Source: OECD Online Dataset on Rio Markers Website:
http://www.oecd.org/document/6/0,3746,en_2649_34421_43843462_1_1_1_1,00.html

Methodology: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the Creditor Reporting System (CRS) using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows. For 2008 data, only Luxembourg, Norway (forthcoming) and the United States did not report on the Rio markers in the CRS. The marker data do not allow exact quantification of amounts allocated or spent. They give an indication (best estimate) of such aid flows and describe the extent to which donors address the objectives of the Rio Conventions in their aid programmes.

E.2.4 – Policy Input – ODA Expenditure on Desertification in, % of 2008 GDP (Third Rio Marker).



Ireland's Performance: Ireland is ranked 9th out of 20 OECD countries for expenditure on desertification.

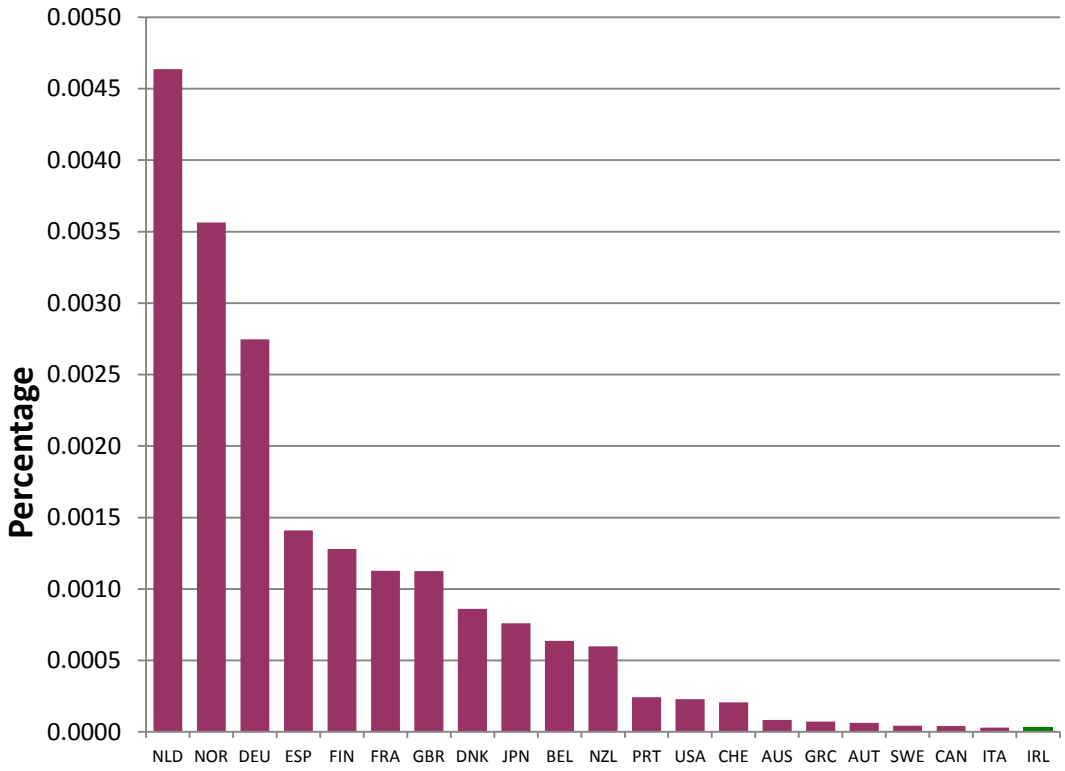
Relevance to PCD: Support for desertification prevention in developing countries improves coherence, especially when the role of OECD countries in historical carbon emissions is considered.

Other Issues to Consider: Expenditure on desertification related projects is likely to be more relevant for aid programmes focusing on countries surrounding the Sahara such as North Africa and West Africa. The marker data were not designed as quantitative measures, but are more qualitative in nature and using them as quantitative measures can be misleading. They give an indication (best estimate) of such aid flows and describe the extent to which donors address the objectives of the Rio Conventions in their aid programmes.

Source: OECD Online Dataset on Rio Markers Website:
http://www.oecd.org/document/6/0,3746,en_2649_34421_43843462_1_1_1_1,00.html

Methodology: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the Creditor Reporting System (CRS) using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows. For 2008 data, only Luxembourg, Norway (forthcoming) and the United States did not report on the Rio markers in the CRS. The marker data do not allow exact quantification of amounts allocated or spent. They give an indication (best estimate) of such aid flows and describe the extent to which donors address the objectives of the Rio Conventions in their aid programmes.

E.3.1 – Policy Input – ODA Expenditure on Biodiversity (Disbursement), ODA as a % of 2008 GDP (First Rio Marker).



Ireland's Performance: Ireland is ranked 20th out of 20 OECD countries.

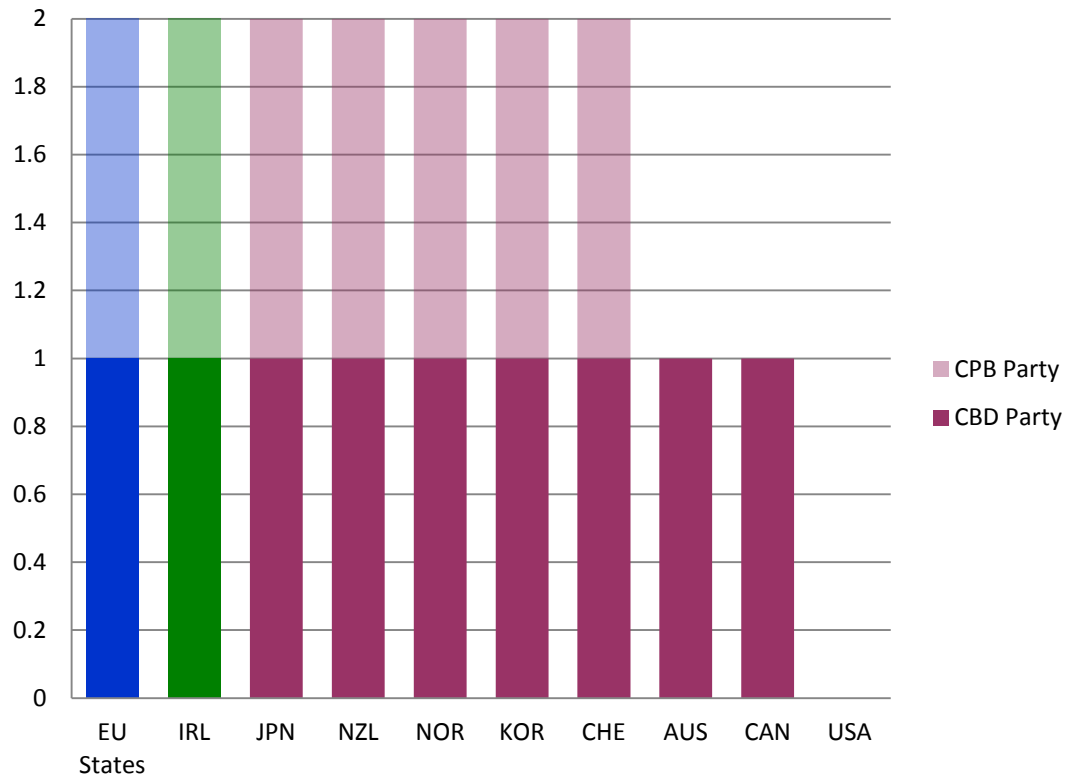
Relevance to PCD: Support for biodiversity in developing countries improves coherence given the global nature of this public good.

Other Issues to Consider: A zero estimate of Ireland's financial contribution to biodiversity in the developing world is found in the official OECD Stat system. The figures used here come from Rio Marker estimates. The marker data were not designed as quantitative measures, but are more qualitative in nature and using them as quantitative measures can be misleading. They give an indication (best estimate) of such aid flows and describe the extent to which donors address the objectives of the Rio Conventions in their aid programmes.

Source: OECD Online Dataset on Rio Markers Website:
http://www.oecd.org/document/6/0,3746,en_2649_34421_43843462_1_1_1_1,00.html

Methodology: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the Creditor Reporting System (CRS) using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows. For 2008 data, only Luxembourg, Norway (forthcoming) and the United States did not report on the Rio markers in the CRS. The marker data do not allow exact quantification of amounts allocated or spent. They give an indication (best estimate) of such aid flows and describe the extent to which donors address the objectives of the Rio Conventions in their aid programmes.

E.3.2 – Policy Output – Ireland's Commitment to International Initiatives on Biodiversity – Adoption of Convention of Biological Diversity and Related Protocol, 2010.



Ireland's Performance: Ireland and the EU have signed up to both the Convention on Biodiversity and the Cartagena Protocol on Biosafety. The US has signed neither and Canada and Australia have remained outside of the Protocol. The Convention on Biological Diversity (CBD) is an international legally-binding treaty with three main goals: conservation of biodiversity; sustainable use of biodiversity; fair and equitable sharing of the benefits arising from the use of genetic resources. The Cartagena Protocol on Biosafety to the Convention on Biological Diversity is an international agreement which aims to ensure the safe handling, transport and use of living modified organisms (LMOs) resulting from modern biotechnology that may have adverse effects on biological diversity, taking also into account risks to human health.

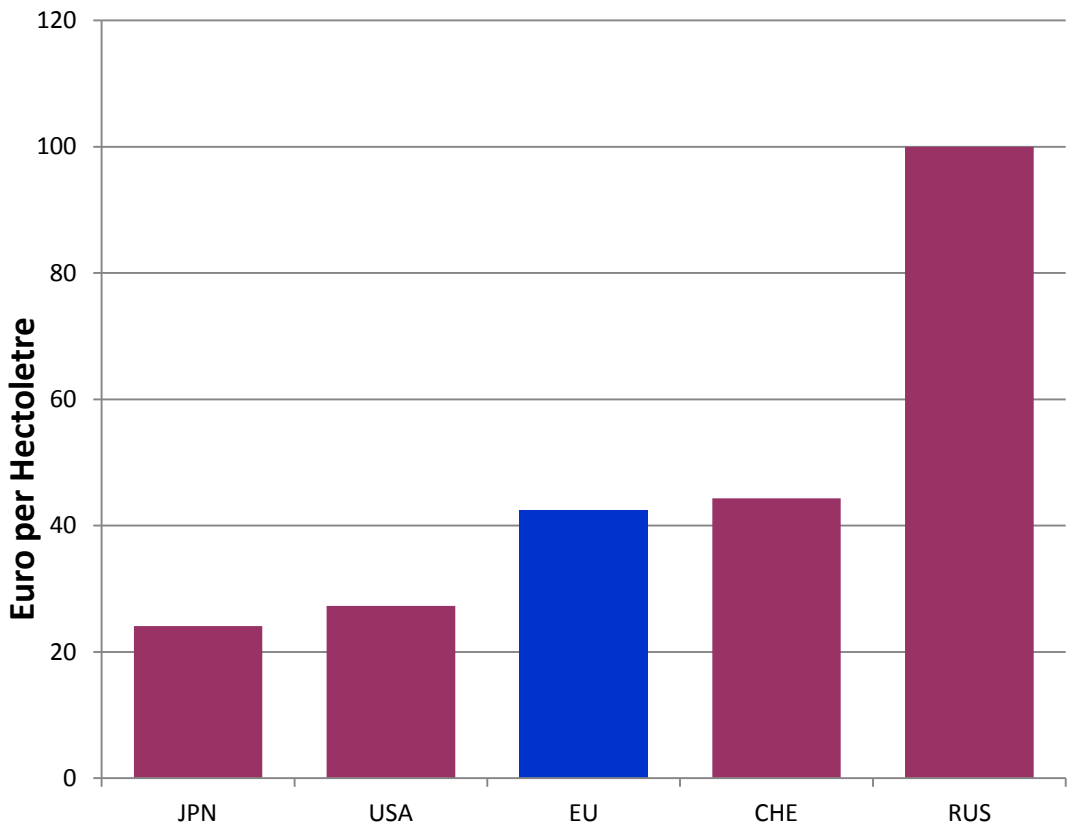
Relevance to PCD: Ratification of international treaties on the protection of biodiversity supports efforts means that Ireland is contributing to the global effort to protect sensitive ecological processes that remain central to the livelihoods of many countries.

Other Issues to Consider: Ratification of these conventions may not be matched by equivalent efforts in enforcement and implementation.

Source: Convention on Biological Diversity, Website: http://www.cbd.int/

Methodology: Internet research.

E.4.1 – Policy Output – MFN Tariffs on Bioethanol, 2010.



Ireland's Performance: Indicator E.4.1 shows that the EU tariff on ethanol biofuel was higher than in the US and Japan in 2008, reflecting a policy preference to support European bioethanol producers.

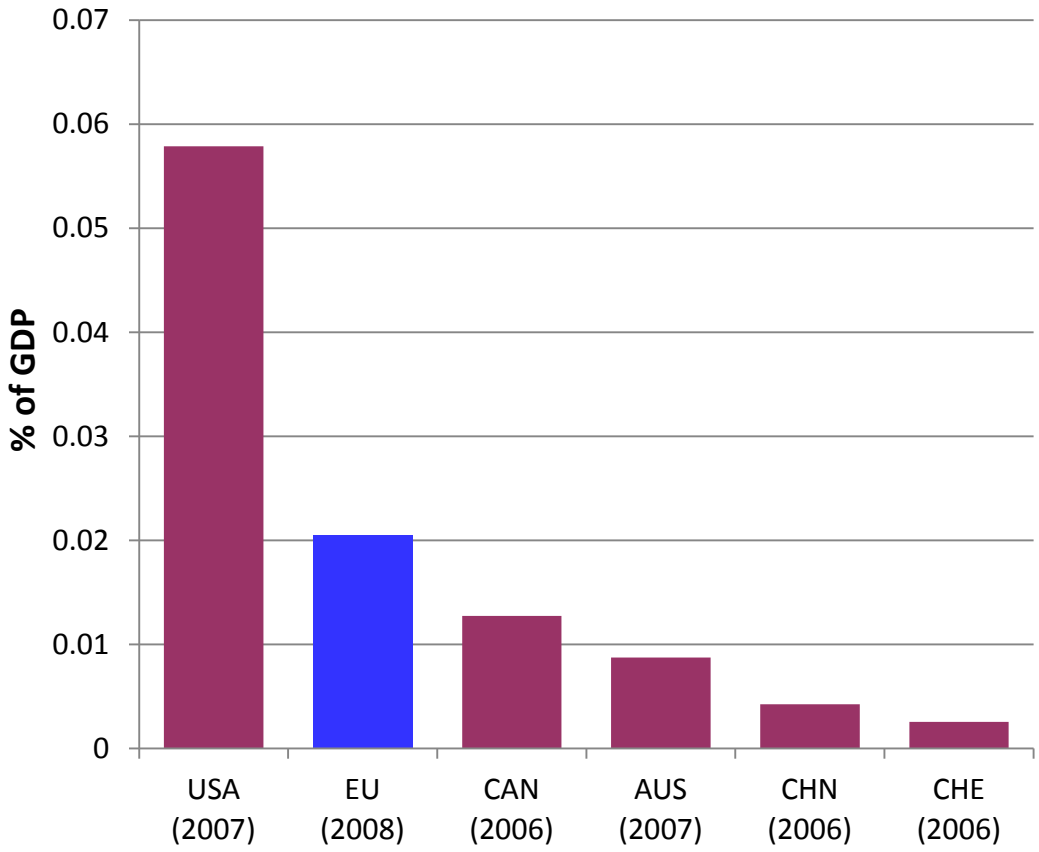
Relevance to PCD: Exports of biofuels which meet sustainability criteria can provide an impetus for economic development in those developing countries which have a comparative advantage in their production. Thus the EU should be open to exports of biofuels from developing countries as the sector has significant potential to contribute to economic growth.

Other Issues to Consider: MFN tariffs do not reflect the fact that the EU allows duty-free imports of ethanol for biofuels under preferential agreements with developing countries. In addition, the widespread production of raw materials for biofuels can increase the cost of food and adversely affect the livelihoods of non-producing households in developing countries. The EU imposes a lower tariff on denatured ethanol and a 6.5% tariff on ethanol gasoline blends. Biodiesel imports are subject to a 6.5% tariff.

Source: World Bank WITS/TRAINS system

Methodology: Ad Valorem Equivalent Tariff Rate for Undenatured Ethanol, 2008 (Most Favoured Nation Status)

E.4.2 – Policy Input – Subsidies for Liquid Biofuels (Ethanol and Biodiesel), Most Recent Year.



Ireland's Performance: Indicator E.4.2 shows that subsidies to the biofuel industry as a percentage of GDP are significantly smaller than in the US but higher than in Canada, Australia, China and Switzerland.

Relevance to PCD: Competition between food and fuel is pushing food prices higher and exacerbating hunger. High energy prices make the use of agricultural feedstocks for biofuels profitable, but in many countries governments subsidise the use of biofuels and thus exacerbate the impact on food prices.

Other Issues to Consider: Consideration of the EU member state distribution of EU subsidies would provide greater detail.

Source: The Global Subsidies Initiative, 2011. See: http://www.globalsubsidies.org/research/biofuel-subsidies

Methodology: Analysis of countries' fiscal accounts was conducted by the Global Subsidies Initiative.

6. Finance and Enterprise Policy

6.1 Overview

This chapter considers a range of issues from finance and enterprise policy. In a globalised world with open capital markets and multinational companies, the policies pursued in the area of finance and enterprise can have important effects on developing countries. Technology policy is considered as a component of enterprise policy in this chapter. Barry et al. (2009) provide the broad policy discussion on the various elements of policy coherence related to finance and enterprise. That report discusses a number of issues that do not lend themselves to the development of indicators, such as the distribution of voting rights in the international financial institutions and reform of trade related intellectual property rights (TRIPS). Nevertheless, four indicators are assembled to reflect different dimensions of issues such as debt relief, taxation agreements with Irish Aid partner countries, enforcement of bribery conventions and openness to the flow of technology.

International debt relief can ease fiscal constraints in low income countries and help them to invest in critical infrastructure. Over the period 2007 and 2008 Ireland did not contribute significantly to debt relief efforts. A total of $430,000 was provided by Ireland under the debt relief heading. This is a lower percentage of GDP than 18 of the 21 DAC members (Indicator FE.1.1). However, this is not surprising because, unlike some other donors, Ireland's ODA has traditionally been provided in grant form only rather than loans, which is by far the preferred mode for development assistance. Ireland therefore had no stock of official debt owed by developing countries. As a result, Ireland's contribution took the form of contributions to multilateral debt relief.

International tax agreements are complex and not necessarily particularly effective. However, the starting point in assessing the coherence of Ireland's tax relationship with its partner countries is the existence or not of double taxation agreements. According to the Revenue Commissioners Ireland does not have a double taxation treaty with seven of its nine Irish Aid partner countries (Indicator FE.1.2).

With many multinational companies operating out of Ireland, the existence and effectiveness of Ireland's laws on corruption become a PCD issue. Recent OECD reports remain critical of Ireland's efforts to prevent the practice of bribery and corruption abroad by Irish companies (OECD, 2007c). The OECD has highlighted the absence of efforts to raise awareness amongst the business community that bribing foreign public officials is a crime, that prosecutions are only brought in Ireland if part of the crime was committed here, that there are no reporting obligations placed on public officials to report allegations or suspicions of wrongdoing, and that there are few whistleblower safeguards in place. To rate Ireland's performance combating corruption we draw on Transparency International's (TI) review of enforcement of the OECD Anti Bribery Convention (Indicator FE.3.1). In 2011, TI classified Ireland along with 6 other DAC countries as having "little or no enforcement" of the OECD Anti-bribery Convention. The median position is moderate enforcement with seven countries deemed to have active enforcement. By 2010 Ireland had no cases of foreign bribery and no on-going investigations. The issues highlighted by TI include insufficient definition of foreign bribery offences, lack of criminal liability for corporations, inadequate sanctions in law and/or practice, inadequate resources and lack of specialised training; and with regard to enforcement, uncoordinated enforcement and inadequate complaints system and/or whistle-blower protection.

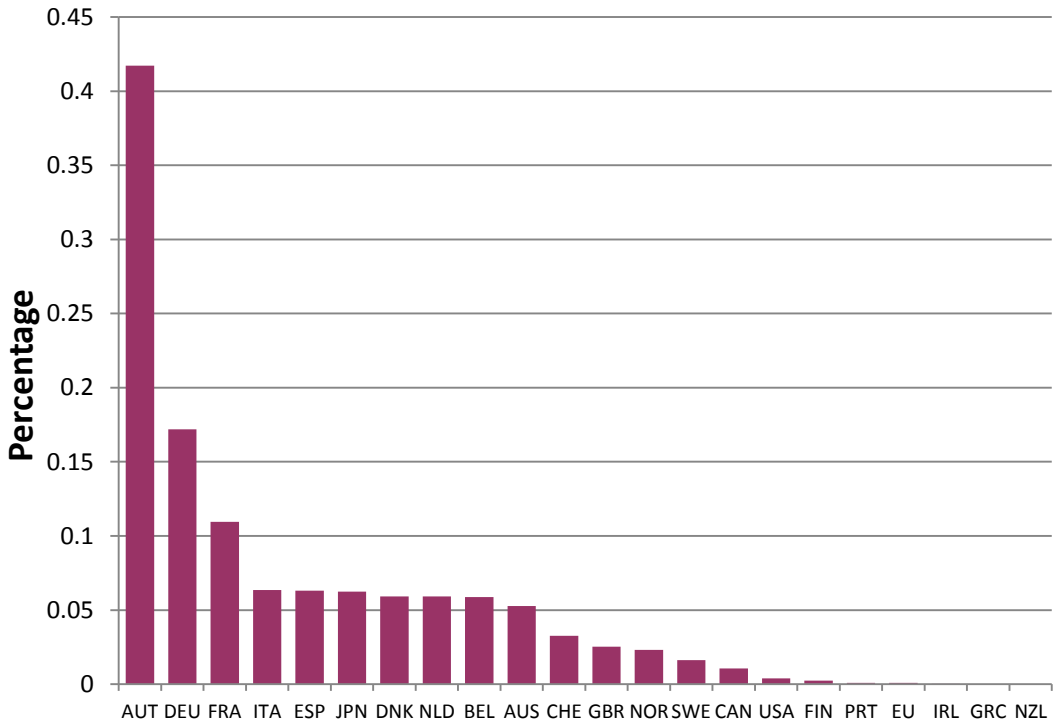
Finally, Ireland's openness to the transfer of ideas and technology, for example, in the areas of health care, ICT or engineering, is important for the growth prospects of developing countries. To monitor Ireland's performance in this respect we use the technology component

of the Commitment to Development Index (Indicator FE.4.1). Ireland has traditionally performed poorly in the technology component but with the addition of two new sub-components (the existence of a patent opposition system allowing third parties to challenge the validity of patent applications before they are granted and exceptions to patents to facilitate research) in 2010 has improved Ireland's ranking somewhat. Ireland is ranked 17th out of 22 countries.

Code	List of Finance and Enterprise Policy Indicators
FE.1.1	ODA Expenditure on Debt Relief, 2007- 2008.
FE.2.1	Existence of Double Taxation Agreements with Irish Aid Priority Countries, 2010.
FE.3.1	Level of foreign bribery enforcement in OECD Convention Countries, 2011.
FE.4.1	Restrictions on the Flow of Technology to Developing Countries, 2010.

6.2 Indicators

FE.1.1 – Policy Input – Irelands Financial Contribution to Debt Relief - ODA Expenditure on Debt Relief (2007 and 2008), % of 2008 GDP.



Ireland's Performance: Over the period 2007 and 2008 Ireland did not contribute significantly to continued debt relief efforts. A total of $430,000 was provided by Ireland under the debt relief heading. This is a lower percentage of GDP than 18 of the 21 DAC members.

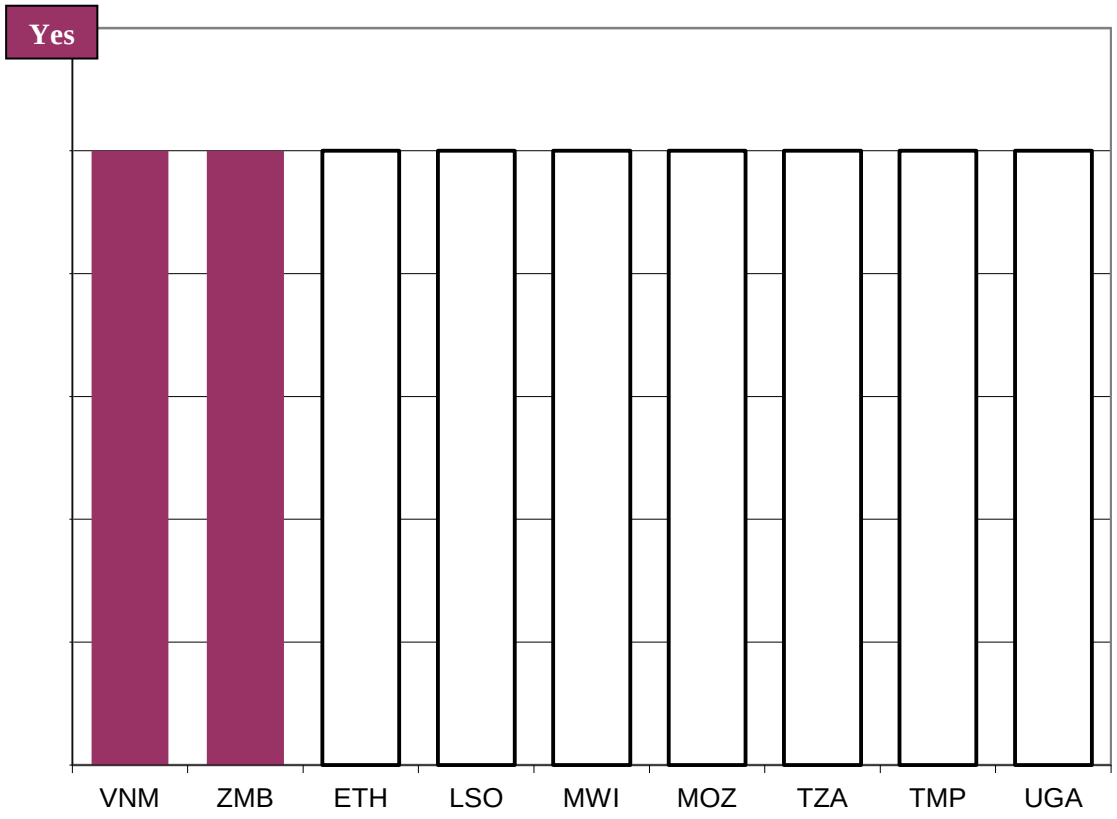
Relevance to PCD: Debt relief remains an important item on the international development agenda.

Other Issues to Consider: Unlike some other donors, Ireland's ODA has traditionally been provided in grant form only rather than loans, which is by far the preferred mode for development assistance. Thus, Ireland does not have official loans to developing countries on which debt relief might be given. Ireland's contribution took the form of contributions to multilateral debt relief.

Source: OECD International Development Statistics http://stats.oecd.org/qwids/

Methodology: ODA financial contributions relating to debt. Contributions can be to multilateral initiatives or bilateral relief.

FE.2.1 – Policy Output – Existence of Double Taxation Agreements with Irish Aid Priority Countries, 2010.



Ireland's Performance: According to the Revenue Commissioners Ireland does not have a double taxation treaty with seven of its nine Irish Aid partner countries.

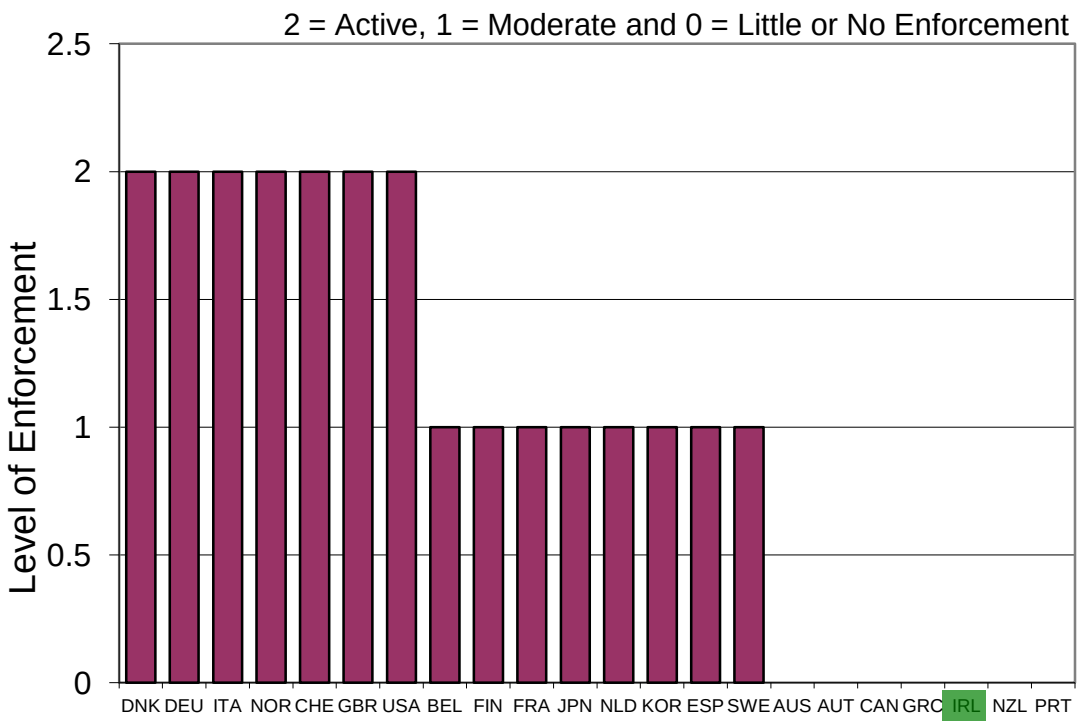
Relevance to PCD: International tax agreements are complex and not necessarily particularly effective. However, the starting point of assessing the coherence of Ireland's tax relationship with its partner countries is the existence or not of double taxation agreements. The absence of double taxation agreements can lead to the discouragement of cross border investment. An Irish firm with investments in Uganda may have to pay taxation twice on income earned in a local enterprise.

Other Issues to Consider: The level of enterprise related financial flows between Irish Aid partner countries and Ireland is an important consideration.

Source: Revenue Commissioners

Methodology: Internet research.

FE.3.1 – Policy Input – Level of Foreign Bribery Enforcement in OECD Convention Countries, 2011.



Ireland's Performance: In 2011 Transparency International (TI) classified Ireland along with 6 other DAC countries as having "little or no enforcement" of the OECD Anti-bribery Convention. The median position is moderate enforcement with seven countries deemed to have active enforcement. By 2010 Ireland had no cases of foreign bribery and no on-going investigations. The issues highlighted by TI include insufficient definition of foreign bribery offence, lack of criminal liability for corporations, inadequate sanctions in law and/or practice, inadequate resources and lack of specialised training: and in terms of enforcement, uncoordinated enforcement and inadequate complaints system and/or whistle-blower protection.

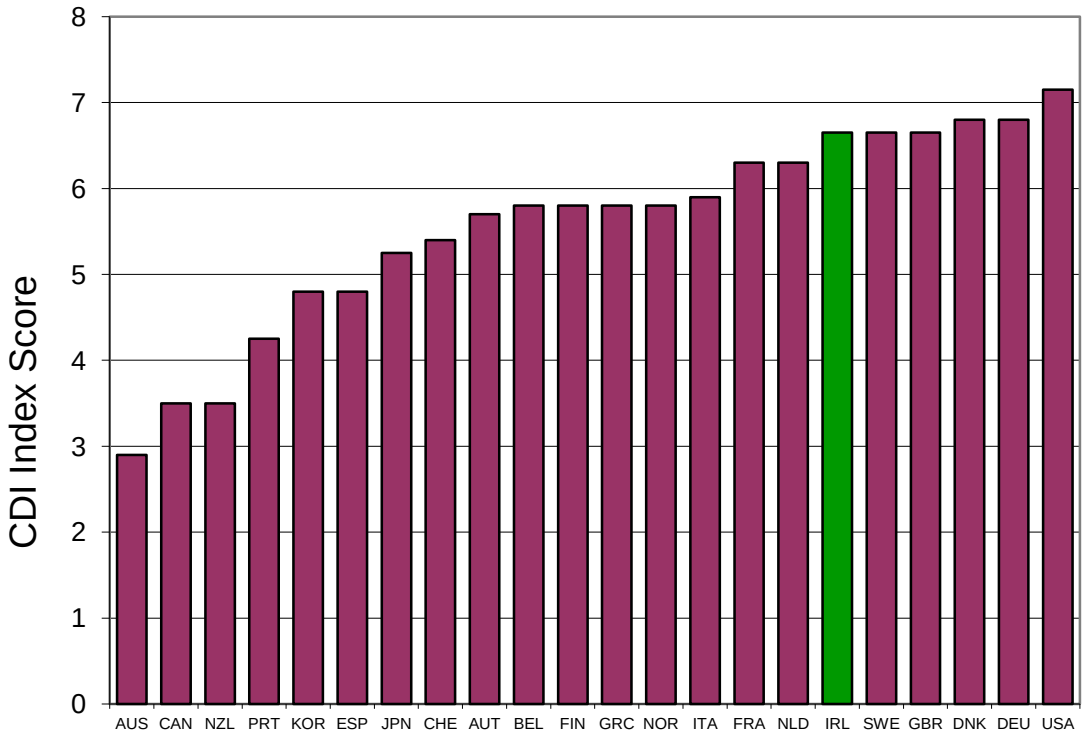
Relevance to PCD: With Irish companies or Irish-based subsidiaries of multinational companies increasingly operating on a worldwide basis Ireland's enforcement of the OECD convention on bribery can play an important role in helping to curb corruption in developing countries.

Other Issues to Consider: It can be argued that investment flows between Ireland and Irish Aid partner countries are likely to be modest.

Source: Transparency International's Enforcement of the OECD Convention Anti-Bribery Convention: Progress Report 2011.

Methodology: Transparency International country assessments are based on information provided by national experts in each reporting country, who are selected by TI and its national chapters.

FE.4.1 – Policy Output – Restrictions on the Flow of Technology to Developing Countries, 2010.



Ireland's Performance: Ireland has traditionally performed poorly in the technology component of the Commitment to Development Index. A low score is considered more coherent. The addition of two new sub-components (the existence of a patent opposition system allowing third parties to challenge the validity of patent applications before they are granted and exceptions to patents to facilitate research) in 2010 has improved Ireland ranking somewhat. Ireland is ranked 17th out of 22 countries.

Relevance to PCD: While acknowledging the important role played by patents and copyrights in the innovation process, the ease of flow of technology to developing countries benefits their development processes significantly.

Other Issues to Consider: The strictness of Ireland's protection of intellectual property rights forms part of Ireland's own industrial development strategy. The strategic aim should be to evaluate Ireland's technology policy from a PCD perspective.

Source: Commitment to Development Index 2010, Center for Global Development

Methodology: This indicator combines a subset of the components used to make up the technology component of the Commitment to Development Index. The nine components include (1) patents for plant and animal species (particularly important for developing country agriculture); (2) patents for software innovations (distinct from copyrights on specific programs); (3) involvement in trade agreements with "TRIPS+" measures such as additionally restrictive provisions on the secrecy of product data (e.g drugs, agricultural innovations), restrictive "geographical indications" on product names and limits on compulsory licensing and strong test data protections, for which they are also penalized; (4) anti-circumvention rules (strong criminal penalties for development or use of technologies that can copy copyrighted digital materials by circumventing encryption devices); (5) unnecessarily restrictive database protections; (6) absence of patent revocation due to lack of use; (7) inclination against compulsory licensing that allows use of their patents if it serves a pressing social need; (8) lack of a patent opposition system, which would allow third parties to challenge the validity of patent applications before they are granted and (9) lack of exceptions to patents to facilitate research. See Roodman, 2010 for further details - http://www.cgdev.org/doc/CDI/2010/2010%20files/Index%20technical%20paper%202010.pdf.

7. Security and Defence Policy

7.1 Overview

Conflicts and instability in developing countries, in particular in Africa, remain one of the biggest development challenges. Peace and security are regularly cited as the top priority for ordinary Africans across the continent, and the longer peace and security is maintained, the higher is a region's probability of escaping the conflict trap and enjoying sustained economic growth (DFID, 2004).

Ireland has a long-established international reputation for neutrality and contributions to UN peacekeeping missions. This reputation was further emphasised with the establishment of the Conflict Resolution Unit following the 2006 White Paper on Overseas Aid. Using five indicators we assess whether this reputation is warranted. We specifically assess the peacekeeping contribution Ireland makes, our contribution to security sector reform initiatives, our commitment to important security-related international treaties and our level of arms exports.

Involvement in UN peacekeeping missions has been the cornerstone of Ireland's contribution to security in developing countries. Over the past fifty years, Ireland has participated continuously in UN peacekeeping operations, a service which has comprised more than 57,000 individual tours of duty. As of 31 December 2008, Ireland had 760 Defence Forces personnel deployed overseas spanning 14 different missions throughout the world. Indicator S.1.1 measures the percentage of GNP spent on UN-run peacekeeping activities (including contributions to the UN peacekeeping budget (1998-2009, the cost of deploying personnel in U.N.-run peacekeeping operations (1993-2009) and the cost of maintaining capacity for contributing personnel to U.N.-run peacekeeping operations (1993-2009) with a larger weight given to more recent years. Ireland performs strongly with only New Zealand and Norway contributing more to UN peacekeeping operations. Indicators of the quality of peacekeeping would be a desirable complement to just reporting on the level of expenditure.

While Ireland continues to honour the policy of the triple lock of UN, Government and Dáil approval for involvement in multilateral peacekeeping and peace enforcement initiatives, Ireland engages in some initiatives that have UN approval but that are not specifically run by the UN. Indicator S.1.2 measures Ireland's non-UN peacekeeping and humanitarian operations that achieve international approval including internationally-approved operations that do not specifically have UN approval as categorised by the Institute for International Strategic Studies (IISS). Unsurprisingly, Ireland has a low ranking on this indicator but nonetheless it is an indicator of interest.

Security sector reform (SSR) is aimed at the efficient and effective provision of state and human security within a framework of democratic governance. SSR can be seen as a precondition for good governance, security, human rights, and the achievement of long-lasting peace. As argued in Barry et al. (2009), opportunities exist for Ireland to engage further in SSR and capacity-building including the training of developing country peacekeeping forces (African in particular) to internationally-acceptable standards as well as capacity-building activities designed to encourage a military culture respecting the civil authorities. In 2008, Ireland contributed $290,000 under the OECD's Expenditure on Security System Management and Reform category and is ranked 17th out of 22 countries on a GDP basis (Indicator S.1.3). The EU is ranked 7th and contributed $274 million to security system management and reform.

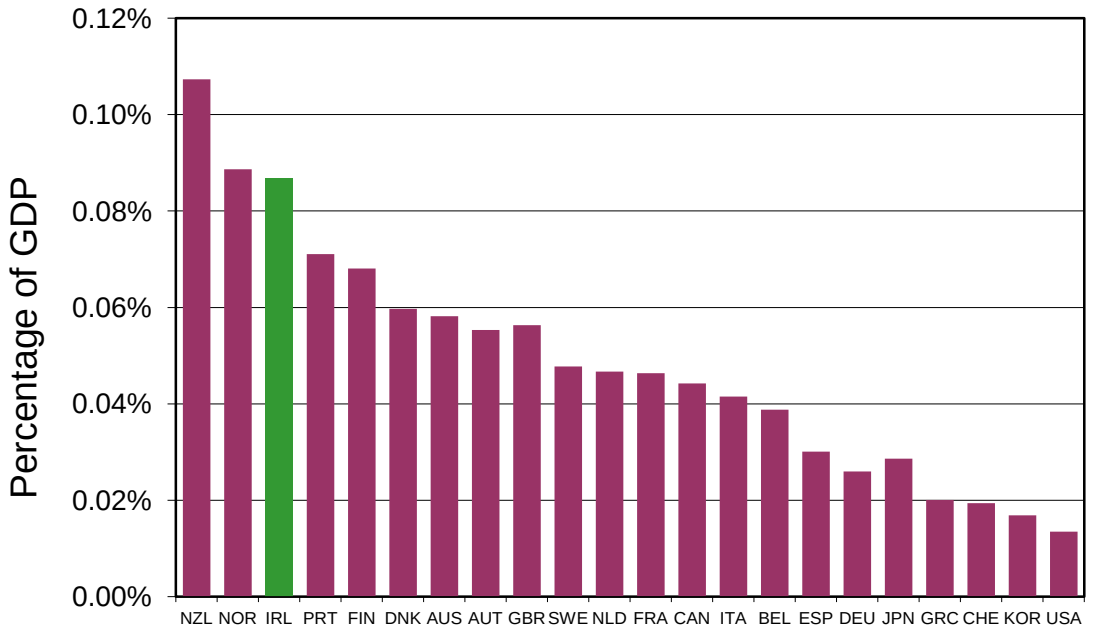
Ireland's participation in pro-development international security treaties ranges from a leadership role to a late adopter (Indicator S.1.4). Ireland played a central role in getting agreement on the Convention on Cluster Munitions (CCM) in 2008. Ireland's participation was confirmed in the Cluster Munitions and Anti-Personnel Mines Act 2008, which also confirmed Ireland's participation in the Anti-Personnel Mine Ban Convention. While commitments have been made Ireland has yet to develop an Action Plan on United Nations Security Council Resolution 1325 and hence Ireland receives a zero in this metric. This resolution is important legislation respecting women's rights and supporting their participation in peace negotiations and in post-conflict reconstruction. Likewise, Ireland is not a participant in the Extractive Industries Transparency Initiative. While Norway is the only European country currently a member, a number of Irish Aid partner countries are candidate countries (Mozambique, Tanzania and Zambia) and the other partner countries could benefit from membership. Ireland could play a more active role in the area of responsible resource management as a member of the EITI initiative.

Finally, indicator S.2.1 compares Ireland to other donor countries regarding the level of anti-development exports of major conventional weapons. Ireland is ranked favourably, fifth out of 22 OECD countries. Ireland records a small but non-zero entry for exports of major conventional weapons even though it is illegal to export conventional weapons from Ireland.

Code	**List of Security Policy Indicators**
S.1.1	Peacekeeping Contribution, UN-run Operations, Progressively Weighted to the Present, 1993-2009.
S.1.2	Peacekeeping Contribution, Non UN-run Operations, Progressively Weighted to the Present, 1993-2009.
S.1.3	Expenditure on Security System Management and Reform, 2008.
S.1.4	Participation in Four Essential Security International Treaty and Related Policies, 2010.
S.2.1	Exports of Major Conventional Weapons, 2008.

7.2 Indicators

S.1.1 – Policy Input – Peacekeeping Contribution, UN-run Operations, % of GDP, Progressively Weighted to the Present, 1993-2009.



Ireland's Performance: Ireland performs strongly in this indicator with only New Zealand and Norway contributing more to UN peacekeeping operations.

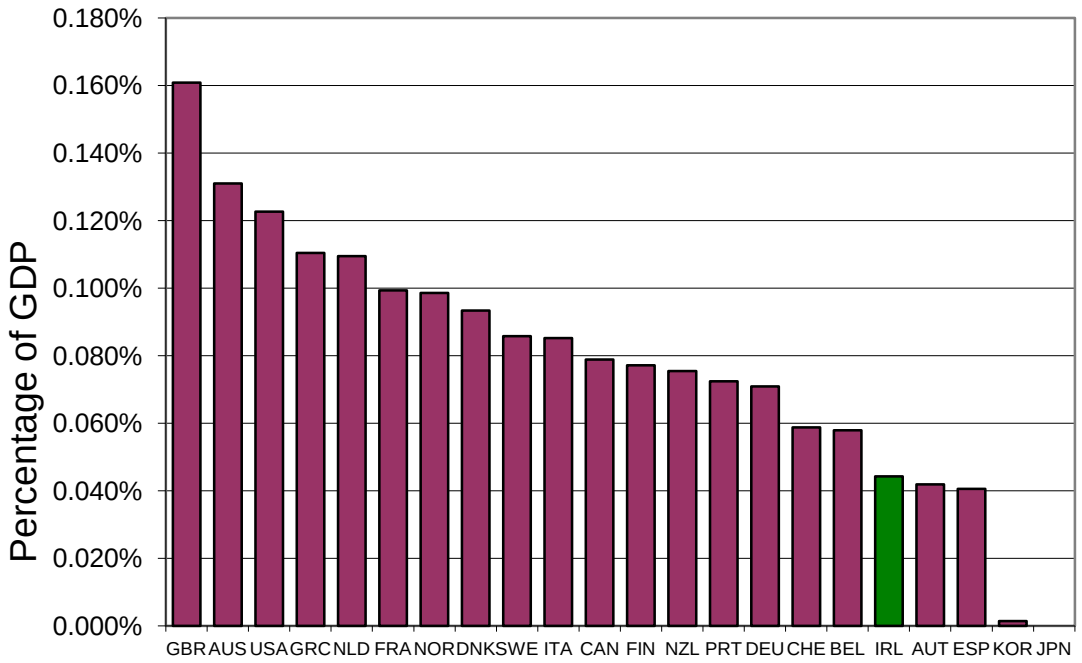
Relevance to PCD: Peace and security are necessary requirements if development is to take place. UN peacekeeping is an important means to contribute to the goal of enhanced security in developing countries.

Other Issues to Consider: Monetary measures of peacekeeping ignore the quality of each country's contribution.

Source: Commitment to Development Index 2010. Data from U.N. Department of Peacekeeping Operations (UNDPKO)

Methodology: Contributions to UN peacekeeping include the direct cost of personnel contributions (estimated at $9,000/person/month following reimbursement from UN) averaged over 1993–2009, the indirect cost of personal contributions (calculated by estimating a country's peak personnel contribution to such operations during 1993–2009 as a share of its standing military forces and multiplying it by military budget for the year) and direct financial contributions to the U.N. peacekeeping budget (averaged over 1998–2009). Discounted by 7% per year.

S.1.2 – Policy Input – Peacekeeping Contribution, Non UN-run Operations, % of GDP, Progressively Weighted to the Present, 1993-2009.



Ireland's Performance: Ireland's international security efforts are focused on UN-run operations although Ireland has contributed to non-UN operations that have achieved international approval. Unsurprisingly, Ireland's contribution to such operations are modest, ranked 18th out of 22 countries.

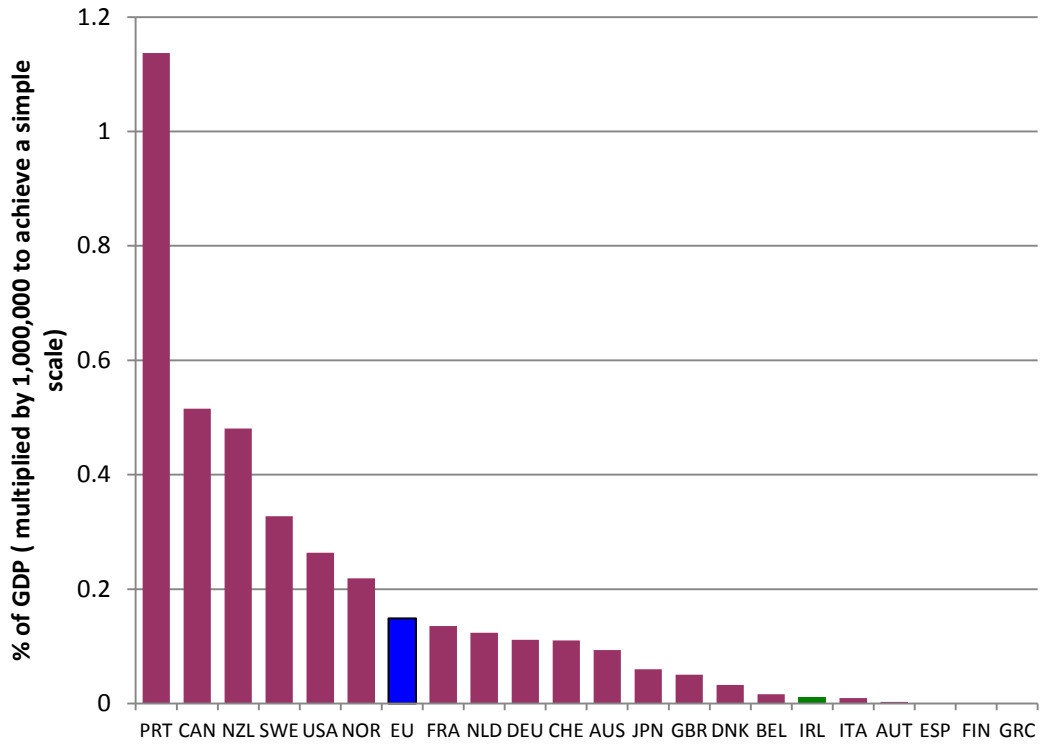
Relevance to PCD: Peace and security are necessary requirements if development is to take place. UN peacekeeping is an important means to contribute to the goal of enhanced security in developing countries. Examples of the non-UN run operations considered development friendly are available in Table 14 of Roodman, 2010.

Other Issues to Consider: While this indicator provides useful information, it undervalues Ireland peacekeeping contribution and should be considered in parallel with S.1.1.

Source: Commitment to Development Index 2010

Methodology: Contributions to non-UN peacekeeping and humanitarian operations include the direct cost of personnel contributions and the indirect cost of personal contributions, both calculated in similar fashion to indicator S.1.1. Information on non-U.N. operations that achieve international approval comes from the Institute for International Strategic Studies (IISS, 2008).

S.1.3 – Policy Input – Expenditure on Security System Management and Reform as a % of GNP (x 1,000,000), OECD 2008.



Ireland's Performance: In 2008 Ireland contributed $290,000 under this category and is ranked 17th out of 22 countries. The EU is ranked 7th and contributed $274 million to security system management and reform.

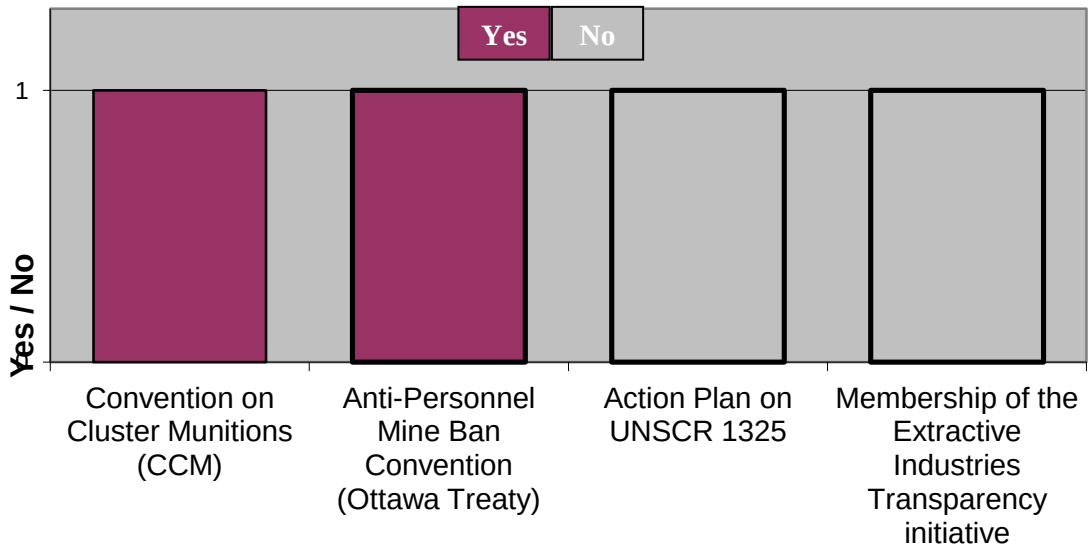
Relevance to PCD: Peace and security are necessary requirements if development is to take place. UN peacekeeping is an important means to contribute to the goal of enhanced security in developing countries.

Other Issues to Consider: Ireland should use its international reputation in security policy to contribute to the debate on what constitutes pro-development security expenditure.

Source: OECD International Development Statistics http://stats.oecd.org/qwids/

Methodology: The OECD DAC committee captures donor country expenditure on security system management and reform.

S.1.4 – Policy Output – Participation in Four Essential Security International Treaty and Related Policies, 2010.



Ireland's Performance: Ireland played a central role in getting agreement on the Convention on Cluster Munitions (CCM) in 2008. Ireland's participation was confirmed in the Cluster Munitions and Anti-Personnel Mines Act 2008, which also confirmed Ireland's participation in the Anti-Personnel Mine Ban Convention. While commitments have been made Ireland is yet to develop an Action Plan on United Nations Security Council Resolution 1325 and hence Ireland receives a zero in this indicator. Likewise, Ireland is not a participant in the Extractive Industries Transparency Initiative. While Norway is the only European country currently a member, a number of Irish Aid partner countries are candidate countries (Mozambique, Tanzania and Zambia) and the other partner countries could benefit from membership. Ireland could play a more active role in the area of responsible resource management as a member of the EITI initiative.

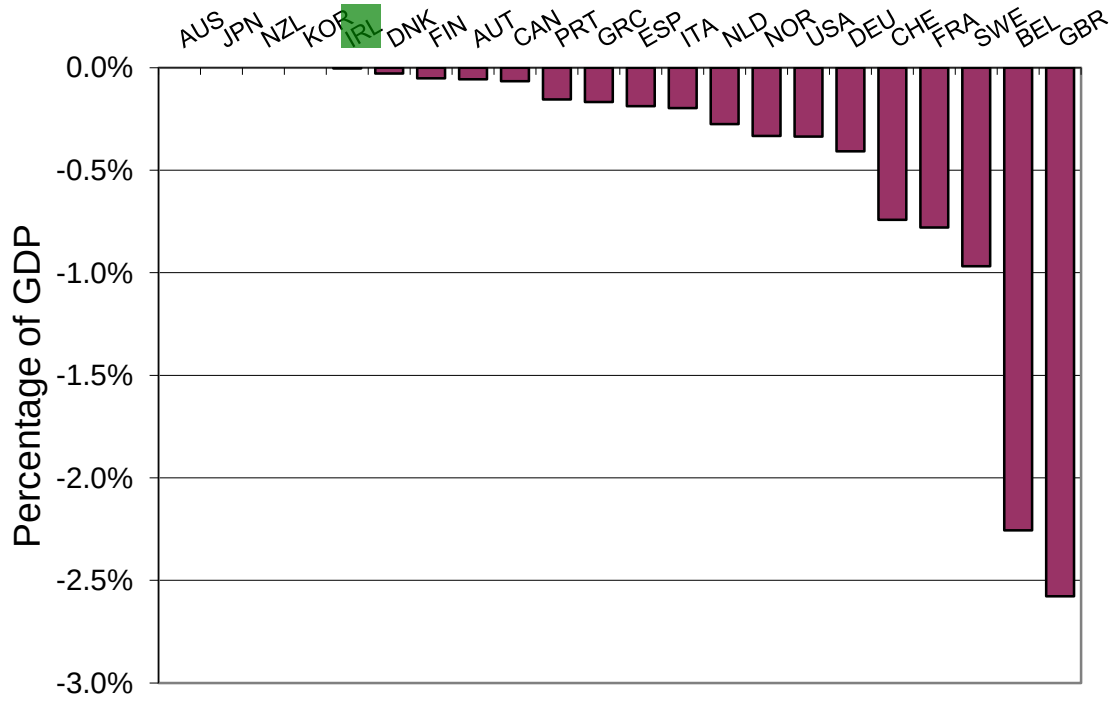
Relevance to PCD: Improving international governance in the area of security can make an important contribution to development. Ireland's non-participation in important international initiatives to reduce the likelihood of or the human consequences of conflict represents an issue of policy coherence.

Other Issues to Consider: Where possible Ireland should play a leadership role in the formulation and agreement of international security treaties (e.g. the Convention on Cluster Munitions (CCM)).

Source: www.eiti.org, www.oireachtas.ie

Methodology: Following Barry et al. (2009) we chose four international treaties of particular importance to security in developing countries. First, the Convention on Cluster Munitions (CCM) which was agreed in Dublin in May 2008 obliges member countries to never use cluster munitions, never develop, produce, otherwise acquire, stockpile, retain or transfer to anyone, directly or indirectly, cluster munitions and never assist, encourage or induce anyone to engage in any activity prohibited to a State Party under this Convention. Second, the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (1999) is the cornerstone of the international effort to end the suffering and casualties caused by anti-personnel (AP) mines. Third, United Nations Security Council Resolution 1325 was the first formal and legal document from the United Nations Security Council that required parties in a conflict to respect women's rights and to support their participation in peace negotiations and in post-conflict reconstruction. Finally, the Extractive Industries Transparency Initiative (EITI) increases transparency over payments by companies to governments and to government-linked entities, as well as transparency over revenues by those host country governments through agreement with a set of principles of best practice. This initiative is also relevant as part of Finance and Enterprise policy.

S.2.1 – Policy Outcome – Exports of Major Conventional Weapons, as % of exporter's real GDP, weighted by the recipient's Voice and Accountability score and its military spending/GDP, 2008.



Ireland's Performance: Ireland is ranked fifth out of 22 OECD countries. Despite the fact that is illegal to export conventional weapons, Ireland is recorded as having a very small but non-zero entry from exports of major conventional weapons.

Relevance to PCD: Involvement in the international trade of major conventional weapons would represent a issue of policy coherence, especially when the destination of the weapons cannot be fully controlled.

Other Issues to Consider: Despite the non-zero result recorded by the CDI, Irish arms exports should be zero. Issues about the military use of non-military goods such as tank components are not possible to track.

Source: Commitment to Development Index 2010

Methodology: Researchers at the International Institute for Strategic Studies (IISS) have collected arms exports data directly from official documents of each of the CDI countries and these exports are weighting in three ways depending on which countries they go to; based on how democratic the recipient is (Kaufmann-Kraay index on "voice and accountability"), how heavily recipients spend on the military in general (country's military spending as a percentage of GDP) and on how poor the country is (recipient's GDP/capita). For lack of data, exports of machine guns and other small arms are not included in the IISS database, thus neither in the CDI.

8. Development Aid

8.1 Overview

Ireland's overseas aid programme has grown significantly since the 1990's and has developed a global reputation for quality delivery and focus on the poorest. While the policy coherence for development framework plays an important role in highlighting the importance to developing countries of non-aid policies, aid policies continue to play a significant role in supporting the development and poverty reduction strategies of the poorest countries. When PCD is strictly defined, evaluation of overseas aid programmes would not normally be included in a set of policy coherence indicators. Nevertheless, to fully understand the impact of a country's policies on development, it is also relevant to critique the Irish aid programme in parallel with other policy areas.

This chapter reports eight indicators of aid size and quality. These include an indicator on financial size of Ireland's total overseas aid programme, an assessment of the economic need of Irish Aid partner countries measured by their GNI per capita (PPP), their level of government effectiveness, efforts at the control of corruption, the quality of economic management and the degree of policy focus on social inclusion and equity. Indicators on the level of Irish Aid assistance going directly to partner governments and the degree of tied aid are also included.

Ireland's Overseas Development Aid (ODA) grew from 0.39% of GNI to 0.59% in 2008 before falling to 0.53% or €675.8 million in 2010 (Indicator DA.1.1). To measure the appropriateness of the destination of Irish aid money we assess the income per capita levels of the Irish Aid partner countries (Indicator DA.1.2). We find a focus on the poorest countries particularly in Africa where all of Ireland's partner countries in Africa have lower income levels than the sub-Saharan average.

The relative success of different aid modalities such as government to government aid, aid through multilateral institutions or through non-governmental organisations has created much debate in recent years. Some observers have argued that Irish government aid should not be channelled through dysfunctional or corrupt partner governments, but development research has converged on the fact that in-country government institutions are the primary hope for sustainable reductions in poverty. Aid can, if designed appropriately, play an important role in setting objectives, reducing corruption and improving local government performance. As a result, levels of partner country government effectiveness and changes in government effectiveness are important measures of aid effectiveness.

With 45 per cent of Ireland's overseas aid budget channelled directly to partner governments Ireland is not unusual among OECD countries. In fact the percentage is even higher for many of the OECD's leading donors such as Norway, Denmark, Germany and Netherlands (Indicator DA.3.1) The Kaufman and Kraay methodology for assessing the effectiveness of government suggests that Irish Aid partner countries enjoy marginally more effective administrations than the average sub-Saharan African country, with a mixed performance since 1996 (Indicator DA.2.2). In terms of the control of corruption, Malawi, Lesotho and Mozambique have notable higher success than the sub-Saharan average. Since 1996 Ethiopia, Lesotho, Tanzania and Zambia have improved their control of corruption. However, control of corruption scores have disimproved in Malawi, Mozambique, Timor-Leste (since 2004), Uganda and Vietnam (Indicator DA.2.3). Only Uganda and Zambia have higher levels of corruption than the sub-Saharan Africa average.

Successful economic policy and focus on social inclusion and equity are likely to be important perquisites for the success of government to government aid. The World Bank's Country Policy and Institutional Assessment (CPIA) indicator measures the relative performance of partner governments. First, the economic management cluster includes measures of the quality of policy and institutions related to macroeconomic management, fiscal policy and debt policy. It is notable that Irish aid

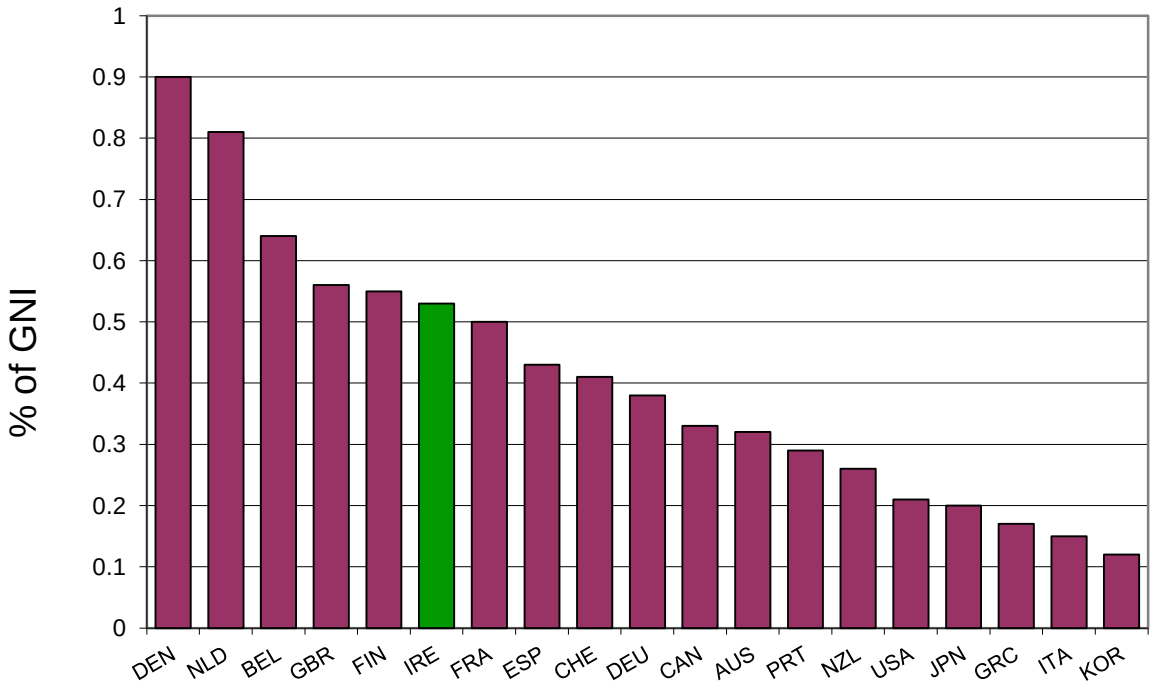
countries compare well to the Africa average (DA.2.4). Only Timor-Leste scores below the African average. Second, the CPIA's social inclusion and equity cluster comprises measures of gender equality, equity of public resource use, focus on education, social protection and labour and focus on environmental sustainability. Irish Aid countries again perform better than the average African country for focus on social inclusion (DA.2.5). Only Timor-Leste scores below the African average.

Finally, the tying of overseas aid reduces its effectiveness. Studies suggest that tying raises aid project costs 15–30%. (Jepma, 1991) Tied aid is not a practice of Ireland's aid programme. In fact Ireland is a world leader in this respect, with many OECD donor countries undermining the effectiveness of their aid programme to up to 8% of total flows as not all their aid will be tied.

Code	**List of Development Aid Indicators**
DA.1.1	Level of Overseas Aid (ODA), 2010.
DA.2.1	Irish Aid Partner Country GNI per capita, 2008.
DA.2.2	Governance Quality, Kaufman and Kraay Government Effectiveness Scores, 2009.
DA.2.3	Corruption Levels, Kaufman and Kraay Control of Corruption Scores, 2010.
DA.2.4	Economic Management Quality, 2010.
DA.2.5	Strength of Social Inclusion Policies, 2008.
DA.3.1	% of Aid Flows Disbursed for Government Sector, 2007.
DA.3.2	ODA Expenditure Lost to Tied Aid, 2009.

8.2 Indicators

DA.1.1 – Policy Input - Level of Overseas Aid (ODA), % of Gross National Income (GNI), 2010.



Ireland's Performance: Ireland's Overseas Development Aid (ODA) grew from 0.39% of GNI to 0.59% in 2008 before falling to 0.53% in 2010. The modest fall in ODA as a percentage of GNI between 2008 and 2010 masks the significant decline in ODA from a peak of €920.6 million in 2008 to €675.8 million in 2010.

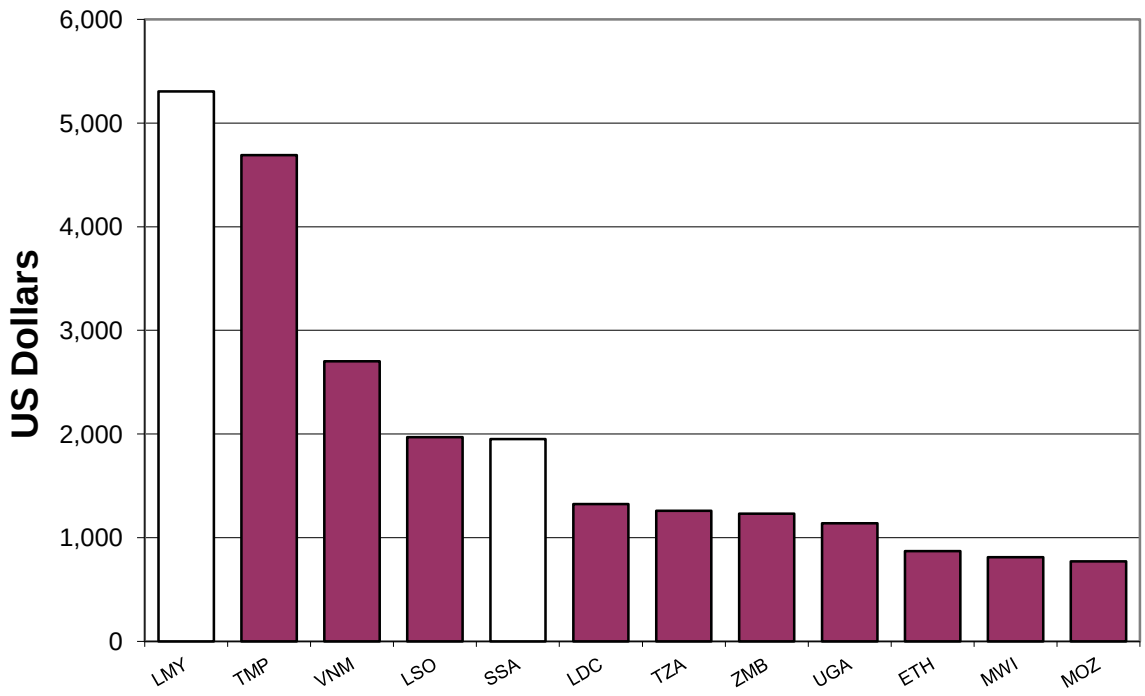
Relevance to PCD: The size and quality of overseas aid are not traditionally considered as issues of policy coherence. Nonetheless, evaluation of a country's development assistance programme does contribute to understanding the overall impact of Ireland's policies on developing countries.

Other Issues to Consider: When considering the relative generosity of countries towards development challenges the level of private donations should also be considered.

Source: OECD QWIDS Database available at http://stats.oecd.org/qwids/.

Methodology: ODA is defined as the sum of bilateral ODA, multilateral ODA and contribution to debt reduction initiatives. It includes technical cooperation, support for NGO's and food aid.

DA.2.1 – Partner Country - Irish Aid Partner Country GNI per capita in 2008, PPP (International Dollars).



Partner Country Performance: Six of Ireland's partner countries have lower income levels than the sub-Saharan average indicating that Ireland's aid programme is focused on some of the poorest countries in the world. Vietnam and Timor-Leste, Irish Aid's two partner countries in Asia have higher average income levels.

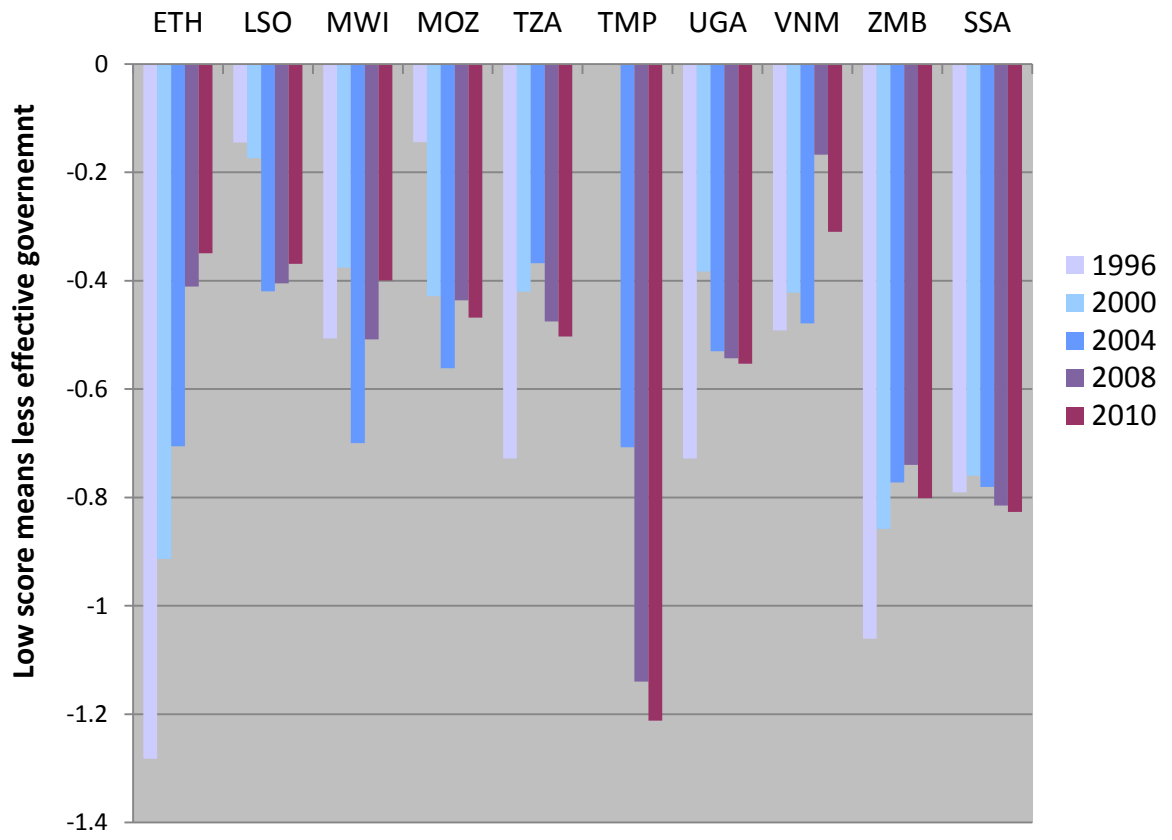
Relevance to PCD: Development needs are greatest in low-income countries although this very characteristic makes successful implementation of aid programmes more difficult.

Other Issues to Consider: 2008 figures used as the 2009 figures for the chosen countries were not available.

Source: World Development Indicators Database. See : http://data.worldbank.org/data-catalog/world-development-indicators

Methodology: GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. PPP GNI is gross national income (GNI) converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GNI as a U.S. dollar has in the United States.

DA.2.2 – Partner Countries – Governance Quality, Kaufman and Kraay Government Effectiveness Scores, 2010.



Partner Country Performance: The Kaufman and Kraay methodology for assessing the effectiveness of government suggests that Irish Aid partner countries enjoy more effective administrations than the average sub-Saharan African country. Since 1996, the performance of the Irish aid partner countries has been mixed. Government effectiveness has improved in Ethiopia, Malawi, Tanzania, Uganda, Vietnam and Zambia. Elsewhere scores have disimproved.

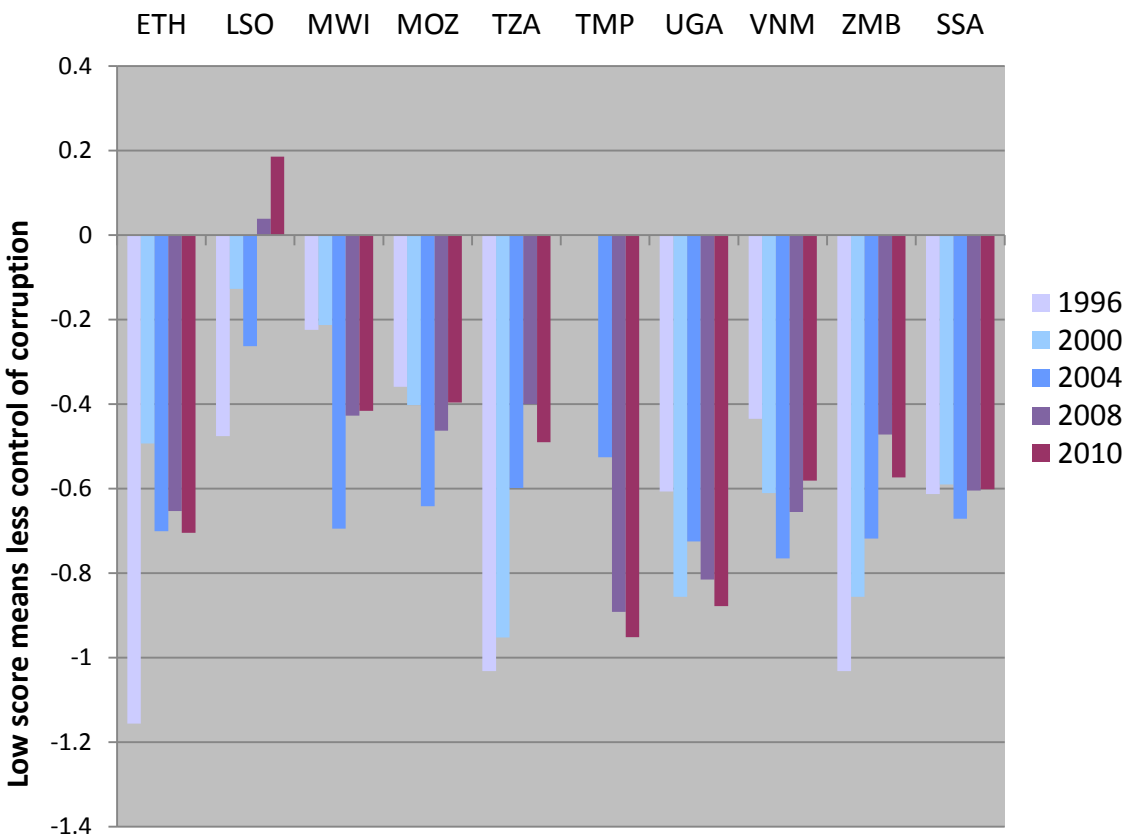
Relevance to PCD: An aid programme is more coherent if it focuses on partner countries where it is more likely that the aid will be effectively used and where there is better governance.

Other Issues to Consider: Low-income countries often suffer from poor governance because they are poor countries.

Source: The World Governance Indicators (WGI) draws together data on perceptions of governance from a wide variety of sources, and organize them into six clusters corresponding to the six broad dimensions of governance; Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. See: http://info.worldbank.org/governance/wgi/index.asp.

Methodology: Government Effectiveness (GE) – capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

DA.2.3 –Partner Country – Corruption Levels, Kaufman and Kraay Control of Corruption Scores, 2010.



Partner Country Performance: Of the African-based Irish Aid partner countries only Uganda and Ethiopia have higher levels of corruption than the sub-Saharan Africa average. Indeed Malawi, Lesotho and Mozambique have notable higher success at the control of corruption. Since 1996 Ethiopia, Lesotho, Tanzania and Zambia have improved their control of corruption. However control of corruption scores have disapproved in Malawi, Mozambique, Timor-Leste (since 2004), Uganda and Vietnam.

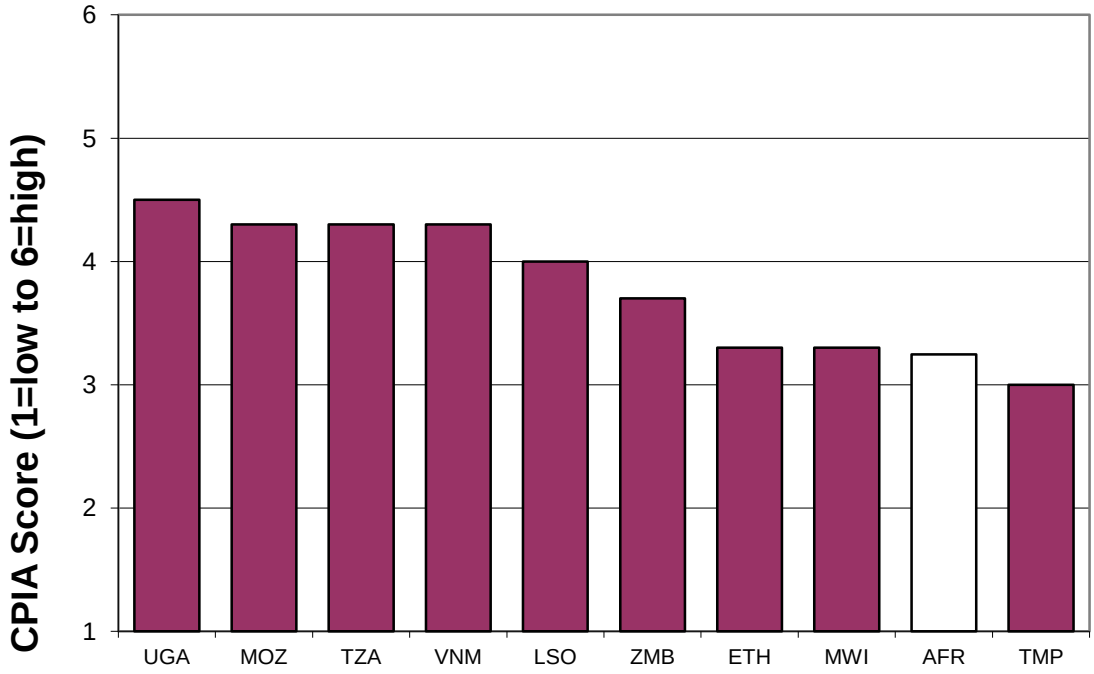
Relevance to PCD: An aid programme is more coherent if it focuses on partner countries where it is more likely that the aid will be effectively used and where there is better governance

Other Issues to Consider: Low-income countries often suffer from poor governance because they are poor countries.

Source: The World Governance Indicators (WGI) draws together data on perceptions of governance from a wide variety of sources, and organize them into six clusters corresponding to the six broad dimensions of governance; Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. See: http://info.worldbank.org/governance/wgi/index.asp.

Methodology: Control of Corruption (CC) – capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

DA.2.4 –Partner Country – CPIA Economic Management Quality Cluster Average, 2008.



Partner Country Performance: The World Bank's Country Policy and Institutional Assessment (CPIA) assesses the conduciveness of a country's policy and institutional framework to poverty reduction, sustainable growth, and the effective use of development assistance. The economic management cluster includes measures of the quality of policy and institutions related to macroeconomic management, fiscal policy and debt policy. It is notable that Irish aid countries compare well to the Africa average. Only Timor-Leste scores below the African average.

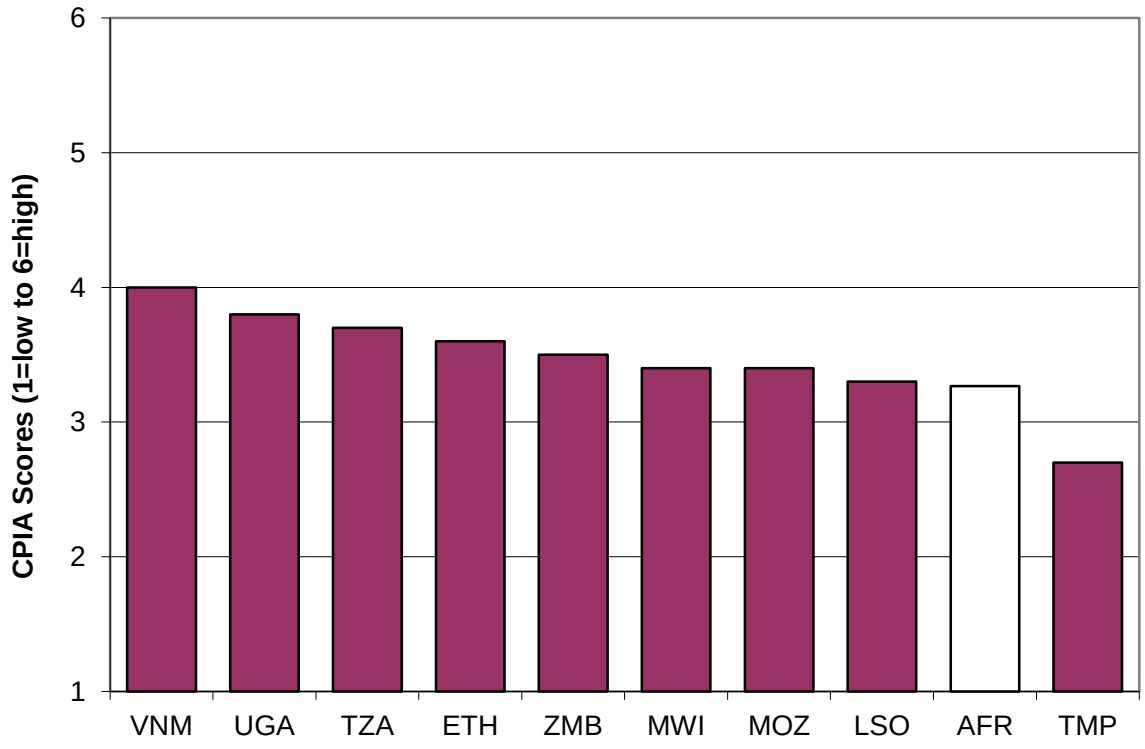
Relevance to PCD: An aid programme is more coherent if it focuses on partner countries where it is more likely that the aid will be effectively used and where there is better governance

Other Issues to Consider: Low-income countries often suffer from poor governance because they are poor countries.

Source: World Bank's Country Policy and Institutional Assessment. Available from http://data.worldbank.org/.

Methodology: Further details of the methodology can be found here: http://siteresources.worldbank.org/IDA/Resources/CPIA2005Questionnaire.pdf

DA.2.5 – Partner Country – Strength of Social Inclusion Policies, CIPA, 2008.



Partner Country Performance: The World Bank's Country Policy and Institutional Assessment (CPIA) assesses the conduciveness of a country's policy and institutional framework to poverty reduction, sustainable growth, and the effective use of development assistance. The social inclusion and equity cluster comprises of measures of gender equality, equity of public resource use, focus on education, social protection and labour and focus on environmental sustainability. Irish Aid countries again perform better than the average African country for focus on social inclusion. Only Timor-Leste scores below the African average.

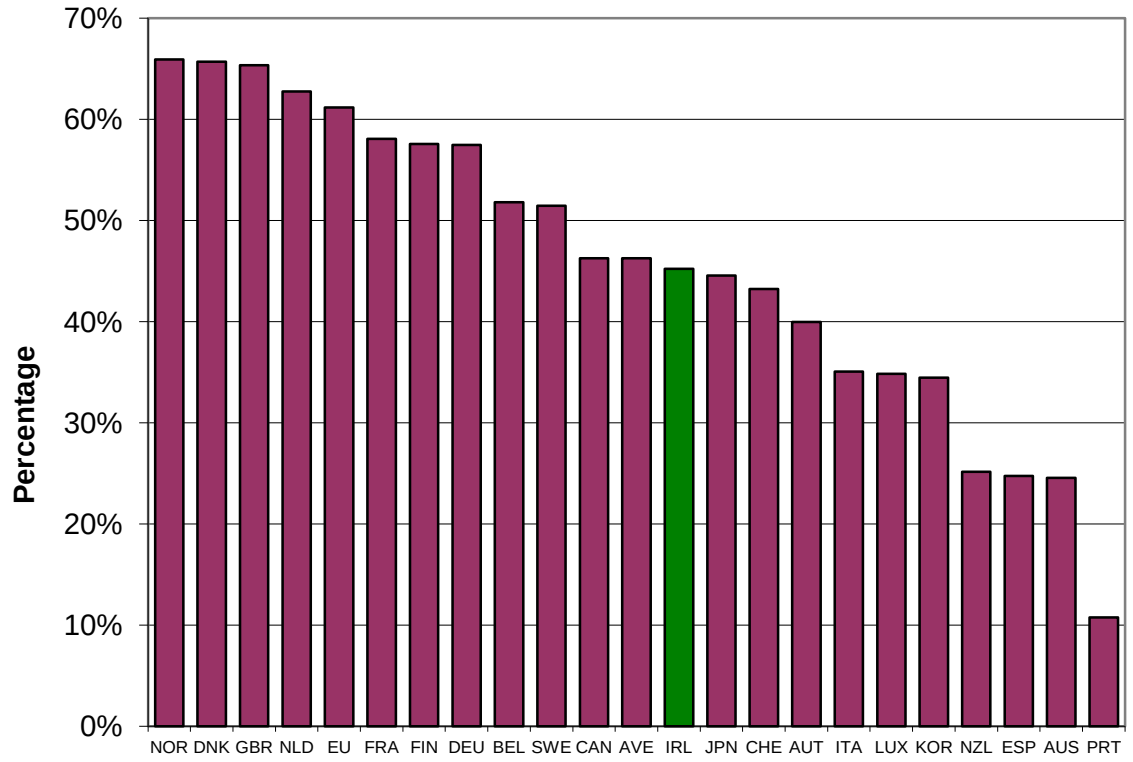
Relevance to PCD: An aid programme is more coherent if it focuses on partner countries where it is more likely that the aid will be effectively used and where there is better governance

Other Issues to Consider: Low-income countries often suffer from poor governance because they are poor countries.

Source: World Bank's Country Policy and Institutional Assessment. Available from http://data.worldbank.org/.

Methodology: Further details of the methodology can be found here: http://siteresources.worldbank.org/IDA/Resources/CPIA2005Questionnaire.pdf

DA.3.1 – Policy Output – % of Aid Flows Disbursed for Government Sector in 2007.



Ireland's Performance: Ireland's 45% of overseas aid channelled directly to partner governments is not particularly unusual. In fact the percentage is even higher for many of the OECD's leading donors such as Norway, Denmark, Germany and Denmark.

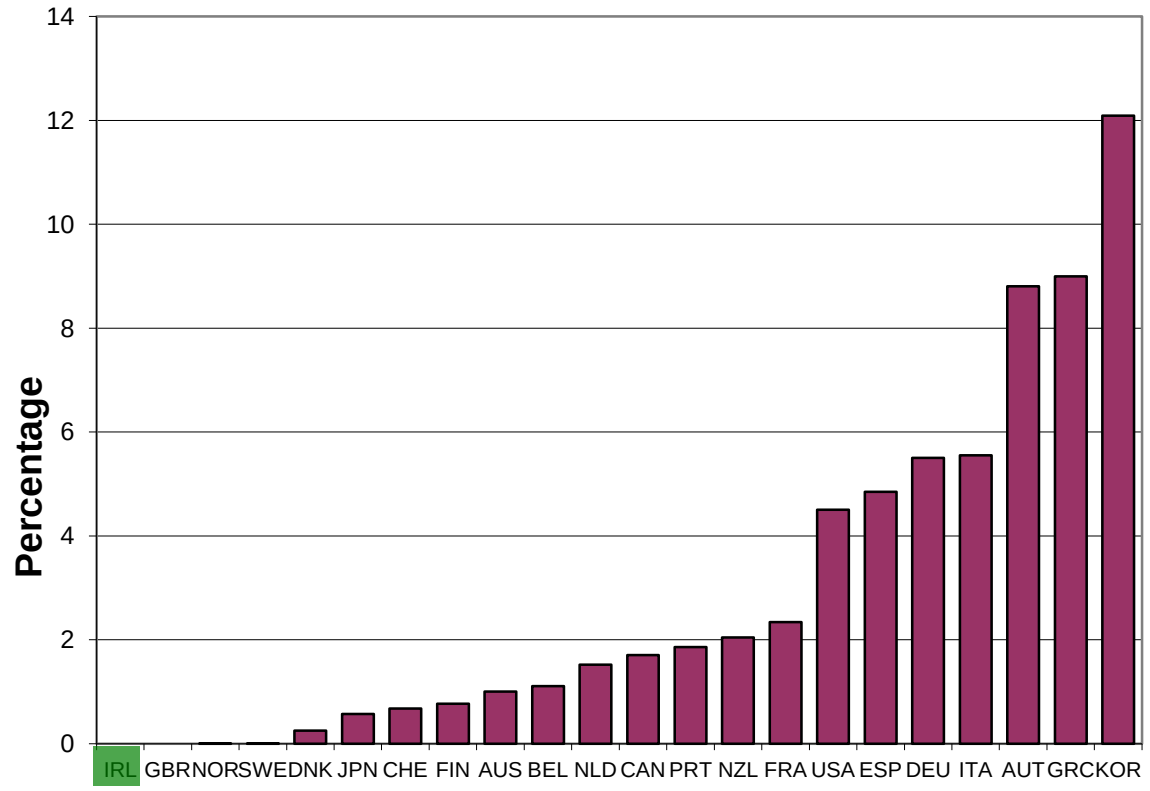
Relevance to PCD: The importance of effective state institutions in developing countries has been noted in the Paris Declaration on Aid Effectiveness. While not an PCD indicator specifically, tracking the percentage of aid flows disbursed for government sector is a worthwhile exercise.

Other Issues to Consider: Continued evaluation of the effectiveness of government to government aid should remain a priority.

Source: OECD Paris Declaration dataset. See: www.oecd.org/dac/effectiveness/monitoring/survey

Methodology: Aid disbursed by donors for government sector in 2007 as a percentage of donor's budget estimates of aid flows for 2007.

DA.3.2 – Policy Output – ODA Expenditure Lost to Tied Aid, % of Gross Aid, 2009.



Ireland's Performance: Tied aid is not a practice of Ireland's aid programme. Ireland is a world leader in this respect, with many OECD donor countries undermining the effectiveness of their aid programme by up to 8% of total flows.

Relevance to PCD: The tying of aid reduces its effectiveness. Tied aid reduces the value of aid flows by requiring the expenditure of donor funds on goods and services purchased from the donor.

Other Issues to Consider: Ireland could use its role with the EU ad at the UN to promote the benefits of un-tied aid programmes.

Source: Commitment to Development Index (CDI) 2010

Methodology: Following the approach of the CDI, tied aid is discounted 20%, with partially tied aid is discounted by 10%. See Roodman, 2010 CDI Technical Paper for further rationale. This total loss is calculated and presented as a percentage of gross aid disbursement.

Appendix 1

This appendix records all PCD indicators published by the EU Commission in 2010 and in this report. We continue to use our convention of outcome indicators, policy outputs, policy inputs and partner country strength indicators as per the methodology used in this report. However, we have included three additional categories of 'indicator' to further characterise the suggestions of the EU Commission. These include process indicators related to improvement in the influence of PCD on EU policy making, commitments to improve PCD understanding and general PCD commitments under the Commission Work Programme.

Appendix 1: List of EU Commission PCD Indicators and This Report's Recommendations		
	EU Commission (2010)	**King and Matthews (2011)**
Outcome Indicators	**7** TRADE: The outcome of the WTO-DDA round is ambitious, comprehensive and balanced. FISH: Fish stocks within safe biological limits since 2009. ENVIRON: Tropical deforestation rates since 2009 ENVIRON: Terrestrial and marine protected areas since 2009 (MDG indicator). ENVIRON: Prices and availability of environmental goods/services, including for developing countries. ENVIRON: Value of international exchanges in environmental goods and services. ENVIRON: Improvement in the state of the World's plant and animal genetic resources for food and agriculture.	**13** TRADE: Trends in Import Growth Rates, 2007-2009. TRADE: EU and Irish Trade Preference Utilisation, 2009. TRADE: Trade Restrictiveness Indicators for Manufactured Goods, 2009. AGRI: Trade Restrictiveness Indices for Agricultural Goods, 2009. AGRI: Growth in Agricultural Imports from Developing Countries, 2007-2009. MIGRATION: Non-DAC Inflow as a Percent of Total Population, 2008. MIGRATION: Number of Residents in Ireland from Different Regions of the World, 2006. MIGRATION: Country of Origin of African Migrants into Ireland, 2006. MIGRATION: Total UNHCR Population of Concern + Applications/ Billion USD of GDP, 2010. MIGRATION: Proportion of non-DAC (to total) students in tertiary education, 2007. ENVIRON: Average Annual Growth Rate of GHG Emissions/PPP GDP, 1997-2007. ENVIRON: Performance in Meeting Kyoto Protocol Targets, 2008. SECURITY: Exports of Major Conventional Weapons, 2008.
Policy Outputs	**13** TRADE: Tariffs and non-tariff barriers worldwide on environmental goods and services. TRADE: Number of regional/bilateral Economic Partnership Agreements concluded. ENVIRON: Number of EU-funded-climate-change research projects targeting / involving developing countries. ENVIRON: Number of Country Strategy Papers including climate change in 2010. ENVIRON: Number of FLEGT processes implemented and launched in 2010. SECURITY: Number of mine action projects supported and integrated within the overall cooperation framework; funding allocated to these projects in 2010. SECURITY: Number of joint (Commission - EEAS and EU wide) assessments, joint planning and joint programming conducted in 2010. SECURITY: Number of joint EU wide political strategies that are in place for partner countries in fragile, conflict or post-conflict situations in 2010. SECURITY: Number of EU-supported SSR aligned with the partner countries' development strategies in 2010. SECURITY: Percentage of conflicts in Africa that were the subject of a political dialogue between the EU and the AU in 2010. SECURITY: Number of KP agreements and decisions on crisis situations in 2010.	**17** TRADE: Average Tariffs on Manufacturing Imports, 2010. TRADE: Share of Duty-Free Imports, 2009. AGRI: Average Tariff on Agricultural Imports, 2010. AGRI: National Levels of Market Price Support, 2009. AGRI: Trade-Distorting Subsidies (OECD Producer Support Estimate Database) FISH: Average MFN Tariff and Average Tariff on Fish and Fish Products, 2008. FISH: Ireland's Participation in International Agreements on Fisheries Protection, 2010. MIGRATION: Support for Remittances to Developing Countries, 2010. MIGRATION: Ratio of Tuition Fees for non-DAC students to DAC students and Irish Students, 2004. ENVIRON: Adoption of Convention of Biological Diversity and related Protocol, 2010. ENVIRON: MFN Tariffs on Bioethanol, 2010.

	SECURITY: Number of security operations financed in 2010 with non-development funding instruments which include a development perspective. SECURITY: Number of development strategies integrating conflict prevention objectives in 2010.	ENVIRON: Subsidies for Liquid Biofuels (Ethanol and Biodiesel), Most Recent Year. FIN & ENT: Existence of Double Taxation Agreements with Irish Aid Priority Countries, 2010. FIN & ENT: Restrictions on the Flow of Technology to Developing Countries, 2010. SECURITY: Participation in Four Essential Security International Treaty and Related Policies, 2010. AID: % of Aid Flows Disbursed for Government Sector, 2007. AID: ODA Expenditure Lost to Tied Aid, 2009.
Policy Inputs	**9** TRADE: Volumes by categories of countries of assistance requested and provided under the AfT scheme. AGRI: Number and value of research projects launched under the Framework Program 7 on agricultural production ENVIRON: CDM finances in 2010. ENVIRON: Share of CDM investment going to LDCs in 2010. ENVIRON: Level of Environmental ODA in 2010. ENVIRON: Number of EIF funded private ventures introducing new green technology in 2010. ENVIRON: Amount of funding available to developing countries for adaptation and mitigation measures in 2010: EU reporting on fast-track funding. SECURITY: Funding for technical assistance to countries to control trade in diamonds in 2010. SECURITY: Funding allocated to Small Arms & Light Weapons (SALW) projects in 2010, number of SALW projects supported.	**16** TRADE: ODA Expenditure on Trade Policies & Regulations, % of 2008 GDP. AGRI: Agricultural ODA Expenditure, 2008. FISH: DAC Country Compliance Scores for FAO (UN) Code of Conduct for Responsible Fisheries, 2006. FISH: Government Financial Transfers to Fisheries Sector, as a % of the Total Landed Value, 2007. FISH: Ireland's Industrial Pelagic Fishing Possibilities in Morocco, 2007-2011. FISH: Ireland's contribution towards Fisheries Capacity Building in Developing Countries, 2008. ENVIRON: Environmental Protection ODA (Commitment), 2008. ENVIRON: ODA Expenditure on Climate Change, 2008 (Second Rio Marker). ENVIRON: ODA Expenditure on Desertification, 2008 (Third Rio Marker). ENVIRON: ODA Expenditure on Biodiversity (Disbursement), 2008 (First Rio Marker). FIN & ENT: ODA Expenditure on Debt Relief, 2007- 2008. FIN & ENT: Level of foreign bribery enforcement in OECD Convention Countries, 2011. SECURITY: Peacekeeping Contribution, UN-run Operations, Progressively Weighted to the Present, 1993-2009. SECURITY: Peacekeeping Contribution, Non UN-run Operations, Progressively Weighted to the Present, 1993-2009. SECURITY: Expenditure on Security System Management and Reform, 2008. AID: Level of Overseas Aid (ODA), 2010.
Process Indicators	**10** TRADE: Analysis undertaken by sustainability impact assessments (SIAs) of trade negotiations and agreements. TRADE: Developing countries are consulted on Free Trade or other bilateral agreements being negotiated by the EU and which have potential side impact on their own development. AGRI: Development objectives are taken into account in preparing impact assessment for agricultural product quality policy initiatives. FISH: Proposals for post-2013 Common Fishery Policy are based on an Impact Assessment, including an assessment of the impact on developing countries. MIGRATION: Structured dialogue mechanisms, including cooperation platforms, on migration established with more countries. ENVIRON: Within the annual work programme on research, the number of climate change topics specifically targeting developing countries. ENVIRON: A methodology is established for regular monitoring and reporting on the impacts from increased consumption of biofuels in the EU and the main third countries of supply from 2008 onwards. SECURITY: Extent to which development actors are involved in the planning and implementation stages of crisis management missions in 2010.	**None**

	SECURITY: Extent to which crisis management missions take account of development objectives in 2010. SECURITY: African peace-keeping missions take better account of development objectives.	
Partner Country Strength	**4** TRADE: GSP+ countries effectively implement the conventions concerned by the scheme FIN & ENT: Number of countries having committed to the good governance principles in the tax area. FIN & ENT: Number of countries adhering to OECD transfer pricing guidelines associated with assessment of effective implementation. SECURITY: Assessment of progress in the global EITI implementation, notably by taking into account the number of EITI compliant countries in resource-rich developing countries.	**7** FISH: FAO (UN) Code of Conduct for Responsible Fisheries, Compliance Scores for FPA Countries, 2006. FISH: Marine Protected Areas, % of Country's Exclusive Economic Zone, 2010. AID: Irish Aid Partner Country GNI per capita, 2008. AID: Governance Quality, Kaufman and Kraay Government Effectiveness Scores, 2010. AID: Corruption Levels, Kaufman and Kraay Control of Corruption Scores, 2010. AID: Economic Management Quality, 2008. AID: Strength of Social Inclusion Policies, 2008.
Investment in Knowledge	**9** TRADE: Time-limited extension of present GSP regulation and preparation by the Commission of a proposal for a new regulation on GSP scheme (2011), on the base of an analysis of the effectiveness of the current scheme in achieving its objectives and an impact assessment. AGRI: The impact assessments of technical regulations and standards, including SPS, initiatives planned for 2010-2013, as for example on Plant or Animal health cover impact on developing countries. MIGRATION: Launch of a study on circular migration during 2010, based on data and best practice from Member States. MIGRATION: Explore mobility options in the framework of mobility partnerships drawing on the Moldovan example. MIGRATION: Explore possibilities of cooperation between employment agencies as in the ANAPEC example. ENVIRON: A set of baseline data is established describing the situation in 2008, so that the impact of biofuels production can be measured from that date onwards. FIN & ENT: Assessment of progress in identifying obstacles to the adoption of country-by-country reporting for multinational corporations, such as in the extractive sector. SECURITY: To evaluate the EU's conflict prevention programme and the contribution it has made to development. AID: Identify and share with the Research community in Africa research needs on malnutrition.	**None**
Commitments	**33** TRADE: Adoption of the report due in 2010 on the implementation of Regulation 816/2006. TRADE: Inclusion of provision on environmental and employment/labour standards in trade agreements; partner countries adopt and implement national frameworks for promoting employment/labour and environmental standards. TRADE: Progress in negotiating at WTO and WIPO the protection of genetic resources and traditional knowledge, in liaison with negotiations under the Convention for Biological Diversity. TRADE: Inclusion in EPAs and in other bilateral agreements of IPR provisions taking into account development needs and administrative capacities of partners. TRADE: Ensure that any EU legislation on IPR enforcement does not affect the principles of the Doha Declaration on access to medicine.	**None**

AGRI: Communication on post-2013 CAP reform considers impact on development objectives.
AGRI: Agreement at EU level on principles for responsible investments in agricultural land (2010).

MIGRATION: Establishing at EU level a set of principles for the recruitment of health workers from developing countries, that should be reflected in a global Ethical recruitment code of health workers, the elaboration and implementation of which the EU will support and contribute to and introducing methods for monitoring.

MIGRATION: Extend the good practices on 'brain circulation' from the Moldova Mobility Partnership in particular to other Mobility Partnerships.

MIGRATION: Through the Erasmus Mundus and Nyerere higher education mobility programmes,provide conditions for and facilitate the retention of highly educated Africans.

MIGRATION: Promote the contribution of the diaspora to act in Africa as a development actor through the establishment of an African diaspora Platform for development in Europe.
MIGRATION: Provide tailor-made support to diaspora's involvement in the development of their countries of origin through EC financial instruments.

MIGRATION: Adoption of the single permit directive (a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State)

MIGRATION: Successful mainstreaming of gender in migration related programmes
MIGRATION: Proposals for directives on seasonal workers and intra-corporate transferees to be presented in 2010 by the European Commission.

MIGRATION: Launch of the EU immigration portal in 2010.

MIGRATION: Launch of new mobility partnerships, based on a preliminary political dialogue with third countries to outline respective expectations and agree on priorities accordingly.
MIGRATION: Implement the commitments taken in the framework of the Monterrey process
MIGRATION: Support actions aiming to lower remittances costs and to develop the capacities of third countries to better channel those financial flows towards productive investments
MIGRATION: Monitor migration regulations in the EU to make sure they do not contain provisions which could negatively impact on the globally agreed objective of reducing remittances costs, either directly or through measures of equivalent effect.
MIGRATION: Launch of a study on circular migration during 2010, based on data and best practice from
ENVIRON: Policy papers issued on innovative financing at EU level.
FIN & ENT: Agreement at the OECD and the UN on compatible international standards of tax cooperation.
SECURITY: Proposal made for the strengthening of EU controls on diamonds in 2010.
SECURITY: Satellite imagery and statistical analysis is available to detect illicit production.

SECURITY: Further operationalisation of the African Peace and Security Architecture (APSA): Pooling of the sub-regional and continental peace and security agenda into a comprehensive and coherent APSA Roadmap.

SECURITY: Ambitious and agreeable proposals identified for governing the trade of arms in 2010.
SECURITY: EU-supported SSR include specific actions for women in 2010.
SECURITY: Number of developing countries with effective small arms control and coherent arms trade systems in place in 2010.

SECURITY: Greater PBC-UN Security Council coordination and with regional organisations and financial institutions.

SECURITY: Field-based PBC work reinforced.

	SECURITY: The coordination mechanisms for the different financial instruments are adapted to the new institutional framework in 2010. SECURITY: Preparations for the next Multiannual Financial Framework in 2014-2019 take account of the security development nexus.	

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