ADVISORY BOARD FOR IRISH AID

POLICY COHERENCE FOR DEVELOPMENT

THE STATE OF PLAY IN IRELAND

A Scoping Report commissioned by the Advisory Board for Irish Aid

Frank Barry
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The Advisory Board for Irish Aid
An Bord Comhairleach do Chúnamh Éireann

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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 are conducting 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 first project, entitled 'Scoping Report on Policy Coherence for Development' under the ABIA framework agreement.

This report is the first systematic assessment of policy coherence for development (PCD) across Irish Government departments. Our objectives were as follows:

- To create an inventory of policy areas where Irish government decision-making may have direct or indirect consequences for developing countries and their ability to make progress on meeting the Millennium Development Goals. Although we have attempted to be comprehensive in our approach, we are certainly not exhaustive. We hope the report will stimulate discussion among NGOs and others to identify other areas where PCD issues arise.
- To illustrate the range of issues in day-to-day decision-making in government departments which have an impact, whether direct or indirect, on the interests of Ireland's developing country partners, and thus to help to sensitise those involved in this decision-making to these interests.
- To highlight those areas on the policy coherence agenda where further analysis and research is required to determine what is the most appropriate policy from a developing country perspective, and how best Irish government policies might be modified to make them more coherent with development objectives.
- To provide the basis for a series of policy coherence for development commitments by the Irish government if it were agreed that this was an appropriate way forward for the PCD agenda. As commitments need to be assessed against meaningful targets if they are to be effective, we also discuss in general terms the construction of a set of PCD indicators for this purpose.

Our methodology involved collaborative research with all Irish government Departments, conducted using both a formal questionnaire and informal interview process. One objective was to record the activities of Irish government departments and policy positions at EU and multilateral level that affect developing countries. We were also interested in gaining an understanding of the extent to which development-related concerns were explicitly taken into account in decision-making on domestic policies. As the survey process was conducted during a period of considerable restructuring in some government Departments, not all Departments were in a position to respond.

The second input into the process involved questionnaires to Irish non-governmental organisations (NGOs) to ascertain their views on issues of policy coherence. Responses were received from Trocáire, Comhlámh, Christian Aid and the Debt and Development Coalition Ireland.

In addition, a series of background papers were prepared as inputs into this project. In some cases, these background papers have been integrated into the narrative of the relevant chapters which follow. In other cases, we have drawn on the papers in the preparation of the report. We would like to thank the authors who contributed their expertise in this way.

AUTHOR	BACKGROUND PAPER
Alan Matthews	Agriculture
Susana Ferreira	Environment, transport and energy policy
Patrick Honohan	Finance
Arthur Nieland	Fisheries
Michael King	Measuring Policy Coherence for Development
Chris Minns	Migration
Kevin Ryan	Science, Technology and Intellectual Property Rights
Andy Storey	Security
Frank Barry	Singapore issues
Gaia Narciso	Social Dimension of Globalisation, Employment and Decent Work
Alan Matthews	Trade

The preliminary findings of the project were presented to a workshop in May 2008 attended by government department representatives, ABIA, representatives from the NGO sector as well as authors of the background papers. The discussions at this workshop are reflected in the conclusions of this report.

We would like to express our appreciation to all those who took the time to complete our questionnaires and take part in the follow up interviews. We are also grateful to the following individuals and organisations who met us at an early stage of our work: the Forward Looking Studies and Policy Coherence unit in DG Development, Brussels (Françoise Moreau and colleagues); the European Centre for Development Policy Management (ECDPM), Maastricht (Paul Engel and Niels Keijzer);

the Dutch Ministry of Foreign Affairs Policy Coherence Unit (Otto Gene and Frederik Haver Droeze); the UK Department for International Development, London (Mandeep Kaur-Grewal and colleagues); and the Finnish Foreign Ministry (Ritva Koukke-Ronde and Suvi Virkkunen). We are also grateful for the support of the Inter-Departmental Committee on Development in this work, and for the financial support of the Advisory Board for Irish Aid which made it possible.

We acknowledge at the outset that policy making at both the domestic and European levels involves the balancing of competing interests and that some recommendations in this report may be interpreted as in conflict with different domestic interests. It is not our position that this country should always put development interests ahead of its own perceived national interests. However, as noted later, the White Paper on Irish Aid states that the government is committed to working towards a coherent approach to development assistance across all government departments, and thus wishes to raise the salience and weight of the development dimension in domestic policy making. This report sets out to identify those domestic policy areas where the interests of developing countries are affected. By extension, when other non-development interests are taken into consideration the views expressed in this report may not necessarily represent the authors' views.

Frank Barry, Michael King and Alan Matthews
Institute for International Integration Studies
Trinity College Dublin
JUNE 2009

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Executive Summary.

This report is the first systematic assessment of policy coherence for development (PCD) across Irish Government departments. Our objectives were as follows:

- To create an inventory of policy areas where Irish government decision-making may have direct or indirect consequences for developing countries and their ability to make progress on meeting the Millennium Development Goals.
- To illustrate the range of issues in day-to-day decision-making in government departments which have an impact, whether direct or indirect, on the interests of Ireland's developing country partners, and thus to help to sensitise those involved in this decision-making to these interests.
- To highlight those areas on the policy coherence agenda where further analysis and research is required to determine what is the most appropriate policy from a developing country perspective, and how best Irish government policies might be modified to make them more coherent with development objectives.
- To provide the basis for a series of policy coherence for development commitments by the Irish government if it were agreed that this was an appropriate way forward for the PCD agenda. As commitments need to be assessed against meaningful targets if they are to be effective, we also discuss in general terms the construction of a set of PCD indicators for this purpose.

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, the White Paper adopted coherence as a guiding principle for Ireland's overseas development aid programme. The White Paper committed 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. For the purpose of this report, we felt it useful to devise a typology to help understand the various dimensions of PCD. The typology describes PCD as comprising four different components: policy consistency, policy mitigation, policy enhancement and consistency in advocacy.

Seeking to Eliminate Policy Inconsistencies

The elimination of inconsistencies between non-aid and aid policies is the starting point for PCD. The ideal end point for this element is for all non-aid policies to be at least neutral in their effect on developing countries. Policies that have demonstrably negative impacts on developing countries should be altered. Examples of policy inconsistency might include trade barriers which make it more difficult for developing countries to export goods in which they may have a comparative advantage; energy and transport policies which contribute to global warming with potentially devastating impacts on developing countries in low-rainfall regions; or migration policies which denude developing countries of skilled workers while offering little in return.

The distinguishing feature of the recommendations in this category is that they relate to domestic policies where there is evidence that they are damaging to developing country interests. Trade, agriculture, fisheries, migration and the environment figure prominently here.

Identifying Opportunities for Policy Enhancement for Development

Policy enhancement for development involves the deliberate decision to make non-aid policies work for development objectives. Examples might include the opening up of publicly-funded research in science and technology to issues facing developing countries or the participation of research institutions and researchers in developing countries, the introduction of tax breaks for remittances and returning migrants, or the waiver of non-EU fees for students attending Irish higher education institutions from Irish Aid partner countries.

The recommendations in this category do not involve policies which directly conflict with the pursuit of domestic policy objectives, but represent opportunities where either the tweaking of domestic policies could provide significant pay-offs for developing countries at relatively little cost to Ireland, or where development assistance resources could be used to leverage and magnify the positive impact of opportunities created by changes in domestic policies for developing countries.

Developing Mitigation Policies to Overcome the Adverse Effects of Non-Aid Policies

Policy mitigation and support for development seeks to develop alternative policies and programmes to compensate developing countries for the adverse effects, whether intentional or otherwise, of non-aid domestic policies. Ideally, the eradication of the ‘offending’ policies would represent the first best solution. However, this may not always be possible. For example, if EU patent rules prevent cheap medicine reaching the poorest in developing countries, a policy of delivering subsidised medicines would go some way to overcoming the negative impacts of the patent laws. Likewise, a climate change adaptation fund, which seeks to help the most vulnerable overcome floods or droughts and adapt to a changing environment, would go some way to mitigating against historically high

CO_2 emissions in developed countries. A third example is the potential role for aid for trade, where non-tariff barriers such as food safety standards make the development of export businesses in developing countries more difficult, and targeted measures are put in place to assist developing country exporters to meet these standards.

The recommendations in this category group policies to mitigate or alleviate the adverse effects either of existing domestic policies, or changes to these policies, on developing countries. It recognises that, in some cases, there is an explicit desire to continue with the domestic policy despite the adverse effects on developing countries being acknowledged. It also recognises the heterogeneity of developing countries, such that a policy or a policy change which benefits one group of developing countries may actually damage another. In these cases, development assistance can be an effective instrument to be deployed in tandem.

Ensuring Consistency in Advocacy for Development

Ireland is involved in approximately 100 international organisations and conventions. From a PCD perspective, Ireland should seek to ensure that its positions at international meetings and where it is represented on international agencies are consistent with the development objectives of Irish Aid. Given the importance of the EU policy framework for many policy areas in Ireland, it is *a fortiori* important from a PCD perspective that Ireland takes into account the position of, and possible impacts on, developing countries when formulating its position in EU policy debates.

We make a series of recommendations in this category for active advocacy of developing country interests either in the councils of the EU or elsewhere. These recommendations recognize that developing countries often do not have the resources, or the capacity, to represent their interests. The credibility of Irish interventions on their behalf will be influenced by the extent to which Ireland can show that it itself has taken steps to achieve greater coherence in its own domestic policies with development objectives in the stated policy domain.

Institutional innovations to promote the PCD agenda

Our recommendations for a possible institutional model to advance the PCD agenda include the following.

1. **Focused Annual Objectives:** The Inter-Departmental Committee on Development should prioritise a limited number of policy areas annually or biennially with deliverable outcomes to be achieved. Outcomes could take the form of a submission into the policy formulation process of a specific department or an Inter-Departmental Committee on Development statement that could be used in policy-making in the years ahead.

2. **Development Impact Assessments (DIAs):** We recommend that the Inter-Departmental Committee on Development seek the introduction of Development Impact Assessments (DIAs) within the regulatory impact assessment process to institutionalise the assessment of developing country needs in the formulation of domestic policy positions and activities.

3. **Parliamentary Oversight:**. As PCD is a policy agenda that spreads across a number of Oireachtas committees, careful consideration is needed as to how inclusive and effective parliamentary oversight can be created. Consideration should be given to institutionalising an annual parliamentary PCD debate and scheduling committee time annually to consider various PCD issues.

4. **Civil Society Engagement:** Efforts should be made to encourage Irish NGO's to invest time and resources to assess coherence issues and make contributions to the PCD knowledge base.

5. **Partner Country Engagement:** Ireland should work with the EU to overcome the deficit in the level of consultation with and representation of developing country officials in Irish PCD debates, and consult more systematically with Irish Aid partner countries on important issues of policy coherence.

6. **Departmental Training:** In addition to existing initiatives, specific educational and experiential support for departmental officials working on the Inter-Departmental Committee on Development should be considered such as support for development related part time courses and short term placements at international organisations or in partner countries.

7. **Policy Research:** Research to assess a wide range of coherence issues and investigate deeper the important issues of policy coherence should continue under the auspices of the Inter-Departmental Committee on Development specifically to support its annual objectives.

8. **Independent Monitoring of Indicators:** The Inter-Departmental Committee on Development should seek to integrate PCD indicators into its work plan. A set of PCD indicators should be developed following wide consultation with departments, civil society and partner countries and should be independently published on an bi-annual basis to ensure legitimacy.

The recommendations above cover a wide range of issues, of varying degrees of importance to both Ireland and developing countries, with different possibilities and potential for successful interventions, and with different levels of analytical knowledge and evidence available to support a change in domestic policies. We recognise that 'full policy coherence' is a notional concept that cannot be achieved in practice. What is deemed coherent today may not be coherent tomorrow as the policy environment can change rapidly for many reasons. In democratic countries policy outcomes must represent a balance between the interests of both domestic and international stakeholders.

The report concludes by making recommendations on where resources might be best focused to pursue the policy coherence for development agenda. We recall that the objective of the report is to answer the questions "what are the key policy coherence issues, where is information lacking and which issues should be most urgently addressed by the Irish Government?" To assist in this process, we evaluate our recommendations against a list of six criteria. The list includes three measures of the likely development impact of the recommendations (the potential benefit to developing countries, the robustness of the evidence and the opportunities which implementation would give Ireland for wider policy influence) and three measures of their ‘achievability’ (degree of conflict with current domestic policies, administrative ease of implementation, and fiscal cost). While the rankings are decidedly subjective, the aim is to help stakeholders develop a framework for prioritising the recommendations as well as highlighting some possible paths to proceed.

For presentation purposes we analyse the recommendations as small groups within each policy area as presented in the text of this document. This involves 30 different groups of recommendations under eight policy headings.

This process identifies the potential benefits to developing countries from a successful conclusion to the WTO Doha Round as very significant, even if these benefits are likely to be skewed in favour of those upper-and middle-income countries that are currently not beneficiaries of the more generous EU preferential trade agreements such as GSP Plus, Everything but Arms or Economic Partnership Agreements (EPAs). Ireland has considerable ability to influence EU bilateral trade relations with developing countries and specific recommendations are less likely to be in conflict with domestic policy goals in areas such as EPAs and improvements to Rules of Origin in preferential trade agreements. Finally, recommendations to increase aid for trade could, if executed successfully, have significant benefits for the poorest developing countries which are unable to exploit trade opportunities despite the preferential market access they currently enjoy.

The potential development benefits of the completion of the agriculture component of the Doha round are also scored highly. There is now a considerable body of research available to identify the impact of further agricultural trade liberalisation on developing countries. The recommendation to provide timely and effective technical assistance to developing countries affected by EU food standards, animal health and traceability rules envisages that Ireland would contribute to an EU capacity building programme. This represents an opportunity for wider influence at low cost if EU solutions can be developed. The recommendations on agricultural development assistance focus specifically on suggestions to improve coherence of policy and, despite their fiscal cost, are administratively very feasible to implement.

The various recommendations under the fisheries policy heading need to be differentiated. The proposed reduction of both tariff and non-tariff barriers and more generous rules of origin for developing country exports are more likely to conflict with other domestic policy goals. In comparison, recommendations to support the development of fisheries policy frameworks and management systems as well as monitoring and evaluation of Fisheries Partnership Agreements involve less conflict with domestic policies. There is great potential for Ireland to take the lead on policy coherence in fisheries policy even though only a subset of Irish Aid African partners have a coastline.

However, the development gains from pro-development fisheries policies and support mechanisms could be very significant.

The potential benefits of pro-development EU and multilateral migration policy are also substantial. Successfully managed temporary migration programmes can deliver benefits to both sending and destination countries when the host country is experiencing constraints in domestic labour supply and complementary policies are put in place to maximise the benefits to the sending country. At the time of writing, unemployment in Ireland is rising. This suggests that proposals to encourage temporary migration to Ireland should be delayed until labour demand has recovered, but there may still be areas of skill shortages where mutually beneficial proposals for temporary migration could be valuable. Policy improvements in the areas of remittances should be a priority. The recommendations to improve information about competing remittance providers and establish a multi-stakeholder approach to assessing trends and cost barriers represent low cost first steps in this direction. Likewise, some practical ways to ensure the current Green Card and work permit systems are development friendly have been identified. The recommendations on Asylum Seekers, Refugees and Illegal Migrants and Encouraging Immigrant Adjustment should be considered as important, despite the fact that the potential benefits to developing countries of successful implementation will be modest.

It is increasingly recognised that climate change could have devastating impacts on developing countries. The majority of the climate change recommendations involve low cost interventions, despite the fact that the move to a low-carbon economy will involve significant adjustment costs. The recommendation to increase Ireland's contribution to climate change adaptation funds obviously has a greater fiscal cost than the other recommendations under this heading. The recommendations on Biodiversity, GMOs, Biofuels and Transport and Energy do not raise major policy conflicts with domestic stakeholders. The recommendation to reduce tariffs on biofuels and develop a certification system to address sustainability concerns would create significant benefits for some middle income developing countries.

Recommendations under the Finance, Enterprise, Science and Technology are divided into six different areas. The Outward Foreign Direct Investment heading embraces three distinct recommendations. The proposal for a tax sparing pilot project would need further analytical research to support the development benefits of such arrangements. However, the recommendation for stronger follow-up measures to avoid bribery in developing countries is uncontroversial given the recent legislative changes in this area, although because of the relatively small volume of Irish FDI in developing counties, the results of such action are more likely to be symbolic rather than tangible. The recommendations in Science, Technology and Innovation policy and Intellectual Property

Rights are feasible at relatively low fiscal cost. The reorientation of R&D expenditure towards developing countries needs could also help to open up profitable business opportunities. In the Finance area, the government should use the moral capital it has acquired to continue to argue in support of reforms that would increase the voice and participation of developing countries in the International Financial Institutions.

In Defence and Security Policy the recommendations to maintain the triple lock and ensure Ireland maintains the highest standards in human rights involve a continuation of stated government policy. Investments in security sector reform initiatives represent a key contribution Ireland can make to developing countries in defence and security policy.

The recommendations to improve PCD decision making in Ireland offer significant long term potential to deliver benefits to developing countries, although evidence for the causal link between PCD structures and coherent policy towards developing countries is intuitive rather than evidence-based. An opportunity exists for Ireland to take the lead in PCD reform at a time when the PCD agenda is lower on the agenda of some EU partner countries. In terms of achievability, our recommendations on policy indicators and focused annual objectives are cost neutral and easily implemented. Introduction of Development Impact Assessments for major domestic policy changes would involve some implementation challenges but would involve modest fiscal costs once the system is established.

The development of policy coherence oversight mechanisms is crucial to cementing recent efforts in institutionalising PCD. Our recommendations to improve parliamentary oversight and to formally bring civil society into the annual PCD cycle are central to the long term ability of the PCD agenda to deliver tangible benefits for developing countries. While both these opportunities should involve minimal fiscal costs, reform of parliamentary oversight mechanisms presents greater implementation challenges. Our recommendation to improve partner engagement in PCD analyses might take various forms such as a commissioned field research project to assess the PCD views and capabilities of a partner country or the undertaking of PCD information-gathering tasks by Department of Foreign Affairs staff in partner countries.

01.

Introduction.

POLICY COHERENCE

Policy Coherence for Development (PCD) is achieved when policies across a range of issues support, or at the very least do not undermine, the attainment of development objectives. PCD is firstly about doing no harm, ensuring that progress towards Ireland's development assistance goals is not undermined by policies which relate primarily to other goals, and secondly about searching for potential synergies and win-win scenarios, where policies can deliver progress towards development goals whilst securing other objectives too. According to Weston and Pierre-Antoine (2003), ensuring policy coherence for development means making all policies that affect developing countries "coordinated, complementary and non-contradictory".

PCD first came to prominence at an EU level with the Maastricht Treaty in 1993. The Treaty states that "the Community shall take account of the objectives referred to in Article 130U (which refers to development cooperation) in the policies that it implements which are likely to affect developing countries". However, it took until 2005 for the EU to operationalise PCD into its work programme, when the Council, Commission and Member States committed to action on PCD and a biennial PCD reporting process as part of the European Consensus on Development (Council of the European Union, 2006). The Commission produced its first biennial report on progress towards these commitments in 2007 (Commission, 2007a) and its second in 2009 (Commission, 2009).

PCD forms an integral part of the United Nations' Millennium Development Goals framework. The 8th goal 'Develop a global partnership for development' covers important actions needed to achieve greater coherence between the purposes of Official Development Assistance (ODA) and other public policies. The annual OECD ministerial meeting in 2002 called on the OECD to "enhance understanding of the development dimensions of member country policies and their impacts on developing countries. Analysis should consider trade-offs and potential synergies across such areas as trade, investment, agriculture, health, education, the environment and development co-operation, to encourage greater policy coherence in support of the internationally agreed development goals". Since then, the OECD Development Assistance Committee has featured a country's efforts to pursue PCD in its regular reviews of member country aid policies.

It is worth noting that 'full policy coherence' is a notional concept that cannot be achieved in practice. What is deemed coherent today may not be coherent tomorrow as the policy environment can change rapidly for many reasons. In democratic countries policy outcomes must represent a balance between the interests of both domestic and international stakeholders.

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, the White Paper adopted coherence as a guiding principle for Ireland's overseas development aid programme. The White Paper committed to working towards a coherent approach to development assistance across all government departments and towards coherence across all development assistance instruments.

Guiding Principles

> "Coherence: We will work for a coherent approach to development across all Government Departments. Within Irish Aid itself, we will work to ensure coherence across the wide range of development assistance instruments employed and to minimise and eliminate inconsistencies and contradictions."

White Paper on Irish Aid 2006

> "Coherence is about more than vetting decisions for potential negative impact on development. It is also about harnessing the potential across Government for ideas and actions which can contribute to sustainable global development and to the objectives of Irish Aid."

White Paper on Irish Aid 2006

Ireland's broadened understanding of the multiple policy dimensions to development assistance mirrors Ireland's own experience of economic growth over the last 15 years. While financial resources from the European Union played a role in the modernisation of the Irish economy, most commentators would highlight the central role played by growth-enhancing EU policy frameworks and improved outcomes in domestic policy-making. Similarly, the development challenge faced by developing countries should be seen within this more holistic framework. Hence, a broad range of policy areas and policy relationships with the developed countries are important for the future of developing countries.

By extension, development aid should be considered as part of a comprehensive development assistance package and act as a catalyst to improve institutional processes and re-orientate development priorities. Ireland's official development assistance programme has developed into one of the most significant government expenditure areas in financial terms with a budget of €696 million in 2009, or 0.46 per cent of Gross National Product (GNP).[1] Due to recent economic challenges, this figure is down from €914 million or 0.57 per cent of GNP in 2008 and spending levels are likely to come under further pressure until the government's fiscal position improves. Such financial pressures underline the importance of pursuing a value for money policy coherence agenda designed to ensure coordinated, complementary and coherent non-aid policies across Irish government departments and at EU level.

IRELAND AND DEVELOPING COUNTRIES

Sixty years of uninterrupted globalisation has established a greatly expanded web of interconnections between Ireland and developing countries. According to the CSO, 2.4 per cent of Ireland's population can be described as having developing world origin with approximately 1 per cent described as African origin.[2] Total trade with developing countries has risen from €2.2 billion in 1992 to €17.9 billion in 2006, and represents 12 per cent of Ireland's total trade.[3] In policy terms, Ireland is a member of over 100 multilateral organisations and conventions. While Ireland's engagement with developing countries spans a number of centuries, our involvement with developing countries has become increasingly complex and multi-dimensional over time. Ireland is important to developing countries as a consumer of agricultural products and an exporter of software and pharmaceutical products, as a contributor to the climate change agenda, as a participant in talks on the reform of the multilateral institutions, and as a destination for migrants. These are only a few examples of how Irish policy positions across a wide range of areas can affect developing countries.

CONCEPTUAL FRAMEWORK

For many, policy coherence for development remains a poorly defined and impractical tool for policy analysis. For the purpose of this report, we felt it useful to devise a typology to help understand the various dimensions of PCD. The typology is designed to serve in part as a diagnostic tool for PCD issues and as a classification system for PCD recommendations. The typology describes PCD as comprising four different components: policy consistency, policy mitigation, policy enhancement and consistency in advocacy. In relation to the typology, we make a distinction between issues and recommendations. Large policy issues such as climate change and international trade will naturally reside across more than

1 **The projected GNP figure for 2009 is taken from the ESRI's Quarterly Economic Commentary, Winter 2008.**
2 **Source: Central Statistics Office (2007) Census.**
3 **Source: Central Statistics Office (2008) Database of Trade Statistics. Total trade is the sum of imports and exports.**

one PCD component, while specific recommendations can more easily be categorised into one component of the typology. For example, a PCD agenda in international trade will involve seeking to eliminate inconsistencies between overseas aid objectives and national trade policy, while at the same time engaging in mitigation efforts such as Aid for Trade. It is important to note that the typology does not suggest a hierarchy of responses and no particular category is seen as representing a preferred policy response. Figure 1 below depicts the typology.

Seeking to Eliminate Policy Inconsistencies

The elimination of inconsistencies between non-aid and aid policies is the starting point for PCD. The ideal end point for this element is for all non-aid policies to be at least neutral in their effect on developing countries. Policies that have demonstrably negative impacts on developing countries should be altered. Examples of policy inconsistency might include trade barriers which make it more difficult for developing countries to export goods in which they may have a comparative advantage; energy and transport policies which contribute to global warming with potentially devastating impacts on developing countries in low-rainfall regions; or migration policies which denude developing countries of skilled workers while offering little in return.

Figure 1. Conceptualising Policy Coherence for Development

POLICY COHERENCE FOR DEVELOPMENT (INTRA-GOVERNMENT)

POLICY CONSISTENCY FOR DEVELOPMENT

Elimination of inconsistencies between non-aid and aid policies. Examples include protectionist agricultural policies and migration policies that encourage brain drain.

POLICY ENHANCEMENT FOR DEVELOPMENT

Making non-aid policies work for development objectives. Examples include publicly funded development focused research and tax breaks for remittances and returning migrants.

POLICY MITIGATION FOR DEVELOPMENT

Developing compensatory programmes for policies that have negative consequences on developing countries. e.g. subsidised medicines, climate change compensation fund, aid for trade.

POLICY ADVOCACY FOR DEVELOPMENT

Using Ireland's voice to put forward consistent pro-development positions at international fora.

Identifying Opportunities for Policy Enhancement for Development

Policy enhancement for development involves the deliberate decision to make non-aid policies work for development objectives. Examples might include the opening up of publicly-funded research in science and technology to issues facing developing countries or the participation of research institutions and researchers in developing countries, the introduction of tax breaks for remittances and returning migrants, or the waiver of non-EU fees for students attending Irish higher education institutions from Irish Aid partner countries.

Developing Mitigation Policies to Overcome the Adverse Effects of Non-Aid Policies

Policy mitigation and support for development seeks to develop alternative policies and programmes to compensate developing countries for the adverse effects, whether intentional or otherwise, of non-aid domestic policies. Ideally, the eradication of the 'offending' policies would represent the first best solution. However, this may not always be possible. For example, if EU patent rules prevent cheap medicine reaching the poorest in developing countries, a policy of delivering subsidised medicines would go some way to overcoming the negative impacts of the patent laws. Likewise, a climate change adaptation fund, which seeks to help the most vulnerable overcome floods or droughts and adapt to a changing environment, would go some way to mitigating against historically high CO_2 emissions in developed countries. A third example is the potential role for aid for trade, where non-tariff barriers such as food safety standards make the development of export businesses in developing countries more difficult, and targeted measures are put in place to assist developing country exporters to meet these standards.

Ensuring Consistency in Advocacy for Development

As noted earlier, Ireland is involved in approximately 100 international organisations and conventions. It is desirable that Ireland use its voice at an international level in a consistent and coherent manner to support the needs of developing countries. From a PCD perspective, Ireland should seek to ensure that its positions at international meetings and where it is represented on international agencies are consistent with the development objectives of Irish Aid. Given the importance of the EU policy framework for many policy areas in Ireland, it is *a fortiori* important from a PCD perspective that Ireland takes into account the position of, and possible impacts on, developing countries when formulating its position in EU policy debates.

In the concluding chapter of this report, we use this typology to structure our recommendations for a PCD agenda for these domestic policies.

THE DEFINITION OF DEVELOPING COUNTRIES

Pursuing a policy coherence for development agenda presumes a common understanding of the group of developing countries that we seek to prioritise when considering the impacts of domestic government policies. However, developing countries are an increasingly heterogeneous group, and have increasingly disparate economic interests. It is naïve to assume that all developing countries will be affected in the same way by a particular domestic policy. For example, the payment of export subsidies on agricultural exports will have a very different impact on a developing country which is a net food importer compared to one which is a significant food exporter.

Various classifications of developing countries have been made by international agencies. The World Bank, for example, distinguishes between low, middle and high-income countries on the basis of income per capita.[4] Low-income and middle-income economies are those conventionally defined as developing countries. However, the middle-income category includes countries such as Poland, Turkey, Russia and Brazil which may not be the countries we normally associate with the developing country category. The United Nations uses a definition of developing countries for statistical purposes which includes all countries in Africa, Central and South America, Asia and Oceania (excluding Japan, Israel, Australia and New Zealand). It also distinguishes the group of Least Developed Countries (LDCs), based on a combination of low income per head, human capital status and economic vulnerability, together with a requirement that a country's population must not exceed 75 million. Following the triennial review of the list of LDCs in 2006, the current list includes 49 countries.[5]

The fundamental distinction to be made is between low-income developing economies (which includes but is not confined to the group of least developed countries) and those more advanced developing countries (sometimes referred to as emerging economies). The Irish Aid programme is heavily concentrated on countries in the former group, with all of its partner countries except Timor-Leste classified as low-income countries by the World Bank. These countries face particular difficulties in integrating into the world economy, often have low levels of human capital, and may face particular difficulties even in maintaining the basic infrastructure of a public administration. They represent most clearly the economic and social situations we most often associate with underdevelopment.

In what follows, we will use the term 'developing countries' mainly to refer to this group of low-income economies unless otherwise specified. We are aware that this is an important value judgement to make at the outset of the study. These countries are much less likely to pose a

4 Economies are divided according to 2007 GNI per capita, calculated using the World Bank Atlas method. The groups are: low income, $935 or less; lower middle income, $936—$3,705; upper middle income, $3,706—$11,455; and high income, $11,456 or more.

5 Cape Verde graduated from the list at the end of 2007.

competitive threat to Irish interests and this, in turn, should make pursuing the PCD agenda at home politically less challenging. Nonetheless, we should keep in mind that living standards, particularly in the lower-middle income developing countries, remain well below those we would consider acceptable in developed economies and that substantial numbers of people in these countries are living below the poverty line.

THE DEFINITION OF DOMESTIC POLICIES

Throughout this report, we use the term domestic policies to refer to the non-aid policies of the Irish government. In other words, they are policies in pursuit of domestic policy objectives which may either directly or indirectly have an impact on developing countries separate from the delivery of official development assistance. In principle, as questionnaires were distributed to all government departments, we have attempted to make a comprehensive inventory of domestic policy areas with relevance to developing countries. However, it quickly emerged that there was a wide spectrum with respect to the intensity or depth of the linkages between policies pursued by individual government departments and any impact on developing countries. In the case of trade and agricultural policy, for example, the linkages are strong and immediate; in the case of social welfare, local government and community development, on the other hand, meaningful linkages are more or less absent. This report is thus structured around a series of principal policy areas where significant policy impacts can be observed. In Box 1, we list the policy areas in which the EU has made a series of PCD commitments. There is a strong overlap between these areas and the policies discussed in this report, but we did not necessarily confine ourselves to the priority areas identified by the EU.[6]

Box 1. EU Coherence for Development Commitments

Trade: The EU is strongly committed to ensuring a development-friendly and sustainable outcome of the Doha Development Agenda and EU-ACP Economic Partnership Agreements (EPAs). The EU will further improve its Generalised System of Preferences, with a view to effectively enhancing developing countries' exports to the EU. The EU will continue to work towards integrating trade into development strategies and will assist developing countries in carrying out domestic reforms where necessary.

Environment: The EU will lead global efforts to curb unsustainable consumption and production patterns. The EU will assist developing countries in implementing the Multilateral Environmental Agreements (MEAs), and will work to ensure that the capacities of developing countries are taken into account during MEA negotiations. The EU will continue to promote pro-poor environment-related initiatives and policies.

6 See also the case studies on policy incoherence under various headings available on the website www.eucoherence.org.

Security: The EU will treat security and development as complementary agendas, with the common aim of creating a secure environment and of breaking the vicious circle of poverty, war, environmental degradation and failing economic, social and political structures. The EU will enhance its policies in support of good and effective governance and the prevention of state fragility and conflict, including by strengthening its response to difficult partnerships/failing states. The EU will strengthen the control of its arms exports, with the aim of avoiding that EU manufactured weaponry be used against civilian populations or aggravate existing tensions or conflicts in developing countries. The EU will promote cooperation in fighting corruption, organised crime and terrorism.

Agriculture: The EU will continue its efforts to minimise the level of trade distortion related to its support measures to the agricultural sector, and to facilitate developing countries' agricultural development.

Fisheries: The EU will continue to pay particular attention to the development objectives of the countries with which the Community will engage into bilateral fisheries agreements. Within the context of the new EU policy on fisheries partnership agreements with third countries which is being implemented since 2003, the EU will continue to encourage the conclusion of fisheries agreements in order to contribute towards rational and sustainable exploitation of the surplus of coastal States' marine resources to the mutual benefit of both parties.

Social dimension of globalisation, employment and decent work: The EU will contribute to strengthening the Social Dimension of Globalisation with a view to ensure maximum benefits for all, both men and women. The EU will promote employment and decent work for all as a global goal.

Migration: The EU will promote the synergies between migration and development, to make migration a positive factor for development.

Research and innovation: The EU will promote the integration of development objectives, where appropriate, into its RTD and Innovation policies, and will continue to assist developing countries in enhancing their domestic capacities in this area.

Information society: The EU will address the digital divide by exploiting the potential of Information and Communication Technologies as a development tool and as a significant resource for attaining the MDGs.

Transport: The EU will address the special needs of both land-locked and coastal developing countries by promoting the intermodality issues for achieving network interconnectivity as well as security and safety issues.

Energy: The EU is strongly committed to contribute to the special needs of developing countries by promoting access to sustainable energy sources and by supporting establishing interconnection of energy infrastructures and networks.

Source: European Commission, 2005.

RECOMMENDATIONS

Our objective in this report is to identify areas and issues where either it appears there may be incoherence between domestic Irish policies and development objectives, or opportunities for win-win outcomes which are not currently being exploited. At various points throughout the succeeding chapters, we make recommendations on policies and actions which the government might take to advance the PCD agenda. We want to underline here the status of these recommendations. We are fully aware that the development impacts of Irish government policies are mediated through complex channels, and that the consequences of these policies can affect developing countries, and groups within these countries, in a variety of ways. This document is intended as a scoping report, to identify policy areas where an *a priori* case can be made that a PCD issue arises. This report does not, and was not intended to, provide the detailed analysis and evaluation of each issue which would be necessary to sustain the case for a change in the direction of domestic policy. For some issues, this analysis is available elsewhere, but for many issues, the analysis remains to be done. In our conclusions, we make recommendations on where resources might be best focused for this purpose. The recommendations contained throughout this report should therefore be interpreted as challenges to be addressed, rather than firm directions to be pursued.

INSTITUTIONAL ARRANGEMENTS FOR PCD

While this research project focuses primarily on policy positions and government programmes, it has also helped to throw light on the ongoing debate regarding the institutional development of PCD in Ireland.

In recent years, Ireland has made significant progress towards institutionalising PCD as a concept that influences government policy across all departments. Central to this has been the establishment of the Inter-Departmental Committee on Development in 2007 following the recommendations of the Irish Government White Paper on Irish Aid (2006). The Inter-Departmental Committee on Development provides the necessary institutional framework to achieve a more cohesive whole of government approach to overseas development and the challenge of achieving the Millennium Development Goals. This development has mirrored developments in other EU member states Three examples include:

- The Netherlands: Dutch foreign policy has the explicit aim to promote policy coherence between development and relevant non-aid policies. To support this aim, the Dutch established a formal Policy Coherence Unit in the Ministry of Foreign Affairs to screen all EU legislation, to pro-actively influence specific national policy debates and raise awareness of PCD both domestically and internationally.
- The United Kingdom: The UK does not use the label 'policy coherence' but has set poverty eradication as an objective for the whole of the government in its 2000 White Paper on International Development *Eliminating World Poverty: Making Globalisation Work for the Poor.*

— Sweden: In 2003 the Government Bill *Shared Responsibility: Sweden's policy for Global Development* was passed by the Swedish Parliament. The Bill legislatively enshrined development goals to be the responsibility of all government departments.

A possible model for support to advance the PCD agenda in Ireland is shown in Figure 2. This distinguishes three areas for action: procedures for PCD decision making, development of oversight mechanisms and investment in PCD knowledge. A common theme across our recommendations is the desirability of strengthening institutional capacity for key actors to engage in the PCD debate.

Figure 2. A Model of PCD Support for Ireland

DECISION MAKING	OVERSIGHT	KNOWLEDGE
IDCD: Focused Annual Objectives	Parliamentary Oversight	Policy Research Internal and External
Development Impact Analysis	Strengthening Civil Society Engagement	Independent Monitoring: Bi-annual Report on PCD Policy Indicators
Invest in Departmental Capacity	Engagement of Irish Aid Countries	
Use of Policy Indicators		

Procedures for PCD Decision Making

The Inter-Departmental Committee on Development is the cornerstone for PCD decision making in Ireland. The first annual report of the Inter-Departmental Committee on Development outlined the progress of the committee in its first year of operation (IDCD, 2008). To date the Committee has been characterised by openness to ideas from civil society, academia and other Member States. Its annual report documents a wide range of initiatives and activities. In the coming years it will be necessary to provide additional resources to the Inter-Departmental Committee on Development secretariat and to maintain the profile of the committee if the promise of a whole of government approach to development assistance is to be achieved. To build on a successful first year, we recommend that the Government consider developing a range of additional procedures for PCD decision-making. While the exact design of such procedures is outside the remit of this report, on the basis of our research and consultations with other Member States we make the following recommendations.

— Focused Annual Objectives: While continuous monitoring of PCD developments remains crucial, the Inter-Departmental Committee on Development should prioritise a limited number of policy areas annually or biennially with deliverable outcomes to be achieved. Outcomes could take the form of a submission into the policy formulation process of a specific department or an Inter-Departmental Committee on Development statement that could be used in policy-making in the years ahead. The annual work plan could plan for necessary inputs such as the establishment of a dedicated sub-committee or the commissioning of relevant research.

— Development Impact Assessments (DIAs): In 2005, following a pilot exercise the Government agreed to roll out a revised programme of Regulatory Impact Assessments (RIAs) across all Departments and Offices.[7] By the end of 2007, more than half of all primary legislation in 2007 was accompanied by a regulatory impact assessment (Goggin and Lauder, 2008). While the true costs and benefits of the RIA process may be difficult to ascertain, a 2008 evaluation commissioned by the Department of the Taoiseach supports the continuation and improvement of the regulatory impact assessment process. We recommend that the Inter-Departmental Committee on Development seek the introduction of Development Impact Assessments (DIAs) within the regulatory impact assessment process to institutionalise the assessment of developing country needs in the formulation of domestic policy positions and activities.

— The use of PCD Indicators: The development and agreement of PCD policy indicators should lead to improved understanding of complex policy environments and instil an additional level of objectivity in the

7 **RIAs assess the objectives, agreement process and likely impact of new regulations across a number of headings such as necessity, effectiveness, proportionality, transparency, accountability and consistency.**

PCD policy-making process. Policy indicators can be used as both targeted outcomes and at the policy design phase as inputs into ex-ante evaluations of policy options. We recommend that the Inter-Departmental Committee on Development help develop a system of PCD policy indicators specific to Ireland that are independently collated on a bi-annual basis. The Inter-Departmental Committee on Development should seek to integrate the set of agreed policy indicators into its annual monitoring and objective-setting process.

Significantly Improve Oversight Mechanisms

Given the novelty of PCD as a policy approach, the strength of oversight mechanisms is particularly important. Efforts to improve parliamentary oversight, quality engagement by civil society and partner country engagement are crucial for the long term success of the PCD agenda.

- Parliamentary Oversight: At present the Oireachtas Committee on Foreign Affairs has nominal responsibility for the PCD agenda, within the context of its responsibility for overseas aid. As PCD is a policy agenda that spreads across a number of Oireachtas committees, careful consideration is needed as to how inclusive and effective parliamentary oversight can be created. Consideration should be given to institutionalising an annual parliamentary PCD debate and scheduling committee time annually to consider various PCD issues.
- Civil Society Engagement: Our consultations with Irish development NGO's highlighted both weaknesses in the capacity of NGOs to engage meaningfully in PCD debates and an absence of clear opportunities to engage in PCD policy development. Efforts should be made to encourage Irish NGO's to invest time and resources to assess coherence issues and make contributions to the PCD knowledge base. As an example, a formal referral mechanism should be established to allow stakeholders in Ireland and Irish Aid partner countries the opportunity to formally raise PCD issues with the Inter-Departmental Committee on Development.
- Partner Country Engagement: Ultimately, PCD seeks to serve the interests of developing countries within the EU/Irish domestic policy process. A weakness across all EU and EU member state mechanisms is the level of consultation with and representation of developing country public servants and civil society actors in PCD debates. Ireland should support EU efforts to overcome this deficit, and consult more systematically with Irish Aid partner countries on important issues of policy coherence. As there are many demands on the limited time and attention of developing country government officials (WTO, climate change negotiations, country strategic papers etc), it may be important to provide institutional support to partner countries' capacity to participate in the PCD debate.

Investments in PCD Knowledge

The impact of the wide spectrum of EU/Irish policy on developing countries is not easily measured. This makes evidence-based policy making even more challenging in the PCD context than in other policy areas. To overcome this and for PCD decision-making mechanisms to make informed decisions, particular effort is required to develop the PCD knowledge base. Ongoing research is required to support decision-making.

- Departmental Training: The Inter-Departmental Committee on Development has begun a pilot awareness programme for departmental officials interested or involved in activities relevant to PCD. As well as extending the pilot initiative of International Development Awareness Raising Lunchtime Seminars in Government Departments, specific educational and experiential support for departmental officials working on the Inter-Departmental Committee on Development should be considered such as support for development-related part time courses and short term placements at international organisations or in partner countries.
- Policy Research: As noted earlier, in 2007 the Advisory Board for Irish Aid (ABIA) agreed a four year framework research agreement with the Institute for International Integration Studies at TCD and the School of Biology and Environmental Science at UCD to assess a wide range of coherence issues and investigate deeper important issues of policy coherence. We recommend that research of this nature should continue under the auspices of the Inter-Departmental Committee on Development specifically to support its annual objectives.
- Independent Monitoring of Indicators: As mentioned above, the Inter-Departmental Committee on Development should seek to integrate PCD indicators into its work plan. A set of PCD indicators should be developed following wide consultation with departments, civil society and partner countries and should be independently published on a bi-annual basis to ensure legitimacy.

02.

Trade policy and its coherence with development objectives.

Importance for Developing Countries

During the past three decades developing countries (including the emerging economies for the purposes of this chapter) have become major players in world trade. Their exports have grown faster than the world average and now account for about one third of world merchandise trade, rising from less than one fourth in the 1970s. Much of the growth in the exports of developing countries has been in manufactures, which today account for over 70 per cent of their total exports, after hovering around 20 per cent during much of the 1970s and early 1980s. The share of developing countries in world manufactured exports now exceeds 25 per cent, compared to some 10 per cent in the 1970s. Many developing countries appear to have succeeded in moving into technology-intensive manufactured exports, which have been among the most rapidly growing products in world trade over the past three decades. Much of this expansion has taken place as a result of their growing participation in international production networks whereby production chains are split up and different activities are located in different countries by transnational corporations seeking low-cost platforms for export to world markets.

At the same time, exports of services by developing countries have become more important, growing from 9 per cent of their exports in the 1980s to around 17 per cent today. Developing countries accounted for 17 per cent of global exports of services in 1990, and this share had risen to 25 per cent in 2007.

Yet while many developing countries have increased their exports dramatically in the last few decades, Africa has not. Manchin (2005) reports that the share of world exports of African, Caribbean and Pacific (ACP) countries fell from 3.4 per cent in 1976 to 1.9 per cent in 2000 and their share in developing countries' exports from 13.3 per cent in 1976 to 3.7 per cent in 2000. Their trade patterns with the EU have followed a similar evolution: the share of EU imports from ACP countries in total EU imports has decreased, falling from 6.7 per cent in 1976 to 3.1 per cent in 2002, and the share of imports from the ACP in total imports from developing countries (excluding countries in transition) has fallen from 14.8 per cent in 1976 to 6 per cent in 2000.

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). Further, the trade basis for many African economies is still very narrow. Over three-fifths of exports by value are fuels, with a further fifth from food and agricultural raw materials, and the final fifth from manufacturing (including mining). While commodity prices are currently buoyant, and growth rates in Sub-Saharan Africa reflect this, its huge dependence on commodity exports leaves Africa very vulnerable to declining and volatile prices, especially given its dependence on a narrow range of products.

A corollary of – some would say a prerequisite for – the growing importance of developing country exports has been a marked opening up of their economies. Most developing countries followed an import substitution industrialisation strategy in the post-independence period, marked by high tariff protection and a determined effort to achieve autarky especially in consumer and light manufactured goods. More recently, developing countries have undertaken a wave of unilateral tariff reforms, often as part of the conditionality associated with structural adjustment lending. Between the early 1980s and late 1990s average tariffs in developing countries were cut in half. By 1999, average tariffs in developing countries were just 11 per cent (Martin, 2003). Another sign of increased openness is the growing number of developing country members of the World Trade Organisation (WTO), which now comprise more than two-thirds of the WTO's around 150 members.

Trade policy is an EU competence, and the Irish government influences trade policy through its interventions in shaping EU trade policy. This chapter begins by describing the main elements of EU trade policy as the necessary context to understand where policy coherence issues may arise. It then considers a series of policy areas where developing countries are strongly affected by EU trade policy decisions, with a view to identifying initiatives and reforms which would help to make EU trade policy more coherent with Irish development policy objectives.

The Policy Context

TRADE POLICY DECISION-MAKING IN THE EU

Ireland's trade policy is largely implemented through its participation in EU decision-making. The EU's Common Commercial Policy covers trade in goods, including agriculture, all aspects of trade in services as well as the commercial aspects of intellectual property. Since the Nice Treaty, decisions on these matters are taken by qualified majority voting (with certain exceptions such as agreements that relate to trade in cultural and audiovisual services, education, social and human health services as well as transport services).

The Common Commercial Policy is implemented by the Commission in close co-operation with Member States. The broader policy issues are decided by the Council of Ministers, on the basis of Commission proposals. The task of developing these proposals for approval by Ministers, as well as advising the Commission on day-to-day implementation of trade policy, falls to a number of committees. These include the Trade Committee (known as the "Article 133 Committee" after the relevant EU Treaty article), the Anti-Dumping Committee, the Rules of Origin Committee and the GSP (Generalised System of Preferences) Committee. Subject to the Council's approval, the Commission is empowered to conduct negotiations in consultation with the Article 133 Committee, and within the framework of such negotiating directives as the Council may issue to it. For example, the Commission negotiates on behalf of the member states in the WTO.

In 1999, the Commission introduced a structured dialogue with civil society with a view to making its trade policy formulation more transparent and participative. Organisations involved include business associations, chambers of commerce, trade unions, and other NGOs. The Commission uses trade sustainability impact assessments (trade SIAs) to analyse the economic, environmental, and social impact of trade agreements, both in the EU itself and in its trading partners. As a result of trade SIAs (which are carried out by independent consultants with a wide consultation process), complementary policy measures may be proposed to enhance the positive impacts and to minimise any possible negative effects of the agreement under negotiation.

THE WTO CONTEXT

The creation of the World Trade Organisation (WTO) at the conclusion of the Uruguay Round in 1995 was an important watershed for the international trade regime. First, the Uruguay Round Agreements covered not just trade in manufactured goods but also agreements to liberalise trade in agricultural products and in services, as well as to introduce new rules in areas such as subsidies, technical barriers to trade, protection of intellectual property and trade-related investment measures. A significant achievement was setting a deadline for the end of the Multi-Fibre Agreement which limited exports of developing country clothing and textile exports to developed country markets. Second, the Uruguay Round Agreements were adopted as a single undertaking, meaning that derogation from individual agreements was not possible. Third, the WTO Agreement mandated continued negotiations to further liberalise trade in agricultural products and in services – the so-called 'built in agenda' – which was subsumed into a new general round of trade negotiations launched in Doha in November 2001. Attempts to conclude that round of negotiations are still continuing. The WTO Agreement also introduced a new dispute settlement mechanism which, for the first time, provided an effective means of retaliation against countries found to be in breach of their WTO commitments.

Special and differential treatment of developing countries is an integral part of the WTO Agreements, either in the form of exemptions from disciplines which have been agreed, longer implementation periods, or technical assistance towards the cost of implementing the agreements. Note that there is no provision for special and differential treatment of developing countries in the General Agreement on Trade in Services (GATS), even though a number of provisions introduce a degree of flexibility for developing countries. However, the GATS is structured so as to allow countries to liberalise at their own pace, in line with their development situation.

While WTO members continue to give formal priority to strengthening the multilateral trade regime, there has been an unprecedented recent increase in the number of preferential regional trade agreements (RTAs). The nature of these agreements has also changed. More of them have a North-South membership, and they often include provisions which go well beyond the lowering of trade barriers to cover behind the border measures. Of 109 North–South RTAs, 90 have been created since 1990 and the growth in regional trade agreements has been accelerating, with 196 such agreements having been notified to the World Trade Organisation since 1 January 1995 (Crawford and Fiorentino, 2005).

EU trade policy is now shaped within the constraints of WTO rules and disciplines. An important trade policy objective of the EU, which the Irish government shares, is to strengthen the role of the WTO in governing world trade and in making it more responsive to developing country concerns.

EU TRADE POLICY IN GOODS

The most visible element of EU trade policy is the common external tariff (CET). More than 10,000 individual products are distinguished at the 8-digit level of the Combined Nomenclature (CN) which lists the duty rates applicable to each product. In general, the EU tariff on manufactured goods is low; excluding petroleum, the average non-agricultural Most Favoured Nation (MFN) tariff is 4.0 per cent (WTO, 2007). However, tariffs on products of particular interest to developing countries, such as textiles, clothing and footwear, can be double this level. There is also mixed evidence on tariff escalation in the EU's tariff schedule, particularly in industries requiring inputs (agricultural commodities in particular) that are also produced by the EU. However, in industries requiring inputs that are not produced by the EU the tariff shows positive escalation, i.e. high effective rate of protection for processing industries in the EU (WTO, 2007).

While visible trade barriers on manufactured imports are now relatively low, other mechanisms, such as anti-dumping measures, can be used to provide additional protection to specific products. Dumping is defined as the selling in export markets below some 'normal' price. The 'normal' price of a good is commonly defined as the price prevailing in the exporter's home market. The imposition of anti-dumping measures is permitted under WTO rules, if dumping 'causes or threatens material injury to an established industry... or materially retards the establishment of a domestic industry'. Complex pricing policies and adjustment for indirect cost factors leave a degree of arbitrariness in the calculation of dumping margins and 'material injury'. The EU makes frequent use of anti-dumping measures, most often targeted against imports from developing countries. The most affected product categories are iron and steel products, consumer electronics and chemicals.

TECHNICAL BARRIERS TO TRADE

Products imported into the EU must also comply with relevant regulations, where they exist, to meet health, safety and environmental objectives. Technical regulations are mandatory rules laid down by the EU or the member states, while standards are non-mandatory rules approved by a recognised body such as a standards institute which provide an assurance of quality to consumers. Compliance is established by means of conformity assessment procedures. Regulations may lay down product characteristics or their related process and production methods, or they may deal with the terminology, symbols, packaging and labelling requirements applying to a product or production method. Such regulations raise the cost of exporting where a manufacturer has to meet a different set of standards or pay for the cost of demonstrating compliance with the importing country's rules. The EU's use of regulations and standards must comply with its obligations under the WTO Agreement on Technical Barriers to Trade which requires members to avoid discrimination against imported products and to avoid creating unnecessary obstacles to international trade.

Technical barriers to trade (TBTs) remain a major impediment to international trade. Work by the World Bank on the impact of TBTs in Africa has shown that many indigenous small and medium sized companies face considerable barriers exporting because of TBTs. It is not only that the costs of complying with the high and growing expectations of developed country consumers are significant and prohibitive in some cases, but many producers are simply not aware of many of the technical regulations they must satisfy to access developed country markets or the voluntary standards that could help to facilitate compliance (Wilson and Abiola, 2003).

EU TRADE POLICY IN SERVICES

Extra-EU services trade received a multilateral legal base through the General Agreement on Trade in Services (GATS), which was negotiated during the Uruguay Round. The GATS agreement promotes the principles of most favoured nation treatment, i.e. the principle that all third countries must be treated equally; of transparency on market access; and of national treatment, meaning that a foreign company cannot be placed at a competitive disadvantage in relation to a domestic company in competing for business. The agreement defines four methods of supplying a service:

- Supplying a service from the territory of one member into the territory of any other member (e.g. international telephone calls);
- Supplying a service in the territory of one member to a consumer of any other member (e.g. tourism);
- Supplying a service through commercial presence of a member in the territory of any other member (e.g. banking services);
- Supplying a service through presence of natural persons of a member in the territory of any other member (e.g. construction projects, fashion models, consultants).

Unlike the GATT agreement which covers trade in goods, the GATS agreement allows WTO members to choose which disciplines they wish to sign up to and for which sectors. For example, although GATS extends the non-discrimination MFN rule to all service sectors, members can derogate from this for particular sectors listed in the Annex to the agreement by each signatory (the 'negative list'). Similarly, national treatment (i.e. equivalent treatment to that given to domestic suppliers of a service) is granted to foreign suppliers, but only in the sectors where a member makes an offer to do this by listing it in its schedule of commitments (the 'positive list'). Out of about 160 individual service sectors, the EU's GATS schedules offers commitments in about 120, but with significant exceptions such as audio-visual services. In the case of audio-visual services, the EU and its member states have made no market access commitment nor, as a result, any commitments on national treatment. It also took an exemption from the principle of most favoured nation treatment and is, therefore, not bound to give equal treatment to all third countries.

EU REGIONAL TRADE AGREEMENTS

The EU has been an active participant in regional trade agreements (RTAs). Examples include its agreements with other European countries in the European Economic Area, pre-accession agreements with the countries of central and eastern Europe during the 1990s, the creation of Euro-Mediterranean free trade agreements with the countries of the Southern and Eastern Mediterranean under the Barcelona Process, and more recently free trade agreements with countries in the Western Balkans. It has also concluded RTAs with Chile and Mexico in Latin America, and with South Africa. Following the launch of the Doha Round of multilateral trade talks in 2001, the EU announced a moratorium on further expansion of its regional trade arrangements, but this has not prevented continuing negotiations on creating such arrangements with a number of its trading partners. In its 2006 trade policy statement *Global Europe: Competing in the World*, the European Commission signalled a new activism in relation to bilateral RTAs, based to a greater extent on economic interests rather than the more traditional neighbourhood and development concerns which have underpinned EU RTAs in the past (Commission, 2006). Based on criteria such as market potential and the level of protection against EU export interests, the Commission identified ASEAN, Korea and Mercosur (with whom negotiations are ongoing and an agreement has been initiated with South Korea) as priority candidates, as well as India, Russia and the Gulf Co-operation Council (negotiations also currently active). It also called for future RTAs to be much more ambitious and comprehensive in terms of their coverage, aiming at the highest possible degree of trade liberalisation including far-reaching liberalisation of services and investment.

EU PREFERENCES FOR DEVELOPING COUNTRIES

The EU's trade policy towards developing countries originally took the form of autonomous non-reciprocal preferential arrangements. These were of two kinds: the Generalised System of Preferences (GSP) available to all developing countries and special preferential schemes for particular groups of countries. The two most important special schemes were the unilateral trade preferences under the Lomé Convention (now the Cotonou Agreement since 2000) with African, Caribbean, and Pacific (ACP) countries and those under the first generation agreements with the Community's neighbours in the Southern and Eastern Mediterranean (except for Israel) prior to the launch of the Barcelona Process in 1995. Non-reciprocity meant that developing countries were not required to offer similar preferential access to their markets in return for the access privileges they were granted to the EU market. The schemes differed in the extent of the products covered, their contractual basis and the size of the concessions offered. Together, they formed a hierarchy of preferences with the ACP signatories to the Cotonou Agreement in the most preferred category, the Mediterranean countries in an intermediate category and most Asian and Latin American countries in the least preferred category with GSP preferences only.

EU trade policy has become even more diverse since the mid-1990s. In 2001, the EU decided to admit all products from countries on the UN list of least developed countries (LDCs) duty – and quota-free as part of a special arrangement under its GSP scheme, known as the 'Everything but Arms' (EBA) scheme. At the same time, the EU initiated moves to convert its special preferential schemes with the Mediterranean and ACP countries into reciprocal free trade areas.

The Lomé Convention was the EU's most preferential agreement with developing countries. Signed in 1975, and renewed at regular intervals thereafter, it gave the ACP group free access to EU markets for manufactures and a substantial range of primary goods. The Lomé accords encompassed more than tariff reductions. They included commodity protocols which provided preferential prices to ACP exports of bananas, sugar and beef, more flexible application of safeguard clauses, more generous rules of origin and exemption from Multi-Fibre Agreement restrictions. Trade preferences were supplemented by special aid and technical co-operation arrangements.

The Cotonou Agreement, which replaced the Lomé Convention in 2000, envisaged the negotiation of reciprocal free trade areas over the period 2002-2007 eventually leading to duty-free access for most EU exports to ACP countries as well as for ACP exports to the EU. This move was prompted by the criticisms made of the discriminatory nature of the EU's non-reciprocal preferences in the WTO bananas case. It became clear that getting the necessary waiver from WTO rules for these preferences was going to be more difficult in the future.

The EU introduced its GSP scheme in 1971. It covered all developing country manufactured exports but only some agricultural and food products. GSP products are divided into sensitive and non-sensitive categories. Originally, non-sensitive products were offered duty-free access while the preferences for sensitive products were characterised by quotas and ceilings, thus limiting the quantities involved. Since the 2001 scheme, the EU has granted duty-free access on non-sensitive products and partial tariff preferences on sensitive products.

The most recent EU GSP scheme introduced on 1 January 2006 distinguishes three different GSP arrangements. Preferential margins under the general arrangement for all GSP beneficiary countries are maintained although the product coverage was extended compared to the 2001 scheme, mostly in the agricultural and fishery sectors.

A GSP Plus arrangement was introduced for poorer and more vulnerable economies. This extends duty-free access for most sensitive products provided that beneficiary countries can show that they comply with a range of conditions on human and labour rights, environmental protection, the fight against drugs and good governance. However, the arrangement is limited to lower-income economies, land-locked countries, small island nations and those countries which can demonstrate that their economies are poorly-diversified. The GSP Plus countries currently comprise Bolivia, Colombia, Costa Rica, Ecuador, Georgia, Guatemala, Honduras, Sri Lanka, Moldova, Mongolia, Nicaragua, Panama, Peru, El Salvador, and Venezuela. This list is closed until 31 December 2008 when further countries can apply to be admitted to this list. This open-ended list based on published criteria ensures that the new EU scheme complies with the WTO ruling in the complaint brought by India against the 2001 GSP scheme, that the EU was obliged to give equal treatment to all similarly-situated GSP beneficiaries.

The third arrangement confirms the EBA scheme of duty-free and quota-free access for all imports from LDCs, apart from arms and ammunition which are permanently-excluded products. The extension of the scheme to bananas was delayed until January 2006, for rice until July 2009 and for sugar until September 2009. But after these dates tariffs will no longer be a barrier to exports from LDCs to the EU market.

Policy coherence commitments

The EU's priority sectors and actions under the Trade heading in its Policy Coherence for Development commitments in the European Consensus on Development are set out in Box 2. The extent to which progress has been made towards these objectives is reported in detail in the Staff Working Paper accompanying the 2009 Commission Report on Policy Coherence (Commission, 2009).

The EU commits to ensuring a development-friendly and sustainable outcome of the Doha Development Agenda. In the area of industrial tariffs, the EU has committed itself to full elimination of all remaining tariff escalation, high tariffs and tariff peaks, as well as a sectoral liberalisation by all WTO members on products of interest for developing countries, bringing duties on textiles, clothing and footwear as close as possible to zero. It also argues that new commitments and rules should provide the necessary flexibility (Special and Differential Treatment (SDT)) for developing countries, notably the LDCs and the small and vulnerable economies. In services, the EU has said that it will work for an outcome in the services (GATS) negotiations that provides meaningful new market access opportunities in sectors and modes of supply important for developing countries, including GATS Mode 4 (dealing with foreign service supply through the temporary movement of natural persons). It believes that the outcome of the negotiations should respect the right of developing countries to safeguard public services, and should promote access to technology and opportunities for investments in key infrastructure services such as telecommunications, transport, energy and water-related services, as well as in financial services. It has also stated that it will support further strengthening of WTO rules, particularly in the areas of antidumping and fishery subsidies, which are of particular interest to developing countries.

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 LDC exports, as well as encouraging the more advanced developing countries to increase South-South market access on a multilateral basis. Agreement on this issue was reached at the Hong Kong WTO Ministerial Council in 2005, but with the major loophole that the immediate target would be 97 per cent of tariff lines which, given the concentration of LDC exports on a small number of items, would still permit some developed countries to maintain significant protection against LDC exports. It has also acknowledged the legitimate concerns faced by developing countries in relation to trade adjustment, including those resulting from the erosion of preferences.

Ireland issued a new National Trade Policy Strategy in 2005 which, importantly, devoted a whole chapter to the national trade agenda for developing countries (DETE, 2005). This sets out Ireland's commitment to the realisation of the development dimension of the Doha Agenda, including a willingness to ensure that the rules of the international trading system are specifically designed to be compatible with the needs of developing countries. It identifies the importance for developing countries to have the resources to be able to develop and articulate their trade policies, and to have the negotiating capacity to participate effectively in trade negotiations. It calls for an early WTO agreement to a process of rapid liberalisation in developed countries while allowing that liberalisation in developing countries should be incremental in a way that is responsive to local conditions, though no specific commitments are made with respect to the types of liberalisation which would be most beneficial to developing countries.

Box 2. The EU's priority PCD commitments in the trade area

- The EU strongly supports a rapid, ambitious and pro-poor completion of the Doha Development Round and EU-ACP Economic Partnership Agreements (EPAs).
- The EU will provide additional assistance to help poor countries build capacity to trade. Particular attention will be paid to the least advanced and most vulnerable countries.
- The EU will maintain its work for properly sequenced market opening, especially on products of export interest for developing countries, underpinned by an open, fair, equitable, rules-based multilateral trading system that takes into account the interests and concerns of the weaker nations.
- The EU will address the issues of Special and Differential Treatment and preference erosion.
- The EU will continue to promote the adoption by all developed countries of quota free and tariff free access for LDCs before the end of the Doha round.
- In line with development needs, the EU supports the objectives of asymmetry and flexibility for the implementation of the EPAs.

Source: Council of the European Union (2006).

The Strategy shows awareness that trade liberalisation can have negative consequences for poor people and calls for support for poverty impact analysis of trade policies and reform and for measures to mitigate the negative impacts of trade reform on the poor. It also recognises the importance of trade capacity building in the least developed countries and highlights the contribution which UNCTAD can make in this respect. Also significantly, and anticipating the similar commitment to policy coherence made in the Government White Paper on Irish Aid (2006), it states that "The systematic consideration of development impacts should…continue to centrally influence policymaking and to inform positions adopted in negotiations of multilateral, regional and bilateral agreements on trade and other areas" (DETE, 2005 p. 24). We now turn to examine what this might mean in practice given the development issues currently on the Irish and EU trade agenda.

PCD Issues and Recommendations

THE WTO DOHA ROUND

Concluding the Doha Round: goods

Issues in the agricultural negotiations are addressed in the following chapter. On non-agricultural goods, the EU's objectives in the Doha Round are threefold: cutting tariff peaks and high tariffs; flexibility for developing countries; and a so-called "round for free" for LDCs. The EU has argued that the most appropriate way to protect its economic interests "is by activism abroad not protectionism at home" (Commission, 2006). This means making the case for meaningful market access commitments from the most fast-growing and competitive emerging economies which combine high growth with high barriers against EU exports. Hence the EU is seeking significant reductions in the applied tariffs (not just bound tariffs) of the more advanced developing countries in the Doha Round of trade negotiations.

After tabling a proposal for a compression mechanism to eliminate tariff peaks and high tariffs, and significantly reduce tariff escalation, the EU supported the proposal for a Swiss formula with negotiated numbers for the coefficients to be applied to developed Members and to developing Members. Specifically, the EU proposed a Swiss formula with (a) a coefficient of 10 for developed countries, and (b) either a coefficient of 10 for developing countries complemented with flexibilities; or a coefficient of 15 without flexibilities.[8] The EU stated that it is ready to make more cuts than developing countries but that the most advanced developing countries also have a responsibility to reduce applied tariffs, not only bound tariffs. It does not expect the LDCs to apply any tariff cut. However, they are expected to substantially increase their proportion of bound tariffs as part of their contribution to the Round.[9]

8 The coefficient in the Swiss formula determines the extent to which existing tariffs will be reduced under the formula—the lower the coefficient, the greater the reduction. It also sets the maximum tariff possible after the application of the formula.

9 A bound tariff is a maximum tariff scheduled in a country's WTO commitments which sets a ceiling on the tariff level which can be applied to that product.

The EU also tabled a proposal for all WTO Members to reduce tariffs on textiles, clothing, and footwear to a narrow common range, as close to zero as possible; and has made submissions on burdensome regulations and duplicative conformity requirements for textiles and clothing; as well as electrical and electronic appliances. With regard to non-tariff barriers (NTBs), it tabled horizontal and sectoral initiatives, as well as bilateral requests. The EU also tabled a proposal for a horizontal mechanism to address NTBs without escalating to a dispute settlement procedure, and has requested the creation of disciplines for export taxes.

The WTO meeting in Hong Kong in December 2005 agreed a Swiss formula calculation with coefficients complemented with flexibilities for developing countries. These flexibilities would allow developing countries to exclude a number of tariff lines from any cuts or to apply lower cuts. In the modalities draft prepared by the Chair of the non-agricultural market access negotiations for the July 2008 conference, the range of agreement on the proposed coefficients for use in the Swiss formula had moved to 8-9 per cent for developed countries and 22-26 per cent for developing countries. Provisions were also included for flexibility for developing countries to exclude tariff lines from the formula, in return for accepting a somewhat tighter formula overall. Based on these modalities, the Chair estimated that developed countries would have bound tariffs below 3 per cent on average, and tariffs peaks below 10 per cent even on their most sensitive products. In the developing countries applying the formula, bound tariffs would be below 12 per cent on average, and only a handful would have averages above 15 per cent. Further progress on narrowing these differences is linked to the outcome in the agricultural negotiations, given the agreement in the Hong Kong Ministerial Council meeting to seek a comparably high level of ambition in both sets of negotiations.

Concluding Doha Round: services

A successful and ambitious deal on trade in services is a key EU and Irish interest in the Doha Round. The EU's objectives in negotiations on services include: removing barriers to trade in services; a more transparent and non-discriminatory regulatory environment; preserving public services and collective values; and helping developing countries to benefit from trade in services. The EU's initial and revised requests to other WTO Members for improved market access in the services sectors under the GATS were submitted in Geneva in July 2002 and February 2005 respectively. These requests seek a reduction in restrictions and expansion of market access opportunities for European service companies. They cover sectors such as professional services, other business services, telecommunications, postal and courier services, distribution, construction and related engineering services, financial services, environmental services, tourism, news agency services, energy services and maritime services.

At the December 2005 Hong Kong Ministerial meeting, WTO Members acknowledged that the vast majority of offers submitted would not provide any liberalisation in trade in services, and that the bilateral negotiation method had been unsatisfactory. They agreed that, in addition to bilateral negotiations, the request-offer negotiations would also be pursued on a plurilateral basis. In February and March 2006, groups of WTO Members presented collective requests to other Members in order to identify common objectives for the negotiations in a specific sector or mode of supply. More than 20 such collective requests were submitted. The EU joined other WTO members to co-sponsor collective requests in the following sectors or modes of supply: Professional services (legal, architectural and engineering services); Computer services; Construction services; Distribution services; Postal and Courier services; Telecommunication services; Environmental services; Financial services; Maritime transport services; Air transport and Energy services; Mode 3 (commercial presence). It underlines that these requests are not aimed at either dismantling public services in other countries or privatising state-owned companies.

Before the Hong Kong meeting, the EU submitted a proposal in October 2005 proposing quantitative targets for both developed and developing countries in the GATS negotiations. It proposed that developing countries make commitments in 93 of the 163 sub-sectors listed under the GATS. The EU proposal would also require developing countries to engage in 'sectoral negotiations' and implement 'model schedules' of GATS commitments. Least developed countries would not be expected to make any commitments. Developing countries have argued that this EU proposal to require minimum standards for services liberalisation fundamentally changes the agreed process for the GATS talks, in which countries can choose whether they want to make any GATS commitments at all and, if so, how many.

The EU says that its initial and revised offers, presented in 2003 and 2005, would give foreign service suppliers – especially those of developing countries – significantly improved access to the EU market in sectors such as financial services, computer services, telecommunications, transport, distribution, postal and courier services, professional services, tourism services, plus the temporary admission of foreign skilled personnel to provide services in the EU (Mode 4). The EU submits that its offer does not affect the provision of public services within the EU, nor does it undermine the EU's ability to regulate its services sector and design a regulatory framework that it deems appropriate. It offers no commitments on either education or health services, nor in the audiovisual sector.[10] Developing countries generally consider liberalisation of mode 4 (dealing with foreign service supply through the temporary movement of natural persons) by developed countries as their major priority, while tourism, maritime transport, construction and software development are seen as other core sectors of interest to developing countries.

10 http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_128505.pdf.

Recommendations

Ireland should support the EU's efforts in the Doha Round to reduce tariffs on manufactured exports of particular interest to developing countries, particularly textiles, clothing and footwear, to a level as close to zero as possible.

Ireland should press for the adoption by all developed countries of 100 per cent duty free and quota free access for exports from the least developed countries without waiting for the formal conclusion of the Doha Round.

Ireland should be aware of, and be sympathetic to, situations where the application of a formula approach to tariff reductions on manufactured goods imports in the Doha Round could lead to unreasonable outcomes for low-income developing countries, in particular.

Ireland should press for an EU negotiating offer on services in the Doha Round which provides real and genuine market access opportunities in sectors of particular interest to developing countries, including tourism, maritime transport, construction and software development.

TRADE RELATIONS WITH DEVELOPING COUNTRIES

The Generalised System of Preferences

The GSP scheme has enhanced the potential for developing countries to access EU markets. However, the empirical literature on preference schemes highlights several difficulties limiting the benefits available for the recipient countries. Administrative requirements and technical requirements (such as rules of origin) of preferential programs often impose a considerable burden on traders, especially in low-income countries, resulting in low utilisation rates of the preferences. Nonetheless, Persson and Wilhelsson (2006) review a variety of ex post studies and conclude that these generally find a significant impact of preferences on developing country exports to the EU. A different concern is raised by Karacaovali and Limão (2005) who provide evidence that preferential trade agreements (PTAs) concluded by the EU have been a stumbling block to its multilateral liberalisation efforts in the Uruguay Round: in order to maintain decent preference margins for its preferential trading partners, the EU reduced its multilateral tariffs on goods imported under PTAs by only half as much as on goods not imported under any of its PTAs.[11]

The EU's own PCD commitment with respect to the GSP scheme is as follows:

> "The EU will ensure that the GSP reform process secures high levels of preferential access for beneficiary countries in order to support development. In addition it will work towards simplification and relaxation of the rules of origin applied to the preferential regimes to better take account of the needs and constraints of developing countries."

European Council Conclusions, May 2005

Although many low-income countries now have unrestricted duty-free access to the EU market under either the Everything but Arms scheme or Economic Partnership Agreements, the GSP scheme remains important for many developing countries in both Asia and Latin America. The GSP Plus scheme, in particular, provides a mechanism for targeting market access opportunities on more vulnerable developing countries provided that they can show that they are complying with the published list of international conventions on human rights, environmental protection and good governance. The coverage of tariff lines eligible for preferential treatment was extended in the 2006-08 revision of the mainstream GSP, mostly in the agricultural and fishery sectors. For non-sensitive products, the mainstream GSP provides for duty-free access for beneficiary countries, while for products deemed sensitive (around half the total) there is a fixed percentage point reduction in the *ad valorem* component of the EU tariff. For GSP Plus countries, all products included in the scheme can enter the EU duty-free. The EU should facilitate the admission of more countries to the GSP Plus list of beneficiaries, as well as deepening the level of preferences available to mainstream GSP countries.

Economic Partnership Agreements

In future, trade relations with ACP countries will be based on reciprocal free trade agreements which will take the form of Economic Partnership Agreements (EPAs). EPAs cover not only trade in goods and agricultural products but also services, and in addition address non-tariff and technical barriers to trade such as competition policy, protection of intellectual property rights, sanitary and phytosanitary measures, standardisation and certification, trade and labour standards, trade and environment, food security, public procurement, etc.

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11 PTAs include both non-reciprocal preferential schemes as well as regional trade agreements (RTAs).

By the end of 2007 deadline, 35 of the 77 ACP countries have concluded seven Interim Agreements and a Caribbean EPA. All establish free trade areas for goods between the EU and various ACP countries that are compatible with the provisions of GATT Article XXIV and, in the case of the Caribbean EPA, a services agreement compatible with the provisions of GATS article V. Among the remaining ACP countries, 32 LDCs benefit from duty and quota free access to the EU under the GSP Everything But Arms arrangement and 10 non-LDCs are eligible for the standard GSP. Negotiations are continuing towards full regional EPAs covering trade in goods, services and trade-related areas to replace the Interim Agreements.

Many NGOs are critical of what they see as undue pressure being put on weak economies to open their markets for both goods and services to EU imports and to agree to rules on investment which they have previously rejected in the ongoing Doha Round of multilateral trade negotiations. They are concerned at the implications of the loss of tariff revenue for the ability of ACP economies to maintain minimum levels of government expenditure (Oxfam, 2006). The Commission's view is that EPAs are a way to help ACP countries to break out of their situation of economic dependency by helping them to build productive capacity and regional markets. It argues that the ACP countries will have a long transition period over which to lower their tariffs and will continue to be able to protect their sensitive sectors for substantial periods of time. It also points to its significant commitment to provide funding to help ACP countries to meet the challenges of preparing for free trade with the EU.

The Department of Foreign Affairs has indicated that the Government's position throughout the negotiations has been that the EPA negotiations should result in agreements that are supportive of ACP countries' development needs and their poverty reduction efforts. The Minister of State for Overseas Development has closely monitored the ongoing negotiations by inter alia communicating directly with ACP partners, particularly in Africa, and receiving updates from the relevant embassies. He has also liaised closely with like-minded colleagues in other EU Member States so that the Irish position is strongly presented at EU level.

A recent ODI study which evaluated the outcome of the negotiations at the end of 2007 concluded that the interim EPAs were finalised in a rush to beat the end-2007 deadline (Stevens et al, 2008). It noted that all of the African EPAs are different and in only the East African Community does more than one country have the same commitments as the others. This could result in EPAs undermining rather than contributing to regional integration processes in Africa. There are also big differences in the 'rendezvous clauses' in the interim EPAs which establish the areas in which negotiations must continue, even though these clauses are seen as guidelines only, and all texts foresee additional topics deemed by the parties to be relevant coming up in the ongoing negotiations towards a full EPA.

Ireland could make a useful contribution to the conclusion of the negotiations in two ways. First, at EU level, it can insist on the need to take ACP concerns and interests fully into account in the finalisation of full partnership agreements. Second, it can assist in supporting an effective process of consultation, involvement and participation in the EPA process of ACP civil society, private sector and parliamentarians, particularly in the Irish Aid partner countries, in order to maximise the degree of national ownership of the resulting outcomes.

Rules of origin

Rules of origin (ROO) exist within all preferential trading agreements (PTAs) to prevent third countries taking advantage of PTA concessions. To be granted preferential status, goods must be wholly obtained (e.g. grown, mined) in the beneficiary country or, where this is not the case, have undergone sufficient processing there. At present the rules of origin define "sufficient processing" by way of a very long list of origin criteria that vary from product to product. These may be based on changes of tariff heading, value added, a specific processing requirement, the use of wholly obtained inputs or, frequently, a combination of the foregoing. Furthermore, additional rules on minimal operations (which can never acquire origin) and tolerances have to be taken into account. By keeping the rules restrictive, the EU can disqualify many exports from receiving preferential treatment (Cadot et al., 2006).

Developing countries have claimed that the rules of origin applied by the EU are too strict and should be relaxed to stimulate industrial growth and encourage exports. A comparison of the dramatic growth of African textile and clothing exports to the US under the liberal ROO of the African Growth and Opportunity Act compared to the sluggish growth in such exports to the EU highlights the restrictive impact of the EU's ROO. Even when it is economically feasible to comply with the sourcing requirements, difficulties arise when attempting to prove origin due to weak customs controls and costly documentation requirements. Estevadeordal and Suominen (2003) estimate that the cost of complying with existing rules of origin is the equivalent of a tax of between 2 per cent and 5.7 per cent on the finished good.

In order to ensure that EU trade agreements have the potential to be a genuine tool for development it is imperative that rules of origin are streamlined and made less onerous and restrictive. The Commission has proposed sweeping away the present multiplicity of rules of origin and replacing them with a single rule based on value added in the beneficiary country. Under this method, a product resulting from the working or processing of imported non-originating materials would be considered as originating if the value added in the country (or in a region, where cumulation is permitted) amounted at least to a certain threshold expressed as a percentage of the net production cost of the final product. Whether this change would represent a genuine relaxation of the EU's ROOs will depend on the level of regional or local content which will be required. The Blair Commission for Africa in 2005 suggested that origin rules should require only 10 per cent of a product's value to be added within a country. Indeed, it is questionable if the EU needs ROO at all in its preferential agreements with developing countries. ROO are used in PTAs to prevent trade deflection, by which is meant that the country with the lowest external tariff acts as port of entry for the entire bloc's imports, depriving partners of tariff revenue. But for manufactured goods, it is the EU which has the lowest manufacturing tariffs, so its fears of trade deflection due to imports from its partner countries could be seen as groundless. We therefore recommend that Ireland should support the greatest possible liberalisation of ROOs in trade agreements with developing countries to maximise their development potential.

Recommendations

Ireland should seek ways to make the EU's GSP scheme more beneficial to developing countries, particularly by facilitating access for eligible countries to the GSP Plus scheme while extending the value of preferences under the mainstream GSP, taking into account the impact on the value of preferences accorded to ACP countries under EPAs.

Within the EU, Ireland should insist on the need to take ACP concerns and interests fully into account in the finalisation of EPAs.

Ireland should assist in supporting an effective process of consultation, involvement and participation in the EPA process of ACP civil society, private sector and parliamentarians, particularly in the Irish Aid partner countries, in order to maximise the degree of national ownership of the resulting outcomes.

Ireland should support the greatest possible liberalisation of rules of origin in EU trade agreements with developing countries to maximise their development potential

Preferential trade agreements and preference erosion

The EU is currently negotiating free trade agreements with a number of developing countries. The negotiations on Economic Partnership Agreements with the ACP countries have been particularly contentious, in part because of the weak economic status of these countries and the asymmetrical bargaining power between the two parties. The Irish government has not pursued any offensive market access interests in the negotiation of these agreements, nor has it opposed or sought to restrict the designation of sensitive product status by any ACP country for any product.

The negotiations with Mercosur on a free trade area have been effectively suspended since 2005 as the WTO negotiations have taken precedence, but may resume in the future. Ireland has a number of concerns in these negotiations, in particular in relation to the proposed expansion of Tariff Rate Quotas for certain competing agriculture products. The final WTO Agreement may provide additional market access for agricultural products to EU markets as a result of tariff reductions and TRQ expansion. The Department of Agriculture, Fisheries and Food (DAFF) states that "it would not be acceptable that further market access be provided in an FTA with Mercosur resulting in EU agriculture paying on the double effectively. This position takes into account the status of Brazil and Argentina as emerging economies who are already in a position to compete effectively on world markets for agricultural products". However, the main impact of opening agricultural tariff rate quotas in a bilateral or regional free trade agreement is to provide a rent transfer to the partner country exporters. There may be little impact on the overall market balance in the EU if the preferred imports simply displace exports from the same or other third country sources.

The reduction of MFN tariffs as well as agricultural support prices adversely affects a number of developing countries which have preferential access to the EU market, for example, with respect to bananas and sugar. Preference erosion is a significant issue for these countries and is recognised as a distinctive issue in the Doha Round negotiations.

In commenting on this issue, the Department of Agriculture, Fisheries and Food recognised the need to support those countries which will be negatively affected by reductions in EU agricultural tariffs and supports EU initiatives in this area, in particular:

- Proposals for increased levels of financial assistance in the form of Aid for Trade to improve trade assistance programs with particular focus on investment in the infrastructure and institutions necessary to facilitate the diversification of trade of the developing countries concerned.
- In terms of trade policy, the EU is seeking to target its preferences more effectively to those most in need. This is a key objective of the reform of the General System of Preferences (GSP) scheme which graduates developing countries that become sufficiently competitive.

— The EU is also actively encouraging other developed countries and larger developing countries to provide EBA-type access for LDCs to their markets. This was a key outcome of the Hong Kong Ministerial Council and could help to expand new markets for preference-dependent LDCs.

Recommendations

Ireland should make public its response to the issues raised in Sustainability Impact Assessments commissioned by the EU for bilateral or regional free trade agreements with developing countries to ensure both development benefits for developing country partners and an overall balance of benefits to the EU and Irish economies.

The Irish government should support efforts by the EU to strengthen the provisions and limit the exceptions for duty-free, quota-free access by LDCs to all developed country markets, building on the example of the EU's Everything but Arms scheme.

The government should ensure that there is coherence between its development cooperation budget and EU trade and agricultural policy reform, particularly in Irish Aid partner countries, either to safeguard livelihoods of those who may be adversely affected by preference erosion or to help producers to take advantage of new market access opportunities where they arise.

Aid for Trade

Aid for trade covers a wide range of interventions intended to build capacity in one or more of the following areas (Oxfam, 2005):

- Capacity to supply: assistance to help producers overcome supply-side barriers and benefit from trade opportunities by improving physical infrastructure and providing reliable inputs.
- Capacity to trade: assistance to reduce the transactions costs of trade by modernising customs and tax systems and improving standards and certifying bodies;
- Capacity to formulate trade policy: support for developing country governments to determine appropriate trade policies;
- Capacity to participate in trade negotiations: supporting trade negotiators to participate in international negotiations;
- Capacity to implement trade agreements: helping countries to translate international rules into national laws and institutions
- Addressing adjustment costs: assistance and compensation for the negative aspects of trade liberalisation.

The trade statistics quoted earlier reveal that developing countries do not seem able to take advantage of the market access opportunities which are open to them. Thus, even where poorer countries gain market access *opportunities*, turning these opportunities into additional trade flows requires additional support. Furthermore, where countries or population groups within countries may be potential losers from a trade policy change, for example, from the erosion of preferential access arrangements, ways should be found either to compensate them or to assist them to diversify into more sustainable lines of activity.

The EU made a substantial commitment at the G8 conference in 2005, and confirmed subsequently, that it would double its funding for aid for trade, and specifically Trade Related Assistance, to a total of €2 billion, half from the Commission and half from national governments, by 2010. The Commission concluded in 2007 that it was on track to meet its share of the overall commitment, but noted that it was not in a position to assess whether member states collectively are on track to meet their share of the target because of lack of data (Commission, 2007b).

Ireland has been playing its part in WTO and EU Aid for Trade initiatives.[12] The 2006 White Paper on Irish Aid commits Ireland to increasing our funding for multilateral Aid for Trade initiatives. Our Aid for Trade support to international and local trade initiatives rose from €6.4 million in 2006 to over €11 million in 2007.[13] Ireland actively inputted to the EU Aid for Trade strategy agreed in October 2007 with a view to, inter

12 **See, in particular, the Irish response in the OECD Aid for Trade at a Glance (2007).**

13 **Speech by the Minister of State for Overseas Development, Mr Peter Power T.D., highlighting the importance of Aid for Trade, 22 September 2008. Definitions of Aid for Trade are notoriously elastic. Including 'building productive capacity' and 'trade-related infrastructure', Ireland reported a figure of €20.4 million to the OECD in 2005 (OECD, 2007a).**

alia, enhancing the pro-poor focus and quality of EU Aid for Trade. Ireland supports capacity-building for small coffee producers in Central America through its funding for Fair Trade Labelling Organisations International (FLO). Irish support for Aid for Trade was welcomed in a Dochas/ICTU submission on the topic, which put forward a number of principles which should underpin Irish policy in this area, and also urged that its strategy should be developed with input from relevant actors, including in its priority aid countries.[14] Ireland proposes to review its Aid for Trade expenditure in 2012 with a view to deciding on how best to continue to meet the demands of developing countries in this area in the following years (OECD, 2007a).

Recommendations

Ireland should continue to increase its support for Aid for Trade and ensure that it is sensitive to the principles underlying the Irish aid programme generally.

Ireland should support and monitor the EU commitment to double Aid for Trade support to developing countries over the baseline 2001-04 period by 2010.

14 Submission 'Aid for Trade' made by Dóchas and the Irish Congress of Trade Unions to Irish Aid, June 2006.

03.

Agricultural policy and development coherence.

Importance for Developing Countries

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. As noted in the World Bank's *World Development Report 2008*:

> "In the 21st century, agriculture continues to be a fundamental instrument for sustainable development and poverty reduction. 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. Given where they are and what they do best, promoting agriculture is imperative for meeting the Millennium Development Goal of halving poverty and hunger by 2015 and continuing to reduce poverty and hunger for several decades thereafter. Agriculture alone will not be enough to massively reduce poverty, but it has proven to be uniquely powerful for that task"

World Bank, 2008

The same report notes that the recent decline in the $1-a-day poverty rate in developing countries—from 28 per cent in 1993 to 22 per cent in 2002—has been mainly the result of falling rural poverty (from 37 per cent to 29 per cent) while the urban poverty rate remained nearly constant (at 13 per cent). More than 80 percent of the decline in rural poverty is attributable to better conditions in rural areas rather than to out-migration of the poor. So, contrary to common perceptions, migration to cities has not been the main instrument for rural (and world) poverty reduction.

Global agricultural markets have been substantially distorted because of significant levels of intervention by both developed and developing countries. Developed countries, including the EU, have protected high-cost domestic production by a variety of measures including tariffs and producer and export subsidies, while developing countries have often discriminated against their agricultural sectors through heavy taxation and the adoption of import-substituting industrialisation strategies. The extent of both types of interventions has been slowly declining over time, as a result of the Uruguay Round of WTO negotiations, the pursuit of structural adjustment policies in many developing countries, and internal reforms in developed countries.

The dramatic rise in food prices between mid-2006 and mid-2008 has refocused political attention on food and agricultural policy. The FAO index of food prices rose 9% in 2006, 26% in 2007 and 51% in the twelve months to June 2008 (UN, 2008). By November 2008, prices had fallen by 50% from their June peak, but most commentators expect nominal food prices to be significantly higher in the coming decade than in the previous decade, particularly if oil prices remain high (OECD-FAO, 2008).

Higher food prices in developing countries may drive a further 100 million people into hunger and poverty, adding to the existing 923 million people estimated to be suffering from undernutrition in 2007 (UN, 2008; FAO, 2008). In an apparent reversal of the long-held view that, because the dumping of EU food surpluses lowered world food prices, it contributed to poverty in developing countries, the focus is now on the effects on poverty of higher world food prices. Even though poverty in developing countries is primarily a rural phenomenon, it is also the case that the majority of the world's poor are net food consumers rather than net food producers. The proportion of smallholder farmers with net food surpluses among the rural poor is actually quite small in most countries where measurements have been made; the great majority of the rural poor are either smallholders who are net food purchasers over the harvest cycle, or the landless poor (FAO, 2008; World Bank, 2008).

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 (World Bank, 2008). To meet projected demand, cereal production will have to increase by nearly 50 per cent and meat production by 85 per cent between 2000 and 2030. The growing demand for agricultural feedstocks for biofuels is a further factor helping to push up world food prices. Ensuring a sufficient supply response from agriculture to rising demand will require good policy and sustained investments, not business as usual. Sharply increased investment is especially urgent in Sub-Saharan Africa, where food imports are predicted to more than double by 2030 under a business-as-usual scenario, the impact of climate change is expected to be large with little capacity to cope, and progress continues to be slow in raising per capita food availability (World Bank, 2008).

Like trade policy, Irish agricultural policy is now determined at EU level. This chapter begins therefore with an outline description of EU agricultural policy, the Common Agricultural Policy. It discusses the wave of recent reforms of that policy but notes that EU agricultural policy remains highly protective of EU and Irish farmers. Further reform of agricultural policy is one of the main negotiating topics in the WTO Doha Round, and the chapter briefly outlines the issues at stake in these negotiations and their importance to developing countries. It then goes on to outline a series of measures that would help to make the EU's agricultural policy more coherent with its development policy objectives.

The Policy Context

THE EU'S COMMON AGRICULTURAL POLICY

During the past 15 years, the EU's Common Agricultural Policy (CAP) has undergone significant reform, including the 1992 MacSharry reform, the 1999 Agenda 2000 reform and the 2003 Luxembourg Agreement on the Mid-Term Review of the CAP. As a result, a large share of support to farmers, which was previously paid by consumers through high institutional prices, is now paid by taxpayers as direct payments to farmers with no direct link with the quantities they produce. In addition, the EU has granted preferential access to agri-food exports from many low income and least developed countries under a variety of preferential schemes, including the Generalised System of Preferences, the Everything But Arms scheme, and the Cotonou Agreement with 77 African, Caribbean and Pacific countries (see Chapter 2).

Developing countries have argued strongly that the CAP damages their development efforts by depressing the world market price for their exports, making it more difficult for them to trade their way out of poverty. However, the traditional image of a "fortress Europe" that is closed to developing countries' exports, while the EU dumps considerable quantities of surplus agricultural products on these countries, to the detriment of local producers, no longer fully corresponds to the new CAP arrangements. Nonetheless, it remains the case that EU farmers are still heavily supported, even if this support is provided in less market-distorting ways than in the past (Matthews, 2008).

At the EU level, the Council has agreed as an overall policy coherence objective that the EU should continue its efforts to minimise the level of trade distortion related to its support measures to the agricultural sector, and to facilitate developing countries' agricultural development (Commission, 2005). The differences in EU treatment of imports from different developing countries mean, however, that CAP reform generates both winners and losers among developing countries. Where the losers from CAP reform are amongst the poorer countries and poorer segments of the developing-world population, there is a case that such reform should be accompanied by compensation or adjustment measures to support the poor.

Attention has also been focused on the growing gap between the prices paid to farmers for raw products and the prices which consumers pay in developed economies, with some suspicion that this may reflect growing market power amongst international commodity traders. Hence transparency and competition in international markets need to be promoted.

Growing consumer concerns about food safety and the environment have seen the imposition of ever-higher food safety, environmental and health standards. EU producers argue that the strict regulation and traceability standards now required of them do not apply to third country exporters, particularly in developing countries, putting them at an unfair disadvantage. Although developing country exporters are in principle required to meet the same health standards as apply to European food producers, EU farmers express concern that these countries are more lax in the administration of these standards. Helping developing country exporters to meet these standards becomes an important issue of coherence between agricultural, development and food safety policy. Helping small and medium-sized farmers in the poorest developing countries to benefit from liberalised market access is a further important synergy between agricultural and development policy.

FUTURE DIRECTIONS FOR THE CAP

At the conceptual level, a broad debate has opened on how best Europe's agricultural policy can contribute to global food security and on the implications of global food price developments for the design of the CAP post-2013. There are those arguing that, in an environment of high food prices and a potentially growing deficit in the global supply and demand balance for food products, this is not the time to dismantle support to EU farmers and that every encouragement should be given to strengthening Europe's supply capacity as its contribution to resolving global food security problems.

The contrary argument is that global food security is best secured by building confidence in a system of open markets. In a world of self-sufficient countries, any one country which suffers an adverse supply shock faces an immediate threat to its food security because no surpluses are available from a well-functioning world market. From this perspective, Europe can best contribute to global food security by encouraging and incentivising investment in raising agricultural productivity at home while maintaining open markets abroad.

On the one hand, it is to be welcomed that discussion on the future of the CAP is now framed in the context of the contribution it can make to global food security. On the other hand, there is a danger that this concern could be hijacked to provide justification for continuing with policies which have been shown to damage developing countries.

IRELAND'S ROLE

Agriculture and the agri-food sector play an important role in the Irish economy, contributing around 9 per cent of GDP and 9 per cent of total employment. Ireland is a significant exporter particularly of beef and dairy products, and has benefited from the protection provided to the EU food market under the CAP in the past.

Given that agricultural and food policy is largely determined at the EU level, there is relatively little scope for national policy autonomy particular in the area of prices and market policy. National autonomy is greater in Pillar 2 of the CAP (dealing with structural adjustment and rural development policies) where Ireland can put together its desired rural development programme by choosing (subject to some constraints) from a menu of options allowed under the EU Rural Development Regulation.

Thus, Ireland's most important influence on agricultural policy is through its ability to shape the content and direction of EU agricultural and food policies through the decision-making institutions of the European Union. Ireland has historically been more reluctant than many other EU member states to embrace agricultural policy reform, given the relative importance of the agri-food industry in Ireland and its significant dependence on EU agricultural support.

Nonetheless, as noted, the CAP has not been a static policy and successive reforms have moved in a less trade-distorting direction. In the most recent set of reforms adopted in Luxembourg in 2003 (the Mid-Term Review of the CAP) coupled direct payments linked to production were replaced by the decoupled Single Farm Payment. Ireland has implemented these reforms more fully than many other Member States. Ireland adopted 100 percent decoupling from the outset, which is less distorting to production and trade than the previous system of coupled payments. Also, the cessation of sugar production in Ireland following the EU's reform of its sugar regime in 2006 means that it no longer competes in a product where developing countries have a clear comparative advantage due to lower production costs. These reforms certainly move Irish agricultural policy towards a more coherent position with development co-operation objectives. Nonetheless, a variety of contentious issues remain on the policy coherence agenda.

PCD Issues and Recommendations

AGRICULTURAL TRADE POLICY AND THE DOHA ROUND

At the outset of the Doha Round of WTO trade negotiations in 2001, member countries committed to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. They agreed that special and differential treatment for developing countries would be an integral part of all elements of the negotiations, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. They also confirmed that non-trade concerns would be taken into account in the negotiations as provided for in the Agreement on Agriculture.

When the WTO negotiations broke down in July 2008, a substantial measure of agreement had been reached on future trade disciplines for agricultural policy in WTO member countries. This was confirmed in the most recent draft of the modalities of an agreement circulated by Ambassador Falconer, the Chair of the agricultural negotiations, in December 2008 (WTO, 2008). The text of this Falconer draft would require the EU to accept very significant disciplines on CAP support, locking in reforms implemented in recent years while going further in the areas of export subsidies and tariff protection. The negotiations broke down in July 2008 over the terms of a Special Safeguard Mechanism to be available to developing countries to deal with sudden import surges on their markets, but this was not an issue in which the EU had a major offensive interest. Irish farm organisations strongly criticised the EU's willingness to accept the parameters of the Falconer draft, although following the collapse of the negotiations senior Irish government ministers expressed the view that a balanced outcome from Ireland's perspective was possible.[15]

Market access

EU tariffs for the key Irish agricultural products of beef and dairy products are very high. If these tariffs were reduced by the parameters included in the Falconer draft there would be a substantial increase in market access particularly for beef. While tariffs are also high on dairy products, unlike beef, the EU is a structural exporter of dairy products and EU milk processors have been selling on the world market without the aid of export subsidies since mid-2007.[16] This implies that there is considerable 'water' in the dairy product tariffs, so that even substantial reductions would have a more limited impact on market access.[17] The Falconer draft modalities provided that WTO members could designate a limited number of tariff lines as sensitive (the exact number remained undecided at the time of the breakdown of the negotiations). For these tariff lines, WTO members would be permitted to make considerably smaller reductions (as little as one-third) compared to the tariff cuts that would be mandated under the general formula, provided some increase in market access was made available through increased tariff rate quotas. The EU has signalled that it would classify beef as a 'sensitive' product, which would greatly limit the adverse impact on Irish producers of a successful Doha Round outcome (FAPRI-Ireland, 2008).

15 "Ireland needed a balanced deal", *Sunday Business Post* **3 August 2008.**

16 However, export subsidies for dairy products were re-introduced in 2009 following a sharp fall in world dairy prices in previous months.

17 The idea of 'water' in a tariff is that the level of the tariff could be reduced without having an impact on the price received by domestic producers—the only effect of lowering the tariff is to squeeze the 'water' out of the tariff protection.

In relation to beef and dairy products, the Department of Agriculture, Fisheries and Food (DAFF) questions whether significant reductions in import tariffs would be of benefit to the vast bulk of developing countries, with the exception of a small number of emerging economies.[18] However, it is important that the market access package should be seen in its entirety. Developing countries would benefit in the Falconer draft from improved market access in all developed country markets and in some developing country markets across a range of commodities in which they have a comparative advantage, including fruits, vegetables, wine, sugar, cotton, rice and oilseeds. Furthermore, there is agreement to open duty-free quota-free access for substantially all agri-food exports from the Least Developed Countries to all developed country markets and to those developing country markets in a position to provide this access. While it is true that few developing countries have an interest in greater market access for beef and dairy products, the potential gains from the market access package as a whole would be very significant.[19] A Doha Round agreement remains the most promising approach to reducing trade-distorting agricultural protection. Alternative trade arrangements, such as bilateral and regional trade agreements, would not provide the same opportunity to benefit developing countries as a multilateral agreement.

Elimination of export subsidies

Export subsidies have faced particularly strong criticism, and there are many anecdotes of unfair competition experienced in some industries: beef and poultry in West Africa, milk in Jamaica or in India. However, the negative consequences for developing countries are not uniform. Although local producers are always damaged, developing countries which are net importers of food benefit from more favourable terms of trade when the EU taxpayer subsidises their imports. In the absence of a Doha Round agreement, the EU is still entitled to use export refunds up to the limits specified in its Uruguay Round schedule. The reduction in intervention prices for most products in the CAP reforms has narrowed the gap with the world price and has made export subsidies less necessary. While EU reliance on export subsidies has been greatly reduced as a result of CAP reforms, their recent re-introduction in the pigmeat and dairy sectors underlines that they are still available as a policy instrument.

The WTO Hong Kong Ministerial Council in 2005 agreed to ensure the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect to be completed by the end of 2013, and this commitment is included in the Falconer text. The Department of Agriculture, Fisheries and Food recognises that export

18 **The Department notes that the poorer ACP countries did not meet the Cotonou Agreement preferential beef quota, illustrating their weak exporting capabilities.**

19 **There is an extensive literature which has attempted to quantify the gains to developing countries and emerging economies from further agricultural trade liberalisation. These studies confirm that there would be gains in aggregate to developing countries and that most developing countries would share in these gains. Possible exceptions include significant food-importing regions such as North Africa or Sub-Saharan Africa, though potential losses may be due more to the elimination of export subsidies rather than the reduction in import barriers.**

subsidies can have negative impacts for developing country producers. It regards the EU willingness to commit to full elimination of export refunds by 2013 as a major concession. It notes that this commitment has not been matched to date by other WTO negotiating partners.

In terms of the phasing arrangements, the Department is seeking flexibilities in the manner in which the phasing-out occurs. It notes that "export refunds represent an important instrument for EU producers in their efforts to compete on world markets particularly in sectors where they are at a comparative disadvantage due to higher costs in the EU". Of course, this is precisely why these measures are damaging to other more efficient producers, particularly in the developing world.

Domestic supports

The key distinction in the WTO disciplines on domestic support payments to farmers is between those payments deemed to distort trade and those payments which do not. The former payments include payments which are dependent on either the price received or volume of production of individual farmers, and they fall into the amber and blue box categories under WTO rules. Payments which are decoupled from production and prices are deemed not to distort trade and fall into the green box category; there are no restrictions on the volume of these payments which governments can make to their farmers. Because the 2003 CAP reform decoupled over 90 per cent of EU payments to farmers, the EU is not likely to face further pressures to reform the CAP in order to comply with the sharp reductions in the limits for trade-distorting support contained in the Falconer draft modalities. However, it seeks more stringent ceilings on these payments because of their widespread use in United States farm policy.

Special and differential treatment

An important element of the Doha Round negotiations on agriculture is the acknowledgement that the agricultural sector has important food security, livelihood and rural development dimensions in developing countries which justify special and differential treatment (SDT) under WTO rules. While this has been accepted in principle by developed country WTO members, it was an SDT issue – the design of a Special Safeguard Mechanism for developing countries – that led to the collapse of the Doha Round negotiations in July 2008. We have noted that this has not been an offensive issue for the EU, whereas it has been a higher priority for other developed country WTO members. There is a concern that rules which are too lax could end up disadvantaging other developing countries as well as possibly not being in the best interests of developing countries themselves. Ireland should attempt to facilitate an outcome in the negotiations which recognises the need for appropriate special and differential treatment in the disciplines which would apply to developing country agricultural policies.

Recommendations

The government should work for a resumption of the Doha Round trade negotiations at the earliest appropriate opportunity, taking the Falconer draft modalities paper as the basis for the resumption of negotiations in the agricultural sector. The government will seek to make the best case for Irish beef and dairy producers in the negotiations endgame. However, if an agreement is eventually reached, the benefits to developing countries must be factored in when evaluating the overall outcome from an Irish perspective.

Pending the elimination of export subsidies, the Irish government, through its voice on EU management committees, should seek to ensure that EU subsidised exports do not damage developing country food production, particularly in African countries.

If the modalities for an agricultural agreement are agreed if the Doha Round negotiations resume, the government should seek to ensure that development considerations are taken into account in choosing the tariff lines designated as sensitive in the subsequent EU market access offer, noting that this is likely to be compatible with protecting Irish interests in the beef and dairy sectors.

Ireland should support an outcome in the Doha Round negotiations which recognises the need for appropriate special and differential treatment in the disciplines which would apply to developing country agricultural policies.

FOOD STANDARDS, ANIMAL HEALTH AND TRACEABILITY RULES

European food safety legislation has been drastically overhauled and updated since the upheavals caused by the BSE outbreaks in the mid-1990s. However, threats remain which mean an ever-present pressure to raise standards and demand greater accountability from producers and importers. The partial liberalisation of agricultural trade, together with advances in transport and packaging technologies, have led to much greater movement of plant and animal products between countries, sometimes across great distances, increasing the risk of quickly transmitting animal and plant diseases from one part of the globe to the other (foot and mouth disease, avian flu). This has given rise to two related concerns.

One concern is that higher standards may make it more difficult for developing country exporters to access the EU market, despite reductions in formal tariffs. This may not be because the food exported by developing countries is less safe, but because these countries may lack the testing and standards infrastructure to certify that their food exports meet EU standards. On the other hand, domestic producers have concerns that the strict regulation and traceability standards now required of EU food producers, including farmers, do not apply to third country exporters, thus giving them an unfair advantage. For example, Irish farmers demonstrated that foot and mouth disease controls in Brazil were being evaded, threatening the health status of the European meat industry. Third country exporters are in principle required to meet the same health standards as apply to European food producers, and their application of these regulations is monitored by the Food and Veterinary Office based in Grange, Co. Meath. Producer organisations in Ireland and elsewhere in the EU have called for import restrictions where imported products do not meet environmental, animal welfare and traceability standards required of EU producers.

International food safety standards are established in the Codex Alimentarius Commission, an intergovernmental agency within FAO. Irish officials participate in the EU Council Working Party coordination meetings that take place before all sessions of the Codex Alimentarius Commission and its various subsidiary Committees and Task Forces. They, therefore, have an input into the position to be taken by the EU especially where the subject matter is covered by mixed or exclusive Member State competence i.e. not covered by harmonised EU legislation.

The primary objective when agreeing this common position is the health protection of the European consumer via the setting of demanding Codex standards (e.g. Minimum Residue Limits for pesticide drug residues or Maximum Limits for contaminants in food). Irish officials, in common with officials from the Commission services, indicate their awareness of the human, financial and technical constraints that exist in developing countries which may limit their capacity to achieve such food standards thereby impacting on their ability to export. Ireland's response to this has been to contribute both human and financial resources to technical assistance programmes operated by the WHO and FAO. Recent examples include supporting the establishment of the Trust Fund for the Enhanced Participation of Developing Countries at Codex sessions; making substantial donations to the Fund on two occasions; DAFF's provision of direct financial assistance to the FAO (outside of its normal annual subscription) in 2005 to run food-safety related training courses in Africa and Asia for relevant officials; and DAFF participation in the running of one such course.

DAFF believes that the primary issue here is developing country capacity, which can only be gradually overcome through the provision of education and training. DAFF believes this should be focused on LDCs and that it should be targeted at officials on the ground with decision-making powers. Pesticide residues and contaminants appear to be areas needing particular attention.

DAFF notes that the primary concern of the Irish government is for food safety and animal health rather than animal welfare, noting further that animal welfare issues are most pronounced in the areas of eggs and veal. The Department notes that EU Regulations and conditions in relation to animal health and traceability are compatible with the WTO SPS Agreement. In implementing these conditions for imports the EU is seeking to provide EU consumers with equivalent protection to that provided by the regulations of EU producers. As part of the EU's programme of Aid for Trade, aid is given to developing countries to assist them in developing the infrastructures and systems which will allow them comply with EU import controls. The Department supports the approach of the EU in this area.

Recommendation

Where market access problems arise because of food safety standards set to protect the health and safety of European consumers, there should be sufficient coordination between the development cooperation activities of Irish Aid and the Department of Agriculture, Fisheries and Food to ensure timely and effective technical assistance is made available to vulnerable developing countries.

DEVELOPMENT ASSISTANCE

Of the €1.698 billion spent by the Department of Agriculture, Fisheries and Food in 2007, €12.4 million is estimated to have been linked to international development-related activities. The bulk of the latter went to the World Food Programme, which provides food aid primarily to low-income, food-deficit countries to assist in the implementation of economic and social development projects and to meet the relief needs of victims of natural and other disasters. All Irish aid to developing countries funded through the DAFF is untied and the Department does not seek to promote the involvement of particular Irish companies in developing countries.

The Hunger Task Force was appointed by the Minister for Foreign Affairs following the commitment in the White Paper on Irish aid "to identify the additional, appropriate and effective contributions that Ireland can make to international efforts to reduce hunger and thus achieve the first Millennium Development Goal of halving poverty and hunger by 2015". It identified three critical areas to make an impact on this objective: increasing agricultural productivity in Africa; targeting the prevention of maternal and infant malnutrition; and leadership at national and international levels to ensure that governments fulfil the commitments they have made to address hunger and malnutrition. At the national level, the Task Force called for the eradication of hunger to be made the cornerstone of the Irish development aid programme; advocated a substantial increase in the share of Irish Aid resources devoted to eradicating hunger to reach an indicative target of 20 per cent of the aid budget by 2012; and proposed the appointment of a Special Envoy for Hunger to make sure that these recommendations are implemented.

Within the EU, the Task Force advocated that Ireland should work towards promoting policy coherence in areas relevant to addressing global hunger. It identified issues such as supporting the development of trading arrangements which deliver genuine benefits for the food-insecure in developing countries, focusing on the biofuels "mandate" of the Commission in terms of its effects on food security and other related issues as potential candidates for action. There is an important PCD agenda for action in the recommendations of the Hunger Task Force report.

Recommendations

The Department of Agriculture, Fisheries and Food should examine ways in which it could further facilitate the use of the considerable capabilities belonging either to itself or its affiliate agencies as part of a technical assistance programme whether at an international level or through Irish Aid, as resources permit.

The Special Envoy for Hunger should be asked to identify areas where greater policy coherence would contribute to fulfilment of the objectives of the Hunger Task Force report.

04.

Policy Coherence and Fisheries.

Importance to Developing Countries

Fisheries play a very 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, not least for African and least developed countries (LDCs). Total world fish exports amounted to around €63 billion in 2003, with the developing country share just above 50 per cent. Developing country export earnings from fish trade in 2003 exceeded those from any other food commodity such as rice, cocoa, tea, sugar or coffee.

There are other significant fisheries interrelationships between developed and developing countries. Countries in the South still have large and productive fish stocks, with large numbers of people employed and dependent on fisheries for food and livelihoods. Countries in the North have large, technologically advanced fishing fleets but a growing deficit in fishing opportunities. This means that fishing fleets from the North increasingly operate under fisheries agreements which give them access to the fisheries resources of the countries of the South. While potentially of mutual benefit, weak governance and management of these agreements has meant that the developmental impacts are often limited and sometimes perverse.

The global fisheries sector faces a number of challenges:

- Increasing over-exploitation of fish stocks and the need to promote conservation measures and to ensure sustainable exploitation practices;
- The need to tackle the problem of illegal, unreported and unregulated (IUU) fishing;
- The great dependence of many fisheries on direct subsidies, which often have had the effect of increasing fishing capacity and thus contribute directly to the over-exploitation issue;
- The implications for food security of growing competition between artisan and industrial fisheries particularly in the waters of developing countries;
- Low levels of performance in fisheries management systems in both developed and developing countries.

There has been a gradual development of international fishery policy frameworks in response to these challenges, The most significant in recent years have included:

- United Nations Conference on the Law of the Sea (UNCLOS) (1994);
- Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (UNFSA) (2001);
- FAO Code of Conduct for Responsible Fisheries (CCRF) (1995);
- International Plan of Action to Prevent, Deter and Eliminate IUU Fishing (UN POA-IUU) (2001).

The Policy Context

EU fisheries policy is implemented through the Common Fisheries Policy (CFP) established in 1983. The creation of the CFP was stimulated by the decisions in 1976 by member states, along with many other coastal states, to create Economic Exclusion Zones (EEZs) that extended control of marine resources from 12 to 200 nautical miles (Bretherton and Vogler, 2008). Its objectives are to conserve fish stocks and to protect the marine environment; to ensure the economic viability of the European fleets; to improve the living standards of fishing communities; while ensuring good quality supplies to both industry and consumers at reasonable prices. The CFP was intended to achieve market integration within the EU while also securing access for the European distant-water fleet to external fishing grounds from which they were excluded by the creation of EEZs.

The internal dimension of the CFP rests on three main pillars (CTA, 2008):

- Conservation policy designed to protect fish resources by regulating the amount of fish taken from the sea.
- Structural policy aimed at helping to adjust the capacity of the EU fleet to the constraints imposed by scarce fish resources and the market.
- A markets policy designed to match supply and demand for the benefit of both producers and consumers.

The external dimension of the policy sought to establish fisheries agreements to gain access to third country fisheries resources and to negotiate agreements at international level for common conservation measures.

In 2002, EU member states agreed a reform of the CFP in the light of general agreement that it was not effective in delivering the sustainable exploitation of fisheries resources. Conservation policy is based on attempts to limit fishing effort together with limitation of catches, but success remains elusive as the Council of Ministers regularly waters down Commission proposals on the sustainable catch levels. The governance basis, in which the Commission is given the power to make fisheries regulations without the meaningful involvement of stakeholders while then expecting compliance, has been criticised as unsatisfactory (Neiland, 2008).

EU FISHERY SUBSIDIES AND WTO RULES

From a policy coherence perspective, the changes to fisheries structural policy in the 2002 CFP reform were of greater significance, even if these were somewhat diluted in the rules agreed for the European Fisheries Fund for the period 2007-2013. Subsidies had been provided by the EU for the fishing fleet with the aim of addressing problems of excess fishing capacity in EU waters. In the 2002 reform, subsidies for the construction of new vessels and the export of capacity to third countries (including under joint ventures) were eliminated. Greater restrictions were placed on aid for equipment and the modernisation of vessels. While intended mainly to end the perverse system of subsidies which had contributed to EU overcapacity and overfishing in the past, the reforms also enabled the EU to reposition itself as a reformer in WTO negotiations on fisheries subsidies which had begun the previous year.

In the Doha Round of WTO trade negotiations launched in November 2001, fisheries subsidies became a focus for discussion for the first time. In the Declaration launching the Round, Ministers committed to "clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries". The following year, heads of state gathered at the 2002 Johannesburg World Summit on Sustainable Development identified the elimination of harmful subsidies as one of the top global priorities for achieving sustainable fisheries. An informal grouping of WTO members calling themselves the "Friends of Fish" (including Australia, Chile, Ecuador, Iceland, New Zealand, Peru, Philippines and the US) say that subsidies to the fisheries sector have led to over-capacity and overfishing. In the Doha Round negotiations, there has been agreement that subsidies that enhance fishing capacity should be prohibited, but differences persist on the modalities of how to do this.

The Chair of the Negotiating Group on Rules circulated his first draft text on possible new disciplines on fisheries subsidies in November 2007. The text proposed a prohibited category, which includes subsidies for construction of new fishing vessels as well as for operating costs of fishing. LDCs are exempted from the new disciplines. Developing countries are given substantial flexibilities, especially for small-scale fishing in their territorial waters. Exceptions to the disciplines are conditioned on the existence of fisheries management programmes. The text faced considerable criticism, including from developing countries which sought greater flexibility. However, the Chair had not circulated a revised text by the time the Doha Round negotiations broke down in July 2008.

EU FISHERIES TRADE POLICY

The EU is the largest single import market for fish, accounting for around 40 per cent of world imports, of which approximately 50 per cent originates in developing countries The major countries of origin are the ACP countries (15% of total fish imports), Norway (15%), Iceland (6%), Morocco (5%) and Argentina (5%).

Tariffs are globally higher for seafood products than for other foodstuffs. EU tariffs on fish imports remain substantial, for example, between 15% and 24% for tuna (the third most-traded fish species internationally) depending on the level of processing. However, ACP countries and LDCs have benefited from a zero-rate of duty for exports of fresh, frozen and processed fish to the EU since the early 1980s, while similar tariff concessions are available to some other developing countries under the special arrangement for sustainable development and good governance as part of the EU's Generalised System of Preferences.

Fish and fishery products are covered by the non-agricultural market access (NAMA) negotiations in the WTO Doha Round. During the negotiations, a proposal was made for a sectoral agreement to eliminate duties entirely on trade in fish, although there was no consensus around this proposal. Given the network of EU preferential trade agreements in which tariff concessions are given to fish products, those countries that benefit from these agreements would see their preferences eroded if there were a general agreement to reduce Most Favoured Nation tariffs on fish and fish products.

However, preferential tariff concessions are available only to fisheries products which meet the EU's rules of origin. These require that to benefit from preferences fish must be caught using ACP or EU vessels and with a majority of crew who are ACP or EU nationals and that in the case of processing firms 50 per cent of the capital must be provided by either ACP or EU owners. If the ACP states lack the fishing capacity themselves (in the case of tuna processing, for example), then their processing sectors must buy from EU vessels rather than potentially more competitive sources in order to benefit from preferential access to the EU market. These rules also preclude third country companies from setting up capacity in ACP countries to export to the EU.

While tariffs on fish and fish products have been reduced, non-tariff barriers such as hygiene and food safety regulations are growing in importance and potentially may impede developing country access. This may be particularly the case for small-scale exporters located in African countries which do not benefit from the economies of scale in spreading the fixed costs associated with technical compliance, and where exports may be inhibited not because their products are unsafe but because they operate in countries which lack the necessary monitoring, testing and certification infrastructure. The EU has provided technical assistance to ACP countries in particular to enable them to meet increasingly stringent EU standards. Further documentary requirements will be required following a new regulation to combat IUU fishing adopted at the end of June 2008 that will come into effect in 2010 and which seeks to ensure that all fish that enter the EU market have been caught legally. The regulation will require the introduction of a compulsory certificate which will guarantee the legal origin of the fish.

FISHERY PARTNERSHIP AGREEMENTS

Under the international dimension of the CFP, the EU has undertaken to establish access to the fish stocks of third countries for fishing vessels from member states, and to negotiate, agree and pay for fishing agreements. For example, the EU currently has fishing agreements with 15 ACP countries and pays €146 million per year in compensation (in addition to a further €30 million paid by the operators themselves). Some 500 fishing vessels, or around 20 per cent of the EU fleet, fish under these bilateral FPAs. Ireland benefits from access under the EU-Morocco FPA.

There have been a number of widely voiced criticisms about these agreements:

- While the legal basis for FPAs is that a harvestable surplus of fish must exist within the Exclusive Economic Zones of partner countries, the extent to which surplus fish resources exist has been questioned for some countries.
- Weaknesses in fisheries management. Despite formal access rules governing fishing locations, fish stocks targeted, and restrictions on access to local waters reserved for local artisan fleets, there have been reports that the activities of foreign industrial trawlers have led to the depletion of the artisan fisheries on which local fishermen depend.
- The fact that the EU pays two-thirds of the agreed licence fee to the host country has been criticised as an indirect subsidy to the fishing industry of member states.
- The development impact of the licence fee income received from the EU may be limited if the money simply disappears into the national budget and is not used to further develop the fisheries sector or for investment in other parts of the economy.

In response to these criticisms, the EU proposed in 2004 as part of the reform of the CFP that access agreements with third countries should be replaced by Fisheries Partnership Agreements (FPAs) intended to provide a legally binding framework through which policy dialogue about sustainability issues would be promoted. The FPAs are intended to demonstrate the EU's commitment "both to sustainable and responsible fisheries policy and to poverty reduction in developing countries" (Bretherton and Vogler, 2008). For example, the process of jointly agreeing on the use of the financial contribution has led to most of these funds being used for the conservation and sustainable management of fisheries resources (Commission, 2007a).

While the policy coherence issues raised by the CFP have been partially recognised in these Agreements, it appears that problems remain and criticisms persist. Bretherton and Vogler highlight the tension between the aims of the Agreements to support the activities of the EU's distant-water fishing fleets and to establish sustainable fisheries outside Community waters, with individual member states putting very different emphases on these two objectives. Although the prevention of over-fishing, in particular for stocks of importance to local people, is a key concern of the FPAs, various types of leakage are possible in the implementation of these agreements (CTA, 2008). There is also the incentive incompatibility problem that reducing access to EU vessels (to conserve stocks) leads to a reduction in the EU's financial contribution to the developing country (one possible way to get round this would be to offset the reduction by leveraging a higher contribution from the European Development Fund).

Some countries take the view that foreign access payments could be challenged as a subsidy under current WTO subsidy rules although to date no challenge has been taken. The EU, however, insists that the financial contribution under FPAs cannot be considered as a subsidy to European fishermen but should be regarded as an investment in the sustainable development of the host country's fisheries sector (although, as noted, a reduction or an increase in the fishing opportunities granted to EU vessels leads to a reduction or increase in the financial contribution).

IRELAND'S ROLE

The recent review of the Irish seafood industry *Steering A New Course – Strategy for a Restructured, Sustainable and Profitable Seafood Industry for the period 2007-2013* estimated that the industry generated total annual revenues of over €702 million and providing direct employment for some 11,615 people in Ireland. Its contribution to regional and local development in remote rural coastal communities is particularly important. The review noted that the waters around Ireland contain some of the most productive fishing grounds in the EU with an estimated total catch in 2004 by all fleets within the Irish Exclusive Economic Zone of 700,000 tonnes of fish valued at €500 million, the greater proportion of which was taken by non-Irish vessels. However, the scientific assessment is that over 75 per cent of these stocks are outside safe biological limits with either a low stock size or unsustainable levels of exploitation. Accordingly, the Irish seafood industry is currently facing serious challenges to its survival and future development, primarily related to declining stocks and quotas and consequent structural imbalances at catching and processing levels.

The Government has adopted the recommended Strategy which aims to maximise the long-term contribution of the seafood industry to coastal communities based on fish stocks restored to sustainable levels in the context of a healthy and diverse marine environment. The Government is looking to the forthcoming review of the CFP in 2012 to push the need for a level playing pitch throughout the EU both with respect to regulatory compliance and on the issue of conservation.

PCD Issues and Recommendations

The Irish Government has the possibility to push forward the policy coherence agenda in fisheries under a number of headings. Due to resource constraints in the Fisheries Section of the Department of Agriculture, Fisheries and Food when the survey questionnaire was circulated, it was not possible to ascertain the position of the Department on these policy coherence issues.

International trade in fish can provide a mechanism by which potential fisheries wealth in fish resources can be translated into tangible benefits (economic and financial) for developing countries. It is therefore important to reduce barriers to this trade as far as possible.

Recommendations

The government should seek to reduce both tariff and non-tariff barriers (e.g. hygiene standards, consistent with ensuring adequate food safety for EU consumers) to a greater level of fish trade between the EU and developing countries.

Through the EU, the government should press for strict disciplines on financial subsidies to the fishing sector worldwide if the Doha Round negotiations resume at some future date.

Given the potential loss of competitiveness for ACP fishery exports if their preferential advantage is eroded by tariff reductions, the government should press for more generous rules of origin in preferential agreements as a method of compensation.

Fisheries Partnership Agreements are negotiated by the Commission on the basis of a negotiating mandate agreed by the Member States, and both the Commission and the Member States are responsible for the management and monitoring of these Agreements. There are concerns that the new Fisheries Partnership Agreements (replacing the Third Country Fishing Agreements) underestimate the weaknesses of national policy and fisheries management systems in the developing countries with which agreements have been signed, particularly in Africa, thereby threatening the resource base, the further development of the local fishing industry and the potential for fisheries to make an effective contribution to economic growth and development. There are concerns that fisheries are undervalued and even overlooked in some developing countries as a potential investment area. The balance of investment is complicated by the relationship between competing EU Directorates (e.g. DG Fish and DG Dev) and the relationship between the allocation of EDF and FPA targeted funds is not clear. Because FPAs are only a recent development, it is too early to assess their full impact on sustainable development and poverty reduction.

The key issue is the need for coherence between the two objectives of FPAs: securing access for the EU's distant-water fishing fleet, and ensuring the sustainable development of developing countries' fisheries. Maintaining this balance in EU decision-making is difficult because decisions are taken in Fisheries Councils where development interests are not represented. The Irish government should seek to monitor the impact of FPAs on fish stocks and livelihoods in the partner countries, and be a voice for sustainable fisheries when decisions are being taken. It could play a role to support the enhancement of policy frameworks and management systems in developing countries, including through coordination with initiatives of Irish Aid and at multilateral and EU level. There may also be lessons from our own fisheries policy and management systems (including from its failures) which would be of benefit to developing countries seeking to strengthen their own monitoring and enforcement systems.[20]

Ireland has signed up to a number of international fishing agreements in recent years, including the United Nations Conference on the Law of the Sea (UNCLOS), Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (UNFSA), the FAO Code of Conduct for Responsible Fisheries (CCRF) and the International Plan of Action to Prevent, Deter and Eliminate IUU Fishing (UN POA-IUU). The government should publish an evaluation of Ireland's role in promoting these agreements and should seek to strengthen these agreements where they are shown to be insufficient or ineffective in meeting their goals.

The credibility of advice, of course, comes from leading by example. There is much evidence that EU fisheries policy is not coherent with international standards (for example, the Code of Conduct for Responsible Fisheries) and international 'best practice' in fisheries. It is hardly a good governance model for effective fisheries development in other parts of the world, and undermines the credibility of EU advice and support to

20 One such failure concerns the controversy surrounding the world's largest trawler, the *Atlantic Dawn*. This trawler was granted a temporary fishing licence in Ireland in 2000 despite the fact that Ireland was already over the EU's domestic fleet limit at that time. The European Commission subsequently began two court actions against Ireland for breaching the limit and for registration infringements with the *Atlantic Dawn*. Despite this, the vessel was awarded a short-term licence. It later became fully registered when another boat of the same owner was taken off the Irish list and re-registered in Panama. Although it was excluded from the EU's FPA with Mauritania because of its size, it secured permission to fish for nine months of the year off the Mauritanian coast under a private licence with the Mauritanian government until it was expelled by the authorities there for alleged fishing offences in 2007 (based on "Controversial millionaire trawler owner dies of CJD", Irish Independent 1 November 2006 and "Atlantic Dawn to cast nets in African venture", Irish Times 9 February 2008).

other regions and countries by this fact. The government can ensure that the 2012 review of the Common Fisheries Policy is firmly based on these international standards.

Recommendations

The Irish government should monitor the impact of Fisheries Partnership Agreements on fish stocks and livelihoods in the partner countries, and should be a voice for sustainable fisheries when decisions are being taken.

Support should be provided for the enhancement of fisheries policy frameworks and management systems in developing countries, including through coordination with initiatives of Irish Aid and at multilateral and EU level.

Ireland should carefully examine the level and composition of investment in local fisheries under FPAs. The Irish Government should insist on full measurement of these impacts in upcoming ex-post evaluations of each FPA.

The government should publish an evaluation of Ireland's role in promoting international agreements on fisheries and should seek to strengthen these agreements where they are shown to be insufficient or ineffective in meeting their goals.

The government should ensure that the 2012 review of the Common Fisheries Policy is firmly based on best practice international standards with respect to conservation and management.

05.

Migration Policy and Policy Coherence for Development.

Importance to Developing Countries

The stock of world migrants rose from 75 million to 191 million between 1965 and 2005. Europe has seen the sharpest increase, with migrant populations rising from 13 million in 1865 to over 56 million by 2000 (Hatton and Williamson, 2005). For the European Union and Ireland, the most visible recent migration has been the inflow from the new EU accession countries since 2005. In contrast, migration from developing countries has been relatively light, with Africans accounting for just less than 10 percent of the foreign-born population in OECD-27 countries in 2000 (OECD, 2007b).

While researchers differ on the extent of the potential gains from open border policies, there is consensus that the benefits of unrestricted migration are significant and most likely larger than benefits from further liberalisation in trade or financial flows (Winters et al, 2003).[21] Hamilton and Whalley (1984) estimated that allowing workers to move until real wages are equalised worldwide would lead to a doubling of world GDP, with the citizens of developing countries receiving a disproportionate share of the income growth. More recent studies, which assume that on average developing country workers have lower human capital and productivity than developed country workers, estimate more realistic gains from free migration, of the order of 10 percent of world GDP. These simulations are supported by historical evidence. O'Rourke and Williamson (1999) find that migration had a much larger impact on 19th century convergence of per capita incomes across countries than either trade or capital flows.

The potential gains of open border policies for migrants, source countries and destination countries can differ greatly depending on the nature of the migration and socio-economic conditions of each country. If migration flows are managed successfully, significant benefits can accrue to the migrant, the destination country as well as the sending country.

For developing country migrants, the magnitude of the wage gaps between EU economies and developing countries is such that higher

21 **Winters et al, 2003 report that transferring 3 per cent of developing country workers to OECD labour markets would raise world income by about the same amount as would the removal of all existing trade restrictions.**

earnings in destination economies are sufficient to cover emigration costs after a fairly brief period of employment. Successful migration to a developed country can significantly increase life-time earnings for the developing country migrant.

For source countries, the net benefits of migration depend on whether the benefits of remittances, technology transfer and the increases in the price for domestic labour are sufficient to compensate for the loss of the migrant's skills, otherwise known as brain drain. From the developing country perspective, the migration experience is likely to be less beneficial if scarce, highly skilled, perhaps publicly educated workers emigrate abroad. One example is that the number of Zambian doctors working abroad is about half of the number currently employed within Zambia (Amin and Mattoo, 2007).[22] Nevertheless, migration can act as a catalyst for growth in the source country for a number of reasons. First, remittances are an important source of income for the families of many emigrants. A recent estimate places the value of global remittance flows at US$ 230 billion. Over seventy percent of total remittances (US$ 167 billion) were transmitted to developing countries. This is larger than the value of 2005 flows of Official Development Assistance (US$ 107 billion) or Foreign Direct Investment (US $111 billion) (World Bank, 2006). Studies of the impact of remittances suggest that they are used to finance investments in health and education (Cordova, 2005). Other research indicates that remittances are an important source of capital for entrepreneurial activity (Woodruff and Zenteno, 2007). Second, migration leads to the diffusion of technology and ideas from developed to developing economies. When connections between migrants and their home communities endure, diaspora groups may encourage the transfer of knowledge and new technology from destination to source economies, though there is little direct evidence on this point. Third, the movement of workers abroad makes labour more scarce, which, other things equal, causes the price of labour to increase. History suggests that emigration can be a powerful force for wage growth in sending economies. Mass migration out of Europe in the 19th century was largely unrestricted, and recent research attributes a substantial share of wage growth in relatively poor 19th century European economies, such as Italy and Ireland, to emigration to the United States and other New World destinations (Hatton and Williamson, 1998).

22 One knock-on effect from skilled emigration out of Africa has been the decline of government funding of public research and related institutions; one recent estimate is that the continent has lost about two thirds of institutional and human capital in this area over the last decade (Commission, 2007a).

Box 3. Impact on Destination Economies

Perspectives on the benefits and costs of migrant populations in destination countries differ greatly across time, country and political standpoint. In practice, the benefits and costs depend on the nature of migrant flows and how the flows are managed. From a sociological point of view, diaspora communities either enrich the culture of the destination country through integration or cause social segregation through non-integration. From an economic point of view, migrants are a positive influence on the destination economy when their net contribution to the economy over the medium to long term, taking into consideration their impact on existing residents, is positive. Positive economic outcomes of migrant's contributions depend on factors such as the economic circumstances in the destination economy, the skills of the migrants and their ability and opportunities to promote trade and investment. On the other hand, language or cultural barriers, the substitutability between immigrant and domestic labour, and the level of social security offered to migrant populations can all increase the cost to the destination economy of large scale migrations.

The Policy Context

At present, EU member states do not have an integrated migration policy for potential immigrants from outside the European Economic Area (EEA) and extended EU. This is not particularly surprising as both labour market conditions and member states' relationships with developing countries differ greatly for historical and proximity reasons. One consequence of the continued existence of national migration policies within the EU is that non-EU migrant workers admitted to one particular state do not have employment rights in all parts of the Union. EU economies also differ considerably in terms of policy positions taken towards refugees and asylum seekers. These differences are evident in quotas, admission requirements, and the conditions under which these non-economic migrants can access employment.

While migration policy is currently the remit of EU member states, recent publications by the European Commission discuss the possibilities for a pan-European approach to migration and policy coherence. One key development at the EU level is the introduction of the "Global Approach to Migration" framework for EU external migration policy. This framework appears to be the first step on the road to establishing a consolidated EU migration policy. Much of the emphasis in the "Global Approach" is to manage migration so as to maximize benefits for both the EU and developing economies. The Global Approach to Migration framework has made the most progress where co-operation both within the EU and with developing economy partners is relatively easy to arrange. For example, the European Agency for the Management of Operational Cooperation at the External Borders (FRONTEX) has been established to strengthen enforcement along the European integrated border, particularly in the Mediterranean.

Considerable resources have also been invested by the EU Commission in improving member state migration processes and incentivising cooperation between member states. Over €4 billion has been allocated to the "Solidarity and Management of Migration Flows" programme in the EU budget for the period 2007-2013. This programme has four separate instruments: the External Borders Fund, the Return Fund, the European Refugee Fund, and the Integration Fund.

The EU is moving towards the establishment of "Mobility Partnerships" with third countries. These Partnerships involve the establishment of streamlined temporary migration arrangements between the EU and third party countries where there is some scope for reciprocity. For example, in exchange for easier acquisition of visas or work permits for EU Member States, partner countries in the developing world provide cooperation in combating illegal migration and in ensuring the return and readmission of temporary migrants.

Acknowledging the development implications of EU migration policy, the EU Commission published in December 2006 a communication entitled *A European Programme for Action to tackle the Critical Shortage of Health Workers in Developing Countries (2007-2013)*. The Communication proposed a range on initiatives aimed at lessening the impact of migrating medical workers on developing countries. One objective of this communication is to propose measures to reduce the demand for emigration among health care professionals by making employment in the home country more attractive. Another objective is the development of guidelines for the ethical recruitment of health professionals from abroad and the promotion of greater self-sufficiency in the production of skilled workers in the areas from which recruitment takes place.

A second area of planned policy initiatives is in the area of remittances and financial transfers from migrants resident in the EU to developing economies. The March 2007 EU Payment Services Directive is intended to increase competition and transparency by making payment-service providers fully reveal charges, such as exchange rate conversions, to their customers. The initial proposal included payments outside of the EU, of which a substantial fraction would consist of migrant remittances. Transfers with one party outside of the EU were not included in the adopted directive, but this will be reviewed by 2010. At member state level, the UK's Department for International Development (DFID) is sponsoring sendingmoneyhome.org, a website that assists remittees in finding the cheapest way to send money to their home economies. In France, the *Compte épargne codéveloppement* allows immigrants to accumulate tax-deductible savings in a special account from which funds must be invested in development projects in the country of origin.

Few Member States appear to have formal Policy Coherence for Development commitments in the area of migration, but some have taken steps towards adopting policy consistency (at least in theory) with the promotion of development objectives. Several Member States have recognised the importance of remittances as a source of income for developing countries, and have introduced policies designed to facilitate these transfers. For example, the United Kingdom is developing "remittance partnerships" with Bangladesh, Ghana, and Nigeria. These are bilateral arrangements designed to reduce the cost of sending and receiving remittances between the UK and destination economies.

IRELAND'S ROLE

Ireland's experience of migration has altered dramatically over the last 20 years; for the first time in modern history Ireland became a country of net immigration in the 1990s. Initially, immigration to Ireland was dominated by the return migration of Irish expatriates. By the late 1990s, inflows were dominated by foreign nationals. While the bulk of those arriving from outside of the EU were from economies with strong cultural links to Ireland (Australia, Canada, New Zealand, and the United States), increasing numbers arrived from developing countries. In 2003, almost 50,000 work permits (valid for one year and renewable) were issued to non-EU nationals, many of whom were from developing countries, seeking work in Ireland. Following the accession of Eastern European countries into the EU, inward migration entered a new phase with the arrival of significant numbers of working age migrants from the new member states, particularly Poland and the Baltic region, and a decline in work permits issued to non-EU nationals. Over 85,000 PPS numbers were allocated to Accession State nationals in the 12 months following May 2004.

When analyzing Ireland's migration policy from a PCD perspective, a wide breath of legislation, migration protocols and multilateral positions come under scrutiny. Relevant legislation includes the new Green Card system under the Employment Permits Act (2006), the Human Trafficking Act (2008) and the Immigration, Residence and Protection Bill (2008). Other important issues include Ireland's process for dealing with asylum seekers and illegal migrants including voluntary return and deportation procedures, governmental support for successful immigrant adjustment, barriers to education in Ireland, our role in shaping EU migration policy as well as competition in the money transfer agencies.

The Employment Permits Act (2006) modified the conditions for non-EU immigrant employment in Ireland. A new Green Card scheme is on offer to immigrants who receive a job offer with a salary greater than €60,000 (or €30,000 to €59,999 in particular employment sectors). The so-called Green Card gives the immigrant the right to apply for permanent residence within 2 years, and there is immediate family reunification. Immigrants who do not qualify under the Green Card scheme can enter under a work permit scheme, where an employer can be allocated a work permit so long as no EEA national is available to undertake the same employment. There is a 12 month waiting period before spouses and family can join work permit holders in Ireland, and 60 months of employment are required before permit holders can apply for permanent residency.

Figure 3a and 3b below outline the occupation category and country of origin of issued green cards in Ireland in 2007. The Human Trafficking Act (2008) put in place measures to deal with the scourge of human trafficking. Perpetrators of this crime prey on vulnerable persons, whose immigration status may be a factor in their vulnerability. It is therefore hoped that this legislation will reduce the number of victims from all countries, including developing countries.

Incorporating the Employment Permits Act (2006) and the Human Trafficking Act (2008), the Immigration, Residence and Protection Bill (2008) introduces a new legal framework for all inward migration into Ireland. The Bill sets out in a single code, comprehensive statutory provisions for visas, entry to the State, residence permits and protection as well as streamlined provisions for the removal of foreign nationals unlawfully in the State. The Bill provides for greater clarity among citizens of third countries, including developing countries, who are considering emigrating from their country of origin to Ireland.

Figure 3a — Occupations of Green Card holders in Ireland

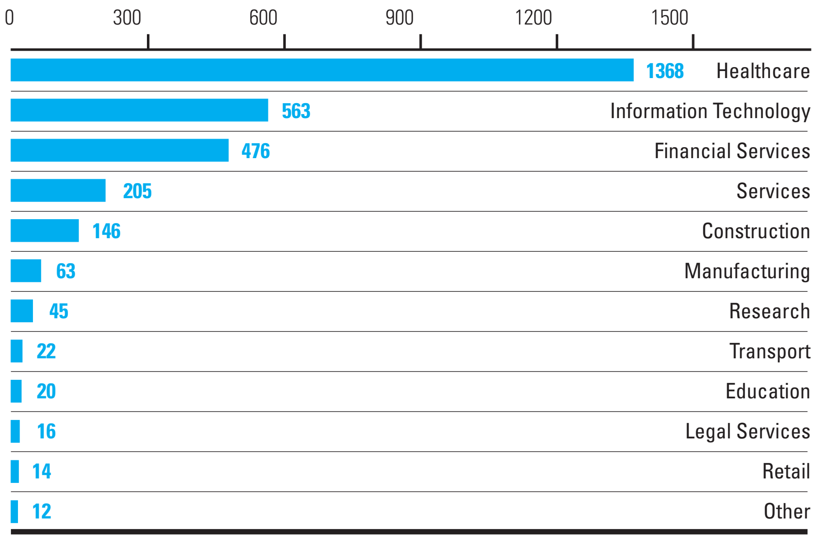
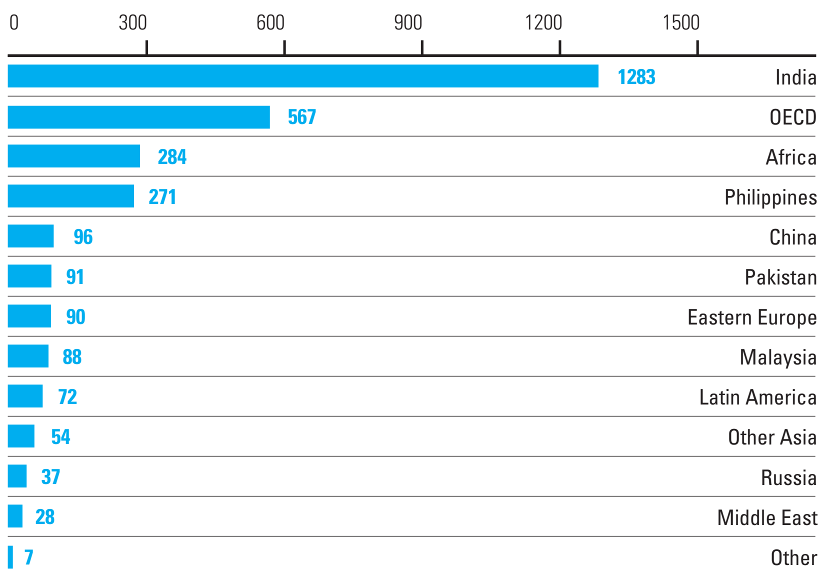


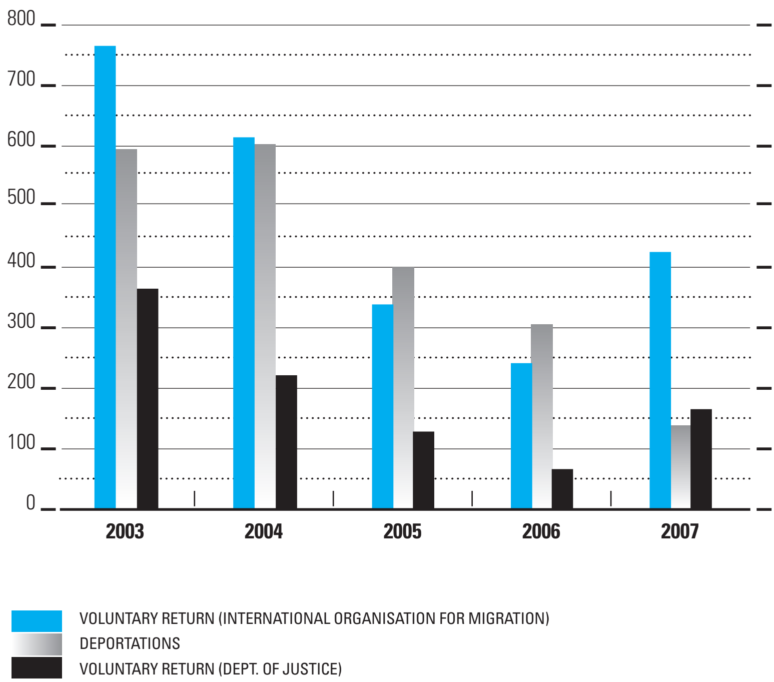
Figure 3b—Country origins of Green Card holders in Ireland



Source: Department of Justice

Operated by the International Organisation for Migration (IOM) and funded by the Department of Justice, Equality and Law Reform, the Voluntary Assisted Return and Reintegration Programme (VARRP) is the main vehicle for the return of asylum seekers and irregular migrants from non-EU countries. The programme is open to asylum seekers and irregular migrants from non-EU countries who wish to return home voluntarily but do not have the means, including the necessary documentation, to do so.[23] Under the Immigration Act, 1999, as amended, deportations are based on a system of voluntary compliance rather than detention. It is only after non-compliance takes place that the Garda National Immigration Bureau can take enforcement measures. Figure 4 below tracks the decline in voluntary returns and deportations from Ireland since 2007. These developments reflect to some extent the reductions in levels of asylum seekers over the period.

Figure 4. Voluntary Return and Deportations (2003-07)



23 The VARRP programme provides assistance in obtaining valid travel documents, covers travel costs and includes access to reintegration assistance. Funding for reintegration assistance is normally directed towards the setting up of small businesses, vocational training, education etc.

At EU level, there is an emphasis on dealing with illegal migration through returning illegal migrants to their country of origin, border surveillance and through sanctions against employers. Ireland is broadly supportive of this approach and in 2007 contributed €250,000 to FRONTEX to support border control operations.

The policy coherence issues associated with migration policy in Ireland have played little role in the substantive legislative changes of recent years. According to the Department of Justice, development concerns were not specifically considered in the drafting of the Immigration, Residence and Protection Bill 2008. During the development of the new Green Card system concerns over 'brain drain' were overcome by reference to the NESC report *Managing Migration in Ireland: A Social and Economic Analysis*. The NESC report argued that remittances can offset the loss of human resources caused at the individual and community level by emigration and brain drain (NESC, 2006).

Nonetheless, Ireland's achievements from a policy coherence and migration perspective in recent years deserve note:

— The new Immigration, Residence and Protection Bill 2008 serves to simplify the immigration process to Ireland for non-EU citizens. The simplification of the process is welcome.
— Ireland supported the conclusions of the First Euro-Mediterranean Ministerial meeting on Migration in Albufeira in Portugal in November 2007, namely the need to put in place mechanisms and projects to give an effective, targeted and comprehensive response to migration in its various forms, including legal/illegal migration; legal migrants' integration and their rights; the return of illegal immigrants and respect for international obligations and human rights.
— Ireland also supports the development-orientated aspects of the EU's Global Approach to Migration, which recognises the negative effects of brain-drain on developing countries, and seeks to reduce this phenomenon through, among other means, the promotion of ethical recruitment and circular migration.
— Ireland was one of the main financial sponsors of the Global Forum on Migration and Development held in Brussels in July 2007.

It seems evident that the PCD aspects of migration policy would be strengthened by an explicit and deliberate attempt to take into account developing country interests in decision-making. We highlight a number of areas for further analysis in the following section.

PCD Issues and Recommendations

EU MIGRATION POLICY AND MULTILATERALISM

The European Commission's Global Approach to Migration framework argues in favour of a multilateral EU approach to international migration policy. This preference for multilateral international migration policy is informed by the experience that bilateral migration policy is often compromised by the use of third countries by resourceful migrants. The arguments for EU-wide migration policy are perhaps even stronger as significant potential benefits exist from coordinating migration policy between member states; including economics of scale in maritime border patrol and the common interest of member states in each other's immigration policy because of the absence of internal border controls. Under the European Commission's Global Approach to Migration, the EU proposes to set Union-wide policy following discussions with multi-state organisations in the developing world (for example, the African Union).[24] In theory, policy coherence for development should be enhanced by the presence of developing nations at the negotiating table. The fledging EU Mobility Partnerships, where third party countries enforce controls on illegal immigration in exchange for preferential access to temporary work visas, provide a template for any potential multilateral agreements. From an Irish government perspective, constructive participation in the new generation of EU policy on migration provides an opportunity to ensure that policy coherence for development is centre stage in the EU negotiating position.

Non-EU migrants have limited labour market mobility within Europe and immigrants are unable to relocate freely across Member State borders in response to changes in labour demand and other economic conditions. A segmented policy regime across the EU increases the likelihood that immigrants get "stuck" in declining labour markets. Preventing immigrants from maximizing their potential once within the EU is incoherent with development policy objectives.

24 The Commission is not the only body calling for multilateral perspectives on migration. The objective of the Global Commission on International Migration is to "provide the framework for the formulation of a coherent, comprehensive, and global response to migration issues" (GCIM, 2005).

As a general principle, Ireland should ensure that policy coherence for development is centre stage in any discussions on future EU-wide or multilateral agreements on migration.

The rights of migrants to relocate freely across Member State borders in response to changes in labour demand and other economic conditions should be supported.

TEMPORARY MIGRATION

Recent European Commission documents strongly favour temporary or circular migration as being consistent with policy coherence for development objectives. It is not hard to understand the thinking behind this – sending countries see skilled emigrants return with new knowledge, human capital, and wealth, while receiving economies target short-term skill shortages where there are few native workers with whom immigrants compete. The difficulty with all schemes of this type is getting migrants to return to their country of origin. Early guestworker schemes in Europe have largely led to permanent migration – once in the destination economy in Europe, migrant workers have little incentive to return home, and the costs of tracking and deporting temporary immigrants are substantial. There has been a proliferation of "second-generation" temporary migration schemes in recent years. The majority of these are bilateral agreements with joint management between partner countries. Some observers argue that workers prefer these schemes to permanent migration, and that migrants are engaging in "circular" migration rather than settling in destination economies. For example, of Polish agricultural workers in Germany, about 74 percent have worked in Germany at least twice, and 43 percent at least four times (Katseli, Lucas and Xenogiani, 2006).

For temporary migration to function, incentives to encourage the return of migrants are crucial. Policies might also be considered that would give migrants the incentive to self-enforce return migration. A deferred compensation scheme, under which a proportion of the migrant's salary would be paid upon departure from the host economy, would give immigrants a financial incentive to return to their country of origin.[25] Allowing migrants to transfer pension social security benefits to their home economy (or to claim them on departure) would have a similar effect to a deferred compensation scheme. Another possibility would be to require employers that hire migrants to post a bond which would be returned to them when the migrant leaves the host economy. Here the incentives are less clear cut; if firms fear that migrants will disappear and cost them

25 A similar policy arrangement has been used for temporary migrants in Israel.

their bond, immigrant recruitment and hiring would be adversely affected, which would run counter to development objectives. The temporary legal worker programme proposed by Lant Pritchett for the Centre for Global Development would ensure that labour-sending countries take responsibility for ensuring that temporary workers actually return home by reducing the sending country's future quota by one worker for each worker who fails to return home as scheduled (Pritchett, 2006). Pritchett argues that bilateral agreements with selected sending countries are likely to be more politically acceptable to voters than a multilateral agreement negotiated through a body such as the WTO.

Temporary migration, whether under GATS Mode 4 or bilateral agreements, raises concerns about 'social dumping' in the receiving country, i.e. a worsening of conditions of employment and an increase in unemployment. This is likely to be a particular concern where temporary migration involves unskilled workers where the benefits to developing countries are greatest but so are the distributional consequences for labour markets in developed countries. The impact of temporary migration on wages and conditions of employment received considerable publicity in an EU context in the debate on introducing the Directive on Services in 2006 and following a number of decisions by the European Court of Justice which appeared to uphold the rights to freedom to provide services and of establishment in the EU above the rights of workers to collective bargaining to maintain and improve their conditions of employment. Similar issues were raised in an Irish context in the Irish Ferries dispute in 2005, when Irish Ferries unilaterally decided to reflag its fleet in Cyprus and to replace more than 500 employees with mainly Eastern European workers. One way to reconcile, at least in part, these divergent concerns is to apply the principle of wage parity to temporary workers, requiring that temporary workers should receive local rates of pay – indeed, this was the basis for the agreed settlement in the Irish Ferries case. While some argue that insisting on wage parity might erode the comparative advantage that developing countries have in terms of lower labour costs, it also reduces the pressure on national workers arising from lower wages for foreign workers while guaranteeing compensation levels in line with the host country's living costs also for temporary migrants. There is also a strong case to accompany any such measures with compensatory training and adjustment supports to those workers in Ireland who might be likely to face the brunt of this competition. Again, progress is most likely to be made in this area through bilateral agreements with selected sending countries rather than through multilateral solutions.

Opportunities for temporary migration will depend on the state of the Irish labour market and will be curtailed when domestic unemployment is high. However, ways to encourage temporary migration of low and medium-skilled workers to Ireland, perhaps with selected sending countries such as Irish Aid partner countries, should be explored, consistent with the maintenance of decent conditions of employment in Ireland. Any programme should be specifically designed to maximise the benefits to the source country while taking into account the demand for labour in Ireland.

Proposals to facilitate temporary migration particularly of low-skilled workers at EU level should be supported.

Development-friendly migration policy principles, such as return incentives and the absence of barriers to returning home for short to medium terms without losing status in Ireland, should be integrated into the Green Card and work permit systems.

REMITTANCES

Policies to enhance remittance flows offer a clear channel through which migration can be used to achieve development objectives. Existing policies in other EU Member States provide information on options to transfer funds at low cost, and this is something that Ireland could consider. Encouraging greater competition in the market for financial services could also lead to cost reductions that would allow more funds to flow to developing countries. One way to give migrants (perhaps especially migrants from selected countries that are very poor and where skilled emigration is very high) an incentive to increase remittance volumes would be to allow for this to operate through a "salary sacrifice" scheme, whereby migrants make remittances out of pre-tax income. This would reduce the cost of migrant remittances (which would be tax free), which would be expected to increase remittance outflows and assist in achieving development goals in exchange for a small loss in domestic tax revenue. An alternative approach would be refund social security contributions for future entitlements that would not be availed of due to relocation.

Trends and constraints operating in the market for remittances to developing countries are not very well understood in Ireland. This is due to a lack of good data and the involvement of many disparate stakeholders including commercial banks, the Financial Regulator, the Department of Justice and the Department of Enterprise, Trade and Employment. The Department for International Development in the UK established a Working Group on Remittances in 2004. The aim of the working group was to compile data on remittances, synthesise good practice, and make recommendations on standards and industry practices. The approach taken by DFID could act as an example for a similar multi-stakeholder approach to understanding and developing the remittance market in Ireland.

Recommendations

Competition in remittances services should be encouraged by providing an information platform that compares the costs and procedures for sending money home, along the lines of www.sendmoneyhome.org.

While recognising that there are very few migrants in Ireland from the poorest developing countries, incentives to increase the flow of remittances to developing countries such as "salary sacrifice" or PRSI refunds should be explored.

A multi-stakeholder approach to compiling data, synthesising good practice and making detailed recommendations should be pursued to help develop the remittance market in Ireland.

GREEN CARD AND WORK PERMITS SCHEMES

Policy regimes that select skilled workers are attractive from the perspective of host economy labour, but they may be damaging for developing economies that produce human capital often at considerable taxpayers' expense. Many consider it unethical that rich economies in Europe benefit from the transfer of human capital financed by developing economies.[26]

26 Some developing economies closer towards the middle of the world income distribution have responded to the outward flow of human capital by reducing public provision of some training and allowing the private market to play a larger role.

The new Green Card scheme in Ireland offers greater labour market flexibility for qualifying migrants, but this is unlikely to be a substantial proportion of immigrant inflows. The salary threshold to qualify for a Green Card under this scheme is €60,000, which is about 150 per cent of the current median Irish salary.[27] While this scheme is likely to be relevant, at least initially, for only a relatively small share of Irish migrants, there are potential implications for policy coherence for development. The Green Card scheme facilitates the permanent migration of high-skilled migrants, who would take substantial human capital out of developing economies. Migrants who do not qualify will continue to suffer from the labour market inflexibility associated with current work permit arrangements.

The work permit system for non-EU migrants in Ireland has had several features which have been criticised as incoherent with a development perspective. It has been argued that the work permit system enshrines unequal power relations between worker and employer. Irish employers who recruit migrants from abroad have considerable market power once an employee is attached to a particular work permit. The permit holder is not free to move between jobs. This lack of mobility within Ireland may also hamper immigrants' prospects. A transferable permit would allow developing country migrants to find better job matches in the Irish labour market. This would increase immigrant earnings and also would also increase the volume of remittances sent to developing economies.

The Green Card and Work Permit schemes introduced under the Employment Permits Act 2006 go some way to addressing these concerns. A particular focus of theses schemes was on increasing protection of migrant workers' rights. New initiatives included the provision for either the employer or employee to apply for an employment permit; the issuing of the original copy of the employment permit to the employee in every case; the ability for the employee to apply to change employer after 12 months and a statement of the main rights of the employee on the face of the permit. The Employment Law Compliance Bill, 2008 provides for the National Employment Rights Authority (NERA) to promote, encourage and secure compliance with the provisions of the Employment Permits Acts as well as other employment legislation. It is intended, through the cooperation of NERA and the Garda National Immigration Bureau (GNIB) in enforcement of provisions under the Permits Acts, to increase compliance and to act as a deterrent to illegal work as a pull for illegal immigration to Ireland.

The Irish authorities are aware of the consequences of economic migration policies designed to attract talented and skilled individuals from sending countries, and the need to avoid brain drain in those countries. Under Ireland's demand-led system, overall numbers of non-EEA nationals applying for employment permits have been falling at an increasing

27 Green Cards will also be offered to migrants on lower salaries in key sectors. At this time green cards are available to workers earning between €30,000 and €59,999 in health care, engineering and architecture, scientific research, and finance.

rate since 2007. Some 23,700 permits were issued in 2007, falling to about 14,000 in 2008. Some 7,700 permits are expected to issue in 2009 about half of which will be first-time permits. In quantitative terms, the numbers of people entering Ireland now are relatively small by international standards, and, given the range of geographic origin of these new immigrants, the actual impact in any one region would not be significant. Nonetheless, further policy responses which might enhance the development impacts of the employment permit schemes system should be evaluated. These could include discrimination in favour of low income country citizens availing of the scheme, discrimination in favour of low income country citizens with specific qualifications (such as health care qualifications) or the development of a complementary channel of migration for lower skilled workers designed to maximise the benefits for the source country.

Recommendations

A vetting system for Green Card applications to assess the countries of origin and professional categories for which approval would have negative development consequences should be put in place. In such cases, applications should be rejected.

Alternative migration policies to mitigate identified country/industry specific drawbacks of the Green Card system from a PCD perspective should be examined.

Development-friendly migration policy principles should influence the design of the work permit system. These principles would include allowing 'career breaks' to return home without interrupting employment record, freedom of movement between jobs and incentives to return.

ASYLUM SEEKERS, REFUGEES AND ILLEGAL MIGRANTS

In 2006, the UN Refugee Agency (UNHCR) calculated that there were 11,341 'people of concern to UNHCR', defined as refugees, asylum seekers and stateless people, in Ireland. When compared with other DAC members, relative to GDP Ireland looks after a relatively small number of people of concern to UNHCR.

Asylum seekers are among the most disadvantaged of immigrant groups. In recent years, Ireland has been criticised for the length of time it took to process asylum seekers and for the conditions they lived under while their application was processed. Since 2004, smaller numbers of asylum seekers and greater government resources have reduced process times. From a policy coherence perspective, a number of principles apply to the asylum process. First, asylum applications should be dealt with quickly to ensure that asylum seekers' human capital does not decline. Second, opportunities to work and train while awaiting decisions should be afforded. This is particularly the case when the period from arrival to final decision is longer than 6 to 8 months. Allowing asylum seekers to seek employment while their cases are being processed would ease integration concerns and maintain the human capital of this group. Legal employment would reduce the cost of monitoring the activities of asylum seekers, and would also make it less likely that they enter into illegal employment.

The case of illegal migrants is perhaps more challenging. On the one hand, it is important to send a clear message to potential illegal migrants that by-passing the official migration channels does not result in significant rewards. This argument is stronger when official migration channels are of sufficient scale to deal with demand from developing country migrants. On the other hand, it is neither ethical nor compatible with policy coherence principles not to recognize the existence and rights of the estimated 8 million illegal immigrants within the EU.[28] A coordinated approach that simultaneously improves border controls, provides an amnesty to illegal residents already in the EU, allied with the development of more meaningful legal channels of immigration, would represent a more coherent approach. At EU level, Ireland can play a constructive role in all three areas, advocating improved domestic border protection mechanisms, migration channels and treatment of illegal migrants.

Ireland has a long history of accepting refugees. Ireland should safeguard and enhance its reputation as an international leader in the acceptance and treatment of refugees as a way of increasing its weight and the credibility of its views in EU immigration discussions.

28 It is estimated by the European Union that there were up to 8 million illegal immigrants within the EU in 2006 (Commission press release (MEMO/08/85), February 2008.

Recommendations

The asylum process should be faster (while maintaining rights) as quick resolution of cases is in everyone's best interest.

Asylum seekers whose applications have not been processed within a 6 month period should be afforded greater rights and opportunities, in particular the right to work. This would provide an incentive to complete all applications within a reasonable timeframe.

Ireland should develop its border control procedures as a necessary condition for a more effective immigration policy.

Ireland should safeguard and enhance its reputation as an international leader in the acceptance and treatment of refugees as a way of strengthening its voice in immigration discussions.

ENCOURAGING IMMIGRANT ADJUSTMENT

There are several policy options on offer that can help increase the benefits of migration to migrants, while imposing few additional costs on residents of destination economies. Comprehensive anti-discrimination legislation can minimise the possibility of immigrants suffering low earnings due to the operation of prejudice in the destination economy labour market.

Immigrants who speak the destination economy language (or come from economies that share an official language with the destination economy) may find it easier to gain recognition for their pre-migration human capital than immigrants who have to learn or improve their language skills in order to ascend the job ladder. A common policy to enhance immigrant adjustment is the provision of intensive language training to recent arrivals. Some Member States already invest considerable resources in immigrant language training. Since September 2005, Norway requires that immigrants attend a minimum of 300 hours of Norwegian language classes. Of course, few potential immigrants speak Norwegian; whether language training is critical for economies like Ireland where English is spoken is less clear.[29]

29 Australia provides English language training as part of a brief induction course of political and humanitarian refugees.

Recommendations

An audit of the effectiveness of Ireland's anti-discrimination legislation should take place. If weaknesses are found, policies to overcome these deficiencies should be implemented.

Ireland should make a stronger commitment to language training for foreign nationals through FÁS and other organisations.

The process for the full recognition of migrant's qualifications should be accelerated (NQAI) and a programme to improve awareness of EU and non-EU qualifications among employers should support this process.

06.

Environment, Transport and Energy and Policy Coherence.

Importance to Developing Countries

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.[30] In recent years, climate change has increased the vulnerability of the poor as its devastating effects such as flooding and drought are more likely to occur in developing countries. In addition, poor communities and developing country administrations often lack the fiscal capacity to adapt to the climate change, rendering the poorest the most vulnerable to its consequences. The importance of the environment in developing countries is demonstrated by its growing importance in development policy. All recent EU Country Strategy Papers contain an environmental profile, and the environment is one of the most frequently mentioned areas regarding policy coherence for development (PCD) in developing countries.

The Policy Context

The framework for environmental policy-making in Ireland for the period 2002-2012 as a member of the EU is the sixth Environment Action Programme (EAP). The 6th EAP identifies four priority areas: Climate Change, Nature and Biodiversity, Environment and Health and Natural Resources and Waste. In addition, EU and Irish biofuels policy and approaches on genetically-modified foods have a particular relevance for developing countries. While EU and Irish transport and energy policy are mainly important for their contribution to climate change, there exist a number of agenda items in these policy areas that also have relevance to developing countries such as EU transport standards and opportunities to support renewable energy in developing countries.

30 The World Bank estimates that in Sub-Saharan Africa natural capital accounts for about 13 per cent of total wealth. This percentage reaches 20 per cent in low-income countries dependent on export revenues from primary commodities other than petroleum (World Bank 1997). As a comparison, natural capital accounts for only 2 per cent of wealth in developed countries in Western Europe.

CLIMATE CHANGE

The warming of the global climate is undeniable. Average surface temperature has increased by 0.76° C since 1850; with most of the warming occurring in the last 50 years. Scientific evidence suggests that human-generated carbon dioxide emissions are the most likely cause of this temperature increase. In its Fourth Assessment Report (2007), the Intergovernmental Panel on Climate Change (IPCC) predicted that a no-reform scenario is likely to increase the global average surface temperature by a further 1.8-4.0°C before the end of the century. Even the lower end of this range would take the temperature increase since pre-industrial times above 2°C, the threshold beyond which experts believe there is a high probability of irreversible and possibly catastrophic climate changes (IPCC, 2007).

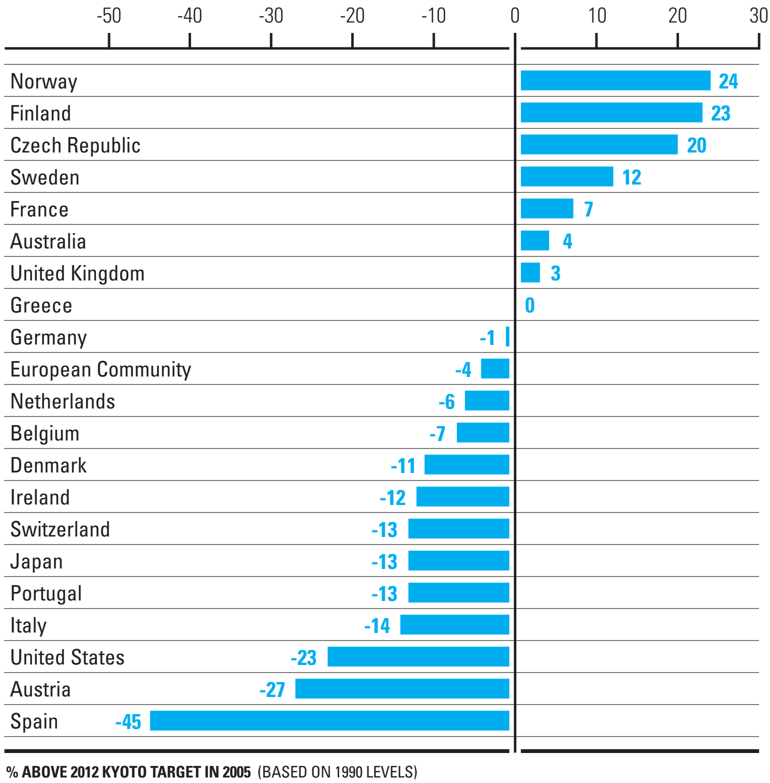
The European Union has been at the forefront of climate change policy since the Kyoto Protocol was agreed in 1997. Under the Protocol, the EU has agreed to reduce its greenhouse gas (GHG) emissions by 8 per cent by the period 2008-2012 compared to 1990. This target has been sub-divided among the member states, and Ireland's target is to keep its GHG emissions to not more than 13 per cent above its 1990 levels, in recognition of its relatively underdeveloped status at the beginning of the period. While lobbying to encourage other countries to sign up the agreement, the EU has pursued a number of internal policies such as the emissions trading Scheme (ETS) to ensure member states meet their emission reduction targets.

In March 2007, the European Council made an independent commitment to reduce GHG emissions further by at least 20 per cent by 2020 compared to 1990 levels. The Council also endorsed an EU objective of a 30 per cent reduction in emissions by 2020 compared to 1990, provided other developed countries commit to comparable emission reductions and middle income countries also agree to adequate commitments, within the context of a comprehensive global agreement post 2012 (EU Presidency Conclusions, March 2007).

In response to commitments made at the EU level, Ireland has formulated two successive national climate change strategies; the first in 2000 and the second covering the period 2007-2012. The most recent strategy is designed to ensure Ireland will meet its 2008-2012 commitments and to prepare Ireland to meet its likely 2020 commitments.

While the EU as a whole is on target to achieve its Kyoto target of 92 per cent of 1990 GHG emissions by 2012 (96 per cent was reached in 2005), individual member states have experienced mixed success at reaching their Kyoto 2012 targets. In 2005, Spain and Austria were 45 per cent and 27 per cent respectively above their agreed targets. When EU countries are ranked by their current distance from the agreed target, Ireland was ranked as 21st of 26 EU countries with data available. Figure 5 features a selection of EU and other OECD countries.

Figure 5. Performance of OECD countries in meeting their Kyoto Protocol emission reduction targets



While the historical responsibility for GHG emissions and climate change resides with developed countries, middle income countries and increasingly developing countries are likely to have higher GHG emission growth rates in the next 50 years. Development assistance and diplomacy with middle income and developing countries offers the opportunity to convince governments to pursue low carbon development paths and help prepare vulnerable communities for the consequences of climate change. Both of these objectives are pursued through a number of policy instruments at EU and member state level. Support for mitigation in developing countries is underpinned by improving access to the Clean Development Mechanism (CDM), halting deforestation and greater investment in biodiversity conservation. The CDM facilitates developed countries to invest in projects that reduce emissions in developing countries as an alternative to more challenging or expensive domestic reductions. The EU response to deforestation was to reach agreement on the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan in 2003. The Action Plan sets out a new and innovative approach to tackling illegal logging, linking good governance in developing countries with the legal trade instruments and leverage offered by the EU's internal market.

Climate change increases the urgency of integrating risk management into EU and Irish development aid policies. The integration of climate change into EU development cooperation is proposed under the EU Communication Climate Change in the context of development cooperation and subsequent EU Action Plan (2003) in four strategic areas; raising the policy profile of climate change, support for adaptation to the effects of climate change, support for mitigation and low CO_2 development plans and capacity development.

Since developed countries are largely responsible for carbon emissions to date (although this is likely to change in the future), there is a fairness argument why developed countries should contribute to the cost of adaptation to climate change in developing countries. Climate change adaptation policy in its infancy. In December 2008, agreements made at the United Nations Framework Convention on Climate Change Conference of the Parties (COP 13) in Bali were operationalised in Poznan (COP 14) with the establishment of the UN Adaptation Fund. The Adaptation Fund will finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change. The Adaptation Fund is financed from a share of proceeds of the Clean Development Mechanism Project activities and other sources of funding.

In addition, the EU has promoted the development of National Adaptation Programmes of Action (NAPA) in developing countries for the integration of adaptation into national development plans.[31] The EU's approach considers adaptation as a cross-sectoral issue as economic development and diversification are critical in reducing the vulnerability to climate risks. Funding for adaptation has been more controversial. Campaigners have argued that funds for adaptation in developing countries should not be included in previously agreed aid commitments. However, development cooperation is seen at an EU level as a vehicle for shaping adaptation policies and programmes in developing countries. What is the best policy response to the increasing challenges faced by the poor in developing countries? Tol (2005) shows that a dollar spent on development aid programmes reduces the negative impacts of climate change by more than a dollar spent on mitigation of GHGs.

31 Country Environment Profiles (CEPs) and Strategic Environmental Assessments (SEAs) can be used to reduce incoherencies in development cooperation and to identify "mal-adaptation." Country disaster risk profiles can be developed from SEAs.

BIODIVERSITY

Nature and Biodiversity is an EU environmental priority area with clear PCD implications. The term 'biodiversity' describes the number, variety and variability of living organisms. Scientists report that biodiversity supports critical ecosystem functions and that it is an input to outputs ranging from hydrological services, climate regulation, soil management, pollination services, desalinisation, biosphere resilience, tourism or pharmaceutical research, to consumptive outputs like timber, fuelwood, fruits, nuts, or pets. However, biodiversity protection is a classic example of a public good. People who protect biodiversity cannot exclude non-payers from benefiting from that protection, and this reduces their incentives to do so. In addition, there are two other factors that help explain the unprecedented rate of biodiversity loss over the last decades: (i) substantial amounts of biodiversity are located in low-income nations with weak institutions, high discount rates, and pressing social and economic needs; and (ii) beneficiaries of biodiversity protection are often many and diffuse (and in some cases such as with global ecosystem functions or the potential for pharmaceutical discoveries, far removed from the sources of biodiversity in developing countries), while small groups can reap large private gains from alternative uses of biodiversity.

The key to addressing biodiversity protection is the development of international institutions that can transfer some of the global value from protecting biodiversity to the local decision-makers who bear the cost of protecting it. The framework for concerted international action is the United Nations Convention on Biological Diversity (CBD) which was signed in 1992 and ratified by the EU in 1993. Ireland signed the CBD in 1992 and ratified it in 1996. In 2000, the Parties to the CBD adopted the Cartagena Protocol on Biosafety which seeks to protect biological diversity from the potential risks posed by living modified organisms, taking into account human health. The EU has adopted a series of legislative measures in order to implement this Protocol. In 2002, the Parties to the CBD decided to "significantly reduce" the rate of biodiversity loss by 2010. The EU, which aims to halt biodiversity loss altogether on its territory by 2010, is implementing a broad range of biodiversity-related international agreements such as the Convention on International Trade in Endangered Species (CITES), and the Bonn Convention on Migratory Species.

In terms of PCD, policies to protect biodiversity within the EU have a limited direct impact on developing countries, although there are potential positive indirect effects from the interaction of ecological zones, for example through migratory species.[32] Another threat to biodiversity are Invasive Alien Species (IAS). Growth in global trade, transport and travel is associated with growth in the presence of IAS in all countries including

32 A National Biodiversity Plan was published by the Irish Government in April 2002, as Ireland's response to the requirements outlined under Article 6 of the CBD. In 2004, the Department of the Environment, Heritage and Local Government invited Comhar (the Irish Sustainable Development Council) to form a Biodiversity Working Group for the mid-term review of the National Biodiversity Plan, which was established in April 2006.

EU states. The 6th EAP and the Communication from the Commission on "Halting the Loss of Biodiversity by 2010 and Beyond" and its associated Action Plan highlight action on IAS as a priority objective (EU Presidency Conclusions, March 2007). In addition to their impact on biodiversity, IAS can cause direct economic damages (e.g. by damaging infrastructures).

More important to developing countries are the initiatives to preserve biodiversity implemented directly in developing countries. The EU Commission Communication on "Halting the Loss of Biodiversity by 2010 – and Beyond" contains the explicit objective of strengthening support for biodiversity in EU external assistance. However, unlike the Framework Convention on Climate Chance and the subsequent Kyoto Protocol with defined mechanisms to mitigate GHG emissions (EU ETS, Clean Development Mechanism, Joint Implementation), the Cartagena Protocol has not established international cooperation mechanisms to funnel the global value of biodiversity services to the countries and regions that host it in a systematic way (UNFCC, 2008). However, climate change policy can have benefits for biodiversity. For example, the Kyoto Protocol's Clean Development Mechanism encourages projects in developing countries that involve forest preservation and reforestation, or renewable power generation as a means to generate approved Certified Emissions Reductions that can be traded in the market place.

Conversely, many development activities aimed at poverty reduction in developing countries are likely to have negative impacts on biodiversity as the value of biodiversity is typically not factored in. The scenarios of the Millennium Ecosystem Assessment suggest that future development paths that show relatively good progress toward the Millennium Development Goal (MDG) of eradicating extreme poverty and improving health also show relatively high rates of biodiversity loss over 50 years (Millennium Ecosystem Assessment, 2005). Trade-offs between achieving the MDG targets for 2015 and reducing the rate of biodiversity loss are widely recognised. Governments frequently use development policies at the extensive margin, through colonisation-settlement projects (often poorly conceived and poorly funded) into remote frontier areas, as ways to relieve the political pressures of the poor in already settled areas.[33] That is, frontier expansion in land-rich countries plays the role of anti-poverty policy substituting for social programs (Barbier, 2006). Whether or not associated with frontier expansion, improving rural transportation networks is another common feature of hunger reduction strategies that increases the rates of biodiversity loss, directly through habitat fragmentation, and indirectly by increasing the profitability of unsustainable harvesting of forest resources.

33 **Extensive margin is the grade of land beyond which it does not pay to use poorer land.**

DOMESTIC EU ENVIRONMENT POLICY

Apart from climate change and biodiversity, the focus of EU environmental priority areas is mainly domestic, although there exist a number of important spillover effects. The aim of the EU's actions and policies in the area of Environment and Health is the reduction of diseases caused by environmental factors in Europe. The Environment and Health programme generates knowledge from investigating the health implications of exposures to pollutants that can be of use to developing countries. In addition, regulations to improve domestic environmental conditions could cause the relocation of polluting activities to countries with relatively weak environmental policy. The 'pollution haven hypothesis' has dominated much of the debate on the effects of trade between rich and poor countries on the environment. There is little empirical evidence that differences in environmental policy play an important role in explaining trade patterns, though.[34]

Similarly, the focus of EU waste policy is mainly European.[35] Perhaps the most relevant action to PCD in this area is the implementation of a new far-reaching policy on Registration, Evaluation and Authorisation of Chemicals (REACH) from 2007. REACH covers all the chemicals used by industry in the EU as well as in developing countries. The linkages with trade policy and industrial policy in developing countries are clear as developing countries will have to adapt to REACH for their exports to the EU.

GENETICALLY MODIFIED ORGANISMS (GMOS)

Genetically modified agricultural crops offer farmers around the world more productive and resilient seeds that can significantly increase yields and reduce risk to weather variability. While existing evidence of the human health and environmental impacts of GMOs does not yield proof of adverse effects of the technology, there is debate around the potential harm GM crops might do in the long run. It is on this basis the European Union has pursued a precautionary policy towards GMOs, refusing authorisation for GMOs because of possible health or environmental risks. To date, the EU has approved a small number of GMO products for food and feed use, but only one maize variety for cultivation. In response to the development of GMOs, the EU developed a separate process-based regulatory regime under the assumption that genetic engineering is a novel departure from conventional technologies. This process based regulatory regime is in stark contrast to the US which regulates GMOs as part of the mainstream food regulation system. The US sees bio-engineering as a natural extension of traditional cross-breeding techniques.

34 See Copeland and Taylor (2004) for a recent review.

35 The EU's approach to waste management is based on three principles: (i) waste prevention, which is closely linked with improving manufacturing methods and influencing consumers to more sustainable consumption patterns (e.g. to demand greener products and less packaging); (ii) recycling and reuse; and (iii) improving final disposal and monitoring.

Fears have been expressed that the restrictiveness of EU GMO policy may discourage agricultural innovation in developing countries and raise the cost for exporters under the new regulatory regime. However, the fears may be overstated as developing countries (we recall that we use this term to refer to low-income countries specifically) have not invested in GMO crops to date. In terms of hectares planted with GMO crops, developed countries constitute 62 per cent of the global total, middle income countries constitute 35 per cent of the global hectares with GM crops, while developing countries, dominated by Paraguay and South Africa, constitute only 3 per cent (James, 2006). In addition, the four main crops (soybean (60%), maize (24%), cotton (11%) and rapeseed (5%)) have not faced particular restrictions on sale in the EU and they are generally not consumed by the poor (James, 2006). The primary concern is that agricultural biotechnology is by-passing the staple food crops of the poor as well as developing country export crops. In any case, the emergence of a premium EU non-GM market could cover the additional export costs of segregating and monitoring dual export channels.

BIOFUELS

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 can be defined as solid, liquid, or gas transport fuel produced from renewable organic materials. The push towards biofuels was driven by evidence from various studies that suggested that both biodiesel and bioethanol could produce substantially less CO_2 emissions than their fossil fuel counterparts. World production of biofuels was an estimated 54 billion litres in 2007. In terms of market penetration, this supplies around 1.5 per cent of road transportation fuel. The United States is the world's leading producer, supplying 24.5 billion litres in 2007, mainly bioethanol from corn. EU production is much less, at around 8.3 billion litres, and around 80 per cent of this is biodiesel mainly from rapeseed.

The EU and member states have used both legislation and excise duty reliefs to promote biofuel production and use across the Union. In particular, the EU Biofuels Directive 2003 set "reference values" of a 2 per cent market share for biofuels in 2005, 5.75 per cent in 2010, and 10 per cent by 2020. The European Council has subsequently established an overall binding target of a 20 per cent share of renewable energy sources in energy consumption and a 10 per cent binding minimum target for renewable energies (including but not confined to biofuels) in transport to be achieved by each Member State. In addition to official targets, the EU imposes high tariffs on non-preferential suppliers of bio-ethanol to support domestic producers of biofuels.

However, the growing demand for biofuels is having unintended consequences on the world supply and price of food. While estimates differ of the precise contribution which diversion of agricultural crops into biofuel feedstock made to the sharp increase in food prices experienced between 2006 and 2008, there is no doubt that they were a contributory factor. There are also growing doubts about the extent of the emission savings from first generation biofuels, particularly when account is taken of the likely land use changes associated with the expanded demand for feedstocks.

The penetration of biofuels in Ireland remains very low. In September 2008 the government published its proposed Biofuels Obligation Scheme for public consultation. The document proposes a target of 4 per cent by volume of transport fuel by 2010, equating to 3 per cent by energy, which must consist of biofuels and sets certain conditions regarding the type of biofuels which can be counted towards that target. The obligation will apply to fuel companies, thus placing the burden of the higher cost of biofuels on the fuel consumer rather than the taxpayer. It is intended as the main instrument to achieve the EU target of 10 per cent penetration of renewable energy in transport by 2020. In order to contribute to the target, biofuels must comply with the EU sustainability criteria which are currently being finalised. These criteria will include a minimum level of greenhouse gas savings, biodiversity requirements to prevent certain lands such as natural forests and protected areas being used in the production of biofuels, and social reporting obligations on the Commission.

From a fuel security and environmental viewpoint, the Department of Agriculture, Forestry and Food believes that biofuels produced within the EU from EU crops should be an important element in energy supply. It believes the EU should promote and incentivise domestic production of feedstocks through support for research and development, increased blending with mineral oils, tax reductions/exemptions and appropriate tariff protection in respect of third country imports, and it agrees that biofuels placed on the EU market should meet environmental sustainability criteria.

The Commission in its Health Check communication on agriculture policy reform questioned the necessity of continuing with the energy crop subsidy in light of the buoyant market for biofuels. They propose reinvesting the aid (€90m in 2007) into research on second-generation bio-fuels. DAFF and COFORD (the National Council for Forest Research and Development, an agency of DAFF) support retention of the aid, as they believe it to be essential to kick-start production of energy crops, given the uncertain market and the associated level of risk for the grower.

TRANSPORT AND ENERGY SECTORS

Transport and energy sectors are two of the largest GHG emitting sectors in most countries and as such are important in a PCD context within the context of climate change policy. However, there are a number of other aspects to EU transport and energy policy that are relevant to developing countries.

In transport policy, air travel is the primary transport medium between the EU and developing countries. To address safety concerns the EU continually reviews the safety standards of all airlines (and their airports of origin) that use or wish to use EU skies. Due to safety concerns, the EU has banned all or some of the airlines from eight African countries (Sudan, Rwanda, Angola, DR Congo, Equatorial Guinea, Liberia, Sierra Leone and Swaziland). The EU argues that this approach improves standards, not only for European but African travellers as well. The banned airline list is supported by a complementary technical assistance support programme for disqualified carriers. From an Irish perspective, bilateral Air Transport Agreements are required to facilitate the landing of non-EU carriers. Ireland has two such agreements with African countries, South Africa and Kenya. Bilateral Air Transport Agreements are concluded when it becomes commercially attractive for a carrier to open a route and there exists no impediment for carriers, outside of the EU banned airline list, to open routes to and from Ireland.

With regards to energy policy, opportunities to invest in clean energy technologies in developing countries exist through the CDM and the Global Energy Efficiency and Renewable Energy Fund (GEEREF). EU countries such as the UK, have developed programmes of dialogue to engage growing middle income countries in the use of cleaner technologies, with the ultimate objective of encouraging a lower carbon and more environmentally friendly development path. The task of convincing growing middle income countries to invest in clean energy technologies at an earlier stage of development becomes imperative when one considers the fact that China builds energy generation capacity the size of the entire UK grid every nine months.

IRELAND'S ROLE

Ultimate responsibility for the negotiation of international agreements on environment and climate change policy reside at the EU level. Ireland plays a supportive and constructive role when it comes to shaping EU environmental commitments, while at the same time finding it difficult at home to live up to these ambitious commitments. Nevertheless, from a PCD perspective, Ireland's achievements in recent years deserve note:

— Ireland ratified the Climate Change Convention and its Kyoto Protocol (1997) and accepts its role in accepting emission reduction commitments with other developed countries.

— Officially Ireland is fully supportive of the EU post-2012 Position. The EU is committed to transforming Europe into a highly efficient and low greenhouse gas emitting economy and has made an independent commitment to reduce its greenhouse gas emission by 20% (compared to 1990) by 2020. Furthermore, the EU is willing to be even more ambitious if other countries also act.
— The Department of the Environment, Heritage and Local Government participates in the development of the EU position on adaptation issues in international UN climate change negotiations, with the advice and support of IA/DFA. Ireland's position on adaptation issues fully endorses the EU position that climate change is already occurring and the effects of further climate change are already inevitable. In recent years, as is clear from the outcome of COP 13 in Bali in 2007, Ireland and the EU have supported a greater focus on adaptation issues in the context of the UN FCCC negotiations.
— Biodiversity is an area of EU competence and a common EU position is agreed in advance of each Conference of the Parties (COP) under the CBD. Ireland contributes to the development of EU policy through participation in the EU Council working group on biodiversity, which meets approximately 10 times per annum. Under Ireland's Presidency of the European Union in 2004, Ireland was responsible for chairing this working group, coordinating the EU position and presenting this to COP 7 in Kuala Lumpur.
— The Department of the Environment, Heritage and Local Government leads participation at the Commission on Sustainable Development within the UN system with support from Irish Aid and other relevant Governments Departments. Development policies are reflected and integrated into Ireland's input through participation in EU Council working groups.[36]
— Ireland supports the participation of 48 countries in the Global Environment Facility's (GEF) Least Developing Country Fund (LDCF) designed to prepare and help implement National Adaptation Programmes of Action (NAPAs).
— The National Biodiversity Plan (2002) has committed Ireland to:
  - Make biodiversity a specific objective of Overseas Development Aid, and all support to, and co-operation with, developing countries shall take account of biological diversity
  - Provide specific funding for biodiversity projects in developing countries and countries with economies in transition and for work which contributes to the identification, assessment and monitoring of the state of biodiversity at the global scale
  - Support the development of international law in accordance with the Convention on Biological Diversity.

36 The Commission on Sustainable Development is responsible for reviewing progress in the implementation of Agenda 21 and the Rio Declaration on Environment and Development, as well as providing policy guidance to follow up the Johannesburg Plan of Implementation (JPOI) at the local, national, regional and international levels.

PCD Issues and Recommendations

CLIMATE CHANGE

The effects of climate change have the ability to undermine hard-won development gains in the decades ahead. From a development and PCD perspective it is essential for the EU to secure an effective post-2012 agreement on climate change including countries that have remained outside the Kyoto Protocol. For any post-2012 agreement to be successful, incentives for deep policy reform need to be sufficiently high to ensure governments take on local vested interests and adopt comprehensive GHG reduction policy programmes. Ireland should play a supportive role and ensure that the interests of developing countries are taken into consideration in negotiations for the post 2012 period.

Not unlike WTO negotiations, climate change negotiations can be challenging exercises for developing world governments. Generally among the poorest countries in the world, Irish Aid partner countries may face particular institutional challenges in the area of mitigation and climate change negotiations. Irish government departments are helping to build the capacity of developing country officials to participate in international climate change negotiations. The Department of the Environment, Heritage and Local Government provides funds to the UNFCCC participation fund and Irish Aid builds negotiators' capacity through the strategic partnership fund. Following greater understanding of the needs of our partner countries, a strong case could be made to intensity this support where needs are found.

Ireland is likely to achieve its Kyoto targets for 2012 (and possibly 2020) by relying on a combination of further domestic measures and the purchase of carbon credits under the flexible mechanisms of the Kyoto Protocol. The latter can include the purchase of carbon offsets in developing countries under the Clean Development Mechanism. The phasing in of a carbon tax on a revenue-neutral basis over the lifetime of the government as proposed in the agreed Programme for Government can, if managed properly, play a role in helping Ireland reach its targets.

The 1997 Kyoto Protocol operationalised in 2005 will probably not prevent climate change from affecting the natural earth system and human societies (Bouwer and Aerts, 2006). Adaptation thus becomes a central component of climate change policy. Policy efforts in this regard have already occurred.

The UNFCCC calls on developed countries to meet the agreed incremental costs of adaptation in full. At the sixth Conference of Parties of the UNFCC in 2001, three funds were created: the Special Climate Change Fund; the Least Developed Countries Fund; and the Adaptation Fund. It was subsequently decided to disburse these funds through the Global Environment Facility (GEF). The task is enormous with the full costs of adaptation to climate change estimated as at least US $50 billion a year. Current funding is significantly below this amount. In the next climate change agreement, it will be necessary to include adaptation funding as a core component.

It is increasingly important to integrate climate change adaptation concerns into the appraisal of development assistance projects and programmes. Irish Aid has begun to focus on climate proofing development programmes and integrating climate change into individual Country Strategy Papers which are the basis for aid disbursement. OECD is developing best practice guidelines to assist this process.

Recommendations

Ireland should continue to play a proactive role within the EU in negotiations for the post-2012 climate change agreement, recognising the important developing country interests at stake in getting agreement on ambitious EU targets to reduce GHG emissions.

Ireland should ensure that the interests of developing countries are taken into consideration in the implementation of EU climate change policy in the post-2012 period.

Ireland should continue to assess the capabilities of partner countries to negotiate in the upcoming climate change talks and provide support through multilateral organisation partners where needs are found.

Ireland should support and contribute to international adaptation funds under the UNFCCC to generate adaptation finance that is sufficient, predictable and additional to the 0.7% aid commitment.

Climate change concerns must be mainstreamed in the dialogue with partner countries on development assistance programmes.

BIODIVERSITY

Support for biodiversity in developing countries is closely related to climate change adaptation programmes in particular in areas at risk of desertification and loss of habitat. The Irish Aid programme should integrate concerns of biodiversity (as well as climate change) into its activities.

Conversely, many development activities aimed at poverty reduction in developing countries are likely to have negative impacts on biodiversity as the value of biodiversity is typically not factored into project implementation. However, the actions that lead to natural resource degradation and loss of biodiversity can negatively impact upon long term economic development. The gains are typically temporary and may exacerbate poverty in the long term as they contribute to deforestation, habitat loss and other environmental losses. On the contrary, a reduction in the rate of biodiversity loss can contribute to poverty alleviation, if priority is given to protecting the biodiversity of particular importance to the well-being of the poor and vulnerable. Moreover, given that biodiversity underpins the provision of ecosystem services that are vital to human well-being, the achievement of the MDGs requires the preservation of biodiversity as part of MDG 7 (ensuring environmental sustainability). Thus, efforts for the conservation and sustainable use of biodiversity need to be integrated with countries' strategies for development and poverty reduction.

Intellectual property right rules on plant variety protection influence the generation and transfer of useful technologies for farmers in developing countries. They are also necessary to protect and ensure an equitable distribution of the benefits from traditional knowledge. Developing countries have sought legal protection for their indigenous genetic resources under the Convention on Biological Diversity (CBD) and the WTO TRIPS agreement as well as payment for the use of these resources. One of the main goals of the CBD is that benefits arising from the commercial utilisation of genetic resources should be shared in a fair and equitable way. Ireland acknowledges that developing countries are important sources of biological diversity, and, in support of this goal, ratified the CBD in 1996.

As Albers and Ferraro (2006) note, little is known about the effectiveness of most of the policies implemented to protect biodiversity. A recurrent theme at a workshop on International Financing of Biodiversity Conservation in Developing Countries held at University of California, San Diego in December 2003 was the lack of well designed empirical analysis of programme effectiveness. Through either EU or domestic research funds, Ireland should support well designed empirical analysis of conservation efforts.

Recommendations

Biodiversity concerns should be taken into account in development aid projects as part of the mainstreaming of EIAs and SEAs in development aid projects.

New innovative international mechanisms to improve biodiversity that overcome the inherent coordination problems should be supported.

Understanding of the effectiveness of biodiversity conservation programmes is weak. Well designed empirical analysis of conservation efforts should be supported through EU and domestic research funding.

GMOS

Despite fears that restrictive EU GMO policy could have a negative impact on developing countries, the evidence suggests that these fears have been overstated. Concern exists that the biotechnology revolution is by-passing the food crops of the poor and the exports of the developing countries. The EU and Ireland should be supportive of the adoption of high yielding, weather resistant crops in developing countries and provide technical advice to address any health or environment concerns faced by developing countries.

Domestically, the dispersed allocation of government responsibility for GM policy creates challenges for the PCD agenda. Four government departments and two state agencies share responsibility for GMOs and there is evidence of differing stances between the departments. The Department of the Environment, Heritage and Local Government is responsible for legislation in relation to the contained use of genetically modified organisms and the deliberate release of GMs into the environment. The Environmental Protection Agency is the national competent authority for the related EU directives. The Department of Agriculture, Fisheries and Food has responsibility in relation to the production of genetically modified crops, including co-existence, and the use of genetically modified seeds and genetically modified produce in animal foodstuffs. The Department of Health and Children leads on genetically modified foods, with the Food Safety Authority of Ireland designated as the national competent authority for this purpose. The Department of Enterprise, Trade and Employment is the lead Department in relation to the development of modern biotechnology in the context of ensuring that Ireland is forward looking and progressive in terms of the requirements of a knowledge based economy. This dispersion of responsibilities makes it more difficult to take account of developing country interests in the adoption of policy. A specific inter-departmental co-ordination mechanism on GMOs could play a role in overcoming this fragmentation of responsibilities and could provide input to the Inter-Departmental Committee on Development on developments in this area.

Recommendations

Research should be undertaken to provide a better understanding of the implications for developing countries of EU policy on GM crops and foods.

Mechanisms are required to ensure that developing country interests are taken into account in the formulation of Irish GMO policy, given the very dispersed responsibility for this policy area in the Irish political system.

BIOFUELS

Support for biofuels have become one of the most controversial EU policies since criticisms of agriculture support programmes such as CAP from a PCD perspective. While the recent rise in global food prices can be only partially attributed to biofuels, the argument for a reassessment of biofuels policies is strong.

EU biofuels policy is formulated in two pieces of legislation: the revision of fuel quality standards and a framework for the promotion and use of renewable energy. The two controversial aspects of these measures are the definition of sustainability criteria for biofuels and the target level for biofuels incorporation into transport fuels and whether it should be binding or not.

Sustainability criteria will be included in both pieces of legislation, but there is political debate on the level of GHG savings which should be required, on the inclusion of social criteria, and on the calculation of the land use change effects. The Commission has proposed that biofuels would have to meet a minimum 35 per cent GHG saving to count towards the target, but some member states would like to see this set at a higher level, or at least to increase over time. The inclusion of social criteria has been accepted, but there is disagreement on how to measure compliance with these criteria, with some member states worried that too stringent requirements might be deemed incompatible with WTO rules. The question of how to factor in the effect of land use changes is also controversial, with some member states questioning if the science is sufficiently robust to include these changes in the calculated GHG savings. The Commission's proposed 10 per cent target by 2020 is now less controversial once it was clarified that this embraced all renewable energies (including green electricity and bio-hydrogen) for transport, but some member states are still pressing for a lower figure.

Biofuel mandates are likely to be a relatively costly way of reducing GHG emissions, although they are also justified on the basis of their contribution to EU energy security. They also put upward pressure on food prices. Provided that a comprehensive carbon taxation system were put in place, intervention in the biofuels market should be limited to subsidies for R&D. However, EU legislation is now in place. The precise requirements of this legislation will have important ramifications for developing countries. Some developing countries are potentially very well placed to supply an expanding biofuels market in the EU, and will be concerned that the proposed sustainability criteria do not create a significant new non-tariff barrier. On the other hand, the justification for encouraging biofuel use in the EU is further undermined if the GHG emissions saved in Europe are simply substituted by land clearance or unsustainable farm practices elsewhere in the world.

Recommendations

Developing country interests, including the interests of net food importing countries as well as potential exporters of biofuels or feedstocks for the production of biofuels, should be a factor in the government's approach to setting targets under the Biofuel Obligation Scheme.

The government should support efforts to address sustainability concerns around biofuels through a certification system while ensuring that developing country concerns are addressed in the formulation of the sustainability criteria.

Once sustainability criteria are in place, the government should support moves to remove remaining tariffs on imports of biofuels (mainly bioethanol) from developing country producers.

TRANSPORT AND ENERGY SECTORS

Transport and energy sectors are two of the largest GHG emitting sectors in most countries and as such are important in a PCD context for climate change policy. However, there are a small number of other aspects to EU transport and energy policy that are relevant to developing countries and worthy of note. Air travel agreements can support trade, investment or migration links, and Ireland should continue to facilitate such agreements with developing countries subject to safety regulations being met.

With regards to energy policy, opportunities to invest in clean energy technologies in developing countries exist through the CDM and the Global Energy Efficiency and Renewable Energy Fund (GEEREF). Ireland should invest in these mechanisms as well as integrate the energy needs of developing countries into the criteria for domestic energy research grants.

Recommendations

Bilateral air agreements with developing countries should continue to be facilitated, and technical assistance provided to address safety concerns where necessary.

Ireland should continue to invest in the Clean Development Mechanism and the Global Energy Efficiency and Renewable Energy Fund (GEEREF).

Ireland should integrate the energy needs of developing countries into the criteria for domestic energy research grants.

07.

Finance, Enterprise and Science & Technology Policy.

This chapter discusses a range of issues that include national finance, enterprise and science, technology and innovation (STI) policies, intellectual property rights and the Irish position on areas falling within the remit of the international financial institutions (IFIs) such as the World Bank and the International Monetary Fund. We begin by addressing a number of specific themes over which Irish policymakers have direct control. These include administrative and taxation issues relevant to inward and outward foreign direct investment (FDI), and policies on science, technology and innovation. A later section will then take up the issue of the IFIs. Though Ireland has only a low voting share in the decision-making of the IFIs, the country can nevertheless exercise its voice in support of improvements in structures and practices. This might also be necessary to ensure broad political support for the government's overall development effort, especially considering that a sizable portion of Irish aid flows are channelled through the IFIs, especially the International Development Association IDA.[37]

Administrative and Taxation Issues concerning Foreign Direct Investment

At the outbreak of the First World War, more than 80 per cent of the foreign capital stock was located in developing economies, reflecting the importance of railway building, the extractive industries and the colonial control of international trade at that time. Today, by contrast, the vast bulk of the global FDI stock is located in the developed world, and contemporary FDI tends to be associated with activities which are intensive in the use of "knowledge capital" (patents, blueprints, formulae, managerial and work procedures, marketing knowledge, reputations and trademarks).

Though Ireland has long been known as a successful location for inward FDI, outward FDI by indigenous Irish multinational companies has grown substantially over the last two decades. As yet, however, very little of this outward FDI has gone to the developing world.

37 Certain NGOs have called for Ireland not to support the current round of IDA replenishment because of their opposition to IFI conditionality policies.

OUTWARD FDI

A relevant question here is whether Irish policies and Irish legislation in regard to outward investment have been as supportive of the interests of potential host countries as are those of other EU and OECD countries. Ireland does poorly in the Center for Global Development "Commitment to Development Index" (CDI) with respect to outward FDI.

- Ireland is judged by the compilers of the index to have neither tax sparing arrangements nor a system of tax credits in place to ensure avoidance of double taxation.[38]
- While Ireland does not restrict outward investment by pension funds in emerging markets, there is no official support for portfolio flows, for example by lending start-up capital to mutual funds investing in developing countries.
- Ireland is deemed not to be providing official assistance to firms in identifying direct investment opportunities or to help developing countries to set up investment promotion agencies (though such assistance has been provided in the past).
- Under the heading of "prevention of bribery and corrupt practices", Ireland is awarded only a mediocre rating on "publish what you pay" and on the Transparency International Bribe Payers' Index, which measures the perceived propensity of nationals to bribe abroad.[39]

If these criticisms are valid, there is a sizable potential policy agenda for improving the environment for outward foreign direct investment from Ireland with benefits for developing countries. We consider each of these issues in turn.

On the question of tax sparing, the Department of Finance notes that "in line with the OECD position which we follow generally in our treaties, we are in general not now in favour of giving tax sparing in our treaties. However in some recent negotiations with developing countries we have agreed to specific targeted and time-bound tax sparing provisions."

A 1998 report by the OECD Committee on Fiscal Affairs entitled "Tax Sparing: a Reconsideration" stated that tax sparing is very vulnerable to taxpayer abuse and also that it is not necessarily effective in promoting economic development. The Committee expressed the view that tax sparing should only be considered in regard to states whose levels of development are considerably below that of OECD member states and that the provisions should be given in respect of projects and investments aimed at developing the domestic infrastructure of the source State.

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38 **Tax-sparing is a concept encountered in numerous double taxation treaties between developed country and developing countries. It means that a tax credit is granted by both parties for income earned in the developing country, which offers an incentive for taxpayers in the developed country to invest in the developing country.**

39 **The relevant question relating to "publish what you pay" is: has Ireland participated in initiatives to promote transparency in payments, taxes, receipts, and expenditures that its multinationals pay to foreign governments. Examples include the Extractive Industries Transparency Initiative (EITI), the G-8 Anti-Corruption and Transparency Action Plan, the Kimberly Process to control trade in "blood diamonds", and the World Bank trust fund to combat bribery.**

Recommendation

Tax sparing in double taxation treaties between Ireland and the least developed countries should be considered. As a pilot project this could begin with some of the Irish Aid programme countries.

On capital flows to developing countries, the 'Forfás Statement on Outward Direct Investment', issued in September 2007, concluded that 3 per cent of Irish ODI projects are in Africa and 6 per cent in Developing Asia Pacific countries. The Department of Enterprise, Trade and Employment (DETE) notes that Enterprise Ireland has a support service for clients interested in accessing opportunities in Africa and elsewhere. While there is no specific support for portfolio flows, DETE responds that Irish policies do not discourage investment in developing countries. It might also be noted that the controversy that ensued over Irish export credit insurance for beef exports to Iraq in the 1980s might militate against more direct support.[40]

One area where Ireland would have much to offer developing countries, given the history, experience and success of the Industrial Development Agency, is in the establishment of investment promotion agencies, perhaps under the auspices of the Foreign Investment Advisory Service, a service which is managed by the International Finance Corporation and supported by the Multilateral Investment Guarantee Agency and the World Bank. The IDA has in the past been involved in helping design Costa Rica's strategy to attract FDI and in establishing the highly-rated Costa Rican Investment Promotion Agency, CINDE (Clark, 1997).

Recommendation

The Department of Enterprise, Trade and Employment should seek to encourage the use of the skills and experience of the Industrial Development Agency in helping to establish equivalent good-practice agencies in developing countries.

Research by the World Bank and others has shown that countries that tackle bribery and corruption can boost national incomes and significantly reduce the effects of poverty such as the incidence of child

40 **The export credit insurance provided by the Irish government meant that the Irish taxpayer guaranteed to pick up the tab if the buyer defaulted. This was one of the matters which led to the establishment of the Beef Tribunal.**

mortality and preventable diseases such as Aids and malaria.[41] Developing countries cannot do this by themselves, however. Ireland and other wealthy nations need to stamp out bribery and corruption by their own companies if the developing world is to make any headway.

On the prevention of bribery and corruption, the Department of Finance comments that "Ireland's compliance with international money laundering standards was evaluated by a Financial Action Task Force on Money Laundering (FATF team) in 2005. The report found Ireland's compliance level to be broadly comparable with other EU countries. The areas where Ireland's money laundering regime was found deficient will be addressed in a forthcoming Criminal Justice (Money Laundering) Bill which will transpose the 3rd Money Laundering Directive into Irish Law."

The DETE reports that it is "actively engaged in creating awareness amongst companies and relevant agencies, of the OECD Convention on combating bribery of foreign officials. Different units of the Department are working in their respective areas to ensure that the OECD initiative is brought to the attention of all relevant parties and bodies." Furthermore, a provision was introduced in the 2008 Finance Act (s. 41) expressly denying the tax deductibility of bribes.

Recent OECD reports remain critical, however, of Ireland's efforts to prevent the practice of bribery and corruption abroad by Irish companies.[42] They 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. Our recommendations follow from these studies.

Recommendations

Efforts should be stepped up to raise the level of awareness of the foreign bribery offence within the public administration, Enterprise Ireland, Irish companies and the Irish accounting and auditing professions, and procedures should be established for reporting information and/or suspicions to law enforcement authorities in Ireland.

41 **World Bank figures suggest that US$1 trillion is paid annually in bribes worldwide. This is over twenty times the amount OECD countries provide in international aid every year.**

42 **See e.g.: http://www.transparency.ie/Files/2007oecdphase2reviewireland.pdf**

Comprehensive measures to protect public and private whistleblowers in order to encourage employees to report suspected cases of foreign bribery without fear of retaliation should be put in place

INWARD FDI

Ireland is one of the most FDI-intensive economies in the world. In part, this is explained by its English-language and common-law environment, its political stability, the skills and experience of the Industrial Development Agency, and the country's human capital endowment and membership of the EU. Its low rate of corporation tax, however, is also widely recognised to be a key factor in attracting inward FDI. The question then is whether the low rate of corporation tax available in Ireland might encourage mobile multinational corporations to locate in Ireland rather than in some developing countries. If so, then it poses an issue of policy coherence.

A 2008 Christian Aid report entitled "Death and Taxes: the True Toll of Tax Dodging" argues that "while the government of Ireland has in recent years laudably increased its aid budget, at the same time it has adopted many of the characteristics of a tax haven, thus helping to facilitate tax losses in developing countries." It is important to note that Ireland is not deemed by the OECD (or any other official body) to be a tax haven as it does not meet the relevant criteria, which are (i) no or very low taxes, (ii) a lack of exchange of information, (iii) lack of transparency and (iv) no substantial activities in the country (OECD, 2001).

The developing country tax losses highlighted in the Christian Aid report are argued to arise through (i) "transfer mispricing" (ii) and Ireland's Patent Royalty Tax Exemption scheme. Transfer mispricing occurs when trades between subsidiaries of the same multinational parent company are artificially inflated or deflated to minimise recorded profits in high-tax locations and maximise taxable profits in low-tax locations. Transfer prices are supposed in law to reflect the prices that would apply to arm's-length transactions between unrelated parties. It is well known that there are many goods for which arm's-length prices do not exist – most notably intangible assets – so that the law can be difficult to police. Intangible assets are particularly prevalent in sectors characterised by high advertising and R&D expenditures. Few of Ireland's imports from developing countries are located in these sectors, however. Christian Aid's focus on the patent royalty scheme seems similarly misdirected. If it does, as they suggest, mean that Ireland has taken on some of the characteristics of a tax haven (an assertion that official sources would strongly dispute), its effect would be to draw royalties away from locations such as the US where a disproportionate share of the R&D may be argued to have been carried out, rather than from developing countries.

As to whether Ireland attracts FDI projects away from developing world locations, even IDA Ireland will not always know if a project has been secured at the expense of a low-income country, thus ruling out any attempt at a compensatory policy of moderating grants for inward investment when the nearest competitor is a developing economy. Whether this is so or not will in any case depend on the type of project. Numerous middle-income economies may well be in the frame for some services-offshoring projects such as call centres, but given that even the UK has a sizeable call-centre sector, there is no guarantee as to where these projects would go if Ireland were not the chosen location. In one of Ireland's important FDI-dominated sectors, Pharmaceuticals, it is known that the alternative locations competing with Ireland include Singapore and Puerto Rico, but neither of these are low-income economies. For many of Ireland's other FDI-dominated sectors, it is more likely that the alternative locations that would be considered would be in Central and Eastern Europe.

In support of the last point, one of the leading international experts in the field of FDI location, James Hines Jr., argues that corporation taxes will only be a crucial determining factor when other locational factors – such as the existence of a pool of well qualified labour, reasonable infrastructure, business-friendly and robust political structures and membership of wider economic unions such as the EU – are similar. This again suggests that Ireland's main competitor countries for the type of FDI that it attracts will be much more advanced economies than those with which Irish development assistance is concerned. Finally, it should be noted that the Foreign Investment Advisory Service consistently argues against the effectiveness of tax incentives in attracting FDI to developing countries (Wells et al, 2001).

Over the longer run, however, discussions within the EU on corporation tax harmonisation or consolidation are likely to bring the sustainability of Ireland's tax advantages under pressure. If this is so, it could become a plank of Ireland's negotiating position in these discussions that whatever changes in EU tax policy are adopted should not worsen the position of developing countries. In that way, even if Ireland is eventually to see its corporation tax advantage becoming eroded, something positive in the direction of policy coherence would be gained.

Recommendation

If the sustainability of Ireland's corporation-tax advantages come under increasing EU pressure in the years ahead, a principle of Ireland's negotiating position should be that any changes in EU tax policy should not worsen the position of developing countries.

Science, Technology and Innovation Policy

Following a number of strategic reviews, Science Foundation Ireland and other agencies have made rapid progress in rectifying the previous lagging state of R&D in Ireland. The most recent Irish government policy statement—the *Strategy for Science, Technology and Innovation 2006–13* —assesses the relative position of Ireland, identifies priority research areas and outlines proposed research developments and supporting actions over the period covered. The goals are both qualitative —"*an established international profile for Ireland as a premier location for carrying out world class research and development"* and quantitative —"*double the number of PhD graduates by 2013"*. Ireland's SSTI is not exceptional in lacking any reference to international development or the MDGs. However, there are a number of areas of potential overlap between Irish STI strategy and the development objectives set out in the 2006 White Paper on Irish Aid.

While R&D leading new knowledge and new products or services can contribute to global development and the achievement of the MDGs in numerous ways, through the transfer of these factors from the developed to the developing world, there are particular problems associated with the general orientation of R&D towards the needs of developed countries.

The major problem involved can be understood by considering how the patent mechanism works. It incentivises innovation by granting temporary monopoly rights to patent holders, which allow them to make a profit sufficient to recoup the costs of their R&D investments. The lower profits to be derived from research into problems that are largely confined to low-income countries means that less privately-funded R&D is directed towards tackling these problems.

Relative to social need, for example, there is a dearth of R&D on vaccines and other health technologies for diseases concentrated in poor countries. The R&D needed for tropical agriculture is also distinct from that appropriate to temperate countries, for a number of reasons. Some staple crops grown in tropical countries, such as cassava and millet, are neither grown nor imported by rich countries. Tropical countries also have distinct agro-ecological systems, including higher average temperatures, relatively fragile soils, a lack of a seasonal frost, and ecozone-specific weeds and pests. The types of technologies most useful in poor countries are also often different from the technologies used in rich countries, because farming in poor countries tends to be smaller in scale, less mechanized and less likely to be fertilized.

There are alternative reward mechanisms to the standard patent model that can address these issues as well as mitigating the trade-off between promoting innovation and maximizing access to innovations once developed. Some of these innovative mechanisms can complement traditional foreign aid mechanisms, resulting in an expanded and more flexible set of tools for addressing development policy goals.

One such mechanism, which has been proposed primarily in the context of vaccines for so-called "neglected" diseases such as malaria, is known as Advance Market Commitment (AMC).[43] Under AMCs, one or more sponsors legally commit themselves in advance to underwrite a guaranteed price for a number of predefined purchases of a needed product (such as a malaria vaccine), conditional on its development, a market test mechanism to ensure that the product is desired by its target consumers, and the product meeting a set of technical specifications set out ex ante. This higher guaranteed price provides an economic return for developers of the product, and in exchange these developers agree to a cap in the long-run price that they charge for the product. In essence, it functions like a prize: if no suitable product is developed, no AMC payments are made.

AMC employs the market mechanism. It does not require sponsors to make decisions about which technological approaches are most promising or even whether it is technically feasible to produce the product at all. If a desired vaccine is developed however, an AMC is likely to be extremely cost-effective from a public health perspective (Berndt et al, 2007).

A number of sponsors – including the governments of Italy, the UK, Canada, Norway and Russia, together with the Bill & Melinda Gates Foundation – recently announced a $1.5 billion pilot AMC for a pneumococcal vaccine suitable for children in the developing world, where pneumococcal diseases are a leading cause of child mortality (child deaths from these diseases in the developed world are rare). The technological challenge involved in developing a new version of the vaccine covering these strains is modest relative to that involved in developing a vaccine for malaria or HIV, and several firms are already working on the problem. UK Prime Minister Gordon Brown has suggested that this be the first in a series of AMCs to encourage the development of vaccines against developing-world diseases.

While the private sector has been playing an increasingly important role in agricultural R&D over time, market incentives are also lacking for private firms to focus their efforts on innovations needed specifically in tropical areas, where agricultural productivity is hugely important, both because of the large share of agriculture in these economies and because of widespread undernourishment. Innovations in areas such as pest-resistant seeds, drought–or saline–resistant seed varieties and nutritionally-enhanced plant varieties (such as "golden rice", which is rich in Vitamin A) could be hugely beneficial.[44]

43 This discussion draws on M. Kremer and H. Williams (2008) Promoting Innovation To Solve Global Challenges: Opportunities For R&D In Agriculture, Climate Change And Health, German Marshall Fund of the United States.

44 A further market failure inhibiting private-sector R&D in these areas is the potential for resale of seeds, which would eliminate the possibility for seed developers to recoup R&D costs. In rich countries, resale for some products is at least imperfectly prohibited. Prohibiting resale is more difficult in poor countries because farmers are dispersed across small and often remote plots, and seeds are frequently sold in small amounts in rural markets.

The Advance Market Commitment (AMC) mechanism could again be used to raise the incentives for R&D in these areas, as well as in the context of technologies to address global warming and climate change.

Besides participating as a sponsor in funding what seems likely to be a growing number of AMC initiatives, Ireland could participate more directly both by facilitating the training of developing-country researchers and by incentivising research into scientific, agricultural and medical research problems associated primarily with the developing world.

Recommendation

Ireland should consider participating as a sponsor in emerging Advanced Market Commitment projects to support the development of appropriate R&D for developing countries.

On the training of developing country researchers, the Department of Education and Science states that it has agreements or Memoranda of Understanding with Ministries in a number of other states to facilitate co-operation between the two education systems and, in many cases, to provide reciprocal funding for small numbers of scholarships, teacher or professor exchanges or other forms of people-to-people exchange. The Department does not currently have any such agreements with Ministries in developing countries.[45]

An important research-oriented initiative was the announcement in 2007 that the Higher Education Authority and Irish Aid were to jointly fund "An Irish-African Partnership for Research Capacity Building" with the overall objectives:[46]

— To build the capacity for development research in Irish and Northern Irish universities, and
— To build the capacity for research in four African universities in health and education, and the cross-cutting themes of ICT and gender.

Ireland's SFI-sponsored research agenda is focussed mainly on ICT and Biotechnology. Within both broad areas there are niches of expertise that may be of particular relevance to developing countries. Software Localisation is crucial in providing indigenous language documentation and

45 Some of the Irish universities conduct related initiatives without reference to the Department. For example, since 2005 NUI-Galway has offered scholarships to students from South Africa, Ethiopia and Sri Lanka, which is directed towards "outstanding individuals who can assume leadership roles in their fields of study and who can contribute to development in their society on return from Ireland".

46 Irish-African Partnership for Research Capacity Building (2008) http://www.crossborder.ie/research/africahome.php.

content and, in this technology, Ireland holds a leading position (see http://www.localisation.ie/).

Global software development is also a research speciality while, for economic and environmental reasons, Ireland is now investing heavily in 'clean energy' research including wave, wind, biomass and biofuels. In the wave and wind areas, Ireland may soon have technology of value to transfer and an Irish company, Mainstream Renewable Power, has recently announced a significant investment in Chile.

Recommendation

The progress of the Irish-African Partnership for Research Capacity Building should be monitored carefully with a view to scaling-up these types of initiatives in the future.

Science Foundation Ireland should consider the incorporation of international development goals in the Science Technology and Innovation policy-setting process.

Science Foundation Ireland and the other relevant authorities should consider facilitating and incentivising the participation of developing-country researchers as an outreach component of Ireland's new scientific research centres.

INTELLECTUAL PROPERTY RIGHTS ISSUES

Until relatively recently it was taken for granted that developing countries would not be overly diligent in recognising intellectual property rights (IPR) and in collecting IPR-related licensing fees. Successful Asian economies had a history of copying all forms of western technology that they could acquire. Authors continue to debate, even now, whether today's poorest countries should be overly assiduous in enforcing IPR laws (Saint-Paul 2005). We will concentrate in this discussion on the two domains that are of greatest concern for IPRs in the developing world, Software and Pharmaceuticals.

It is worth noting that the United Nations makes explicit reference to information and communications technologies (ICT) and IPR only in relation to Millennium Goal number 8 but that, in reviewing progress on the MDGs, African leaders frequently cite the low levels of connectivity as a major obstacle.

The modern era of IPRs began in 1970 with the establishment of the World Intellectual Property Organisation (WIPO) as a specialised UN agency. WIPO had the aim of 'developing a balanced and accessible international intellectual property system, which rewards creativity, stimulates innovation and contributes to economic development while safeguarding the public interest'. WIPO administers multilateral treaties but has no independent powers of enforcement. The most developed countries, and especially the United States, were unhappy with this and insisted that the 1986 Uruguay Round of GATT negotiations should address the issue of 'Trade-Related Aspects of Intellectual Property Rights' (TRIPS). TRIPS was to become an integral part of the Marrakesh Agreement establishing the World Trade Organisation in 1994 and effectively extended the dispute settlement provisions of the WTO to the protection of the monopoly rights of major corporations. Stiglitz (2006) argues that 'intellectual property does not really belong in a trade agreement' since IPR is no more 'trade-related' than, for example, the body of international labour regulations (p.116). TRIPS is not scheduled to be fully implemented in the poorest countries until 2015 but it has already been implemented in major emerging economies such as India and Thailand.

Some aspects of TRIPS were controversial from the outset. In particular, the restrictions placed on the production and distribution of generic forms of patented drugs were felt to be unreasonable and unjust. In the declaration launching the Doha Round in 2001 the WTO unanimously agreed that where members had insufficient ability to manufacture generic drugs they could import them. This 'paragraph 6' measure has allowed developing countries to import cheaper drugs for AIDS and other major diseases, often from India. During the past five years, however, a trend has emerged where the US government has made its bilateral and regional free trade agreements conditional on the insertion of additional, more restrictive, IPR clauses (the so-called 'TRIPS-plus' agreements).

Campaigning groups argue that the Doha declaration 'has not facilitated delivery of affordable, generic medicines to poor countries with insufficient or no drug manufacturing capacity' (Oxfam 2006). While some countries such as India have continued to assert their rights under Paragraph 6, others such as Malaysia have ceased to do so. Oxfam is of the opinion that, rather than implement the Doha provisions, 'the USA has shackled developing countries with ever-higher standards of intellectual property protection that exceed the TRIPS Agreement [while] member countries of the European Union have silently watched and reaped the benefits of the US trade agenda'. Rich countries have also pressed for 'data exclusivity' which has the effect of further delaying the provision generic drugs.[47]

47 Data exclusivity is distinct from patent protection but has the effect of preventing national agencies from using the inventing company's data when approving 'therapeutically equivalent (or "bioequivalent")' generics. The TRIPS Agreement itself does not require any exclusivity on pharmaceutical test data. In the view of Médecins Sans Frontières (MSF 2005), data exclusivity 'creates a patent-like monopoly during the period of data exclusivity, which usually lasts from five to 10 years'. Stiglitz (2006, p.315) asserts that it 'goes completely against the spirit' of traditional patenting.

TRIPS has also facilitated the global patenting of plant and animal genetic sequences. Though nothing is being invented in this situation, the discovery is held to lie in showing the impact of the gene sequence. The information so obtained has been deemed eligible for protection by the US Patent Office. In some cases this has extending to the patenting by local subsidiaries of MNCs of indigenous plant and animal species so that they become available only under licence to local organisations. In combination with the development of genetically modified plants that require the use of proprietary herbicides, this development is seen by many in the developing world as threatening their traditional autonomy.

For some time the OECD (OECD 2003) has recognised the 'need for a rapid resolution of widespread concerns' about the relation between IPRs and technology transfer for development. 'Biodiversity and traditional knowledge require protection and proper remuneration. Ways must be found to encourage research that delivers global public goods that help facilitate access by partner countries to products and services that improve their health, education, science and technology bases' (OECD 2003, p.6). Reconciling such collective ownership with the prevailing IPR regimes will not be easy but there is a widely recognised danger that developing countries may be deprived of the benefits they have reaped in the past from traditional knowledge. Notoriously, patents of turmeric, basmati rice and oil from the (Indian) neem tree have all been granted by the US Patent Office and, while many of them have been overthrown following litigation, the cases nevertheless have had to be fought. Stiglitz proposes two immediate measures: an international agreement recognising traditional knowledge and prohibiting bio-piracy and the incorporation into TRIPS of the biodiversity property rights defined in the Convention on Biological Diversity (Stiglitz 2006 p.127).[48] Similar proposals have been advanced by Norway (Norway WTO 2006).

Recommendation

The government should consider supporting the Norwegian proposals for the revision of TRIPS to protect traditional knowledge and indigenous genetic resources and to lobby against the advance of more restrictive IPR regulation and data exclusivity (TRIPS-plus).

48 An alternative would be for all countries to ratify the biodiversity convention. Although signed by the US in 1993, the US has yet to ratify the convention: http://www.cbd.int/convention/parties/list.shtml

The role of IPR frameworks in software has been even more contested. Traditionally software had been classified as 'literary work' and received the protection of copyright. Copying the plot from a novel was not prohibited by copyright, however, so copying the logic rather than the form of a computer program could not be prevented. By the 1980s, software had become the major cost factor in new IT systems and copyright protection was no longer deemed adequate.

Patenting was possible but only when the software was part of a physical device since it was the universal opinion of Patent Offices – US, UK and later the EU – that software, of itself, was not patentable. Many of the fundamental insights and inventions of the software world are consequently not protected by patents.

Over the course of the 1990s, the US Federal Court began to award patents, initially for specific inventions embodied in software but later for what many considered trivial and obvious inventions.[49] While the European Patent Office has expressed alarm that 'computer programs… do not find a stable status throughout the IP world' and calls for 'a complete definition of a computer program, which is clear and accepted by all' (Diallo 2003), others are much less positive about the economic benefit of software IP protection. Mainstream agencies warn against 'overly restrictive licences and global patenting' if ICT is to be adopted rapidly (IFPRI 2005). Within the software profession there is increased questioning of the sustainability of the current US approach to software patenting. Some (e.g. Samuelson 2004) favour a root and branch reform of the US patent system, including a more stringent test for 'non-obviousness'. Others conclude, however, that that 'at present the time and costs associated with collecting, analyzing, and maintaining the information necessary to identify and implement a good policy likely outweigh the potential benefits' (Thatcher & Pingry 2007).

The Free and Open Source Software (FOSS) movement – often called 'libre' software within the EU – explicitly forbids the commercial licensing of any of its output. Revenue is generated only from added services such as support and training, and those who produced the software – and continue to support it – receive no monetary reward. From an economic point of view it could be argued that it is only because the proprietary software provides no redress if it fails that Open Source products can be so widely used within commercial IT.

The Swedish Development Agency has argued that Open Source is a major opportunity for developing countries (SIDA 2004). To the obvious advantage of zero license fees can be added the social inclusion of technical staff in developing countries within a world wide community

49 For example, Amazon's 1-click patent (United States Patent 5,960,411) describes an online system allowing customers to enter their credit card number and address information just once so that on follow up visits to the website all it takes is a single mouse-click to make a purchase from their website. Paul Barton-Davis, one of Amazon's founding programmers, is quoted as calling Amazon's 1-Click patent "a cynical and ungrateful use of an extremely obvious technology." (Stanford 2001).

of OSS developers. Indeed SIDA (2004, p.51) asserts that 'by carefully exploiting OSS, it is possible for a developing country to establish a global position in the IT-driven knowledge economies of the future'.

Ireland and the EU have amassed considerable research knowledge of the costs, benefits and difficulties of using open source software. Pilot projects and experiments in developing countries have highlighted the particular obstacles to pursuing this option, some of which could be alleviated by systematic knowledge transfer (Fitzgerald & Kenny 2004; van Reijswoud and Mulo 2005).

Recommendation

The government should consider facilitating the systematic knowledge transfer necessary to overcome obstacles to the use of open source software in Irish Aid priority countries.

The government should support international developments in software patenting which facilitate developing countries in expanding software development and application activities.

More generally, the government should consider how it can implement its obligation under Article 66.2 of the TRIPS Agreement to adopt special incentives, such as tax breaks and subsidies, to facilitate the transfer of technology, including machinery and equipment, to the least developed countries.

The International Financial Institutions

GOVERNANCE OF THE IFIS

The World Bank and the IMF are the most important international agencies affecting national economic policy in developing countries. Although part of the UN system, the two agencies have a distinct governance structure, with weighted voting systems only slightly modified over the years since the agencies were established in the very different conditions of the 1940s. The allocation of voting rights has traditionally been very similar in both organisations.

The major practical issue surrounds the allocation of voting rights, which have been weighted heavily towards the advanced industrial countries. For example, the United States until recently had 16.7 per cent of the voting rights and the members of the European Union had between them 32.0 per cent.[50] Indeed, where qualified majority voting applies, the US share was sufficient to block all opposition on these important decisions.

Each member country of the IMF gets the same basic allocation of votes, but the bulk of the voting power comes from additional votes which are allocated in proportion to the member's quota (representing the financial subscription that the member pays).[51] In turn, the quotas have been based on a formula linking total GDP, trade, export volatility and official external reserves. This formula was originally devised in the 1940s and began to be substantially modified only in April 2008, though quota revisions in the interim did not fully responded to changes in what the formula would yield based on evolving national economic statistics.

Until the April 2008 IMF reforms, Ireland's current voting share had been 0.39 per cent of the total, whereas the formula would have awarded it 1.27 per cent. This made Ireland second only to Luxembourg as the country with the largest percentage shortfall relative to formula. In absolute terms, Ireland's quota shortfall of USD 2.8 billion was the third largest, after China and Singapore.[52] Thus, while most of the complaints about World Bank and IMF governance have come from the developing countries and their advocates, and the allocation of voting rights was indeed weighted heavily in favour of the advanced industrial countries, individual developed countries were also disadvantaged by the existing arrangements.

Reforms were advocated in some quarters to shift voting strength in the direction of developing countries. Only a very superficial view would conclude that voting power should move completely away from criteria that relate to economic power. Given that China and India between them account for 36 per cent of world population, an allocation based on population, for example, would give them a preponderance that would be unacceptable to most other participants. Agencies with a one-country one-vote structure, on the other hand, would risk quickly losing the backing of governments commanding significant economic power. Recent thoughtful contributions to the reform debate have been made by experienced former public servants Birdsall (2006) and Truman (2007).[53]

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50 The Euro area alone accounted for 22.6 per cent of votes, Japan for 6.0 and Canada for 2.9 per cent.

51 Although the degree to which members have to pay their subscription in foreign currency varies depending on each country's level of income.

52 Korea and Malaysia were also underrepresented (relative to formula), but so too were Japan, Germany and Spain. The over-represented countries included Saudi Arabia, Venezuela, India, Nigeria and Argentina, but also France and Russia.

53 At the 2007 Annual Meetings, the Group of 24, an intergovernmental body drawn from the developing countries, expressed the view that GDP measured in PPP terms could be an additional element of the formula, to be "blended" with the standard measure of GDP in order to give developing countries a greater weight, while still reflecting relative economic importance. An additional or alternative device would be to extend the range of matters for which a double majority (members and votes) is required.

In discussion of the proposed reforms, John Hurley, former Governor of the Central Bank & Financial Services Authority of Ireland, stated at the 2006 joint IMF/World Bank meetings in Singapore, that "Ireland fully supports the proposition that the voice of weaker member states should be strengthened…. But it is also to be recognised that if countries like Ireland – already substantially and demonstrably under-represented – are to accept a further decrease in their quota, while others currently over-represented remain so, the under-represented countries are effectively being asked to shoulder a disproportionate share of the burden".[54]

The Singapore 2006 meetings allocated ad hoc quota increases to Mexico, China, Korea and Turkey as the first step in a two-stage process of quota reform. A large-scale quota and voice reform for the IMF was adopted by the Board of Governors of the IMF (including the Governor for Ireland, the Minister for Finance) in April 2008. Besides adjusting quota shares to reflect better the relative weight of members in the world economy, these governance reforms were designed to enhance the voice and participation of low-income members within the institution. Ireland was actively involved in this issue both at EU level and in Washington D.C. When the reforms are implemented, Ireland's new quota will be 0.528% (up from 0.39%). The reforms also entailed a tripling of basic votes to increase the voice of low-income countries and an additional Alternate Executive Director for the two African chairs at the Board. Under the new arrangement 135 under-represented countries will see the total voting rights shift by 5.4 percent in their favour. A new process has also been established for the realignment of quota and voting shares every five years.

Following the reform of IMF quotas, the debate on the governance of the World Bank began in earnest. It is aimed at enhancing the "Voice and Participation" of developing and transition countries (DTC's) in the World Bank. The issue of "Voice" applies to the share of DTC's in the equity and the voting powers of the Bank and the issue of "Participation" is more specifically linked to their representation at the Board and in staff and Senior Management.

The April 2008 Development Committee (DC) Communiqué encouraged the Bank to advance work on all aspects of voice and participation, with a view to reaching consensus on a package of reforms for the Spring 2009 meetings. An initial package of reforms to enhance voice and participation was endorsed by the Development Committee at the Annual Meetings in 2008.[55] The package involves adjustments to increase the voting power and shareholding of developing and transition countries and an additional seat for Africa at the Executive Board which are important components of voice reform. This is a first and important step in

54 http://www.finance.gov.ie/documents/publications/reports/IrelandIMF2006.pdf
55 Development Committee Communiqué, 12 October 2008, siteresources.worldbank.org/DEVCOMMINT/NewsAndEvents/21937474/FinalCommunique101208.pdf

a process of ongoing comprehensive reform. A major review of World Bank shareholding is to take place and consensus on this is expected by the Spring 2011 meetings.

The topic of the selection process for the President of the World Bank also featured during discussions at the most recent Annual meetings.[56] Up to now the Presidency of the World Bank has been in effect in the grant of the US administration, by tacit diplomatic agreement with the other major shareholders (while the Managing Director of the IMF has always been a European). There was broad agreement that is should be merit-based and transparent, with nominations open to all Board members and transparent Board consideration of all candidates. In addition, the Bank has committed to continue enhancing diversity of management and staff within the organisation and decentralizing decision-making to the field. At the Annual meetings in 2008, the acting Governor for Ireland, Dr. Martin Mansergh TD said that 'Ireland supports the current reform process in the World Bank, aimed at widening and strengthening the participation of developing and transition countries in the decision-making of the Bank. We congratulate the Bank for its commitment to this issue.'[57]

In terms of the selection of the IMF Managing Director, the Dutch Presidency of ECOFIN (the Economic and Financial Affairs Council, composed of the Economics and Finance Ministers of all Member States), made the following remarks to the 2007 Annual Meeting of the IMFC on behalf of the Council, of which Ireland is a member: "[EU Member States] are willing to discuss the criteria and the procedure for the selection process of the Managing Director as part of a broader reform including top management from other international financial institutions".[58]

Recommendation

The government should use the moral capital it has acquired – through its long-standing willingness to acquiesce in a lower voting share in the International Financial Institutions than would be implied by strict application of the voting formula – to continue to argue in support of reforms that would increase the voice and participation of developing countries in the International Financial Institutions.

56 Ibid.
57 Statement by the Hon. Martin Mansergh, Governor of the Fund and the Bank for Ireland, at the Joint Annual Discussion, 13 October 2008.
58 http://www.europa-nu.nl/9353000/1/j9vvh6nf08temv0/vhp801k0zuoi?ctx=vga3huh9avzm

IFI Policy on Debt Relief and Conditionality

DEBT RELIEF

The main features of the current policy landscape on debt relief are as follows. A group of some 40 countries designated as highly-indebted poor countries (HIPC) have been identified as eligible for a sizable reduction (cancellation) of debt from (mainly official) creditors under the enhanced HIPC process, subject to achievement of certain targets and conditionalities that are negotiated and approved by the World Bank and the IMF. Under the Multilateral Debt Relief Initiative (MDRI) in place since the Gleneagles Summit of 2005, the same group of countries can become eligible for total cancellation of debt to the IMF and World Bank, as well as the African Development Bank and the Inter-American Development Bank.

In order to ensure that gains from major debt relief are not lost, and to establish a more forward-looking approach to debt sustainability, the World Bank and IMF developed the joint Debt Sustainability Framework (DSF) for low-income countries in 2005. The DSF is an analytic framework used to monitor the evolution of a country's debt burden indicators, and to guide Low-Income Country (LIC) borrowing and creditor lending decisions in a way that matches needs for funds with current and prospective ability to service debt. The DSF has been refined recently.

The indebtedness of non-HIPC countries has also attracted the critical attention of some campaigners. Should a wider set of countries be brought into the net of formal debt relief processes and if so, on what basis? Three separate lines of argument have been developed.

The first relates to the concept of "odious debt." This is debt that has been incurred by a corrupt or oppressive government with a view to personal enrichment, enrichment of a segment of the population at the expense of the rest, or for the purpose of suppressing opposition.

The World Bank has circulated a paper which elaborates on the practical difficulty of relying on the odious debt concept. The paper suggests that if a presumption were to emerge that creditors' claims would not be honoured whenever there was a change of regime in a developing country, access of all developing countries to the international capital markets would be damaged. Given the almost universal acceptance that the citizenry of DR Congo, Liberia and Iraq, for example, can have no moral responsibility for the debts incurred by Mobutu, Taylor and Saddam Hussein, such an analysis might be deemed to be inadequate.

Even when debt is not "odious", it may be heavier than is sustainable by a poor country, as has been recognized by the HIPC and MDRI processes. Part of the argument here relates to the "debt trap": the chilling effect of the debt overhang on investment and growth. This debt trap is most severe when a country's debt is so great that it is unlikely to pay it all, as in that case a disproportionate share of any improvement in economic productive capacity is likely to go to the creditors.

Given that much of any additional debt cancellation would relate to private creditors, there is a need for analysis to arrive at a basis for allocating the costs among private creditors and donors. In this context proposals for some form of international sovereign debt restructuring mechanism based on a universal international treaty become highly relevant. The most high-profile proposal of this type came from the then Deputy Managing Director of the IMF, Anne Krueger (2002). The IMF-Krueger proposal for an international bankruptcy court did not envisage a write-down of debt in the interest of poor people based on ethical considerations. Instead, it was designed to facilitate mutually beneficial settlements between the debtors and creditors in conditions where sovereign bankruptcy is not available. However, a similar mechanism could be used to impose settlements in the interest of the poor residents of debtor countries. This indeed is what is proposed by some debt cancellation activists. Since the Bush administration declared its hostility to the IMF-Krueger initiative, it has been dormant. But some such proposal could re-emerge under a new US administration and if so, the ethical considerations that should guide any proposed court's decisions would need to be considered in the governing treaty.

CONDITIONALITY

Policy conditionality has long been a natural concomitant of IMF lending. The reasoning behind the imposition of pre-conditions (satisfactory implementation of a "poverty reduction strategy paper" and maintenance of macroeconomic stability under an IMF-approved arrangement) is that donors desire assurance that the relief will not simply be dissipated in corrupt or unproductive spending, or in an outflow attributable to unsustainable macro policies. Similar reasoning has underlain the relatively elaborate policy conditionality accompanying structural adjustment and more recent policy development loans of the World Bank.

A number of questions have come to be asked about the types of conditions imposed. These include (i) the question of whether a universally effective economic and social policy blueprint for development is sufficiently well established to justify its imposition as a condition for the transfer of concessionary resources; (ii) the issue of ownership: if a detailed set of conditionalities is proposed to an unconvinced government as the price of financial assistance, how well will it be implemented? (iii) the issue of implementation capacity,[59] and (iv) the desirability of allowing a democratically elected government the policy space to design and implement measures adapted to local economic and political conditions. Reflecting these kinds of consideration, some have advocated a move away from policy conditionality and in favour of broad budget support for governments which the donors see as complying with a minimally-detailed set of qualifications.

59 Even negotiating the exhaustive sets of conditions that have been included in numerous loans, let alone implementing them, has imposed a heavy administrative burden on low-income aid recipients.

The IFIs have responded to some of the critiques. During 2007, for example, the World Bank reviewed its latest experience with conditionality based on a comprehensive review of all operations. The resulting report entitled Conditionality in Development Policy Lending shows that progress has been made regarding the World Bank's adherence to Good Practice Principles.[60] In particular, the paper gives broad evidence for government ownership of Bank-supported programs, including where they support sensitive reforms, and for the use of analytic work to identify ways to reduce negative poverty and social impacts of policies and to enhance positive ones.

IDA15 delegates endorsed the key messages of the report and the 2007 consultations; to respect ownership, give space to develop home-grown reform programs, and promote greater involvement of local counterparts in planning and execution of analytic work. They also welcomed the proposal to further review the application of conditionality in FY09.

Ireland has been a participant in these international debates, particularly on debt relief. Indeed, Ireland was the first EU member state to argue for multilateral debt cancellation, in 2002.[61] Importantly, Ireland's bilateral assistance to the developing world is exclusively in the form of grants rather than loans. The Government has also provided very significant resources for the two main international instruments to address the problem, the MDRI and the HIPC initiative. Ireland's share of the total cost of debt relief provided by the World Bank under MDRI is €58.64 million and it was the first country to pay these monies up-front. The Government contributed this amount in full in 2006. Ireland has also contributed over €20 million to the HIPC initiative, which is implemented by the World Bank and the IMF, with the objective of reducing the debt burden of qualifying countries to sustainable levels. This included an additional payment by Ireland of €6m to the HIPC Initiative, as an indication of continued support for the world's poorest countries. It is intended to review the 2002 Debt Strategy, which was jointly prepared by the Departments of Foreign Affairs and Finance, in 2009. Ireland can continue to mobilise political and intellectual capital and bring this to bear on the international debate. In response to a recent parliamentary question, it was stated that "the Irish Government supports the development of an international consensus on responsible lending and borrowing procedures and welcomes the dialogue which the World Bank has opened with civil society groups and others on the complex issues involved."

60 http://siteresources.worldbank.org/PROJECTS/Resources/40940-1114615847489/Conditionalityfinalreport120407.pdf

61 "Ireland took a lead in advocating 100% debt relief for the Least Developed Countries (LDCs), becoming the first government of a developed country to do so" (White Paper on Irish Aid). See also EURODAD http://www.eurodad.org/whatsnew/reports.aspx?id=796.

Recommendation

The government should directly invest intellectual capital in support of the development of an international consensus on conditionality and responsible lending and borrowing procedures.

08.

Development Incoherence Issues with Defence and Security Policy.

Importance to Developing Countries

Conflicts and instability in developing countries, in particular in Africa, remain one of the biggest development challenges. Over 50 per cent of the countries in Africa and 20 percent of the African population were affected by either regional or domestic conflict in 2000 (DFID, 2004). Conflict and instability prevent progress towards the Millennium Development Goals by undermining social and economic gains and destroying civil and political institutions. Peace and security are regularly cited as the biggest 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).

The economic and social costs of these conflicts are immense. Since 1960, the cost of war in Africa has included the loss of over 8 million people (69 per cent of whom were civilian causalities), the destruction of economic and administrative infrastructure, displacement of millions of people, unethical debts and severe damage to the continent's image as a destination of foreign direct investment (DFID, 2001).

The causes of conflict in Africa are complex and interrelated. Chief among the causes are weak state institutions, many of which were poorly created with fragile foundations following the end of colonialism. Since independence, poor and volatile economic growth performances have served to undermine the credibility of these institutions. In a comprehensive document the UK Department for International Development (DFID) outlined nine secondary and tertiary causes of conflict in Africa including natural resources abundance, the availability of arms, the abuse of ethnicity, the absence of an independent, well-informed civil society sector, unemployment, lack of education and population pressure and misplaced humanitarian and development assistance (DFID, 2001).

The Policy Context

Over the last 50 years, many OECD countries have considered overseas development assistance (ODA) and military/security objectives in developing countries in isolation from each other. As a result, development efforts in many countries have been undermined by conflict and instability, while military/security operations have failed to understand the local development priorities. However, as the centrality of peace and stability for economic development has become better understood and the cold war era has passed, a more positive role for OECD security policy in peacekeeping, crisis management, rescue operations and Security Sector Reform (SSR) in developing countries has emerged.[62]

EU FRAMEWORK

The concepts underlying European Security and Defence Policy have evolved since 1992 in response to among other things, an increased emphasis on development interests and the crystallisation of developing country needs. The EU is committed to, continued engagement in the so-called Petersberg Tasks that define permissible EU military activity in external countries. The "Petersberg tasks" were originally agreed by the Western European Union (WEU) at a summit at the Hotel Petersberg near Bonn in 1992. They were subsequently included in the Treaty of Amsterdam in 1997 and cover humanitarian and rescue tasks, peace-keeping tasks and tasks of combat forces in crisis management, including peacemaking. The extent of permissible activities under ESDP is defined in Article J.7 of that Treaty as follows:

> "The common foreign and security policy shall include all questions relating to the security of the Union, including the progressive framing of a common defence policy... Questions referred to in this Article shall include humanitarian and rescue tasks, peacekeeping tasks, and tasks of combat forces in crisis management, including peacemaking."

The EU's increasing commitment to security and defence policy can be seen from the growing number of operations under the ESDP. In spring 2008, two significant EU peace enforcement operations were active, one in Bosnia and Herzegovina, and the other in Chad and the Central African Republic.

62 **SSR is the idea of rebuilding a state's security sector. The overall aim is to ensure a democratically run, accountable and efficient security system so as to reduce the risk of violent conflict and ensure the safety of the people, which in turn will help to create the necessary conditions for longer-term socio-economic development.**

In terms of EU capabilities, in 1999 the EU leaders initially agreed that by 2003, they would be in a position to deploy a 60,000 strong EU military force drawn from member state armies called the Rapid Reaction Force (RRF). The RRF would be capable of being deployed within 60 days and maintained in the field for at least a year. It was to have an operational radius of 4,000 kilometres from EU borders (Institute of European Affairs, 2000). This concept has subsequently evolved further in the Headline Goal 2010, to include the capacity to deploy smaller and more mobile very high readiness forces ("a Battlegroup") capable of being deployed within 10 days of agreement by the EU Council of Ministers to launch a mission. A Battlegroup is a "battalion sized force, reinforced with Combat Support and Combat Service Support elements" which is "designed for a range of possible missions" (CEU, 2006). Each Battlegroup is composed of plus or minus 1500 troops capable of being sustained in the field for 30 days, extendable to 120 days if re-supplied appropriately. Ireland, along with Sweden, Norway, Finland and Estonia, was a member of the EU's Nordic Battlegroup; Sweden and Finland share Ireland's neutral status, while Norway and Estonia are members of NATO. The Battlegroup was on standby between January and June 2008.

SECURITY SECTOR REFORM

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.

At end-2008, eight large EU SSR programmes operations were active. These included SSR programmes in the Congo and Guinea-Bissau, rule of law missions in Kosovo and Iraq, police support missions in Bosnia and Herzegovina, Palestine and Afghanistan and border assistance missions in Moldova/Ukraine and Gaza/Egypt. In addition, small EU SSR initiatives, involving small numbers of personnel providing capacity building support to local institutions, have taken place in over 70 countries since 2002. Ireland had 18 personnel deployed on four ESDP civilian missions as at 31st December 2008. Nine were deployed in Kosovo, four in both Bosnia and Herzegovina and Georgia and one in Gaza/Egypt.

In 2006, the European Commission called for a holistic approach to SSR and the development of specific SSR training in partnership with regional and multilateral organisations.[63] The EU has also agreed a Common Position on the prevention, management and resolution of violent conflicts in Africa that calls for the enhancement of EU peace support operation capabilities and support for regional integration, peace, security and development in Africa.[64] Following the adoption of this Common Position,

63 **See "A Concept for European Community Support for Security Sector Reform" from the EU Commission for details.**

64 **See "Art 6-1 Common position 2004/85/CFSP dated 26 January 2004, JO L21/25" dated 28 January 2004 for details.**

the Political and Security Committee undertook to explore practical ways to support African organisations, in particular the African Union (AU), in building autonomous conflict prevention and management capacities. In this regard, the "Action Plan for European Security and Defence Policy (ESDP) support to Peace and Security in Africa" was approved in 2004. One of the agreed actions in the plan tasks the Committee for Civilian Aspects of Crisis Management (CIVCOM) to explore means for further training for civilian and military participants in Disarmament, Demobilisation, Reintegration and Rehabilitation (DDRR) actions. The "European Union concept for strengthening African capabilities for the prevention, management and resolution of conflicts", presented by the Commission and Council's secretariat in June 2006, calls for an EU policy with common objectives, including coordination of Member States' training programmes and the strengthening of the network of African peacekeeping training centres.

In 2007, the EU and the African Union agreed a new policy framework for relations between the two political unions.[65] In comparison to the 2005 predecessor, the new strategic agreement embraced a wider set of policy issues in addition to development (such as peace and security, democratic governance and human rights, migration, energy and climate), while also recognising the global dimension to many of these issues. In the agreement, the EU commits to help establish predictable and sustainable funding for African-led peace support operations and commits to jointly implement the UN Security Council Resolutions 1325 on Women in Peace and Security and 1612 on Children in Armed Conflicts.

In addition, the EU agreed to establish an ESDP instrument called "Euro Recamp – Amani Africa", which was initiated in December 2008. Over two years of the programme, the instrument will conduct civil-military activities to train African leaders to establish a decision-making plan for crisis management at continental level. The instrument will aim to develop the politico-strategic capabilities of the African Union Peace Support Operations Division (PSOD) by putting in place procedures covering everything from the political decision to the commitment of forces.

In March 2005, the OECD reclassified some components of security expenditure eligible for classification as Official Development Assistance (ODA). This means that a wider spectrum of SSR activities are eligible for ODA development cooperation funding, including all civilian aspects of SSR, activities in relation to democratic and civilian control of the military, financial and administrative management of defence issues, rehabilitation assistance to demobilize soldiers, training in border control and training of police forces in civil police functions. The widened eligibility criteria of SSR expenditure is representative of the renewed understanding of peace and security to the development of Africa. The OECD, does, however attempt to draw a line between SSR expenditure that can be interpreted as a development 'good' and expenditure that cannot.

65 See "The Africa-EU Strategic Partnership: A Joint Africa-EU Strategy" (2007) for details.

COORDINATION OF POLICY

Efforts to improve policy coherence in the area of security and defence policy have in recent years led to institutional innovations at Member State level. The Netherlands and the UK are two such examples. In 2003, the Netherlands agreed a policy for coherent external relations, which outlined a commitment to an integrated policy "combining diplomacy, political dialogue and pressure, security policy, trade, market access and development cooperation" (Dutch Government, 2003). With the aim of strengthening the police, army and justice systems, a pool of military advisors has been formed in order to support security-sector reform and Disarmament, Demobilization and Reintegration (DDR).[66] In January 2004, the Netherlands created a Stability Fund with a budget of approximately $200 million to enable rapid release of money for activities to promote peace, security and development. The Dutch Stability Fund is modelled on the UK Conflict Prevention Pools and is an effort to integrate the work of the Departments of Foreign Affairs, Development Co-operation and Defence with regard to stability and security in developing countries. In 2008, the UK government established the Conflict Prevention Pool (CPP), through the merger of two Conflict Prevention Pools – the Global Conflict Pool and the Africa Conflict Pool, which oversees UK efforts in conflict prevention, management and resolution. The CPP is a financial instrument, with a budget of £112m for 2008-9, designed to deliver long-term conflict prevention activity, through regional programmes focused where the UK can have its biggest impact, and through thematic programmes which deal with cross-cutting conflict prevention issues. The Pool brings together experts in defence, development and diplomacy and is funded through an allocation voted by parliament for conflict prevention and reduction.

IRELAND'S ROLE

Ireland has pursued a policy of military neutrality (non-participation in conflict), with involvement in multilateral peacekeeping and peace enforcement initiatives based on the triple lock of UN, Government and Dáíl approval. Through this approval mechanism, Ireland has had a growing involvement in international peace and security initiatives in accordance with the United Nations (UN) Charter since 1958. 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 and spanning 14 different missions throughout the world. While this is only a snap shot in time, 55 per cent are stationed in Africa (mostly Chad), 37 per cent in Eastern Europe (mostly Kosovo and Bosnia), and 3 per cent in the Middle East and Asia. Roughly, 94 per cent of

66 Disarmament, Demobilization and Reintegration (DDR) is an applied strategy for executing successful peacekeeping operations. Disarmament entails the physical removal of the means of combat from ex-belligerents (weapons, ammunition, etc.); demobilization entails the disbanding of armed groups; while reintegration describes the process of reintegrating former combatants into civil society, ensuring against the possibility of a resurgence of armed conflict.

personnel overseas are currently engaged in peacekeeping, 3 per cent act as military observers and 3 per cent serve in an administrative capacity.[67] In recent times, Irish soldiers have become involved in peace enforcement operations in East Timor, Liberia, Kosovo, Afghanistan and Chad under Chapter VII of the UN Charter.

The 2006 White Paper on Irish Aid commits Ireland to "develop a distinctive role in the areas of conflict prevention, resolution and peace building". The White Paper recognises that there is room for greater involvement in international conflict prevention and resolution, in particular in Africa, which is the recipient of some 80 per cent of Ireland's ODA. There is also an acknowledgement of the interconnection between security and development when it states that "the relationship between these two areas must be taken into account if we are to be effective in promoting both development and security" (Government of Ireland, 2006). Possible synergies in the area of SSR have been identified between Irish Aid, the Department of Defence and the Department Justice, Equality and Law Reform by the newly established Conflict Resolution Unit (see discussion below). Nevertheless, Ireland is not currently involved in any substantive manner, either bilaterally or through multilateral initiatives by the EU or UN, in security sector reform activities or in the training of African military forces as part of such an initiative.

The conflict prevention, resolution and peace building strategy outlined in the White Paper is based on three pillars; continued support of UN approved peace support operations, support of the UN Peace Building Commission and the establishment of a Conflict Resolution Unit.

Following widespread consultation, the newly formed Conflict Resolution Unit has agreed the following as an overarching objective

"To seek actively to support conflict resolution in the developing world, based on our commitment to the ideals of peace and justice and our dedication to the principles of the Charter of the United Nations, building on our own experience of peacemaking and peacebuilding."

An Objectives Paper was presented to Government in March 2008 outlining three core themes and three cross-cutting themes of the Unit's future work. The core themes include peacemaking (mediation, facilitation and agreement support), peacebuilding (including post-conflict transition, reconciliation and the rule of law) and peace process lesson-sharing. The

67 **While on deployment the Defence Forces engaged in development activities and enjoyed financial support from Irish Aid of €85,000 over the period (2005-07). This funding was supplemented by the considerable fundraising efforts of members of the Defence Forces and their family and friends.**

three cross-cutting themes have also been selected to inform all areas of the Unit's activity: Human Rights, the UN Security Council Resolution 1325 on Women, Peace and Security and the relationship between Climate Change and Conflict. In terms of current activities of the CRU, among the priority areas of the Unit's work are:

- Development of an enhanced Stability Fund of €10 million (of which €5.5 million has been ring-fenced for CRU to support conflict resolution efforts).
- Establishment of a system of roving ambassadors to crisis regions (Nuala O'Loan was appointed Special Envoy to Timor-Leste in February 2008).
- Development of a scheme of fourth-level scholarships in the conflict resolution area.
- Development of national resources to enhance Ireland's profile in conflict resolution, including through the mobilisation of domestic organisations and individual experts through a dedicated database.

In November 2008, representatives from Liberia, Northern Ireland and Timor-Leste took part in the first meeting of a cross-learning process CRU has initiated. The meeting was designed to be a first step in informing the development of Ireland's National Action Plan on Resolution 1325 Women, Peace and Security, and facilitating learning between women in conflict-affected areas. As part of the project, a 'cross-learning' project is planned between Ireland, Liberia and Timor Leste, which will link the development of our respective 1325 national action plans.

The recent establishment of the Conflict Resolution Unit is designed to act as a catalyst for the initiatives in security and development. Nevertheless, Irish Aid has traditionally supported peace-related initiatives at a multilateral level (examples include the European Centre for Conflict Prevention, Partnership for Peace in the Ukraine and Albania and the African Union Mission in Sudan), bilaterally (examples include Liberia and Sierra Leone) and through Non-Governmental Organisations (examples include Trócaire programmes in Columbia, Rwanda, Sudan and Uganda and the Red Cross).

In a global context, concerns over the regulation of arms exports have been expressed by civil society organisations. From a policy coherence perspective, Ireland performs well in this area. The Control of Exports Act 2008 was signed into law by the President in February 2008. It replaces the current Control of Exports Act, which dates from 1983. The list of controlled goods is contained in the schedule to the Control of Exports Order 2005. This too will shortly be updated to take account of changes agreed in the International Export Control Regimes in which Ireland participates. The more controversial area has been the lack of control over dual use goods, goods that have both civil and military applications, in particular computer components designed and manufactured in Ireland. The export of dual use goods is regulated under EU law in Council

Regulation (EC) No. 1334/2000 of 22 June 2000. The list of controlled dual-use goods is also updated on a regular basis and the current list of controlled dual use goods may be found in Council Regulation (EC) No. 1183/2007 of 18 September 2007.

PCD Issues and Recommendations

INTERNATIONAL MILITARY ENGAGEMENT

Ireland's triple lock approval procedure allows Ireland to participate in UN missions on a case by case basis. The strength of this procedure, from a PCD perspective, is that the combined need for UN, Government and Dáil approval is likely to ensure that proposed missions are informed by development and humanitarian considerations. It is notable that, notwithstanding the EU concept of autonomy of action in crisis management, all significant peacekeeping and crisis management operations involving military forces launched by the European Union under ESDP to date have been based on and authorised by the Security Council of the United Nations.

Ireland's international reputation for military neutrality, respect for human rights and understanding of post-colonial and conflict regions is worthy of protection from a development perspective. Ireland should continue to adhere to the highest principles in human rights and maintain its reputation of military neutrality internationally.

Within this context the Air Navigation Order of 1952, which allows the Minister for Foreign Affairs to grant permission to foreign military aircraft to over fly or land in the State, should be reassessed. Safeguards should be in place to ensure that Irish airports are not used for extraordinary rendition as has been alleged by some civil society actors. Additional monitoring procedures under the Air Navigation Order of 1952 would provide greater transparency and would be in accordance with the Government's stated opposition to the practice of extraordinary rendition.

Recommendations

Deployment of the Defence Forces abroad should remain dependent upon UN, Government and Dáil approval as a safeguard to ensure that actions continue to be consistent with humanitarian and development principles.

Ireland should adhere to the highest principles in human rights and maintain its reputation of military neutrality internationally.

Ireland should take measures to ensure that the use of Irish airports by foreign military is consistent with international humanitarian law and UN principles.

SECURITY SECTOR REFORM AND COORDINATION

In the White Paper on Irish Aid, Ireland commits to develop a distinctive role in conflict prevention, resolution and peace building. At present weak linkages exist between Ireland's engagement in peace support operations through the Defence Forces and Ireland's support for civil administration and socio-economic development through Irish Aid. Similar to the institutional changes in the Netherlands and the UK, there is a greater need for an integrated approach. The establishment of the Conflict Resolution Unit is the key institutional change aimed at developing a distinctive role for Ireland. However, this stops well short of establishing a formal coordination body for security, development and diplomatic policy. Greater alignment is required between Ireland's peacekeeping, SSR activities and Irish Aid activities.

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 and capacity building activities designed to encourage military culture to respect the civil authorities.

In terms of training for peacekeeping, opportunities exist to provide specific training for international peacekeepers based on the existing United Nations Training School, Ireland (UNTSI) courses for Military Observers, Military Police and pre and post-deployment training. Specific requests have also been received over the years from African States, amongst others, seeking training support for international peacekeeping missions. One of the agreed actions of the EU Common Position on the prevention, management and resolution of violent conflicts in Africa tasks the EU Committee for Civilian Aspects of Crisis Management (CIVCOM) to explore means for further training for civilian and military participants in DDR actions. Ireland should be open to pursuing opportunities of this nature.

Further capacity building for African military forces might include armed forces management, command and staff courses, logistics, finance, doctrine and culture, together with basic training which would support the development of military forces acting under civil control.

Recommendations

An enhanced coordination body should be established for Security and Development to strengthen linkages between and coordination of Ireland's engagement in Peace Support Operations (Defence Forces), Ireland's contribution to Security Sector Reform (Irish Aid & Defence Forces) and Ireland's diplomatic efforts (Department of Foreign Affairs).

Current capacity-building efforts in peacekeeping and SSR should be expanded either bilaterally or through multilateral initiatives by the EU or UN. Expanded activities should focus on the training of African peacekeeping forces to internationally acceptable standards, carefully designed capacity building to improve military culture to respect the civil authorities and further financial support for SSR initiatives.

09.

Conclusions and Recommendations.

Our objective in this report is to identify areas and issues where either it appears there may be incoherence between domestic Irish policies and development objectives, or opportunities for win-win outcomes which are not currently being exploited. At various points throughout the preceding chapters, we make recommendations on policies and actions which government departments might take to advance the PCD agenda. We want to underline here the status of these recommendations. We are fully aware that the development impacts of Irish government policies are mediated through complex channels, and that the consequences of these policies can affect developing countries, and groups within these countries, in a variety of ways. This document is intended as a scoping report, to identify policy areas where an *a priori* case can be made that a PCD issue arises. This report does not, and was not intended to, provide the detailed analysis and evaluation of each issue which would be necessary to sustain the case for a change in the direction of domestic policy. For some issues, this analysis is available elsewhere, but for many issues, the analysis remains to be done.

In these conclusions, we make recommendations on where resources might be best focused for this purpose. The objective is to answer the questions "what are the key policy coherence issues, where is information lacking and which issues should be most urgently addressed by the Irish Government?" For this purpose, we first classify the recommendations into the four elements of the policy coherence agenda (see Figure 1).

Seeking to Eliminate Policy Inconsistencies

The distinguishing feature of the recommendations in this category is that they relate to domestic policies where there is evidence that they are damaging to developing country interests. Trade, agriculture, fisheries, migration and the environment figure prominently here.

1. (Trade) Ireland should support the EU's efforts in the Doha Round to reduce tariffs on manufactured exports of particular interest to developing countries, particularly textiles, clothing and footwear, to a level as close to zero as possible.

2. (Trade) Ireland should press for an EU negotiating offer on services in the Doha Round which provides real and genuine market access opportunities in sectors of particular interest to developing countries, including tourism, maritime transport, construction and software development.

3. (Trade) Ireland should seek ways to make the EU's GSP scheme more beneficial to developing countries, particularly by facilitating access for eligible countries to the GSP Plus scheme while extending the value of preferences under the mainstream GSP, taking into account the impact on the value of preferences accorded to ACP countries under EPAs.

4. (Trade) Ireland should support the greatest possible liberalisation of rules of origin in EU trade agreements with developing countries to maximise their development potential.

5. (Agriculture) The government should work for a resumption of the Doha Round trade negotiations at the earliest appropriate opportunity, taking the Falconer draft modalities paper as the basis for the resumption of negotiations in the agricultural sector. The government will seek to make the best case for Irish beef and dairy producers in the negotiations endgame. However, if an agreement is eventually reached, the benefits to developing countries must be factored in when evaluating the overall outcome from an Irish perspective.

6. (Agriculture) Pending the elimination of export subsidies, the Irish government, through its voice on EU management committees, should seek to ensure that EU subsidised exports do not damage developing country food production, particularly in African countries.

7. (Agriculture) If the modalities for an agricultural agreement are agreed if the Doha Round negotiations resume, the government should seek to ensure that development considerations are taken into account in choosing the tariff lines designated as sensitive in the subsequent EU market access offer, noting that this is likely to be compatible with protecting Irish interests in the beef and dairy sectors.

8. (Fisheries) The government should seek to reduce both tariff and non-tariff barriers (e.g. hygiene standards, consistent with ensuring adequate food safety for EU consumers) to a greater level of fish trade between the EU and developing countries.

9. (Fisheries) Through the EU, the government should press for strict disciplines on financial subsidies to the fishing sector worldwide if the Doha Round negotiations resume at some future date.

10. (Fisheries) The government should ensure that the 2012 review of the Common Fisheries Policy is firmly based on best practice international standards with respect to conservation and management.

11. (Migration) The rights of migrants to relocate freely across Member State borders in response to changes in labour demand and other economic conditions should be supported.

12. (Migration) Opportunities for temporary migration will depend on the state of the Irish labour market and will be curtailed when domestic unemployment is high. However, ways to encourage temporary migration of low and medium-skilled workers to Ireland, perhaps with selected sending countries such as Irish Aid partner countries, should be explored, consis-

tent with the maintenance of decent conditions of employment in Ireland. Any programme should be specifically designed to maximise the benefits to the source country while taking into account the demand for labour in Ireland.

13. (Migration) Proposals to facilitate temporary migration particularly of low-skilled workers at EU level should be supported.

14. (Migration) Development-friendly migration policy principles, such as return incentives and the absence of barriers to returning home for short to medium terms without losing status in Ireland, should be integrated into the Green Card and work permit systems.

15. (Migration) The asylum process should be faster (while maintaining rights) as quick resolution of cases is in everyone's best interest.

16. (Migration) Asylum seekers whose applications have not been processed within a 6 month period should be afforded greater rights and opportunities, in particular the right to work. This would provide an incentive to complete all applications within a reasonable timeframe.

17. (Migration) An audit of the effectiveness of Ireland's anti-discrimination legislation should take place. If weaknesses are found, policies to overcome these deficiencies should be implemented.

18. (Environment) Ireland should continue to play a proactive role within the EU in negotiations for the post-2012 climate change agreement, recognising the important developing country interests at stake in getting agreement on ambitious EU targets to reduce GHG emissions.

19. (Environment) Research should be undertaken to provide a better understanding of the implications for developing countries of EU policy on GM crops and foods.

20. (Environment) Mechanisms are required to ensure that developing country interests are taken into account in the formulation of Irish GMO policy, given the very dispersed responsibility for this policy area in the Irish political system.

21. (Environment) Developing country interests, including the interests of net food importing countries as well as potential exporters of biofuels or feedstocks for the production of biofuels, should be a factor in the government's approach to setting targets under the Biofuel Obligation Scheme.

22. (Environment) The government should support efforts to address sustainability concerns around biofuels through a certification system while ensuring that developing country concerns are addressed in the formulation of the sustainability criteria.

23. (Environment) Once sustainability criteria are in place, the government should support moves to remove remaining tariffs on imports of biofuels (mainly bioethanol) from developing country producers.

24. (Finance) Tax sparing in double taxation treaties between Ireland and the least developed countries should be considered. As a pilot project this could begin with some of the Irish Aid programme countries.

25. (Security) Deployment of the defence forces abroad should remain dependent upon UN, Government and Dáil approval as a safeguard to ensure that these actions are underpinned by humanitarian and development principles rather than strategic interest.

26. (Security) Ireland should adhere to the highest principles in human rights and maintain its reputation of military neutrality internationally.

27. (Security) Ireland should take measures to ensure that the use of Irish airports by foreign military is consistent with international humanitarian law and UN principles.

Identifying Opportunities for Policy Enhancement for Development

The recommendations in this category do not involve policies which directly conflict with the pursuit of domestic policy objectives, but represent opportunities where either the tweaking of domestic policies could provide significant pay-offs for developing countries at relatively little cost to Ireland, or where development assistance resources could be used to leverage and magnify the positive impact of opportunities created by changes in domestic policies for developing countries.

28. (Trade) Ireland should assist in supporting an effective process of consultation, involvement and participation in the EPA process of ACP civil society, private sector and parliamentarians, particularly in the Irish Aid partner countries, in order to maximise the degree of national ownership of the resulting outcomes.

29. (Trade) Ireland should make public its response to the issues raised in Sustainability Impact Assessments commissioned by the EU for bilateral or regional free trade agreements with developing countries to ensure both development benefits for developing country partners and an overall balance of benefits to the EU and Irish economies.

30. (Agriculture) The Department of Agriculture, Fisheries and Food should examine ways in which it could further facilitate the use of the considerable capabilities belonging either to itself or its affiliate agencies as part of a technical assistance programme whether at an international level or through Irish Aid, as resources permit.

31. (Fisheries) Support should be provided for the enhancement of fisheries policy frameworks and management systems in developing countries, including through coordination with initiatives of Irish Aid and at multilateral and EU level.

32. (Migration) Competition in remittances services should be encouraged by providing an information platform that compares the costs and procedures for sending money home, along the lines of www.sendmoneyhome.org.

33. (Migration) While recognising that there are very few migrants in Ireland from the poorest developing countries, incentives to increase the flow of remittances to developing countries such as “salary sacrifice” or PRSI refunds should be explored.

34. (Migration) A multi-stakeholder approach to compiling data, synthesising good practice and making detailed recommendations should be pursued to help develop the remittance market in Ireland.

35. (Migration) Development-friendly migration policy principles should influence the design of the work permit system. These principles would include allowing ‘career breaks’ to return home without interrupting employment record, freedom of movement between jobs and incentives to return.

36. (Migration) Ireland should make a stronger commitment to language training for foreign nationals through Fás and other organisations.

37. (Migration) The process for the full recognition of migrant's qualifications should be accelerated (NQAI) and a programme to improve awareness of EU and non-EU qualifications among employers should support this process.

38. (Environment) Ireland should continue to assess the capabilities of partner countries to negotiate in the upcoming climate change talks and provide support through multilateral organisation partners where needs are found.

39. (Environment) Climate change concerns must be mainstreamed in the dialogue with partner countries on development assistance programmes.

40. (Environment) Biodiversity concerns should be taken into account in development aid projects as part of the mainstreaming of EIAs and SEAs in development aid projects.

41. (Environment) New innovative international mechanisms to improve biodiversity that overcome the inherent coordination problems should be supported.

42. (Environment) Understanding of the effectiveness of biodiversity conservation programmes is weak. Well designed empirical analysis of conservation efforts should be supported through EU and domestic research funding,.

43. (Transport) Bilateral air agreements with developing countries should continue to be facilitated, and technical assistance provided to address safety concerns where necessary.

44. (Environment) Ireland should continue to invest in the Clean Development Mechanism and the Global Energy Efficiency and Renewable Energy Fund (GEEREF).

45. (Energy) Ireland should integrate the energy needs of developing countries into the criteria for domestic energy research grants.

46. (Enterprise) The Department of Enterprise, Trade and Employment should seek to encourage the use of the skills and experience of the Industrial Development Agency in helping to establish equivalent good-practice agencies in developing countries.

47. (Finance) Efforts should be stepped up to raise the level of awareness of the foreign bribery offence with the public administration, Enterprise Ireland, Irish companies and the Irish accounting and auditing professions, and procedures should be established for reporting information and/or suspicions to law enforcement authorities in Ireland.

48. (Finance) Comprehensive measures to protect public and private whistleblowers in order to encourage employees to report suspected cases of foreign bribery without fear of retaliation should be put in place.

49. (Finance) The government should consider how it can implement its obligation under Article 66.2 of the TRIPS Agreement to adopt special incentives, such as tax breaks and subsidies, to facilitate the transfer of technology, including machinery and equipment, to the least developed countries

50. (Science & Technology) Ireland should consider participating as a sponsor in emerging Advanced Market Commitment projects to support the development of appropriate R&D for developing countries.

51. (Science & Technology) The progress of the Irish-African Partnership for Research Capacity Building should be monitored carefully with a view to scaling-up these types of initiatives in the future.

52. (Science & Technology) Science Foundation Ireland should consider the incorporation of international development goals in the Science Technology and Innovation policy-setting process.

53. (Science & Technology) Science Foundation Ireland and the other relevant authorities should consider facilitating and incentivising the participation of developing-country researchers as an outreach component of Ireland's new scientific research centres.

54. (Security) An enhanced coordination body should be established for Security and Development to strengthen linkages between and coordination of Ireland's engagement in Peace Support Operations (Defence Forces), Ireland's contribution to Security Sector Reform (Irish Aid & Defence Forces) and Ireland's diplomatic efforts (Department of Foreign Affairs).

55. (Security) Current capacity-building efforts in peacekeeping and SSR should be expanded either bilaterally or through multilateral initiatives by the EU or UN. Expanded activities should focus on the training of African peacekeeping forces to internationally acceptable standards, carefully designed capacity building to improve military culture to respect the civil authorities and further financial support for SSR initiatives.

Developing Mitigation Policies to Overcome the Adverse Effect of Non-Aid Policies

This category groups policy recommendations to mitigate or alleviate the adverse effects either of existing domestic policies, or changes to these policies, on developing countries. It recognises that, in some cases, there is an explicit desire to continue with the domestic policy despite the adverse effects on developing countries being acknowledged. It also recognises the heterogeneity of developing countries, such that a policy or a policy change which benefits one group of developing countries may actually damage another. In these cases, development assistance can be an effective instrument to be deployed in tandem.

56. (Trade) Ireland should continue to increase its support for Aid for Trade and ensure that it is sensitive to the principles underlying the Irish aid programme generally.

57. (Agriculture) Ireland should ensure that there is coherence between its development cooperation budget and EU trade and agricultural policy reform, particularly in Irish Aid partner countries, either to safeguard livelihoods of those who may be adversely affected by preference erosion or to help those to take advantage of new market access opportunities where they arise.

58. (Agriculture) Where market access problems arise because of food safety standards set to protect the health and safety of European consumers, there should be sufficient coordination between the development cooperation activities of Irish Aid and DAFF to ensure timely and effective technical assistance is made available

59. (Fisheries) Given the potential loss of competitiveness for ACP fishery exports if their preferential advantage is eroded by tariff reductions, the government should press for more generous rules of origin in preferential agreements as a method of compensation.

60. (Fisheries) Where market access problems arise because of food safety standards set to protect the health and safety of European consumers, there should be sufficient coordination between the development cooperation activities of Irish Aid and the Department of Agriculture, Fisheries and Food to ensure timely and effective technical assistance is made available to vulnerative developing countries.

61. (Migration) A vetting system for Green Card applications to assess the countries of origin and professional categories for which approval would have negative development consequences should be put in place.

62. (Migration) Ireland should develop its border control procedures as a necessary condition for a more effective immigration policy.

63. (Migration) Alternative migration policies to mitigate the identified country/industry specific drawbacks of the Green Card system from a PCD perspective should be examined.

64. (Environment) Ireland should support and contribute to international adaptation funds under the UNFCCC to generate adaptation finance that is sufficient, predictable and additional to the 0.7% aid commitment.

65. (Science & Technology) The government should consider facilitating the systematic knowledge transfer necessary to overcome obstacles to the use of open source software in Irish Aid priority countries.

Ensuring Consistency in Advocacy for Development

In this category, we have placed recommendations for active advocacy of developing country interests either in the councils of the EU or elsewhere. These recommendations recognize that developing countries often do not have the resources, or the capacity, to represent their interests. The credibility of Irish interventions on their behalf will be influenced by the extent to which Ireland can show that it itself has taken steps to achieve greater coherence in its own domestic policies with development objectives in the stated policy domain.

66. (Trade) Ireland should press for the adoption by all developed countries of 100 per cent duty free and quota free access for exports from the least developed countries without waiting for the formal conclusion of the Doha Round.

67. (Trade) Ireland should be aware of, and be sympathetic to, situations where the application of a formula approach to tariff reductions on manufactured goods imports in the Doha Round could lead to unreasonable outcomes for low-income developing countries, in particular.

68. (Trade) Within the EU, Ireland should insist on the need to take ACP concerns and interests fully into account in the finalisation of EPAs.

69. (Trade) The Irish government should support efforts by the EU to strengthen the provisions and limit the exceptions for duty-free, quota-free access by LDCs to all developed country markets, building on the example of the EU's Everything but Arms scheme.

70. (Trade) Ireland should support and monitor the EU commitment to double Aid for Trade support to developing countries over the baseline 2001-04 period by 2010.

71. (Agriculture) Ireland should support an outcome in the Doha Round negotiations which recognises the need for appropriate special and differential treatment in the disciplines which would apply to developing country agricultural policies.

72. (Foreign Affairs) The Special Envoy for Hunger should be encouraged to identify areas where greater policy coherence would contribute to fulfilment of the objectives of the Hunger Task Force report.

73. (Fisheries) The Irish government should monitor the impact of Fisheries Partnership Agreements on fish stocks and livelihoods in the partner countries, and should be a voice for sustainable fisheries when decisions are being taken.

74. (Fisheries) Ireland should carefully examine the level and composition of investment in local fisheries under FPAs. The Irish Government should insist on full measurement of these impacts in upcoming ex-post evaluations of each FPA.

75. (Fisheries) The government should publish an evaluation of Ireland's role in promoting international agreements on fisheries and should seek to strengthen these agreements where they are shown to be insufficient or ineffective in meeting their goals.

76. (Migration) As a general principle, Ireland should ensure that policy coherence for development is centre stage in any discussions on future EU-wide or multilateral agreements on migration.

77. (Migration) Ireland should safeguard and enhance its reputation as an international leader in the acceptance and treatment of refugees as a way of strengthening its voice in immigration discussions.

78. (Environment) Ireland should ensure that the interests of developing countries are taken into consideration in the implementation of EU climate change policy in the post-2012 period.

79. (Science & Technology) The government should support international developments in software patenting which facilitate developing countries in expanding software development and application activities.

80. (Science & Technology) The government should consider supporting the Norwegian proposals for the revision of TRIPS to protect traditional knowledge and indigenous genetic resources, and to lobby against the advance of more restrictive IPR regulation and data exclusivity (TRIPS-plus).

81 (Finance) If the sustainability of Ireland's corporation-tax advantages comes under increasing EU pressure in the years ahead, a principle of Ireland's negotiating position should be that any changes in EU tax policy should not worsen the position of developing countries.

82. (Finance) The government should use the moral capital it has acquired – through its long-standing willingness to acquiesce in a lower voting share in the International Financial Institutions than would be implied by strict application of the voting formula – to continue to argue in support of reforms that would increase the voice and participation of developing countries in the International Financial Institutions.

83. (Finance) The government should directly invest intellectual capital in support of the development of an international consensus on conditionality and responsible lending and borrowing procedures.

Institutional innovations to promote the PCD agenda

Our recommendations for a possible institutional model to advance the PCD agenda would include the following.

84. Focused Annual Objectives: While continuous monitoring of PCD developments remains crucial, the Inter-Departmental Committee on Development should prioritise a limited number of policy areas annually or biennially with deliverable outcomes to be achieved. Outcomes could take the form of a submission into the policy formulation process of a specific department or an Inter-Departmental Committee on Development statement that could be used in policy-making in the years ahead. The annual work plan could plan for necessary inputs such as the establishment of a dedicated sub-committee or the commissioning of relevant research.

85. Development Impact Assessments (DIAs): We recommend that the Inter-Departmental Committee on Development seek the introduction of Development Impact Assessments (DIAs) within the regulatory impact assessment process to institutionalise the assessment of developing country needs in the formulation of domestic policy positions and activities.

86. The use of PCD Indicators: We recommend that the Inter-Departmental Committee on Development help develop a system of PCD policy indicators specific to Ireland that are independently collated on a bi-annual basis. The Inter-Departmental Committee on Development should seek to integrate the set of agreed policy indicators into its annual monitoring and objective setting process.

87. Parliamentary Oversight:. As PCD is a policy agenda that spreads across a number of Oireachtas committees, careful consideration is needed as to how inclusive and effective parliamentary oversight can be created. Consideration should be given to institutionalising an annual parliamentary PCD debate and scheduling committee time annually to consider various PCD issues.

88. Civil Society Engagement: Efforts should be made to encourage Irish NGO's to invest time and resources to assess coherence issues and make contributions to the PCD knowledge base.

89. Partner Country Engagement: Ireland should work with the EU to overcome the deficit in the level of consultation with and representation of developing country officials in Irish PCD debates, and consult more systematically with Irish Aid partner countries on important issues of policy coherence.

90. Departmental Training: As well as extending the initiative of International Department Awareness Raising Lunchtime Seminars in Government Departments and Offices which the the Inter-Departmental Committee on Development has begun, specific educational and experiential support for departmental officials working on the Inter-Departmental Committee on Development should be considered such as support for development related part time courses and short term placements at international organisations or in partner countries.

91. Policy Research: Research to assess a wide range of coherence issues and investigate deeper the important issues of policy coherence should continue under the auspices of the Inter-Departmental Committee on Development specifically to support its annual objectives.

Evaluating the Recommendations

The recommendations above cover a wide range of issues, of varying degrees of importance to both Ireland and developing countries, with different possibilities and potential for successful interventions, and with different levels of analytical knowledge and evidence available to support a change in domestic policies. To conclude, we make recommendations on where resources might be best focused to pursue the policy coherence for development agenda. We recall that the objective is to answer the questions "what are the key policy coherence issues, where is information lacking and which issues should be most urgently addressed by the Irish Government?" To assist in this process, we evaluate these recommendations against a list of six criteria. The list includes three measures of the likely development impact of the recommendations and three measures of their 'achievability'. While the rankings are decidedly subjective, the aim is to help stakeholders develop a framework for prioritising the recommendations as well as highlighting some possible paths to proceed. We are well aware that our ranking is suggestive rather than authoritative and will no doubt cause considerable debate. It is precisely this debate that we seek to encourage among stakeholders as an outcome of this report Details of the six criteria used are presented in Box 4.

For simplicity and readability we have chosen to analyse the recommendations as small groups within each policy area as presented in text of this document. This involves 30 different groups of recommendations under eight policy headings. This approach balances the need for simplicity with the loss of information from aggregation of the recommendations into sub-groups within each policy area. Where there are significant differences in the scores for recommendations within the sub-groups we draw attention to this in our conclusions. Figure 6 outlines the results of our deliberations.

Box 4: Ranking Criteria Definitions

Development Impact

1. Potential Benefits to Developing Countries: This criterion is a crude estimation of the likely economic benefit to developing countries of successful implementation of the recommendation. While it is difficult to compare the likely benefits of modest investments in research and development of interest to developing countries with the benefits from a pro-development conclusion to the Doha Round of global trade negotiations, we nevertheless make an attempt at this task.

2. Robustness of Evidence: We assess the degree to which robust evidence supports our crude estimation of the potential benefits of our recommendations to developing countries. This criterion also measures the degree to which we feel the existing evidence supports the presumed channel of causation between our recommendations and potential benefits to developing countries.

3. Opportunities for Wider Influence: While Ireland is a small player in global development terms, opportunities exist for Irish policy to have influence at EU or multilateral level by taking a lead on specific PCD issues. Hence, it is worth analysing the recommendations from the perspective of the contribution they would make to Ireland's ability to have wider influence on global development policy.

Achievability

4. Ease of Successful Implementation: This criterion measures the administrative/coordination challenge faced by Irish policymakers to achieve successful implementation of the recommendation in a relatively short period of time. This is the first of three criteria which attempt to identify what might be termed 'low hanging fruit' in the PCD debate.

5. Complementarity with Domestic Policy Goals: This criterion captures the degree to which the recommendation complements or is in conflict with existing domestic policy goals. The scores on this criterion could be excluded if one is solely interested to identify the most important recommendations without reference to the interests of domestic interest groups.

6. Fiscal Cost: The current fiscal environment means that the PCD recommendations contained in this report are more likely to be implemented when there are no or minor fiscal implications to implementation. As Ireland's fiscal situation improves, this criterion should not act to constraint the implementation of the recommendations.

Figure 6: PCD Recommendations—Scoring by Group of Recommendations

		A	B	C	D	E	F	TOTAL
TRADE								
	The WTO Doha Round	5	4	3	3	5	3	23
	Trade Relations with Developing Countries	4	4	4	4	5	4	25
	Aid for Trade	4	2	3	3	3	5	20
AGRICULTURE								
	Agriculture and the Doha Round	4	4	3	4	5	3	23
	Food Standards, Animal Health and Traceability Rules	3	3	4	3	4	5	22
	Agricultural Development Assistance	3	3	3	4	4	4	21
FISHERIES								
	Fisheries Policy	4	3	4	3	4	3	21
MIGRATION								
	EU and Multilateral Migration Policy	5	4	3	4	4	3	23
	Temporary Migration	4	4	3	3	4	2	20
	Remittances	4	4	3	4	4	4	23
	Green Card System	2	3	3	4	5	3	20
	Work Permit System	3	3	4	3	5	3	21
	Asylum Seekers, Refugees and Illegal Migrants	2	3	3	3	3	4	18
	Encouraging Immigrant Adjustment	3	3	2	4	4	4	20
ENVIRONMENT								
	Climate Change	5	4	3	4	4	4	24
	Biodiversity	3	4	3	4	4	4	22
	GMOs	4	3	4	4	4	3	22
	Biofuels	4	4	4	4	4	3	23
	Transport and Energy	3	3	3	4	4	4	21
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY								
	Outward FDI	2	3	3	3	4	3	18
	Inward FDI	3	3	3	3	2	2	16
	Science, Technology and Innovation Policy	3	3	3	4	3	4	20
	Intellectual Property Rights	4	4	4	4	5	4	25
	Governance of the IFIs	4	4	5	5	5	4	27
	Conditionality	4	3	4	3	4	4	22
DEFENCE AND SECURITY POLICY								
	International Military Engagement	2	3	4	5	5	5	24
	Security Sector Reform and Coordination	4	4	5	4	3	4	24
INSTITUTIONAL SUPPORT FOR PCD								
	Procedures for PCD Decision Making	3	3	3	4	4	4	21
	Improve Oversight Mechanisms	4	4	4	3	4	3	22
	Investments in PCD Knowledge	3	3	4	5	2	4	21

A Potential Benefits to Developing Countries
B Robustness of Evidence
C Opportunities for Wider Influence
D Ease of Successful Implementation
E Low Fiscal Cost
F Complementarity with Domestic Policy Goals

The scoring runs from 1 to 5 with 5 representing the 'best' score from a policy coherence for development perspective. In the area of developmental impact, a high score indicates a strong case for implementing the recommendation. The normative scale implied in the scoring system may be interpreted differently in the area of achievability. Here, a high score indicates the ease of executing the recommendations with reference to administrative feasibility, fiscal cost and competing interests. Focusing on those PCD recommendations that achieve a low score in the area of 'complementarity with domestic policy goals' while at the same time having a high pay-off in terms of development impact will identify those recommendations where considerable political resources would have to be invested by those campaigning to prioritise the development agenda in domestic political debates. In Appendix 3, we provide rankings of each group of policy recommendations by each of the six individual criteria.

Turning to the specific rankings proposed in Figure 6, the potential benefits to developing countries from a successful conclusion to the WTO Doha Round are very significant, even if these benefits are likely to be skewed in favour of those upper-and middle-income countries that are not currently beneficiaries of the more generous EU preferential trade agreements such as GSP Plus, Everything but Arms or Economic Partnership Agreements (EPAs). Ireland has considerable ability to influence EU bilateral trade relations with developing countries and specific recommendations are less likely to be in conflict with domestic policy goals in areas such as EPAs and improvements to Rules of Origin in preferential trade agreements. Finally, those recommendations to increase aid for trade could, if executed successfully, have significant benefits for the poorest developing countries which are unable to exploit trade opportunities under GSP Plus and Everything but Arms trade agreements. Further research to assess the impact of aid for trade investments should be prioritised.

The potential development benefits of the completion of the agriculture component of the Doha round are also scored highly. There is now a considerable body of research available to identify the impact of further agricultural trade liberalisation on developing countries. The recommendation to provide timely and effective technical assistance to developing countries affected by EU food standards, animal health and traceability rules envisages that Ireland would contribute to an EU capacity building programme. This represents an opportunity for wider influence at low cost if EU solutions can be developed. The recommendations on agricultural development assistance focus specifically on suggestions to improve coherence of policy and, despite their fiscal cost, are administratively very feasible to implement.

The various recommendations under fisheries policy can be differentiated. The proposed reduction of both tariff and non-tariff barriers and more generous rules of origin for developing country exports are more likely to be in conflict with other domestic policy goals. In comparison, recommendations to support the development of fisheries policy frameworks and management systems as well as monitoring and evaluation of Fisheries Partnership Agreements involve less conflict with domestic policies. There is great potential for Ireland to take the lead on policy coherence in fisheries policy even though only a subset of Irish Aid African partners have a coastline. However, the development gains from pro-development fisheries policies and support mechanisms could be very significant.

As argued in chapter 5, the potential benefits of pro-development EU and multilateral migration policy are substantial. Successfully managed temporary migration programmes can deliver benefits to both sending and destination countries when the host country is experiencing constraints in domestic labour supply and complementary policies are put in place to maximise the benefits to the sending country. At the time of writing, unemployment in Ireland is rising. This suggests that proposals to encourage temporary migration to Ireland should be delayed until labour demand has recovered, but there may still be areas of skill shortages where mutually beneficial proposals for temporary migration could be valuable. Policy improvements in the areas of remittances should be a priority. The recommendations to improve information about competing remittance providers and establish a multi-stakeholder approach to assessing trends and cost barriers represent low cost first steps in this direction. Likewise, some practical ways to ensure the current Green Card and work permit systems are development friendly have been identified. The recommendations on Asylum Seekers, Refugees and Illegal Migrants and Encouraging Immigrant Adjustment should be considered as important, despite the fact that the potential benefits to developing countries of successful implementation will be modest.

Chapter 6 highlighted how climate change could have devastating impacts on developing countries. The majority of the climate change recommendations involve low cost interventions, despite the fact that the move to a low-carbon economy will involve significant adjustment costs. The recommendation to increase Ireland's contribution to climate change adaptation funds obviously has a greater fiscal cost than the other recommendations under this heading. The recommendations on Biodiversity, GMOs, Biofuels and Transport and Energy do not raise major policy conflicts with domestic stakeholders. The recommendation to reduce tariffs on biofuels and develop a certification system to address sustainability concerns would create significant benefits for some middle income developing countries.

Recommendations under the Finance, Enterprise, Science and Technology are divided into six different areas. The Outward Foreign Direct Investment heading embraces three distinct recommendations making the grouped ranking in Figure 6 less meaningful. The proposal for a tax sparing pilot project would need further analytical research to support the development benefits of such arrangements. However, the recommendation for stronger follow-up measures to avoid bribery in developing countries is uncontroversial given the recent legislative changes in this area, although because of the relatively small volume of Irish FDI in developing counties, the results of such action are more likely to be symbolic rather than tangible. The recommendations in Science, Technology and Innovation policy and Intellectual Property Rights are feasible at relatively low fiscal cost. The reorientation of R&D expenditure towards developing countries needs could also help to open up profitable business opportunities. In the Finance area, the government should use the moral capital it has acquired to continue to argue in support of reforms that would increase the voice and participation of developing countries in the International Financial Institutions.

In Defence and Security Policy the recommendations to maintain the triple lock and ensure Ireland maintains the highest standards in human rights involve a continuation of stated government policy. Investments in security sector reform initiatives represent a key contribution Ireland can make to developing countries in defence and security policy.

The recommendations to improve PCD decision making in Ireland offer significant long term potential to deliver benefits to developing countries, although evidence for the causal link between PCD structures and coherent policy towards developing countries is intuitive rather than evidence-based. An opportunity exists for Ireland to take the lead in PCD reform at a time when the PCD agenda is lower on the agenda of some EU partner countries. In terms of achievability, our recommendations on policy indicators and focused annual objectives are cost neutral and easily implemented. Introduction of Development Impact Assessments for major domestic policy changes would involve some implementation challenges but would involve modest fiscal costs once the system is established.

The development of policy coherence oversight mechanisms is crucial to cementing recent efforts in institutionalising PCD. Our recommendations to improve parliamentary oversight and to formally bring civil society into the annual PCD cycle are central to the long term ability of the PCD agenda to deliver tangible benefits for developing countries. While both these opportunities should involve minimal fiscal costs, reform of parliamentary oversight mechanisms presents greater implementation challenges. Our recommendation to improve partner engagement in PCD analyses might take various forms such as a commissioned field research project to assess the PCD views and capabilities of a partner country or the undertaking of PCD information gathering tasks by Department of Foreign Affairs staff in partner countries.

Investments in PCD knowledge whether in the form of commissioned research, the widespread use of indicators to monitor PCD implementation or civil servant training in development issues represents the third component to efforts to build PCD institutions in Ireland. These recommendations, while administratively feasible, would involve some fiscal cost.

Appendix 3 presents a further analysis of the scores in Figure 6, ranked by the highest scores in each category. We present these tables as an aid to the reader to digest the relative attributes of each sub-group of recommendations. We underscore again that the rankings are designed to encourage debate and analysis of the merits of the various recommendations, and are intended as a suggested methodology rather than a final authoritative statement.

Research Priorities

Distilling research priorities from the set of recommendations is a challenging task. The policy environment in a number of areas, notably climate change and trade, will alter significantly in the coming years. Ongoing research is required to keep under review the development impacts of Irish and European policies across all the policy areas because of these changes.

Two relevant research projects currently ongoing are worth noting. Under the Framework Agreement between the Advisory Board for Irish Aid and the Institute for International Integration Studies (IIIS) at Trinity College Dublin and the School of Biology and Environmental Science at University College Dublin, projects on agriculture and policy indicators are underway. These projects will help highlight deficiencies in PCD knowledge which may lead to further research in the PCD area. In addition, this scoping report suggests a number of potential research priorities.

PCD seeks to represent the interests of developing countries in EU/domestic policy making processes. While the actual policy position of Irish Aid partner countries in areas such as migration and trade are essential inputs into the PCD process, to date there has been little systematic research to compare the PCD agenda with the interests of these partner countries. A case study of one representative Irish Aid partner country might be conducted to assess the recommendations of this report against the positions, both formal and informal, of the case study country.

In order to assess the merits of investments in aid projects such as biodiversity protection, climate change adaptation, aid for trade and for peace support operations, it is crucial to build on relevant and high quality impact evaluations. Ireland should invest in such impact evaluations as a first step towards potential long term investments in these areas.

Appendix 1:

Development of PCD Policy Indicators for Ireland.

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 in the way we pursue our domestic policy objectives by ensuring that progress towards Ireland's development assistance goals is not undermined by policies which relate primarily to domestic goals in areas such as agriculture, trade and migration. 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 published in 2007, the OECD called for a greater effort to analysis progress towards PCD in 2008. This was the first official call for systematic measurement of PCD. As the PCD agenda matures and demands for tangible results become louder, calls for an EU-wide PCD evaluation system are likely to become more regular.

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 the 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.

In this appendix we propose the establishment of 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. In the next section, we discuss the potential benefits of policy indicators. The following section examines the arguments for and against aggregated indices such as the Commitment to Development Index (CDI) as opposed to the alternative approach of simply reporting the actual policy indicators. We then suggest three categories of PCD indicators as well as six criteria for selecting indicators and four indicator properties before drawing our conclusions.

The Benefits of Policy Indicators

There are a number of benefits to the use of PCD indicators in policymaking. First, the integration of policy indicators into the policy-making process should lead to improved understanding of complex policy environments. Policy-making takes place in complex and dynamic environments, disrupted by long-run technological, economic and social changes and policy indicators 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 shelter of objective analysis that can prove significant in the development of successful policy reforms.

Third, policy indicators can be used as targets for policy development. The use of targets in policy development has become very 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.

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).

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, lack of data 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 judgments or ideology are inevitable in this process, it does not negate the value or usefulness of the indicators. It means that when value judgments are made, they should be made as explicit as possible in the analysis.

Alternative Approaches: Composite versus Portfolio

We examine two alternative approaches to presenting policy indicators. Composite indicators are the combination of several policy indicators formed into a summary figure such as the Centre for Global Development's Commitment to Development Index (CDI). 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 the limitations of each indicator. An example of this approach is Ireland's National Competitiveness Council's (NCC) set of competitiveness indicators.

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 (Roodman, 2009). With this approach the absolute differences in policy performance can be rendered less meaningful. For example an outliers' abnormal performance may bunch the majority of countries around the mean, reducing the 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 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 is questionable.

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 be reflective of the views of those in developing world 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 CDI use 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%). While the agnostic approach may seem more 'objective', aggregation without value weighting simply transfers the value weighting to the choice of indicators. An example of this is the CDI overall country score which 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 (Roodman, 2009).

As a result, we recommend for Ireland's PCD the use of a balanced portfolio of indicators to measure Ireland's progress over time. This approach allows observers to draw conclusions based on a detailed understanding of the indicators and adoption of their own understanding of the relative importance of each indicator. This allows value weighting to be done post analysis by politicians, civil society representatives and other users of the indicators.

Appropriate PCD Policy 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 three categories of indicators as well as six criteria for selecting indicators and four properties of potential indicators.

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 that are a result of both policy and societal changes that may not be influenceable 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 to 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 of 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.

POLICY OUTPUTS

An alternative approach is to examine outputs from the policy process. A policy output can be defined as the existence of a policy instrument, the level of its funding or a direct cost implied. A policy output might include the level of financial support for aid for trade initiatives, the existence of an information platform for remittances costs, the ratio of tuition fees for non-DAC students to DAC students or a tariff rate for beef imports. Due to their very specific focus and ease of reform, policy output indicators are more likely to put pressure on policy makers to reform.

POLICY POSITIONS

Finally, in some cases the actual policy position of a country in multi-national negotiations may not be readily discernable. This is particularly the case for an EU member state like Ireland, where Ireland's exact role as leader, follower or objector on a specific policy issue may not be made publicly known. Nevertheless, ascertaining Ireland's official position on a number of issues is important in order to measure precisely policy coherence. A questionnaire with a number of very specific questions designed to unearth documentary evidence of Ireland's position on some specific PCD related policy proposals/debates will support the inclusion of policy positions as a category of PCD indicator. As we envisage them, policy position indicators are likely to be binary in nature.

CRITERIA FOR PCD INDICATORS

We outline six criteria for evaluating potential indicators. Outcome indicators will be more likely to have a high frequency and be comparable across countries, while policy position indicators should allow for precise measurement of exact policy positions, providing balance to the list of indicators as a result.

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.

2. **Suitability:** The indicator should be suitable to Ireland's political and economic circumstances. For a variety of reasons many potential PCD indicators are less 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 in the CDI index.

3. **Comparability:** Policy indicators should ideally be measurable in a sufficiently comparable way. Internationally comparable statistics provide an opportunity to benchmark Ireland's performance with OECD countries and leading middle income countries. However, this will be easier for outcome and output indicators than for policy position indicators.

4. **Frequency:** Whether comparable across country or not, policy indicators can 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, balanced across different dimensions, is an important objective to give a complete representation of the policy landscape.

6. **Data Quality:** Indicators should be of sufficient quality, be robust and statistically validated and represent the best available measure. Indicators should 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 principles of indicator choice 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 imperative to use dynamic indicators (growth rates or changes in a variable) to throw light on the policy environment.

3. **Binary/Ternary Indicators:** Policy indicators can be represented by binary or ternary functions. They can represent the existence or absence of a policy or a three way distinction such as higher, the same or lower. Depending on the policy issue of measurement such an 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 positions.

4. **Objectively Verifiable and 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 positions without the support of publicly available documentary evidence may represent a second best solution.

Conclusion

The value of indicators to measure policy progress is well known in the 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 attempting to construct a country-specific index to measure Irish PCD performance. The process of constructing such an index should be based on wide consultation and consensus to provide it with the necessary legitimacy.

Specifically, we recommend the establishment of an agreed portfolio of PCD indicators to represent Ireland's performance in each policy area that concerns developing countries. Drawing from outcome, policy output and policy position indicators, the final choice of indicators should be guided firstly by their relevance to developing countries, suitability for Ireland and the requirement of a balanced portfolio of indicators, and secondly by characteristics such as data quality, international comparability and frequency.

Appendix 2:

Recommendations by Department with Primary and Joint Responsibility.

In this appendix we have categorized our recommendations by department of primary responsibility. We have also made efforts to categorise recommendations where responsibility is shared between departments. Examples of policy areas where joint responsibility is particularly important include migration policy and GMO policy.

DEPARTMENT OF AGRICULTURE, FOOD AND FISHERIES

Primary Responsibility

1. (Agriculture) The government should work for a resumption of the Doha Round trade negotiations at the earliest appropriate opportunity, taking the Falconer draft modalities paper as the basis for the resumption of negotiations in the agricultural sector. The government will seek to make the best case for Irish beef and dairy producers in the negotiations endgame. However, if an agreement is eventually reached, the benefits to developing countries must be factored in when evaluating the overall outcome from an Irish perspective.

2. (Agriculture) Pending the elimination of export subsidies, the Irish government, through its voice on EU management committees, should seek to ensure that EU subsidised exports do not damage developing country food production, particularly in African countries.

3. (Agriculture) If the modalities for an agricultural agreement are agreed if the Doha Round negotiations resume, the government should seek to ensure that development considerations are taken into account in choosing the tariff lines designated as sensitive in the subsequent EU market access offer, noting that this is likely to be compatible with protecting Irish interests in the beef and dairy sectors.

4. (Fisheries) The government should seek to reduce both tariff and non-tariff barriers (e.g. hygiene standards, consistent with ensuring adequate food safety for EU consumers) to a greater level of fish trade between the EU and developing countries.

5. (Fisheries) Through the EU, the government should press for strict disciplines on financial subsidies to the fishing sector worldwide if the Doha Round negotiations resume at some future date.

6. (Fisheries) The government should ensure that the 2012 review of the Common Fisheries Policy is firmly based on best practice international standards with respect to conservation and management.

7. (Agriculture) The Department of Agriculture, Fisheries and Food should examine ways in which it could further facilitate the use of the considerable capabilities belonging either to itself or its affiliate agencies as part of a technical assistance programme whether at an international level or through Irish Aid, as resources permit.

8. (Fisheries) Support should be provided for the enhancement of fisheries policy frameworks and management systems in developing countries, including through coordination with initiatives of Irish Aid and at multilateral and EU level.

9. (Agriculture) Ireland should ensure that there is coherence between its development cooperation budget and EU trade and agricultural policy reform, particularly in Irish Aid partner countries, either to safeguard livelihoods of those who may be adversely affected by preference erosion or to help those to take advantage of new market access opportunities where they arise.

10. (Agriculture) Where market access problems arise because of food safety standards set to protect the health and safety of European consumers, there should be sufficient coordination between the development cooperation activities of Irish Aid and DAFF to ensure timely and effective technical assistance is made available.

11. (Fisheries) Given the potential loss of competitiveness for ACP fishery exports if their preferential advantage is eroded by tariff reductions, the government should press for more generous rules of origin in preferential agreements as a method of compensation.

12. (Fisheries) Where market access problems arise because of food safety standards set to protect the health and safety of European consumers, there should be sufficient coordination between the development cooperation activities of Irish Aid and the Department of Agriculture, Fisheries and Food to ensure timely and effective technical assistance is made available to vulnerative developing countries.

13. (Agriculture) Ireland should support an outcome in the Doha Round negotiations which recognises the need for appropriate special and differential treatment in the disciplines which would apply to developing country agricultural policies.

14. (Fisheries) The Irish government should monitor the impact of Fisheries Partnership Agreements on fish stocks and livelihoods in the partner countries, and should be a voice for sustainable fisheries when decisions are being taken.

15. (Fisheries) Ireland should carefully examine the level and composition of investment in local fisheries under FPAs. The Irish Government should insist on full measurement of these impacts in upcoming ex-post evaluations of each FPA.

16. (Fisheries) The government should publish an evaluation of Ireland's role in promoting international agreements on fisheries and should seek to strengthen these agreements where they are shown to be insufficient or ineffective in meeting their goals.

17. (Agriculture) The Irish government should support efforts by the EU to strengthen the provisions and limit the exceptions for duty-free, quota-free access by LDCs to all developed country markets, building on the example of the EU's Everything but Arms scheme.

Joint Responsibility

18. (Environment) Research should be undertaken to provide a better understanding of the implications for developing countries of EU policy on GM crops and foods.

19. (Environment) Mechanisms are required to ensure that developing country interests are taken into account in the formulation of Irish GMO policy, given the very dispersed responsibility for this policy area in the Irish political system.

DEPARTMENT OF DEFENCE

Primary Responsibility

1. (Security) Deployment of the defence forces abroad should remain dependent upon UN, Government and Dáil approval as a safeguard to ensure that these actions are underpinned by humanitarian and development principles rather than strategic interest.

2. (Security) Ireland should adhere to the highest principles in human rights and maintain its reputation of military neutrality internationally.

3. (Security) An enhanced coordination body should be established for Security and Development to strengthen linkages between and coordination of Ireland's engagement in Peace Support Operations (Defence Forces), Ireland's contribution to Security Sector Reform (Irish Aid & Defence Forces) and Ireland's diplomatic efforts (Department of Foreign Affairs).

(Security) Current capacity-building efforts in peacekeeping and SSR should be expanded either bilaterally or through multilateral initiatives by the EU or UN. Expanded activities should focus on the training of African peacekeeping forces to internationally acceptable standards, carefully designed capacity building to improve military culture to respect the civil authorities and further financial support for SSR initiatives.

DEPARTMENT OF ENTERPRISE, TRADE AND EMPLOYMENT

Primary Responsibility

1. (Trade) Ireland should support the EU's efforts in the Doha Round to reduce tariffs on manufactured exports of particular interest to developing countries, particularly textiles, clothing and footwear, to a level as close to zero as possible.

2. (Trade) Ireland should press for an EU negotiating offer on services in the Doha Round which provides real and genuine market access opportunities in sectors of particular interest to developing countries, including tourism, maritime transport, construction and software development.

3. (Trade) Ireland should seek ways to make the EU's GSP scheme more beneficial to developing countries, particularly by facilitating access for eligible countries to the GSP Plus scheme while extending the value of preferences under the mainstream GSP, taking into account the impact on the value of preferences accorded to ACP countries under EPAs.

4. (Trade) Ireland should support the greatest possible liberalisation of rules of origin in EU trade agreements with developing countries to maximise their development potential.

5. (Trade) Ireland should assist in supporting an effective process of consultation, involvement and participation in the EPA process of ACP civil society, private sector and parliamentarians, particularly in the Irish Aid partner countries, in order to maximise the degree of national ownership of the resulting outcomes.

6. (Trade) Ireland should publicly respond to the Sustainability Impact Assessments commissioned by the EU for bilateral or regional free trade agreements with developing countries to ensure both development benefits for developing country partners and an overall balance of benefits to the EU and Irish economies.

7. (Enterprise) The Department of Enterprise, Trade and Employment should seek to encourage the use of the skills and experience of the Industrial Development Agency in helping to establish equivalent good-practice agencies in developing countries.

8. (Science & Technology) Ireland should consider participating as a sponsor in emerging Advanced Market Commitment projects to support the development of appropriate R&D for developing countries.

9. (Science & Technology) The progress of the Irish-African Partnership for Research Capacity Building should be monitored carefully with a view to scaling-up these types of initiatives in the future.

10. (Science & Technology) Science Foundation Ireland should consider the incorporation of international development goals in the Science Technology and Innovation policy-setting process.

11. (Science & Technology) Science Foundation Ireland and the other relevant authorities should consider facilitating and incentivising the participation of developing-country researchers as an outreach component of Ireland's new scientific research centres.

12. (Science & Technology) The government should consider facilitating the systematic knowledge transfer necessary to overcome obstacles to the use of open source software in Irish Aid priority countries.

13. (Science & Technology) The government should support international developments in software patenting which facilitate developing countries in expanding software development and application activities.

14. (Science & Technology) The government should consider supporting the Norwegian proposals for the revision of TRIPS to protect traditional knowledge and indigenous genetic resources, and to lobby against the advance of more restrictive IPR regulation and data exclusivity (TRIPS-plus).

15. (Finance) The government should consider how it can implement its obligation under Article 66.2 of the TRIPS Agreement to adopt special incentives, such as tax breaks and subsidies, to facilitate the transfer of technology, including machinery and equipment, to the least developed countries

16. (Trade) Ireland should continue to increase its support for Aid for Trade and ensure that it is sensitive to the principles underlying the Irish aid programme generally.

17. (Trade) Ireland should support and monitor the EU commitment to double Aid for Trade support to developing countries over the baseline 2001-04 period by 2010.

18. (Trade) Ireland should press for the adoption by all developed countries of 100 per cent duty free and quota free access for exports from the least developed countries without waiting for the formal conclusion of the Doha Round.

19. (Trade) Ireland should be aware of, and be sympathetic to, situations where the application of a formula approach to tariff reductions on manufactured goods imports in the Doha Round could lead to unreasonable outcomes for low-income developing countries, in particular.

20. (Trade) Within the EU, Ireland should insist on the need to take ACP concerns and interests fully into account in the finalisation of EPAs.

21. (Trade) The Irish government should support efforts by the EU to strengthen the provisions and limit the exceptions for duty-free, quota-free access by LDCs to all developed country markets, building on the example of the EU's Everything but Arms scheme.

Joint Responsibility

22. (Migration) The rights of migrants to relocate freely across Member State borders in response to changes in labour demand and other economic conditions should be supported.

23. (Migration) Opportunities for temporary migration will depend on the state of the Irish labour market and will be curtailed when domestic unemployment is high. However, ways to encourage temporary migration of low and medium-skilled workers to Ireland, perhaps with selected sending countries such as Irish Aid partner countries, should be explored, consistent with the maintenance of decent conditions of employment in Ireland. Any programme should be specifically designed to maximise the benefits to the source country while taking into account the demand for labour in Ireland.

24. (Migration) Proposals to facilitate temporary migration particularly of low-skilled workers at EU level should be supported.

25. (Migration) Development-friendly migration policy principles, such as return incentives and the absence of barriers to returning home for short to medium terms without losing status in Ireland, should be integrated into the Green Card and work permit systems.

26. (Migration) An audit of the effectiveness of Ireland's anti-discrimination legislation should take place. If weaknesses are found, policies to overcome these deficiencies should be recommended and implemented.

27. (Migration) Development-friendly migration policy principles should influence the design of the work permit system. These principles would include allowing 'career breaks' to return home without interrupting employment record, freedom of movement between jobs and incentives to return.

28. (Migration) The process for the full recognition of migrant's qualifications should be accelerated (NQAI) and a programme to improve awareness of EU and non-EU qualifications among employers should support this process.

29. (Migration) A vetting system for Green Card applications to assess the countries of origin and professional categories for which approval would have negative development consequences should be put in place.

30. (Migration) Ireland should develop its border control procedures as a necessary condition for a more effective immigration policy.

31. (Migration) Alternative migration policies to mitigate the identified country/industry specific drawbacks of the Green Card system from a PCD perspective should be examined.

32. (Finance) If the sustainability of Ireland's corporation-tax advantages comes under increasing EU pressure in the years ahead, a principle of Ireland's negotiating position should be that any changes in EU tax policy should not worsen the position of developing countries.

33. (Energy) Ireland should integrate the energy needs of developing countries into the criteria for domestic energy research grants.

DEPARTMENT OF THE ENVIRONMENT, HERITAGE AND LOCAL GOVERNMENT

Primary Responsibility

1. (Environment) Ireland should continue to play a proactive role within the EU in negotiations for the post-2012 climate change agreement, recognising the important developing country interests at stake in getting agreement on ambitious EU targets to reduce GHG emissions.

2. (Environment) Research should be undertaken to provide a better understanding of the implications for developing countries of EU policy on GM crops and foods.

3. (Environment) Mechanisms are required to ensure that developing country interests are taken into account in the formulation of Irish GMO policy, given the very dispersed responsibility for this policy area in the Irish political system.

4. (Environment) Developing country interests, including the interests of net food importing countries as well as potential exporters of biofuels or feedstocks for the production of biofuels, should be a factor in the government's approach to setting targets under the Biofuel Obligation Scheme.

5. (Environment) The government should support efforts to address sustainability concerns around biofuels through a certification system while ensuring that developing country concerns are addressed in the formulation of the sustainability criteria.

6. (Environment) Once sustainability criteria are in place, the government should support moves to remove remaining tariffs on imports of biofuels (mainly bioethanol) from developing country producers.

7. (Environment) Ireland should continue to assess the capabilities of partner countries to negotiate in the upcoming climate change talks and provide support through multilateral organisation partners where needs are found.

8. (Environment) Climate change concerns must be mainstreamed in the dialogue with partner countries on development assistance programmes.

9. (Environment) Biodiversity concerns should be taken into account in development aid projects as part of the mainstreaming of EIAs and SEAs in development aid projects.

10. (Environment) New innovative international mechanisms to improve biodiversity that overcome the inherent coordination problems should be supported.

11. (Environment) Understanding of the effectiveness of biodiversity conservation programmes is weak. Well designed empirical analysis of conservation efforts should be supported through EU and domestic research funding,.

12. (Transport) Bilateral air agreements with developing countries should continue to be facilitated, and technical assistance provided to address safety concerns where necessary.

13. (Environment) Ireland should continue to invest in the Clean Development Mechanism and the Global Energy Efficiency and Renewable Energy Fund (GEEREF).

14. (Energy) Ireland should integrate the energy needs of developing countries into the criteria for domestic energy research grants.

15. (Environment) Ireland should support and contribute to international adaptation funds under the UNFCCC to generate adaptation finance that is sufficient, predictable and additional to the 0.7% aid commitment.

16. (Environment) Ireland should ensure that the interests of developing countries are taken into consideration in the implementation of EU climate change policy in the post-2012 period.

DEPARTMENT OF FINANCE

Primary Responsibility

1. (Finance) Tax sparing in double taxation treaties between Ireland and the least developed countries should be considered. As a pilot project this could begin with some of the Irish Aid programme countries.

2. (Finance) Efforts should be stepped up to raise the level of awareness of the foreign bribery offence with the public administration, Enterprise Ireland, Irish companies and the Irish accounting and auditing professions, and procedures should be established for reporting information and/or suspicions to law enforcement authorities in Ireland.

3. (Finance) Comprehensive measures to protect public and private whistleblowers in order to encourage employees to report suspected cases of foreign bribery without fear of retaliation should be put in place.

4. (Finance) If the sustainability of Ireland's corporation-tax advantages comes under increasing EU pressure in the years ahead, a principle of Ireland's negotiating position should be that any changes in EU tax policy should not worsen the position of developing countries.

5. (Finance) The government should use the moral capital it has acquired – through its long-standing willingness to acquiesce in a lower voting share in the International Financial Institutions than would be implied by strict application of the voting formula – to continue to argue in support of reforms that would increase the voice and participation of developing countries in the International Financial Institutions.

6. (Finance) The government should directly invest intellectual capital in support of the development of an international consensus on conditionality and responsible lending and borrowing procedures.

DEPARTMENT OF FOREIGN AFFAIRS

Primary Responsibility

1. (Agriculture) The Special Envoy for Hunger should be encouraged to identify areas where greater policy coherence would contribute to fulfilment of the objectives of the Hunger Task Force report.

2. (Security). Ireland should take measures to ensure that the use of Irish airports by foreign military is consistent with international humanitarian law and UN principles.

Joint-Responsibility

1. (Trade) Ireland should continue to increase its support for Aid for Trade and ensure that it is sensitive to the principles underlying the Irish aid programme generally.

2. (Environment) Ireland should continue to assess the capabilities of partner countries to negotiate in the upcoming climate change talks and provide support through multilateral organisation partners where needs are found.

3. (Environment) Climate change concerns must be mainstreamed in the dialogue with partner countries on development assistance programmes.

4. (Environment) Biodiversity concerns should be taken into account in development aid projects as part of the mainstreaming of EIAs and SEAs in development aid projects.

5. (All Departments) Focused Annual Objectives: While continuous monitoring of PCD developments remains crucial, the IDCD should prioritise a limited number of policy areas annually or biennially with deliverable outcomes to be achieved. Outcomes could take the form of a submission into the policy formulation process of a specific department or an IDCD statement that could be used in policy making in the years ahead.

6. (All Departments) Development Impact Assessments (DIAs): We recommend that the IDCD seek the introduction of Development Impact Assessments (DIAs) within the RIA process to institutionalise the assessment of developing country needs in the formulation of domestic policy positions and activities.

7. (All Departments) The use of PCD Indicators: We recommend that the IDCD help develop a system of PCD policy indicators specific to Ireland that are independently collated on a bi-annual basis. The IDCD should seek to integrate the set of agreed policy indicators into its annual monitoring and objective setting process.

8. (All Departments) Parliamentary Oversight: As PCD is a policy agenda that spreads across a number of Oireachtas committees, and not just the Oireachtas Committee on Foreign Affairs, careful consideration is needed as to how inclusive and effective parliamentary oversight can be created.

9. (All Departments) Civil Society Engagement: Efforts should be made to encourage Irish NGO's to invest time and resources to assess coherence issues and make contributions to the PCD knowledge base.

10. (All Departments) Partner Country Engagement: Ireland should work with the EU to overcome the deficit in the level of consultation with and representation of developing country officials in Irish PCD debates, and consult more systematically with Irish Aid partner countries on important issues of policy coherence.

11. (All Departments) Departmental Training: As well as extending the pilot awareness programme for departmental officials interested or involved in activities relevant to PCD which the IDCD has begun., Specific educational and experiential support for departmental officials working on the IDCD should be considered such as support for development related part time courses and short term placements at international organisations or in partner countries.

12. (All Departments) Policy Research: Research to assess a wide range of coherence issues and investigate deeper the important issues of policy coherence should continue under the auspices of the IDCD specifically to support its annual objectives.

13. (All Departments) Independent Monitoring of Indicators: The IDCD should seek to integrate PCD indicators into its work plan. A set of PCD indicators should be developed following wide consultation with departments, civil society and partner countries and should be independently published on an bi-annual basis to ensure legitimacy.

DEPARTMENT OF JUSTICE, EQUALITY AND LAW REFORM

Primary Responsibility

1. (Migration) The rights of migrants to relocate freely across Member State borders in response to changes in labour demand and other economic conditions should be supported.

2. (Migration) Ways to encourage temporary migration of low and medium-skilled workers to Ireland, perhaps with selected sending countries such as Irish Aid partner countries, should be explored, consistent with the maintenance of decent conditions of employment at home. Any programme should be specifically designed to maximise the benefits to the source country while taking into account the demand for labour in Ireland.

3. (Migration) (Migration) A multi-stakeholder approach to compiling data, synthesising good practice and making detailed recommendations should be pursued to help develop the remittance market in Ireland.

4. (Migration) Proposals to facilitate temporary migration particularly of low-skilled workers at EU level should be supported.

5. (Migration) Development-friendly migration policy principles, such as return incentives and the absence of barriers to returning home for short to medium terms without losing status in Ireland, should be integrated into the Green Card and work permit systems.

6. (Migration) Alternative migration policies to mitigate the identified country/industry specific drawbacks of the Green Card system from a PCD perspective should be examined.

7. (Migration) The asylum process should be faster (while maintaining rights) as quick resolution of cases is in everyone's best interest.

8. (Migration) Asylum seekers whose applications have not been processed within a 6 month period should be afforded greater rights and opportunities, in particular the right to work. This would provide an incentive to complete all applications within a reasonable timeframe.

9. (Migration) An audit of the effectiveness of Ireland's anti-discrimination legislation should take place. If weaknesses are found, policies to overcome these deficiencies should be implemented.

10. (Migration) Competition in remittances services should be encouraged by providing an information platform that compares the costs and procedures for sending money home, along the lines of www.sendmoneyhome.org.

11. (Migration) While recognising that there are very few migrants in Ireland from the poorest developing countries, incentives to increase the flow of remittances to developing countries such as "salary sacrifice" or PRSI refunds should be explored.

12. (Migration) Development-friendly migration policy principles should influence the design of the work permit system. These principles would include allowing 'career breaks' to return home without interrupting employment record, freedom of movement between jobs and incentives to return.

13. (Migration) Ireland should make a stronger commitment to language training for foreign nationals through Fás and other organisations.

14. (Migration) The process for the full recognition of migrant's qualifications should be accelerated (NQAI) and a programme to improve awareness of EU and non-EU qualifications among employers should support this process.

15. (Migration) A vetting system for Green Card applications to assess the countries of origin and professional categories for which approval would have negative development consequences should be put in place.

16. (Migration) Ireland should develop its border control procedures as a necessary condition for a more effective immigration policy.

17. (Migration) As a general principle, Ireland should ensure that policy coherence for development is centre stage in any discussions on future EU-wide or multilateral agreements on migration.

18. (Migration) Ireland should safeguard and enhance its reputation as an international leader in the acceptance and treatment of refugees as a way of strengthening its voice in immigration discussions.

Joint Responsibility

19. (Finance) At a minimum, legislation should be amended to clarify that bribes to foreign public officials are not tax-deductible. It should also be made an offence under Irish law to bribe public officials overseas.

20. (Finance) Efforts should be stepped up to raise the level of awareness of the foreign bribery offence with the public administration, Enterprise Ireland, Irish companies and the Irish accounting and auditing professions, and procedures should be established for reporting information and/or suspicions to law enforcement authorities in Ireland.

21. (Finance) Comprehensive measures to protect public and private whistleblowers in order to encourage employees to report suspected cases of foreign bribery without fear of retaliation should be put in place.

DEPARTMENT OF SOCIAL AND FAMILY AFFAIRS

Joint Responsibility

1. (Migration) While recognising that there are very few migrants in Ireland from the poorest developing countries, incentives to increase the flow of remittances to developing countries such as "salary sacrifice" or PRSI refunds should be explored.

DEPARTMENT OF COMMUNICATIONS, ENERGY AND NATURAL RESOURCES

Joint Responsibility

1. (Energy) Ireland should integrate the energy needs of developing countries into the criteria for domestic energy research grants.

Appendix 3:

Rankings of Recommendation Scores.

Figure 6: PCD Recommendations – Ranking by Total

A Potential Benefits to Developing Countries
B Robustness of Evidence
C Opportunities for Wider Influence
D Ease of Successful Implementation
E Low Fiscal Cost
F Complementarity with Domestic Policy Goals

	A	B	C	D	E	F	TOTAL
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Governance of the IFIs	4	4	5	5	5	4	**27**
TRADE							
Trade Relations with Developing Countries	4	4	4	4	5	4	**25**
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Intellectual Property Rights	4	4	4	4	5	4	**25**
ENVIRONMENT							
Climate Change	5	4	3	4	4	4	**24**
DEFENCE AND SECURITY POLICY							
International Military Engagement	2	3	4	5	5	5	**24**
DEFENCE AND SECURITY POLICY							
Security Sector Reform and Coordination	4	4	5	4	3	4	**24**
TRADE							
The WTO Doha Round	5	4	3	3	5	3	**23**
AGRICULTURE							
Agriculture and the Doha Round	4	4	3	4	5	3	**23**
MIGRATION							
EU and Multilateral Migration Policy	5	4	3	4	4	3	**23**
MIGRATION							
Remittances	4	4	3	4	4	4	**23**
ENVIRONMENT							
Biofuels	4	4	4	4	4	3	**23**
AGRICULTURE							
Food Standards, Animal Health and Traceability Rules	3	3	4	3	4	5	**22**

ENVIRONMENT Biodiversity	3	4	3	4	4	4	**22**
ENVIRONMENT GMOs	4	3	4	4	4	3	**22**
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Conditionality	4	3	4	3	4	4	**22**
INSTITUTIONAL SUPPORT FOR PCD Improve Oversight Mechanisms	4	4	4	3	4	3	**22**
AGRICULTURE Agricultural Development Assistance	3	3	3	4	4	4	**21**
FISHERIES Fisheries Policy	4	3	4	3	4	3	**21**
MIGRATION Work Permit System	3	3	4	3	5	3	**21**
ENVIRONMENT Transport and Energy	3	3	3	4	4	4	**21**
NSTITUTIONAL SUPPORT FOR PCD Procedures for PCD Decision Making	3	3	3	4	4	4	**21**
INSTITUTIONAL SUPPORT FOR PCD Investments in PCD Knowledge	3	3	4	5	2	4	**21**
TRADE Aid for Trade	4	2	3	3	3	5	**20**
MIGRATION Temporary Migration	4	4	3	3	4	2	**20**
MIGRATION Green Card System	2	3	3	4	5	3	**20**
MIGRATION Encouraging Immigrant Adjustment	3	3	2	4	4	4	**20**
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Science, Technology and Innovation Policy	3	3	3	4	3	4	**20**
MIGRATION Asylum Seekers, Refugees and Illegal Migrants	2	3	3	3	3	4	**18**
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Outward FDI	2	3	3	3	4	3	**18**
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Inward FDI	3	3	3	3	2	2	**16**

Figure 6: PCD Recommendations – Ranking by Potential Benefits to Developing Countries

A Potential Benefits to Developing Countries
B Robustness of Evidence
C Opportunities for Wider Influence
D Ease of Successful Implementation
E Low Fiscal Cost
F Complementarity with Domestic Policy Goals

	A	B	C	D	E	F	TOTAL
ENVIRONMENT Climate Change	**5**	4	3	4	4	4	24
TRADE The WTO Doha Round	**5**	4	3	3	5	3	23
MIGRATION EU and Multilateral Migration Policy	**5**	4	3	4	4	3	23
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Governance of the IFIs	**4**	4	5	5	5	4	27
TRADE Trade Relations with Developing Countries	**4**	4	4	4	5	4	25
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Intellectual Property Rights	**4**	4	4	4	5	4	25
DEFENCE AND SECURITY POLICY Security Sector Reform and Coordination	**4**	4	5	4	3	4	24
AGRICULTURE Agriculture and the Doha Round	**4**	4	3	4	5	3	23
MIGRATION Remittances	**4**	4	3	4	4	4	23
ENVIRONMENT Biofuels	**4**	4	4	4	4	3	23
ENVIRONMENT GMOs	**4**	3	4	4	4	3	22
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Conditionality	**4**	3	4	3	4	4	22
INSTITUTIONAL SUPPORT FOR PCD Improve Oversight Mechanisms	**4**	4	4	3	4	3	22
FISHERIES Fisheries Policy	**4**	3	4	3	4	3	21
TRADE Aid for Trade	4	2	3	3	3	5	20
MIGRATION Temporary Migration	**4**	4	3	3	4	2	20
AGRICULTURE Food Standards, Animal Health and Traceability Rules	**3**	3	4	3	4	5	22
ENVIRONMENT Biodiversity	**3**	4	3	4	4	4	22

AGRICULTURE Agricultural Development Assistance	**3**	3	3	4	4	4	21
MIGRATION Work Permit System	**3**	3	4	3	5	3	21
ENVIRONMENT Transport and Energy	**3**	3	3	4	4	4	21
INSTITUTIONAL SUPPORT FOR PCD Procedures for PCD Decision Making	**3**	3	3	4	4	4	21
INSTITUTIONAL SUPPORT FOR PCD Investments in PCD Knowledge	**3**	3	4	5	2	4	21
MIGRATION Encouraging Immigrant Adjustment	**3**	3	2	4	4	4	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Science, Technology and Innovation Policy	**3**	3	3	4	3	4	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Inward FDI	**3**	3	3	3	2	2	16
DEFENCE AND SECURITY POLICY International Military Engagement	**2**	3	4	5	5	5	24
MIGRATION Green Card System	**2**	3	3	4	5	3	20
MIGRATION Asylum Seekers, Refugees and Illegal Migrants	**2**	3	3	3	3	4	18
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Outward FDI	**2**	3	3	3	4	3	18

Figure 6: PCD Recommendations – Robustness of Evidence

A Potential Benefits to Developing Countries
B **Robustness of Evidence**
C Opportunities for Wider Influence
D Ease of Successful Implementation
E Low Fiscal Cost
F Complementarity with Domestic Policy Goals

	A	B	C	D	E	F	TOTAL
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Governance of the IFIs	4	**4**	5	5	5	4	27
TRADE							
Trade Relations with Developing Countries	4	**4**	4	4	5	4	25
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Intellectual Property Rights	4	**4**	4	4	5	4	25
ENVIRONMENT							
Climate Change	5	**4**	3	4	4	4	24
DEFENCE AND SECURITY POLICY							
Security Sector Reform and Coordination	4	**4**	5	4	3	4	24
TRADE							
The WTO Doha Round	5	**4**	3	3	5	3	23
MIGRATION							
EU and Multilateral Migration Policy	5	**4**	3	4	4	3	23
AGRICULTURE							
Agriculture and the Doha Round	4	**4**	3	4	5	3	23
MIGRATION							
Remittances	4	**4**	3	4	4	4	23
ENVIRONMENT							
Biofuels	4	**4**	4	4	4	3	23
INSTITUTIONAL SUPPORT FOR PCD							
Improve Oversight Mechanisms	4	**4**	4	3	4	3	22
ENVIRONMENT							
Biodiversity	3	**4**	3	4	4	4	22
MIGRATION							
Temporary Migration	4	**4**	3	3	4	2	20
DEFENCE AND SECURITY POLICY							
International Military Engagement	2	**3**	4	5	5	5	24
ENVIRONMENT							
GMOs	4	**3**	4	4	4	3	22
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Conditionality	4	**3**	4	3	4	4	22
AGRICULTURE							
Food Standards, Animal Health and Traceability Rules	3	**3**	4	3	4	5	22
FISHERIES							
Fisheries Policy	4	**3**	4	3	4	3	21

AGRICULTURE							
Agricultural Development Assistance	3	3	3	4	4	4	21
MIGRATION							
Work Permit System	3	3	4	3	5	3	21
ENVIRONMENT							
Transport and Energy	3	3	3	4	4	4	21
INSTITUTIONAL SUPPORT FOR PCD							
Procedures for PCD Decision Making	3	3	3	4	4	4	21
INSTITUTIONAL SUPPORT FOR PCD							
Investments in PCD Knowledge	3	3	4	5	2	4	21
MIGRATION							
Encouraging Immigrant Adjustment	3	3	2	4	4	4	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Science, Technology and Innovation Policy	3	3	3	4	3	4	20
MIGRATION							
Green Card System	2	3	3	4	5	3	20
MIGRATION							
Asylum Seekers, Refugees and Illegal Migrants	2	3	3	3	3	4	18
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Outward FDI	2	3	3	3	4	3	18
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Inward FDI	3	3	3	3	2	2	16
TRADE							
Aid for Trade	4	2	3	3	3	5	20

Figure 6: PCD Recommendations – Ranking by Opportunities for Wider Influence

A Potential Benefits to Developing Countries
B Robustness of Evidence
C **Opportunities for Wider Influence**
D Ease of Successful Implementation
E Low Fiscal Cost
F Complementarity with Domestic Policy Goals

	A	B	C	D	E	F	TOTAL
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Governance of the IFIs	4	4	**5**	5	5	4	27
DEFENCE AND SECURITY POLICY							
Security Sector Reform and Coordination	4	4	**5**	4	3	4	24
TRADE							
Trade Relations with Developing Countries	4	4	**4**	4	5	4	25
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Intellectual Property Rights	4	4	**4**	4	5	4	25
DEFENCE AND SECURITY POLICY							
International Military Engagement	2	3	**4**	5	5	5	24
ENVIRONMENT							
Biofuels	4	4	**4**	4	4	3	23
INSTITUTIONAL SUPPORT FOR PCD							
Improve Oversight Mechanisms	4	4	**4**	3	4	3	22
ENVIRONMENT							
GMOs	4	3	**4**	4	4	3	22
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Conditionality	4	3	**4**	3	4	4	22
AGRICULTURE							
Food Standards, Animal Health and Traceability Rules	3	3	**4**	3	4	5	22
FISHERIES							
Fisheries Policy	4	3	**4**	3	4	3	21
MIGRATION							
Work Permit System	3	3	**4**	3	5	3	21
INSTITUTIONAL SUPPORT FOR PCD							
Investments in PCD Knowledge	3	3	**4**	5	2	4	21
ENVIRONMENT							
Climate Change	5	4	**3**	4	4	4	24
TRADE							
The WTO Doha Round	5	4	**3**	3	5	3	23
MIGRATION							
EU and Multilateral Migration Policy	5	4	3	4	4	3	23
AGRICULTURE							
Agriculture and the Doha Round	4	4	**3**	4	5	3	23
MIGRATION							
Remittances	4	4	**3**	4	4	4	23

ENVIRONMENT Biodiversity	3	4	**3**	4	4	4	22
AGRICULTURE Agricultural Development Assistance	3	3	**3**	4	4	4	21
ENVIRONMENT Transport and Energy	3	3	**3**	4	4	4	21
INSTITUTIONAL SUPPORT FOR PCD Procedures for PCD Decision Making	3	3	**3**	4	4	4	21
MIGRATION Temporary Migration	4	4	**3**	3	4	2	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Science, Technology and Innovation Policy	3	3	**3**	4	3	4	20
MIGRATION Green Card System	2	3	**3**	4	5	3	20
TRADE Aid for Trade	4	2	**3**	3	3	5	20
MIGRATION Asylum Seekers, Refugees and Illegal Migrants	2	3	**3**	3	3	4	18
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Outward FDI	2	3	**3**	3	4	3	18
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Inward FDI	3	3	**3**	3	2	2	16
MIGRATION Encouraging Immigrant Adjustment	3	3	**2**	4	4	4	20

Figure 6: PCD Recommendations – Ranking by ease of Successful Implementation

A Potential Benefits to Developing Countries
B Robustness of Evidence
C Opportunities for Wider Influence
D **Ease of Successful Implementation**
E Low Fiscal Cost
F Complementarity with Domestic Policy Goals

	A	B	C	D	E	F	TOTAL
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Governance of the IFIs	4	4	5	**5**	5	4	27
DEFENCE AND SECURITY POLICY							
International Military Engagement	2	3	4	**5**	5	5	24
INSTITUTIONAL SUPPORT FOR PCD							
Investments in PCD Knowledge	3	3	4	**5**	2	4	21
TRADE							
Trade Relations with Developing Countries	4	4	4	**4**	5	4	25
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Intellectual Property Rights	4	4	4	**4**	5	4	25
DEFENCE AND SECURITY POLICY							
Security Sector Reform and Coordination	4	4	5	**4**	3	4	24
ENVIRONMENT							
Climate Change	5	4	3	**4**	4	4	24
ENVIRONMENT							
Biofuels	4	4	4	**4**	4	3	23
MIGRATION							
EU and Multilateral Migration Policy	5	4	3	**4**	4	3	23
AGRICULTURE							
Agriculture and the Doha Round	4	4	3	**4**	5	3	23
MIGRATION							
Remittances	4	4	3	**4**	4	4	23
ENVIRONMENT							
GMOs	4	3	4	**4**	4	3	22
ENVIRONMENT							
Biodiversity	3	4	3	**4**	4	4	22
AGRICULTURE							
Agricultural Development Assistance	3	3	3	**4**	4	4	21
ENVIRONMENT							
Transport and Energy	3	3	3	**4**	4	4	21
INSTITUTIONAL SUPPORT FOR PCD							
Procedures for PCD Decision Making	3	3	3	**4**	4	4	21
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Science, Technology and Innovation Policy	3	3	3	**4**	3	4	20
MIGRATION							
Green Card System	2	3	3	**4**	5	3	20

MIGRATION							
Encouraging Immigrant Adjustment	3	3	2	**4**	4	4	20
TRADE							
The WTO Doha Round	5	4	3	**3**	5	3	23
INSTITUTIONAL SUPPORT FOR PCD							
Improve Oversight Mechanisms	4	4	4	**3**	4	3	22
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Conditionality	4	3	4	**3**	4	4	22
AGRICULTURE							
Food Standards, Animal Health and Traceability Rules	3	3	4	**3**	4	5	22
FISHERIES							
Fisheries Policy	4	3	4	**3**	4	3	21
MIGRATION							
Work Permit System	3	3	4	**3**	5	3	21
MIGRATION							
Temporary Migration	4	4	3	**3**	4	2	20
TRADE							
Aid for Trade	4	2	3	**3**	3	5	20
MIGRATION							
Asylum Seekers, Refugees and Illegal Migrants	2	3	3	**3**	3	4	18
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Outward FDI	2	3	3	**3**	4	3	18
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Inward FDI	3	3	3	**3**	2	2	16

Figure 6: PCD Recommendations – Ranking by Low Fiscal Cost

A Potential Benefits to Developing Countries
B Robustness of Evidence
C Opportunities for Wider Influence
D Ease of Successful Implementation
E **Low Fiscal Cost**
F Complementarity with Domestic Policy Goals

	A	B	C	D	E	F	TOTAL
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Governance of the IFIs	4	4	5	5	**5**	4	27
TRADE Trade Relations with Developing Countries	4	4	4	4	**5**	4	25
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Intellectual Property Rights	4	4	4	4	**5**	4	25
DEFENCE AND SECURITY POLICY International Military Engagement	2	3	4	5	**5**	5	24
AGRICULTURE Agriculture and the Doha Round	4	4	3	4	**5**	3	23
TRADE The WTO Doha Round	5	4	3	3	**5**	3	23
MIGRATION Work Permit System	3	3	4	3	**5**	3	21
MIGRATION Green Card System	2	3	3	4	**5**	3	20
ENVIRONMENT Climate Change	5	4	3	4	**4**	4	24
ENVIRONMENT Biofuels	4	4	4	4	**4**	3	23
MIGRATION EU and Multilateral Migration Policy	5	4	3	4	**4**	3	23
MIGRATION Remittances	4	4	3	4	**4**	4	23
ENVIRONMENT GMOs	4	3	4	4	**4**	3	22
ENVIRONMENT Biodiversity	3	4	3	4	**4**	4	22
INSTITUTIONAL SUPPORT FOR PCD Improve Oversight Mechanisms	4	4	4	3	**4**	3	22
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY Conditionality	4	3	4	3	**4**	4	22
AGRICULTURE Food Standards, Animal Health and Traceability Rules	3	3	4	3	**4**	5	22
AGRICULTURE Agricultural Development Assistance	3	3	3	4	**4**	4	21

ENVIRONMENT							
Transport and Energy	3	3	3	4	**4**	4	21
INSTITUTIONAL SUPPORT FOR PCD							
Procedures for PCD Decision Making	3	3	3	4	**4**	4	21
FISHERIES							
Fisheries Policy	4	3	4	3	**4**	3	21
MIGRATION							
Encouraging Immigrant Adjustment	3	3	2	4	**4**	4	20
MIGRATION							
Temporary Migration	4	4	3	3	**4**	2	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Outward FDI	2	3	3	3	**4**	3	18
DEFENCE AND SECURITY POLICY							
Security Sector Reform and Coordination	4	4	5	4	**3**	4	24
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Science, Technology and Innovation Policy	3	3	3	4	**3**	4	20
TRADE							
Aid for Trade	4	2	3	3	**3**	5	20
MIGRATION							
Asylum Seekers, Refugees and Illegal Migrants	2	3	3	3	**3**	4	18
INSTITUTIONAL SUPPORT FOR PCD							
Investments in PCD Knowledge	3	3	4	5	**2**	4	21
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Inward FDI	3	3	3	3	**2**	2	16

Figure 6: PCD Recommendations – Ranking by Complementarity with Domestic Policy Goals

A Potential Benefits to Developing Countries
B Robustness of Evidence
C Opportunities for Wider Influence
D Ease of Successful Implementation
E Low Fiscal Cost
F **Complementarity with Domestic Policy Goals**

	A	B	C	D	E	F	TOTAL
DEFENCE AND SECURITY POLICY							
International Military Engagement	2	3	4	5	5	**5**	24
AGRICULTURE							
Food Standards, Animal Health and Traceability Rules	3	3	4	3	4	**5**	22
TRADE							
Aid for Trade	4	2	3	3	3	**5**	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Governance of the IFIs	4	4	5	5	5	**4**	27
TRADE							
Trade Relations with Developing Countries	4	4	4	4	5	**4**	25
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Intellectual Property Rights	4	4	4	4	5	**4**	25
ENVIRONMENT							
Climate Change	5	4	3	4	4	**4**	24
DEFENCE AND SECURITY POLICY							
Security Sector Reform and Coordination	4	4	5	4	3	**4**	24
MIGRATION							
Remittances	4	4	3	4	4	**4**	23
ENVIRONMENT							
Biodiversity	3	4	3	4	4	**4**	22
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Conditionality	4	3	4	3	4	**4**	22
AGRICULTURE							
Agricultural Development Assistance	3	3	3	4	4	**4**	21
ENVIRONMENT							
Transport and Energy	3	3	3	4	4	**4**	21
INSTITUTIONAL SUPPORT FOR PCD							
Procedures for PCD Decision Making	3	3	3	4	4	**4**	21
INSTITUTIONAL SUPPORT FOR PCD							
Investments in PCD Knowledge	3	3	4	5	2	**4**	21
MIGRATION							
Encouraging Immigrant Adjustment	3	3	2	4	4	**4**	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Science, Technology and Innovation Policy	3	3	3	4	3	**4**	20
MIGRATION							
Asylum Seekers, Refugees and Illegal Migrants	2	3	3	3	3	**4**	18

AGRICULTURE							
Agriculture and the Doha Round	4	4	3	4	5	3	23
TRADE							
The WTO Doha Round	5	4	3	3	5	3	23
ENVIRONMENT							
Biofuels	4	4	4	4	4	3	23
MIGRATION							
EU and Multilateral Migration Policy	5	4	3	4	4	3	23
ENVIRONMENT							
GMOs	4	3	4	4	4	3	22
INSTITUTIONAL SUPPORT FOR PCD							
Improve Oversight Mechanisms	4	4	4	3	4	3	22
MIGRATION							
Work Permit System	3	3	4	3	5	3	21
FISHERIES							
Fisheries Policy	4	3	4	3	4	3	21
MIGRATION							
Green Card System	2	3	3	4	5	3	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Outward FDI	2	3	3	3	4	3	18
MIGRATION							
Temporary Migration	4	4	3	3	4	2	20
FINANCE, ENTERPRISE, SCIENCE AND TECHNOLOGY							
Inward FDI	3	3	3	3	2	2	16

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