

Where Aid Meets Trade

Ireland's role in the changing development landscape in Africa



A report by Hannah Grene, Barncat Consulting, for Trócaire

Photograph by Gary Moore: A factory in Kigali, Rwanda, which processes crops into porridge products under the brand name Sosoma

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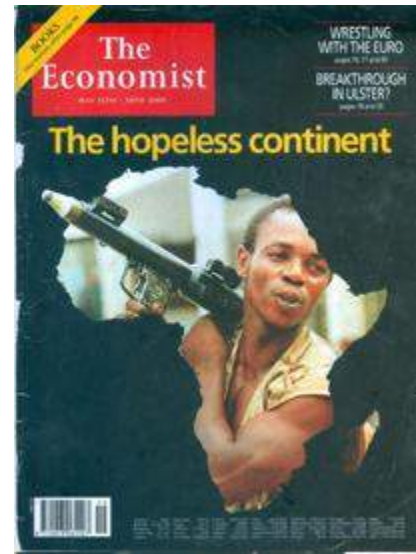
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Preface: **The dangers of a single story**

Africa's image in the rest of the world is changing. In 2000, *The Economist* labelled Africa 'the hopeless continent'; in 2011, *The Economist* cover featured a boy flying an Africa-shaped kite under the title 'Africa rising'.

The change in narrative is important, and welcome. Development practitioners have long been trying to replace what Nigerian author Chimamanda Ngozie Adichie has called 'the single story of catastrophe' with something more positive.¹ However, the 'Africa rising' cover picture masks a much more nuanced reality, just as much as the 'hopeless continent' did. The 'Africa rising' narrative is founded largely on the strong average rates of economic growth on the continent, with Africa's growth rate twice the global average in 2013. However, that economic growth has been coupled with continued, and frequently widening income inequality, and has even in some cases contributed to human rights abuses, conflict and fragility. As the 2014 Africa's Progress Panel Report puts it: *'Viewed from the rural areas and informal settlements that are home to most Africans, the economic recovery looks less impressive. Some – like the artisanal fishermen of West Africa – have been pushed to the brink of destitution. For others, growth has brought extraordinary wealth.'*²

Much of that wealth is not staying in Africa – the civil society report *Honest Accounts* estimates that while \$134 billion flows into Africa each year, mostly as loans, investments and aid, \$192 billion is taken out, through multinational profits, tax evasion and avoidance and, increasingly, the costs of climate change.³



¹ Chimamanda Ngozie Adichie, 'The dangers of a single story, TED Talk, Oxford, October 2009.

² Africa Progress Report 2014, Grain Fish Money: Financing Africa's Green and Blue Revolutions, Africa Progress Panel, p13.

³ Health Poverty Action et al, Honest Accounts? The true story of Africa's billion dollar losses, July 2014.

‘Africa rising’ celebrates the real advances that have been made in human development on the continent, and offers a hopeful picture of the future. Optimism has a powerful role to play in generating new opportunities, but it is critical not to be blinded by a false reality, particularly when formulating policy. The role of policymakers is to see the nuance behind the narrative and to plan their interventions accordingly.

Executive Summary

This paper sets out to examine Ireland’s changing relationship with Africa. The paper first examines current trends in international development towards a greater focus on private sector engagement. It then asks to what extent Ireland is following these trends in its engagement in trade and development in Africa.

The following are some of the key insights provided by the paper. **Globally, there is a re-emergence of economic growth as the perceived primary driver of development.** At UN, EU and individual donor country level, there is a clearly increased focus on economic growth to enable development, calling to mind the 1980s Washington Consensus policies, which so clearly failed to address human poverty and avert debt crises, leading to the 1980s being dubbed the ‘lost development decade’.⁴ The 1990s and 2000s saw a shift away from purely growth-led policies, emphasising the importance of social advancement and human rights based approaches – and making considerable advances in human development as a result. However, the global community appears to be in danger of forgetting these lessons learned, as economic growth takes centre-stage in development policy once again.

Economic growth does not automatically result in poverty reduction. In Nigeria, the economy has grown at an impressive 6% per year for the past ten years, but its Human Development Index rating is at 152 out of 176 countries – eleven places lower than Irish Aid key partner country Zambia.⁵ The failure of economic growth to result in poverty reduction is often rooted in inequality – rapid economic growth in a society with high income inequality often results in minimal poverty reduction, and greater inequality.⁶ Much economic growth is jobless, and where employment is created there is a trend towards more vulnerable work. About 70% of male workers in sub-Saharan Africa are in vulnerable

⁴ See e.g. <http://www.donellameadows.org/archives/a-decade-lost-when-there-isnt-a-decade-to-lose/>

⁵ UNDP Human Development Index 2014.

⁶ World Bank Group, Prosperity for All: Ending Extreme Poverty, 2014 Spring Meetings

forms of employment, and a staggering 85% of women.⁷ Why then do we see so many references to the ‘miracles’ which the market-based private sector-led strategies can perform in developing countries? Why, also, is there such an emphasis on engaging with large Northern based companies, rather than with local business in Africa?

There is a trend towards donors expecting that their overseas aid should benefit economic interests in their own country. Evidence of this is seen perhaps most blatantly in Australia and the UK, but also in the Netherlands, Sweden and Norway. This type of approach appears to have been sparked by the global recession, and is based on a perceived ‘win-win’ scenario – both donor and developing country will benefit from increased trade and investment. But, as the UK aid watchdog body has pointed out: *‘the private sector and markets are predicated on the idea of competition, which presupposes that there will sometimes be losers...A focus on private sector development may, from time to time, result in certain groups of the poor being worse off as a result of its interventions.’*⁸

A true ‘win-win’ scenario for donors and recipients in relation to such programmes is difficult to achieve, and needs to be carefully managed, as an examination of current trade promotion and donor supported private sector development initiatives shows. Most large-scale donor initiatives focus on facilitating Africa’s trade with the rest of the world; however, unless more support is given for manufacturing and value-added in African countries, ‘aid for trade’ is more likely to facilitate a landing strip for expensive imports from the rest of the world, than a launching pad for African goods and services.

Ireland has a long established, well respected and important role to play in Africa as an ‘honest broker’ in politics and development. Ireland’s aid programme is widely regarded as second to none. Ireland’s business presence in Africa, however, is minimal – particularly in terms of foreign direct investment, which is most likely to see returns for local people, and current trade with Africa is significantly imbalanced in favour of Irish exports to the continent. Talk of a *‘planned transition for aid to trade’* is somewhat premature – and at odds with the government’s stated policy of reaching a spending target of 0.7% of GNP on development aid.

⁷ ILO World of Work report 2014, ‘Developing with Jobs’, p8.

⁸ Independent Commission for Aid Impact, DFID’s Private Sector Development Work, Report 35, May 2014.

For the most part, Ireland has resisted the trend towards self-interested development policy. Following the financial crisis, however, an increased emphasis has been placed on promoting Ireland's economic interests in the rest of the world, including in Africa. Recent years have seen the Department of Foreign Affairs take on new responsibility for trade promotion, the development of an Africa Strategy for Ireland which addresses trade, aid and development priorities, and the establishment of an Africa Ireland Economic Forum and the opening of Enterprise Ireland offices first in South Africa and then in Nigeria. Following on from the Africa Strategy, responsibility for development, politics and trade in Africa are all located within Irish Aid. This could potentially be a positive development, but it raises questions as to how, when competing interests in aid and commercial interests arise, will they be dealt with? Robust measures to address policy coherence become important.

Irish support for private sector initiatives in development needs to engage more meaningfully with inclusive growth. For the most part, Irish Aid is focused on micro-level economic activity to provide sustainable livelihoods, in line with its strongly pro-poor focus. However, initiatives that have sought to engage the Irish private sector in development activities have been less successful to date, in elaborating a clear strategy on how poverty reduction is to be achieved.

1. Introduction

1.1. Overview of the report

This paper examines current trends in international development towards a greater focus on the private sector, the extent to which this is reflected in Ireland's engagement with trade and development in Africa, and how this focus can be managed in a way that is consistent with human rights and development objectives. After a brief overview of Ireland's political, development and trade engagements in Africa in Section One, Section Two looks at the increasing importance being placed on economic growth and market-based solutions in development practice globally. It considers the relationship between economic growth, poverty, inequality and gender and argues that the current shift towards market-based, private sector driven development is problematic. Section Two concludes by looking at the types of initiatives in which donors engage with the private sector.

Section Three then examines what is driving this change in policy and practice globally, and the extent to which Ireland is following the trends identified. Given the full breadth of possible private sector actors from local to global players, it asks why so many donors are focused on subsidising large Northern companies, rather than focusing more directly on supporting businesses in developing countries themselves? Part of the answer is that there is a clearly increased emphasis among donors that development policy should benefit the economic interests in the donor country, either directly or indirectly. This section considers the way in which aid and trade promotion priorities are currently being reconciled.

Sections Four and Five consider more directly private sector players (businesses or corporations) as actors in the development process: the 'doing more good' agenda, which sees private sector actors increasingly engaged in delivering, and shaping, development practice; and the 'doing less harm' agenda, which aims to ensure that businesses in Africa do not have a negative impact on the rights of African people.⁹ Section Four examines initiatives which engage the transnational private sector for development, using the G8

⁹ These terms are adapted from Institute of Development Studies Working Paper 40, *Understanding and Enhancing the Role of Business in International Development: A Conceptual Framework and Agenda for Research*, March 2014, p7.

New Alliance for Agriculture and Food Security as an example, and outline the initial ways in which Ireland has tried to engage the private sector for development.

Section Five outlines human rights considerations with regard to business in Africa, including some examples of how businesses can and have impacted on human rights in their African operations. In this regard, Ireland’s decision to put in place a National Action Plan on business and human rights in 2015-2016 is very welcome.

1.2. Ireland’s engagement in Africa: a proud history

Shifting Priorities in the Ireland-Africa Relationship

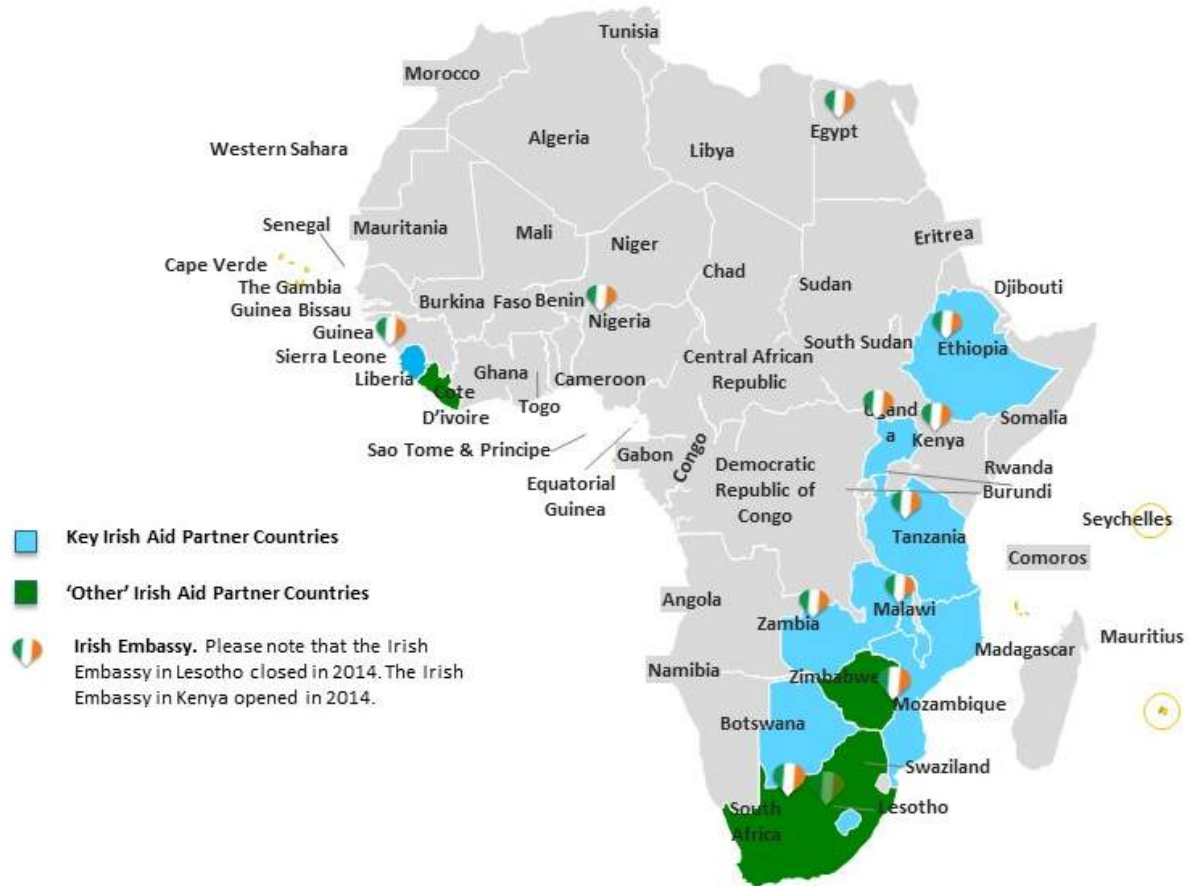


Figure 1: Ireland's diplomatic and development engagement in Africa

Ireland's political engagement in Africa is rooted in a proud history. It pre-dates its bilateral aid programme by slightly more than a decade. The first Irish embassy to be established in Africa was in Nigeria in 1962, but it was not until 1974 that Ireland commenced its bilateral aid programmes, as part of its commitments when it joined the European Economic Community, with long term bilateral missions in Lesotho, Sudan, Tanzania and Zambia through the rest of the 70s.

Ireland's relationship with Africa has been characterised by core values, reflective of Ireland's own struggle for independence: '*Successive Irish governments framed their country as anti-colonial, pro-justice and peace, and a supporter of political and economic independence*'.¹⁰ It fell to Ireland, during its' presidency of the EEC, to complete the Lomé EEC-ACP agreements, and Garrett Fitzgerald '*developed an excellent rapport with the African delegates, pressing them to push in certain areas in order to gain advantage in others*'.¹¹ As Ireland's aid to Africa increased, it allowed Ireland to reflect its cultural identity and values in the world, playing a vital part in shaping our state identity as a '*caring nation*'.¹² In doing so, Ireland was able to build on the work and trust established by the Irish missionary movement throughout Africa, a legacy widely acknowledged by Irish Aid.

Today, Irish Aid, which has eight of its nine key partner countries in Africa, is recognised as one of the best aid programmes in the world. The recently published OECD Development Assistance Peer Review gives Ireland an outstanding evaluation, emphasising in particular its good relations with developing partner countries and as an advocate for development in the global community.¹³ The Brookings Institution, in a recent survey of 31 international donors, ranked Ireland no. 1 for fostering institutions, and in the top four in the three other categories, making it overall the

 The OECD has found that 'Ireland continues to excel in delivering effective aid' and 'Ireland punches above its weight on global development issues'
DAC peer review 2014

¹⁰ Kevin O'Sullivan (2013) 'Ah, Ireland. The caring nation: Foreign aid and Irish state identity in the long 1970s'. *Irish Historical Studies*

¹¹ Kevin O'Sullivan (2007) 'Biafra to Lomé: The evolution of Irish government policy on official development assistance, 1969-75'. *Irish Studies In International Affairs*, 18 :91-107, p480.

¹² Kevin O'Sullivan (2013) 'Ah, Ireland. The caring nation: Foreign aid and Irish state identity in the long 1970s'. *Irish Historical Studies*

¹³ OECD Development Assistance Committee, Peer Review of Ireland, November 2014.

best performing donor.¹⁴ A report by independent think tank Development Initiatives shows that aid from Ireland is highly targeted at the poorest, compared to other donors: over 90% of Irish aid goes to countries with both more than 1 million poor people and above-average poverty rates.¹⁵

1.3. The Africa Strategy: increasing the emphasis on trade promotion

Whilst this narrative of Ireland as the 'caring nation' in Africa still prevails, the last decade has seen another significant trend in Irish foreign policy. A key milestone in Ireland's foreign policy with Africa was the publication of the Africa Strategy in 2011 set out to clarify Ireland's priorities on the continent, bringing development, economic and political objectives together. The Strategy emphasises economic objectives, stating that: *'It is probably in the economic sphere where the most scope exists for increasing and shaping the interaction between Ireland and Africa in the longer term.'*¹⁶

This new focus on economic engagement, understood as Irish trade promotion and outward investment, reflects a new departure in Ireland's relationship with Africa. The opportunities and challenges presented by this trend will be discussed later in the paper.

It is important to recognise the starting point in terms of facts and figures.

The engagement of the Irish private sector in Africa is starting from a very low base. Irish trade with Africa also pre-dates Irish aid; the Guinness brewery in Lagos was established in 1962, the same year as the Irish embassy. But with the notable exceptions of Guinness and Tullow Oil, both of which are now UK-registered companies, few Irish companies have a significant business presence in sub-Saharan Africa. Enterprise Ireland have some 300 client companies across Africa, 200 of which are exporting to South Africa.¹⁷ 70 Enterprise Ireland clients are currently selling to Nigeria.¹⁸ In terms of on-the-ground operations,

¹⁴ Brookings Institution, *The Quality of Official Development Assistance: Third Edition*, 2014.

¹⁵ Development Initiatives, *Investments to end Poverty*, 2013, p178

¹⁶ Government of Ireland, *Ireland and Africa: Our Partnership with a Changing Continent: An Africa Strategy for the Department of Foreign Affairs and Trade*, September 2011, p14.

¹⁷ Enterprise Ireland, *Access South Africa: A guide to doing business in South Africa* (September/October 2012 edition; see also interview with Fred Klinkenberg, Enterprise Ireland South Africa.

<http://www.businessandleadership.com/special-events/doing-business-in-south-africa/news/item/38648>

¹⁸ Enterprise Ireland, *Access Nigeria: A guide to doing business in Nigeria* (2013 edition).

approximately 30 Enterprise Ireland clients have established a local presence in South Africa, while the current research has identified smaller numbers of Irish companies with a local base in Nigeria, Kenya and Ghana, and a handful more in Mozambique, Senegal, Sierra Leone, Tanzania and Zambia. There are also a number of Irish expatriates who have established or are involved in business in a number of other African countries – Zimbabwe, for example, has an association of Irish businesspeople, but not from Irish companies.¹⁹

The map below gives some examples of Irish business activity in Africa – it is not an exhaustive list, but aims to give a representative sample.

Irish business activity in sub-Saharan Africa

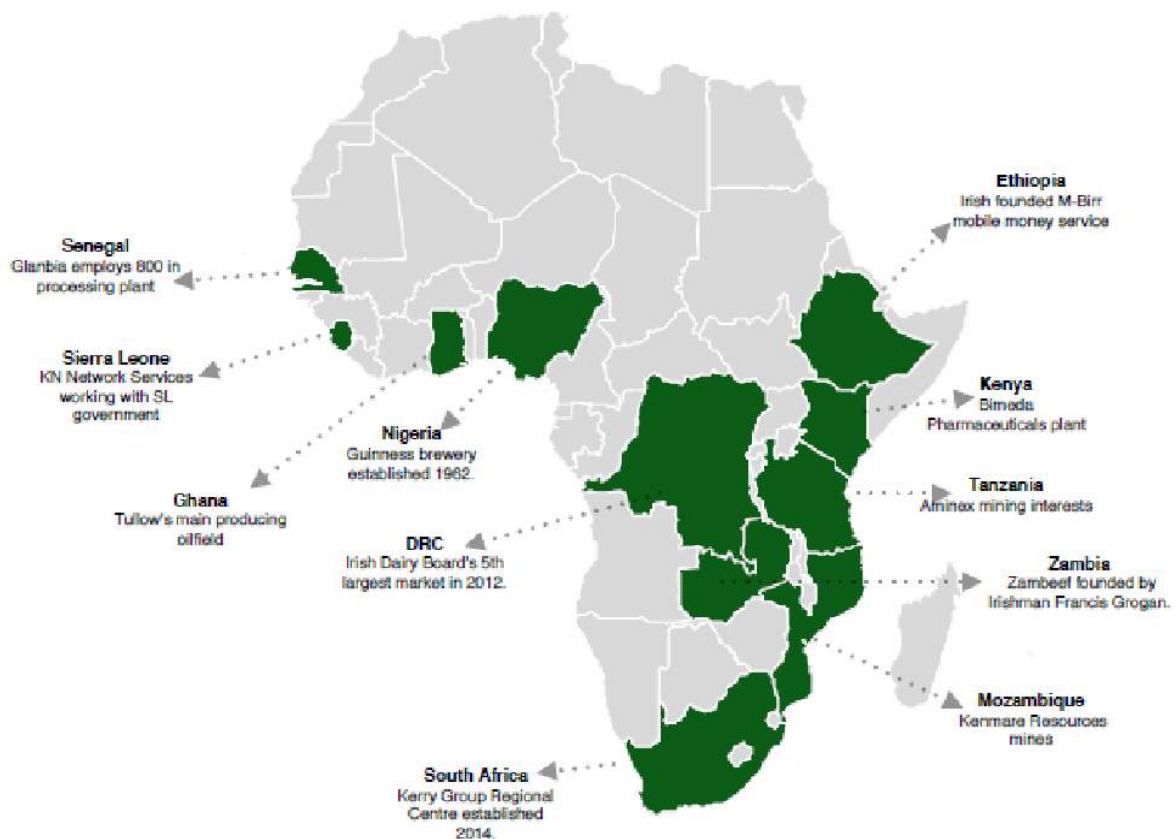


Figure 2: Irish business activity in sub-Saharan Africa

¹⁹ Business Ireland Southern Africa, Harare section: http://www.businessireland.co.za/harare_section.php

The relatively small number of Irish companies with local presence in Africa is reflected in the CSO figures, which show that stocks of Irish foreign direct investment (FDI) in Africa at year end 2013 stood at €98 million, the lowest Irish FDI in any region, and representing just **quarter of 1 per cent (0.25%)** of Ireland's total direct investments overseas.²⁰ Stocks in Irish FDI in Africa fell by more than half between 2012 and 2013.²¹

In terms of trade, Ireland's exports in goods and services to Africa in 2013 totalled €3.2 billion, whereas imports to Ireland of African goods and services was less than half of that, at €1.25 billion. Irish exports of goods to Africa were to the value of €1.28 billion, representing 1.5% of Ireland's total exports of goods.²² Exports of services from Ireland to Africa in 2013 were somewhat higher, at €1.92 billion, of which 60% are attributable to computer services and are likely to be attributable to multinationals with their Europe, Middle East and Africa headquarters in Ireland, and represented 2.1% of Ireland's total export of services.

Whilst starting from a low base, there is a clear increase in official efforts to promote Irish trade and direct investment in Africa following on from the launching of the Africa Strategy. Irish embassies across Africa were given a strengthened mandate to promote Irish trade and investment;

“ If, as some believe, Africa is suffering from a new 21st-century scramble for its resources, it is imperative that the DFAT does not merely reconfigure national interests to bolster the corporate agenda but instead remembers with pride that time when African people came before profit

Historian Angus Mitchell writing in 'History Ireland', December 2013

the Department of Foreign Affairs and Trade initiated an annual Africa Ireland Economic Forum; Enterprise Ireland opened its first sub-Saharan office in Johannesburg in 2012, followed by a regional hub in Nigeria in 2014, and also in 2014, the (re) opening of an Irish embassy in Nairobi, Kenya was announced, with the stated intention of helping 'to *accelerate the planned transition from 'aid to trade' in Africa*'.²³ At the heart of this new strategy is a belief that an export-led foreign policy, focused on emerging markets, could

²⁰ Foreign Direct Investment 2013, Central Statistics office release, 12 February 2015.

²¹ Ibid. Even in 2012, stocks of Irish FDI in Africa (at €219 million) were three times lower than stocks in Irish FDI in South America, the next lowest location for Irish FDI.

²² CSO data on merchandise exports and import to Africa, provided by request to the author, 18 January 2014; compared with CSO statistics on overall external trade for 2013.

²³ DFAT press release, 21 January 2014.

contribute significantly to Ireland's economic recovery. Irish business interests, it is believed would be well positioned to reap the benefits of a 'rising Africa.'

Increased trade promotion and inward investment clearly have the potential to have long-term beneficial effects for many Africans, but it is by no means an automatic or straightforward process, as subsequent sections will show. Talk of a 'transition from aid to trade' for most of Africa, therefore, is premature, and should not undermine the Irish government's commitment to increase development assistance to 0.7% of GNP. Greater emphasis needs to be placed on specific kinds of economic growth which benefit poor people, as not all economic relationships have brought true benefit to many millions of Africans living in poverty. Indeed, many economic relationships have done serious harm. Ireland currently has an opportunity to ensure that its nascent private sector engagement in Africa has a truly positive effect on the lives of poor Africans, by continuing to put pro-poor policies at the heart of its development practice, and by employing a human rights based approach to supporting trade and investment.

2. Miracle or mirage: the private sector as the engine of human development

2.1. A rising Africa lifts all boats?

The above quote from UK Department for International Development's (DFID) policy on private sector development illustrates the almost messianic qualities attributed by some to the private sector as a force for good in developing countries. DFID's approach has been criticised by UK aid watchdog ICAI, which cautions: *'DFID needs to recognise that the private sector is not a developmental panacea. References to "the miracles" that companies are able to perform risks underplaying the role that donors like DFID and country governments have in ensuring that economic development provides benefits to the poorest in society.'*²⁴

The current focus on economic growth as the main driver of development in some ways echoes the 'Washington consensus' policies of the 1980s – dubbed the 'lost development decade' due to the failure of these market-based policies to improve human development and avert debt crises. International development efforts consequently moved away from an emphasis on economic growth as the ultimate goal of development, promoting a more holistic view of human development. In 1990, the UN devised the Human Development Index, whose premise, *'considered radical at the time, was elegantly simple: national development should be measured not simply by national income, as had long been the practice, but also by life expectancy and literacy.'*²⁵ In 2000, the establishment of the Millennium Development Goals focused the attention of the world on the importance of achieving gains in social advancement, such as in health and education. Policy makers started to take a human rights based approach to development, with an emphasis on protecting the most vulnerable, recognising that healthy economies and societies require significant public investment in human and social capital. Structural factors, and the resulting inequality mean that predominantly market-based, economic growth centred policies are inadequate in achieving human development goals. Moreover, policies that exclusively focus on growth promotion can do more harm than good by exacerbating pre-existing inequalities. The 2010 Human Development Report, reflecting on 20 years of

²⁴ Independent Commission for Aid Impact, DFID's Private Sector Development Work, Report 35, May 2014. p.33

²⁵ Helen Clark, UNDP Administrator, Foreword in the 2010 Human Development Report, piii.

analysis, said: *'Our results confirm, with new data and analysis, two central contentions of the Human Development Report from the outset: human development is different from economic growth, and substantial achievements are possible even without fast growth.'*²⁶

Yet it appears the international community, on the cusp of deciding the new Post-2015 Sustainable Development Goals, are in serious danger of forgetting such lessons learned, as economic growth once again takes centre-stage in development policy. The report of the High Level Panel on the post-2015 Agenda calls for a *'quantum leap forward in economic opportunities and a profound economic transformation to end extreme poverty and improve livelihoods,'*²⁷ and the most recent draft of the Sustainable Development Goals has a stand-alone goal on achieving economic growth.²⁸ The EU Agenda for Change also focuses on *'inclusive and sustainable growth for human development'*, saying that *'Aid will...target particular areas: social protection, health education and jobs, the business environment, regional integration and world markets and sustainable agriculture and energy.'*²⁹ And in January 2014, Justine Greening announced that DFID would more than double spending on economic development, stating: *'Economic development is absolutely and without question, the only way we can ultimately defeat poverty...Wherever long-term per capita growth is higher than 3%, poverty falls significantly. It really is that simple.'*³⁰

In reality, it is far from simple. Growth in Nigeria, Africa's largest economy, has grown by about 6% per year for the past ten years, but its Human Development Index rating is at 152 out of 176 countries – eleven places lower than Irish Aid key partner country Zambia.³¹ When adjusted for inequality, it falls again a further 14 places – placing it lower than five of the seven Irish Aid key partner countries in Africa.³² An OECD paper compares

²⁶ 2010 Human Development Report, p7.

²⁷ High-Level Panel of Eminent Persons on the post-2015 Development Agenda, A New Global Partnership: Eradicate Poverty and Transform Economies Through Sustainable Development. New York, 2013.

²⁸ Final Outcome Document of the SDG Working Group, 19 July 2014.

http://sustainabledevelopment.un.org/content/documents/4518SDGs_FINAL_Proposal%20of%20OWG_19%20July%20at%201320hrsver3.pdf.

²⁹ European Commission, "Increasing the impact of EU Development Policy: an Agenda for Change", Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions, COM(2011) 637 final.

³⁰ Justine Greening, Speech to the London Stock Exchange, 24 January 2014.

<https://www.gov.uk/government/news/greening-uk-will-focus-on-frontier-economic-development>

³¹ UNDP Human Development Index 2014.

³² Ibid, Inequality Adjusted Human Development Index (IDHI). Nigeria's inequality human development index is 0.3, placing it lower than Tanzania, Lesotho, Uganda, Ethiopia and Zambia on the same index.

Botswana, which has experienced huge growth but minimal poverty reduction, with Ghana, which has experienced modest growth but significant poverty reduction and concludes that: *'The difference in the levels of income inequality between the two countries appears to explain much of this disparity in performance.'*³³ A World Bank paper released in April 2014 bears out this conclusion, stating that: *'if the initial position is one of high inequality of income, growth is less effective in reaching the poor or the bottom 40 percent.'*³⁴ Acknowledging the limits of growth in reducing poverty, the paper calls for policies which allocate more resources to the extreme poor.³⁵ In its engagement in the post 2015 process, Ireland must be commended for its recognition of these issues and in consistently prioritising equality, as well as governance issues.

A rights-based approach to development, with its emphasis on identifying the particular concerns of the most vulnerable, quickly reveals the plight of the very poor. In 2013, CAFOD conducted participatory research with almost 1,500 people living in communities affected by poverty in the developing world. The research suggests that *'poor people in most of the communities involved in the project have seen their living conditions deteriorate over the past 15 years because their ability to make a decent living has been severely curtailed. It is not only that they have been excluded from modernisation and development, but also that they have been adversely affected by it. Factors – often human-induced – range from pollution and environmental degradation to violent conflicts (often over natural resources) and rapid swings in commodity prices for farmers.'*³⁶



“The problem is the line that any kind of trade with a developing country is good [for that country's development]. As anyone knows who's had any kind of a cursory look at development, there are all kinds of problems that come with trade’
Research participant

Whilst the primary responsibility rests with national governments to ensure that resources are distributed equally within society, it is also incumbent upon donors to ensure that their interventions to encourage economic growth in the stated furtherance of sustainable development do not exacerbate inequality The Independent Commission for Aid Impact

³³ Augustin Kwasi Fosu, Growth, Inequality and Poverty Reduction in Development Countries: Recent Global Evidence, Background paper for the Global Development Outlook 2010, OECD Development Centre.

³⁴ World Bank Group, Prosperity for All: Ending Extreme Poverty, 2014 Spring Meetings, p4.

³⁵ World Bank Group, Prosperity for All: Ending Extreme Poverty, 2014 Spring Meetings,

³⁶ CAFOD, Setting the post-2015 development compass: voices from the ground, 2013, p18.

(ICAI) in the UK gave its first ever 'red light' evaluation while reviewing DFID's trade development programme in Southern Africa. The evaluation report, while acknowledging that the overall aims of the trade programmes were '*potentially transformational in the long term*', highlighted that '*trade growth can result in risks to the poor. Neither DFID nor TMSA [Trade Mark Southern Africa] is doing enough to understand the potential positive impacts or to mitigate against the potential negative impacts on the poor.*'³⁷ In response to the evaluation, the programme was closed down in December 2013, just one month before Greening's announcement of much larger scale spends on economic growth as quoted above. Nor does DFID's overall policy with regard to private sector development fare much better: in May 2014, ICAI gave an Amber-Red evaluation to DFID's private sector development work, saying that: '*DFID has not turned its high ambitions into clear guidance to develop a realistic, well-balanced and joined-up country-level portfolio of programmes.*'³⁸

2.2. Economic growth, jobs and gender

It can be difficult sometimes to pin down how, exactly, national economic growth is meant to benefit the very poor – as one Senegalese taxi driver remarked in the report of the Africa Progress Panel, '*I can't eat growth.*'³⁹ Essentially, the theory is that poor people get jobs and are able to live better.

Job creation is welcome, but again it is not an automatic guarantee of better lives for the poorest unless it aligns with the 'decent work' agenda. The ILO World of Work 2014 report shows that '*most new jobs created in next few years in sub-Saharan Africa will not be productive enough to allow workers to escape poverty.*'⁴⁰ One of the report's major findings is that '*good quality jobs matter for development*', stating that '*[w]hile it has long been argued that developing countries should concentrate efforts on trade and investment liberalisation and infrastructure spending, supported by external aid if needed, evidence presented in the report shows that such policies will not yield development unless accompanied by dedicated efforts to boost employment and decent work opportunities and*

³⁷Independent Commission for Aid Impact, 'DFID's Trade Development Work in Southern Africa', December 2013, p3.

³⁸Independent Commission for Aid Impact, DFID's Private Sector Development Work, Report 35, May 2014. p.1.

³⁹ Africa Progress Panel Report 2014.

⁴⁰ ILO World of Work Report 2014 'Developing with Jobs', p8.

*tackle working poverty.*⁴¹ Sub-Saharan Africa is particularly lacking in such good quality jobs, partly because most foreign direct investment has been concentrated in sectors, such as extractives, which do not provide large numbers of local jobs. About 70% of male workers in sub-Saharan Africa are in vulnerable forms of employment, and a staggering 85% of women.⁴²

A focus on economic growth and job creation also does not adequately consider the productive and reproductive roles of women in society. Even in the global North caregivers, most often women, have to manage the multiple and sometimes competing demands of paid work, childcare and domestic duties. An exclusive emphasis on paid work in situations where basic social benefits are absent and where women frequently bear responsibility for all household tasks is likely to leave women in poverty.

Economic growth centred strategies for development frequently also do not adequately take into account social and cultural norms which discriminate against hiring women, and deep gender disparities in terms of access to markets and financial services. In agriculture, where the FAO estimates that over two-thirds of all African women are employed, producing 90% of the continent's agricultural produce, women are frequently denied land title and decision-making power.

Even where gender issues are ostensibly considered in economic development programmes, they may take second place to economic growth priorities, as the following extract from an analysis of women's economic empowerment (WEE) in the Making Markets Work for the Poor multi-donor initiative makes clear. *'As part of its strategy to reach gender targets, the project proposed to work in the poultry sector, dominated by women in small-scale production. This was rejected by DFID and overall [project] management as the future for the poultry sector was thought to be in industrial scale production. In other*

“ A combination of logistical, cultural, and economic factors, coupled with a lack of gender statistics in the agricultural sector, mean that agricultural programs are rarely designed with women's needs in mind. As a result, African women farmers have no voice in the development of agricultural policies designed to improve their productivity

Lindiwe Majele Sibanda, CEO of the Food, Agriculture and Natural Resources Policy Analysis Network

⁴¹ Ibid, pv.

⁴² Ibid.

words, potential for WEE was overruled by perceived market system development priorities....This experience also indicates the need for explicitly considering trade-offs between interventions for WEE and economic growth priorities. The transformation to industrial scale poultry production is likely to take a considerable period of time. Supporting small-scale producers could have had benefits in the medium-term, meanwhile.⁴³

2.3. What about inclusive growth?

The concerns highlighted above are, of course, not unknown to the international donor community. The repeated references to the importance of economic growth in promoting development are usually prefaced by the word 'inclusive' – including in Ireland's *One World, One Future* policy paper, which has nine mentions of inclusive economic growth or development.⁴⁴ Like many other donor policies, however, there is little substantive detail as to what inclusive growth entails, or how to achieve it.

Trócaire's sister agency, CAFOD, have produced a useful discussion paper which highlights some of the key ingredients needed for inclusive growth strategies. These include: investment in human capital; job creation; structural transformation and broad-based growth; progressive tax policies; social protection; non-discrimination, social inclusion and participation and strong institutions.⁴⁵ A useful benchmark for the effectiveness of such strategies is how effective they are for poor and marginalised women. CAFOD suggest that: '*Governments or donors wishing to pursue inclusive growth goals need to have explicit strategies around these areas.*'⁴⁶ It is also important to stress that economic growth in the absence of high educational attainment and life expectancy is not likely to result in better outcomes for the very poor and that without continuing to address basic services such as health and education, even a well-conceived inclusive growth strategy will not achieve its intended purpose. Despite the lip service paid to inclusive growth in policy documents, however, few donor economic growth development strategies appear to consider these elements, as is discussed below.

⁴³ MP4 and Women's Economic Empowerment, Background Note, May 2012.

⁴⁴ Government of Ireland, *One World, One Future: Ireland's Policy for International Development*, May 2013

⁴⁵ CAFOD Discussion Paper, *What is inclusive growth?*, August 2014.

⁴⁶ *Ibid*, p8.

2.4. The rise of private sector development

This renewed focus on economic growth is going hand in hand with the growth in the engagement of private, for-profit companies within the international development sector. As economic growth strategies have become more prominent, the private sector is emerging as both a focus for development interventions and as a key actor in development processes. Donors' engagement with the private sector can be categorised at three levels, as shown in the diagram below.⁴⁷

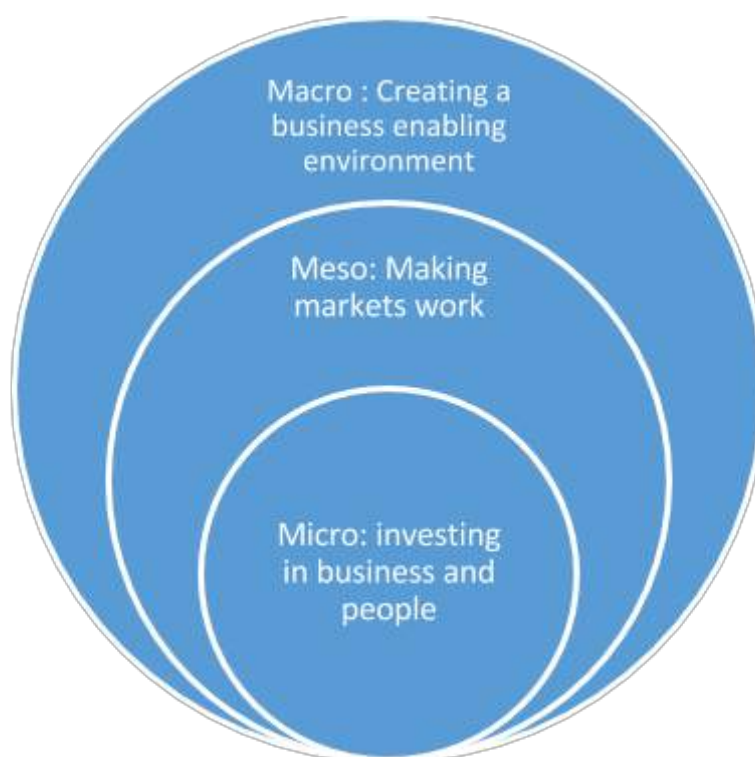


Figure 3: Kindoray and Reilly-King, *Investing in the Business of Development*, 2013.

Donors' focus on private sector development tends to be more at the macro and meso levels, specifically on creating an enabling environment for business and connecting private sector actors to global markets.⁴⁸

⁴⁷ Shannon Kindoray and Frasier Reilly-King, *Investing in the Business of Development: Bilateral Donor Approaches to Engaging with the Private Sector*, North South Institute and the Canadian Council for International Co-operation, 2013.

⁴⁸ Ibid.

Who does this approach benefit? A major concern with the focus on macro and meso scale interventions is the extent to which countries in the global North are really those with the most to gain, in programmes which facilitate greater international economic links with Africa or so-called 'aid for trade'. The Africa Progress Panel 2014 demonstrates the imbalance of trade in foods across Africa, which has been exacerbated since the virtual collapse of multilateral trade negotiations in the mid-2000s. According to their data, African countries spent US\$35 billion on food imports (excluding fish) in 2011. The share accounted for by intra-African trade: less than 5 per cent.⁴⁹

This pattern of trade imbalance is also increasingly reflected in Ireland's relationship with its priority aid countries. A report on trade with Irish Aid programme countries in Africa by *Value Added in Africa* (VAA) found that Irish goods exports to the six long standing programme countries had doubled in recent years – but that imports of goods from the six programme countries to Ireland actually decreased, making an already large imbalance of trade even larger.⁵⁰ This at a time where both Irish imports from the rest of the world were on the rise, and where exports from the six programme countries to the rest of the world were also increasing.⁵¹ Figures provided by VAA to the Joint Committee on Foreign Affairs and Trade in 2013 are even more startling, showing that in the 1990s, the ratio of trade between Ireland and the six programme countries was 7:1 in Ireland's favour – but that in the past five years (to 2013) that ratio had increased to 43:1.⁵² The benefit of international trade to Africa is much less apparent if the majority of the profits are enjoyed by Irish companies.

In terms of trade related infrastructure, moreover, studies have pointed to the trend in infrastructure projects designed to bolster Africa's links to Asia and Europe. The result is that *'rather than helping domestic or regional integration, which would make it easier for foods and other goods to be transported and exchanged within Africa, these forms of*

⁴⁹ Africa Progress Report 2014, Grain Fish Money: Financing Africa's Green and Blue Revolutions, Africa Progress Panel, p13.

⁵⁰ Value Added in Africa, *Evidence and Opportunity: Ireland's trade with its programme countries in Africa*, September 2011.

⁵¹ Ibid.

⁵² Conall O'Caoimh before the Joint Oireachtas Committee on Foreign Affairs and Trade, 29 May 2013, transcript available at:

<http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/FOJ2013052900004?opendocument>

*outward-oriented infrastructure make it quicker and simpler for Africa's crops to leave, and for food imports to enter.*⁵³ In other words, donor policies designed to 'make markets work' tend to focus on making them work for the donors and their economic interests. This begs the question, as one research participant put it: *'With aid for trade the question arises: are we constructing a launch pad or a landing strip?'*

If aid for trade is to benefit those living in poverty, a better starting point would be a focus on regional and local markets in the first instance. The case study of Irish Aid funded Traidlinks below illustrates a positive example of how the private sector can be engaged in an 'aid for trade' initiative which benefits people living in poverty. Interestingly, this initiative grew out of an earlier, and largely unsuccessful, attempt at promoting linkages between Irish companies and business in the developing world in the form of the Private Sector Forum on Development back in the mid-2000s.⁵⁴

Case study: Traidlinks' MarketLinked programme in East Africa

Irish business-led not-for-profit Traidlinks has established a MarketLinked initiative which aims to support inter-regional trade in the East African community, by working closely with the export promotion agencies and by organising cross-border sales missions with selected companies. The initiative is largely funded by TradeMark East Africa, with Irish Aid supporting Ugandan exporters within the programme.⁵⁵

Traidlinks was initially set up to promote business links between Irish and Ugandan companies, but quickly discovered that Ugandan businesses were, for the most part, not ready for export to Ireland. They adopted an approach of mentoring Ugandan businesses, and then introduced the focus on regional export promotion. Robert Moodie of Traidlinks Uganda explains: *'It came about precisely as a result of our practical experience that companies here, bar some exceptions, generally don't have the level of scale, size, capability, skills etc. to climb the high walls to export to the developed markets. Particularly in fact many of the products also are*

⁵³ Adam Sneyd, Lauren Sneyd, 'Food security is about more than land grabs' 24 April 2014, <http://thinkafricapress.com/agriculture/emerging-economies-occupying-african-food-systems>

⁵⁴ Convened in 2004 by Minister of State for Development and Human Rights Tom Kitt. The Private Sector Forum aimed *'to promote linkages between the Irish private sector and the private sector in developing countries where Development Cooperation Ireland is currently concentrating its efforts'*.

⁵⁵ <http://www.trademarkea.com/market-linked-programme-aims-to-help-companies-grow-trade-within-eac/>

not what consumers there would purchase, or which financially or carbon-footprint-wise could warrant the high transport costs...Of course there is the solid business logic also of being closer to customers for market understanding and relationships which are crucial for competitiveness.'

Dr Paul Gitta of the Uganda Export Promotion Board agrees. *'The bulk of our SMEs do not yet have the requisite competencies and skills to trade into the EU. But there is no better way of making them ready for international markets than by supporting them to access regional markets.'* He values the support given by Traidlinks to the Uganda Promotion Board. *'They have been a formidable partner in building internal capacity. Traidlinks led the missions at the outset, but the last four have all been led by us.'*

The case study illustrates that, while the idea of a 'win-win' situation where Irish and African companies can form mutually beneficial relationships is attractive, in reality, many African companies will need considerable support before they can enter into such partnerships.

A key question for those engaged in the latest efforts to link private sector in Ireland and Africa, including the Africa Ireland Economic Forum, and the Africa Agri-Development Fund is the extent to which lessons learned through organisations like Traidlinks and Value Added in Africa have been taken into account? And also what measures will be taken to ensure for example, that the pitfalls of DFIDs approach to private sector for development as identified by the Independent Commission on Aid Impact will be avoided?

3. Linking aid and trade promotion: what is driving the change?

3.1. 'Enlightened self-interest'

Given that there are well-documented difficulties, as demonstrated in the sections above, with the 'miracle of economic growth' theory of human development, we need to look further at what is driving this approach in Africa. Some observers suggest that the move back towards prioritising economic growth and private sector interests is in part inspired by China's increased activity in Africa, with its lack of clear distinction between trade and aid.

⁵⁶ Eurodad points to the '*policy reviews in several development agencies [that] suggest a dramatic scaling up of public finance devoted to supporting private sector investments*' in order to compensate for stagnating levels of ODA.⁵⁷ But the primary motivation, as an examination of donor policies reveals, is the erosion of the concept of development aid as a publicly funded, poverty-focused instrument – and the growing notion that development aid should bring concrete economic returns to the donor country.

The Australian government aid mission statement quoted in the sidebar is perhaps the most explicit expression of this principle – for Australia, the **primary objective** of their aid programme is to promote Australia's national interest-sustainable economic growth and poverty reduction are just a means to that end.⁵⁸

“The purpose of the aid program is to promote Australia's national interests by contributing to sustainable economic growth and poverty reduction. We will pursue this purpose by focusing on two development outcomes: supporting private sector development and strengthening human development
Australian Government Mission Statement on Aid

The policy shifts behind this mission statement include a massive cut in the aid budget, a re-concentrating of resources on the private sector, and the announcement in October 2013 of the dissolution of the Australian aid agency, and the re-assignment of its responsibilities to the Department of Foreign Affairs and Trade.

The structure and operations of a donor aid agency can often signal how competing priorities will be dealt with. In his book, *The Scramble for Africa*, Pádraig Carmody

⁵⁶ See Peter Kragelund, 'Towards convergence and cooperation in the global development finance regime: closing Africa's policy space?' (forthcoming) and Deborah Bräutigam, *The Dragon's Gift: the Real Story of China in Africa*, OUP, 2011.

⁵⁷ Jeroen Kwakkenbos, 'Private profit or public good? Can investing in private companies deliver for the poor?' Eurodad, 2012, p9.

⁵⁸ Available at: <http://aid.dfat.gov.au/aidpolicy/Pages/home.aspx>, accessed 12 August 2014.

describes how DFID in the UK was created as a standalone body by Tony Blair, who, committed to pursuing 'new Labour' policies in the rest of government, reportedly told Claire Short and DFID officials that they could be '*as radical as they liked*.'⁵⁹ Under the current Conservative government, however, Justine Greening, who allegedly told Cameron that she '*didn't come into politics to give money to the Third World*',⁶⁰ is bent on bringing DFID policy more in line with the economic policy of the rest of government.

The UK and Australia are not necessarily models for Ireland in foreign policy and aid. But there is evidence of the self-interested trend in policy making also in the Netherlands and the Scandinavian countries- states with which Ireland has been traditionally aligned in terms of our

“...the private sector and markets are predicated on the idea of competition, which presupposes that there will sometimes be losers... A focus on private sector development may, from time to time, result in certain groups of the poor being worse off as a result of its interventions
UK Independent Commission on Aid Impact, Review of DFID's private sector development

commitments to development aid, international peace and security and human rights. In these cases, expressions are more muted as policymakers struggle to reconcile their longstanding commitments to aid in the interests of global justice with the apparent economic imperative, as in this example from the Netherlands policy on trade, aid and development: '*We fight extreme poverty out of solidarity with people. We encourage trade and investment mainly in our own interests. Where aid and trade meet, we will act out of both solidarity and enlightened self-interest*.'⁶¹ Swedish development agency SIDA's programme for business cooperation states that: '*Sida does not work for the advancement of specific companies or for the advancement of the private sector for its own sake*' but goes on to say that: '*it is in Sweden's as well as Sida's interest that Swedish businesses are suppliers in development assistance-financed calls for tender, in order to build reciprocal relations and to contribute to economic growth in partner countries as well as in Sweden*.'⁶² This type of approach can be seen in practice in Norway, where the Norway Emergency Preparedness System (NOREPS) brings together a consortium of Norwegian

⁵⁹ Carmody, Pádraig, *The New Scramble for Africa*, 2011.

⁶⁰

<http://www.theguardian.com/global-development/datablog/2012/sep/21/why-is-uk-aid-going-to-uk-companies>

⁶¹

<http://www.theguardian.com/global-development/datablog/2012/sep/21/why-is-uk-aid-going-to-uk-companies>

⁶² SIDA, *Business for Development: Programme for SIDA's cooperation with the business sector, 2010-2012*, p4, p16.

humanitarian NGOs and selected Norwegian private sector suppliers of relief goods and services.

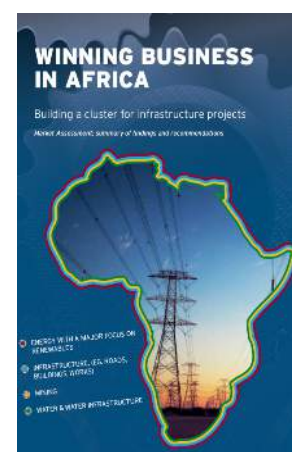
3.2. The 'win-win' scenario

The Norwegian Emergency Preparedness System is the type of example often described as a 'win-win'. The Norwegian private sector wins business; the humanitarian effort gains in efficiency and rapidity by having a pre-established supplier base ready to go in any emergency. But having established this private sector grouping, momentum is then created to create more business. Norway recently brought several of their NOREPS companies to meetings in Geneva, to highlight their 'innovative practices' to other member states. A participant in this research described how international NGO recipients of Norwegian emergency funding were '*courted by the Norwegian embassy*' and '*gently encouraged*' to meet with Norwegian suppliers of emergency goods and services.

The result is what the OECD has labelled *de facto* tied aid. An OECD evaluation found that many formally untied projects were *de facto* tied, with many elements still being procured from the donor country, but that true untying of aid was a '*critically important contributory factor towards achieving greater aid effectiveness*'⁶³ The involvement of donor country private sector interests in development practice will be discussed further in the following section, but the case study below illustrates some of the potential conflicts of interests that arise when commercial trade interests are brought to bear on development projects.

Case study: the Winning Business in Africa initiative

In 2012, IBEC with support from the Department of Foreign Affairs and Trade launched a report on identifying suitable business opportunities for Irish based engineering companies in Africa available through the European Development Fund, the World Bank, the African Development Bank and the European Investment Fund. IBEC, Schuman Associates and the Department of Foreign Affairs and Trade have a website where Irish companies



⁶³Edward Clay, Matthew Geddes and Luisa Natali: *Untying Aid: Is it working?*, December 2009, p. ix.

can access information, via a members-only section, on European Development Fund opportunities.

This is in order to help Ireland compete with our European peers – as the website states: *‘An awareness and understanding of where funding is likely to emerge and how it will be allocated are vital to tendering for projects.’*⁶⁴ But the purpose of Ireland’s participation in the European Development Fund is to enable development in African, Caribbean and Pacific (ACP) countries, and initiatives such as Winning Business in Africa risk disadvantaging potential African suppliers.

Paul Farmer argues strongly for increased localisation of aid dollars, commenting that: *‘Staff members of bilateral and multilateral institutions are not usually promoted for increasing in-country procurement or investment.’*⁶⁵ In fact, the European Development Fund does give preference to tenderers from ACP countries - or, where such are not forthcoming, to partnerships and consortia between European and ACP country firms. The Winning Business in Africa report already discussed the possibility of Irish firms applying to such tenders collaboratively, to maximise market entry for smaller firms. If the Winning Business in Africa were to look at including African companies in their consortia, this would be a very positive step in reconciling the domestic and the development imperative.

3.3. Ireland and the Africa Strategy

The increasing notion of pursuing donor country business interests through aid programmes reflects a much greater emphasis on economic returns in foreign policy in general. The U.S., for example, has traditionally seen themselves as an exporter of American values, *‘viewing economics as a tool of diplomacy, but under [Hillary] Clinton, the [State Department] began to see diplomacy as a tool of economics.’*⁶⁶ The global recession has played a large part in this shift, as governments come under pressure to restore their countries’ economic fortunes, and nowhere more so than in Ireland.

⁶⁴ www.wbia.ie/aboutus

⁶⁵ Paul Farmer, ‘Rethinking Foreign Aid: Five Ways to improve Development Assistance’ in Foreign Affairs, December 12, 2013.

⁶⁶ Edward Alden, senior fellow at the Council for Foreign Relations, <http://blogs.cfr.org/renewing-america/2013/02/21/john-kerrys-aiden-speech-economics-trumps-everything/>

It was following the 2011 general election that the Department of Foreign Affairs acquired responsibility for trade promotion,⁶⁷ and their new Statement of Strategy made Ireland's economic interests, quite literally, its central objective.⁶⁸ The new current statement of foreign policy, *The Global Island* expands on this theme, stating that: *'As a result of the recent economic crisis, greater emphasis has been placed on promoting economic growth and rebuilding Ireland's reputation as part of our international engagement.'*⁶⁹ The section on economic growth states that: *'Our values and our economic interests are closely interrelated'*⁷⁰ but for the most part, the linkages between the two suggest that our values are to serve our economic interests, rather than ensuring that our economic interests are underpinned by our values. For example, the infographic explaining 'Our Values' leads with *'Ireland's prosperity depends on a stable and secure international environment.'*⁷¹ There is a mention of the forthcoming National Action Plan on business and human rights in the 'Values' section, but no mention in the 'Prosperity' section as to how removing barriers to trade and deepening engagement with high potential markets will be done in a way which ensure policy coherence for development and human rights will not be negatively affected.

DFAT Statement of Strategy 2011-2014



⁶⁷ Despite the name, responsibility for trade policy stays with the Department of Jobs, Enterprise and Innovation.

⁶⁸ Department of Foreign Affairs and Trade, Statement of Strategy 2011-2014.

⁶⁹ Government of Ireland, *The Global Island: Ireland's Foreign Policy for a Changing World*, January 2015, p8.

⁷⁰ *Ibid*, p46.

⁷¹ *Ibid*, p30.

The Africa Strategy and subsequently, Ireland's policy for international development, *One World, One Future*, can be seen as an attempt to reconcile itself with this greater emphasis on economic growth. *One World, One Future* states that: *'This new policy affirms Ireland's commitment to international development and the centrality of international development cooperation to Irish foreign policy, not only in terms of our values, but also in terms of our economic and trading interest.'*⁷²

Structurally, there has also been a blurring of the lines between trade and aid. The position of Minister of State at the Department of Foreign Affairs (with special responsibility for Overseas Development and Human Rights) was abolished in 2011, to be replaced by a Minister of State for Development and Trade. Following on from the Africa Strategy, responsibility for development, politics and trade in Africa are now all located within the Development Co-operation Division (Irish Aid). This can be seen as a highly constructive move, promoting policy coherence and ensuring that all of Ireland's engagement with Africa is dealt with by officials with a long understanding of and sympathy for Africa's development concerns. However, it also raises questions as to how, when competing interests in aid and trade arise, will they be dealt with?

Case study: The Irish dairy industry in Africa

Give a man a fish and he eats for a day.....teach a man to fish and he can feed himself for life? Catch a fish sell it to a man....teach that man to fish and you lose a wonderful business opportunity? The answer for Irish business and Africa lies somewhere between the two.

Barry Brennan, Glanbia, Africa Ireland Economic Forum 2012.

The above quote sums up some of the uncomfortable realities of combining trade and development interests, and the Irish dairy industry in Africa is a particularly relevant case in point. CSO statistics show that dairy products are the third largest grouping of Irish exports to Africa, but would probably take the number one slot if exports of multinationals based in Ireland to Africa (such as Coca-Cola) were excluded. As Ireland's primary indigenous industry exporting to Africa, therefore, the dairy industry is often used as a case study to encourage others to invest in

⁷² Government of Ireland, *One World, One Future: Ireland's Policy for International Development*, May 2013, piii.

Africa, and Glanbia have presented at both the Africa Ireland Economic Forum and at a private sector seminar on the Africa Agri-Food Development Fund.

In advance of the abolition of milk quotas in March 2015, Bord Bia set a target of 50% expansion of the dairy sector.⁷³ Given that we already export far more dairy produce than we consume, this implies a massive expansion in overseas markets, and Africa has been flagged by many as a key emerging market. According to the Taoiseach in his speech to the 2015 Fine Gael Ardtheis, '*Developing countries across the world have a growing thirst for dairy products, especially infant formula*'.⁷⁴ Much of the milk powder exported from Ireland to Africa is 'fat filled', meaning that the valuable cream has been extracted, and replaced with cheaper vegetable fats – making it more affordable in the African market, and more profitable for Irish business.⁷⁵

From an Irish trade perspective, therefore, increasing the presence of Irish dairy companies in Africa seems like an excellent strategy. From a development perspective, however, it is much less clear-cut. A 2002 Oxfam report highlighted the fact that in 2001, the EU spent \$16 billion on dairy subsidies – an equivalent of \$2 a day per cow – and that half of the world live on less than this amount.⁷⁶ Although CAP reform has improved matters, the fact is that in many parts of Africa, local dairy farmers are losing ground to multinationals with better processing, packaging and marketing capabilities.⁷⁷ Added to that are concerns around promoting infant formula – research highlighted by UNICEF suggests that breastfeeding has the potential to prevent 13% of all deaths of infants under 5 in the developing world.⁷⁸

⁷³ Department of Agriculture, Fisheries and Food, *Food Harvest 2020: A vision for Irish agri-food and fisheries*, 2010. p41.

⁷⁴ Speech by An Taoiseach Enda Kenny 'Ensuring Rural Recovery', February 20 2015

⁷⁵ Fat-filled milk powders accounted for 80% of growth in the prepared foods export category in 2013, according to Enterprise Ireland:

<http://www.enterprise-ireland.com/en/Start-a-Business-in-Ireland/Food-Investment-from-Outside-Ireland/Key-Sectors/Dairy-and-Ingredients/>

⁷⁶ Oxfam, *Milking the CAP: How Europe's Dairy Regime is Devastating Livelihoods in the Developing World*, 2002

⁷⁷ <https://www.tcd.ie/iiis/policycoherence/eu-agricultural-policy-reform/dairy-case-study.php>

⁷⁸ Black RE, Victora CG, Walker SP, and the Maternal and Child Nutrition Study Group. Maternal and child undernutrition and overweight in low-income and middle-income countries. *Lancet* 2013.

4. 'Doing more good': the role of the private sector actor in development policy and practice

The previous two sections took a critical look at two concepts prevalent in donor development policy at present: the placing of economic growth at the heart of development policy and practice, and the corresponding notion that trade with Africa represents an economic 'win-win' for donor and developing country. A corollary to the rise of these concepts is the increasing visibility of large scale private sector, profit-oriented organisations as active players in development practice and policy. This section examines the different roles these actors are playing within the international development sector and the extent to which Ireland, given its increasing emphasis on trade promotion in Africa, is reflecting these trends.

4.1. Private sector (for) development: the international experience

The role of private sector actors is increasingly prominent at all levels of development cooperation. The Busan Outcome Document refers to enabling '*the participation of the private sector in the design and implementation of development policies and strategies*'⁷⁹ The EU Agenda for Change states that: '*there is also scope for the EU to work more closely with the private sector, foundations, civil society and local and regional authorities as their role in development grows*'⁸⁰ and this was followed up in 2014 with a Communication *on A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*.

The rhetoric is borne out by the figures. Eurodad tracks a rise in ODA flows to the private sector, by as much as sevenfold in Sweden and fourfold in Belgium.⁸¹ Their estimates show that by 2015, the amount flowing to the private sector through international finance institutions (IFIs) is expected to exceed \$100 billion – making up almost one third of

⁷⁹ 4th High Level Forum on Aid Effectiveness, "Busan Partnership for Effective Development Co-operation", Busan, Republic of Korea, 29 Nov-1 Dec 2011:

⁸⁰ European Commission, "Increasing the impact of EU Development Policy: an Agenda for Change", Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions, COM(2011) 637 final.

⁸¹ Jeroen Kwakkenbos, 'Private profit or public good? Can investing in private companies deliver for the poor?' Eurodad, 2012.

external public finance to developing countries.⁸² Eurodad also finds that *'the majority of aid flows through the private sector in the form of procurement contracts for goods and services, and that the vast majority of this goes to rich country firms'*⁸³ Given the increased emphasis on privileging donor country enterprises noted above, this is hardly surprising.

Within civil society organisations, there is a high degree of concern around the rapid growth of private sector engagement. In part, this is due to the fact that both CSOs and private sector actors have failed to understand and/or appreciate each other's language and starting point.⁸⁴

Concerns of civil society, however, are not merely about a misunderstanding. They are more fundamentally about understanding the respective roles of profit-seeking entities and non-profit charities in human development processes, and in particular, in publicly funded programmes. In other words, what is the role of profit-seeking enterprises in delivering public goods such as poverty reduction? And where does accountability for the delivery of these public goods lie?

Four principal concerns have been raised in relation to the growing

**“ Private sector can and has to contribute to sustainable development but there is also strong evidence that it has contributed to unsustainable development. Human rights violations of extractive industries, tax evasion and financial and climate crises represent one of biggest market failures ever. Strong accountability and regulatory frameworks are needed to ensure private sector's contribution to sustainable development
CSOs on Sustainable Development Financing, April 2014**

private sector engagement in these processes: firstly, that of additionality (showing that donor support was necessary for the private sector activity to happen) is not well screened for or assessed; secondly, that private sector investment tends to focus on individual projects and less on systemic change; thirdly, that there is a lack of attention to aid effectiveness principles in engaging with the private sector and fourthly; that monitoring and evaluation for development impact, as well as transparency and accountability, are often lacking.⁸⁵

⁸² Ibid, p3.

⁸³ Ibid, p4.

⁸⁴ Bruce Byiers and Anna Rosengren, 'Common or Conflicting Interests? Reflections on the private sector (for) development agenda', ECDPM discussion paper no 131, July 2012.

⁸⁵ Civil Society Organisations Partnership for Development Effectiveness, Background Paper on Private Sector Engagement in Development, September 2013, starting at p8.

4.2. 'Re-positioning suppliers as knowledge partners': the growing influence of the private sector

As the role of the private sector in implementing development programmes grows, so, too, does its influence over shaping development processes. A civil society analysis of the post-2015 process points to the strong role which private sector interests have been playing, notably in the High Level Panel of Eminent Persons, and to the potential difficulties with this corporate influence.⁸⁶ For example, the High Level Panel report proposes as a target an increase in *'the share of women and men, communities, and businesses with secure rights to land, property, and other assets'*⁸⁷ To place businesses and individuals on an equal footing like this is highly inappropriate, particularly given human rights concerns expressed by the UN Special Rapporteur on the right to food and others over 'land-grabbing' by large corporations.⁸⁸ While this reference to property rights of businesses was not included in the latest draft of the SDGs, the already noted emphasis on economic growth is suggestive of increased corporate influence.

While the contribution of business leaders to development debates is often valued for their innovative and pragmatic approach, policy debates can often lose sight of the fact that the fundamental objective of private sector enterprise is not to promote human development, but to create profit for the business – goals which may overlap, but are far from identical. Michael Porter's convincing arguments with regard to the business interest in creating 'shared value' notwithstanding, Milton Friedman's assertion that the primary responsibility of business is to its shareholders remains true. If the headline under which his seminal article was published, 'The Social Responsibility of Business is to Increase its Profits' seems outdated, it is because the shareholders themselves increasingly call for businesses to maintain high environmental, social and governance standards - or, as the more cynical might put it, because businesses have seen that it is more profitable in the long run to adhere to higher standards of social responsibility.

⁸⁶ Lou Pingeot, Corporate influence in the post 2015 process, Misereor, GPF & Brot fur die Welt working paper, January 2014.

⁸⁷ High-Level Panel of Eminent Persons on the post-2015 Development Agenda, A New Global Partnership: Eradicate Poverty and Transform Economies Through Sustainable Development. New York, 2013

⁸⁸ Olivier de Schutter, UN Special Rapporteur on the right to food, Large-scale land acquisitions and leases: eleven principles to address the human rights challenge, June 2009.

Private sector companies by nature and by their mandate are constantly seeking new opportunities. This can be a great strength. Mohammed Yunus, Bangladeshi founder of the hugely successful social enterprise Grameen Foundation says: *'Whenever I see a problem, I immediately go and create a company.'*⁸⁹ But given the disproportionate influence of large scale business, it can also lead to vested interests seeking to influence the direction of development policy for private profit-seeking motives. In the example of the Norwegian private sector consortium cited previously, the consortium, set up to ensure rapid and efficient responses to humanitarian crises, continues to seek new business with the support of the Norwegian government.

In Ireland, the case study on Winning Business in Africa initiative featured above describes how Irish government officials are working to provide Irish businesses with greater opportunities in development practice; the following quote from the initial scoping document for the Winning Business in Africa initiative describes how Irish businesses might seek to influence the development policy itself.

Ireland will have an active role in determining the future allocations and priority key sectors for the next EU Financial Framework 2014-2020. In addition, it is worth highlighting the role of the Irish Presidency of the European Union...and the importance this could have for Irish based companies interested in investing time and resources in Africa to secure funding for projects of interest. The Irish Presidency of the EU will take place during the preparation of strategic documents for the sector allocation and priorities for the next EDF cycle.

This provides a unique opportunity for Irish companies to engage in the process as aid priorities are defined. A pro-active approach towards EU funding at this stage would re-position suppliers as 'knowledge partners' rather than 'suppliers'.

Schuman Associates for DFAT/IBEC, Winning Business in Africa Market Assessment, 2012, p35

4.3. Focus on agriculture: concerns over new agricultural partnerships

Many of the biggest private sector partnerships for development in Africa are focused on agriculture. This is logical, given the concerns already touched upon with regard to Africa's ability to feed itself. The Africa Progress Report 2014 suggests: *'If Africa's farmers increased their productivity and substituted these imports with their own produce, this*

⁸⁹ Muhammed Yunus, 7th Nelson Mandela Annual Lecture, July 11, 2009, Johannesburg.

would provide a powerful impetus to reducing poverty, enhancing food and nutrition security, and supporting a more inclusive pattern of growth.⁹⁰

It was to address precisely this issue that the G8's New Alliance for Food Security and Nutrition was established in 2012, an initiative aimed at improving access to nutritious food and reducing poverty in Africa. However, numerous civil society reports have raised concerns as to the primary motivation: empowering Africans to feed themselves, or using Africa to supply the rest of the world?⁹¹

One of the primary objectives of the New Alliance is to leverage private sector investment to improve agricultural productivity. The Alliance therefore works closely with private sector interests, giving business a 'seat at the table' and a role 'almost equal to that of governments.'⁹²

Unsurprisingly, this has led to a situation where strategies are predominantly those that make the most profit. World Development Movement points out that the New Alliance focuses on agricultural goods for export: tobacco, coffee, cocoa and biofuels, rather than on nutritious food which could be consumed locally.⁹³ They point out that agricultural growth corridors, another massive private sector development focus at present, 'are all linked to ports to facilitate exports' rather than aimed at local markets.⁹⁴

“ Are we witnessing an effort by the wealthiest states to expand new avenues of accumulation for large-scale private agro-industrial and other businesses through what could be one of the largest dispossession of land in recent history?

**Prof Howard Stein,
speaking at an Africa Day
seminar in Trinity College,
Dublin, 2014**

⁹⁰ Africa Progress Report 2014, p21.

⁹¹ See, for example, World Development Movement, *Carving up the continent: How the UK government is facilitating the corporate takeover of African food systems*, April 2014; Oxfam Briefing Note, 'For whose Benefit: the New Alliance in Burkina Faso' May 2014; Grain, *The G8 and land grabs in Africa*, March 2013 and Wolfgang Obenland, Corporate Influence through the G8 New Alliance for Food Security and Nutrition in Africa, Misreor/Global Policy Forum/Brot fur die Welt, August 2014. CIDSE, *Whose Alliance? The G8 and the Emergence of a Global Corporate Regime for Agriculture*, May 2013.

⁹² Wolfgang Obenland, Corporate Influence through the G8 New Alliance for Food Security and Nutrition in Africa, Misreor/Global Policy Forum/Brot fur die Welt, August 2014, p17.

⁹³ World Development Movement, *Carving up the continent: How the UK government is facilitating the corporate takeover of African food systems*, April 2014

⁹⁴ Ibid.

Perhaps the greatest concern is that of land tenure. The ten African countries which have so far signed up to the New Alliance have to undertake to reform their laws to make it easier for private investment, including their land law. The granting of large swathes of land across Africa to foreign multinationals has already seen agricultural smallholders, and nomadic indigenous peoples, dispossessed of the land they lived on and from, with little share in any economic benefits that ensue. The New Alliance seems set to continue this trend – this time with massive subsidy from donor governments.

It is not that the G8 donor governments – or indeed the businesses involved – actively wish to dispossess people of their land. However, Professor Howard Stein, speaking at an Africa Day seminar in Dublin in May, 2014, gave an insight how policies on formalisation of land tenure – promoted, not unnaturally, as a tool to increase land security – are actually facilitating dispossession of land. Formalisation of land title (which generally excludes the rights of pastoralists) is seen as a tool to identify and parcel land for investment, but has not prevented wide-scale corporate takeover of lands previously belonging to smallholders, who often have seen no compensation for their titled land.⁹⁵

4.4. Irish private sector for development

Where does Ireland fit in relation to the trends described above in relation to the private sector?

Irish Aid's spend on private sector and economic development is small. In 2013, Irish Aid spend on private sector and economic development in bilateral aid was €5.5 million – €3 million in Timor Leste, which is now no longer a key partner country and €1.1 million in Uganda, presumably mostly in support of Traidlinks, with smaller amounts elsewhere. Public Private Partnerships (PPPs) accounted for €8 million, representing 2% of Irish Aid's bilateral budget- although this is up from 2012, where €5 million was spent on PPPs.

In keeping with their pro-poor emphasis, Irish Aid displays a strong focus on the micro-level, supporting sustainable livelihoods. Their 2013 annual report, for example, highlights work in partnership with Self-Help Africa in Zambia's Northern province, to support farmers to grow and consume more nutritious food, and to sell more to local and

⁹⁵ Prof Howard Stein, Formalization, Dispossession and the G8 Land Agenda in Africa, TIDI Africa Day Seminar, 23 May 2014.

regional markets, and their support for Oxfam in Karamoja in Uganda, which provided small loans to women farmers, built grain stores, and trained community animal health workers.⁹⁶ Trócaire's Irish Aid-funded programme in Kenya supports vulnerable pastoralist, agropastoralist and marginal mixed farmers, providing training in improved agricultural practices, improved seeds, alternative crops, promoting alternative livelihood strategies, breed improvement, improved animal health and livestock marketing.

However, an increase in seeking opportunities for the Irish private sector was hinted at in the One World, One Future policy paper, which dealt with the question as follows: *'We remain firmly committed to the principle that Ireland's official aid should remain untied - that is, not conditional on acquiring goods and services from Ireland. We will at the same time explore synergies between our aid programme and sectors where Irish companies have particular expertise or comparative advantage. In this, we will seek to identify areas where cooperation between Irish Aid and Irish industry can yield benefits for our development partners.'*⁹⁷

This was likely drafted with the African Agri-Food Development Fund (AADF) in mind, which had been announced some months previously. The AADF was established in recognition of the fact: *'that a number of the skills developed and much of the experience gained in the establishment of the Irish Agri-Food industry could potentially be transferred to assist in the development of the agriculture and food sectors in African countries.'*⁹⁸

This was not the first time that Ireland had tried to relate its agricultural experience to African countries. One of the first countries with whom Ireland established a bilateral mission was Sudan, where *'the Irish government believed it could make significant contributions through its knowledge of agriculture'*. However, the Sudan project eventually *'proved unworkable.'*⁹⁹

The Traidlinks project arising from the Private Sector Forum on Development also took agri-business in Ireland as its primary focus. However, it was only by changing its business model that Traidlinks was able to make an impact – moving from an emphasis on business-to-business links to a mentoring role for emerging businesses in Africa.

⁹⁶ Irish Aid Annual Report 2013.

⁹⁷ Government of Ireland, One World, One Future: Ireland's Policy for International Development, May 2013

⁹⁸ Email from Department of Agriculture to author, 8 August 2014.

⁹⁹ Kevin O'Sullivan (2013) 'Ah, Ireland. The caring nation: Foreign aid and Irish state identity in the long 1970s'. *Irish Historical Studies*, p102.

The latter is surely more appropriate – while African agricultural producers may have a lot to learn from the export success of Irish dairy co-operatives, for example, they stand to gain a lot less from partnership with those co-operatives, whose focus – not unnaturally – is on continuing to export their products. Even in terms of lessons to be shared, it is important to be aware of the differences in context, as well as the similarities, as illustrated in the sidebar opposite.

Irish Aid has also been involved in another notable trend in private sector (for) development: leveraging or blending of private sector finance to achieve development goals. In 2007, Ireland joined the Private Infrastructure Development Group (PIDG), a group of six bilateral donors (Australia, Austria, Sweden, Netherlands, Switzerland, Germany and Ireland) together with the International Finance Corporation (IFC), which aims to ‘mobilise private sector investment in developing countries’ by kickstarting projects in developing countries and selling them on to private investors. While Ireland initially committed to investing €8 million in PIDG over four years, following cuts to development aid funding, Irish Aid decreased its contributions, contributing a total of €5.2 million to PIDG up to the end of 2013.¹⁰⁰

“ Irish Aid must resist a simplistic analysis of the ability of the Irish experience to transfer to its priority countries. Firstly, the Irish experience is not unproblematic and it has not seen a reduction in inequity in Irish society. Secondly, the key factors which stimulated Ireland’s growth (educated population; geographical location; EU membership; EU structural, cohesion and Common Agricultural Policy funds; historic and cultural ties with the US, etc) are not present, nor replicable, in any African country and so attempts to transfer policies must be resisted

**Dóchas and ICTU, Aid for Trade:
Submission to Irish Aid, 2006**

Case study: The African Agri-Development Fund (AADF)

The AADF was established in 2012 as a joint initiative between the Departments of Agriculture, Food and the Marine and Foreign Affairs and Trade. The AADF’s ‘objective is to ‘develop partnerships between the Irish agri-food Sector and African countries to support sustainable growth of the local food industry, build markets for local produce and support mutual trade between Ireland and Africa.’

¹⁰⁰ Irish Aid grants funding letter to PIDG and PIDG Annual Report 2013, both available at www.pidg.org.

The budget of the AADF over a two-year pilot phase was to be €2 million, to be co-funded by the Department of Agriculture and the Department of Foreign Affairs/Irish Aid. The AADF initiative sought 'a new partnership with the private sector in the agri-food business in Ireland'.¹⁰¹ However, there has been limited disbursement of funds to date, with only two grants for projects in Ethiopia and Zambia, for €25,000 and €10,000 respectively being signed off as of August 2014. In December 2014 another grant was disbursed to an Irish company for a project which will set up a model pig farm and feed mill in collaboration with a co-operative of progressive farmers in the Hoima region of Uganda. The focus will be on transferring knowledge to Ugandan farmers in respect of pig breeding, pig productivity and feed practices with a view to creating a sustainable pig industry in Uganda using the latest technology and expertise. A proposal to support a project in Malawi under the AADF grant pilot is also underway. Overall, it appears that there have been few applications, with some suggestion that the funding available was not sufficient to tempt the larger Irish private sector players into the largely uncharted waters of demonstrating their development impact.

This section has looked at the growing role of companies in both implanting and shaping development policy, and some of the concerns which have arisen with regard to the role of these new actors, using the G8 New Alliance as a case study. Ireland has not wavered in its commitment to untied aid and its focus on the poorest, but the few smaller scale private sector development initiatives which do exist demonstrate that further attention will need to be given to how a truly 'inclusive' approach can be taken and whether a 'win-win' scenario for Irish business and African development can really be achieved.

¹⁰¹ AADF Background note, available at:
<http://www.agriculture.gov.ie/agri-foodindustry/africaagri-fooddevelopmentfundaadf/>

5. 'Doing less harm': business and human rights in Africa

5.1. Human rights considerations for business in Africa

Concerns that over-emphasizing human rights risks associated with business investments in Africa may contribute to the 'single story of catastrophe' Africa may partially explain the absence of consistent inclusion of human rights consideration in the official discourse on Irish business engagement in Africa.

Trócaire partner Value Added in Africa have previously observed that misperceptions can be damaging to investment prospects: *'During the course of Value Added in Africa's (VAA) work in engaging with Irish commercial buyers and wholesalers to consider Africa as a source of products it has been common to encounter negative views of African countries as a place to do business and a lack of understanding of the opportunities that exist...and the positive impact this can have on development.'*¹⁰² As a result, Proudly Made in Africa have put in place a full-time fellow on Business and Development in the UCD School of Business, who aims to engage business students across Ireland in considering business and development in Africa. More globally, the Ernst and Young Africa Attractiveness Survey notes the *'stark and enduring perception gap'*, showing that multinational companies with an existing presence in Africa are positive about its outlook, ranking it as the most attractive investment destination in the world' whereas investors not yet established in Africa are much less confident about its potential.¹⁰³

However, this does not mean that the more difficult aspects of investing in Africa, in particular with regard to human rights concerns, should be ignored. Rather, full and frank acknowledgement of some of the challenges, combined with concrete guidance for business on how to avoid them, would be far more conducive to long-term responsible investment in Africa. Proudly Made in Africa/VAA found that business lecturers responded well to VAA's approach in considering alternative viewpoints on the issue, with one stating: *'I thought it was also very important that you left the question out there whether or not*

¹⁰²Value Added in Africa, Business Education to Promote the Role of Business In Stimulating Development: A feasibility study on mainstreaming education on the role of business in development into the curriculum of Irish third level business schools, May 2013.

¹⁰³ Ernst and Young Africa Attractiveness Survey 2014,p9.

*business going in (to Africa) was necessarily good – and left open the exploitation question.*¹⁰⁴

One constructive way in which the Irish government can mitigate against the risk that Irish companies are complicit in human rights violations is by ensuring that their companies adhere to the highest possible standards of behaviour overseas. Unfortunately, despite Ireland's excellent reputation in promoting human rights and the rule of law in the rest of the world, this has not always been well-integrated with economic concerns. The extent to which Ireland's economic priorities and concerns for human rights operate without sufficient interconnection on occasion was starkly illustrated by Minister Richard Bruton's opinion piece in January 2014, entitled '*Trade missions are not the place to raise human rights*'.¹⁰⁵

There appears to be an over-reliance upon the belief that Irish companies tend to comport themselves well overseas, and would never knowingly cause harm. Whilst Irish companies operating overseas may not generally be known as amongst the most notorious violators of human rights overseas, this claim that Irish companies are always completely above reproach (and the assumption that they will continue to be in the context of increased investment in Africa) is not borne out by anecdotal evidence when we consider one of the biggest social impact challenges in many parts of Africa, which can often have an indirect impact on human rights – bribery and corruption.

5.2. Bribery and corruption in Africa, and Ireland's failure to enforce or promote standards

Irish Aid's *One World, One Future* promised to '*promote a culture of zero tolerance for all corrupt practices*'; however, the December 2013 report on Ireland of the OECD Working Group Against Bribery raised serious concerns about Ireland's failure to prosecute a single case in twelve years under the legislation, and the undue length of time it was taking to investigate those cases which are currently open.¹⁰⁶ The report commended Ireland for

¹⁰⁴ VAA, op. cit. p15.

¹⁰⁵The Irish Times, 'Trade missions are not the place to raise human rights' (Richard Bruton, opinion), 23 January 2014.

¹⁰⁶ OECD, Phase 3 Report on implementing the OECD Anti-Bribery Convention in Ireland, December 2013.

certain actions, including the updating of the Prevention of Corruption Acts in 2010, which now gives Ireland jurisdiction over foreign bribery offences committed abroad by Irish companies and nationals, and the report also commended DFAT for raising awareness amongst their staff of their obligation to report any potential infringement. However, the report also emphasised the importance of engaging more closely with the private sector on this issue, stating that: *‘They are also concerned by reports that many Irish business professionals may believe that some degree of unethical behaviour is permissible, if engagement in such activity helps them achieve business growth.’*¹⁰⁷ This is echoed in media reports, such as “The Business” RTE radio show with George Lee, where an Irish businessman readily admitted to paying bribes in Africa, saying that: *‘in Western developed cultures it’s just a complete no no...but if you’re in a developing country, if you want to do business there, you can’t be high and mighty about it.’*¹⁰⁸

A first step would be to emphasise that bribery of foreign officials is an offence under Irish law, a fact which does not appear to be widely understood in the Irish business community.¹⁰⁹ Just as important is to highlight situations where businesses might encounter corruption and to facilitate discussions on how to avoid paying bribes. As discussed above, there is sometimes a reluctance to address the more difficult issues in doing business with Africa, for fear of worsening the perception problem. Clearly, corruption is a huge perceived risk for Irish business – in a study conducted by Barclays Bank, 77% of 200 Irish businesses surveyed felt corruption was the biggest threat to doing business in Africa.¹¹⁰ However, the solution is to give business the confidence to address the problem, not to remain silent on the issue.

¹⁰⁷ Phase 3 Report on Implementing the OECD Anti-Bribery Convention in Ireland, December 2013, p42, citing Ernst and Young European Fraud Survey 2011 at footnote 38.

¹⁰⁸ The Business with George Lee, 28/12/13, starting at 35 minutes in.

¹⁰⁹ Phase 3 Report on Implementing the OECD Anti-Bribery Convention in Ireland, December 2013, p42, citing Ernst and Young European Fraud Survey 2011

¹¹⁰ Barclays Bank, *Trading with Africa- the opportunities for Irish businesses*, September 2012.

5.3. Human rights concerns with business in Africa

It is undeniable that challenges still exist for businesses with regard to human rights in several parts of Africa. Amongst the most notorious example of corporate involvement in human rights in Africa is the case of Shell in Nigeria in the 1990s. Shell had a close relationship with the Nigerian military, who suppressed protests with regard to Shell's oil production in the Ogoni region and eventually executed nine of the Ogoni people on spurious charges.

More recently, in March 2014, the High Court in Kampala, Uganda found in favour of land tenants who were violently evicted by government forces in order to make way for a coffee plantation. In its ruling, the court found the Ugandan Investment Authority (UIA) failed to act with due diligence regarding the transfer of the land from customary tenants to the Kaweri Coffee Plantation Inc., and the relocation of between 2,000 and 4,000 people from the land.

While the ruling was against the Ugandan Investment Authority, attributing primary responsibility for the actions to the lawyers hired by the UIA, the court also strongly criticised the role of the German investors in the coffee company, saying that: *“investors had a duty to ensure that our indigenous people were not exploited. They should have respected the human rights and values of people and ...should have satisfied themselves that the tenants were properly compensated, relocated and adequate notice was given to them. But instead they were quiet spectators....”*¹¹¹

The treatment of indigenous peoples is a particular concern for multinational businesses seeking to invest in Africa. Many African governments have but weak relations with their indigenous peoples, and indigenous peoples' full, prior and informed consent is rarely sought when governments negotiate deals with multinational companies.¹¹² As the above examples show, it is not sufficient for a company to argue that they were abiding by national law or with the blessing of the national government. The violations may have been committed by the national government, but they were committed with business as the

¹¹¹ Baleke v. Kaweri Coffee: Baleke & Four Ors. v. Att'y Gen. & 2 Ors., Civil Suit No 179 of 2002, [2013] UGHC 52 ¶ 47 (Mar. 28, 2013), available at <http://www.ulii.org/ug/judgment/high-court/2013/52>., quoted in Mark B. Taylor, Human Rights Due Diligence: the role of States: 2013 Update, p6.

¹¹² <http://www.ilo.org/indigenous/Conventions/no169/lang--en/index.htm>

motivating factor, either at the behest of (as was alleged in the case of Shell) or in the interests of, particular multinational enterprises.

Case study: Tullow Oil

Where some extractives companies are accused of 'greenwashing', there are some positive signs that Tullow take their economic, social and governance responsibilities seriously. Their environmental, health and safety scorecard is linked to executive pay - a step taken by only approximately 7% of companies globally.¹¹³ They are also strong in what they term 'localisation' – all of their Business Units in their African portfolio are headed by nationals of the host country, and 85% of their staff in Africa are local nationals.¹¹⁴ Tullow recently became the first extractive firm to publish their payments to governments on a project-by-project basis, ahead of the requirements of the EU Transparency Directive,¹¹⁵ attracting praise from Global Witness, Oxfam America and Publish What You Pay.¹¹⁶ In April 2013, Tullow held their third industry partner forum, which aims to raise awareness amongst local partners of the requirements of the UK Bribery Act and Tullow's own policies with regard to bribery and corruption and environmental, health and safety standards.¹¹⁷

Despite their best efforts, however, Tullow have not been able to avoid controversy. In October 2013, Tullow was forced to suspend its operation in Turkana in northern Kenya, for two weeks, following protests demanding local employment. The Turkana people are chiefly nomads, isolated and marginalised with most efforts to improve their development provided by NGOs and the church, rather than central government. Turkana pastoralists' livelihoods are severely undermined by reduced grazing area, leading to increased risk of over-grazing with its impact on climate

¹¹³<http://www.greenbiz.com/blog/2013/12/06/executive-compensation-sustainable-pay>

¹¹⁴ Tullow Oil 2013 Annual Report, p50.

¹¹⁵ The EU Transparency Directive was passed in 2013, and EU states are required to transpose it into national legislation by 2015. By contrast, many big oil firms are lobbying to overturn similar legislation in the US.

¹¹⁶

<http://www.publishwhatyoupay.org/resources/tullow-oil-leads-implementing-eu-directives-publishing-project-level-data>; <http://www.globalwitness.org/category/issues-and-campaigns/publish-what-you-pay>;

<http://www.socialfunds.com/news/save.cgi?sfArticleId=3940>

¹¹⁷<http://www.tulloil.com/index.asp?pageid=363&casestudyid=84om/index.asp?pageid=363&casestudyid=90>.

The 2013 industry forum was held in Ghana; previous events were in Bangladesh and Kenya.

change, and increased risk of resource-based conflict, and they see little compensation in terms of economic growth in the regions.

Tullow have engaged with the local community following the protests, and are clear that they need the local community fully 'on their side'.¹¹⁸ But the unpalatable question remains: are human rights concerns so insurmountable that extraction of oil should simply not take place? As the executive director of the Africa Progress Panel, has said: '*If extractive investments do not lead to meaningful benefits for local communities, their value should be questioned.*'¹¹⁹ Furthermore, in order to prevent dangerous global temperature rises of above 2°C, two thirds of current commercially viable fossil fuels will need to remain in the ground¹²⁰ - and Kenya, along with other developing countries, will be particularly badly affected by continuing climate change, as Trócaire's report *Feeling the Heat: How Climate Change is Driving Extreme Weather in the Developing World* demonstrates.¹²¹

5.4. Women's human rights and business

It should also be borne in mind that business activities may have substantially different impacts on the human rights of women and men, boys and girls. Unless these are considered independently, even well-intentioned actions risk worsening the situation for women. For example, the remit of UK sponsored TradeMark Southern Africa (TMSA) was to '*improve Southern Africa's trade performance and competitiveness for the benefit of poor women and men*'.¹²² The Independent Commission for Aid Impact, however, found that TMSA had not adequately considered risks to the poor, and particularly to women. For example, work on cross-border trading in one location was exclusively focused on

¹¹⁸ <http://politicsofpoverty.oxfamamerica.org/2014/03/will-oil-bring-promise-peril-communities-turkana-kenya/>

¹¹⁹ Caroline Kende-Robb, Executive Director, Africa Progress Panel, 'Getting a fair deal on Africa's resource wealth', at <http://barometer.thisisafricaonline.com/>.

¹²⁰ 'Carbon in energy reserves and energy infrastructure' pp259ff, in World Energy Outlook 2012, International Energy Agency.

¹²¹ Trócaire, *Feeling the Heat: How climate change is driving extreme weather in the developing world*, November 2014.

¹²² TradeMark Southern Africa programme documentation.

improving waiting times at borders, whereas research with women traders had found that bribery and threats of violence and sexual harassment were far greater concerns.¹²³

Furthermore, as a background paper on women, business and human rights has pointed out: *'Even where companies are following local laws and international treaties that recognise and protect women's rights, many women work in temporary, informal positions in value chains that are not covered by laws or codes of conduct.'*¹²⁴ Oxfam found that women face inequality across supply chains in the cocoa sector.¹²⁵ They are paid significantly less than men, have poorer access to markets, assets and cooperatives, and due to domestic commitments are less able to participate in training. Cocoa farmers in Nigeria told Oxfam that women are paid \$2 to \$3 for a day's work, while men earn about \$7 a day. When working conditions are improved for women, positive impacts are also seen in other key areas, such as reduced instances of child labour in the supply chain.

Risk of gross human rights violations against women are particularly heightened in conflict-affected areas, as acknowledged in the UN Guiding Principles which emphasize that *"States should help ensure that business enterprises... are not involved with such abuses, including: Providing adequate assistance to business enterprises to assess and address the heightened risk of abuses, **paying special attention to both gender based and sexual violence.**"*

5.5. The UN Guiding Principles and Ireland's business and human rights obligations

Given the current low levels of engagement with human rights and related issues with regard to Irish business in Africa, it is very welcome that Ireland have committed to developing a National Action Plan to implement the UN Guiding Principles on Business and Human Rights with the process starting in 2014. The UN Guiding Principles are centred on three principles for business and human rights agreed by the UN: that states have a duty to **protect** against human rights abuses by businesses operating from their territories; that businesses themselves have a responsibility to **respect** the full range of

¹²³ ICAI, DFID's Trade Development Work in Southern Africa, December 2013, p29 ;Risky Business: Poor Women Cross-Border Traders in the Great Lakes Region of Africa, World Bank Africa Trade Policy Notes, January 2011. TMSA was closed down in December 2013 on foot of the ICAI report.

¹²⁴ Ama Marston, Women, Business and Human Rights: A background paper for the UN Working Group on Discrimination Against Women in Law and Practice, p29

¹²⁵ <http://www.oxfamamerica.org/static/media/files/oxfam-fact-sheet-women-and-cocoa-screen.pdf>

human rights, and that both state and businesses have a responsibility to provide an effective **remedy** for victims of business-related human rights abuses. Trócaire have developed a separate briefing paper with detailed recommendations on developing the National Action Plan.¹²⁶ As highlighted by Trócaire together with our international partners in CIDSE, one of the weaknesses of the National Action Plans developed by other countries to date has been the lack of concrete actions.¹²⁷ The lack of legal means of holding transnational corporations accountable have prompted renewed calls for an internationally binding legal instrument, and the June 2014 session of the UN HR Council saw the adoption of a resolution to establish a new intergovernmental working group to begin the process of elaborating such an instrument. Since EU members states have maintained that the implementation of the Guiding Principles should take priority, the onus is on governments to ensure that National Action Plans provide effective legislative measures and enforcement at national level.¹²⁸

At the core of the UN Guiding Principles is the instrument of human rights due diligence , whereby business must show that they have considered the possibility of their impact on human rights, in a manner consistent with the business size and operating context.

Requirement of human rights due diligence is suggested as a tool for the State in its obligation to oversee its businesses' impact on human rights, particularly extra-territorially. The requirement to undertake human rights due diligence is not a one-size-fits-all process; and the context in which the business operates, and the relationship of the State to the business in question, known as the 'State-business nexus.' In brief, the closer a business is to the State, the greater the onus there is on the State to ensure that the business does not interfere with the enjoyment of human rights in its activities overseas. A schema of how that might apply to Irish business interests in Africa is outlined below.

¹²⁶

<http://www.trocaire.org/sites/trocaire/files/resources/policy/trocaire-position-paper-irish-national-action-plan-ungps-bhr.pdf>

¹²⁷ CIDSE Briefing Note on UN Business and Human Rights Framework, December 2014.

¹²⁸ Ibid.

Government activity	Corresponding responsibility
<p>Irish private sector engagement in development practice Where ODA is channelled directly to an Irish-owned business, either through procurement or grant activity such as the AADF.</p>	<p>There is clearly an onus on the Irish government to apply the same standards and principles when employing a private sector entity to achieve specific development objectives as when working with a CSO, for example.</p>
<p>Irish state-owned companies or semi-states</p>	<p>The Irish government should require all state owned companies and agencies, in particular those with a significant overseas presence (e.g. Enterprise Ireland, BordBia, ESB International) to demonstrate the highest possible attention to human rights through their policy statements, human rights due diligence and remedial processes, thus providing a leading example to other Irish businesses.</p>
<p>Irish state investment or concessions for Irish business activities in Africa</p> <p>While the Irish government does not provide export credits, any government or semi-state funding could be examined here, including concessions such as the Foreign Earnings Deduction, a tax break for Irish employees temporarily overseas in the BRICS countries, which included eight African countries in Budget 2013 and was extended in duration (until 2017) in Budget 2015.</p>	<p>The responsibility of the Irish state here depends not just on the degree of state involvement, but the nature of the host country. The UN Guiding Principles on Business and Human Rights are also most likely to come into play in contexts where human rights risk seems heightened – for example, where there are concerns around the ability or willingness of the host State to enforce international human rights standards, and in situations of conflict.</p>
<p>Irish trade promotion activities</p> <p>Following the launch of the <i>Africa Strategy</i>, there have been much increased levels of Irish government promotion of trade with Africa, for example, through trade missions, the Africa Ireland Economic Forum, and the opening of an Enterprise Ireland office in South Africa.</p>	<p>While most trade promotion activities do not involve financial support, their reputational benefits involve implied State endorsement of the companies participating in the trade missions or other events, and as such, carry State responsibilities with them. As above, the nature of these responsibilities will vary, depending on the host country context.</p>

5.6. Supporting business respect for human rights in conflict affected areas

Given Irish Aid's commitment to furthering their support for fragile states, as in Sierra Leone and Liberia, there is a need to consider how this fits with the trade mandate in all Irish embassies in Africa, including in Sierra Leone. As in other areas, there appears to be a divide between trade and human rights policy functions in this regard. In Sierra Leone, for example, Irish Aid support a capacity building programme for the Sierra Leone Human Rights Commission, which included developing a comprehensive tool for ensuring consideration for human rights in business activities, particularly in the extractive sector. On the other hand, there does not appear to be any discussion with Irish businesses with an interest in Sierra Leone with regard to such human rights considerations.

It is also of concern that employees of Irish companies are actively incentivised to operate in one conflict-affected country in Africa, the Democratic Republic of Congo, without any accompanying provisions for human rights due diligence, as illustrated by the case study on the Foreign Earnings Deduction below.

Case study: The Foreign Earnings Deduction

In Budget 2013, the tax reductions for employees of Irish companies on business in the BRICS countries, was extended to nine African countries: Egypt, Algeria, Senegal, Tanzania, Kenya, Nigeria, Ghana and the Democratic Republic of the Congo. This was framed by Minister Noonan as part of a 10 point tax reform plan to assist SMEs, with the objective of this particular measure being to: 'help boost demand for Irish goods and services abroad.'¹²⁹ However, these particular countries were initially included as a result of a request from the Department of Agriculture, being identified in their Africa Agri-food Development Fund for Africa (AADF) as important trading partners for agricultural exports from Ireland.¹³⁰

How exactly this was to relate to the AADF is not clear. Tanzania and Kenya were doubtless included since they were originally intended to be the first pilot countries for the AADF. However, AADF projects did not materialise in either country and of the four projects associated with the AADF at present (projects approved in

¹²⁹ Department of Finance, Assistance for Small and Medium Enterprises, Budget 2013, 2012.

¹³⁰ Email correspondence from Department of Finance, May 15 2014.

Zambia, Ethiopia and Uganda), and one more decision imminent on projects in Malawi, none of them will benefit from the Foreign Earnings Deduction.

It seems reasonably clear that the rest of the countries were selected on the basis of existing agri-trade with Ireland. The Democratic Republic of Congo, for example, was the Irish Dairy Board's fifth largest market worldwide in 2011. There is nothing wrong with incentivisation of Irish trade with emerging markets in itself, but the incentivisation of Irish trade with DRC, a heavily conflict affected state, without any requirement for human rights due diligence, is highly questionable from the perspective of NGOs working there.

In Budget 2015, the Foreign Earnings Deduction was extended for countries already included in the scheme until 2017 and the number of qualifying countries increased to include Japan, Singapore, South Korea, Saudi Arabia, UAE, Qatar, Bahrain, Oman, Kuwait, Indonesia, Vietnam, Thailand, Chile, Mexico and Malaysia in line with the Government's strategy on Trade, Tourism and Investment.¹³¹

¹³¹ www.revenue.ie/en/press/budget/2015/budget-summary-2015.pdf

6. Conclusion

This research paper set out to examine current trends towards a focus on economic growth in development and in particular, the role of donor country private sector interests in this process. It argues that economic growth does not necessarily result in poverty reduction, particularly for the most vulnerable, and that a rights-based approach to human development should reject the ‘trickle-down’ argument. It also strongly questions the ‘win-win’ argument that holds that trade with donor country businesses will automatically see benefits for African countries. It reviews the literature on some of the pitfalls in engaging with the private sector as a development partner, and considers the effects that private sector interest can have on development practice. Finally, it looks at the international human rights framework, and how that can help us to hold businesses to account for their action in Africa.

“What is the point of economics if not to improve people’s lives, what is the point of economic policy if not to build more inclusive, more harmonious societies”
OECD Secretary-General Angel Gurría

In all of this, Ireland’s engagement with aid and trade in Africa is considered and reviewed, with case studies pointing to relevant initiatives. Both similarities and differences with prevailing trends are considered, as in the case of funding private sector partnerships for development, where Irish Aid has notably not committed considerable funding – which many civil society organisations would welcome, given the considerable difficulties, for example with DFIDs approach as identified by an assessment by the UK’s Independent Commission on Aid Impact in 2014.

The tendency to promote trade in Africa as a way of recovering Ireland’s economic fortunes while simultaneously contributing to poverty reduction is more evident and also merits careful questioning. As demonstrated by the international experience and some of the Irish case studies, trade with richer countries does not necessarily provide benefits for African people and may indeed be to the detriment of their development. As such policy coherence for development mechanisms are vital.

Ireland was recently listed as the first ranking country in the world, based on how much we contribute to the collective good.¹³² Ireland enjoys an enviable reputation in the world for our cultural contribution, our concern for human rights and international peace and security and our excellent aid programme – a reputation which must continue to be built.

¹³² The Good Country Index, created by Simon Anholt, Independent policy adviser in 2014.
<http://www.goodcountry.org/overall>.

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