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Improving Coherence between Development Policy and Other Policies The Case of Germany

The success of development policy partly depends on the effects of other policies which – intentionally or unintentionally – may support, but also impair, development cooperation efforts. Development policy must therefore bear other policies in mind in order to prevent incoherence and generate synergies as far as possible. There are numerous examples of incoherence. Foreign policy, export and labor market interests have repeatedly eclipsed development policy objectives. The EU's trade, agricultural and fisheries policies have counteracted development cooperation projects and programs in several cases. There is a tense relationship between development and arms export policies.

Besides these cases of incoherence about which advocates of development cooperation have complained, four factors have given added weight to the subject of policy coherence: (i) the inclusion of the requirement of coherence with development policy in the Maastricht/Amsterdam Treaty, (ii) increased pressure to improve the efficiency and effectiveness of development cooperation in view of declining budget allocations, (iii) the extended right enjoyed by the Federal Ministry for Economic Cooperation and Development (BMZ) since mid-2000 to examine legislation planned by other government departments for its impact on development and (iv) the Program of Action 2015 adopted by the Federal Government in 2001, which calls for a coherent approach by various policies in order to achieve the internationally agreed goal of halving extreme poverty by 2015.

The issue of policy coherence has played a growing role in the development policy debate in Germany in recent years. There have been campaigns and a number of proposals for greater coherence. Since 1998, most of the steps taken (in addition to the Program of Action 2015) to improve coherence have been institutional, and they should be fully exploited. Whether the BMZ requires further areas of responsibility to achieve greater coherence should be considered as and when necessary.

In general, however, it is true to say that development policy is not just a matter for the BMZ, but a task for many policies. The BMZ should not therefore take on the tasks of other policies and so overexert itself, but increasingly urge and help other government departments to share responsibility for development policy. To this end, three steps seem important: (i) improvement of the BMZ's analytical competence for closer observation of the impact on development of other policies, (ii) intensive coherence-related dialogue with other government departments and (iii) mobilization of political support for greater coherence.

Development policy and effects of other policies

The goal of development policy, according to the German Government's 11th Report on Development Policy published in May 2001, is to help create decent living conditions in partner countries in South and East and to safeguard our common future. It does not, however, act alone in this respect: although they pursue their own objectives, other policies, too, influence development in partner countries and at global level. They may support development cooperation efforts, or they may impair or even nullify them.

Where they support development policy, there is coherence from the development cooperation perspective; where they do not, there is incoherence. If, then, the success of development efforts also depends on the effects of other policies, development policy cannot be confined to promoting development cooperation projects and programs, but must bear other policies in mind and influence them with a view to preventing incoherence and generating synergies.

Examples of policy incoherence

Other policies may impair development policy efforts in two ways. On the one hand, the objectives of development policy may be eclipsed by other policy interests, resulting in incoherence between the declared objectives and the practice of development cooperation. The special feature here is the direct influence that other policies have on development cooperation. For example, it has been eclipsed by:

- *Foreign policy interests:* In the 1960s, countries that recognized the then German Democratic Republic were excluded from development cooperation (Hallstein Doctrine). In the 1990s, the application of the BMZ's political criteria for the commitment of development cooperation (respect for human rights, etc.) varied because of overriding foreign policy interests (as in the case of China).
- *Export and labor market interests:* A portion (even larger in the past) of German development cooperation disbursements is tied to supplies from Germany (possibly making development cooperation projects more expensive). Assistance has been provided for projects which are controversial in development policy terms (e.g. the Shanghai underground railway).

On the other hand, development cooperation is undertaken in accordance with its declared objectives, while other policies either directly impair development cooperation efforts or run counter to their intentions. Examples:

- *Trade policy:* The German Government and the EU advocate the developing countries' integration into the world economy and promote the development of the private sector and exports of many partner countries. At the same time, the EU's foreign trade policy still has numerous protectionist elements, especially in the agricultural sector. An open trade policy, on the other hand, complements development cooperation efforts and generates synergies.

- *Agricultural policy:* To improve food security in West Africa, German development cooperation has promoted beef production in a number of the region's countries. The success of these projects has, however, been threatened by subsidized EU beef exports to the partner countries (adverse effects on local production efforts). Subsidized EU milk powder exports are harming the milk sector in India, which is being assisted with EU aid.
- *Fisheries policy:* German development cooperation assists artisanal coastal fishery projects, an essential source of protein for the poor in many countries. The EU has concluded fishery agreements with some 20 developing countries (primarily on the coast of West Africa) that grant the EU fleets fishing rights in the partner countries' 200-mile zone in return for compensatory payments and development aid. Excessively high quotas, inadequate supervision and breaches of the agreements have since led to overfishing on numerous occasions, threatening an important source of food and incomes for these countries.
- *Fiscal policy (corruption):* In the context of development cooperation, the German Government demands and promotes good governance in the partner countries, and yet for a long time it was possible to deduct bribes paid to foreign government officials from tax payable in Germany. It was not until 1999 that pressure from the OECD led to the removal of this possibility.
- *Arms export policy:* In view of the many violent conflicts in and between developing countries, which not only cause human suffering but also destroy the development efforts of many years, development cooperation sees conflict prevention as an important task. On the other hand, despite strict arms export legislation, which has repeatedly led to the rejection of applications to export armaments and accounts for Germany's small share of international arms exports to developing countries, the German Government has in recent years approved the supply of arms and military equipment to developing countries where the internal situation features conflict or regional security is under threat (e.g. Egypt, India, Indonesia, Israel and Turkey).
- In July 2000, as part of the Joint Standing Orders (GGO) of the federal ministries, the BMZ was granted an extended right to examine legislation planned by other ministries for its impact on development. While under the old GGO the BMZ did not receive other departments' proposals for legislation until late in the process, it is now involved at an early stage and itself considers whether development policy interests are affected.
- At the United Nations' Millennium Summit in September 2000, 150 heads of state or government reaffirmed the goal of halving the proportion of people living in extreme poverty (people with less than US \$ 1 a day; 1990: 1.3 billion or 29 %) by 2015. With a view to this objective, the German Government adopted in April 2001 its Program of Action 2015, which not only sees poverty reduction as a task for development cooperation but also calls for a coherent approach by the environment, agricultural, trade, economic, finance, science and technology policies.

What goals determine coherence?

The call for greater policy coherence has long been taken to mean the prevention of incoherence and, in the light of experience, rightly so. A lack of coherence may lead to ineffectiveness (failure to achieve objectives), inefficiency (waste of scarce resources) and loss of policy credibility. Policy coherence is therefore desirable for good governance.

However, this says nothing about the angle from which coherence should be seen. What right does development policy have to demand that other policies take greater account of development? If it is argued that coherence is not a one-way street, development policy might also be expected, conversely, to take account of other policy objectives by contributing, say, to the promotion of German exports and jobs. Development policy is, after all, subject to cabinet discipline and, like all other policies, to the constitutional requirement that it serve German interests (oath of office taken by every minister). In calling for greater coherence, then, is development policy falling into a trap?

This is not the case if there are overriding objectives to serve as a guideline for determining the contributions to be made by various policies to coherence. In the past ten years, there has been welcome progress in this respect.

Topicality of the call for greater policy coherence

Policy coherence has become a more pressing issue in recent years for several reasons:

- The Treaties of Maastricht (1992) and Amsterdam (1997) first enshrined in law the requirement of coherence between development policy and other policies: "*The Community shall take account of the objectives [of its development policy] in the policies that it implements which are likely to affect the developing countries*" (Article 178 of the Treaty of Amsterdam). Even though, formally, this article applies only to the Community and not to the Member States (which are, however, required by Article 10 to act in the Community's best interests) and is worded in rather guarded terms, it represents an important point of reference.
- The decline in German development cooperation efforts since the early 1990s (from DM 11.4 billion, or 0.39 % of GNP, in 1991 to DM 10.7 billion, or 0.27 % of GNP, in 2000) has increased the pressure to improve the efficiency and effectiveness of development cooperation and, to this end, to ensure greater policy coherence.
- The world conferences of the 1990s, such as the 1992 Conference on Environment and Development in Rio de Janeiro, the 1993 World Conference on Human Rights in Vienna and the 1995 World Summit on Social Development in Copenhagen, did a great deal to universalize various pivotal values (e.g. sustainable development and respect for human rights) for shaping global development that all policies must take into account. Halving extreme poverty by 2015 is a prescription for development policy and other policies. The OECD countries have repeatedly committed themselves to ensuring greater coherence in their policies towards developing countries to cope with the challenges of global development.
- Globalization and the question how our society can cope with the future have led to an intensive debate on the shared responsibility of our policies for global development. Mention need be made only of the German Parliament's Select Committee on the Globalization of the World Economy. The BMZ sees development policy as helping to safeguard our common future, which is very much in Germany's interests.

The call for greater policy coherence seen from the angle of development policy is thus justified. This does not mean, of course, that development policy should or can become the sole yardstick for all policies, but that other policies must take greater account of partner countries' development prospects and of global development objectives. This is a major challenge both politically and practically.

Causes of policy incoherence and plea for an appropriate understanding of coherence

The main causes of policy incoherence are:

- *Divergent political interests:* Policy incoherence is often the result of divergent political interests. At the same time, development policy tends to be weak in the play of forces with other policies since it has no powerful domestic policy interest groups behind it. Greater policy coherence seen from the angle of development policy therefore requires special efforts to mobilize public support.
- *Different areas of responsibility at national and EU level:* The situation is further complicated by the fact that some policies, such as the foreign trade, agricultural and fisheries policies, are the EU's responsibility, i.e. they cannot be adjusted by an individual EU Member State even though it may be well aware of incoherence of some kind. The call for greater coherence therefore means that the governments of the EU Member States must bear in mind not only their own policies but also EU policies for which they share responsibility.
- *Partner countries' failure to take countermeasures:* It is often assumed that partner countries are merely the victims of the donor countries' incoherent policies. But in some cases they can certainly defend themselves, for example, by protecting their agriculture against subsidized EU farm exports with countervailing duties. This is obviously a question of differing interests within partner countries (the urban population's interest in cheap food on the one hand, the rural population's development prospects on the other). Advocates of development cooperation and non-governmental organizations (NGOs) in the donor countries should therefore raise the issue of policy coherence not only at home and at EU level but also in the dialogue with partner countries.
- *Deficiencies in the organization of decision-making on policy:* Pursuing as coherent an overall policy as possible is in principle a task for interdepartmental coordination, with heads of government taking ultimate responsibility. The distribution of powers, the opportunities the various departments have to participate in decision-making and the weight carried by development policy in this context may make policy coherence easier or more difficult.
- *Information deficits:* Incoherence like that referred to above may be self-evident. In many cases, however, the effects of other policies on the development process in partner countries and at global level and the interaction among these policies are less obvious and can be identified only with considerable effort. Impact analyses, information procurement and the systematic use of available, but often scattered, information are therefore vital.
- *Complexity of the development process:* Regardless of the information deficits, the main problem continues to be the complexity of socioeconomic and political development, which frequently allows the links between cause and ef-

fect to be only partly recognized, especially in the case of forecasts. Halving extreme poverty by 2015 may be a clear and internationally accepted goal, and considerable experience of reducing poverty may have been gained, but this does not mean that there is general agreement as regards the necessary strategies. There is no objective yardstick for policy coherence.

The general conclusion is that complete policy coherence is possible neither in theory nor in practice. A realistic and politically appropriate objective should therefore be, on the one hand, to overcome obvious incoherence and, on the other hand, progressively to improve coherence through:

- a more accurate understanding of the interaction among different policies that influence development in partner countries and globally,
- the greater involvement of aspects of coherence in the formulation of other policies,
- the mobilization of political support for greater coherence in order to achieve such overriding objectives as halving poverty by 2015 or global environmental objectives.

This is necessarily a process of trial and error.

Campaigns and proposals for greater policy coherence

Policy coherence has played a growing role in the development policy debate in Germany since the early 1990s. This has occurred against the background of the cases of incoherence referred to above, which have been criticized not only by development cooperation institutions but also by NGOs and the development policy committees of the Christian-Democratic Union (CDU), the Social Democratic Party (SPD) and the Greens, especially before the last two federal parliamentary elections, and seen as a reason for proposing various improvements in coherence (see box). In this process, it has become clear that:

Earlier proposals for greater policy coherence

- Strengthening development policy through a separate law, as in several other donor countries
- Creating a development cabinet chaired by the Chancellor and involving the relevant government departments to ensure greater coherence among the various policies to the benefit of development
- Strengthening the BMZ's coordinating and monitoring role within the Federal Government (e.g. by means of guidelines on sustainable development to be used by the BMZ to monitor other policies)
- Increasing the BMZ's areas of responsibility:
 - *Variant I:* Transferring to the BMZ other departments' responsibilities relating to development cooperation (e.g. humanitarian aid, currently a Foreign Office responsibility)
 - *Variant II:* Upgrading the BMZ to a "Ministry for International Cooperation and Sustainable Development", embracing pivotal aspects of international structural policy (e.g. debt and raw materials policies, Rio follow-up process and international agricultural and technology policies)
- Integrating the BMZ into the Foreign Office to give development cooperation more weight in foreign policy and better representation in partner countries

- Development policy initiatives, NGOs and Churches have made a wider public aware of the incoherence in the case of the EU's subsidized beef exports and fisheries agreements, fiscal policy (corruption) and arms exports by holding hearings and conducting information campaigns (some at European level) and so exerted political pressure, which has helped to ensure that adjustments have been made (e.g. reduction of beef export subsidies in the mid-1990s).
- The proposals for greater coherence referred to in the box all primarily address the organization of decision-making on policy (areas of responsibility). Important though this aspect is, it must not be given absolute primacy over the other causes, as this may arouse unjustified expectations. What is ultimately decisive (besides solutions to the problems of analysis and information) is the political will for greater coherence that results from the play of political forces.

Changes in recent years

Since 1998, a number of mostly institutional steps (in addition to the amendment of the GGO and the adoption of the Program of Action 2015) have been taken to achieve greater coherence:

- transfer to the BMZ of further responsibilities relevant to development cooperation (e.g. EU development cooperation and the TRANSFORM Program),
- inclusion of the BMZ in the Federal Security Council, which is responsible, among other things, for principles and decisions relating to the arms export policy,
- development policy interests taken into account in the amended Political Principles for Arms Exports and the Guidelines for Granting Export Guarantees ("Hermes Guarantees"),
- creation of the Task Force 2015 within the BMZ, which, among others, is responsible for coordinating and monitoring the implementation of the 75 actions to be taken by the various government departments, and appointment of contact persons for the Program of Action in each department.

Recommendations for German development policy

Against this background, the first step should be to exploit to the full the BMZ's extended opportunities for taking action. Whether the BMZ requires further areas of responsibility to improve coherence should be considered as and when necessary. In general, however, it is true to say that development policy is not just a matter for the BMZ, but a cross-sectoral task for many policies. The BMZ should not therefore take on the tasks of other policies and so overexert itself, but urge and help other government departments to share responsibility for development policy. To this end, the following steps are important:

- *Improving analytical capacity and the information base:* Various cases of incoherence are well-known. The goal of coherence, however, is not confined to eliminating this

incoherence, but is more comprehensive: it also includes examination of other departments' plans for legislation, implementation of the Program of Action 2015 and efforts to achieve sustainable development. For this, closer observation of the effects of other policies will be needed to identify incoherence and potential synergies. This is not only for the BMZ to achieve, but it is certainly one of its essential tasks. If it is to exercise its right under the GGO to ensure coherence with development policy and to make other departments aware of the need for greater coherence, the BMZ needs to increase its analytical competence, which it can achieve by delegating project-related tasks and by mobilizing external expertise.

- *Intensive coherence-related dialogue between the BMZ and other government departments:* The BMZ should identify the areas of policy where there is relevant incoherence and the best prospects of practical and policy change so that it may then focus on achieving greater coherence with the appropriate departments at national and EU level. To encourage other policies to make positive contributions to the Federal Government's Program of Action 2015, for example, the BMZ should conduct an informed dialogue with the other government departments, acting not only as an investigating body but also as an adviser.
- *Mobilizing political support:* As coherence is basically a question of political interests, it is important for it to be discussed in parliament (at national and EU level) and in public. Experience shows that skilled analyses, public relations work and political initiatives by parliamentarians, NGOs and the media may be important allies of development policy in efforts to achieve greater coherence.

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Further Reading

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