

Policy Coherence for Development

Introduction to the concept of PCD – EU and OECD perspective

Policy Coherence for Development (PCD)

“The pursuit of development objectives through the systematic promotion of mutually reinforcing policy actions in partnership.”

Presentation for the workshop:

‘Introduction to the concept of Policy Coherence for Development’

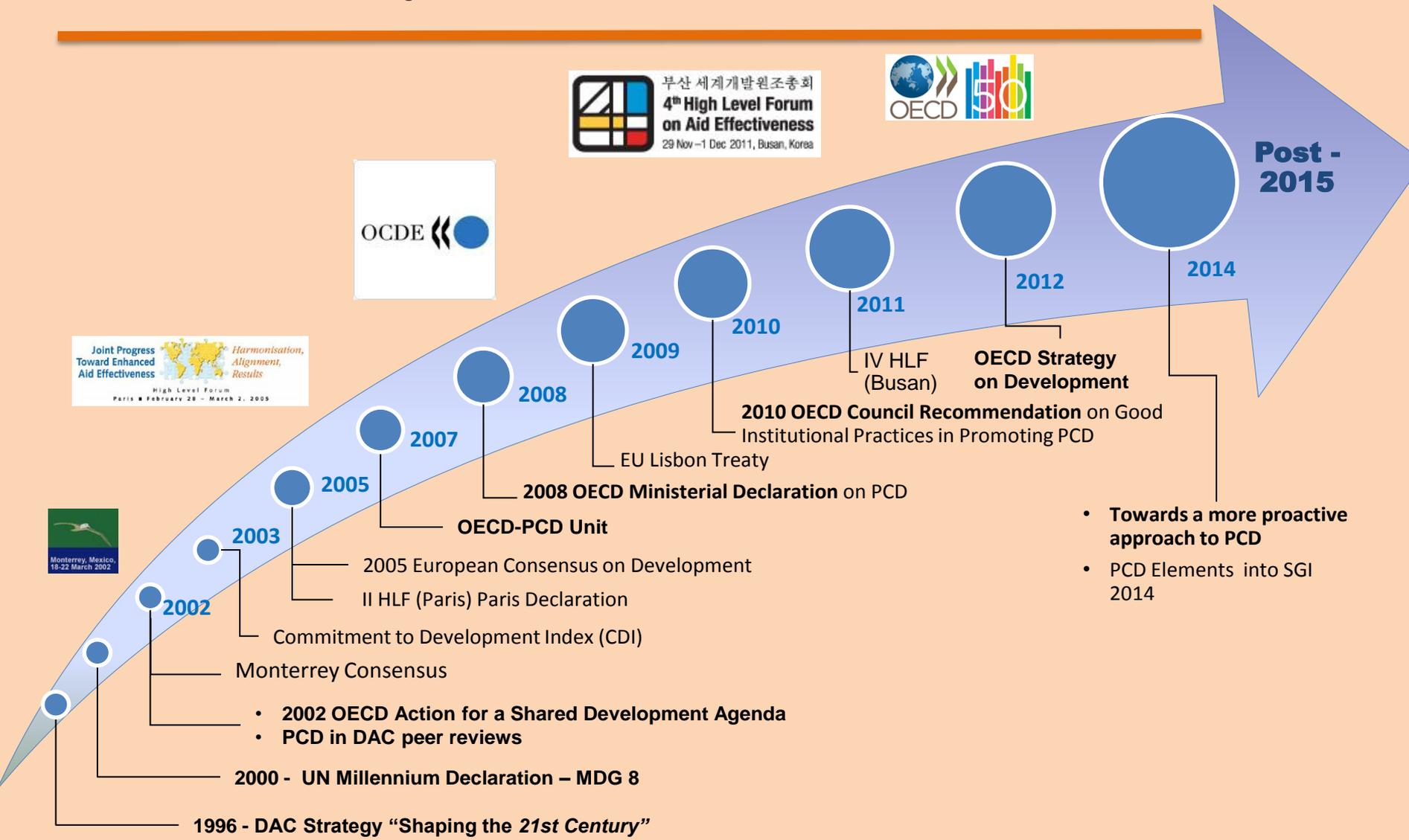
Outline

- Historical context of the PCD concept
 - The legal framework at the EU and OECD level
 - Defining the concept
 - Operationalization of PCD
 - Thematic areas of PCD and current approaches on evaluation
 - Key messages
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Rationale for policy coherence for development

- Globalization and liberalization raise the gains from interdependence and integration – which require coherent policies
 - Aid alone cannot reduce poverty: PCD is an essential tool to fulfill the Millennium Development Goals.
 - Incoherence has implications on both the global south and the global north. There is a need for a shift in the development paradigm.
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PCD – A concept in evolution



1996 - DAC Strategy "Shaping the 21st Century"

2000 - UN Millennium Declaration – MDG 8

- 2002 OECD Action for a Shared Development Agenda
- PCD in DAC peer reviews

Monterrey Consensus

Commitment to Development Index (CDI)

II HLF (Paris) Paris Declaration

2005 European Consensus on Development

OECD-PCD Unit

2008 OECD Ministerial Declaration on PCD

EU Lisbon Treaty

2010 OECD Council Recommendation on Good Institutional Practices in Promoting PCD

OECD Strategy on Development

IV HLF (Busan)

- Towards a more proactive approach to PCD
- PCD Elements into SGI 2014

Post - 2015

Highlighting PCD reference of Development Framework

- **MDGs Goal 8:** Develop a global partnership for development Target 1. Develop further an open, rules-based, predictable, non-discriminatory trading and financial system
- **Paris Declaration** on aid effectiveness: laid out a strong agenda for aid effectiveness, donor harmonization and alignment
- **Busan Commitments:** “interdependence and coherence of all public policies – not just development policies to make full use of the opportunities through trade, and to expand their domestic capital markets.



PCD- Legal Provisions in the EU and OECD

- The first formal acknowledgement of PCD in art. 130U and 130V of the Maastricht treaty 1992 (Article 177 in the Treaty of Amsterdam)
 - Art. 130U sets out development objectives for the Community (sustainable development, integration in the global economy, poverty eradication, democracy, the rule of law, and respect for human rights)
 - Art. 130V (coherence article) to take account of the objectives of art. 130U in the policies implements which are likely to affect developing countries'
 - 2002 Ministerial Statement of the OECD states that PCD aims to enhance understanding of the development dimensions of member country policies and their impacts on developing countries to:
 - consider trade-offs
 - potential synergies across such areas as trade, investment, agriculture, health, education, the environment and development cooperation
 - encourage greater policy coherence in support of the internationally agreed development goals
 - 2009 Treaty of the European Union (Lisbon):
 - Article 21 to ensure consistency between the different areas of its external action and between these and its other policies', and
 - Article 208 affirms that 'The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.'
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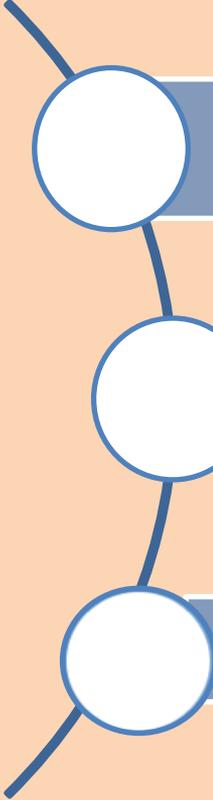
A more theoretical approach - ECDPM

The term Policy Coherence for Development (PCD) is generally accepted to refer to:

- the practice of ensuring that all national policies do not detract but supportive of development policy goals, and
 - reflect the interests of developing countries in the process of policy review and formulating new policies
 - aim to improve the contribution of these policies to the achievement of international development objectives
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What does PCD mean in the Post 2015 era?

PCD is an approach and a policy tool for integrating the economic, social, environmental and governance dimension of sustainable development at all stages of domestic and international policy making



Increase governments' capacities to identify trade-offs and reconcile domestic policy objectives with internationally agreed objectives

Foster synergies across economic, social and environmental policy areas

Address the spillovers of domestic policies

PCD Word Game

“P” for Policy?

- Often Politics rather than Policy, a power interplay of various interest groups wanting to influence public rules. Power analysis helps understand underlying power relations

“C” for Coherence?

- All about coordination, consultation, communication within formal and informal processes constituted by various institutions and people

“D” for Development?

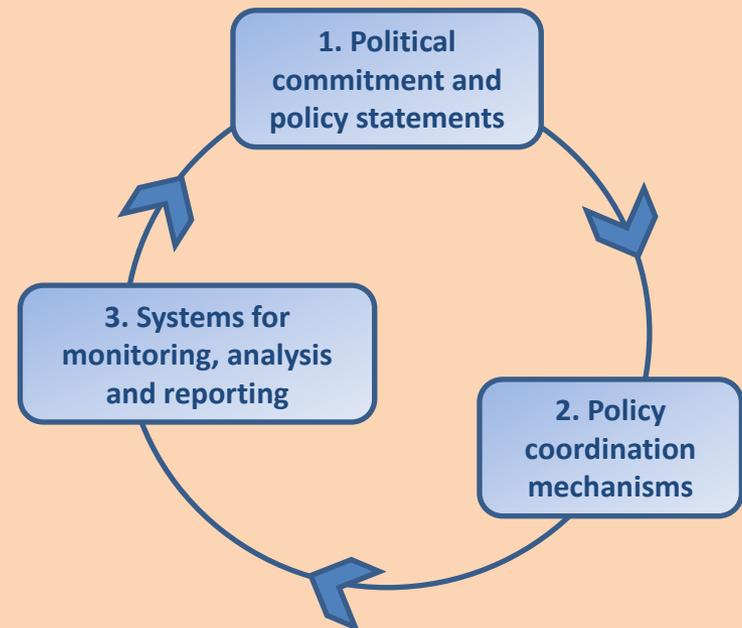
- Looking for development in non-development territory – it is often different mentality, value and goals, rules, culture.
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Instruments for promoting PCD

PCD as a political leverage

- ✓ *Political commitment can increase clear objectives, institutional compliance and visibility*
- ✓ *Coordination mechanisms can facilitate institutional learning, efficient use of resources and an enabling environment to mainstreaming development objectives*
- ✓ *Analysis can promote transparency,, accountability, inform decision-making and translate political commitment to practice*

The Three Building Blocks for PCD



PCD results can only be measured against clear and common goals!

Five different levels of PCD

The main levels of possible coherencies (ECDPM, 2013):

- i. **Internal coherence** to achieve consistency between its goals and objectives, modalities and protocols.
- ii. **Intra-governmental coherence** across all of the policies and actions of a donor country in terms of their contributions to development.
- iii. **Inter-governmental coherence**. Policies and actions should be consistent across different donor countries in terms of their contributions to development, to prevent one or failing to reinforce, the others.
- iv. **Multilateral coherence**. Coherence of the policies and actions of bilateral donors and multilateral organizations to ensure that policies adopted contribute to development objectives.
- v. **Developing country coherence**. Developing countries should be encouraged to set up policies that allow them to take full advantage of the international climate to enhance their development

“In the real world of policy implementation, decisions that affect coherence along one dimension have implications for coherence in one or more of the other three dimensions.” (Picciotto, 2005)

Thematic areas of PCD

- **Climate Change** – A comprehensive approach ranging from research, humanitarian assistance, development to agricultural policies, degradation of ecosystems, social and human impacts
 - **Trade** – Industrial production dependence on import of raw materials, export of key commodities to developing countries, impact of price fluctuation. Export restrictions, finance and competition policies leads to market speculation
 - **Food Security** – Agricultural protectionism to maintain farm incomes, depressing world market prices to ensure export disabling developing countries to trade, agricultural subsidies and surpluses
 - **Migration** – Mobility principle, impact on the lives of the ones left behind, significance of remittances, labor market policies
 - **Finance** – Lack of effective legislation to collect taxes in developing countries lead to large outflows of capital. The question of jurisdiction of legislatures, banking secrecy and taxation
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The role of evaluation at the OECD

- What does PCD evaluation serve at the OECD?
 - strengthen accountability;
 - promote realism in PCD design and implementation;
 - facilitate societal learning to allow policy-makers to learn about the impact of policy designs and operational practices;
 - What are the systematic use of process evaluations to address PCD aspects?
 - to address the relevance, efficacy, and efficiency of PCD institutional arrangements at national, regional, or global level.
 - To examine:
 - i. coordination arrangements and participatory mechanisms;
 - ii. the quality of analytical capacity;
 - iii. the guidelines for policy-making;
 - iv. the standards for assessing trade-offs among primary policy objectives and developing country interests;
 - v. the monitoring and evaluation arrangements.
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Commitment to Development Index - CDI

Overall
 Aid
 Trade
 Finance
 Migration
 Environment
 Security
 Technology

Europe as one
 Sort by name

Choose language: English

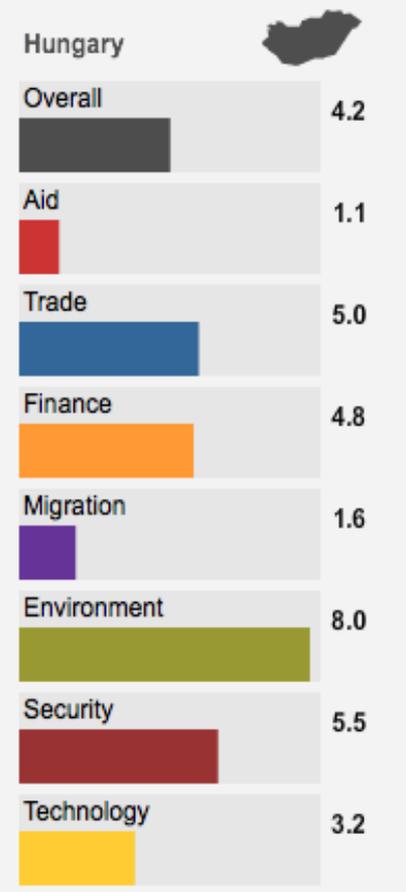
Play how-to video

Results with respect to: All developing countries

Show trends

Denmark		6.8
Sweden		6.6
Norway		6.2
Luxembourg		6.0
Netherlands		5.9
Finland		5.9
Ireland		5.8
United Kingdom		5.8
New Zealand		5.7
Belgium		5.5
Austria		5.5
Australia		5.3
Portugal		5.2
Germany		5.2
Canada		5.2
Spain		5.1
France		5.0
Italy		4.7
United States		4.6
Switzerland		4.6
Greece		4.3
Hungary		4.2
Poland		4.0
Slovakia		3.9
Czech Republic		3.9
Japan		3.3
South Korea		3.3

Score



Key Messages: Aim of the work on PCD

- Exploit the potential for positive synergies.
 - Avoid policies that undermine each other.
 - Avoid countries policies that adversely affect the development in developing countries.
 - Focus on global challenges in trade, finance, food security, migration and the climate change
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Thank you!

- Questions?
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