

Working paper:

## **Progressing towards Policy Coherence for Development? A case-study of Belgium (2013-2016)**

Joren Verschaeve & Jan Orbie

Centre for EU Studies, Ghent Univeristy

[Joren.verschaeve@ugent.be](mailto:Joren.verschaeve@ugent.be) , [jan.orbie@ugent.be](mailto:jan.orbie@ugent.be)

### **Background**

Policy Coherence for Development (PCD) has become a leading principle in the debates on development cooperation and sustainable development. Since policy impacts do not stop at the border in today's globalized and interconnected world, it is widely acknowledged that policy makers need to ensure that policies do not hinder development progress elsewhere. Furthermore, PCD is increasingly seen as one possible way forward in terms of implementing the UN 2030 Agenda on Sustainable Development. The main objective of this working paper is to take stock of the promotion of PCD in Belgium, identifying progress that has been made as well as challenges that still lay ahead. This effort was a joint undertaking by Dr. Joren Verschaeve and Prof. Dr. Jan Orbie, both working at the Centre for EU Studies (CEUS) of Ghent University. It took place between May and October 2016 and draws upon the expertise of both partners as well as a series of consultations with different stakeholders, including officials from the Belgian Directorate-general Development Cooperation and Humanitarian Aid (DGD). Furthermore, a meeting with representatives of the Finish Development Policy Committee allowed drawing best practices from other EU member states. The remainder of this paper is structured as follows. First, we provide a general introduction on the rationale of PCD, illustrating the importance of the principle in the changing international development context. Second, progress made in Belgium is assessed, focusing on (i) political commitments, (ii) coordination mechanisms, and (iii) monitoring and evaluation mechanisms. Within each dimension, we draw a number of recommendations, building upon our own analysis and best practices derived from other EU and OECD members states. The paper concludes with some general reflections on the promotion of PCD in Belgium and beyond.

### **Introduction**

As reflects from the UN 2030 Agenda for Sustainable Development (2015) and the Addis Ababa Action Agenda (2015), the concept of policy coherence for development (PCD) has become a leading principle in debates on international development. Indeed, ever since PCD was first introduced in 1991 by the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), it has become widely acknowledged that non-aid policies are essential for the promotion of sustainable development. Hence, various development actors have put forward PCD as a guiding principle

in their overall development strategies in recent years. This is particularly true for the European Union (EU) and the OECD, which are both actively promoting the principle in international politics. The EU, for example, has listed PCD as a key priority for both itself and its Member States on several occasions, most notably in the European Consensus on Development (2005) and the Treaty of Lisbon (2009). In a similar vein, the OECD's DAC has included a PCD chapter in its peer reviews since 2002, seeking to force its Members to pay more attention to the negative impact of their non-aid policies on development (Carbone, 2008; Verschaeve, Delputte & Orbie, 2016). Looking beyond the EU and OECD's DAC, also several other actors have taken important actions in support of PCD – think for example about the recent Belgian Development Cooperation Law (2013) which makes explicit reference to the principle.

Taking a closer look at the principle of PCD itself, it is important to point out that its conceptual understanding has evolved substantially since it first appeared in development thinking. In the 1990s, PCD was first and foremost a *negative* criticism against existing practices of donors' incoherent policies *vis-à-vis* the developing world. Against a background of growing international concerns with aid effectiveness, PCD was put forward as principle for donor countries to address incoherencies between their aid and non-aid policies, focusing in particular on institutional arrangements (Forster & Stokke, 1999; Verschaeve, Delputte & Orbie, 2016). More recently, however, the principle of PCD has moved beyond this traditional interpretation. In the context of the UN 2030 Agenda for Sustainable Development, PCD increasingly came to be seen as a key tool to integrate the different policies that affect sustainable development (ECDPM, 2016; Verschaeve, Delputte & Orbie, 2016). Indeed, while addressing negative incoherencies (i.e. the impact of non-aid policies on development) remains a key component, it is widely acknowledged that the PCD concept involves building *positive* coherencies across different policies. The underlying rationale is that the global economic and development landscape requires such an approach given that one can only achieve sustainable development by understanding how different relevant policy areas influence one another (Siitonen, 2016). In line with this thinking, the OECD even proposes the adoption of a new concept, namely Policy Coherence for Sustainable Development (PCSD), which it sees as tool and approach to *integrate the economic, social, environmental, and governance dimensions of sustainable development at all stages of domestic and international policy making* (OECD, 2016a).

In this paper, we will assess the promotion of PCD in Belgium. This is a timely and important effort for two reasons. First, the new Belgian Development Cooperation Law of 2013 lists PCD as a legal obligation and has set into motion a series of efforts and institutional reforms to promote the principle. Three years after the law went into force, it is important to take stock of the progress on this topic. Second, the UN 2030 Agenda for Sustainable Development explicitly calls upon all stakeholders to increase policy coherence for sustainable development (SDG 17, target 14). However, it is still unclear how this target will be implemented, as well as what challenges and opportunities lay ahead in the case of Belgium. The methodology that we use in our assessment has been developed by the OECD (2009) and is widely applied by academics and practitioners. More specifically, according to this framework, countries make good progress towards promoting PCD if three building blocks are in place. These are, respectively, (i) political commitments and statements, (ii) coordination mechanisms, and (iii) monitoring and evaluation mechanisms.

### **Political commitment**

The first building block to achieve greater PCD is political commitment and strong leadership. As illustrated by the OECD (2009), countries are most successful in promoting PCD if they prioritize the principle at the highest political levels (i.e. government and parliament) and translate it into a set of clear political goals and actions. This can be achieved, depending on the political tradition of the country, in various ways, including the adoption of new legislation, policy documents, PCD strategies and political statements on this topic.

Taking a closer look at Belgium, important progress has been made in recent years in terms of strengthening political commitment towards PCD. Being a member of the EU and OECD, Belgium *de facto* subscribed to the promotion of PCD since the 1990s. However, it lacked an explicit policy statement on PCD until very recently, something that has been openly criticized in the OECD's DAC peer review of Belgium in 2010 (OECD, 2010). This changed on 19 March 2013 with the adoption of the new Law on Development Cooperation, which legally enshrined the promotion of PCD as a general development objective. Furthermore, given that the Belgian Law on Development Cooperation only applies to the federal level, a joint statement was made by the Belgian Federal Government and the governments of the different regions and communities on 23 May 2014 to commit to the promotion of PCD at and across the different political levels in Belgium. Both efforts clearly illustrate Belgium's political commitment to PCD and were therefore well-received at the (inter)national level (e.g. Concord, 2015; OECD, 2015; EU, 2015).

Unfortunately, while the above efforts set the general stage for delivering on the promotion of PCD in Belgium, they have not yet materialized in concrete actions and strategies. Unlike an increasing number of EU and OECD member states (e.g. Denmark, Finland, Norway, Sweden, Switzerland), Belgium has thus far not identified specific issues or policy areas that should be addressed as a priority; neither has it developed a roadmap of future steps to take towards achieving greater policy coherence. This is all the more remarkable since both the most recent OECD's DAC peer review of Belgium (2015) and the Centre for Global Development's (CGD) Commitment to Development Index (2015) clearly suggest a number of issues that need to be addressed, including arms exports towards undemocratic regimes, the high level of agricultural subsidies, and the limited actions to tackle bribery of foreign officials by Belgian citizens and business.

More generally, there are even indications that Belgium's overall political commitment to PCD has been declining over the past two years. First, the Belgian official position on the UN 2030 Agenda for Sustainable Development, as presented by Prime Minister Charles Michel at the UN General Assembly of 27 September of 2015, did not make reference to the promotion of PC(S)D, which is odd given that both the EU and the OECD put forward the principle as guiding principle for achieving the SDGs. Second, at present, Belgium is largely absent in the conceptual debates on how to redefine and measure PCD which take place at the level of the EU and OECD. This stands in sharp contrast to the efforts that are currently being undertaken by other countries (e.g. Finland, Switzerland) and stakeholders (e.g. CGD, ECDPM, OECD, European Commission) to develop a clear definition and measurement of PC(S)D (e.g. ECDPM, 2016; Finland, 2013; OECD, 2016a). Third, the coalition agreement of the current Federal Government only makes explicit reference to PCD once, though, it does so the context of budget constraints in the field of development cooperation, implicitly suggesting that these can be overcome by greater policy coherence which leads to more aid effectiveness. As such, Belgium seems to follow the example set by a number of other EU

countries (e.g. Netherlands) in which the concept of PCD has been misused as a legitimization for declining ODA budgets (Delputte, Lannoo, Orbie & Verschaeve, 2016).

### **Policy Recommendations:**

- We recommend all governments in Belgium to step up their political commitments towards PCD by (i) identifying priority areas and issues to address, and (ii) develop realistic timetables and strategies on how to get there.
- We recommend all governments in Belgium to seize the ongoing debate on how to implement the UN 2030 Agenda for Sustainable Development as an opportunity for conceptual reflection on the concept of PC(S)D.
- We urge the Federal government to see the promotion of PCD as complementary to the Belgian development efforts, rather than a way to legitimate (potential) ODA cuts.

### **Best practice: Switzerland**

Until the end of the 2000s, Belgium and Switzerland had a similar track record on PCD, both lacking strong political commitments towards the principle and finding themselves in the lower half of the CGD's CDI index. Both countries are also comparable in terms of political structure – i.e. both are federal states – and ODA spending (in % of GDP). From 2009 onwards, however, Switzerland has stepped up its political commitment towards promoting PCD, offering best practices for countries such as Belgium. The 2013-2016 Dispatch on the Switzerland's cooperation (DPC), the country's overarching development strategy, explicitly reaffirms its long-standing commitment to PCD and further operationalizes it by identifying for the first time ever seven policy areas where there is a risk for Swiss policies to be incoherent. Furthermore, the DPC establishes a clear and realistic time-bound action plan to address these priority areas, as well as foresees in strategies to increase public awareness on PCD (OECD, 2013a; Switzerland, 2013). In recent years, Switzerland has also been actively participating in the conceptual debates on PC(S)D, facilitating in 2016 a pilot study for ECDPM on the monitoring and reporting of PCSD (ECDPM, 2016). Finally, the Swiss political commitment towards PCD has gone hand in hand with successful efforts to increase overall ODA levels (OECD, 2016b).

### **Coordination mechanisms**

Progress towards greater PCD requires strong coordination mechanisms that ensure that the principle is mainstreamed and implemented across the different policy-making institutions, i.e. government(s), ministries and parliament(s). Successful coordination mechanisms enable the various relevant stakeholders to (i) resolve any conflicts and inconsistencies and/or (ii) build positive synergies across different policy areas. Effective coordination mechanisms typically involve inter-departmental dialogue structures between those policies that affect development and they involve different actors within the government, administration, parliament and private sector (i.e. NGOs and business actors). In order to be truly effective, they are best placed at a sufficiently high-level within the government hierarchy, often operating under the auspices of the head of government (OECD, 2009).

Focusing on Belgium, important progress has been made since the adoption of the Development Cooperation Law of 2013 (see also OECD, 2015). More specifically, the Belgian Royal order of 2 April 2014 foresaw in the establishment of an (i) interdepartmental commission (ICBO/CICPD) and (ii) advisory council on PCD, both at the Federal level. The ICBO/CICPD operates under the auspices of the Belgian Minister of Development Cooperation and representatives of all federal administrations take part in its work. Furthermore, representatives of the different regions and committees are also invited. The mission of ICBO/CICPD is threefold, namely, (i) exchanging information and policy recommendations between the Minister of development cooperation and other Ministers whose policies impact on developing countries, (ii) raising awareness for the potentially negative impact of Belgian non-aid policies on developing countries, and (iii) preparing and following-up on PCD initiatives at the EU and international levels. The Federal Advisory Council on PCD represents members of the Belgian NGOs and academic sector and its main task is to provide policy advice to Federal government on issues related to policy coherence. Similar interdepartmental committees and coordination mechanisms on PCD also exist at the level of the different regions and communities in Belgium.

Importantly, while the above institutional set-up highlights Belgium's ambition towards the promotion of PCD, it still suffers from a number of teething problems. First, the newly established coordination mechanisms at the Federal level suffer from a structural lack of resources and personnel. For example, it was not until very recently that DGD appointed one staff member to work full-time on PCD related issues, as such hampering the ICBO/CICPD to live up to its full potential. Second, while the Federal government involves stakeholders from academia and the civil society in the promotion of PCD through their membership of the Advisory Council, it does not reach out to stakeholders from the private sector, here referring to business representatives. Furthermore, also members of parliament are not/insufficiently included in the different coordination mechanisms in place. Third and final, effective coordination on PCD related topics remains difficult among the different political levels in Belgium given the varying degrees of power on the issues at stake and their diverging preferences on which approaches and structures to follow. Illustrative for this was the struggle between Flanders and the Federal Government in 2012 and 2013 over the establishment of an Interministerial conference on PCD, something which was proposed by the then Minister for Development Cooperation Paul Magnette but successfully opposed by the then Minister-President of Flanders, Kris Peeters, on the grounds that the already existing interministerial conference for foreign policy (ICBB) was better placed for this job.

#### **Policy Recommendations:**

- We recommend the Federal Government of Belgium to increase the capacities of the ICBO/CICPD by allocating more resources and personnel.
- We recommend the Federal Government of Belgium to expand the membership of the Advisory Council to other relevant stakeholders, including private sector representatives and members of parliament.

**Best practice: Finland**

Although Finland does not face the challenges posed by the Belgian federal state structure, its well-functioning and effective coordination mechanisms on PCD might serve as an inspiration for Belgium and other countries. Coordination on PCD in Finland is structured around three institutional mechanisms, respectively, (i) the interministerial PCD network which convenes biannually and serves as a forum for exchanging views and awareness raising, (ii) the EU policy coordination mechanisms, and (iii) the Development Policy Committee (DPC). The main responsibility for promoting policy coherence lies with the PCD focal point, which is based within the Department for Development Policy. Her/his work includes regular coordination and consultation on Finnish policies with other ministries and actors (e.g. EU, OECD) and – if required – is supported by the other 25 staff members in his unit that work on other development related issues (OECD, 2013, 2016a). Next to the work done by the government, PCD is promoted through the DPC which monitors and reviews Finnish development cooperation on a systematic basis, assessing both aid and non-aid policies. It does so by issuing annual reports, joint statements, but also providing training and serving as a forum for dialogue and consensus building. The DPC is appointed by the Government for its four year term of office and consists of representatives from the different political parties, civil society, business, trade unions, academia and experts from the different ministries, supported by a Secretariat of two full-time staff members (DPC, 2016; NIDOS, 2014; Concord, 2015).

### **Monitoring and evaluation mechanisms**

The third and final building block to successfully promote PCD consists of the mechanisms that a country has in place to monitor, evaluate and report on the impact of its policies on development. Importantly, and as pointed out in various studies, setting-up effective monitoring and evaluation mechanisms is arguably the hardest of all three building blocks as a lot of countries continue to lack strong analytical capacities to analyze PCD-related issues (Concord, 2015; ECDPM, 2016; OECD, 2009, 2015; Picciotto, 2005). Furthermore, at present there still is no clear cut methodology on how to measure PC(S)D, though, various efforts are currently undertaken by both the EU and OECD to address this issue (Carbone, 2016; ECDPM, 2012; Verschaeve, Delputte & Orbie, 2016). Hence, the monitoring and evaluation of PCD still is in its infancy within most EU and OECD member states, even those that have a long-standing track record on PCD.

This challenge to effectively monitor and evaluate PCD also characterizes the Belgian case. While Belgium has made some progress in this area, most of the mechanisms in place are rather basic and ineffective. The most important innovation is the introduction of a Regulatory Impact Analysis (RIA) tool at the Federal level in 2014, which allows to assess the impact of new legislation on development and flag potential problems. However, at present this tool suffers from a number of severe shortcomings. First, the RIA does not apply to all draft legislation (e.g. issues of national security), nor to international treaties that are being agreed upon, even if these clearly affect development (OECD, 2015). Second, so far analyses have been conducted too late in (in)formal decision-making, thereby leaving little room for change and limiting the tool's possible impact. Third and final, the actual use of the instrument has thus far been limited, with only few impact analyses having been conducted thus far. This relates to the lack of resources and staff for PCD at DGD as outlined previously in this report.

A second way in which progress on PCD is monitored and evaluated in Belgium is the submission of an annual report of Belgian Development Cooperation by DGD to the Federal Parliament. Importantly, since the adoption of the new Belgian law on Development Cooperation, these reports also make explicit reference to the progress made on PCD. However, these annual reports are very general in nature and the specific section on PCD has thus far only provided an overview of the institutional arrangements in Belgium, while completely overlooking actual (in)coherencies of Belgian policies.

Finally, also the EU and OECD monitor and evaluate the progress made by Belgium towards achieving greater PCD. At the level of the EU, this is done biannually through the European Commission's PCD reports, whereas at the level of the OECD this is achieved through the DAC's peer review of Belgium, which is conducted on a five-yearly basis. Importantly, while both efforts are extremely useful in terms of creating political momentum for policy reform, they also have their limitations as they are not published on an annual basis and focus mostly on the institutional mechanisms in place to achieve PCD while paying less attention to the (lack) of progress made in practice (see e.g. EU, 2015, 2013; OECD, 2015, 2010).

#### **Policy Recommendations:**

- We recommend the Federal Government of Belgium to exploit the full potential of the Regulatory Impact Analysis tool by (i) integrating it in an earlier stage of the decision-making process, (ii) expanding its application, and (iii) allocating more resources and staff to DGD to undertake such impact analyses.
- We recommend the Federal Advisory council to take stock of the Belgian efforts towards achieving greater PCD on an annual basis. This should be done in a critical, yet constructive fashion, exploiting the full potential of NGOs and researchers in Belgium. Furthermore, also partner countries should be given a voice in this process.

#### **Best practice: Denmark**

Denmark is widely acknowledged to be an international leader on PCD, something which also reflects from its first place in the CGD's Commitment to Development Index (CGD, 2016). On the monitoring and

evaluation of PCD efforts, Denmark is one of a handful countries that have strong mechanisms in place (OECD, 2016c). More specifically, Denmark monitors and evaluates PCD efforts in all the areas that have been defined at the EU level (i.e. trade, finance, climate change and food security) with the exception of migration. The underlying rationale is that EU policies, rather than Danish national policies, will affect developing countries (OECD, 2016c). The actual monitoring and evaluation takes place for each new legislation that is proposed and is done by the different ministries, often supported by experts from academia and CSOs. Relying on an evaluation framework and a set of PCD indicators, the goal is to understand the new legislation's impact on development and flag problems if they are likely to occur (EU, 2015). Finally, at the national level, DANIDA provides annual reports on Danish development cooperation in which specific attention is paid to the promotion of PCD (OECD, 2016c).

### **Conclusion**

Being a member of the EU and OECD, Belgium has long recognized that development policies are interconnected with other policy areas. However, it was not until very recently that the promotion of PCD has become a political priority. Largely in response to criticisms raised by the EU (2011), the OECD's DAC (2010) and several CSOs, the new Belgian Law on Development Cooperation (2013) makes explicit reference to the promotion of PCD for the first time ever. This was accompanied by a joint statement of the Federal and Federated governments, reflecting a positive evolution towards greater political commitment towards PCD in Belgium. In 2014, Belgium has also put in place a number of coordination as well as monitoring and evaluation mechanisms to deliver upon its political commitment. Despite these commendable efforts, however, progress towards achieving greater PCD remains limited. Most mechanisms continue to suffer from teething problems and solutions to tackle these are not or insufficiently being developed. Furthermore, the political commitment to achieve greater PCD appears to be waning under the new government(s). Therefore, this report calls upon all stakeholders in Belgium to step up their efforts on PCD with an eye on achieving the commitments that have been made at the level of the EU and OECD. Furthermore, greater PCD in Belgium will serve as crucial step in successfully implementing the UN 2030 Agenda for Sustainable Development.

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