



5th Stakeholders Meeting of Belgian Development Cooperation

Workshop 3: *Which institutional structures for ensuring policy coherence for development?*

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Improving Policy Coherence for Development in Belgium

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Introduction

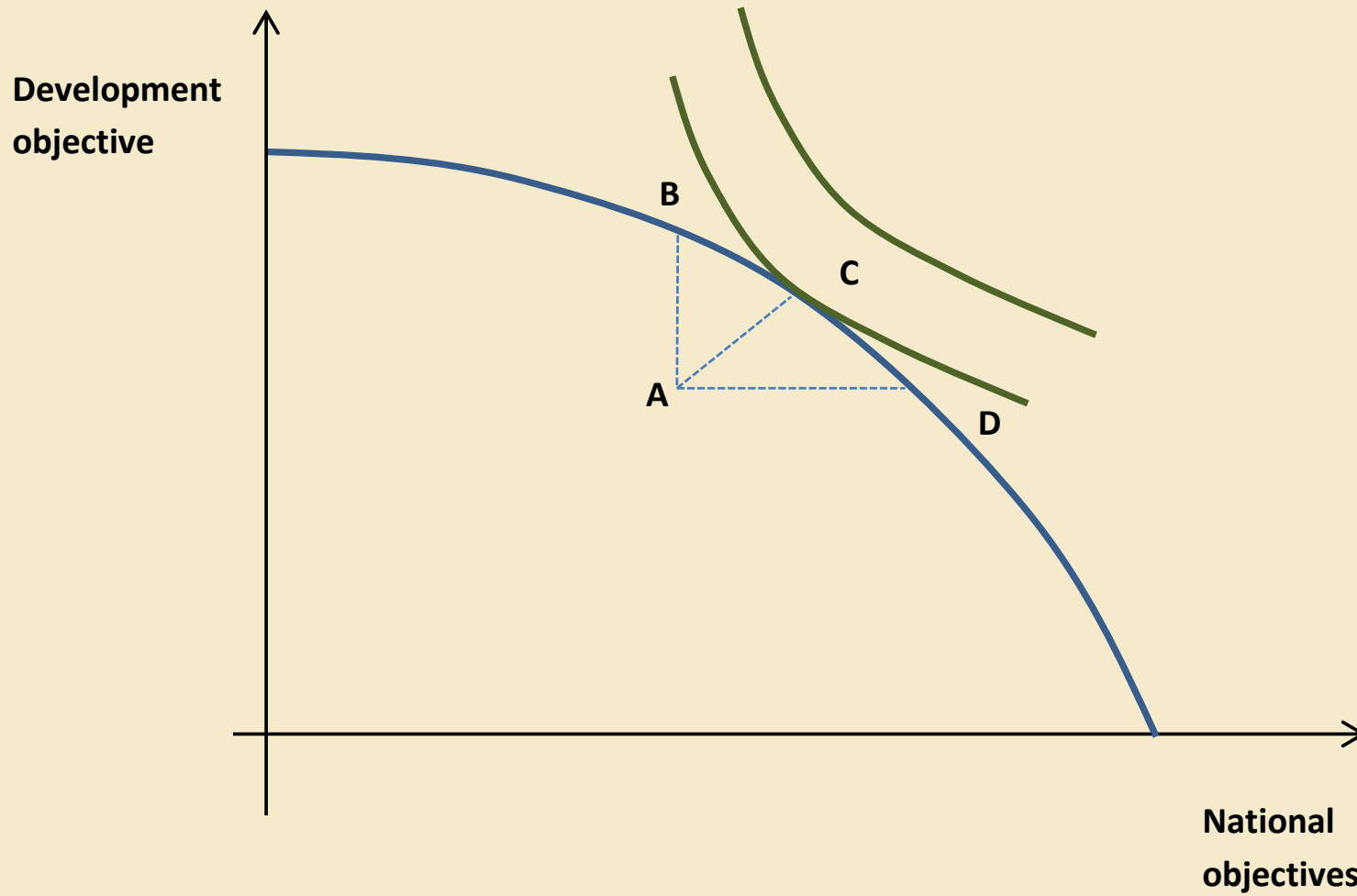
- The point that the efficiency of our international development policies can be seriously improved is beyond dispute
- Addressing Policy Coherence for Development (PCD) issues is certainly an important way to achieve this
- Addressing Aid Effectiveness (AE) issues is another way
- Before commenting on PCD in Belgium, some general points are made

AE and PCD

- Although inherently complementary, there is some tension between the two ways of improving development efficiency
 - AE requires some ring-fencing of ODA (one administration, one Minister)
 - PCD requires removing the fences
- This tension can be addressed by appropriate sequencing
 - first ring-fence ODA and pursue AE effectiveness
 - then start negotiating with the rest of the government from a position of strength (political high ground, technocratic credibility)
 - cfr the sequencing of aid management reforms in many DAC countries
- Where sufficient administrative and political credibility has been not reached in the ODA ministry, a whole-of-government approach risks leading to ODA becoming the handmaiden of other objectives
 - Illustration from Belgium in the 1980s and 1990s: selection of partner countries, policies on aid tying, financing of Paris Club debt relief operations

On government efficiency

- PCD involves negotiations between the ODA ministry and other ministries all of whom pursue their own policy objectives
- This can be visualised as an optimisation exercise through negotiation, where the ideal is to reach the point on the possibility frontier tangent to the government's objective function (from point A to point C in graph below)
- DGD/Minister of Development Cooperation advocate international development results
- Other departments/ministers defend other legitimate objectives: employment, security, health care, international competitiveness, fiscal discipline, etc.
- For visual simplicity we group all these other players under "national objectives"



Which objective function

- The pro-development lobby urges governments to put a large weight on development
 - “(N)eglecting the development dimension is short-sighted and will in time undermine the pursuit of other objectives” (DAC 2009:15)
 - EU efforts “assumed a need to reconcile different conflicting objectives, while PCD in essence points to a needed redefinition of European interests in function of development objectives” (Keijzer 2012: 6)
 - “Ainsi, aucune décision politique – quel qu`en soit le domaine – ne devrait compromettre ou empêcher l`objectif de lutte contre la pauvreté, mais par contre y contribuer dans la mesure du possible (11.11.11/CNCD-11.11.11 2012 : 4)
- But such normative statements are not a good predictor of how governments act in real life

Room for win-win gains

- A useful distinction is between PCD reforms that are not at the expense of other objectives (moving from a starting point A towards BCD segment in previous graph) and those that are (e.g. from A to a point to the left of B on the possibilities frontier)
- The first types of reforms, in which no single government objective has to suffer, obviously stand a better chance of success
- But even such reforms are often out of reach

The political economy of PCD

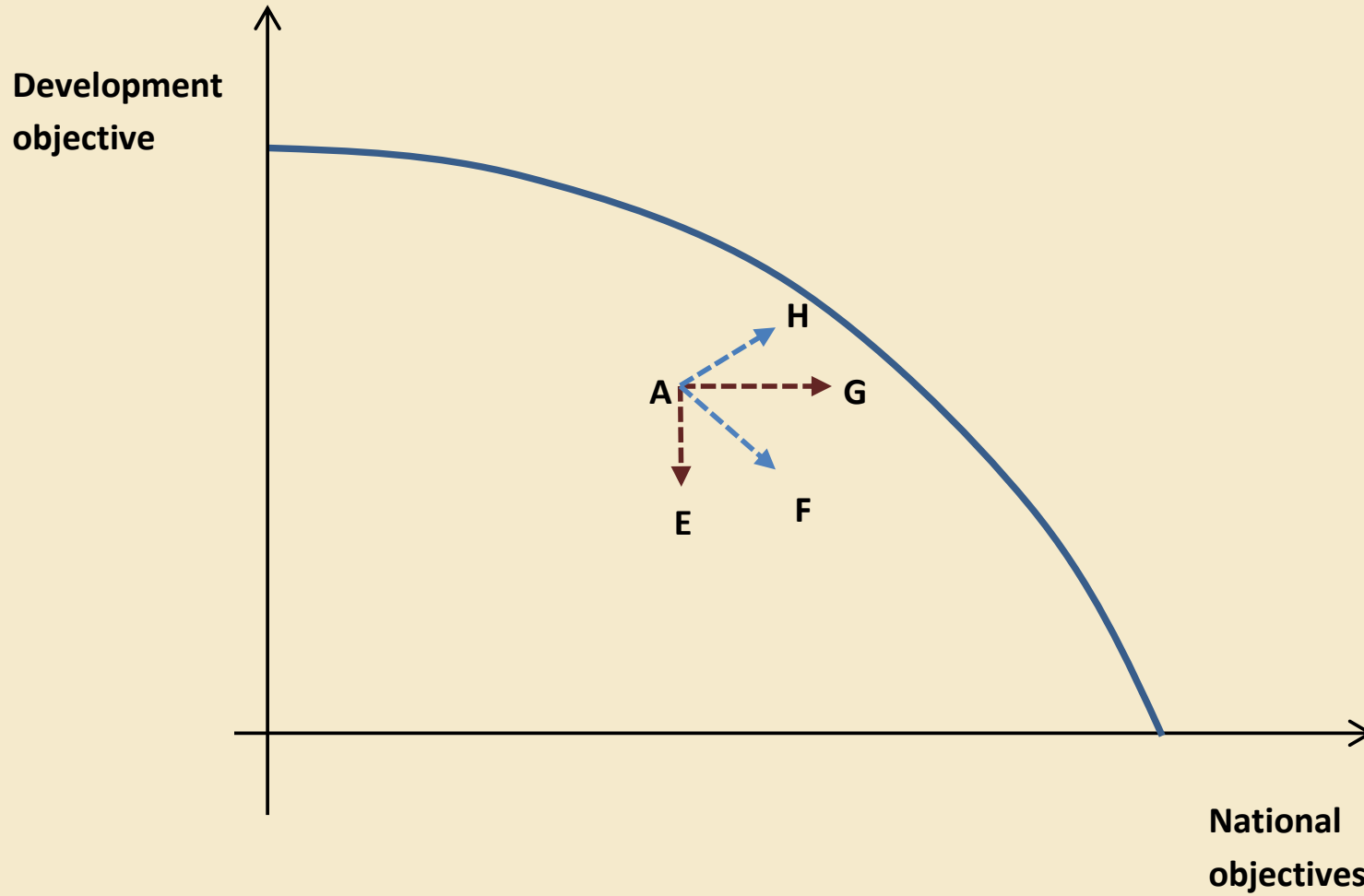
- Why are obvious opportunities for win-win not taken up by government players ?
 - because of a lack of knowledge of what it takes to be more efficient ? (capacity failure: the technocratic argument)
- OR
- because flawed institutions create incentives that produce incoherent outcomes ? (willingness failure: the political economy argument)
- DAC leans towards the technocratic argument, and suggests emulating best practices
- I draw attention to the political economy argument, which suggests more caution

How to convince your colleagues

- How different departments/ministers play the game depends in part on technocratic competence
 - DGD and Minister must have a good case to defend analytically to convince other colleagues
- But also depends on political power relations
 - Even if DGD is defending a position that has solid scientific backing (e.g. theoretical and empirical literature on aid tying or on debt relief) it may lose out in negotiations because decisions are in the end political

How battles have been fought in the past

- Example: procurement tying of ODA
 - Argument in favour: supports our exports with no loss to development (from A to G in the following graph)
 - Argument against: reduces quality of aid without serving long-term national economic interests (from A to E in the graph)
- Example: debt relief at expense of budget support
 - Argument in favour: refinances ECA and increases ODA at low cost to DGD (from A to H)
 - Argument against: refinances ECA but decreases real transfers to partner countries (from A to F)



Why is PCD so difficult in Belgium

- Incentives (institutional pay-offs for departments/ministers) for the type of cooperation that PCD requires are dampened by
 - weak team spirit and leadership in government
 - absence of credible ex ante agreement on 0.7% target (threat of budgetary retaliation weakens DGD's negotiating position)
 - weak analytical capacity in public sector to prepare PCD decisions
 - government and Ministers not seriously challenged for lack of coherence in international development
- These elements are in turn explained by underlying features of the Belgian political system
 - large number of government coalition partners with limited shared political preferences
 - short-term preoccupations of political survival dominate policy making
 - "politisation" of public administration
 - a submissive parliament
 - limited debate on issues of policy coherence in the media

What may work in Belgium

- Integrate PCD in the revision of the 1999 law on international cooperation
- Identify high-level coordination mechanism
 - involving all relevant federal and regional government
 - under the PM and/or minister of DC
 - assign a role to DGD for secretarial support
- Leave trade, international finance, agriculture, fisheries and related issues to the EU
 - but prepare better for the EU meetings where this is dealt with, and defend development positions where possible
 - institutionalise the follow-up of what is agreed at EU level

What may work in Belgium

- Be pragmatic in the topics you take on
 - just forcing people to attend meetings will not advance PCD
 - make a political economy analysis of Belgian stakeholders and topics
 - build on positive experience already gained
 - whole-of-government approaches starts at home (Foreign Affairs)
- Make sure DGD is up to the task
 - there has been considerable improvement over the last two decades, but Belgium still comes out as one of the weaker donors in comparative research
 - strengthen internal research capacity
 - outsource technical studies

Independent experts anyone?

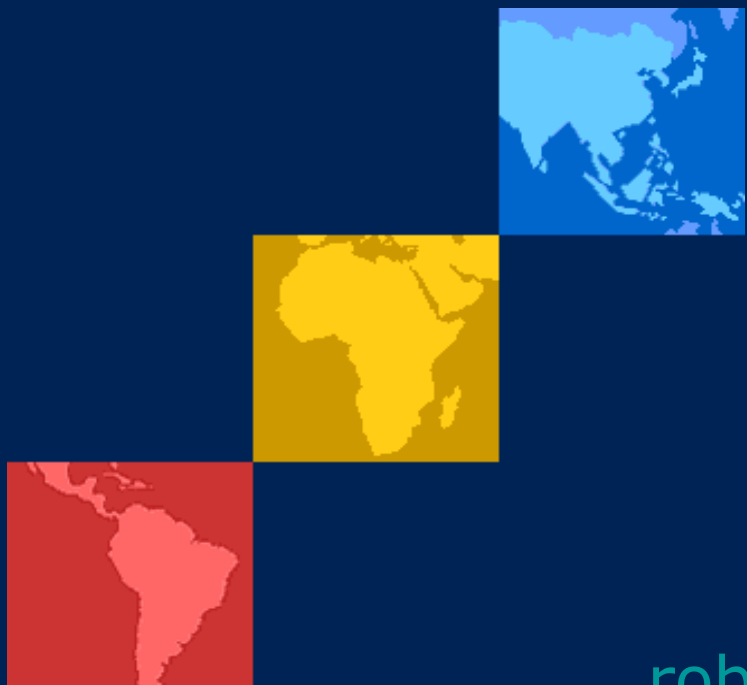
- A recipe for failure is an advisory board composed in the usual Belgian fashion of representatives of NGO federations, VLIR/CIUF, trade unions, employer federations, government (\approx coalition parties)
- What may work instead is to have these organisations propose experts on the basis of strict criteria of excellence, who in turn co-opt other experts
- Feed such a group with good research and evaluation results

Research and evaluation

- The Special Evaluation Office for International Cooperation
 - is presently tasked with the evaluation of all activities of the Federal State that are recognized as official development assistance by the DAC
 - has worked on issues straddling development cooperation and other departments, such as conflict prevention and peace building, ODA-eligible instruments of foreign trade promotion, ODA-eligible debt relief operations
- Why not ask this office to also evaluate aspects of PCD, also where no ODA is involved?

References

- 11.11.11/CNCD11.11.11 (2012), “Vers un ancrage légal de la cohérence des politiques pour le développement: le modèle de la Loi du 5 mai 1997 relative à la coordination de la politique fédérale de développement durable”, Brussels
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Thank you

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<http://www.ua.ac.be/dev/bos>