



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

DIRECTION DE LA COOPERATION POUR LE DEVELOPPEMENT  
DEVELOPMENT CO-OPERATION DIRECTORATE

## Institutional Approaches to Policy Coherence for Development OECD Policy Workshop

18-19 May 2004

Room Document 2

### Policy Coherence and Development Evaluation Concepts, Issues and Possible Approaches

*Contact:* Robert Picciotto  
Global Policy Project  
E-mail: [R.Picciotto@btinternet.com](mailto:R.Picciotto@btinternet.com)

The opinions expressed and arguments employed in this paper/publication are the sole responsibility of the authors, and do not necessarily reflect those of the OECD or the governments of its Member countries.



**OECD WORKSHOP: POLICY COHERENCE FOR DEVELOPMENT**  
Paris, May 18-19, 2004

**BACKGROUND PAPER: POLICY COHERENCE AND DEVELOPMENT  
EVALUATION<sup>1</sup>**

**Concepts, Issues and Possible Approaches**

*R. Picciotto, Global Policy Project*

*“Coherent policies for development ... cannot be mandated by the development community. But we have both a need and a responsibility to ensure that the development dimension is indeed fully understood and taken into account, since if it is not, much of our spending will be merely offsetting the costs imposed on our partners by other policies of our own governments.”*

*Richard Manning, Chairman, Development Assistance Committee*

This background paper outlines concepts, issues and options regarding the evaluation of policy coherence for development (PCD) in OECD countries. Its main purpose is to clarify options, stimulate reflection and facilitate debate among the diverse groups that have a stake in the topic.

The paper is based on a summary review of the literature, a targeted survey<sup>2</sup> and interviews with development evaluators and policy makers. PCD evaluation is still largely unexplored territory. Therefore, suggestions to OECD and its partners about suitable evaluation approaches, methods and organization are best offered after an examination of the logic of coherence, the rationale of PCD and the status of on-going PCD initiatives. The overview presented below established that a principled search for policy coherence is integral to good governance but cannot eliminate all inconsistencies.

Sound monitoring and evaluation arrangements help to minimize unnecessary incoherence by contributing to evidence based policy design and sound public sector management. Opinion drives policy. Wrong opinions (or opinions driven by special interests) tend to produce bad policies. Independent evaluation replaces opinion with knowledge. It is driven by the public interest and aims to make authority responsible. Hence the relevance of this background paper to the goals of this conference.

---

<sup>1</sup> This paper was commissioned for a workshop on 'Institutional Approaches for Policy Coherence for Development' in order to prompt debate. It does not represent the views of the OECD or the DAC.

<sup>2</sup> A questionnaire was addressed to the evaluators of the DAC Network on Development Evaluation and to selected senior officials and staff of the World Bank, UNDP, IFPRI and the Center for Global Development. The response rate was about 14% but the quality of the submissions was high.

### **The limits of coherence**

Evaluation determines the merit, worth and value of things<sup>3</sup>. It consists in collecting relevant evidence, identifying suitable evaluative standards and using methods of analysis that are valid and fair. It presumes that the object subjected to evaluation is adequately defined. What then is coherence?

In physics, the term refers to the force by which molecules are held together, the “constant phase relationship” of waves or the viscosity of a substance. In philosophy, coherence theory holds that “the truth of a proposition consists in the coherence of that proposition with all other true propositions”. These are precise concepts. By contrast, in the social sciences, the term is new and untested<sup>4</sup>. Unlike “convergence”, a well-defined economic hypothesis, “coherence” has not found its way in standard textbooks or reference documents.

Dictionaries<sup>5</sup> define coherence as “the action of sticking together” or “the quality of being logically integrated, consistent and intelligible”. The term has wholesome connotations. It evokes logic, consistency and constancy of purpose. Thus, in public affairs, where common usage prevails, coherence is highly prized: voters interpret lack of coherence as weakness, indecision or opportunism. But in the “give and take” of politics, coherence is, at best, an elusive goal: diverse interests must be weighed and multiple goals pursued, especially in a pluralistic society.

Indeed, Professor L. Alan Winters has observed that the “here” in policy coherence<sup>6</sup> is hard to find since, more often than not, policy has multiple dimensions and uncertainty prevails about the links between policy levers and policy impacts. In the real world, politicians strive to construct a working consensus among diverse interests in uncertain operating environments. Necessarily, this means settling for second or third best solutions and striking a balance among conflicting goals, i.e. imperfect coherence from the perspective of a single policy objective.

Equally elusive is the avoidance of self-contradiction and minimization of change over time (also implied by coherence). Unexpected events, third party intervention or shifts in opinion frequently induce shifts in policy stances. Thus, in the regular conduct of public affairs, the principle of coherence is observed mainly in the breach. The more complex and volatile the operating environment, the more open the society, the greater the chances that many goals have to be pursued in parallel, diverse constituencies placated and new challenges faced as conditions evolve.

---

<sup>3</sup> Michael Scriven, *Evaluation Thesaurus: Fourth Edition*. Sage Publications. Newbury Park, London and New Delhi. 1991.

<sup>4</sup> Paul Hoebink, *Evaluating Maastricht's Triple C: The C of Coherence*, Working Document, Policy and Evaluation Department, Ministry of Foreign Affairs, The Netherlands, December 2001.

<sup>5</sup> *Webster's Dictionary of the American Language*, College Edition, World Publishing Co, New York, 1962; *The New Shorter Oxford English Dictionary*, Clarendon Press, Oxford, 1993.

<sup>6</sup> L.A. Winters, *Coherence with no 'here': WTO co-operation with the World Bank and the IMF*, November 2001, draft paper originally prepared for the CEPR/ECARES World Bank Conference on The World Trading System Post Seattle, 14-15 July 2000. [www.tulane.edu/~dnelson/PEReformConf/Winters.pdf](http://www.tulane.edu/~dnelson/PEReformConf/Winters.pdf)

From an evaluative perspective, therefore, the coherence concept is meaningful only when combined with unambiguously defined goals. Also helpful for “evaluability”<sup>7</sup> are specified decision protocols and agreed implementation plans. But even where there is no ambiguity regarding the policy goal(s) one seeks to cohere about (e.g. a specific poverty reduction target), a program to implement the goals may not have been defined. There may be no consensus for action among stakeholders due to conflicting worldviews, divergent interests or lack of evidence about how best to go about achieving results.

Ambiguity about plans may even be deliberate and promoted by some participants. For example, many developing country policy makers and NGOs are ambivalent about the concept of coherence in development assistance since they fear that harmonization among donors could facilitate imposition of inappropriate policy standards on aid recipients. At the UNCTAD X Conference, the Indian Minister of Commerce warned<sup>8</sup>: “we should be careful that in the name of coherence we do create a networking behemoth which puts pressure on developing countries through cross-conditionality”. Sound theoretical arguments underlie this concern.

### **The theory of coherence**

Absolute policy coherence implies that the preference functions of diverse groups can be aggregated without ambiguity. But economic theory demonstrates the exact opposite: majority rule leads to outcomes that depend less on preferences than on agenda setting and the sequencing of votes<sup>9</sup>. Kenneth Arrow’s “impossibility theorem” demonstrates that under plausible assumptions, only absolute and competent dictatorships operating in stable environments can achieve full and consistent policy coherence. Subsequent research has probed the instability of voting coalitions, the mechanics of vote trading and logrolling and the rationale of partitioning rule making to achieve equilibrium.

In order to reach consensus, dilemmas of collective action must be resolved. They are most intractable within large groups (due to free riding). Hence, the rationale of committees or departments with jurisdictions over specialized domains. But breaking out complex issues into manageable segments encourages a “silo” approach to policy-making. As a result, coherence within a specialized group may be secured at the expense of incoherence across groups. This is such a frequent occurrence that policy coherence is often equated with a “whole of government” approach.

Such an approach requires transparent information links among individual departments as well as strong leadership and transparent linkages between the specialized units and the sovereign body. But even after coherent policy goals have been set and clear outcome indicators have been selected, a choice must be made among alternative courses of action. Such choices are usually constrained by inadequate knowledge, time pressure and

---

<sup>7</sup> Joseph S. Wholey, *Evaluability Assessment: Improving Evaluation, Management and Performance*, General Accounting Office of the United States and University of Southern California, 2002.

<sup>8</sup> Global Policy Forum, *Harmonization and Coherence: White Knights or Trojan Horses?* Bretton Woods Project, August 2003 (<http://www.globalpolicy.org/soecon/bwi-wto/wbank/2003/08knights.htm>).

<sup>9</sup> K.J. Arrow, *Social Choice and Individual Values*, Wiley, New York, 1963

limited capacities for analysis. The causal links between stages in the results chain used in evaluation (input/output/reach/outcome/impact) are rarely known with precision.

In such circumstances, theory tells us that optimization is likely only if the information and the analytical resources required to achieve it are free<sup>10</sup>. Conversely, according to the “rational ignorance” doctrine, apparently incoherent behavior is explained by information asymmetries; data processing costs and attitudes to risk. Equally, coherence of outcomes cannot be guaranteed *ex-post* even when it has been secured *ex-ante*: sound policy design does not necessarily lead to coherence in implementation since, in the real world, a variety of obstacles may stand in the way of achieving results.

The above foray into the institutional economics of coherence confirms that its realization requires careful delineation of policy goals, objective assessments of decision-making structures and effective management of the sundry programs associated with policy implementation. Because of the imponderables of implementation, *monitoring* must complement *evaluation* in order to facilitate course corrections. But monitoring without evaluation has limited value. While it facilitates management for results by determining whether intended results are likely to materialize, it does not relate results to the behavior of individual actors (attribution) and therefore does not generate accountability. Nor does it establish whether the most appropriate course of action has been selected. This is the domain of evaluation.

### **The governance dimension**

Thus both monitoring and evaluation matter to governance. Without monitoring it is not possible to track performance. Without evaluation, a simplistic view of coherence may prevail and lead to misleading assessments. Pervasive incoherence in government decision-making undermines public trust, creates uncertainty, contributes to social tensions and creates waste appropriate measures of coherence constitute legitimate tests for public policy and programs.

In a democracy, citizens need not tolerate *unnecessary incoherence*, i.e. decisions that are inefficient from a social welfare perspective in circumstances where win-win outcomes are demonstrably feasible. On the other hand, for sound theoretical and practical reasons, achieving coherence fully and in all circumstances is not feasible. Expert evaluations are needed to ascertain whether the levels of coherence actually achieved are close to the feasible level. In other words, coherence in public affairs is an ideal well worth striving for. But clarity of objectives and rigorous analytical underpinnings for alternative courses of action are critical to performance assessments.

On the one hand, *unintended* incoherence may occur because of factors outside the control of those in authority and incoherence may be *intended* and even *necessary* to achieve acceptable outcomes (e.g. where tradeoffs are made to accommodate conflicting goals). On the other hand, incoherence may result not from principled disagreement on the direction to pull or from uncertainty regarding the links between policy means and

---

<sup>10</sup> This explains why policy research and evaluation are public goods that tend to be under-financed.

goals but simply because of ignorance, incompetence, corruption or capture by vested interests.

From an accountability perspective, the bottom line is that policy-makers who choose unnecessary incoherence either unintendedly, e.g. if they are uninformed and/or incompetent or intendedly, e.g. when they decide to favor the few at the expense of the many should be censured. During the Watergate hearings, Senator Howard Baker asked: “What did he know? And when did he know it?” Both questions arise every time a politician makes a decision that directly or indirectly impacts on the public welfare<sup>11</sup>. Consistency between what a decision maker knows (or ought to know) and what he/she decides to do is an integral part of coherent decision making.

Thus, when done with tolerance and discernment, the pursuit of policy coherence is a worthy endeavor. Public accountability means congruence between what is known about how to achieve the common welfare and what those in authority choose to do to achieve it. In this way, evaluation of policy coherence helps to enhance the public welfare in two ways. First, it encourages the set up of good governance arrangements. Second, it favors the selection of principled leaders who make decisions in the public interest.

In sum, good governance implies transparency in decision-making, evidence-based policy formulation and independent monitoring and evaluation which assess how the major agents involved in policy making and implementation fulfill their reciprocal obligations; consider the alternatives open to them, reach the decisions they do and follow up with appropriate implementation arrangements. This helps to draw critical distinctions between intended vs. unintended incoherence and necessary vs. unnecessary incoherence – both when policies are designed and when they are put into practice.

### **The PCD Mandate**

The PCD mandate is unambiguous: the Ministerial Statement entitled *Action for a Shared Development Agenda (2002)* calls on the OECD to “enhance understanding of the development dimensions of member country policies and their impacts on developing countries. Analysis should consider trade-offs and potential synergies across such areas as trade, investment, agriculture, health, education, the environment and development cooperation, to encourage greater policy coherence in support of the internationally agreed development goals”.

But from an evaluative perspective, for reasons elaborated above, this functional definition of PCD needs to be unpacked. Thus, Fukusaku and Hirata<sup>12</sup> define policy coherence for development (PCD) as “the consistency of policy objectives and instruments applied by OECD countries individually or collectively in the light of their

---

<sup>11</sup>Recent controversies about the intelligence available prior to 9/11 (crying wolf too late?) and the Iraq war (crying wolf too early?) illustrate this principle.

<sup>12</sup> Fukusaku, K. and Hirata A., *The OECD and ASEAN: changing economic linkages and the challenge of policy coherence in OECD and the ASEAN economies: the challenge of policy coherence*, OECD Development Centre, 1995.

combined effects on developing countries”. In turn, this formulation combines four dimensions:

- (i) internal coherence: the consistency between goals and objectives, modalities and protocols of a policy or program carried out by an OECD government in support of development (e.g. aid).
- (ii) intra-country coherence: the consistency among aid and non-aid policies of an OECD government in terms of their contribution to development.
- (iii) inter-donor coherence: the consistency of aid and non-aid policies across OECD countries in terms their contribution to development.
- (iv) donor-recipient coherence: the consistency of policies adopted by rich and poor countries to achieve shared development objectives.

While they may be governed through distinct decision-making structures, these four types of coherence are closely interrelated. 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. The traditional focus of development evaluation has been on type (i) coherence – the alignment of means with goals in development assistance. But attention to the other three dimensions is growing.

The growing emphasis on results associated with the new public management has led to a preoccupation with improved coordination across government departments – type (ii) coherence (“whole of government” approach). In parallel, the rising number of actors in the development system has brought to light the need to reduce aid transaction costs through improved coordination and harmonization – a type (iii) coherence issue. As the limits of aid conditionality and the role of ownership in development effectiveness emerged from the lessons of experience, type (iv) coherence came to the fore.

Type (ii) coherence has not been a focus of development evaluation because interest in evaluating non-aid policy issues has been limited until the advent of PCD. A January 2004 request to all members of the DAC development evaluation network to provide the Secretariat with evaluation material of relevance to PCD has elicited no response<sup>13</sup>. The multi-donor evaluation of the Maastricht’s Triple C just getting underway (following pioneering work by the Policy and Evaluation Department of the Ministry for Foreign Affairs of the Netherlands) may address non-aid issues in a selective way but its main focus is likely to be on type (iii) aid coherence issues.

Yet, unless development evaluation is refocused to reach out well beyond aid, the main defining feature of PCD (i.e. the identification of trade-offs and synergies *across* policy domains towards achieving development objectives) will not benefit from objective assessment. As a result, learning from experience will be inhibited. This will undermine the progress of PCD, an urgent priority for improving the welfare of over four fifths of the world’s population that live in the zones of turmoil and development.

---

<sup>13</sup> Development Assistance Committee Network on Development Evaluation. *Policy Coherence for Development: Request for relevant material from evaluations*. First meeting. 15-16 January 2004. (Room Document 12) Paris.

Box 1 summarizes the views of development evaluators and decision-makers about the nature of the PCD challenge. They were secured through a questionnaire administered as part of the preparation of this paper.

**Box 1: SUMMARY OF QUESTIONNAIRE RESPONSES REGARDING POLICY COHERENCE FOR DEVELOPMENT**

Fourteen respondents to a questionnaire addressed to development evaluators and policy makers rated their perceptions of policy performance of rich and poor countries against the reciprocal obligations they undertook at the Monterrey Financing for Development Conference. With two exceptions, the performance of poor countries was ranked higher than the rich countries in all categories. On the average, poor countries' efforts were rated 3.4 (almost half way between a minimally adequate 3 and satisfactory 4 rating) while rich countries' efforts were rated 2.2 (where a 2 rating signifies a mediocre performance and 3 a minimally adequate performance).

Respondents were also asked to rate the relative importance of seven rich countries' policies in terms of their impact on global poverty reduction. Trade was ranked first, macroeconomic management third and environment seventh both for low and middle income countries. On the other hand, aid was ranked second for low-income countries and sixth for middle-income countries. Foreign investment was ranked fifth for low-income countries and fourth for middle-income countries. Migration was ranked sixth for low-income countries and fifth for middle-income countries. Finally, intellectual property was ranked fourth for low-income countries and second for middle-income countries.

Views were evenly split as to whether aid allocations should reflect security priorities, whether more aid should be channeled to failed and frail states and whether security sector reform should form part of the development agenda. But eleven of fourteen respondents expressed the view that military expenditures should be reduced to fund development.

**The rationale of PCD**

The increased interdependence of societies and nations has vastly increased the benefits of policy convergence among development partners. Fueled by demography and the new information and communications technologies, economies and societies have become inextricably interconnected. Articulating the rationale for PCD helps in the determination of evaluation priorities.

OECD countries rely on developing countries for a third of their export sales and one half of their oil consumption. Developing countries depend on OECD countries for over 60% of their trade and about half of their commodity imports. Mutual benefits flow from aid, trade, investment and migration. With globalization, new economic opportunities (in trade, investment and knowledge transfers) have emerged. But so have a host of "problems without passports".

The recurrent financial crises, the terrorist outrages of 9/11 and 3/11 and the SARS and avian flu epidemics illustrate the risks to peace and prosperity associated with lack of international cooperation in an interdependent world. Unless major progress towards policy coherence for development is achieved, most developing countries will not

achieve the millennium development goals (MDGs) solemnly endorsed by all United Nations members at the turn of the century.

The baseline for all the MDGs is 1990. Most MDGs have been set for 2015. Halfway to the deadline, the implementation record is mixed. Reduced incidence of malnutrition among children, improved maternal health conditions and increased primary school enrolment, especially for girls, represent notable achievements. But the current rate of progress is too slow to achieve most of the goals. Only a third of developing countries are on track to meet them. Regional differences are striking. The zones most in need of development (most of Africa and large parts of South Asia) are lagging. At current growth rates, East Asia alone is likely to achieve the agreed income and poverty reduction objectives.<sup>14</sup>

Working to achieve type (i) coherence (coherence between the ends and means of aid) has been a traditional focus of Development Assistance Committee activities since its inception. This has involved extensive work on aid effectiveness at the project and program level. It has also involved advocacy work to encourage member countries to raise the volume of aid. Both objectives remain highly relevant. First, aid quality needs to be improved. Administrative costs absorb 6-7% of aid flows. Tied aid costs about \$5 billion a year in needless markups for goods and services. Much of the technical assistance funded by aid has low value. The poorest countries get less than 30% of the aid and the share of aid allocated to basic social services is about half of levels recommended by the United Nations (20/20 principle).

Second, current aid levels are not sufficient to achieve agreed goals. The goal of 0.7% of GDP for aid enshrined in numerous UN conferences has only been reached by a handful of countries. Even if the commitments announced at the United Nations Financing for Development Conference in Monterrey are met and aid grows by 31% in real terms by 2006 (about \$16 billion), aid volumes will remain inadequate. The 2001 report on the United Nations high-level panel on Financing for Development (Zedillo Report), estimates that an extra \$50 billion in development aid per year would be required to meet the MDGs, that an additional \$8-9 billion would be required for basic humanitarian assistance, and a further \$20 billion to address 'global public goods' issues (such as the environment) in a more satisfactory manner.<sup>15</sup>

But the type (ii) and (iii) coherence goals that are at the heart of the PCD initiative go well beyond aid and require a "whole of government approach". Ultimately, they aim at making the global economic order a level playing field<sup>16</sup>. Box 2 provides illustrations of type (ii) incoherence issues that may require policy adjustment in OECD countries in

---

<sup>14</sup> Jan Vandemoortele, *Are the MDGs Feasible?* United Nations Development Programme, Development Policy Journal, Volum 3, April 2003.

<sup>15</sup> United Nations High-level international intergovernmental consideration of financing for development (the 'Zedillo Report'), Agenda item 101, General Assembly 55<sup>th</sup> Session, 26 June 2001, <http://www.un.org/esa/ffd/a55-1000.pdf>

<sup>16</sup> Debt reduction policies remain too restrictive: official development assistance to least developed countries has shrunk from 12% to 7.5% of their GDP while debt service is about 3% of GDP.

combination with compensation schemes for losers in order to achieve win-win outcomes.

**BOX 2: SOME EXAMPLES OF POTENTIAL POLICY INCOHERENCE**

- Agricultural policies in OECD countries sustain a cherished way of life but they benefit very few citizens – mostly prosperous farmers and agro-industrial firms. They protect domestic supplies of crop and livestock products that can be produced at a fraction of the cost in developing countries. Tariffs and subsidies impose heavy costs on consumers and taxpayers in OECD countries. They undermine equitable growth in the developing world, where the majority of the poor live.
- The highest tariffs on industrial goods imposed by OECD countries affect products that are critical to the economic well being of developing countries – steel, textiles, clothing and leather. Relatively low-income consumers in OECD countries consume these products.
- The protection of intellectual property rights under WTO rules promotes research and innovation but it also restricts access to essential drugs and other knowledge intensive products and services in poor countries.
- Immigration restrictions are imposed for cultural reasons and to sustain domestic wages but they restrict increase remittances to developing countries and aggravate labor shortages in OECD countries faced by an unprecedented demographic transition.
- Fishing subsidies of OECD countries absorb \$15-20 billion a year, benefit large companies more than poor fishing communities and deplete fish populations on which poor countries' coastal fisheries depend.
- Industrialized countries (home to 20% of the world's population) account for 63% of carbon dioxide that has accumulated in the atmosphere since 1900. Global warming will impose heavy costs on developing countries. Small island economies are especially vulnerable.
- A recent United States law that mandates counter-terrorism protection measures in ships and ports imposes heavy investment costs on poor countries that lack budgetary resources for basic social programs.

**PCD and the European Union**

Article 130U of the Maastricht Treaty of February 7, 1992 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). Article 130V (the coherence article) states explicitly: “the Community shall take account of the objectives referred to in Article 130U in the policies that it implements which are likely to affect developing countries”<sup>17</sup>. While weakly worded, the provision is clearly pro-development and marks the first formal acknowledgment of PCD in a multilateral context.

---

<sup>17</sup> The EC Council of Ministers of Development Cooperation November 1992 declaration also recognized the linkage between development cooperation policy and other Community policies and urging the Commission to consider how impact assessments might be carried out more systematically especially with regard to new proposals.

To be sure, the Yaounde agreements of 1964 and 1969 had already laid stress on the complete equality of the 18 African countries with the six EEC contracting partners. Article 11 presaged the coherence principle by mandating consultation with the associated states in the design of the Common Agricultural Policy. On the other hand, the C word only became current following a European Commission decision of May 1994 that reduced beef export subsidies that had been shown to hurt livestock farmers in the Sahel: “it is therefore necessary to take measures to end the serious *incoherence* that exists between the agricultural policy and the development policy of the Community”.

Revealingly, the principle of *coherence* is connected to two other operating principles: *coordination* and *complementarity* (thus completing the trilogy of “the triple C”)<sup>18</sup>. While coordination supports coherence, complementarity may constrain it. Thus, Article 130U (Article 177 in the Treaty of Amsterdam) stipulates that the development assistance policies of the Community shall be *complementary* to the policies pursued by member states and also that the Community and the member states shall comply with the commitments they have made and take account of the objectives they have approved under the aegis of the United Nations and other international organizations.

Community activities do not prejudice the competence of European States to participate in international bodies and to conclude international agreements (Article 181). This confirms that *complementarity* holds sway over the other two Cs – coherence and coordination. Furthermore, the principle of *subsidiarity* (i.e. the affirmation of diversity and the preference given to local and national decision making over community decision making provided basic European agreements, policies and values are respected) could be viewed as a further constraint on type (ii) and (iii) coherence. Furthermore, the treaty does not mandate implementation of PCD. Nor does it specify modalities for PCD. All in all, the PCD concept has legal implications in the EU but there remains considerable ambiguity and room for maneuver in its actual application by its member states.

In order to strengthen implementation of PCD within the EU, an *informal network* has been established to connect *focal points* with responsibility for PCD. The network currently includes the Commission, Austria, Denmark, Finland, Germany, Hungary, Ireland, Luxembourg, Netherlands, Spain, Sweden and the United Kingdom. It shares information, facilitate coordination and improve communications with respect to PCD issues of relevance to EU level decision-making, e.g. in relation to EU trade regimes affecting developing countries or the formulation of EU positions in international negotiations. Since its creation in October 2003, the network has taken up the sugar and cotton regimes, EU food and feed controls in third countries and implementation of the pre-Cancun TRIPS/Health agreement.

---

<sup>18</sup>Nico Schrijver, ‘Triple C’ *From the Perspective of International Law and Organization*, Working Document, Policy and Operations Evaluation Department, December 2001. Since then, the Netherlands focal point for PCD has added another ‘3Cs’ to the PCD lexicon: capacity, coordination and concrete targets.

## **PCD and the United Nations**

The *United Nations* has made ample use of its convening power to promote PCD. At the *Millennium Summit* held in New York in 2000 - the largest gathering of heads of state ever held – all United Nations member states approved a historic declaration. It laid out specific goals to reduce human misery, enhance social development and promote environmental regeneration<sup>19</sup>. Two years later, in March 2002, at the *United Nations Conference on Financing for Development* held in Monterrey (Mexico) a global development compact was forged and verifiable indicators of development progress were agreed (the Millennium Development Goals or MDGs).

For the first time in development history, general principles of development cooperation were universally endorsed. They match the adoption of improved policies and good governance by developing countries with the provision of more and better aid, debt reduction and the creation of a fairer and more open financial and trading system. This *mutual accountability* framework supports development objectives of unrivaled legitimacy. The global agreement to track human progress through 18 targets and 48 indicators is unprecedented.

The MDGs embody universal aspirations (poverty reduction, social development; environmental regeneration) and sum up with great economy the outcomes of numerous international conferences. They have helped to strengthen development coalitions and have articulated a compelling rationale for aid to a largely skeptical public. To amplify their impact, the UNDP has launched a global public information effort (*The Millennium Campaign*) and provided intellectual leadership in promoting global public goods as a new rationale for aid<sup>20</sup>.

Of course, the intricacies of equitable, sustainable, inclusive development cannot be accurately summarized in the MDG scorecard. Income poverty reduction is critical but so are the other freedoms that constitute human development. Reduced child mortality is important but so is adult health status. Increased enrollment matters but it does not guarantee learning. Nor do the MDGs invariably reflect country priorities. Concern has been expressed about their neglect of macroeconomic management, private sector development and infrastructure development, etc.

Most of all, the mutual accountability framework of the MDGs has not been backed up by binding government undertakings. For improved coherence in development to be reflected in results, it is not enough to agree on general principles and to adopt the rhetoric of results. The UN Secretary General's report to the Preparatory Committee of the Monterrey Conference included 87 recommendations. But the final communiqué of the Conference, negotiated in advance, did not include clear action plans. Each country was left free to set its own course and formulate its own benchmarks. .

---

<sup>19</sup> United Nations, General Assembly, *Road map towards the implementation of the United Nations Millennium Declaration*, Report of the Secretary-General (A/56/326), September 6, 2001.

<sup>20</sup> Inge Kaul, Isabelle Grunberg and Marc A. Stern, *Global Public Goods, International Cooperation in the 21<sup>st</sup> Century*, United Nations Development Program, Oxford University Press, New York, Oxford, 1999.

The MDG framework, backed up by the PRSP system, demands more of developing countries than it does of developed countries. Only the eighth millennium development goal addresses the responsibilities of OECD countries and it does so with less precision than the other seven goals. Most of the agreed indicators (35 out of 48) point south. Vast resources have been mobilized to monitor progress in developing country policies and programs. No similar effort has been put in place to monitor the improvement of policies adopted by rich countries.

### **PCD and the IFIs**

The IFIs have rallied behind the MDGs. They are assisting the UNDP in monitoring progress towards the MDGs. By the time the MDGs emerged, the new leadership of the World Bank had adopted operational emphases that largely coincide with the human development tenets of the United Nations system. As a result, relationships between the IFIs, the United Nations and the bilateral aid donors have improved, a significant contribution to type (iii) coherence.

In turn, the convergence of development objectives among donors has opened the way to an innovation in development assistance – the Poverty Reduction Strategy Paper (PRSP) process sponsored by the *World Bank and the IMF*. It holds the promise of greatly facilitating donor-recipient relations. Despite teething problems<sup>21</sup>, the PRSP process has secured broad support across the development community. PRSP guidelines reflect the principles of comprehensive development, country ownership, broad based partnerships and results orientation in line with the millennium declaration and the DAC principles of effective aid<sup>22</sup>.

Since the reliance on a limited number of indicators at the global level may not be responsive to country aspirations, the structure of PRSPs has been kept flexible while broadly consistent with the MDG logic. Domestically owned, the PRS process is designed to yield a common framework for programming of domestic public expenditures and for aid coordination that has the endorsement of country authorities. Tailor made to each country situation, the PRS process has the potential of improving aid coordination – type (iii) coherence – and of acting as a two-way transmission belt between the global goals and national planning and budgeting systems – type (iv) coherence. The UN programming cycle is being adjusted to connect to it.

Unfortunately, the overwhelming focus of the PRSP initiative has been on the assessment and the monitoring of developing country performance with virtually no attention to the impact of developed country policies on the likelihood of achieving results. Except in Tanzania (which has created an Independent Monitoring Group to keep track of aid quality), the IFIs have not provided the policy space or the capacity building support

---

<sup>21</sup> While the PRSP process requires involvement of the private sector, civil society organizations and parliamentarians, there are concerns among voluntary organizations with the extent to which review of the PRSP by the IFI boards inhibits genuine participation.

<sup>22</sup> Development Assistance Committee. Organization for Economic Cooperation and Development. *Principles of Effective Aid*. Paris. 1992.

required for developing country governments to carry out their own evaluations of aid effectiveness, let alone the overall policy performance of OECD countries from a development perspective. Nor has much progress been made in incorporating rigorous PCD assessments within the IMF *Article 4* reporting process.

### **PCD and NGOs**

As part of the grand debate on globalization, civil society organizations have played a leading role in sensitizing public opinion with respect to the development incoherence of OECD policies. They have also helped to mobilize political support for specific policy reforms. In 1994, an NGO campaign decried the impact of European beef export subsidies on West Africa's rural welfare. In 1996, NGOs lobbied against a fisheries policy that allocated fishing rights and subsidies without regard to the impact on the coastal fisheries of developing countries. A year later a proposed lift of the ban on cocoa butter alternatives faced strong opposition from development NGOs.

Similarly, the Highly Indebted Poor Countries debt relief initiative would not have been born without the Jubilee campaign. More recently, the international trade agreement on generic drugs in the run up to the Cancun meeting would not have materialized without the skillful work of major advocacy NGOs. No reform of OECD agricultural trade and subsidy policies is likely without continued, evidence-based civil society activism.

Equally, with respect to foreign direct investment, NGOs are likely to remain instrumental in sustaining the momentum of the corporate social responsibility movement and the harmonization of social and environmental safeguard policies by international development and commercial credit and guarantee agencies. These are important elements of the PCD agenda.

Therefore, a proactive stance of NGOs vis a vis the private sector and developing country governments could be a critical contribution of NGOs to PCD. This will require less ideological opposition to FDI and greater concentration on the adoption of improved business norms and standards through advocacy campaigns and independent verification.

### **PCD and the OECD**

Despite the manifold initiatives of the development community summarized above, the mutual accountability framework of the development system remains unbalanced. Progress in promoting type (ii) and type (iii) coherence (emphasized by the OECD Ministers) has lagged behind type (i) and type (iv) coherence. Most of the efforts devoted to policy coherence for development have been allocated to improved targeting, management and evaluation of aid agency programs and projects. By contrast, issues of consistency that cut across policies, countries and agencies – type (ii) and (iii) coherence—have been neglected.

According to the July 2003 OECD Policy Brief<sup>23</sup>: “greater development coherence in OECD governments’ policy stances will allow the benefits of globalization to be more equitably distributed and shared”. The horizontal program of policy coherence

---

<sup>23</sup> OECD Observer, *Policy coherence: Vital for global development*, Policy Brief, July 2003

characterizes PCD as involving “the systematic promotion of mutually reinforcing policy actions across government departments and agencies creating synergies towards achieving the agreed objectives”. It embraces a broad agenda (trade, agriculture, governance of development aid, investment and business climate, migration, environmental sustainability and technological development).

PCD in OECD goes beyond integrating the development dimension into the work of other policy communities. It also seeks to integrate the findings of those communities into the development cooperation policies of the OECD. Of course, politicians cannot be expected to forsake domestic concerns for the sake of PCD. But as they are presented with the development consequences of their decisions, they may think twice before adopting policies that may have deleterious impacts on poor countries<sup>24</sup>. Thus, the framers of the PCD horizontal initiative expect that concrete evidence and compelling analyses will help promote win-win outcomes, avoid flagrant policy contradictions, minimize the probability of negative impacts on development and amplify the voice of the global poor in the corridors of power, especially when new policy initiatives are debated, designed and approved.

This is why the *OECD PCD cross-cutting initiative* is so timely and critical. It aims at ensuring that each OECD country pursues policies that support or at least do not undermine the development process in poor countries. Building political support for PCD among stakeholders so that OECD countries initiate adjustment of a wide range of policies that affect developing countries would help accelerate progress towards the MDGs. For the OECD Secretariat, this will entail delivery of analytical underpinnings for informed policy-making, providing a platform for policy dialogue and monitoring of PCD performance.

In particular, as proposed by the DAC Chair<sup>25</sup>, beyond the traditional focus on making development assistance more effective – type (i) coherence – the OECD will need to tool up to promote the creation of analytical capacity on coherence issues, support research on the impact of rich countries’ policies on poor countries, commission “just in time” coherence analyses, conduct political economy assessments geared to strengthening public support for increased aid and other development friendly policy reforms and strengthen PCD monitoring and evaluation. The latter is critical to the credibility of the horizontal program. As currently framed and resourced, the OECD peer group review system does not deliver rigorous assessment of PCD performance at the country level since it does not respond to uniform standards and remains heavily dependent on the degree to which individual OECD governments willingly contribute information and analyses on PCD issues.

---

<sup>24</sup> For example, the EU Ministers announced on March 22, 2004, that they would cut off aid to countries not cooperating in the fight against terrorism (International Herald Tribune, March 23, 2004).

<sup>25</sup> Development Assistance Committee, *2003 Development Co-operation Report: Chapter 1: Overview by the DAC Chair*, Organization for Economic Cooperation and Development. 23 October 2003. (DAC/2003/24). Paris

### **PCD Monitoring**

The United Nations Development Programme has completed forty-four country reports that track MDG progress. It has done so in close consultation with partners in the UN Development Group, other UN partners, the World Bank, IMF and OECD and regional groupings and experts. The UN Department of Economic and Social Affairs is reporting on progress towards the goals at the aggregate level.

In parallel, the World Bank has launched a new series of Global Monitoring Reports addressed to the Development Committee of World Bank/IMF Governors. These reports deal with the policies and actions for achieving the MDGs and related outcomes. But they are heavily focused on poor countries' performance and have only begun to address the progress made by developed countries in meeting their MDG obligations. They are doing so in aggregate terms and they are selective: they cover quality of macro-financial policies supportive of growth and stable capital flows, the quantity and quality of aid, debt relief, trade policies and global public goods.

In February 2004, a round table on *managing for development results* sponsored by the multilateral banks and the Development Assistance Committee of OECD endorsed core principles for results based management and committed to focus their operational programs on country results, harmonized reporting and capacity building in monitoring and evaluation and national statistics. But here again, the focus of the proposed monitoring efforts remains on the development effectiveness of country level development assistance programs and projects. No attention to the rules of the game of the global economy is envisaged.

### **Rating PCD Performance**

Given the limited focus of official development agencies on type (ii) coherence issues, it is fortunate that development think tanks (including the OECD's own Development Centre) have begun to look into PCD. In particular, the Center for Global Development has published a Commitment to Development Index (CDI)<sup>26</sup> that aims to shift public attention from the policies of the south to the policies of the north. The CDI is innovative and helpful since it helps to rectify the mental construct according to which the shortfalls being witnessed in the progress towards the MDGs<sup>27</sup> can be attributed solely to ineffective aid, poor governance or weak policies in developing countries.

The new score card seeks to generate incentives for "laggards" in the donor community to clean up their policy act. The publication of the index in Foreign Policy on a regular basis is meant to raise public awareness of the responsibilities borne by the industrialized democracies for the state of the world. The logic of CDI is straightforward: the policy performance of individual OECD countries is rated along six dimensions using plausible quality indicators for which reasonably accurate data are available.

---

<sup>26</sup> Nancy Birdsall and Moises Naim, *Ranking the Rich*, Foreign Policy, May/June 2003. The second version of the index was not available in time for review in this paper.

<sup>27</sup> ActionAid's MDG report card at half term is: D for poverty reduction; C for education; C for gender; F for child mortality; D for maternal health, F for diseases and E for the environment. ActionAid, *Halfway There? The G8 and the Millennium Development Goals in 2002*, London, 2002.

For example, the aid component of the index adjusts gross aid flows to take account of principal repayments, administrative costs, technical assistance costs and tied aid. It addresses aid quality through a selectivity index that favors aid directed to poor countries and penalizes aid allocated to countries with weak governance. But the first edition could not capture aid fragmentation that contributes to the inefficiency of aid delivery<sup>28</sup>. Nor did it incorporate adjustments for the share of aid directed to basic human needs<sup>29</sup> or the degree of support provided through budget support, pool funding and other flexible forms of aid.

The focus on tariffs and the limited range of non-tariff measures covered by the index has yet to capture the extensive restrictions on trade in services—an area of growing interest and value to developing countries. The bundling of data on non-trade barriers masks the restrictive impact that frivolous anti-dumping actions, complex regulations, and perverse enforcement standards have on trade flows. The index also fails to take account of the impact of preferential arrangements and the predilection for bilateral trade agreements displayed by the European Union and the United States.

The absence of intellectual property from the index is unfortunate. Tailor made surveys might have addressed the extent to which individual rich countries (i) patent products and processes already in use in developing countries; (ii) enforce copyright protection that discourages developing countries' access to knowledge; (iii) hinder or facilitate poor countries' access to knowledge intensive products of relevance to poverty reduction (e.g. in agriculture or health); (iv) contribute to the transfer of science, technology and knowledge towards developing countries; (v) assist developing countries' in the preservation of indigenous knowledge.

The CDI uses rich countries' contributions to United Nations peacekeeping operations as a proxy for the quality of security policies pursued by rich countries. This is misleading considering the massive arms trade flows originating in the same countries<sup>30</sup>. The index does not capture the enormous waste of resources associated with excessive military expenditures<sup>31</sup>.

Finally, the CDI uses the same weights are used for all six dimensions. Yet enough is known to make educated estimates of the relative importance of the index components (just as the CGD framers did when constructing individual ratings for each of the

---

<sup>28</sup> Donor fragmentation has risen by over 25% according to a background note prepared by Knack, Stephen and Rahman for the *World Development Report 2004*. Thus, the Development Gateway now includes records about 340,000 projects. Tanzania alone has nearly 7,000 projects funded by 80 donor organizations.

<sup>29</sup> The international community has endorsed an allocation of 20% while the current share is about 11%.

<sup>30</sup> According to the U.S. Congressional Research Service, Conventional Arms Transfers to Developing Nations, 1994-2001, out of \$16b of official arms transfers to developing countries the United States accounted for forty percent; Russia 23% and France 7%. Conventional arms used in developing countries' conflicts contribute to about 300,000 deaths annually.

<sup>31</sup> M. O'Hanlon, *Defense Spending and the Index*, Center for Global Development, July 26, 2002

components). Research models<sup>32</sup> estimate the welfare benefits of trade liberalization for agriculture and manufactures to range anywhere from \$108 billion to \$760 billion for developing countries. Models including liberalization of trade in services raise the benefits by a factor of 4-5<sup>33</sup>.

Similarly, it makes little sense for the index to give the same weight to aid (which contributed about \$49 billion in net official financing to developing countries in 2002) as to private investment (which contributed about \$163 billion) or to remittances from migrants to developing countries (estimated to be at least \$80 billion)<sup>34</sup>. To be approximately right is better than to be precisely wrong. Using weights that capture estimates of relative magnitudes of impact would improve the index and significantly change the country rankings.

In time, CGD expects to carry out impact research assessments that may provide reliable assessment of weights and illuminate policy choices<sup>35</sup>. To increase the legitimacy of the CDI and its ownership in developed and developing countries alike, an independent oversight mechanism focused on the validity of the methods and of the data that underlie CDI construction may have to be considered.

### **PCD Evaluation Approaches**

It should be clear by now that the traditional approach to development cooperation should be reconsidered to give more emphasis to the higher plane of global policy. On-going PCD initiatives are still few and have yet to bear fruit. Today's development business still focuses on the design of projects and programs within developing countries. It fails to give explicit and targeted consideration to the global enabling environment within which these activities are implemented. This "path dependence" will have to be broken to make globalization work for all – the poor as well as the rich.

The implications of the necessary shift in development priorities for evaluation are fundamental. To explore them, the mutual accountability framework of the Monterrey consensus is a good place to start. The new compact delineates shared development objectives embedded in the MDGs. It defines the reciprocal obligations of development partners: the responsibility for poverty reduction policies and governance improvements lies with poor countries while reform of the global "rules of the game" (MDG8) is assigned to rich countries. For OECD evaluators, this new fiduciary architecture for

---

<sup>32</sup> The high end of the range is drawn from Dessus, Sebastien, K. Fukasaku and R. Safadi, 1999. *Multilateral Tariff Liberalization and the Developing Countries*, OECD Development Centre Brief No. 18, Paris. It is based on a dynamic model with productivity growth. The low end of the range is by K. Anderson et al. 2000. *Potential gains from trade reform in the new millennium*. Paper presented to the Third Annual Conference on Global Economic Analysis, held at Monash University. It is based on a static steady state model.

<sup>33</sup> World Bank. 2002. *Global Economic Prospects and the Developing Countries 2002*, Washington, D.C.

<sup>34</sup> World Bank. *Global Development Finance 2003*, Washington D.C.

<sup>35</sup> A research proposal for impact research underwritten by the Global Development Network following workshops sponsored by the Global Policy Project, the OECD Development Research Centre and the Centre for Global Development is under preparation.

global development implies a shift in evaluation priorities from traditional project and country program evaluations towards the global plane.

Currently, development evaluation relates development outcomes to the design of aid programs and projects and the domestic policy and institutional environment. They treat OECD countries' policies as given and "exogenous". PCD evaluation would shift the focus of analysis towards global public policies and make them endogenous. This is not a trivial change. It will add a colossal element of complexity in the evaluation process. The enormity of the challenge may explain the limited progress made in tackling it. But a start must be made. Breaking the problem into manageable components will be essential in order to make progress. To this end, several evaluation options can be considered. They are outlined below.

First, just as development evaluation units currently arrange for systematic reviews of individual projects and country programs, PCD evaluation could tackle systematic *independent multi-donor evaluations of international collaborative multi-country development programs* currently in place to deliver global public goods, share knowledge across countries or set business and/or professional standards. The number of such programs has increased exponentially in recent years and they have largely escaped the scrutiny of evaluators even though serious questions are being raised about their governance, their efficiency and the results achieved.

Second, PCD evaluation could gradually take on vertical *multi-country reviews of individual policies* (aid, trade, migration, etc.) on a regional or global basis. Such reviews would require assessments of impacts of recent or proposed policy shifts on economic and social conditions in representative countries, both developed and developing, together with the compensatory arrangements proposed for losers in the adjustment process. Priority should be given to policy vectors that are the subject of new international agreements, well ahead of their formal negotiations.

Third, part of the PCD evaluation challenge could be met by systematic assessments of the PCD aspects of national policies on a horizontal basis. This could consist of self-evaluation (viz. the *GPRSP* approach being piloted by some Nordic donors and the Netherlands). In order to ensure symmetry with the PRSP system in place within poor countries, it could be combined with independent evaluations and oversight (guidelines, advisory support etc.) e.g. by the OECD Secretariat and/or the Development Committee.

Fourth, a privileged unit of account for PCD evaluations might be a sample of representative developing countries within which the *development impact of specific reforms* in OECD policies (e.g. increase in quality or quantity of aid, gradual removal of cotton subsidies, reduced immigration restrictions, etc.) would be tracked and recommendations made both to OECD and to the countries concerned in order to enhance the synergy of policy reforms and to improve the design of aid program design

Fifth, considering that the OECD proposes to target such policy areas as investment, business climate, technology and environmental sustainability as well as sectors such as

agriculture and health where the private sector plays a major role, PCD evaluations might include independent assessments of the impact of regulatory regimes and standards (whether voluntary or compulsory) on developing countries.

Sixth, it might be useful to produce and/or sponsor or commission an *annual progress report on PCD* that would build on the CDI index but enhance its legitimacy and evaluative content through formal participation by governments, the private sector and the civil society. Box 3 summarizes the results of the survey with respect to PCD evaluation priorities.

**Box 3: SURVEY RESPONDENTS' VIEWS ABOUT PCD MONITORING AND EVALUATION PRIORITIES**

Eleven out of fourteen respondents opined that the United Nations and the IFIs should devote the same level of effort for the monitoring and evaluation of rich countries' policy performance (MDG8) as they do for poor countries' performance. But views were equally divided as to whether rich countries should be tasked to prepare reports on the impact of their policies on global poverty reduction (GPRSPs). Some of the respondents questioned the realism of the proposal. Others wondered GPRSP reports prepared by governments would be credible.

Both horizontal PCD reviews in individual OECD countries transversal reviews across OECD countries ranked high in respondents' priorities. Next were independent and self-evaluations of global public goods programs linked to the MDGs. Substantial support was also voiced for annual reviews of PCD that would go beyond the CDI. Full involvement of developing countries in the PCD evaluation process was advocated by a vast majority of respondents. Technical support to build their evaluation capacities was also considered critical.

Eleven out of fourteen respondents pointed to a need for systematic monitoring and evaluation of international conventions and regulatory regimes. Close to half of the respondents thought that responsibility for such evaluations should be allocated to the international bodies that manage them or a new independent evaluation organization that reports to the UN or the Development Committee.

Twelve out of fourteen respondents stated that the United Nations, the IFIs and donors should use more of their research funding for the assessment of the development impact of rich countries' policies. Ten out of fourteen respondents would assign these resources to developing country research institutions. Respondents would also support evaluations of the development effectiveness of foreign direct investment by developing country institutions in parallel with voluntary standard setting and monitoring by private companies. Involvement of NGOs and UNCTAD/IFIs was also endorsed, but to a lesser degree.

**PCD Evaluation Methods**

The tool kit of the evaluation profession is well stocked to deal with PCD provided the objects selected for review are "evaluable"<sup>36</sup> and the resources allocated are commensurate to the task. For example, program evaluation theory is well adapted to the assessment of global collaborative programs. Similarly, meta-evaluation methods

---

<sup>36</sup>Joseph S. Wholey, op. cit

combined with theory-based evaluation techniques<sup>37</sup> would constitute evaluative instruments of choice for multi-country PCD evaluations of individual policy vectors. GPRSPs and country impact evaluations would require the deployment of case study and policy research tools. The battery of “new public management” evaluation tools could be brought into play for tackling assessments of regulatory regimes and corporate social responsibility standards.

Thus, the challenge raised by PCD is more a challenge to development evaluation than it is to the overall evaluation profession. On the other hand, development evaluators bring considerable assets to the PCD evaluation task. When connected to organizational performance mechanisms and backed by independence in evaluation, development evaluation strengthens accountability<sup>38</sup>. It also promotes realism in planning, programming and budgeting. Finally, it facilitates organizational learning since it induces evaluators to assess the relevance of policy goals and operational practices.

The objectives based<sup>39</sup> approach would be well adapted to PCD evaluations. Typically, development evaluators compare results (outputs, outcomes and impacts) to the goals set at the outset of an aid intervention. This provides a useful link to internal management mechanisms. Equally, development evaluators have ample experience with the evaluation of partnerships that lie at the core of the PCD evaluations challenge<sup>40</sup>.

PCD evaluation would add a twist to the traditional approach of development evaluators by bringing out in a transparent fashion the balance of interests that are actually served by the policies, programs and projects of development assistance agencies. From a methodological standpoint, the injection of PCD would force development evaluators to un-bundle program objectives and impacts among development partners and assess the balance of costs and benefits among them. This would help improve the accuracy and credibility of assessments and strengthen the participatory dimension of the evaluation process.

Equally, development policies aiming at minimizing the negative externalities of programs and projects could be emulated in the management of PCD programs. Just as the social and environmental assessments are used as part of the appraisal of industrial and infrastructure projects, new “PCD impact assessments” might be considered when major policies are screened within an OECD country. In time, this could lead to the adoption by OECD of *safeguard PCD standards* based on the Hippocratic principle of

---

<sup>37</sup> Carol H. Weiss, *Evaluation, Second Edition*, Prentice Hall, Upper Saddle River, N.J., 1998.

<sup>38</sup> Unfortunately, most development organizations are not equipped with genuinely independent evaluation organizations and they have tended to use results based management more to enhance planning than to increase accountability. With the exception of the World Bank and some regional development banks, RBM systems used in development agencies have lacked independent ratings of professional quality and institutional performance in their scorecards.

<sup>39</sup> Nagy Hanna and Robert Picciotto. *Making Development Work, World Bank Series on Evaluation and Development. Volume 4*. Transaction. New Brunswick. 2002.

<sup>40</sup> Andres Liebenthal, Osvaldo N. Feinstein, Gregory K. Ingram, *Evaluation and Development: The Partnership Dimension, World Bank Series on Evaluation and Development, Volume 6*. Transaction. New Brunswick. 2004

“first, doing no harm”. Such policies would be informed by past *impact assessments* and guide future impact assessments. It would also provide a legitimate framework for *independent verification* mechanisms.

Another potential extension of development evaluation practice to PCD management would involve the systematic use of *process evaluations* to address PCD aspects. Such evaluations would address the relevance, efficacy and efficiency of PCD institutional arrangements at national, regional or global level. They would examine (i) coordination arrangements and participatory mechanisms; (ii) the quality of analytical capacity; (iii) the guidelines for policy making; (iv) the standards for assessing tradeoffs among primary policy objectives and developing country interests; (iv) the monitoring and evaluation arrangements.

### **Evaluation governance**

Methodological rigor is not sufficient to ensure credibility of evaluations. The design of evaluation governance to guarantee independence, objectivity and “value added” is of equal importance. This involves special challenges for PCD. Organizational design models that have proven effective in national and multilateral settings for development evaluation may not be applicable to PCD evaluation. Whereas development evaluation typically operates within a sovereign government or organization, the achievement of policy coherence from a development perspective involves reviews of actions taken by several sovereign nations and autonomous organizations.

On the other hand, there is no reason why the same principles that underlie the design of sound development evaluation structures should not be applicable to PCD evaluation. First, the credibility of the evaluation function hinges on an arm’s length relationship with line managers and policy makers. Second, its usefulness depends on its capacity to influence policy formulation and decision-making (independence is not isolation). Third, its integrity requires compliance with the same principles of accountability, learning and transparency that it is designed to promote. These principles lead to organizational solutions that combine self-evaluation with independent evaluation. Contestability of self-evaluation findings by independent evaluation and oversight of self-evaluation standards by independent evaluation constitute basic features of sound evaluation governance.

The diversity of evaluation approaches needed to capture the many facets of PCD preclude a single organizational model. But some of the lessons drawn from experience in joint development evaluations are likely to have relevance for PCD evaluations: (i) the major stakeholders should be involved in the design of evaluation objectives, standards and methods; (ii) their respective responsibilities and obligations should be agreed at the outset; (iii) the evaluation team should be endowed with considerable autonomy; (iv) adequate skills and resources should be provided for the conduct of evaluation and the dissemination of its results.

Last but not least, credible PCD evaluation will imply a serious effort to involve developing countries in the process. This will call for a major commitment to evaluation capacity development from donors. It will also call for evaluation funding and governance arrangements that give substantive control of a major segment of the PCD agenda to developing country governments, organizations and citizens. Just as development projects and programs executed by poor countries have benefited from evaluations by donor organizations controlled by rich countries over the years, it would make sense for rich country policies that affect poor countries to benefit from evaluations carried by evaluation organizations controlled by poor countries.

### **Issues for discussion**

The panel discussion is expected to focus on how results in PCD can be assessed. The answer to this question depends on how results are defined. In turn, this means articulating the specific goals of the horizontal PCD program:

- Level 1: PCD aims to promote a “whole of government” approach in OECD countries (input).
- Level 2: PCD aims to minimize the negative impact on developing countries of policy initiatives taken to achieve domestic goals (output).
- Level 3: PCD aims to encourage adjustment of OECD countries’ policies to enhance the development performance of poor countries (outcome).
- Level 4: PCD aims to make globalization work for the poor and achieve the MDGs (impact).

The participants are invited to consider the implications of these four evaluation levels on evaluation governance and methods. In particular, they may wish to reflect on the following questions:

- Level 1: What evaluative criteria should be used to assess the extent to which a “whole of government approach” has been implemented? Should these criteria include quality of analyses and dissemination; changes in policy-making structures and processes; extent to which coherence issues enter policy debates; extent to which decisions are affected by analyses provided?
- Level 2: Should PCD be assessed in terms of the relevance of the issues addressed by the PCD program; the efficacy of the analysis and its delivery to policy makers; the efficiency of these processes; the changes they induced in policy decisions and the extent to which actual policy decisions were influenced by the PCD program?
- Level 3: Should PCD be assessed in terms of actual shifts in the development effectiveness of OECD countries’ policies (before- after analysis) and the relevance of these shifts to developing countries’ economic and social prospects?

Or should the evaluation seek to define a counter-factual (with-without analysis) and compare the development effectiveness of actual decisions with those that might have been taken in the absence of PCD?

- Level 4: Should PCD be assessed in terms of the actual progress towards the MDGs attributable to changes in OECD policies? Should the benefits foregone by OECD countries to achieve PCD be netted out? How can the contribution of shifts in developing countries' policies (type iv coherence) to the goal be netted out?

RP:rp  
March 29, 2004