



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

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### A Comparative Analysis of Institutional Mechanisms to Promote Policy Coherence for Development

#### Case Study Synthesis The European Community, United States and Japan

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## INTRODUCTION

### Background and overview

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Since the mid-1990s, OECD member states have increasingly realised that the achievement of international development and poverty reduction requires more than well-targeted, well-informed development assistance policies. They have recognised that a wider range of OECD sectoral and macro-economic policies impact on developing countries, across areas such as trade, agriculture, investment, technology, migration and environment, and may support or undermine development and poverty reduction goals. Thus, they have been considering how they can work to achieve greater coherence between aid and non-aid policies in support of development objectives. Internationally, the goal of *policy coherence for development* (PCD) received new impetus at the Millennium Summit, the Doha trade talks, the Monterrey Conference and the Johannesburg Summit. In 2002, the OECD made an official statement of commitment to PCD with its Ministerial Statement *Action for a Shared Development Agenda*, which called 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 agenda”.

In 2002, in response to this Ministerial Statement, the OECD Secretariat launched a *Horizontal Programme on Policy Coherence for Development* to “facilitate and support the efforts of OECD countries to encourage systematic promotion of mutually reinforcing policy actions relevant to developing countries, creating synergies across government departments”. A key aspect of this programme is work being undertaken by the OECD’s Development Cooperation Directorate (DCD) to examine different institutional factors or mechanisms within national governments or international institutions, which may hamper or promote achievement of greater PCD. Previous studies and reports on PCD have repeatedly underlined the importance of factors such as political commitment, legal and policy frameworks, analytical capacity and policy co-ordination and monitoring mechanisms in progress towards greater PCD. At the same time, they have stressed that there is no one magic formula to achieve greater PCD and that what works in one national context may not work in another due to key differences in political systems, government structures and domestic environments. Nonetheless, through examining the current efforts of different OECD members to address PCD and the factors which may be aiding or impeding progress, we can learn important lessons about feasible institutional options to address PCD in different contexts. In recognition of this, DCD undertook a *Comparative Study of Institutional Mechanisms to promote Policy Coherence for Development*.

The current paper is a contribution to this Comparative Study. Its purpose is to draw together insights on institutional mechanisms to promote PCD by comparing three OECD DAC members: the European Community (EC), Japan, and the United States (US). These three OECD members are important case studies for improving our understanding of coherence challenges and the institutional mechanisms that may help identify and deal with them. They each represent very different systems of government and different political and institutional contexts and, at the same time, are important players in the global economy and key providers of development assistance. The paper draws on the recent DAC peer reviews of the EC (2002), US (2002) and Japan (2003), the reports on policy coherence that contributed to those reviews, and an analysis of developments in policy-making of these OECD members since the peer reviews. Chapter 1 begins with a brief overview of policy coherence and the challenges faced by OECD member states across a variety of policy area. Chapter 2 then discusses the different global political and institutional contexts of the three OECD members. Chapter 3 sets out the analytical framework to compare the three members and the different institutional mechanisms that may help or hinder the identification and management of policy coherence issues, and then applies this framework to summarise the opportunities for, and constraints on, policy coherence for development in EC, US and Japan. Finally, Chapter 4 summarises the key conclusions and lessons learned through this comparative analysis about the opportunities and constraints of different institutional approaches for achievement of greater PCD.

## CHAPTER 1: THE CHALLENGE OF POLICY COHERENCE FOR DEVELOPMENT

What is policy coherence for development and why do we still need to deal with it?

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"Policy coherence... involves the systematic promotion of mutually reinforcing policies across government department and agencies creating synergies towards achieving the defined objective" (DAC Poverty Guidelines 2001)

"Policy coherence means different policy communities working together in ways that result in more powerful tools and products for all concerned. It means looking for synergies and complementarities and filling gaps, between different policy areas to meet common and shared objectives" (DAC Journal of Development Cooperation 2002)

### 1.1 What is Policy Coherence for Development?

There is still debate about what *Policy Coherence for Development* (PCD) actually means, both in theory and in practice. The DAC definitions above are two among many possible and are not universally accepted. Furthermore, they say little about how policy coherence is to be achieved in practice and whether it is actually achievable. Key strands of the ongoing debate include<sup>1</sup>:

- *Policy coherence as a goal or process?* A well-defined goal should be achievable, but it can be argued that a degree of incoherence between different policies is inevitable. In an increasingly complex world, governments/institutions represent a diverse range of stakeholders with different and often competing interests. There will always be conflicting objectives between different policy sectors and a need for prioritisation and trade-offs. Rather than a goal, policy coherence should therefore be viewed as a process, where the aim is to design policies that "talk to each other", are based on a analysis of how they interact with other policies, are kept under continuous review and adjusted to try to minimise conflicts and maximise synergies. This approach recognises the costs of policy incoherence to governments/institutions in terms of the non-achievement of objectives, waste of resources and loss of political credibility, but allows for the fact that total coherence is unlikely, if not impossible. Instead, the aim is to make progress towards maximum coherence within the limited resources available.
- *'Intended' and 'unintended' incoherence:* *Intended* incoherence occurs when a government/institution consciously accepts that the objectives of a particular policy cannot be achieved due to conflicting interests or priority accorded to another policy. In this case, the government/institution is aware of the conflict and has the option to put in place mitigation measures to lessen the potential negative impacts of its decision on stakeholders concerned. *Unintended* incoherence occurs when particular policies frustrate the objectives or results of other policies, although this goes unnoticed because results are not compared. In this case, the incoherence may have been unnecessary and different policy choices made which would have been mutually supportive rather than contradictory, with an unchanged or improved outcome for all stakeholders. Thus, governments/institutions should be working both to identify and mitigate cases of intended coherence and eliminate cases of unintended and unnecessary incoherence.
- *Policy coherence in general or 'for development'?* A point of contention between development policy-makers and other policy communities is whether policy coherence should be an overall generic objective of a government/institution (i.e. seeking consistency and synergies between *all* policy objectives across *all* policy areas) or whether it should aim at policy coherence for a specific objective (e.g. policy coherence *for* development). Development policy-makers often prefer the latter, arguing it is necessary to have a specific objective towards which policies are adjusted and that development is traditionally given lower political priority and needs specific attention. However, policy-makers in other fields tend to argue coherence should operate both ways i.e. trade policy should be designed such that it does not undermine but supports development policy objectives where feasible *and* vice versa.
- *Policy coherence as a 'two-way' street?* Some commentators argue that both developed and developing countries should take responsibility for achieving greater policy coherence between different sectoral policies i.e. when developing countries engage with developed countries,

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<sup>1</sup> For more detailed discussions of and contributions to this debate, see for example Hoebink, P. "Evaluating Maastricht's Triple C The 'C' of Coherence" (First draft) (2001), PUMA (1996) "Building Policy Coherence", the OECD DAC note (2002) "Building Policy Coherence" and the DAC Poverty Guidelines (OECD 2001).

they need to ensure effective coordination within their own governments to ensure issues of developmental impact are raised. However, whilst recognising this, others stress the reality of differences in power and capacity and that, given the enormous influence of some developed country policies, action has to start in the North.

Whilst recognising the complexity of this debate, this paper will adopt a working definition of PCD as a basis for comparison of the institutional approaches of OECD members:

"Policy Coherence for Development means working to ensure that the objectives and results of a government's (or institution's) development policies are not undermined by other policies of that government (or institution), which impact on developing countries, and that these other policies support development objectives where feasible."

## **1.2 The importance of institutional mechanisms for policy coherence for development**

Policy coherence for development has been under discussion within the OECD for almost ten years and a series of commitments have been made both by individual DAC members and at OECD Ministerial level. Nonetheless, there has been little concrete action and few success stories to date. Despite increasing attention by national governments to results-based management, in the area of PCD there seems to be a distinct lack of firm commitments, action plans, specific time frames and results-based frameworks.

Previous reports and studies have outlined a number of factors that may hamper or promote achievement of greater PCD. For example, the DAC Poverty Guidelines list a number of "Mechanisms to enhance Policy Coherence" (box 1) and the PUMA study *Building Policy Coherence* outlines what it calls "Tools of Coherence" (box 2). These factors are related to institutional set-up of a government or institution and incorporate both political and administrative processes and mechanisms. In recognition of the importance of these institutional mechanisms in making concrete progress towards greater PCD, the OECD's DCD has been tasked by DAC members to develop thinking in this area. There have already been a number of workshops and papers published<sup>2</sup>, which have begun to refine and add to the list of institutional mechanisms, but the DCD decided more in depth case study and comparative work of different OECD countries was needed to provide concrete evidence of approaches that have worked, opportunities that exist and constraints that are still impeding progress.

### **BOX 1: OECD DAC 2001: EXAMPLES OF MECHANISMS TO ENHANCE POLICY COHERENCE**

#### **1. High level political commitment**

- Development and poverty issues receive more attention higher in government e.g. interest by prime minister / president / head of state or other powerful ministers
- A clear official government statement / commitment to poverty reduction goals.
- An autonomous development agency empowered to implement its mandate
- A development minister with cabinet level status
- Public information programmes to raise the public profile of development issues

#### **2. Policy analysis capacity**

- Capacity inside the development agency to analyse wider policies in terms of their actual or potential effects on developing countries and poverty reduction
- Capacity of other ministries to understand/account for development issues in policy making processes.
- Strong links with private sector, NGOs, academics to draw on their knowledge/capacity for analysis.

#### **3. Strong policy coordination mechanisms across governments to screen policies and decisions for coherence with poverty reduction objectives**

- Appointment of a central policy coordination unit in the executive branch of government e.g. Cabinet office, National Policy Committee
- Inter-departmental or inter-ministerial working groups with development agency membership
- Formal and informal information exchanges and policy consultation processes
- Reporting systems so existing or potential instances of incoherence are detected and can be acted on.

<sup>2</sup> See in particular the paper by Nicod, M. (2003) "Institutional approaches to promote policy coherence for development: Findings and lessons from DAC Peer Reviews" and the report on the technical workshop held in Paris on 13<sup>th</sup> October 2003 on "Policy Coherence for Development: Institutional Approaches", which brought in other OECD policy communities.

#### **BOX 2: PUMA: “THE TOOLS OF COHERENCE”**

- Commitment by political leadership is a necessary precondition to coherence, and a tool to enhance it.
- Establishing a strategic policy framework helps ensure that individual policies are consistent with the government’s goals and priorities.
- Decision makers need advice based on a clear definition and good analysis of issues, with explicit indications of possible inconsistencies?
- The existence of a central overview and co-ordination capacity is essential to ensure horizontal consistency across policies.
- Mechanisms to anticipate, detect and resolve policy conflicts early in the process help identify inconsistencies and reduce incoherence.
- The decision-making process must be organised to achieve an effective reconciliation between policy priorities and budgetary imperatives.
- Implementation procedures and monitoring mechanisms must be designed to ensure that policies can be adjusted in the light of progress, new information and changing circumstances.
- An administrative culture that promotes cross-sectoral co-operation and a systematic dialogue between different policy communities contributes to the strengthening of policy coherence.

*Source: PUMA (1996) "Building Policy Coherence: Tools and Tensions", Occasional Papers no. 12*

## CHAPTER 2: COMPARING INSTITUTIONAL MECHANISMS TO PROMOTE POLICY COHERENCE FOR DEVELOPMENT

The case for and approach to a comparative study of three DAC members

### 2.1 Rationale for a comparative study

The DAC guidelines on poverty reduction make it clear there is no 'right' formula for achieving greater PCD and that approaches will vary according to the specific political, institutional and administrative context in which a particular government or institution operates. Nonetheless, they argue it is possible to identify a range of factors that can influence a government or institution's ability to achieve greater PCD and possible mechanisms that can put in place to promote PCD. Some mechanisms will be appropriate in all situations; others will depend on the specific government or institutional context. It is therefore useful to compare the experiences of OECD members that face similar policy coherence challenges, but operate in different environments.

The three cases compared here – the EC, US and Japan - have been chosen for several reasons. Firstly, because they are all major global players, whose policies across a range of sectors have an important impact on developing countries. They are among the world's biggest providers of ODA<sup>3</sup> and were key supporters of the Millennium Summit and Monterrey meeting. They are all major world trade powers, whose international trade policy decisions can have important impacts on the world economy and their trading partners. They also all have significant domestic agricultural sectors and are trying to balance the interests of domestic farmers and consumers and third country producers and importers. Furthermore, they are all important destinations for international migrants and their approach to immigrants and asylum seekers can impact on welfare in the developing world. Secondly, these OECD members represent three major different types of polity and governance structure in the OECD: Japan as a parliamentary system; the US as a federal system; and the special case of the European Community as an association of states, an important model that other regional groups are starting to follow. Thus, a comparison of these three cases allows us to understand how these different governance structures, political systems and environments may provide different constraints and opportunities for the achievement of PCD and to explore which institutional mechanisms may be appropriate in each case.

### 2.2 Japan

Japan has a parliamentary cabinet system of government, where leaders of the majority party or coalition of parties in the Parliament (Diet) elect a prime minister, who then forms a cabinet that controls both the executive and the legislature and administers the nation (Box 3).

#### BOX 3: JAPAN'S GOVERNMENT STRUCTURE AND MANDATES

**The National 'Diet' (Parliament):** In the Constitution, Japan's Parliament, the National Diet is the "highest organ of state power," and the "sole law-making organ of the State". The Diet is bicameral, with a House of Representatives (lower house of 500 members elected every 4 years) and a House of Councillors (upper house of 252 members elected every 3 years for 50% seats). A bill submitted to the Diet by the cabinet or a member of one of the houses is deliberated separately in the two houses and passes into law after both houses approve it. The Diet also decides on the budget compiled by the cabinet, approves treaties, designates the prime minister, and performs other functions. The lower house has constitutionally guaranteed superiority in certain cases to prevent paralysis of the system in the event of disagreement. Specifically, in vital matters like the designation of the prime minister, passage of the budget, and approval of treaties, the lower house's decisions are upheld in case of disagreement. In other legislation, too, the House of Representatives can override an upper house rejection by passing the bill a second time.

**Executive Branch:** The Cabinet is responsible for administering the nation and consists of the prime minister and up to 20 ministers of state. The prime minister appoints the ministers of state, a majority of which must be Diet members. Under the cabinet's jurisdiction are the Prime Minister's Office, the ministries and other agencies and commissions.

**Judicial Branch:** The judicial branch assures the consistency of laws and administrative measures with the 1947 Constitution, which was based on sovereignty, respect for human rights, and pacifism.

<sup>3</sup> In 2002, Japan's net ODA volume was USD 9.3 billion and ranked second among the 22 DAC member countries. In 2001 the United States was the largest DAC donor with ODA of USD 10.9 billion.

This form of party government based on a degree of fusion of legislative and executive powers relies on party discipline in Parliament to hold the majority and support the Cabinet on which it is based. Nonetheless, the legislative, executive, and judicial branches are independent and able to keep checks on each other in order to prevent power becoming too concentrated in one section of government. The prime minister shares responsibility with cabinet members, and they answer directly to the legislature. If legislators stop supporting the cabinet at any time, either the cabinet, including the prime minister, must resign, or the prime minister must call a general election. The downside to such a parliamentary system of government is that in cases where one political party or coalition is in power for a long period, the executive may start to exercise disproportionate power and be in danger of capture by particular interest groups.

### 2.3 The United States

Unlike parliamentary systems of Government, the US national system of government is a federal system based on a fundamental division of power and authority between the executive and legislative branches, which act with considerable autonomy (box 4). There are separate elections for the legislature and executive (Presidency) and over the last few decades, it has been rare for one political party to control both branches of government<sup>4</sup>. In a number of policy areas, states are empowered to make their own policies and control a significant budget; other areas such as external trade policy, homeland security, foreign policy and defence are administered at a national level. This division of powers and system of 'checks and balances' is intended as a means of limiting the power of the Government of the day from exercising excessive control over its citizens. It gives the legislative branch considerable power and autonomy in initiating and carrying out US policies. Draft legislation (bills) must be passed in both houses of Congress and then signed off by the President before coming law. In the case that the President has objections, these will be considered by Congress, but the bill can become law in spite of these objections if passed by a two-thirds majority in both houses. This system allows the legislative to make significant amendments to policies, give detailed guidance and impose specific requirements on the executive in terms of implementing policies. Due to this significant congressional power and the dominance of two often closely-matched political parties over the US electorate, battles to control the Senate and House of Representatives are always closely fought and can sometimes be won on a few individual contests. This makes the US federal system particularly sensitive to the short-term political interests of voters and certain lobby groups can exercise disproportionate power over US Government decisions especially in the lead up to an election.

#### BOX 4: US GOVERNMENT STRUCTURE AND MANDATES

**Legislative Branch:** The key institution of the legislative branch is the Congress, which consists of the House of Representatives, with members elected every two years by the States (each state has a number of representatives in proportion to its population size chosen by state elections) and the Senate, which consists of two Senators from each State (chosen by the Legislature of each State for six years, although they actually sit for 2 years of this). Bills (draft legislation) may be presented in both houses by any member. Bills which have passed both the House of Representatives and the Senate must be presented to the President before becoming a Law, who either approves it directly by signing it or sends it back with objections to the house in which it originated. In the latter case, the Bill and objections are reconsidered by both houses in turn, but when passed by two-thirds of both houses, the Bill will become law. Congress also controls the allocation of the US Government Budget.

**Executive Branch:** Headed by the President, who is directly elected by the people. He then appoints state secretaries to head the various departments of federal government such as the Treasury Department. Executive Branch also includes the Office of the President, which contains several key advisory Councils such as the National Economic Council (NEC) and the National Security Council (NSC), which bring together the Secretaries of State from different Departments and tend to have a lot of influence in decision-making. The Office of the President also includes other bodies such as the Office of Policy Development (OPD) and the Office of the US Trade Representative (USTR).

**Judicial Branch:** Responsible for enforcing compliance with the US Constitution and laws.

<sup>4</sup> Only in 1993-94 and early 2001, did the same political party control the executive and both houses of Congress.



## 2.4 The European Community<sup>5</sup>

The European Union (EU) is a regional association of countries that have agreed to work together to formulate joint policies and actions in some areas and to coordinate their national policies and action in others. The institutions of the EU were established to draw up, implement, oversee and coordinate these policies and actions on behalf of the union of member states. The political and institutional context in which they make policy is therefore very different to that of a national government like Japan or the US. The EU has five core institutions, each with a specific role in EU policy-making and action (Box 5). All new EU legislation is based on a specific article of the consolidated Treaty, which provides the "legal basis" of the decision. The Commission proposes legislation on the basis of the Treaty and then the precise nature of and roles of the different institutions in policy-making, decision-making and action depends on the policy area.

### BOX 5: ROLES OF EU INSTITUTIONS

**European Council of Ministers:** The EU's main decision-making body, which represents the member states. Council meetings are attended by ministers from each national government and there are different Council configurations dealing with different policy areas<sup>6</sup>. The key roles of the Council are: To enact European legislation (regulations, directives, decisions), sometimes jointly with Parliament; to co-ordinate member states' broad economic policies; to conclude international agreements between the EU and other states or international organisations, usually negotiated by the Commission; to approve the EU budget, jointly with the Parliament; to develop the EU's Common Foreign and Security Policy (CFSP) and to co-ordinate co-operation between national courts and police forces (JHA).

**European Parliament:** The Union's directly elected body, currently with 626 seats from the 15 members states. Its principal roles are: to examine and adopt European legislation, sharing the legislative function with the Council; to jointly approve the EU budget with the Council; to exercise democratic control over the other EU institutions, possibly by setting up committees of inquiry (It has the power to accept or reject the nomination of Commissioners) and to assent to important international agreements such as the accession of new Member States and trade or association agreements between the EU and other countries.

**European Commission:** The executive of the EU, the politically independent institution that upholds the interests of the EU as a whole. It consists of 36 different departments - *Directorate-Generals* or *Services* - and is run by 20 Commissioners appointed by the Member States and Parliament every 5 years. The European Commission runs the day-to-day business of the European Union and has four main roles: to propose legislation, policies and programmes to Parliament and the Council (the "right of initiative"); to manage and implement EU policies, programmes and the budget; to enforce European law (as "guardian of the Treaties" jointly with the Court of Justice) and to represent the EU internationally e.g. by negotiating agreements between the EU and other countries.

**Court of Auditors:** Oversees management of the budget and the value for money of EC policies.

**Court of Justice:** Checks compliance with EC law, including human rights.

Overall, EU policy-making is structured around three pillars: (i) *European Community*: areas of *Community Competence* where member states have pooled sovereignty and delegated decision-making powers and implementation to EU institutions; (ii) *Common Foreign and Security Policy*: an area of *Intergovernmental Cooperation* where member states have not delegated powers but are simply working together to take coordinated action; (iii) *Justice and Home Affairs*: a mix of areas of *Intergovernmental Cooperation* and *Community Competence*. For example, the Common Agricultural Policy (CAP) is an area of Community competence, where EU institutions make and implement legislation on behalf of EU member states. Immigration and asylum policy is an area of intergovernmental cooperation, where member states continue to develop and implement their own national policies, but seek to coordinate them. Development cooperation is an area of *shared competence*, where member states have national development policies and budgets, but have also delegated a certain budget and responsibility to the European Union to manage on their

<sup>5</sup> EU member states are currently negotiating a new Treaty and the Inter-Governmental Conference on the Future of Europe is commencing, therefore this section lays out the institutional structures in place in January 2004.

<sup>6</sup> Currently, these are: General Affairs and External Relations Council, Economic and Financial Affairs, Justice and Home Affairs, Employment, Social Policy, Health and Consumer Affairs, Competitiveness (Internal Market, Industry, Research), Transport, Telecommunications and Energy, Agriculture and Fisheries, Environment and Education, Youth and Culture.

behalf. The latter falls under the Community pillar and is referred to as *European Community* development assistance. For *Community* policies, there are three main procedures of decision-making: (i) The *Co-decision* procedure<sup>7</sup>, where Parliament shares legislative power equally with the Council; (ii) the *Consultation* procedure<sup>8</sup>, where Parliament gives only its opinion and can approve, reject or ask for amendments, which the Commission considers before submitting for decision in the Council; (iii) the *Assent* procedure<sup>9</sup>, where the Council must obtain Parliament's assent before taking decisions, but Parliament cannot propose amendments, only accept or reject.

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<sup>7</sup> The co-decision procedure applies to: the right to move and reside, free movement of workers, non discrimination on the basis of nationality and customs cooperation;

<sup>8</sup> The consultation procedure applies to: revision of the treaties, anti-discrimination, EU citizenship, agriculture, visas, asylum and immigration, economic policy

<sup>9</sup> The assent procedure applies to: Structural Funds, accession of new Member States and some international agreements.

### 3.1 The analytical framework

The analytical framework below (Box 6) was developed to examine different institutional factors/mechanisms to promote PCD. This builds on schemas set out in the PUMA report and DAC Poverty Guidelines (above) and aims to incorporate more recent thinking. It is not intended to be exhaustive and there is considerable interaction between the factors listed, but it provides one schema for analysing and comparing the institutional approaches of different government or institutions.

#### BOX 6: ANALYTICAL FRAMEWORK: INSTITUTIONAL MECHANISMS TO PROMOTE PCD

**1. Government/institutional structures:** Whether the structure, form and system of the government/ institution, the interaction of its different parts and the designation of responsibilities facilitates achievement of policy coherence. Indicators may include:

- ❖ Whether the mandates of different parts of the government/institution (e.g. executive, legislative) in designing, approving, implementing and monitoring different policies/legislation facilitates coherence;
- ❖ Whether the government or institution has delegated responsibilities for some policy-making to other bodies (e.g. a regional body like the EU, a local body like state, provincial or local authorities);
- ❖ Legal requirements on policy-making processes and decision procedures, which require consultation with stakeholders, other institutions/ministries, approval of national parliaments etc;
- ❖ Whether the system of budget allocation and approval provides incentives for competition or cooperation and facilitates consistent coherent policy-making;
- ❖ Whether structures/responsibilities for development assistance policy/programmes and other policies which affect developing countries facilitate coherence;
- ❖ The content and impact of government/institutional reform processes for better coordination, more joined-up, efficient government.

**2. Political context, commitment and leadership:** The priority given to development issues on an ongoing basis at the highest level of a government or institution. Indicators may include:

- ❖ The underlying approach to development and whether the government/institution has signed up to international targets and agreements e.g. MDGs
- ❖ The personal commitment of the Head of Government/institution and Cabinet to development issues e.g. speeches, visits to developing countries; parliamentary debates, the legislative programme.
- ❖ How the priority given to development issues varies in response to other pressures e.g. public opinion, media, lobby groups, trigger events, national electoral cycles, budgetary pressures, strategic interests.
- ❖ Whether there is a separate independent development agency, ministry or institution with autonomy to Implement its mandate or whether development assistance falls under another ministry;
- ❖ The status of the Development Minister in government;

The government/institution's efforts to raise the public profile /understanding of development issues.

**3. Policy frameworks/statements:** Whether the government / institution has a clear policy (and legal) framework to ensure implementation of commitments to development, poverty reduction & policy coherence. Indicators may include:

- ❖ An overall policy framework that establish goals to achieve more policy coordination and coherence;
- ❖ Specific statements and policy commitments on policy coherence for development;
- ❖ A clear official government-wide statement/ commitment to poverty reduction goals;
- ❖ A policy framework for development assistance which is clear and promotes consistency between development instruments, sectors and regions;
- ❖ The extent to which different sectoral policies which may affect developing countries refer to and account for development issues.

**4. Stakeholder analysis/consultation:** The ability and willingness of the government or institution to identify, consult and balance the interests of all possible stakeholders in a policy decision or change. Indicators may include:

- ❖ Evidence of links of different sectoral departments with relevant actors in developing countries, the private sector, NGOs, academics etc;
- ❖ Specific consultation exercises inviting opinions from all relevant stakeholders including development actors;
- ❖ Whether development actors are members of permanent advisory committees or councils to the government or institution on relevant issues.

<sup>10</sup> At this stage, it is perhaps appropriate to point out two limitations of this report. Firstly, in some areas the information found was fairly limited, so the report draws on what is available and asks questions in other areas. Secondly, whilst there tends to be a reasonable amount of information on different institutional approaches and the *efforts* of the OECD members to put in place mechanisms to achieve coherence, there is much more limited information on the concrete *impacts* of these mechanisms in constraining or enhancing policy coherence for development.

**5. Analytical capacity and knowledge management:** The capacity of the government or institution to clearly define the development issues at stake, gather relevant knowledge and data to fill information gaps, analyse this effectively and feed it into policy processes at the correct stage. Indicators may include:

- ❖ Staff capacity inside the development agency to analyse wider policies in terms of their actual or potential effects on developing countries and poverty reduction (teams, departments, units, roles);
- ❖ Staff capacity inside other ministries to understand development issues and account for these in their policy development processes;
- ❖ Knowledge management systems in place, which include quality tools for analysis and are active in disseminating knowledge, new data, best practice etc;
- ❖ Existence of government or institution-funded research programmes on key policy issues and their relationship to development issues;
- ❖ Efforts to build capacity of developing country partners to identify issues and represent their wider interests in international negotiations e.g. WTO

**6. Policy co-ordination mechanisms:** The existence and effectiveness of inter-government /cross-institutional coordination mechanisms to coordinate policy, consult on policy options, and anticipate, detect, analyse and resolve policy conflicts or inconsistencies. Indicators may include:

- ❖ A central policy coordination unit in the executive branch of government with responsibility for coordinating cross-cutting policy e.g. Cabinet office, National Policy Committee;
- ❖ How conflicts between departments are resolved;
- ❖ Inter-departmental/inter-ministerial working groups or committees or special task forces working on cross-cutting issues with development agency membership;
- ❖ Policy coherence unit/focal points in the development agency or other ministries/ departments;

**7. Working practices and policy-making processes:** Whether the government or institution has an administrative culture that promotes cross-sectoral cooperation, systematic information exchange/dialogue between different policy communities in informal day-to-day working practices. Indicators may include:

- ❖ Staff incentive structures for cross-sectoral dialogue/work (job profiles, performance management);
- ❖ Evidence of management style that encourages consultation and cooperation;
- ❖ Internal procedures for policy recommendations, which oblige staff to consult other ministries;
- ❖ Regularity of phone or email contact between staff in different ministries/departments;
- ❖ How early policy drafts and proposals are circulated in the policy-making process;
- ❖ Evidence of information flows between different ministries and the centre.

**8. Monitoring, accountability and lesson learning:** The existence of policy monitoring mechanisms so policies can be adjusted in the light of new information, changing circumstances and feedback on their impacts. Indicators of this may include:

- ❖ Policy or regulatory review mechanisms, which ask questions about the developmental impact;
- ❖ Specific evaluation studies commissioned to look at the impact of policies on development;
- ❖ Dialogue, exchange and joint studies between evaluation units in different sectors/ministries;
- ❖ Effective documentation of policy decisions;
- ❖ Mechanisms of accountability for policy and programme impact and resource use;
- ❖ Willingness to take on board lessons from evaluations.

The above framework has been applied to the EC, US and Japan. Opportunities for, and constraints on, policy coherence for development in each case were identified. These opportunities and constraints are set out in the set of tables that follow.

### 3.2 Summary tables of opportunities for, and constraints on, policy coherence for development

#### 3.2.1. Institutional/Government Structures

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- In areas of <i>community</i> competence, there is an opportunity for EU institutions to work for coherent, consistent policies across all EU MSs e.g. The CCP allows the EU to speak with one voice at the WTO and raise development issues</li> <li>- Subsequent treaties have put more policy areas under the co-decision process, giving the Parliament (which has raised coherence in the past) more power to amend policies e.g. Development Cooperation since 1997, CCP</li> <li>- Council voting procedures can be used to enhance coherence (for QMV, some MSs can vote a coherent policy through, despite opposition; unanimity could permit one MS to block an incoherent policy).</li> <li>- Management Committees on development assistance could be used more effectively to raise coherence issues.</li> <li>- DG Relex is responsible for all aspects of cooperation with ALA and MEDA countries (economic, political, development) – providing an opportunity for coherent policy-making.</li> </ul>	<ul style="list-style-type: none"> <li>- In areas of <i>inter-governmental cooperation</i>, coordination of policies can be more difficult especially when national interests diverge e.g. EU immigration and asylum policy.</li> <li>- In policy areas subject to the consultation or assent decision-making procedures, the Parliament's ability to change policies is more limited e.g. CAP, CFP</li> <li>- Abolishment of the Development Council in 2002 may lead to a lower profile of development issues and dominance by other foreign policy interests.</li> <li>- In practice, role of Council Management Committees is limited by diverse national interests and approaches to development assistance.</li> <li>- Within the Commission, the division of responsibilities for EC development policy amongst different DGs may limit the consistency and coherence of policies.</li> <li>- Possible budgetisation of the EDF will subject ACP development assistance to the pressures of the EU budget and may lead to a reduction of funding.</li> </ul>	<ul style="list-style-type: none"> <li>- The Office of the President contains policy bodies, with a role to coordinate policies between different agencies/ departments e.g. Office of Policy Development, National Economic Council (NEC), National Security Council (NSC).</li> <li>- If development assistance concerns are given sufficient priority, the role of the Secretary of State in overseeing USAID could be positive for coherence.</li> </ul>	<ul style="list-style-type: none"> <li>- Due to division of powers, the legislative operates with much autonomy and constrains Administration's power to implement an overall consistent, coherent policy framework.</li> <li>- It is difficult for the Administration to make commitments for the USG in international negotiations as they can be reversed by the legislative.</li> <li>- Congress earmarking of budget for specific purposes can constrain the Administration's ability to respond to changing needs.</li> <li>- US system is sensitive to short-term interests of voters and powerful lobby groups (e.g. arms companies, farmers) can dominate other less powerful interests (e.g. development concerns).</li> <li>- Division of responsibilities for ODA between agencies can make coordination difficult and limit coherence of development policy.</li> <li>- Internal USAID reforms to move technical staff from regional bureaus may reduce coordination and coherence of different policy areas.</li> </ul>	<ul style="list-style-type: none"> <li>- The recent rationalisation of the executive could help simplify and coordinate policy-making processes between ministries.</li> <li>- The tradition of consensus-building in political decision-making could provide an important basis for policy coherence.</li> <li>- The new Cabinet Office has a mandate to coordinate policies which involve one or more ministries.</li> <li>- MOFA's role in coordinating all Japan's ODA programmes and policies could be used to improve coherence.</li> </ul>	<ul style="list-style-type: none"> <li>- The legacy of a highly vertically structured executive with intense competition between ministries over policy decisions and resources.</li> <li>- The close ties between elites in industry, politics and the civil service may make it difficult to raise the profile of other interests such as development issues.</li> <li>- The competitive budget process centre on the MOF can exacerbate competition and limit coordination between ministries.</li> <li>- The division of the ODA budget across several ministries with different mandates and priorities can limit coordination and coherence.</li> <li>- The split of ODA policy and implementation between MOFA and JICA can limit the ability of policy to respond to ground level information on incoherencies.</li> </ul>

### 3.2.2. Political context, commitment and leadership

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- Strong tradition and past commitment to development assistance with establishment of separate DG for development; separate Development Council and Parliamentary Committees.</li> <li>- Less sensitive than national governments to short-term pressures created by domestic constituencies and trigger events.</li> <li>- Recent allocation of funds to public awareness raising campaigns should strengthen development voice in European policy-making.</li> </ul>	<ul style="list-style-type: none"> <li>- Diverse national interests, stakeholders and approaches to development assistance can make result in varying levels of commitment and difficulties in getting agreement – especially in areas like policy coherence for development.</li> <li>- Attempts to reach agreement (e.g. the new Treaty) can mean core MS interests dominate and less important areas (e.g. development assistance) are neglected or traded-off.</li> <li>- Progress in some areas of incoherence such as the CAP and CFP is limited by strong national interests in the status quo and the need to pass policy changes unanimously.</li> <li>- EU Enlargement may result in development assistance being given a lower priority as new accession countries have no tradition of development assistance and are more concerned by economic and political stability in their neighbouring countries.</li> <li>- DG Dev was weakened in the recent reform process with several responsibilities moved elsewhere. There are fears about its future.</li> </ul>	<ul style="list-style-type: none"> <li>- Strong historical commitment to development issues with interest from senior members of government.</li> <li>- 9/11 has increased the willingness of the USG to engage with and allocate more funds to developing countries.</li> <li>- Relatively strong support US public for helping developing countries.</li> </ul>	<ul style="list-style-type: none"> <li>- US policy making is very influenced by short-term domestic interests and powerful lobby groups (not development NGOs)</li> <li>- US engagement with developing countries now dominated by homeland security concerns and may thwart attempts to allocate assistance to good performers.</li> <li>- The US doesn't really prioritise international development commitments such as the MDGs or Monterrey Consensus.</li> <li>- Since 2000, USAID reports to Secretary of State and seems to have lost standing. Fears this could result in dominance of development policy by other foreign policy concerns.</li> <li>- USAID's ability to raise public awareness and change misconceptions about US assistance limited by Congress injunction.</li> </ul>	<ul style="list-style-type: none"> <li>- The traditional of consensus-building in political decision-making could provide an important basis for policy coherence.</li> <li>- Japanese assistance to developing countries is based on a philosophy of 'economic cooperation, which covers ODA, trade and investment.</li> <li>- Strong commitment to developing countries in terms of ODA levels.</li> <li>- Change of status of JICA to Independent Administrative institution could its influence in policy-making and ability to raise coherence issues.</li> <li>- Public awareness campaigns are being conducted to increase awareness of development issues. Some evidence of interest of youth and growth of NGO sector.</li> </ul>	<ul style="list-style-type: none"> <li>- The close ties between elites in industry, politics and the civil service and the high involvement of the private sector in ODA policy making mean commercial interests can dominate.</li> <li>- Development policy tends to be adjusted to cohere with other national policies rather than the other way around.</li> <li>- Past public conception of 'national interest' is quite narrow and tends to be focused on Japanese economic interests.</li> <li>- There is a degree of aid fatigue in Japan, due to domestic economic problems and perceptions of inefficiency.</li> </ul>

### 3.2.3. Policy frameworks/statements

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- The consolidated Treaty aims a global commitment to ensure consistency and coherence of the Union's policies as a whole.</li> <li>- The consolidated Treaty also contains a specific article on working towards policy coherence for development.</li> <li>- The new draft Treaty and development policy define the primary objective of EC development assistance as poverty reduction.</li> <li>- The new Treaty is an opportunity to enshrine the importance of ODA and goal of policy coherence across multiple policy areas.</li> <li>- New EC Development Policy (2000) has potential to improve consistency and coherence between different regional and sectoral development policies.</li> <li>- EC Regional Cooperation Agreements combine economic cooperation, politics and development and are an opportunity for coherent policy making.</li> <li>- Trade policy: the EU GSP scheme and EBA initiative accord preferential access to developing countries and LDCs to the EU market for certain products.</li> <li>- Migration policy: since 2002 policy, attempts made to look at and analyse links between EC migration and development policies.</li> </ul>	<ul style="list-style-type: none"> <li>- Treaty articles on coherence are very broad &amp; experience suggests they are difficult to implement.</li> <li>- Chapters on individual policy areas in Treaty are fairly narrowly focused and do not cross-reference other related policy areas.</li> <li>- Despite overall development policy, EC development cooperation remains highly regionalised and sometimes insufficiently coordinated.</li> <li>- Trade policy: Many sensitive products of importance to developing countries are excluded from preferential access plus other NTBs act as import barriers.</li> <li>- Agricultural policy: Significant import protection remains plus high levels of domestic support and export subsidies.</li> <li>- Agricultural policy: Very little attempt to examine impacts on developing countries as part of CAP reform, despite lobbying.</li> <li>- Migration policy: fears that development assistance levels may be linked to return agreements and risk negative effects on poverty reduction.</li> </ul>	<ul style="list-style-type: none"> <li>- US has defined development assistance as one of three key pillars of National Security Strategy.</li> <li>- The attempts to align diplomacy and development assistance policies are an opportunity for coherence.</li> <li>- USAID strategy document makes reference to importance of providing market access for developing country agricultural products.</li> <li>- Trade policy: the US GSP scheme and AGOA initiative accord preferential access to developing countries and LDCs to the US market for certain products.</li> <li>- Migration policy: Initial work on the contribution of remittances to developing countries could be expanded.</li> </ul>	<ul style="list-style-type: none"> <li>- There are no overall USG commitments to achieving coherence or consistency between its policies.</li> <li>- The US's development cooperation policy is not explicitly focused on poverty reduction.</li> <li>- Development assistance is seen as subset of foreign policy and attempts to align US diplomacy and development assistance have the objective of policy coherence for homeland security not development.</li> <li>- High-level policy initiatives like the MCA and AIDS sometimes are not adequately coordinated with existing programmes and policies.</li> <li>- Trade policy: Many sensitive products of importance to developing countries are excluded from preferential access plus other NTBs act as import barriers.</li> <li>- Agricultural policy: High and increasing levels of domestic support are depressing world prices and preventing developing countries from competing in US market.</li> <li>- Agricultural policy: No attempts to examine effects of agricultural policies on developing countries.</li> <li>- Migration policy: No comprehensive attempts so far to look at links and incoherence between development and migration policies.</li> </ul>	<ul style="list-style-type: none"> <li>- New ODA Charter (2002) does include poverty reduction as a key goal.</li> <li>- Japan's 'economic cooperation' approach to developing countries implicitly combines development assistance with trade and investment.</li> <li>- Trade policy: Japan's GSP scheme accords preferential access to developing countries and LDCs to Japan's market for certain products.</li> </ul>	<ul style="list-style-type: none"> <li>- There are no overall GoJ commitments to achieving coherence or consistency between its policies.</li> <li>- Japan's development cooperation is seen as part of Japan's 'national interest', which is currently narrowly defined in terms of economic opportunities and security.</li> <li>- Trade policy: Many sensitive products of importance to developing countries are excluded from preferential access plus other NTBs act as import barriers.</li> <li>- Agricultural policy: High levels of domestic support are depressing world prices and preventing developing countries from competing in Japanese market.</li> <li>- Agricultural policy: No attempts to examine effects of agricultural policies on developing countries.</li> <li>- Migration policy: No attempts so far to look at links and coherence between development and migration policies.</li> </ul>

### 3.2.4. Stakeholder analysis/consultation

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- Both the Commission and Parliament have some institutionalised consultative forums with social partners and lobbyists including private sector, NGO, labour or other affiliations,</li> <li>- European NGOs are well-organised and strong in policy advocacy. They are engaged in coherence issues and have already been influential with the Parliament.</li> <li>- The Commission has recently organised a number of consultation processes on policy reforms such as EU-ACP cooperation, and the EC's development policy.</li> <li>- In-country European Delegations have regular organised consultations with the local NGO community, donors and developing country governments.</li> </ul>	<ul style="list-style-type: none"> <li>- Domestic lobby groups such as farmers and industries still tend to have more influence than development actors.</li> </ul>	<ul style="list-style-type: none"> <li>- The US administration and Congress encourages the active participation and input on NGOs e.g. USAID's Advisory Committee on Voluntary Foreign Aid (ACVFA).</li> <li>- USAID has started to organise in-country consultative processes to input into its country-level plans.</li> <li>- The US Ambassador has responsibility for in-country coordination of different US agencies.</li> </ul>	<ul style="list-style-type: none"> <li>- US NGOs and academia have not yet given much attention to wider policies which affect developing countries and coherence issues.</li> <li>- Policy NGOs have recently suffered from funding crises, which has limited their inputs.</li> <li>- Development actors have a very weak influence compared to other domestic stakeholder such as farmers, gun owners and industry groups.</li> <li>- US country strategies are still insufficiently coordinated with national developing strategies and developing country priorities.</li> </ul>	<ul style="list-style-type: none"> <li>- Establishment of a permanent ODA Comprehensive Strategy Board in June 2002 with representatives from NGOs, academia and the private sector.</li> <li>- MOFA organised a consultation process for revision of the ODA Charter.</li> <li>- There has been strong in-country links between diplomatic and government staff and Japanese businesses.</li> </ul>	<ul style="list-style-type: none"> <li>- Japan's voluntary sector is still relatively weak and there is no evidence of engagement of NGOs and academia in wider policy issues and coherence.</li> <li>- The most powerful external influence on Japan's ODA has tended to be the private sector via the Kleidanren.</li> <li>- Japan's CSPs could be better aligned with national PRSPs.</li> <li>- There is still insufficient coordination of field-level staff from different agencies.</li> </ul>



### 3.2.5. Capacity/knowledge management

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- Overall, Commission staff have a high level of technical expertise, which could be productively applied to analyse wider policy areas.</li> <li>- A limited number of staff have recently been allocated to work on wider policy issues related to developing countries e.g. IDSG and ACP trade policy unit.</li> <li>- The Commission (and sometimes Council and Parliament) have issued communications and statements on the links between wider policy areas and development (2000) and migration and development (2002).</li> <li>- The EC gives TA from trade capacity building, including support to increase the capacity of administrations to analyse policy impacts and represent their interests.</li> </ul>	<ul style="list-style-type: none"> <li>- Commission has very constrained staff resources and most are allocated to programme and in-country activities not policy work.</li> <li>- Insufficient capacity in DG Dev or other DGs to systematically analyse impacts of wider policies on developing countries.</li> <li>- Existing best practice guidelines and manuals are focused on traditional development areas.</li> <li>- Limited links with research and academic communities and limited commissioning of policy-related research.</li> </ul>	<ul style="list-style-type: none"> <li>- The new USAID/State Department plan recognises the need to review staffing levels and expertise in USAID.</li> <li>- The US gives TA from trade capacity building, including support to increase the capacity of administrations to analyse policy impacts and represent their interests.</li> </ul>	<ul style="list-style-type: none"> <li>- Staff cutbacks have severely reduced the analytical capacity inside USAID and resources for interagency coordination.</li> <li>- Separation of budget and policy functions inside USAID until recently encouraged staff to act as implementers and not feel they could influence policy.</li> <li>- Existing best practice guidelines and manuals are focused on traditional development areas.</li> <li>- Limited links with research and academic communities and limited commissioning of policy-related research.</li> <li>- No papers or documents found on the links between wider policy areas and development.</li> </ul>	<ul style="list-style-type: none"> <li>- Japan gives TA from trade capacity building, including support to increase the capacity of administrations to analyse policy impacts and represent their interests.</li> </ul>	<ul style="list-style-type: none"> <li>- No dedicated staff working on the development impacts of wider policies in JICA, MOFA or other ministries.</li> <li>- Existing best practice guidelines and manuals are focused on traditional development areas.</li> <li>- Limited links with research and academic communities and limited commissioning of policy-related research.</li> <li>- No papers or documents found on the links between wider policy areas and development.</li> </ul>

### 3.2.6. Policy coordination mechanisms

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- RELEX group mandated to assure coherence on horizontal questions related to the Union's external policies.</li> <li>- In-country the EC Delegation often organises donor coordination or consultative groups. These have potential to identify cases of incoherence.</li> </ul>	<ul style="list-style-type: none"> <li>- There is no Cabinet Office equivalent and the meetings of Commissioners tend to deal with very high-level issues.</li> <li>- RELEX Group's mandate is limited to examining new policies and not existing policies.</li> <li>- RELEX Group's mandate is limited to coherence between external policies and not between internal and external policies (e.g. CAP, CFP etc)</li> <li>- The IQSG has a huge mandate and limited staff capacity and in practice acts reactively not proactively.</li> <li>- Plans to set up QSGs in all DGs do not yet seem to have been put in place.</li> </ul>	<ul style="list-style-type: none"> <li>- The Office of the President has a number of policy coordination bodies (e.g. NSC and NEC), with potential to play a role in greater policy coherence.</li> <li>- High-level presidential initiatives are often disconnected from existing agency policies and programmes.</li> <li>- USAID is a member of a number of interagency working groups (IAWGs) which coordinate policy across the USG.</li> <li>- A new development Policy Coordination Committee (PCC) has been created.</li> <li>- A new joint State Department/AIDPolicy Council could help enhance coherence.</li> <li>- Existing in-country coordination mechanisms led by US Embassy could play greater role in identifying potential incoherencies.</li> </ul>	<ul style="list-style-type: none"> <li>- No evidence that any of these policy coordination bodies have ever taken an interest in development issues.</li> <li>- It does not seem that USAID has much influence on the decisions of these IAWGs.</li> <li>- New Development PCC has not yet clearly defined its role or mandate.</li> </ul>	<ul style="list-style-type: none"> <li>- In 2001, a new Cabinet Office was established responsible for policy coordination in a number of cross-cutting areas such as economic and fiscal policy and gender issues.</li> <li>- There are a large number of ODA-related committees for coordinating policies across ministries, which could play a role in ensuring coherence in wider policy areas.</li> <li>- In 2001, MOFA was given the responsibility to coordinate all ODA policies and programmes across different ministries which should improve the internal coherence of development policy.</li> </ul>	<ul style="list-style-type: none"> <li>- It is unclear if the Cabinet Office has a broader mandate for ensuring policy coherence and consistency across all policy areas.</li> <li>- So far, it seems the Cabinet Office has not taken up any development-related issues.</li> <li>- All the committees of which MOFA and JICA are members seem to focus on ODA and be an opportunity for other ministries to influence the direction of ODA policy and programmes and not vice versa.</li> </ul>

### 3.2.7. Working practices and policy-making processes

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- Obligatory inter-service consultations could be used to discuss policy coherence issues.</li> <li>- New CSP guidance specifies that CSPs should contain a 'coherence paragraph'</li> <li>- An 'extended country team' from all ministries with a policy interest in that country should produce a 'policy mix' paper alongside the CSP.</li> </ul>	<ul style="list-style-type: none"> <li>- Currently, interservice consultation is little more than a formality or rubber stamping exercise as policy decisions have already been taken.</li> <li>- It is unclear whether the CSP guidance has been implemented and whether it is owned beyond DG Dev and DG Relex.</li> <li>- There are no systematic day-to-day practices of consultation. Instead it is ad hoc and depends on individuals and their contacts.</li> </ul>		<ul style="list-style-type: none"> <li>- Country strategies do not currently cover wider policy issues, only traditional development issues.</li> </ul>	<ul style="list-style-type: none"> <li>New CAP process where different agencies work together to jointly formulate a country strategy.</li> </ul>	<ul style="list-style-type: none"> <li>- CAPs do not currently cover wider policy issues, only traditional development issues.</li> </ul>

### 3.2.8. Monitoring, accountability and lesson learning

European Community		United States		Japan	
Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD	Opportunities for greater PCD	Constraints to greater PCD
<ul style="list-style-type: none"> <li>- The Council Management Committees play a role in monitoring EC programmes and increasingly policies.</li> <li>- The Commission submits an annual progress report to the Parliament on implementation of the EC Development policy.</li> <li>- The Parliament's Development Committee is active in asking questions and often raises issues of policy coherence.</li> <li>- The EU Court of Auditors monitors the performance and efficiency of EC policy making and can be a powerful ally in achieving greater coherence.</li> <li>- The Interservice Quality Support Group (IQSG) has a role to monitor the coverage of coherence issues in Country Strategy Papers.</li> <li>- The more independent evaluation unit regularly conducts evaluations into coherence issues and is currently evaluating progress on the Maastricht 3 C's.</li> <li>- Many EC policy documents are in the public domain and discussions and debates can be traced by outside actors, who can use them for lobbying.</li> </ul>	<ul style="list-style-type: none"> <li>- The Management Committees still have limited power to enforce policy changes.</li> <li>- The Evaluation unit is fairly small and has limited capacity.</li> </ul>	<ul style="list-style-type: none"> <li>- USAID has a fairly strong internal evaluation system, which could be applied to look at coherence issues.</li> <li>- Evaluations are publicly available and can be used for advocacy purposes.</li> </ul>	<ul style="list-style-type: none"> <li>- There is no dedicated development assistance committee in Parliament, which could be active on development issues.</li> <li>- There is insufficient take up of lessons learned from evaluations.</li> <li>- Currently, evaluations are focused on traditional development topics with nothing on wider policy areas.</li> </ul>	<ul style="list-style-type: none"> <li>- MOFA, JICA and JBIC have to send annual reports to the Diet, which could be used as the basis to discuss or raise policy and coherence issues.</li> <li>- The Board of Auditors has a dedicated section to track ODA, which could be an ally in efforts to reduce inefficiencies caused by policy incoherence.</li> <li>- New mechanisms have been put in place to coordinate evaluation departments and schedules.</li> </ul>	<ul style="list-style-type: none"> <li>- There is no dedicated development assistance committee in Parliament, which could be active on development issues.</li> <li>- There is insufficient take up of lessons learned from evaluations.</li> <li>- Currently, evaluations are focused on traditional development topics with nothing on wider policy areas.</li> </ul>

## CHAPTER 4: CONCLUSIONS

### Conclusions and lessons learnt about institutional mechanisms to achieve greater PCD

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The three cases compared in this study – Japan, the US and the EC - represent very different government structures, political and administrative environments, but face very similar challenges in terms of achieving greater policy coherence for development (PCD). They are all major international players and an analysis of their wider policies suggests that these policies can impact significantly on developing countries. Hence any steps taken by these three OECD members to ensure these wider policies are adjusted to be more supportive of development objectives are likely to have a significant beneficial impact on poverty reduction. This study has taken a closer look at these cases, focusing on a number of different institutional factors, which previous experience has suggested have an important influence on the achievement or not of greater PCD. Through the use of an analytical framework, it has examined eight different institutional mechanisms, comparing and contrasting the actions and experiences of the three members. This comparison enables us both to draw a number of general conclusions about the role of institutional mechanisms in helping or hampering achievement of greater PCD and to identify a number of lessons about the specific opportunities and constraints for policy coherence created by different institutional mechanisms in particular political and institutional contexts.

#### 4.1 Conclusions

At a general level, we can draw the following conclusions from an examination and comparison of the cases of the EC, US and Japan about institutional mechanisms to achieve greater PCD:

- There is no 'one-size-fits-all' model or set of mechanisms to promote greater PCD. A particular country's approach needs to take account of lessons from other countries, but also be sensitive to the particular government structure, institutional and political context.
- At the level of government structures, a parliamentary system with a consensus culture such as that of Japan provides a more natural basis for horizontal working and policy compromise, but this needs to be worked through the administration through strong political leadership, a clear policy framework and administrative incentives.
- A federal system like that of the US faces some inherent structural constraints to achieving greater policy coherence due to strong competition between institutions. In particular, the powerful role of the legislative part of government can limit the executive's ability to put together an overall consistent, coherent policy framework.
- In an association of states such as the European Community, achievement of an objective like PCD ultimately depends on the individual commitment of member states and their ability to translate this into collective commitment. When EC development assistance objectives were officially adopted in the Treaty of Maastricht, member states came together to agree ambitious goals like PCD, providing an important yardstick for both EC and national aid programmes. However, such alliances can easily break down when achievement of these goals in practice threatens the national interests of individual member states.
- In any institutional environment, achieving greater PCD is both a political and administrative process. There is no substitute for sufficient political will and commitment at the top of the government or institution, but this must be followed through down the administrative hierarchy right down to level of individual job descriptions and day-to-day working.
- In Japan and the US, development cooperation is clearly seen as an integral part of foreign policy, which should in turn further 'national interests'. The challenge at a political level is to increase commitment to development cooperation by demonstrating why poverty reduction in developing countries is vital to world prosperity and stability and hence their national interest.
- However, in reality, development issues will always take a backseat behind core policy areas and hence it is critical for development actors to make strategic alliances with other groups, such as consumers, environmentalists, audit offices etc. to bring about changes in policy.

- In all systems, but particularly in a federal system such as the US, which is very sensitive to voter interests, it is critical to increase public awareness of an engagement in development issues, including the importance of coherent wider policies. The EC and Japan have made significant efforts in this respect, but there are real challenges for the US due to Congressional constraints on USAID's public awareness work.
- Establishing policy coherence for development as an explicit goal enshrined in policy statements and frameworks, as in the case of the EC, is an important starting point as it provides a legitimate basis for the development agency to engage in other policy areas and for other non-government development actors to lobby government. However, for concrete action to be taken, such policy statements need to be owned widely in the government or institution and adopted at all levels and across different sectors.
- All three members are making steps to improve in-country coordination and consultation with local actors. However there is a need in all cases to better integrate such field-level knowledge and experience in central policy-making. Field level actors are often in a key position to detect and analyse cases of actual or potential coherence of policies towards a developing country.
- In all cases, there is a lack of analysis of how wider policies might currently or potentially impact on developing countries in general or in specific cases. This may be due to staffing constraints (EC and the US) or a focus on traditional programme and project work (Japan and the US), but urgently needs attention at least. The goal should be to take policy decisions in full knowledge of and having weighed up the potential effects on different stakeholders in order to eliminate cases of unnecessary incoherence and put in place mitigation measures to reduce negative effects in the case of necessary coherence.
- All three members have established a number of cross-institutional working groups to coordinate policy. In some cases, some of these groups have a specific coherence mandate (e.g. the EC's RELEX group); in others they hold potential to play this role (e.g. Japan's Comprehensive ODA Strategy Board). However, it is important that these working groups have development agency membership that can input a 'development voice' in wider policy negotiations, rather than only the other way round.
- In reality, much policy development happens as part of the day-to-day working processes inside ministries and departments. It is therefore critical that higher-level policy statements are reflected in policy guidance and working practices at the lower echelons of the bureaucracy. Limited evidence suggests that guidance on policy development processes such as that developed by the EC for drawing up Country Strategy Papers may play a useful role, but it is also critical to create administrative incentives for horizontal working to ensure effective consultation takes place across an administration.
- All three members have project monitoring and evaluation systems, and have made efforts to increase the quality, transparency and independence of their evaluation units. The EC has undertaken specific evaluations of the impacts of wider policy areas on developing countries and has instituted an explicit policy monitoring and quality control mechanism. Currently this does not seem adequately staffed to play a strong role in working for greater policy coherence.

## **4.2 Lessons learnt: Opportunities and constraints for achieving greater PCD**

Following the comparison of the three members, we can identify a number of specific lessons about different institutional mechanisms that may create opportunities or constraints for greater PCD. Many of these apply in each case irrespective of the differences in government structure and environment; others are more context-dependent.

### **Opportunities for greater PCD**

#### *Institutional/government structures:*

- A lead ministry or department that has responsibility for different aspects of external policy towards developing countries can more easily work for greater coherence between these policies, but needs to ensure sufficient priority is given to development issues.

- A separate development ministry with the mandate to oversee and coordinate all aspects of development cooperation and the status to represent development interests in the government/institution .
- A central coordination unit, such as a Cabinet Office or national policy committees can play an important role in achieving greater policy coherence .
- In a regional association of states, member state voting procedures may be used by like-minded states to push through coherent policies or block incoherent policies (context-specific)

#### *Political context, commitment and leadership:*

- A strong tradition of development assistance and a supportive general public in the country or sufficient states in an association .
- A strong interest in development issues at high levels of leadership and in particular, an understanding that poverty reduction is in the national interest .
- Existing public awareness campaigns and development-related materials could be used to increase understanding of how wider policies impact on developing countries .

#### *Policy frameworks/statements:*

- An overall generic commitment to achieving coherence and consistency between different areas of government policy .
- A clear government/institution-wide commitment to PCD .
- PCD commitments are reflected in policy documents at different levels and in different sectors.
- Specific policy statements on the links between different policy areas e.g. migration and development, trade and development.
- A clear government/institution-wide commitment to the MDGs and poverty reduction in developing countries.
- Country or regional-level strategies incorporate wider areas of cooperation and policy impact such as trade, migration, technology, agriculture.

#### *Stakeholder analysis/consultation*

- Existing forums for consultation with different sectors of domestic civil society including NGOs, academics, private sector etc could be used to discuss coherence issues.
- Existing forums and processes for consultation with in-country stakeholders and partners could be used to discuss and identify actual or potential coherence issues.
- Specific public consultation on new policy proposals to invite participation and inputs.
- An active and well-informed NGO and academic community can be an important ally in putting coherence issues a government or institution's agenda.

#### *Analytical capacity/knowledge management*

- Sufficient staff with policy and analytical skills that can be tasked to work on wider policy areas and coherence issues.
- Funding of policy-oriented research programmes and short consultancies on wider policy areas and coherence issues.
- Conducting impact studies to assess the actual or current effects of different policy areas on specific developing countries.
- Internal knowledge management systems which effectively diffuse the results of analysis, research and best practice within ministries and the government as a whole.
- Programmes of technical assistance to developing countries can be extended to help them analyse and represent their own interests in wider policy areas.

#### *Policy coordination mechanisms*

- Inter-departmental working groups or task forces on wider policy areas with development agency membership could be fora to discuss PCD issues.
- Specific policy coordination bodies with a coherence or PCD mandate.
- A central Cabinet Office or equivalent tasked to coordinate policies between one or more ministries and resolve policy conflicts.
- Existing in-country agency coordination mechanisms could be used to raise and discuss potential policy conflicts and synergies.

#### *Working practices and policy-making processes*

- Existing inter-ministry consultation procedures could be used to discuss PCD issues.

- Specific guidance on policy-making processes (e.g. CSPs) that stipulates the involvement of other ministries and that coherence issues must be addressed.

#### *Monitoring, accountability and lesson-learning*

- A separate parliamentary development committee, which monitors development issues.
- Requirements to produce annual reports on development assistance could be expanded to ensure this covers coherence issues.
- An independent evaluation unit, which can be mandated to examine the impact of wider policy areas on development, perhaps in collaboration with other evaluation units.
- If policy-making documents and decisions are made available in the public domain, NGOs and other actors can use these to lobby on coherence issues at the appropriate time.

### **Constraints to greater PCD**

#### *Institutional/government structures:*

- In a federal system, a powerful legislative can limit the executive's ability to make financial and political commitments on behalf of the government (context-specific)
- The split of the ODA budget across different several agencies with separate mandates and priorities can make coordination and coherence difficult.
- The split of ODA policy and implementation between different agencies may limit the ability of policies to respond to ground-level information on possible incoherencies.
- A competitive budget process focused on the Ministry of Finance can encourage a vertical executive and discourage horizontal coordination and cooperation.

#### *Political context, commitment and leadership:*

- In a federal system short-term voter interests or external pressures can lead to rapid policy changes and make it difficult to maintain coherence (context-specific)
- In an association of states, diverse, changing national interests and multiple stakeholders can result in varying commitment levels and difficulties in finding agreement (context-specific).
- A narrow public or government conception of 'national interest' can result in development assistance being used to support other policy objectives and being less effective.
- Specific constraints on public awareness campaigns.

#### *Policy frameworks/statements:*

- Sectoral policy frameworks statements that are narrowly defined and don't refer to related policy areas or attempt to address issues of potential synergies or conflicts.
- Special policy initiatives on development that are conceived and implemented outside of the normal policy-making structures.

#### *Stakeholder analysis/consultation*

- A weakly organised NGO or academic community on development issues in general and a lack of attention to PCD issues in particular.
- Dominance of powerful domestic interest groups such as farmers, industry etc.
- Poor communication links between field level actors and headquarters can mean cases of incoherence are not picked up.

#### *Analytical capacity/knowledge management*

- Insufficient staff with policy and analytical skills due to staff cutbacks or a focus on programmes and projects.
- Weak links with the academic / NGO sectors; limited commissions of policy-relevant research.

#### *Policy coordination mechanisms*

- Inter-departmental working groups or task forces on wider policy areas do not include the development agency or development interests are represented by another ministry, such as foreign affairs which may prioritise other issues and mute the 'development voice'.

#### *Working practices and policy-making processes*

- Lack of administrative incentives for staff to coordinate with other ministries e.g. not included in team plans or job descriptions, not included in performance reviews.
- Lack of central information on the roles and interest of different units within ministries and guidance on who to contact to discuss certain policy areas.



#### *Monitoring, accountability and lesson-learning*

- No dedicated committee in Parliament dedicated to monitoring development issues.
- Lessons from evaluations are not sufficiently fed back into policy-making processes.

Finally, it is important to stress that many of the different institutional mechanisms listed above need to be combined and work together in order to achieve greater PCD. Some are alternatives, but others are vital. For example, the starting point has to be clear political commitment to PCD at the highest level of the government or institution. Without this, it is difficult to start to make progress. This has then to be reflected in policy frameworks across the government or institution and implemented throughout the administration by establishing the appropriate structures and policy coordination mechanisms, ensuring there is adequate analytical capacity and stakeholder consultation and addressing critical issues of daily working practices and incentives at the lowest levels of the administrative hierarchy. In this latter area, very little work has so far been done and it is recommended the OECD DAC commission work in collaboration with member states to look at how the more informal day-to-day working practices and policy-making processes can or could influence the achievement or non-achievement of greater policy coherence for development. It is also clear that much more work is needed to incorporate policy coherence issues within governments' results-based accountability and lesson-learning systems.

## ACRONYMS

ACP	Africa, Caribbean and Pacific
AGOA	Africa Growth and Opportunity Act (US)
CAP	Common Agricultural Policy (EC)
CFP	Common Fisheries Policy (EC)
CSO	Civil Society Organisation
CSP	Country Strategy Paper (EC)
DAC	Development Assistance Committee (OECD)
DCD	Development Cooperation Directorate (OECD)
EC	European Community
EDF	European Development Fund
ENGO	European Non-Governmental Organisation
EU	European Union
FDI	Foreign Direct Investment
GSP	Generalised System of Preferences
JICA	Japan's International Cooperation Agency
LDC	Least Developed Country
LDP	Liberal Democratic Party (Japan)
MOFA	Ministry of Foreign Affairs (Japan)
NIP	National Indicative Programme (EC)
NTB	Non-Tariff Barrier
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
MDG	Millennium Development Goal
PCD	Policy coherence for development
TCB	Trade Capacity Building
USAID	United States Agency for International Development
WTO	World Trade Organisation