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Policy Brief

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The evolving policy coherence for development.

Risk or opportunity for the EU as a development actor?

In the last twenty years, the European Union (EU) has emerged as a significant development actor, both in its own right and in its capacity as coordinator of the European development policy. In 2018, the EU and its Member States had a combined development assistance budget of around 75 billion euros making them by far the world's largest overseas aid donor. As a step in its good governance agenda, the EU has long had the ambition to render European development assistance more efficient. In that vein, it has given active support to international efforts to establish global principles of policy coherence[1] prompted by the need to improve the efficiency and legitimacy of development assistance overall. Notwithstanding strong international support for policy coherence, in practice it has proven much more difficult for the EU to improve the coherence of its development assistance. Some of these difficulties are internal and inherent to the concept of policy coherence as a governance tool, but others are due to the multiplication of the underlying rationales for the policies that the EU is pursuing abroad. In this policy brief, Anna Michalski, explores the origins and development of the EU's ambition to promote policy coherence in European development policy. The findings are based on a report, *The EU and Global Development Policy in Challenging Times,* published in 2020 by the Swedish Institute for International Affairs.

1 Policy Coherence has been defined by the OECD as the systematic promotion of mutually reinforcing policy actions across government departments and agencies creating synergies towards achieving the agreed objectives. Simply put, concrete policy measures undertaken by authorities should be calibrated towards agreed objectives and not work at cross-purpose. Policy coherence can refer to coherence among different policies as well as coherence within a single policy.

The EU and policy coherence for development

Since the launch of the global development agenda, the EU, in its capacity as a significant multilateral aid donor, has engaged with international organizations, such as the OECD and the World Bank, to formulate ways in which the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) are implemented. A significant step in this direction came with the Paris Declaration on Aid Efficiency in 2005 which subsequently became a reference point for aid agencies and development ministries in donor countries (OECD, 2008; Carbone, 2013). The Paris Declaration was followed by the Accra Agenda for Action in 2008 and Buzan Partnership for Effective Development Cooperation in 2011 which furthered the aim of aid effectiveness (OECD, 2008, 2011). Central to the achievement of reaching these ambitious declarations was the necessity to establish principles for policy coherence for development as a method to improve aid effectiveness through donor coordination and constructive engagement with recipients of aid (Carbone, 2008).

The EU welcomed the global debate on policy coherence for development as the approach lies close to its own agenda of policy coherence laid down in the Maastricht Treaty of 1993, further spelled out in the Lisbon Treaty of 2009 and its 'good governance' agenda. The EU has identified three dimensions – co-ordination, coherence, complementarity, often referred to as the three C's – where the governance of development policy may be improved. They regard 1) the overall coherence between development policy and other EU policies in regard to the objective of aid efficiency; 2) the coordination of member states' development policy regimes to achieve complementarity and reinforcement; and 3) coordinated policy objectives, more specifically poverty reduction and eradication (OECD, 2008). The EU's emphasis on good governance has raised the issue of lack of policy coherence as a dilemma likely to beset all transnational and global undertakings. On the back of the experience of having tackled poor governance in Europe, the EU institutions have been eager to engage in the debate about tangible ways in which policy coherence can improve the efficiency of European development policy.

The EU's approach to policy coherence for development was elaborated in a series of documents from the mid-2005 onwards. It was subsequently brought into the larger framework of EU's efforts to shape the global development agenda and actively pursued in Agenda 2030 and the SDGs. The European Consensus for Development (2006; 2017) outlines a strategy of European development assistance going beyond the classical notion of North-South development aid to adopt a 'Whole-of-government' approach with a focus on poverty eradication and the fulfilment of the SDGs. Regarding the three C's of good governance, the EU has taken steps to coordinate the member states' bilateral development assistance with the EU development policy, including implementing principles of cross-country and cross-sectoral complementarity for greater coherence and aid efficiency. Further, the EU delegations have been empowered to take a greater role in ensuring co-ordination with member states' embassies and development aid bureaucracies on the ground as well as assessing the complementarity of actual policies. In line with the global development agenda, the EU has argued for greater policy coherence by linking sustainable economic and social development with democratic governance, conflict prevention, human rights, political reform and gender equality.

These efforts notwithstanding, the EU needs tangible governance tools to ensure the practical implementation of coherence in development policy. One such tool is joint programming which was introduced as a way to ensure donor complementarity through joint analyses of the recipient country's development plans and activities. The initiative has been supported by EU member states as a means to enhance aid effectiveness, but, on the ground the implementation of joint planning has been impeded by member states' commercial endeavours and national aid agencies' bureaucratic interests (Carbone 2017). Another tool is impact assessments whose purpose is to assess the impact of policies other than development policy, for instance agricultural policy or trade, on development assistance so as to eliminate foreseeable detrimental effects on developing countries. However, instead of improving coherence, impact assessments have been found to perpetuate existing power asymmetries among different policy constituencies, typically characterized by a dominance of the big EU member states' development agencies, and cement the influence of bureaucratic interests of member states' development agencies vis-à-vis recipient countries' authorities and civil society (Adelle & Jordan, 2014).

Contending definitions of policy coherence for development

In order to assess the effectiveness of existing governance tools, there is a need to go back to the definitions of policy coherence as it remains a complex concept working on multiple levels and across policies (Sianes, 2017; Carbone, 2008). It comprises a dimension of internal horizontal policy coherence which concerns 1) the consistency of the aims, methods and channels within single actors' national development policies; and 2) the degree of coherence across different policies relative to an overarching goal. Policy coherence also comprises an external dimension of vertical multilevel coherence among member states in an international organization, such as the EU, and the consistency among their policies and approaches to development aid on the ground. Yet another form of policy coherence plays out on the multilateral level among international organizations, in particular the UN, the World Bank and the International Monetary Fund. Lastly, it comprises a dimension of interaction between donors and recipients as their respective ideas, norms and worldview and concrete approaches to development may differ quite substantially and potentially work at cross-purpose (Sianes, 2017: 138).

Given the complexity of policy coherence, the EU as a development actor faces a true governance challenge. Both the EU and the member states have to consider the internal consistency of their development policies and the way in which goals and interests inherent to other policies, such as trade, climate, agriculture and immigration, impact on the overall coherence of development policy and the effect on development assistance on the ground and resolve conflicting aims as they arise. In this aim, the EU through the European Commission has taken upon itself to coordinate member states' bilateral development policies towards a set of agreed principles on the European level within a common European approach to development. Likewise, ahead of international negotiations on the global development agenda the EU strive to find consensus on a joint European standpoint which may diverge significantly from great powers and other actors. The EU and the member states share competence in the area of development – i.e. they share the legal authority over development policy, although the treaties make clear that the member states can continue pursuing national development policy even in areas where the EU has developed a common stance. The special status of development policy underscores the importance of the three C's as a way to organize the coordination of European and national policies and ensure complementarity of their respective actions on the ground so that, ultimately, development efficiency is turned into a common endeavour.

However, in practice policy coherence for development is difficult to achieve not least because it conceals a number of legitimate concerns. Normally, policies contain very real and justified differences of worldviews as they reflect the underlying interests of the constituencies which support them. This concerns not only domestic or transnational functional constituencies, such as the World Bank, but also states which for historical reasons, such as decolonization, may have a very different sensitivity to policy prescriptions. Policy coherence for development therefore relies on trade-offs and prioritization among competing interests which must be settled through political processes endowed with legitimacy and justness (Carbone, 2008). As political, economic and social conditions change over time, prioritizing among competing interests must evolve and is therefore by definition a perpetual endeavour. In the current context where there is agreement across global constituencies on the importance to fulfil the SDGs, coherence trade-offs will move into the dimension of efficient and equitable implementation of policy.

Multiple rationales for policy coherence for development

In the context of development assistance, the groups affected by its consequences are far apart and the negative impact on one because of a policy that supports another may be concealed and difficult to justify. In democratic systems, the underlying justification for trade-offs and prioritization among competing policy claims ought to be transparent. Recently, however, the underlying rational of the EU's policy coherence for development has become unclear and nebulous. In fact, given a number of mostly external constraints and challenges, the EU has de facto adopted a number of rationales whose contending purposes might pose difficulties. The predicament of multiple rationales and their consequences has not yet been identified in the development literature, but deserves to be further explored and addressed with some urgency.

Trade: The EU has long-standing relations to the developing countries through the Cotonou agreement. Unlike previous agreements with the African, Caribbean and Pacific (ACP) countries, the European Partnership Agreements (EPAs), negotiated with groups of ACP countries, are drawn up on the logic and requirement of trade and have therefore lost their character as an instrument for development (Young & Peterson, 2013; Carbone, 2013). The reason for this reorientation lies in the global development agenda's emphasis on poverty alleviation for the world's poorest countries. This meant for the EU and its member states that the traditional focus on development assistance towards former colonies made much less sense, as did preferential trade with the ACP countries. In the light of this, the EU concluded the 'Everything But Arms' agreement with 48 of the world's poorest, mainly African, countries in 2001, granting them non-reciprocal market access for all goods except armaments. Also important was the pressure that the WTO put the EU under to abolish the preferential trading arrangements it accorded the ACP countries on the grounds that it was against the WTO rule of most-favoured-nation. In the EPA negotiations, the European Commission adopted a strictly trade-oriented approach as the EPAs were seen as traditional trade association agreements to the dismay of the African countries that felt disadvantaged by the agreements' weakened emphasis on developmental concerns.

Security: European Consensus on Development of 2006 spearheaded development as a dimension of the EU's foreign and security policy. It strengthened the security-development nexus by affirming that insecurity and violent conflict are amongst the biggest obstacles to sustainable development. As a result, the EU pledged to support regional organizations, primarily in Africa, in their mission for stability and conflict prevention, and boost fragile states through various forms of governance reforms (EU, 2006). The EU, in conformity with its overall foreign policy orientation, introduced stronger conditionality in the form of compliance to norms and principles such as human rights, democracy, the rule of law and good governance (Carbone, 2013). The EU's changing approach to development, reiterated in the EU strategy doctrines of 2003 and 2016, heralds a more political orientation towards developing countries, in particular in Africa, driven as much by security concerns as development (Council of the EU 2003; EEAS, 2016). African leaders resent the EU's attempts to 'steer' reforms through stricter conditionality which they believe run against its pledge on 'ownership', 'partnership' and respect for recipients' internal processes and development plans. The joint Africa-EU strategy signed in 2007, has, despite being beset by opposing perspectives and a mismatch in priorities, established itself as the primary framework for political consultation between European and African leaders on a host of difficult issues, including security and migration.

Migration: The unprecedented refugee and migratory pressures experienced in Europe during the 2010s forced a change in the EU's approach to developing countries. The emergence of the development-security-migration nexus has become a political reality with a significant impact on European bilateral and multilateral aid and the EU's relations to African states. In the wake of mounting pressure, the EU has pursued a more cautious line on migration into Europe. At the Joint Africa-EU Strategy (JEAS) Valletta summit of 2015 on migration, the EU sought the African countries' cooperation on restrictive measures, including return/readmission agreements, to stem the flow of migrants to Europe. It instated the EU Emergency Trust Fund for Africa with financial resources from the European Development Fund with the aim to address the root causes of irregular migration (Apap, 2019). The EU's insistence on short-term measures to stem the inflow of migrants to Europe risks undermining efforts to maintain a constructive dialogue with African states. To date, there has been a re-direction of development aid to war-torn regions in Europe's neighbourhood (e.g. Syria, Afghanistan, Libya, Sudan, and the Sahel) and costs to host asylum-seekers have increased significantly resulting in difficult trade-offs. European civil society consortium, Concord, estimates that a considerable part of overseas development aid of the EU member states goes towards covering in-donor refugee costs despite having decreased overall since 2015/2016 (Concord, 2019). In many European states migration has become an indicator for the allocation of development aid and many EU trust funds have a clear migration management objective (Knoll & Sheriff, 2017). The focus on the management of migratory flows has led to a distortion of the selection of recipients of aid as out of the EU's top ten recipients in 2018, five countries –Turkey, Morocco, Serbia, Tunisia and India – did not fall under the label 'economically weak' according to OECD standards.

Policy recommendations

The widening of the underlying rationale of the EU's development policy threatens its legitimacy and risks undermining the EU's ability to prioritize among conflicting policy interests and address policy objectives working at cross-purposes. This should be seen in the context of the agreement on the SDGs which on the one hand hold the seed to global policy coherence, but on the other hand also contain intrinsic trade-offs across policy areas and constituencies which need to be managed on the global level. Here the EU has potentially a very important role to play. Therefore, to improve its efficiency and relevance as a development actor, the EU should endeavour to:

- make clear the justifications that underlie policy coherence for development, including the reasoning behind trade-offs and prioritizations;
- be upfront with necessary trade-offs which may prioritize other policy concerns than development and why they have been made;
- recognize the need to constantly assess and update the grounds for prioritization;
- set up a permanent organ with the task to assess the EU's and the member states' fulfilment of the objectives of cooperation, coherence and complementarity, improve existing tools for policy coherence, and assess the European approach to the implementation of the SDGs in relation to other actors, both states and international organizations;
- step up its efforts to enlist the support of EU member states to achieve a greater degree of policy coherence and complementarity in development assistance.

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