

Introduction *Spotlight on Coherence*
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I am pleased to say a few words to introduce the report *Spotlight on Coherence*. The report has been prepared – under the auspices of CONCORD – by a coalition of NGOs working in various fields such as development, environment and human rights. This cooperation is significant in and by itself: if NGOs call on the European Union to be more coherent in its policies and actions, they have to give a good example and actively strive for more cooperation across traditional barriers between different NGO sectors. If the EU needs a *whole-of-the-Union* approach, NGOs need a *whole-of-the-civil society* approach.

The aim of the report is not to cover the whole range of policy areas to which, in our opinion, the concept of coherence applies; we simply do not have the resources to carry out such an exercise. Rather, our report is a kind of shadow report that can be read alongside the second biennial progress report on PCD that was recently published by the Commission. It puts the spotlight on a few areas that are explored in some detail. In this, we try to incorporate, as much as possible, viewpoints from the South regarding policy coherence.

For two decades now, development NGOs have called for more coherence between the professed development objectives of the EU and its policies in other areas. We have argued that coherence is simply a matter of common sense: why would you do something with your left hand to, subsequently, undo it with your right hand? If you would do that, you would waste valuable time and resources, you diminish your credibility, and you violate the basic rules for good governance. And that would be clearly incoherent: if the EU requires good governance from countries which receive EU aid, they also have to apply that principle to their own policies, of course.... ☺

The principle of coherence is supported by the Treaty of the European Union, which says:

The Union shall in particular ensure the consistency of its external activities as a whole in the context of its external relations, security, economic and development policies. The Council and the Commission shall be responsible for ensuring such consistency...(Article 3, Title 1)

The Community shall take account of the objectives referred to in Article 177 in the policies that it implements which are likely to affect developing countries. (Article 178, Title XX)

The snag is in the formulation “shall take account of”. The EU is not under any obligation to avoid a negative impact of its policies on the South.¹

¹ A Communication on EU development policy that was published a few years ago was quite explicit, or blunt if you like, about this when it said that: *It is still possible that the EU makes a political choice to go ahead with a policy despite its potentially negative, indirect and unintended impact on developing countries. In these cases, it is important to ensure that this decision is made in full knowledge of its indirect consequences.*

So you can do wrong as long as you *know* that you are doing wrong. In churchy language (which, given my background, I may be forgiven to use): you can continue to sin as long as you confess your sins.

What are the reasons for incoherence? A few factors can be mentioned.

First, there can be a real or perceived conflict of interest between different groups in society. Of course we should strengthen the position of farmers in the South but we should not forget that there are also groups of farmers in the EU, which may need support.

Second, there can be unequal power relationships between those who want to promote the interests of poor people and the lobby of, for instance, the sugar industry in the EU. Lack of knowledge of the impact of EU policies can be a third factor. Hence the importance of impact studies, preferably *ex ante* rather than *ex post*.

Fourth, sheer ignorance can play a role. When, a few weeks ago, Belgian farmers spilled their milk (or rather, the milk of their cows) on the fields as a sign of protest against low milk prices, the Belgian Minister for development cooperation, Charles Michel, observed that it would have been better to send this milk to developing countries. This is after decades of discussions about the disastrous effects of dumping food stuffs on Southern markets! ☹

Finally, incoherence may be the result of the EU's complex decision-making structure – three main institutions (Council, Commission and Parliament), and two levels, European and national. In this context it should be stressed that there are limits to what the Commission can achieve: as long as there is policy incoherence at national levels, the Commission can do little to achieve coherence at the EU level.

In my personal opinion, one of the most telling examples of incoherence is the Everything But Arms (EBA) initiative of the Commission. According to EBA, the Least Developed Countries get duty and quota free access to EU markets for all their products except arms. Leaving aside the question whether the Least Developed Countries have the intention or the capacity of exporting arms to the EU, why should that be banned whereas the EU should keep the possibility of exporting arms to them? This attitude of “do as we say but not as we do” is as incoherent as incoherence can get.....

The *Spotlight on Coherence* report gives a number of case studies both on policy areas and on (4) national situations. It acknowledges that progress has been made by the EU in the field of coherence. Suggestions are made for ways forward, not only for trying to avoid incoherence but also to actively seek the kind of coherence which would produce synergies between EU policies in different areas. It is recommended that more transparency and accountability is established, and a plea is made for a more binding approach and a complaints mechanism.

Finally, I would like to say a few words about the new Communication called Policy Coherence for Development – Establishing the policy framework for a whole-of-the-Union approach, which was published by the Commission only a few weeks ago. The proposals made in this Communication, have caused concern in CONCORD and among its members.

One of the proposals is to reduce the number of policy areas on which PCD is presently focussed from 12 to 5: climate change, global food security, migration, intellectual property rights, and security. When you realise that the most blatant examples have, in the course of time, occurred in the area of trade, you cannot but be very surprised – to

say the least – that this topic is taken off the list. Of course it can be argued that trade is somehow included in topics like global food security and intellectual property rights, but that is, in my opinion, beside the point. The main cause for incoherence is not food security but trade policies in the context of *A Global Europe* framework. You have to name the beast otherwise you may stand accused of trying to cover up the real problem. Whatever you may say about needing to concentrate, trade absolutely has to be included in the topics to concentrate on otherwise the whole exercise loses its credibility.

Another proposal made in the Communication is to adopt a 'Whole-of-the-Union' approach: financial flows in areas such as research and technology, peace and security, migration, renewable energies and climate change, should be made to work for development. In connection with this, the Commission points to the growing non-ODA financial flows to developing countries. It proposes that ODA should be used to leverage non-ODA flows and it calls this an "ODA-plus" concept.

Of course these are interesting ideas and it is true that successful development needs more than aid and ODA. Indeed, we need a Whole of the Union approach but such an approach should have the characteristics of a double/edged sword. It is not enough to focus on the question how other financial flows from the EU to the South can contribute to development. A real and honest Whole of the Union approach should also investigate how other policies of the EU and the Member States might harm the struggle against poverty, e.g. by proving tax havens for dubious financial flows from the South. Not only outflows but also inflows should be measured. A credible Whole of the Union approach is about adding up as well as about subtracting!

A major concern is that 'leveraging' may mean 'diluting': there is a danger that using ODA as a leverage will mean that the focus will not be on poverty reduction but on something else which may or may not have a long term 'trickling down' effect for poor people – like the example given in the Communication of supporting the research capacity of developing countries. When I studied monetary economics, I was taught Gresham's law: bad money drives out good money. The risk is that non-ODA money will, in the end, drive out the ODA money. A 'holistic' approach may become the enemy of a poverty-focussed approach.

Another danger is that the concept of ODA-plus will be used as an excuse for not working towards the 0.7% of GNP or even for reducing ODA below already minimal levels. It is sad to see how, in times of an economic crisis, solidarity seems to evaporate. Likewise, it is an ominous sign that EU Member States that are presently not meeting their ODA promises and are even reducing their already meagre contributions, are among the strongest supporters of the ODA-plus concept..... Those having an ODA-minus policy, argue for an ODA-plus approach!

What we need is a **real** ODA-plus approach:

- We need a **real** ODA-plus approach in which 0.7% ODA is complemented by extra new finance for climate change adaptation and mitigation in the South;
- We need a **real** ODA-plus approach which acknowledges that, in times of economic crisis, developing countries need more rather than less ODA;
- We need a **real** ODA-plus approach to make sure that the Millennium Development Goals are met in 2015;
- We need a **real** ODA-plus approach to make up for all the broken aid promises of the past;

- We need a **real** ODA-plus approach for credible EU leadership in the world today and for coherence between the professed values of the EU and the day-to-day policies.

So, let's get real and put the spotlight on coherence. Thank you very much!