



WORLDCONNECTORS THE ROUND TABLE FOR PEOPLE AND THE PLANET

## Quick Scan on Policy Coherence for Development

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### 1. Introduction - Policy Coherence for Development

Policy coherence means that different policy areas are mutually consistent and do not undermine each other. The term 'coherence' does not mean to distinguish, which interest from which department should prevail, if and when interests conflict, . In this sense the term is 'neutral' and value free. The term 'consistency' is often used to refer to this form of coherence. With 'policy coherence for development' (PCD) it is clear that development is the norm to which other policy areas have to be (or should be) adjusted to. Various countries, (like the Netherlands) and groups of countries (such as the European Union) and international organisations (like the OECD) have declared to work towards more policy coherence for development.

'Policy Coherence for Development' (PCD) was introduced in the early nineties. Development practitioners increasingly realised that the achievement of international development and poverty reduction required more than well-targeted, well-informed development cooperation policies. Policies in other areas (e.g. trade, agriculture, investment, technology, migration and environment) have great impact on development countries as well and can easily undermine (or reinforce) development efforts.

### 1.1 Definitions

De OECD uses the following definition of PCD: 'Policy Coherence for Development means working to ensure that the objectives and results of a government's development policies are not undermined by other policies of that government, which has impact on developing countries, and that these other policies support development objectives as feasible.'

The discussions in the EU in the nineties focussed on the 'three Cs': Coordination, Complementarity and Coherence. The fourth 'C', of Consistency, was considered to be synonymous with Coherence. The EU Maastricht Treaty (1992) also emphasises the importance of PCD: 'The Community shall take account of the objectives referred to in Article 130 U in the policies that it implements which are likely to affect developing countries.'<sup>1</sup> Article 130 U defines the goals of Community development policy. Development expert Paul Hoebink calls this the coherence article of the Maastricht Treaty.<sup>2</sup> The Maastricht Treaty actually does not go any further than to stipulate that development effects must be taken into account. It does not advocate that development interests must be followed through (See box 'do no harm').

During the Financing for Development Summit (Monterrey 2002) the participating countries again agreed to work on policy coherence for development. In the *Monterrey Consensus* PCD is defined as follows: 'Policy coherence means that policies do not work at cross purposes, undermining development.'<sup>3</sup>

Internationally, the goal of policy coherence for development received new impetus at the Millennium Summit, the Doha trade talks, the Monterrey Summit 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,

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<sup>1</sup> Which is article 130V: <http://europa.eu.int/eur-lex/lex/nl/treaties/dat/11992M/htm/11992M.html#0068000003>

<sup>2</sup> Evaluating Maastricht's Triple C: The 'C' of Coherence, Paul Hoebink, IOB, 2001, [www.eucoherence.org/download.do/id/100195548/cd/true/](http://www.eucoherence.org/download.do/id/100195548/cd/true/)

<sup>3</sup> Monterrey Consensus of the International Conference on Financing for Development, United Nations, 2003, <http://www.un.org/esa/ffd/Monterrey/Monterrey%20Consensus.pdf>

agriculture, health, education, the environment and development cooperation to encourage greater policy coherence in support of the internationally agreed development agenda.”

There is also a broader definition of PCD. In this definition not only foreign policies should be made coherent with development goals. The internal policy choices rich countries make should be coherent with development goals. In this ‘societal coherence’ the purchase by consumers of fair trade products can be considered as ‘coherent’, whereas buying products that are produced in developing countries under bad circumstances could be considered as incoherent behaviour.

From this perspective the concept of the ‘ecological footprint’, for example, has important aspects of coherence, in the sense that rich countries exert disproportional (and growing!) pressure on (dwindling ) natural resources, while simultaneously preventing poor countries from growing.

#### **From ‘do no harm’ to ‘do more good’**

Policy coherence for development should be more than just making sure that development objectives are not frustrated by other policies. Ideally policy coherence should mean that countries look for possibilities to make policies work for development, in fields such as trade, agriculture, migration, defence. Instead of aiming at ‘do no harm’, the aim should be ‘do more good’. For example, rich countries should not only open their markets for farmers in developing countries, they should also provide capacity development for these farmers to enable them to produce for the markets of rich countries.

### **1.2. Levels of the coherence debate**

The main challenge of Policy Coherence for Development is to balance national interests and the interests of developing countries. To what extent will Policy Coherence for Development have detrimental effects on the national sectors and to the national economy? When politicians and public services are more dedicated to PCD, they take the risk of upsetting or alienating their constituency. When concrete policy choices have to be made, the interests of poor countries easily end getting the short end of the stick. Stakeholders from poor countries can hardly have a voice in the political arena of rich countries. They cannot protest in person, they cannot rally in Amsterdam, Brussels, London or Washington when measures are considered that will harm their interests.

This is precisely why the discussion whether there should be a ‘Minister’ or a ‘State Secretary’ for development cooperation (which is a continuing debate in the Netherlands) is relevant. It is linked with the issue of coherence: a powerful Minister of Development Cooperation can defend the interests

of development countries at the cabinet level. It is essential that the debate about development does not end at the level of development cooperation, but is continued in other policy areas.

Apart from that, policy incoherence does not always imply a clash of interests. Incoherence can be the consequence of policies that simply are not being linked or the lack on knowledge on policy outcomes can lead to policy incoherence. In sum, incoherence can be divided in two categories: intended incoherence and unintended incoherence.<sup>4</sup>

Unintentional incoherence is mainly an issue of imperfect management of the civil service or ignorance of other actors. Solving this requires - to a great extent - a technocratic approach.

Departments need to be connected, departments and information on the consequences of certain behaviour needs to be available.

Intentional incoherence is the consequence of (deliberate) political choices. Getting rid of this type of incoherencies is essentially a political decision, where differences of interests need to be formulated clearly and – with information, lobby and political pressure etc – balanced differently. In this last phase it is crucial to involve other actors than civil servants. PCD is a challenge that relates – in different degrees – to all actors in a society.

Through the process of globalisation local choices easily have global consequences. It is increasingly a responsibility for all stakeholders to take into account what the global consequences are of decisions made by governments, companies, organisations and individuals. Particularly poor countries lack opportunities to defend themselves against the detrimental consequences of globalisation. Nor are these countries capable to benefit from the gains of globalisation. PCD is an essential part of the worldwide ambition to achieve ‘globalisation with a human face’.

**In this Quick Scan we distinguish four levels of PCD:**

- 1) Policy coherence within development cooperation.

When do different aspects of development cooperation work against each other? In which cases is aid counterproductive? This level relates to the quality and effectiveness of aid, and is therefore sometimes not seen as part of the debate on PCD.

- 2) Policy coherence within foreign policy.

Is the general foreign policy of a country as a whole pro poor? Is there coherency within the traditional foreign affairs triangle: diplomacy, development cooperation and the military?

- 3) Policy coherence in the broader sense

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<sup>4</sup> Evaluating Maastricht’s Triple C: The ‘C’ of Coherence, Paul Hoebink, IOB, 2001, [www.eucoherence.org/download.do/id/100195548/cd/true/](http://www.eucoherence.org/download.do/id/100195548/cd/true/)

This level relates to the classic definition of PCD: What influence do other policy areas, such as trade, agriculture, migration, environment, have on development countries? This level includes all policy areas that can have any influence on development countries.

#### 4) Societal Coherence

This is a relatively new and little used interpretation of the term coherence. How do NGOs, civilians, companies, churches and consumers influence through their behaviour and choices the opportunities of poor countries to develop?

Evidently, these four levels cannot be completely separated. On all levels there is some overlap. Consumers, for example, can only adjust their behaviour – buying sustainable fair trade products – when there are visible hallmarks. To realise a reputable system of hallmarks, you need pressure of the government and NGOs on companies. But it also works the other way around: consumers can pressure the government by demanding fair products.

### 1.3 The Netherlands

Often the Netherlands is seen as a frontrunner in the area of PCD. The last couple of years the Netherlands has earned a place at the top of the Commitment to Development Index (CDI)<sup>5</sup>, established by the Centre for Global Development. The CDI ranks 21 rich countries on how much they help poor countries build prosperity, good government, and security. According to the Centre for Global Development, the Netherlands has become (between 2003 and 2006) more coherent in the areas of investment, trade and environment, but became less coherent in its development cooperation and migration policies. Overall, the Netherlands did not realise more coherent policies over the last couple of years. The top ranking of the Netherlands can to some extent be explained by the lack of progress in the coherence of other rich countries<sup>6</sup>.

For the most part the coherence agenda is a reflection of the ‘trade not aid’ debate that was started by Unctad in the sixties. In the Netherlands, Jan Pronk embodies of this debate. In his second period as a Minister of Development Cooperation (1989-1998) Pronk placed PCD higher on the political agenda, mainly by advocating a prominent place for PCD in the Maastricht Treaty.

His successor Eveline Herfkens further institutionalised the coherence agenda. She initiated a special Coherence Unit, which has built up a caseload of PCD-cases in Europe and the Netherlands.

Her successor Agnes van Ardenne also valued PCD. Her specific points of interest were defence and agriculture. She stated in her most important policy briefing ‘Aan Elkaar Verplicht’, that the

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<sup>5</sup> See: [www.cgdev.org/section/initiatives/\\_active/cdi](http://www.cgdev.org/section/initiatives/_active/cdi)

<sup>6</sup> The Netherlands is being followed by the ‘usual suspects’ Denmark, Sweden and Norway

Netherlands would commit itself to maintaining the lead in the CDI-index and to improve its performances.

The coherence agenda also fits the strategy of current Minister for Development Cooperation, Bert Koenders. PCD plays an important role in his memorandum 'A good development. International cooperation in social-democratic perspective'<sup>7</sup>, which appeared at the end of 2005 under the leadership of – at that time member of Parliament – Bert Koenders: "Coherence must be the responsibility of all departments. Currently, some ministries are not aware of the impact their policy has on the opportunities of poor countries to develop. The complete Dutch government has endorsed the Millennium Development Goals and therefore has to put this coherence goal into practice as a whole, as stipulated in Millennium goal 8."

Organisations such as the Evert Vermeer Stichting, BBO, Hivos and Partos have drawn attention to the fact that coherence is not mentioned in the coalition agreement of the new Dutch government Balkenende IV, as it was in earlier coalition agreements.

#### **1.4 Europe**

In 'The European Consensus on Development' in 2005, the member states of the European Union agreed on several commitments, This document formulates a policy view, policy goals and an action plan for the development policy of the member states. It is endorsed by the member states, the European Parliament and the European Commission.<sup>8</sup>

With respect to Policy Coherence for Development, the document states: "The EU is fully committed to taking action to advance Policy Coherence for Development in a number of areas. It is important that non-development policies assist developing countries' efforts in achieving the MDGs. The EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries. To make this commitment a reality, the EU will strengthen policy coherence for development procedures, instruments and mechanisms at all levels, and secure adequate resources and share best practice to further these aims. This constitutes a substantial additional EU contribution to the achievement of the MDGs." In spite of these nice words, there is a lot of criticism on the lack of coherence within the common European policy. The Common Agricultural Policy (CAP) in particular is a classical and succinct example of policy incoherence.

It seems that the expansion of the European Union affects progress in the debate on PCD. A lot of the new member states hardly have any experience with development cooperation. Because they barely

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<sup>7</sup> Download at:

<http://www.evertvermeer.nl/renderer.do/menuId/237907/clearState/true/sf/237966/returnPage/237966/itemId/77739/realItemId/77739/pageId/237965/instanceId/238051/>

<sup>8</sup> The European Consensus on Development, December 2005 (OJ 2006/ C 46/01)

have any development policy, it is almost impossible to adjust policies of other areas according to the development objectives.

### **1.5 Coherence and the Millennium Development Goals (MDGs)**

According to most development experts, policy coherence is a condition to reach the MDGs. The paper 'A good development' states for example: "Sustainable poverty reduction and achieving the MDGs require an integrated, international approach of trade, investment, international security, preservation of our social environment and development cooperation."<sup>9</sup> The coherence agenda is articulated in MDG 8 (Develop a global partnership for development) and in target 12 (Develop further an open, rule-based, predictable, non-discriminatory trading and financial system). However, it is remarkable that the term 'Policy coherence for development' is neither mentioned in the MDGs, nor in the 18 targets, nor in the 48 indicators. Nevertheless, PCD is mentioned as one of the most important conditions to reach the MDGs in the 'Millennium development goal 8, Progress report by the Netherlands 2006'.<sup>10</sup>

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<sup>9</sup> From: 'Een goede ontwikkeling. Internationale samenwerking in sociaal-democratisch perspectief'. Download at: [www.pvda.nl/.../200001362/itemId/220059218/realItemId/220059218/pageId/200001377/instanceId/200001356/](http://www.pvda.nl/.../200001362/itemId/220059218/realItemId/220059218/pageId/200001377/instanceId/200001356/) - 23k -

<sup>10</sup> Millennium development goal 8, developing a global partnership for development, Progress report by the Netherlands 2006, Ministry of Foreign Affairs, 2006

Is development cooperation working as it is supposed to? Will the international community reach the MDGs? Are there incoherencies between the various instruments of development cooperation?

Over the last few years, the emphasis in development cooperation has been on increasing the effectiveness and quality of aid and to have it controlled through planning, monitoring and evaluations.<sup>11</sup> The (new) Directorate Effectiveness and Quality (DEK) of the Ministry of Foreign Affairs has the responsibility to improve the quality of aid. Incoherent development policy is the opposite of quality improvement and more effective aid.

At this level we can also distinguish between intentional incoherence and unintentional incoherence. The unintentional incoherencies are the unforeseen effects of development aid, such as growing aid-dependency. With regards to intended incoherence the donor country is aware of choosing a less effective form of aid. Tied aid is an example where donors knowingly choose a less than optimal form of aid. The disproportionate pressure donors exert on the little capacity of receiving countries through, for example, their elaborate reporting demands is a form of intentional incoherence. Minister Herfkens in particular devoted herself to getting rid of incoherencies within the sector development cooperation.

The focus on poverty is another important element in the discussion on coherence. Development aid is not always invested in the poorest countries or at the poorest parts of society within countries. Bilateral aid is often given for geo-political, economic or cultural reasons. And even reasons of effectivity have lessened the poverty focus of aid: countries with 'good governance' qualify for aid, badly governed countries often do not. Yet, at the same time there is a strong correlation between poverty and bad governance.

The 2005 report of the Dutch ministerial Inspection Development Cooperation and Policy Evaluation (Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie, IOB) concluded that the 'Sector Wide Approach' chosen by the Dutch department diminished the poverty focus of Dutch development policies.<sup>12</sup> Dutch development specialist Dirk-Jan Koch recently stated that most NGOs do not 'fill the gap' left behind by the Dutch ministry when it adopted this sectoral approach. NGOs tend to follow the ministry: there is no 'natural division of labour' in the sense that bilateral aid focuses on the well-governed countries and NGOs focus on the poor countries with bad governance. In fact, this

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<sup>11</sup> For example 'Aan elkaar verplicht' 2003  
[http://www.minbuza.nl/nl/actueel/brievenparlement,2003/10/kamerbrief\\_aan\\_eerste\\_en\\_tweede\\_kamer\\_over\\_de\\_notitie\\_aan\\_elkaar\\_verplicht\\_bijlage.html#a2](http://www.minbuza.nl/nl/actueel/brievenparlement,2003/10/kamerbrief_aan_eerste_en_tweede_kamer_over_de_notitie_aan_elkaar_verplicht_bijlage.html#a2)

<sup>12</sup> The IOB study 'Van Projecthulp naar Sectorsteun: evaluatie van de sectorale benadering 1998-2005' can be found at: [http://www.minbuza.nl/nl/organisatie/evaluatie/IOB\\_afgeronde-onderzoeken](http://www.minbuza.nl/nl/organisatie/evaluatie/IOB_afgeronde-onderzoeken)

agreement on complementarity between the ministry and NGOs was never made. In the past, thematic co-financing was limited to organisations that followed regional and thematic choices made by the Department of Development Cooperation.

PCD is also negatively affected by the lack of complementarity, harmonisation and coordination of different aid efforts. Donor agendas play an important part in targeting development coordination efforts. This applies to donors at all levels: multilateral, bilateral, NGOs, and even aid efforts by individuals.

An important step in increasing the effectiveness of development cooperation (and therefore increasing coherence) was made during the High Level Forum Towards Enhanced Aid Effectiveness in Paris 2005. In the '*Paris Declaration*' participating countries, international organisations and NGOs promised to enhance donor coordination and accountability, to harmonise the procedures, to invest more effort in national development strategies, etc..<sup>13</sup>

## **2.1 Tied aid**

For many years there has been an international debate about tied aid. Analyses show that developing countries that have the freedom to decide how to spend their donor money are better off than those who are compelled to spend their donor money on goods and services provided by donors themselves. The OECD estimates that the costs of the services and products are 15 to 30% higher when the aid is tied.<sup>14</sup> Currently OECD estimates that almost 60 % of Official Development Assistance is tied<sup>15</sup>, which results in a loss of many billions of aid dollars. Moreover, tied aid is incoherent with 'ownership', as is preached by donors, according to which governments of developing countries should be in the 'drivers' seat', choosing their own priorities. Tied aid is mainly about the interests of the donor country. In some cases, though, tied aid is chosen to prevent corruption and the use of donor money for different purposes.

Despite the effort of former Minister Herfkens, amongst others, the Netherlands still partially gives tied aid. 'ORET' (a Dutch acronym for Ontwikkelingsrelevante Exporttransacties, or Development-Related Export Transactions) is the best known, albeit small, example. With the ORET-instrument<sup>16</sup> the Netherlands finances developing countries so they can buy capital goods or services from Dutch companies, provided that they are relevant for the development of their country.

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<sup>13</sup> For example: <http://www.aidharmonisation.org/>

<sup>14</sup> The Tying of Aid, OECD, 1991, <http://www.oecd.org/dataoecd/16/56/29412505.pdf>

<sup>15</sup> OECD Journal on Development, Development Co-operation Report 2005. Download at: [http://www.oecd.org/document/35/0,2340,en\\_2649\\_201185\\_36052835\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/35/0,2340,en_2649_201185_36052835_1_1_1_1,00.html)

<sup>16</sup> For more information: [www.oret.nl](http://www.oret.nl)

Since February 2005, there is an untied version of ORET for all transactions to the Least Developed Countries (LDCs), in accordance with OECD-agreements. In a letter to the Parliament on 29 June 2007, Koenders writes he wants to adjust ORET 'to improve the sustainability and the development relevance.'<sup>17</sup> This was primarily in response to the advice of the Advisory Council on International Affairs (AIV), which concluded that ORET-projects scored less on poverty reduction. At the end of July, Minister Koenders announced that there will be a (temporary) stop on new ORET-obligations in 2008 and 2009.<sup>18</sup> The Dutch business sector opposes the remodelling or the abolishment of ORET.<sup>19</sup> In particular, VNO-NCW and the Ministry of Economic Affairs (BEB) are lobbying for preserving (or even expanding) this instrument.

Recently it was announced that in spite of earlier reports, spending under the ORET-programme will continue after 2007.

According to some, the money the Dutch government spends through the co-financing system and on development institutions based in the Netherlands, should also be considered a form of tied aid.

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<sup>17</sup> <http://www.minbuza.nl/nl/actueel/brievenparlement.2007/07/Kamerbrief-inzake-private-sectorontwikkeling-in-on.html>)

<sup>18</sup> <http://www.fme.nl/Download/Nieuws/ORETbrf%20Koenders%20aan%20Vz%20VNO-NCW.pdf>

<sup>19</sup> Letter to Minister Koenders to preserve ORET: [http://www.fme.nl/Download/Nieuws/CEO-brief%20Koenders%20DEF%20\(2\).pdf](http://www.fme.nl/Download/Nieuws/CEO-brief%20Koenders%20DEF%20(2).pdf)

### 3. Level II - Coherence in Foreign Policy

In the Netherlands, foreign policy is spread out over various departments: the Ministry of Foreign Affairs, including Development Cooperation, and Defence. These Ministries have their own goals, viewpoints and instruments. It is essential that the policies within this 'foreign triangle' support, complement and strengthen each other.

In 1995 the 're-evaluation process' started, in order to create improved cooperation in this triangle. The main goal of this operation was 'decompartmentalisation' of the Ministry of Foreign Affairs. The Ministry was strongly divided between the 'M-side' (the diplomats under the Minister of Foreign Affairs) and the 'R-side' (the development workers at the Directorate-General for International Cooperation). Coherence was hardly a matter of discussion, because of the great distance, the different goals and the lack of cooperation between both groups of civil servants.

An important part of the re-evaluation process was the creation of the Homogeneous Budget for International Cooperation (HGIS). Within HGIS the foreign activities of various departments are joined together and are assessed in relation to each other. The main focus of HGIS is to improve the cooperation and synchronisation of international cooperation. Through this focus, HGIS has become an important instrument to stimulate integrated and coherent foreign policy.

The annual HGIS-report subdivides the official ODA-expenses (expenses that meet the criteria for official development assistance) and other expenses for international policy (non-ODA).

#### **3.1 Defence and development cooperation**

In recent years there is a growing emphasis on the relationship between security and development. Development is deemed impossible without security. Peacekeepers spend a substantial part of their time on rebuilding activities. The goals of the military and development workers bear more resemblance than was imaginable a couple of years ago.

At times the responsibilities, roles and tasks of the different ministries, are unclear. The integrated approach – better cooperation, effective policy and more coherence – has to solve this problem. The policy paper 'Reconstruction after conflict', written by the ministries of Foreign Affairs, Defence and Economic Affairs (2005) states: 'The execution of an integrated policy demands a specific policy, organisational and financial design on a national and an international level.'<sup>20</sup>

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<sup>20</sup> Notitie 'Wederopbouw na conflict', Ministeries van Buitenlandse Zaken, Defensie en Economische Zaken, 2005, [http://www.mindef.nl/binaries/Wederopbouw%20na%20gewapend%20conflict\\_tcm15-61027.pdf](http://www.mindef.nl/binaries/Wederopbouw%20na%20gewapend%20conflict_tcm15-61027.pdf)

As a consequence of the integrated approach, consultations intensified between Defence and Foreign Affairs (Development Cooperation) about aspects of rehabilitation. Examples are the SMO (Stuurgroep Militaire Operaties), the IO CIMIC (Interdepartementaal overleg Cimic) and the Stability Fund Committee. Further evidence of the increased inter-departmental deliberations is the deployment of a military advisor at the Ministry of Foreign Affairs and the participation of the Ministry Defence in the Stability Fund.

The connection between security and development received political attention during Pronk's period as a Minister, in the early nineties. This disappeared with Herfkens, who focussed on countries with good governance. Van Ardenne put the connection between security and development back on the agenda, reasoning that development is impossible without security. An important contribution of Van Ardenne was the creation of the 'Stability Fund' [see box]. Evidently, the current minister Koenders will invest as well in coherence between the policy areas of development cooperation and defence. For more information on the international debate about security and development see the Worldconnectors Quick Scan on Human Security.<sup>21</sup>

A relatively new term, as a result of the integrated approach, is the '3-D approach'. The three 'D's' are: diplomacy, defence and development, which need to be used – integrated and coherent – in areas in conflict. According to the Minister of Foreign Affairs, Verhagen: "The 3-D approach is a result of our integrated foreign policy, where three pillars of security, development and diplomacy, strengthen each other."<sup>22</sup> Policy coherence for development is not the only argument for using the 3-D approach, Verhagen admits, it is also born out of self interest. Bringing development to (post-) conflict countries will abate the processes of radicalisation and possible terrorist attacks in the West.

This explicit Dutch self-interest, as put forward by minister Verhagen, could influence the choice where the Netherlands decides to intervene. And therefore, it can be argued, Dutch soldiers will presumably not be deployed in regions such as sub-Saharan Africa, e.g. Congo or Darfur. In addition, many insiders observe that development cooperation, especially in the Van Ardenne years, did not play a big role in Dutch peace keeping operations. So the 3-D approach is possibly missing a 'D'.

### **3.1.1 Military missions and ODA**

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<sup>21</sup> Download at: <http://www.worldconnectors.nl/index.php?id=12>

<sup>22</sup> Download at: <http://www.minbuza.nl/nl/actueel/speeches,2007/05/Over-de-dijken-de-wereld-in---morele-ori-ntatie--r.html>

The debate about the costs of peace missions is partially a debate about the contamination of Official Development Aid (ODA): can the money for development cooperation be used for military expenses or not. This debate is ongoing since 1989.

The opponents of 'contamination' claim the Netherlands will not meet the norm of 0,7% ODA, if and when military expenses are paid for by development cooperation. Shifting military expenses under ODA would be tantamount to opening a Pandora's Box. Countries such as the USA could shift considerable parts of their defence budgets under ODA.

The advocates of a more flexible ODA argue that military ODA-budgeting is indispensable for a successful integrated approach. They argue that 'Defence' has a structural budgetary deficit, while the budget for development cooperation increases annually (because it is linked to the GNP).

In OECD-DAC circles the argument of 'contaminations' of the ODA-definition are usually turned down. However, in 2005 there were several activities added to ODA, mainly because of an initiative of Van Ardenne:

- democratic control and management of security expenditure;
- enhance civil society's role in the area of security;
- support legislation to prevent the recruitment of child soldiers;
- improvement of democratic governance in the security sector;
- non-military activities related to peace building, conflict prevention and conflict resolution;
- and
- control, prevention and reduction of small arms.

#### **Stability Fund**

The 'who pays what' debate is focuses mainly on the 'grey areas'. For example, the question who will pay for the demining of a post-conflict area? In 2004, a Stability Fund was created, managed by the Ministries of Foreign Affairs and Development Cooperation, together with observers of the Ministry of Defence. The fund enables a rapid, targeted use of financial resources to support activities in the overlapping area between defence and development,<sup>1</sup> such as support for peace processes, payment for observers and experts in the field of crisis control, disarmament, demobilisation and reintegration, reformation of the security sector, demining, the reduction of small arms and the stimulation of military peacekeeping activities in developing countries.

### 3.1.2. More than a financial debate

The debate about the cooperation between the ministries in the 'foreign triangle' is definitely not only about money. Development experts fear they will lose their independency and neutrality, when aid is politicised. And this puts their people in harm's way. During the military missions in Iraq and Afghanistan the Netherlands operated openly under the auspices of the United States, and in accordance with Bush' 'War on Terror'. Development workers who worked *en marge* with the Dutch troops – in line with the new integrated approach – risk becoming part of the conflict and as a consequence risk losing their independence. Organisations such as MFS (Médecins sans Frontières, Artsen zonder Grenzen) and Oxfam Novib underline the importance of a strict separation of roles and responsibilities between aid workers and the military, and therefore are hesitant about every form of cooperation with the military. Other organisations, such as ICCO and Cordaid, are more open to cooperation with Defence, but are critical about the military logic that dominates during peace keeping ('3-D') missions. The two ministries often have the same goal – stimulating peace, security and rehabilitation – but employ a different approach, which seems to frustrate policy coherence. For example, there was a debate between Minister van Ardenne and Minister Kamp of Defence in January 2006, about the cultivation of poppy in Afghanistan. Dutch soldiers were helping to destroy the plants, because the Afghan authorities claimed the base material for heroine was financing the Taliban resistance. Van Ardenne, on the other hand, feared the farmers would turn against the Dutch soldiers, who were seemingly destroying their source of income. She thought it wise to focus on providing alternative sources of income. In this case, they had opposing views and the Minister of Defence 'won' the argument.

#### 4. Level III - Policy Coherency for Development, the broad agenda

The term PCD is usually refers to the aim that government policies in all fields must be coherent with the development goals and development cooperation policies. This is the most established level of PCD, and also the main target of the Coherence Unit at the Dutch ministry of Foreign Affairs.

Incoherencies within development policies can also be expected within agricultural policies and international economic relations. Incoherencies within migration policies are relatively new.

Environmental policies can also easily conflict with development goals, for example in the case of bio fuels (see below). The discussion on 'ecological footprints' touches on the coherence debate too: does the current intensive exploitation of natural resources by rich countries allow poor countries room for development? Should poor countries be allowed to exploit their natural resources for the sake of economic development in the same way rich countries have done (and still do)?

In 2005, the European Commission paper on 'Policy Coherence for Development- Accelerating progress towards attaining the MDGs' identified PCD commitments on twelve issues: trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation, migration, research and innovation, information society, transport and energy.

##### **4.1 International Trade**

International trade is probably the most important source of incoherent policy with respect to development. Ultimately, many PCD cases relate to trade issues; trade concerns are often hidden behind agricultural policies, fisheries, international copy rights, EPAs, and even environmental issues. For many decades negotiations on the rules of international trade have been going on, with limited progress in these fields.

The current Doha Development Round of the World Trade Organisation aims to lower trade barriers around the world, permitting free trade between countries of varying prosperity, yet simultaneously allowing certain exceptions for developing countries to foster local development. In 2006, talks stalled over a divide between the developed nations, led by the European Union, the United States and Japan and the major developing countries (represented by the G20 developing nations), led mainly by 'rich' developing countries such as India, Brazil, China and South Africa.

The Doha round began with a ministerial level meeting in Doha, Qatar in 2001, with subsequent ministerial meetings in Mexico (2003), and Hong Kong (2005). The round was to be concluded in four years (December 2006), but after the last conference in Potsdam, in June 2007, there was still no

agreement. In the fall of 2007, negotiations will take place in Geneva, with hope for an agreement to be reached by the end of the year.

The Netherlands, as a trading nation, benefits from free trade. But at the same time it provides protection of its own industries (e.g. agricultural industry), mainly through the EU. The EU Commission represents the EU-member states at all WTO-negotiations. The EU-position on all relevant issues is prepared in Brussels. The Ministry of Economic Affairs (BEB) represents the Netherlands. The Dutch position is prepared by all relevant ministries, with the ministry of Foreign Affairs represented by the Directorate European Integration (DIE/EX).

## Case

### **Economic Partnership Agreements (EPAs)**

The European Union is currently negotiating with the ACP countries<sup>23</sup> on new trade agreements, as a follow-up to the 2000 Cotonou Agreement. The 'Economic Partnership Agreements' (EPAs) are meant to liberalise the trade between the EU and the ACP countries and to make sure that the agreements do not violate WTO-rules. Goal of the EPAs is to integrate the ACP-countries into the world economy, and to ensure sustainable development. The negotiations are supposed to be concluded this year (2007) and the EPAs must be implemented between 2008 and 2020.

The EPAs are supposed to offer advantages for developing countries: attractiveness for investors, competitiveness, more international and regional trade, scale advantages etc. However, the problem is, that most ACP countries lag behind, and may not be able to cash in on the advantages. The ACP countries prefer the EPAs to be an instrument for development, upholding the existing trade preferences and allowing them possibilities to protect national and regional markets. But the negotiating power of developing countries is very weak<sup>24</sup>. The EU also exercises pressure on the governments of ACP countries by promising aid (through the European Development Fund) as a bargaining tool.

The negotiations are not going very smoothly, and if they are not concluded by the end of January 2008, the current trade relations can be declared 'illegal' and in violation of WTO rules.

Minister Koenders stated in March 2007 that, according to the Netherlands, the EPAs should be asymmetrical with regard to the level of openness of their economies. ACP countries should be allowed to exempt certain products from the free trade regime if these products are essential for local

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<sup>23</sup> The former colonies (in Africa, the Caribbean and the Pacific) of EU-member states.

<sup>24</sup> See: *Waarom de EU benadering ten opzichte van regionale handelsovereenkomsten met ontwikkelingslanden slecht voor ontwikkeling is*, CONCORD Cotonou Werkgroep, Januari 2004, [http://www.bothends.org/policy/euacp-EPA\\_FTA\\_finaal.pdf](http://www.bothends.org/policy/euacp-EPA_FTA_finaal.pdf), and 'The risks and dangers of liberalisation of services in Africa under EPAs, SOMO briefing paper, September 2006, [http://www.somo.nl/html/paginas/pdf/EPA\\_paper\\_risks\\_2006\\_NL.pdf](http://www.somo.nl/html/paginas/pdf/EPA_paper_risks_2006_NL.pdf), and <http://www.vredeseilanden.org/emc.asp?pageId=2421>,

food security, rural development and the subsistence of large parts of society. Furthermore, the Netherlands think ACP regions should be allowed to protect themselves against dumping and subsidised exports. Finally, Koenders feels that rules of origin must be simplified and handled less strictly.<sup>25</sup>

#### **Case: *Illegal logging***<sup>26</sup>

Illegal logging is one of the main reasons for the loss of tropical rain forests. The Netherlands is a major donor (in 2005: 64 million Euro) in the protection of tropical rain forests, but has not drafted legally binding policy measures against the import of illegal timber.

Illegal logging is related to the degradation of forests, loss of biodiversity, violations of human rights and organised crime. According to the World Bank, governments world wide miss out on some 8 billion dollars in revenues because of illegal logging.

The 1991 Government Position on Tropical Rain forests (RTR) clearly states that the Dutch government will oppose illegal logging and trade in illegal timber, yet at the same time more than half of the timber imported into the Netherlands comes from high risk countries. Recently Greenpeace drew attention to the situation in the Democratic Republic of Congo (DRC), where the tropical rainforest is disappearing quickly<sup>27</sup>. A share of the (illegal) Congolese wood is sold on the European market.

The Dutch minister for Agriculture, Gerda Verburg, has recently agreed to take steps to stop the trade in illegal timber, where her predecessor, minister Voerman, maintained the position that WTO rules would interfere with attempts to stop trade in illegal wood.

## **4.2 The EU Common Agricultural Policy**

The Common European Agricultural Policy (CAP) is a classic example of policy incoherence. Economic powers, such as the EU and the US, traditionally protect their own farmers against competition from abroad, and at the same time subsidise their farmers, which allows them to produce at a cheaper rate than competing countries, for example developing countries. In addition, dumping – the selling of surplus agricultural products on the world market below cost price - is a common practice, thus bringing world market prices down and making it impossible for other producers to compete.

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<sup>25</sup> Kamerbrief inzake Geannoteerde agenda van de informele bijeenkomst van Europese bewindspersonen verantwoordelijk voor ontwikkelingssamenwerking d.d. 12 en 13 maart 2007, 5 maart 2007, kamerstuk, Nederlandse Ministerie van Buitenlandse Zaken

<sup>26</sup> See also:

<http://www.coherentie.nl/renderer.do/menuId/231602/clearState/true/sf/231602/returnPage/231602/itemId/412417/realItemId/412417/pageId/231655/instanceId/231755/>

<sup>27</sup> <http://www.greenpeace.nl/news/greenpeace-heeft-bewijs-illega>

**Case: Cotton**

For large parts of Western Africa cotton is an important source of income. However, the subsidies that European cotton farmers (800 million Euro annually) and American farmers (3 to 4 billion Euro annually) receive from their governments have led to low prices on the world cotton market. This means that West African cotton farmers cannot sell their cotton on the world market. This loss of income renders aid efforts useless. For example: in 2001 Mali received 37 million dollars development aid from the US government, but the drop in cotton prices meant a loss of 43 million dollars in income. Countries such as Greece, Spain and Portugal are the main cotton producers in Europe. Again, this forms a classic example of policy incoherence. Rich countries invest aid money in the agricultural sector in developing countries, but at the same time, through dumping surplus and through subsidies, and income support for their own farmers, they obstruct access of developing countries to profitable markets. The US also stipulate that clothing exporters to the US can only profit from low importing levies if they use American fibres.

In 2006 cotton subsidies in Europe were partially de-linked. This means that, instead of receiving subsidies linked to the amount of cotton produced, farmers receive income support regardless of their production size. This is meant to counter overproduction, but it is still not clear if this actually relieves the situation of West African cotton producers.

The US also provides export subsidies that compensate farmers for the difference between the local cotton prices and the price of the world market.

The total amount of subsidy for farmers in western countries has not decreased. African cotton producers still cannot compete on the world market.

**4.3 Finance****Case: Export Credit Insurance**

A well-known incoherence case is the matter of debt forgiveness resulting from Export Credits. These are the payment risks Dutch companies run when exporting to developing countries. Dutch companies are often ensured for these risks. If a Dutch company is not paid by its business partner from a developing country, the Dutch state will compensate the company and take care of the outstanding debt. In some cases these debts prove non reclaimable, and then the bill will be settled by the Ministry of Development Cooperation, regardless if the transaction contributed to (sustainable) development.

This practice is in violation of the 'Monterrey Consensus' that stipulates that this type of debt forgiveness cannot be considered ODA.

In the Netherlands two ministries oppose each other on this point: the department of Development Cooperation and the Finance Ministry. The Finance Ministry is often criticised for not being open on the exact data regarding Export Credit Insurance. How much money are we talking about? How much is covered by the insurance premiums paid by companies? At the moment the ministers of both departments belong to the same party (Labour). It is unclear if this fact will change the ongoing discussions about this issue. As of June 2007, Finance minister Bos still maintained the same arguments as his predecessor Zalm, holding that Development Cooperation should pay for the debt forgiveness of Export Credit Insurances.

#### **Casus: *The Netherlands a tax haven?***

A 2006 SOMO report<sup>28</sup> qualifies the Netherlands as a tax haven. Our country explicitly offers companies, who would not otherwise seek to be resident here, the means to reduce their tax charges on interests, royalties, dividend and capital gains income from foreign subsidiaries. More than 20,000 'mailbox companies' chose to route financial flows through the Netherlands purely for fiscal reasons, according to SOMO, and this number is increasing rapidly in recent years. Our country benefits, due to increasing the tax from corporate income and it benefits from the employment that this generates in the trust and tax consultancy sector. "The tax haven features of the Netherlands also facilitate money laundering and attract companies with a dubious reputation", the report adds.

The Dutch tax policies facilitate companies from all over the world to evade paying taxes elsewhere, also in developing countries. This makes Dutch tax policy inconsistent with its policy on development assistance and its associated high contribution to financing the achievement of the Millennium Development Goals (MDGs).

#### **4.4 Labour migration<sup>29</sup>**

In 2005, the Global Commission on International Migration (GCIM) published its final report: 'Migration in an interconnected world: New directions for action'<sup>30</sup>. This report underlines the potential positive effects of labour migration on development and pleads for a more flexible arrangement to facilitate (temporary or rather circular) labour migration.

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<sup>28</sup> The report 'The Netherlands, a Tax haven?' can be downloaded at: [www.somo.nl](http://www.somo.nl)

<sup>29</sup> See also the Worldconnectors' Quickscan on international migration. Download at: [www.worldconnectors.nl](http://www.worldconnectors.nl)

<sup>30</sup> Download at: <http://www.gcim.org/en/>

The nexus between migration and development is also recognised in the Netherlands. The Advisory Council on International Affairs (AIV), in response to a request by former minister Van Ardenne<sup>31</sup>, states in its report 'Migratie en ontwikkeling: de samenhang tussen twee beleidsterreinen'<sup>32</sup> that the restrictive migration policies of the Netherlands hinder the development opportunities of developing countries, who rely on remittances and knowledge transfer. On the other hand, development policy incoherencies can occur if rich countries start shopping for the best educated people in developing countries, thus causing brain drain.

The ministry of Foreign Affairs (Development Cooperation) has to deal with the ministries of Justice (mainly) and economic Affairs in the field of labour migration.

In the report on PCD minister van Ardenne writes: "The relation between development and migration is not always straightforward. From a coherence point of view, in the case of conflicting interests, political choices will have to be made."

In the last cabinet there was some progress in the coordination between the Ministries of Justice and Foreign Affairs. To many observers it was clear that the interest of the Justice department prevailed in the coordination between the two ministries. The initiative taken by both ministries together are limited to assistance with return and efforts to ensure brain gain when migrants – or rather rejected asylum seekers – are forced to return to their country of origin.

It is clear that measures to bring migration policies more in line with development policies must be initiated at the European level. In this respect it is noteworthy that the European Commission seems more favourable towards 'migration for development' than most member state (including the Netherlands)<sup>33</sup>.

#### **Social security**

One of the incoherencies in the current system of labour migration is that migrants build up social security rights and pensions through transferring premiums that they will not use at a later stage because they return home. The Global Commission on International Migration suggests to develop policies that allow migrant workers to take these rights with them to their country of origin, with could also serve as a premium on return.

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<sup>31</sup> See: [http://www.aiv-advies.nl/ContentSuite/template/aiv/adv/collection\\_single.asp?id=1942&adv\\_id=297&page=aanvraag&language=NL](http://www.aiv-advies.nl/ContentSuite/template/aiv/adv/collection_single.asp?id=1942&adv_id=297&page=aanvraag&language=NL)

<sup>32</sup> See: 'Migratie en ontwikkeling: de samenhang tussen twee beleidsterreinen', no. 43, Adviesraad Internationale Vraagstukken, 2005, [http://www.aiv-advies.nl/ContentSuite/upload/aiv/doc/nr43\(1\).pdf](http://www.aiv-advies.nl/ContentSuite/upload/aiv/doc/nr43(1).pdf)

<sup>33</sup> See also: Policy Plan on Legal Migration {SEC(2005)1680} and The Communication on circular migration and mobility partnerships between the European Union and third countries {COM(2007) 248 final}

#### 4.5 Fisheries

There is a worldwide overcapacity in fishing. This has led to the depletion of certain species of fish, and the subsequent diminishing sources of development for poorer countries.

If a country lacks the capacity to catch the allotted quantities of fish in its own territorial waters, the surplus can be transferred to other countries. The EU has entered into fisheries agreements with twenty countries, including seventeen developing countries. The problem often is that accurate estimations of the quantities of fish are lacking. Usually the fish quantities are overestimated. This results in overfishing. Local capacities grow, European trawlers keep on fishing and fish stocks diminish quickly. Overfishing threatens sustainable development and the chances to development of local fishermen. In 2004 the fishery agreements cost the EU 172 million Euros. This money can be labelled support for own industries. The Spanish fishing companies profited particularly from this unfair competition.

Within the development policy of the EU fisheries are viewed as a means to combat poverty. The goal is: 'to contribute to sustainable benefits for sector stakeholders in developing countries without further degradation of the natural environment.'<sup>34</sup> A conflicting goal is laid down in the Common Fisheries Policy (CFP) : 'to maintain the European presence in distant fisheries and to protect European fisheries sector interests'.

New agreements, such as the 'Fisheries Partnership Agreements' (FPA), are supposed to reconcile both goals: sustainable fishing in developing countries and the interests of European fishing companies. The compensation money EU countries have to pay is divided in two: one part is an admission fee to access territorial waters and the rest goes to developing local fishing capacities. In reality this new financing system does not differ substantially from the old system: countries can decide how to spend the second part of the compensation money. The FPA also states: 'the Community should first of all defend the legitimate objectives of its own fishing industry'. So, if and when interests conflict, PCD could most likely be ditched.

The fisheries case is difficult: many economic interests interfere. EU member states tend to focus on the interest of their own fishing industry. A complicating aspect in this respect is that the negative consequences of this PCD issue – i.e. overfishing and the depletion of existing fish stock – is mainly a long term effect.

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<sup>34</sup> See 'The European consensus on development'  
[http://www.eusa.org.za/PDFdownload/Development/Consensus\\_on\\_Development\\_November\\_2005.pdf](http://www.eusa.org.za/PDFdownload/Development/Consensus_on_Development_November_2005.pdf)

#### **Case: Food safety**

A serious problem for developing countries is the Sanitary and Phyto-Sanitary (SPS) measures. These are strict EU standards concerning food safety. The standards are issued to protect EU citizens, but at the same time they limit export options for countries that have difficulties living up to the high standards (non-tariff trade barriers). In addition, the standards are not always fair and are sometimes considered a form of market protection. An example is the case of swordfish from the Seychelles. These swordfish contain too much cadmium. But French fishermen catch the same swordfish in the same waters as the fishermen from the Seychelles. Their fish can be sold without a problem on the European market. In 2006 the Commission has relaxed the standards for cadmium in fish, but other SPS measures still cause problems for the export possibilities of developing countries.

## **4.6 Environment**

#### **Case: Bio fuels**

Developing countries could profit from the possibilities to produce bio-ethanol as an alternative to fossil fuels. These opportunities are frustrated by the EU and the US. Both economic super powers subsidise their farmers who produce bio fuels from corn (US) and surplus wine (Europe). This is a obvious example of a lack of PCD.

But in this discussion sustainability and biodiversity play an equally important role. In order to produce bio-ethanol, forests, sometimes rain forests, have to be destroyed. The production of bio fuels also occupies the land that was formerly destined for agriculture, which leads to local food shortages and rising food prices. Within 5 years the EU wants to rely on a 10 % share of bio fuels. A part of these fuels will be imported from developing countries.

In 2006 the Dutch ministries of Foreign Affairs and Environment initiated the Project Group Sustainable Biomass (Projectgroep Duurzame Biomassa), with representatives from companies, universities, NGOs and governments. In 2007 the Project Group produced a report stating that the production of biomass should not take place at the expense of the environment of food security<sup>35</sup>. The Dutch government will include these recommendations in its policies.

There is a risk that these sustainability criteria lead to new trade barriers (the 'non-trade concerns'<sup>36</sup>), because the least developed countries in particular cannot comply with the new standards. NGOs and stakeholders in developing countries complain that the sustainability criteria were not developed in dialogue with developing countries.

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<sup>35</sup> [http://www.senternovem.nl/mmfiles/Toetsingskader%20duurzame%20biomassa\\_tcm24-222279.pdf](http://www.senternovem.nl/mmfiles/Toetsingskader%20duurzame%20biomassa_tcm24-222279.pdf)

<sup>36</sup> See for example: [http://www.minbuza.nl/nl/themas,armoedebestrijding/coherent-beleid/bij\\_welke\\_actuele\\_onderwerpen\\_speelt\\_coherentie/non-trade-concerns/Het-probleem.html](http://www.minbuza.nl/nl/themas,armoedebestrijding/coherent-beleid/bij_welke_actuele_onderwerpen_speelt_coherentie/non-trade-concerns/Het-probleem.html)

## 5. Societal Coherence

Policy coherence for development is usually restricted to government policies. But PCD can also be understood as 'coherence for development'. With this broader definition, coherence is more than just a standard for government policies. The responsibility for the fight against poverty is not restricted to governments. Decisions and actions by many actors (companies, churches, NGOs, individuals, labour unions etc) influence the development options of poor countries.

Coherence for development in this broad sense means that the choices and actions of all actors in a society should be monitored in order to ascertain their impact on development.

A conceptual problem arises is caused by the fact that not all actors in society have committed themselves to poverty reduction. Formally these actors cannot be accused of incoherence if they do not act pro-poor.

A clear commitment of Dutch individuals, companies and non-governmental organisations to the MDGs is the Schokland Agreement, signed on June 20th 2007. This agreement consists of over one thousand agreements made by individuals, companies and non-governmental organisations to contribute to reaching one or more of the MDGs. These agreements make it possible to monitor coherence of their general behaviour and their MDG promises.

### 5.1 Individuals

The influence of individuals in rich countries on poverty in developing countries goes beyond tax money for bilateral aid and individual donations to non-governmental development organisations. The daily choice of consumer goods by individuals in rich countries has a particularly enormous effect on development opportunities in poor countries. 'Trade, not aid', is the old adagio. Production for (rich) markets is potentially an important trigger for development: it generates employment and income. In sum, consuming products manufactured in developing countries is generally coherent with the goals of bilateral development cooperation as well as with internationally agreed goals such as the Millennium Development Goals.

However, if products are manufactured by children, or in appalling labour conditions, or if production destroys the local environment or the local culture, or if the production depletes local natural resources, then the net result may well be negative.

It is a matter of debate if the production of food for the world market by countries that face food shortages is harmful or beneficial to the development potential of poor countries. Organisations such

as Fairfood<sup>37</sup> argue that mainly big (often foreign owned) companies benefit from the export of agricultural products. Local farmers are pushed from their lands, and the export of locally produced food could lead to higher local food prices that poor people cannot afford.<sup>38</sup> On the other hand though, high food prices are beneficial to local farmers.

An important element in the discussion on responsible consumerism is the lack of laws on product information. Companies are not required to give information on the production methods of consumer products, that would allow consumers to make a responsible choice for a product.

Consumers have the option of choosing for 'fair products', that for example have a Max Havelaar<sup>39</sup> or Fair Trade<sup>40</sup> logo. General product information can be obtained through organisations such as Goede Waar en CO<sup>41</sup>, Fairfood and the Stichting Onderzoek Multinationale Ondernemingen (SOMO)<sup>42</sup>.

## 5.2 Corporate world

In many poor countries (Multinational) corporations provide a boost to the local economy, through their investments and the employment they generate.. But on the other hand, big companies, as well as their subsidiaries and suppliers, often do not uphold the same labour standards or sustainability standards in developing countries as they do in their own country.

The OECD has developed a code of conduct for multinational corporations. This code was developed in corporation with the corporate world, labour unions and NGOs. They have been endorsed by OECD member states, but they are voluntary and not legally binding in nature.

Corporate Social Responsibility (CSR) is a concept that encourages organisations to consider the interests of society by taking responsibility for the impact of the organisation's activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. This obligation extends beyond the statutory obligation to comply with legislation and sees organisations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.<sup>43</sup>

A growing number of companies have developed their own code of conduct and view CSR not only as an obligation towards the societies they operate in , but also as an interesting marketing instrument to gain access to new consumer markets.

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<sup>37</sup> See [www.fairfood.nl](http://www.fairfood.nl)

<sup>38</sup> See the TNS NIPO Consult report: Hoe kan Maatschappelijk Verantwoord Consumeren worden bevorderd? [http://www.tns-nipo-consult.com/html/downloads/VRROM\\_MVC\\_NipoConsult.pdf](http://www.tns-nipo-consult.com/html/downloads/VRROM_MVC_NipoConsult.pdf)

<sup>39</sup> See [www.maxhavelaar.nl](http://www.maxhavelaar.nl)

<sup>40</sup> See <http://www.fairtrade.org/>

<sup>41</sup> See [www.dekledingchecker.nl](http://www.dekledingchecker.nl)

<sup>42</sup> See: [www.somo.nl](http://www.somo.nl)

<sup>43</sup> See: [http://en.wikipedia.org/wiki/Corporate\\_social\\_responsibility](http://en.wikipedia.org/wiki/Corporate_social_responsibility)

To ensure that CSR does not limit itself to lip service it is important that the performance of companies is monitored. In order to realise this, every OECD member state has its own National Contact Point. In the Netherlands, this Contact Point is set as an interdepartmental committee chaired by the Ministry of Economic Affairs.<sup>44</sup> It is, of course, debatable if this committee has the interests of the companies in mind or the welfare of the communities where these companies operate.

The performance of multinationals is also monitored by NGOs. In the Netherlands the MVO-Platform<sup>45</sup> plays an important role. Data on the performance of international corporations are registered at MVOdata<sup>46</sup>. In Europe some 60 companies (including Shell and Unilever) have joined 'CSR Europe'<sup>47</sup>. This organisation helps companies incorporate CSR into their activities.

The Global Reporting Initiative<sup>48</sup> has developed standards for reporting on sustainability performance by companies. Worldwide more than one thousand companies, including the biggest ones, use the GRI reporting standard. This helps in comparing and benchmarking the performances of companies worldwide.

The discussion on CSR focuses mainly on the next questions:

- How to make CSR more than public relations?
- Is it enough for companies to abide by the laws of the countries where they operate?
- Should codes of conducts for companies be legally binding? And if so, how would they relate to the national laws of the countries where the companies are based?
- Should reporting on CSR be enforced legally?
- Is it beneficial for developing countries to compete on the basis of labour and environmental standards? Or does this lead to a 'race to the bottom'?

### 5.3 NGOs

NGOs can also act incoherent. Maybe not in the strict sense of Policy Coherence, but certainly in the sense of societal coherence for development. Incoherent activities of NGOs can be compared to incoherence at the first level, it mainly concerns the negative side effects of aid, or maintaining complicated reporting standards which causes unnecessary burdens on organisations in the South. Incoherencies usually occur in relation to emergency aid. Because of time pressure, local organisations are brushed aside, local cultures are not respected and local ownership is ignored. In its

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<sup>44</sup> <http://www.oesorichtlijnen.nl/>

<sup>45</sup> [www.mvo-platform.nl](http://www.mvo-platform.nl)

<sup>46</sup> [www.mvodata.nl](http://www.mvodata.nl)

<sup>47</sup> [www.csreurope.org](http://www.csreurope.org)

<sup>48</sup> See [www.globalreporting.org](http://www.globalreporting.org)

final report<sup>49</sup> on the 2004 Tsunami disaster, the Tsunami Evaluation Committee concluded that many emergency organisations perceive each other as competitors in the quest for the best projects, rather than colleagues with whom to establish a constructive working relation. Striving for the best projects is understandable from the prospect that emergency organisations need to impress their donors, but it is incoherent with the goal of maximum effectiveness in the fight against poverty. In The Netherlands, the big emergency organisations, have accomplished a certain degree of cooperation, coordination and complementarity, through the Samenwerkende Hulporganisaties (SHO). But in the international arena, organisations from different countries, big and small, rarely accept coordination efforts.

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<sup>49</sup> <http://www.tsunami-evaluation.org/NR/rdonlyres/2E8A3262-0320-4656-BC81-EE0B46B54CAA/0/SynthRep.pdf>

## ANNEX I

### Events (2007 – 2010)

Follow-up International Conference on Financing for Development (FfD) (Doha, Qatar, second half of 2008), [more information on the FfD website](http://www.un.org/esa/ffd/) <http://www.un.org/esa/ffd/>

### On the agenda for 2007

- Debt networks identified 2007 as a focal year
- South Africa to chair the G20
- EU new chair of Kimberly Process - the international initiative to eliminate the trade in conflict diamonds
- European Year of Equal Opportunities for All

Date	Events	Location	Details
October 2007	Presidential Elections in Brazil	Brazil	
September/October	Annual meeting World Bank and IMF		<a href="http://www.imf.org/external/am/2005/about.htm">http://www.imf.org/external/am/2005/about.htm</a>
16-10-2007	World Food day		FAO <a href="http://www.fao.org/wfd/2005/index.asp?lang=en">http://www.fao.org/wfd/2005/index.asp?lang=en</a>
the week of 16-10-07	Wereldvoedseldag (World Food Day)	The Netherlands	Fairfood <a href="http://www.wereldvoedseldag.nl">www.wereldvoedseldag.nl</a>
17-10-07	World Poverty Day	International	Highlight of Dutch Een Campaign: <a href="http://www.een.nl">www.een.nl</a>
November	Multi stakeholder consultation on non trade concerns	The Hague	Organised by the Dutch government
09-11/15-11-07	World Energy Congress	Rome, Italy	<a href="http://www.rome2007.it/home/home.asp">http://www.rome2007.it/home/home.asp</a>
	Women's World Cup	China	
	French Presidential Elections	France	
	Commonwealth Summit	Uganda	
	APEC summit	Australia	
	First US Social Forum	Atlanta, US	

	Bicentury Abolition of Slavery		<a href="http://www.antislavery.org/archive/press/pressrelease2005bicentenary.htm">http://www.antislavery.org/archive/press/pressrelease2005bicentenary.htm</a>
	WSF Kenya	Nairobi, Kenya	
	ILO Conference on Employment and Social Protection		
	Review of Madrid International Plan of Action on Ageing		
	US Farm Bill expires		
	EFA (Education for All) week		

## 2008

- International Year of the Planet Earth Proclaimed by the United Nations General Assembly
- International Year of the Potato Proclaimed by the United Nations General Assembly

Date	Events	Location	Details
01/01/08	Deadline for EPA negotiations		
8/01/08	Slovenian Presidency of the EU		
8/03/08	International Women's day (UNESCO)		<a href="http://portal.unesco.org/en/ev.php-URL_ID=19031&amp;URL_DO=DO_TOPIC&amp;URL_SECTION=201.html">http://portal.unesco.org/en/ev.php-URL_ID=19031&amp;URL_DO=DO_TOPIC&amp;URL_SECTION=201.html</a>
7/04/08	World Health day		<a href="http://www.un.org/Depts/dhl/health/">http://www.un.org/Depts/dhl/health/</a>
8/07/08	French Presidency of the EU		
Mid 2008	Dutch government will formulate a point of view on non trade concerns (lobby opportunity)		
Second half of 2008	Financing for Development	Doha (Qatar)	<a href="http://www.un.org/esa/ffd/">www.un.org/esa/ffd/</a>
03.08.-08.08.2006	XVII International AIDS	Mexico City,	

	Conference (AIDS 2008)	Mexico	
4-6/09/2008	Third High Level Forum on Aid Harmonisation & Effectiveness	Accra, Ghana	
October 2008	32nd World Congress on Urban Development		
16-10-2008	World Food Day		FAO <a href="http://www.fao.org/wfd/2005/index.asp?lang=en">http://www.fao.org/wfd/2005/index.asp?lang=en</a>
the week of 16-10-08	Wereldvoedseldag (World Food Day)	The Netherlands	Fairfood <a href="http://www.wereldvoedseldag.nl">www.wereldvoedseldag.nl</a>
	World urban Forum	China	related events: <a href="http://www.wuf3-fum3.ca/en/around_wuf3_side_events.shtml">http://www.wuf3-fum3.ca/en/around_wuf3_side_events.shtml</a>
	US Presidential elections	USA	
	Duty and quota free market access for the Least Developed Countries starting in 2008		
	G8 summit	Japan	
	World Business Awards, in support of the Millennium Development Goals		organised by UNDP, IBLF, ICC <a href="http://www.iccwbo.org/wba/id4031/index.html">http://www.iccwbo.org/wba/id4031/index.html</a>
	8th ASEM Finance Ministers' meeting	Korea	
September/October	Annual meeting World Bank and IMF		<a href="http://www.imf.org/external/am/2005/about.htm">http://www.imf.org/external/am/2005/about.htm</a>
	EFA (Education for All) week		
3-14/12/2007	United Nations Climate Change Conference	Nusa Dua, Bali	

2009

Date	Events	Location	Details
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8/01/09	Czech Presidency of the EU		
8/03/09	International Women's day (UNESCO)		<a href="http://portal.unesco.org/en/ev.php-URL_ID=19031&amp;URL_DO=DO_TOPIC&amp;URL_SECTION=201.html">http://portal.unesco.org/en/ev.php-URL_ID=19031&amp;URL_DO=DO_TOPIC&amp;URL_SECTION=201.html</a>
7/04/09	World Health day		<a href="http://www.un.org/Depts/dhl/health/">http://www.un.org/Depts/dhl/health/</a>
9/07/09	Swedish Presidency of the EU		
September/October	Annual meeting World Bank and IMF		<a href="http://www.imf.org/external/am/2005/about.htm">http://www.imf.org/external/am/2005/about.htm</a>
16-10-2009	World Food day		FAO <a href="http://www.fao.org/wfd/2005/index.asp?lang=en">http://www.fao.org/wfd/2005/index.asp?lang=en</a>
the week of 16-10-09	Wereldvoedseldag (World Food Day)	the Netherlands	Fairfood <a href="http://www.wereldvoedseldag.nl">www.wereldvoedseldag.nl</a>
	President Bush leaves office		
	Second Asia-Africa Summit		
	Fifth World Water Forum		
	54th UK General elections		
	National Elections in South Africa		
	EFA (Education for All) week		

## 2010

Date	Events	Location	Details
10/01/10	Spanish Presidency of the EU		
8/03/10	International Women's day (UNESCO)		<a href="http://portal.unesco.org/en/ev.php-URL_ID=19031&amp;URL_DO=DO_TOPIC&amp;URL_SECTION=201.html">http://portal.unesco.org/en/ev.php-URL_ID=19031&amp;URL_DO=DO_TOPIC&amp;URL_SECTION=201.html</a>
7/04/10	World Health day		<a href="http://www.un.org/Depts/dhl/health/">http://www.un.org/Depts/dhl/health/</a>
10/07/10	Belgian Presidency of the EU		
September/October	Annual meeting Worldbank		<a href="http://www.imf.org/external/am/20">http://www.imf.org/external/am/20</a>

	and IMF		05/about.htm
16-10-2010	World Food day		FAO <a href="http://www.fao.org/wfd/2005/index.asp?lang=en">http://www.fao.org/wfd/2005/index.asp?lang=en</a>
	World Cup Soccer	South Africa	
	G8 agreed to double aid to Africa by 2010		
	15 members of the EU promised to designate 0.56% by 2010 and 0.7% by 2015 of GDP as ODA		
	US promised to ban landmines by 2010		
	Universal access to AIDS/HIV treatment by 2010		
	2010 target of halving child poverty (“eradicating” child poverty in 2020)		
	EU Helsinki Headline Goal 2010		
	US Senate election		
	End of Decade to Roll Back Malaria in Developing Countries		
	End of Decade for a Culture of Peace and Non-violence for the Children of the World		
	End of Second International Decade for the Eradication of Colonialism		
	World Business Awards, in support of the Millennium Development Goals		Organised by UNDP, IBLF, ICC <a href="http://www.iccwbo.org/wba/id4031/index.html">http://www.iccwbo.org/wba/id4031/index.html</a>
	50 year Anniversary of DAC		

	Brussels Programme of Action for the decade 2001-2010		
	EFA (Education for All) week		
	World Urban Forum		

**International Decades proclaimed by the United Nations General Assembly**

2005-2014 - Second International Decade of the World's Indigenous People

2005-2014 - International Decade for Action "Water for Life"

2005-2014 - United Nations Decade of Education for Sustainable Development

2003-2012 - United Nations Literacy Decade

2001- 2010 - International Decade for a Culture of Peace and Non-violence for the Children of the World

2001-2010 - Second International Decade for the Eradication of Colonialism

2001-2010 - Decade to Roll Back Malaria in Developing Countries, Particularly in Africa

1997- 2006 - First United Nations Decade for the Eradication of Poverty

An extensive list of all United Nation events until 2010 can be found at:

<http://conf.un.org/DGAACS/Meetings.nsf/>

An extensive list of all major (and minor) UN Observances can be found at:

[www.un.org/News/Press/docs/2007/Reference\\_Paper\\_No\\_46.doc.htm](http://www.un.org/News/Press/docs/2007/Reference_Paper_No_46.doc.htm)