



Policy Coherence for Development

Progress Report
2008

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Introduction

The pursuit of policy coherence in development cooperation – that is, systematic promotion of mutually reinforcing measures in different policy areas aimed at reducing poverty – is one of the pillars of international efforts to attain the Millennium Development Goals (MDGs).

Both effective aid and a development-friendly international environment are needed to attain the MDGs. To create more room for sustainable growth and poverty reduction in developing countries within the process of globalisation the two need to be attended in conjunction. Developing countries themselves of course bear primary responsibility for crafting policies in which poverty reduction has a central place, and for defending their interests in international forums; but such policies can only succeed in a propitious international setting. Moreover, the room for development must often be won against steep odds, and developing countries need support from the rich countries in the form of targeted efforts at policy coherence. The international community can help by shaping its policies and ground rules in a way that consistently takes account of developing countries' interests. International negotiations on such issues as trade, agriculture, the environment, energy and migration have a direct impact on the position of developing countries. This is a major political challenge, as legitimate national and international interests which can at times come into conflict in the negotiating process need to be weighed against one another.

The growing interconnection of international issues and the proliferation of organisations and forums make it increasingly important to form alliances, starting in the Netherlands. In delivering its development cooperation programme, the Minister for Development would like to work closely with all the ministries to tackle the challenges facing us. Partners in civil society and the business community will also be included, along the lines set out last year in the 'Pact of Schokland'.

Systematic monitoring requires regular reporting on progress in achieving policy coherence for development (PCD) in a wide range of policy areas. The last Dutch progress report on PCD was sent to the House of Representatives in 2006.¹ The first European report was issued in 2007 on the basis of input from the Commission and all member states.² The present report covers trends since 2006 in the Dutch and international approach to policy coherence in many areas relevant to development.

¹ *Parliamentary Papers 2005-2006*, 29234, no. 46, 17 March 2006

² *See the Dutch response to the survey: Parliamentary Papers 2006-2007*, 29234, no. 56, 20 April 2007

The Dutch approach to policy coherence for development



This government attaches great importance to the coherence of the Netherlands' efforts to help attain the MDGs. The policy letter 'Our Common Concern'³ notes that the world has become smaller and more unequal. There is huge potential for growth, investment and better governance, but those who have fallen behind are often unable to bridge the gap and join the globalising world. The government wants to take the lead by pursuing a coherent foreign policy. Development cooperation will need to be more political – with more attention to human rights, especially women's rights, and an integrated approach to conflict resolution – so that it can be a true catalyst for development.

Attaining the MDGs is not a task for the Minister for Development Cooperation alone, or something that aid alone can accomplish. Government Agenda 2015⁴ expresses the commitment of the entire government to meeting this challenge. The priorities set in Government Agenda 2015 and in 'Our Common Concern' demand a coherent approach. Issues like climate and energy, growth and distribution self-evidently require policy coherence. A number of the interfaces between development policy and other policy areas, such as agriculture and migration, are being elaborated in separate policy memorandums.

In the first hundred days after the government took office, it conducted an intensive dialogue with actors in Dutch society and beyond about how to make up the lost ground in efforts to achieve the MDGs. This was the first project in the coalition agreement to be implemented, culminating in Government Agenda 2015 and the "Pact of Schokland". At the public event in Schokland on 30 June 2007, 37 agreements were signed, by businesses, civil society organisations, knowledge institutions, individuals and several ministers and state secretaries. Each agreement includes a specific undertaking by the signatories to make a contribution to achieving one or more of the MDGs.

On the basis of an analysis of the delays, problems and state of affairs in attaining the MDGs, Government Agenda 2015 lists the activities to be undertaken by the entire government to this end. This is a clear example of coherent policy, in which international development objectives are key to planning work in many different policy areas. It is in line with MDG 8 in particular, which specifically concerns efforts by developed countries in support of developing countries' quest to achieve the other MDGs. The Netherlands regularly publishes a progress report on the country's efforts to realise MDG 8⁵ and encourages other countries to do the same.

The Netherlands plays a leading role in PCD. In October 2007, the independent research institute Centre for Global Development in Washington once more published its annual Commitment to Development Index, also called the coherence index. This index ranks the rich countries for their policies in relation to developing countries in seven areas that are of great significance for development. A country's final score reflects not only the amount and quality of its aid but also its performance in such areas as trade, investment, the environment, security and migration. The Netherlands was once again ranked first of the 21 rich countries in 2007.⁶ This high ranking is a source of international recognition for the across-the-board quality of our comprehensive development policy.

3 Parliamentary Papers 2007-2008, 31250, no. 1, 16 October 2007; in English at http://www.minbuza.nl/binaries/en-pdf/080027_our-common-concern.pdf

4 Parliamentary Papers 2006-2007, 31105, no. 1, 29 June 2007

5 MDG 8 progress report, Parliamentary Papers 2006-2007, no. 53, 6 October 2006

6 David Roodman and Selvin Akkus, *Commitment to Development Index 2007: Netherlands* (Washington: Centre for Global Development, 2007), http://www.cgdev.org/doc/cdi/2007/country_reports/Netherlands_2007.pdf

At the same time, it will be a challenge to maintain our lead and improve our score. The Netherlands ranks above average in almost every policy area, but is not ranked first in any of them. We owe our top position in the overall rankings to our high scores for the amount and quality of our aid, our promotion of direct investment in developing countries and our environmental policy. In other areas, such as trade and migration, this index does not yet rate us among the very best countries. Of course, an index can only give an approximation of the complex reality of the wide range of policy areas. In the coming years the Netherlands will continue to join in the Centre's critical reflection on how to improve its measurements.

In recent years the Netherlands has developed a focused approach to PCD that serves as an example for comparable efforts in other developed countries.

The 2006 OECD Development Assistance Committee (DAC) Peer Review⁷ stated that the Netherlands has built up a solid PCD framework. Successive governments have given high priority to creating a broad, coherent approach to development policy.

A pattern of close cooperation among different ministries on many shared topics has taken shape, which has been reflected in a number of joint policy memorandums.

In addition, all new proposals that come up on EU agendas in Brussels are systematically screened for relevance to development. The special Coherence Unit of the Ministry of Foreign Affairs acts as a spearhead in ensuring that efforts to tackle a number of current issues give due consideration to developing countries' interests; the second part of this report gives several examples. The Coherence Unit encourages research that goes more deeply into coherence issues and ensures harmonisation with similar efforts in other developed countries.

This approach will be pursued vigorously in the coming years.

Clearly the Netherlands cannot accomplish enough if it is the only country with such a coherence policy. Fortunately, there is growing international recognition of the importance of PCD, although this has not yet led to enough specific measures' being taken.

The principle was laid down in MDG 8, and reflected in the concept of 'mutual obligations' included in the Monterrey Consensus adopted at the 2002 International Conference on Financing for Development. Constant Dutch insistence on the principle, and the force of our own good example, should make other rich countries more inclined to give due consideration to the interests of development, and should increase support for our position in the decision-making process in Brussels. To this end the Netherlands has in recent years placed great emphasis, both formally in Council Conclusions and informally through networking, on creating a European PCD structure. At the same time, wherever possible, we have been looking for bilateral partnerships, both within and outside the circle of like-minded countries as well as among NGOs.

One of the DAC's recommendations was to work more systematically on monitoring and effect measurement. In 2007 an extensive evaluation of European coherence policy was published, as part of the European evaluation services' '3Cs' series (complementarity, coordination and coherence).⁸

7 Development Assistance Committee (DAC), *Netherlands: Peer Review* (Paris: OECD, 2006), <http://www.oecd.org/dataoecd/49/38/37531015.pdf>

8 ECPDM et al., *Evaluation of the EU Institutions & Member States' Mechanisms for Promoting Policy Coherence for Development* (Amsterdam: Aksant Academic Publishers, July 2007)

In the Netherlands, the Policy and Operations Evaluation Department (IOB) devoted a separate chapter to coherence in an evaluation of Dutch policy on Africa published early in 2008.⁹ The evaluation gave a positive rating to Dutch efforts to influence the EU's position in negotiations on cotton and cut flowers.

⁹ IOB, *Het Nederlandse Afrikabeleid 1998-2006: Evaluatie van de Bilaterale Samenwerking* (The Hague: Ministry of Foreign Affairs, February 2008)



Progress and results on specific issues of coherence

With regard to specific issues of coherence, this report focuses on developments and results in non-aid policy areas, which generally involve ministries other than Foreign Affairs. It devotes little or no attention to aid efforts in the same fields in the developing countries concerned, as these activities are dealt with in other, regularly issued reports.

3.1 Trade

This government is working vigorously to ensure full participation by developing countries in the world trade system. The coalition agreement includes the objective of securing European support for poor countries in international organisations like the WTO. Efforts to ensure coherence in trade policy focused strongly in recent years on completion of the WTO Doha Round and conclusion of EU Economic Partnership Agreements (EPAs) with the ACP (Asian, Caribbean and Pacific) countries. There has also been growing attention to aid for trade.

While the Doha Round began explicitly as a development round, expectations have been tempered in the course of the negotiations. Nonetheless, successful completion of this round could still make a major contribution to developing countries' trade opportunities and thus to their growth, development and success in reducing poverty. After the negotiations were suspended in 2006, the Netherlands worked actively to bring about their early resumption. From the end of 2007, the talks seem to have truly entered their final phase. Within the limited room to manoeuvre allowed by the larger WTO member states in particular, an attempt is being made to strike a balance in the main areas of agriculture, manufactured products and services. The Netherlands has consistently set ambitious development goals for this round: a substantial increase in market access for developing countries, and in particular completely unimpeded market access for products from the least developed countries. Agreements should also be reached on a significant reduction of and restrictions on trade-distorting agricultural support, especially for products that are important to developing countries (notably cotton). The outcome should allow developing countries sufficient flexibility, for example by giving them extra room for special products and exemptions for agriculture. The working documents available in 2008 reflect some progress on these points, but still require improvement in parts.

To enable developing countries to genuinely benefit from the available market opportunities, increased access should be complemented by more aid for trade. A common European Aid for Trade Strategy was agreed in the EU in 2007. For the Netherlands, it is essential that this strategy should be demand-driven and that donors should thoroughly harmonise their activities. The meetings of technical experts in Brussels announced by the Commission may be helpful in this regard.

Even after the hoped-for completion of the Doha Round, initiatives to enhance developing countries' trade opportunities must be pursued. Linkages will be sought with development policy in the broader sense, through an orientation towards growth and distribution; through efforts to create sufficient policy space for coherent policies tailored to specific situations in individual developing countries; through multilateral rules for fair and sustainable trade, and through a non-trade-distorting approach to global warming.

Food safety and quality requirements are playing a more and more prominent role in international trade. Increasingly sophisticated technology for detecting violations and growing pressure from consumers are leading to ever-stricter requirements in a bid to minimise risks. This often hinders developing countries' access to the world market. Dutch aid in meeting product standards has therefore become increasingly important in recent years. This involves both strengthening inspectorates and institutions in developing countries and increasing producers' capacity to meet requirements. In addition to supporting capacity building in developing countries, the Netherlands is trying to prevent food safety and quality requirements' being abused to undermine the export position of producers in developing countries. We are also working for the adoption of international standards that developing countries would be fully involved in setting.

In addition to multilateral trade talks, developing countries' opportunities are largely determined by regional trade agreements. The agreement between the EU and the ACP countries to conclude negotiations before 2008 on WTO-compatible Economic Partnership Agreements was crucially important for these countries' development.

The Netherlands has continually pressed to ensure that the EPAs are development-friendly. We have thus insisted on: (i) asymmetrical agreements, with respect both to the degree of market access and to the deadlines for granting free market access for specific products – including advance agreement by the EU to give the ACP countries completely tariff- and quota-free market access; (ii) sufficient freedom for the ACP countries to exempt products that are important for these countries' food security and rural development from liberalisation; and (iii) simplification and easing under EPAs of rules of origin for ACP products. When the talks proved to be making insufficient progress in 2007, the Netherlands pressed to make sure that no ACP country would have diminished access to the European market on 1 January 2008. We supported the more pragmatic approach to EPA negotiations proposed by the Commission, which involved reaching interim agreements exclusively on goods. This meant that the EU would anticipate the ultimate EPAs by granting fully free market access (with transitional periods for rice and sugar) from 1 January 2008 for every ACP country that managed to conclude an interim agreement.

The Netherlands is pleased that this approach made it possible to sign provisional agreements on goods with virtually every ACP country that was threatened with diminished access to the EU market from 1 January 2008. As is known, the Everything but Arms (EBA) initiative ensures that the least developed countries (LDCs) retain free market access; but in the absence of agreements, non-LDCs would have fallen from 1 January 2008 under the much less favourable Generalised System of Preferences. Most of the countries whose exports would have been threatened managed to reach a settlement in time.

The agreements that have now been concluded seem to satisfy the WTO requirements and achieve the asymmetry advocated by the Netherlands. For example, the EU's offer of tariff- and quota-free market access took effect from 1 January 2008, while the ACP countries in many cases have up to 15 years to liberalise imports from the EU. Many products that are important to ACP countries, particularly in the realm of agriculture, are also exempted from the liberalisation agreements. The rules of origin have been improved in a number of ways; for example, ACP countries are now permitted to use imported fabrics to manufacture clothing that can then be imported duty-free into the EU. The agreements thus include a number of positive elements.

However, the next phase of the EPA process should include measures to prevent the process of regional integration from being thwarted. In particular, in regional customs unions where only individual non-LDCs have reached provisional agreements on goods (e.g. Ghana and Côte d'Ivoire in the ECOWAS region), it is essential for regional economic development that agreement is reached on a common treatment of imports of European products.

Several years ago, the European Commission announced plans for a revision of the system of preferential rules of origin, with the goal of arriving at a development-friendly, much simplified system based on local value added. Attempts at a systematic revision in the framework of the EPA talks were not pursued due to lack of time. Instead of a comprehensive revision of the rules of origin, a 'Cotonou Plus' approach was chosen: no simplification, but instead ad hoc improvements in preferential access for the ACP countries that signed EPAs.

In October 2007, finally, the Commission presented a proposal for revision of the rules of origin for the Generalised System of Preferences. This was meant as a first step towards completely renewed rules of origin to be applied in all preferential agreements. However, reaching a consensus in the EU on a system of this kind is not easy. Partly from protectionist motives, several member states have proposed retaining the current, complicated system, with only marginal improvements in preferential access for developing countries. The Netherlands is pressing for a substantial revision of the preferential rules of origin, as part of a transparent, development-friendly system conducive to trade.

3.2 Agriculture

Agriculture is a decisive sector for growth and development in the poorest countries and for efforts to achieve MDG 1 (poverty reduction). Policy aimed at influencing the interplay between agricultural production in developing countries and the world market has therefore always been a major focus of PCD efforts. High tariffs and trade-distorting subsidies for agricultural products aimed at protecting developed countries' domestic markets often harm the interests of farmers in developing countries. Considerable political attention to this issue and the pressure of international negotiations have helped ensure steady, though limited progress in creating better opportunities for developing countries in international markets for agricultural products.

Major reforms to the EU's Common Agricultural Policy (CAP) in recent years have made support for European agriculture less trade-distorting. These reforms, the decision to grant fully free access to all agricultural products from LDCs, and the offer to phase out all export subsidies have given developing countries greater export opportunities and boosted the WTO talks.

The Netherlands is continuing to press in these talks for more generous market access for agricultural products from developing countries. At the same time, the CAP reforms will continue. Developing countries' interests should be taken into serious consideration in the coming years as choices are made about structuring the CAP. In November 2007 the Commission issued a Communication on the CAP Health Check, which can be seen as a prelude to the review of the EU budget. In both the Health Check and the budget review, the Netherlands aims at phasing out the remaining trade-distorting features in the interests of developing countries.¹⁰

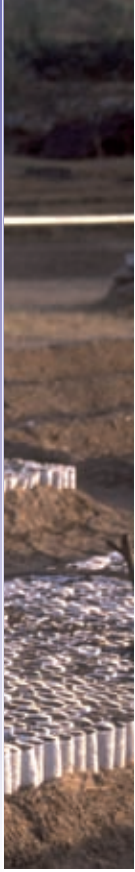
¹⁰ Letter from the Minister of Agriculture, Nature and Food Quality, Parliamentary Papers 28625, no. 54, 10 December 2007; 'Nederlandse prioriteiten voor een moderne EU-begroting', Parliamentary Papers 31202, no. 24, 18 April 2008



The barriers to developing countries' market access and the competition they face from subsidised products in other countries' markets are greatest for a number of the rich countries' specific products, such as sugar, rice, cotton, meat, vegetables and fruit. In addition to general market reforms, market access for developing countries for these products must also be improved.

The reform of the European sugar market launched in 2005 has continued over the past few years. Cuts to EU price supports have led to lower prices for developing countries that could export fixed quantities of sugar to the EU at internal EU prices (either under the EU Sugar Protocol or as LDCs). At the same time, EU markets have opened wider to sugar from the poorest countries. EPAs have given ACP countries the prospect of gradual introduction of free access for their sugar to EU markets, just as the LDCs will have after 2009 under the EBA initiative. As a result, the EU has denounced the Sugar Protocol as of September 2009. While this will mean new opportunities for some developing countries, for other sugar-producing countries the combination of lower prices and preferences may mean that sugar exports will no longer be profitable.

With regard to cotton, the Hong Kong mandate is the starting point for efforts in the framework of the Doha talks to rein in trade-distorting subsidies. An additional reduction in cotton subsidies, above all by the US, remains one of the most difficult points under negotiation. The EU kept the pressure on the US by supporting the position of the African cotton-producing countries. The Netherlands aims to get concrete, far-reaching results on cotton from the Doha Round. However, an agreement on cotton depends on agreement on a total package on agriculture. The EU took a step forward in 2004 with the partial decoupling of support to the cotton sector. As a result of the rejection by the European Court of Justice of the impact study for this decision, a new study was done in 2007 with the aim of adopting a new Regulation. This study states that the agreed decoupling of up to 65% provides a sufficient guarantee to the cotton-producing member states (Greece and Spain) that are entitled to support by treaty.



The Dutch position on the new Regulation remains that decoupling will lead European cotton producers to adapt to the world market and will give more scope to cotton producers in developing countries, notably Africa. We have taken a position in favour of total decoupling.

The modification in 2007 of the common organisation of the market (COM) for vegetables and fruit was an important step for developing countries in the ongoing CAP reform process. Vegetables and fruit are a major export sector for developing countries; in preparing for the negotiations, the Netherlands focused on the specific development interests at stake. The Commission then submitted proposals for abolition of export refunds and of production-based aid to processing, which would substantially reduce the market distortions that are unfavourable to developing countries. However, the proposals did not deal with the remaining tariffs on vegetables and fruit, as these are part of the current Doha negotiations. The reform of the COM for vegetables and fruit largely incorporated the Commission's proposals, although the transitional period for the abolition of aid to processing was set at a maximum of five years.

To take advantage of the opportunities that CAP reforms provide, considerable attention will be needed in the coming years for agricultural development in the developing countries themselves. For a sense of Dutch engagement with this issue, see the policy memorandum on agriculture, rural economic activity and food security that the Ministers of Development Cooperation and Agriculture, Nature & Food Quality recently sent to the House.¹¹

3.3 Non-trade concerns

As a result of the process of globalisation and the consequent increase in trade with developing countries, products have been appearing on the Dutch market that are produced in conditions that are forbidden by law in the Netherlands or considered socially unacceptable. This has led to societal and political concern about the implications of international trade for a range of issues, including public health, the environment, labour standards, national security, cultural identity, food safety and animal welfare. These are often referred to as non-trade concerns (NTCs).

Government measures related to NTCs are already being openly discussed in various policy areas: sustainability requirements for biofuels, wood and fish, for example, and enforcement of labour standards and standards related to animal welfare. When these demands are reflected in unilateral, mandatory action by the government, the link with trade can lead to conflict with the legally binding WTO framework. It is not always clear whether such extraterritorial action is possible or advisable from a policy standpoint. Furthermore, NTCs are featuring more and more prominently among conditions for grants, in programmes aimed at sustainable public procurement, and in private initiatives such as certification. Attempts to address NTCs through national legislation can sometimes have the (unintended) side-effect of restricting market access for developing countries and thus of hampering poverty reduction and sustainable development. On the other hand, new policy instruments can also create new export opportunities for developing countries and foster the introduction there of sustainable production methods.

¹¹ 'Landbouw, rurale bedrijvigheid en voedselzekerheid', 8 May 2008

The challenge for PCD is to find the best possible way of addressing such societal concerns without curtailing developing countries' ability to benefit from globalisation. While every policy area has its specificities, there are weighty arguments for adopting some general principles in dealing with NTCs. Dutch policy starts from the premise that NTCs merit attention, both because of their intrinsic importance and because not treating them seriously enough could undermine public support for the multilateral trading system. Our objective has always been to ensure that measures that are needed to attain NTC goals be consistent with Dutch and EU WTO obligations and that they can be implemented without discriminating or unnecessarily restraining trade. Trade measures addressing NTCs have provoked resistance in developing countries in recent years because of the conviction that the measures are inspired by protectionist motives and by Western countries' desire to impose their social, ethical or cultural values and preferences on the developing countries that are the source of the exports.

This policy challenge is made all the greater by the lack of a national or international consensus on exactly what NTCs consist of, which NTCs are genuinely global or transnational, what measures are or are not permissible under current WTO rules, and what tools are effective.

To address these questions, a study commissioned by the Ministry of Foreign Affairs was issued in the autumn of 2007 on the scope for and limitations on taking unilateral NTC measures under



the WTO treaty and other international agreements.¹² This study played a significant role in public discussions of the subject in 2007 and 2008.

The Dutch government is considering what its general policy should be on NTCs. A new government position will be elaborated in the course of 2008. In the meantime the Ministry of Economic Affairs, which bears primary responsibility for the issue, has organised a broad public discussion on various NTCs. Meetings have been held to discuss in greater depth such subjects as animal welfare, sustainable biomass, labour standards and wood. A wide range of stakeholders have taken part in this dialogue and helped develop relevant public sector and trade policy. They have also advanced thinking about the roles that civil society and the business community can play themselves.¹³

From a PCD standpoint, the principles underlying Dutch and European policy on NTCs are international cooperation and the greatest possible respect for developing countries' sovereignty and own priorities. When we apply trade instruments, our aim is to distort trade as little as possible. The government is also considering how it can make the best possible use of the scope and grey areas that our WTO obligations currently provide to foster sustainable trade. For example, international cooperation can occur through voluntary partnerships and focused multilateral frameworks, with a broad approach including effective trade measures. By developing international standards that take account of different players' different responsibilities, circumstances and capacities, we can achieve global sustainable development, reduce poverty, and permanently raise the level of labour standards, environmental protection and animal welfare.

3.4 Sustainable fisheries policy

The key elements of a sustainable fisheries policy are the EU's sustainable fisheries agreements, restrictions on fisheries subsidies through the WTO talks, and ensuring market access for fish and fish products. Efforts are also being made in collaboration with the Dutch business community, NGOs and the Ministry of Agriculture, Nature and Food Quality to establish public-private partnerships in several West African countries.

Efforts have been made in the past several years to improve the EU's fisheries partnership agreements with developing countries, particularly in Africa. Although the European Commission still sometimes tends to act alone, negotiations with third countries are now more transparent than in the past. Developing countries' interests also seem to be better safeguarded: for example, the EU's fisheries partnership agreements now include payments for access to developing countries' fishing grounds. A certain percentage of these compensation payments is set aside to support fisheries policy in partner countries, thus promoting sustainable fisheries. The focus has now shifted to supporting third countries in developing fisheries policies that contribute to both economic development and protection of fishery resources.

¹² Peter van den Bossche, Nico Schrijver and Gerrit Faber, *Unilateral Measures Addressing Non-Trade Concerns* (The Hague: Ministry of Foreign Affairs, 2007)

¹³ See the website www.handelenduurzaamheid.nl (in Dutch).

Despite the progress made in elaborating this policy, implementation and monitoring of the agreements still leave much to be desired. Overfishing is a looming threat, given the lack of reliable scientific data on fish stocks and in some cases the uncertainty about how much European and other fishers are actually fishing. Coherent policy for sustainable fisheries in developing countries requires more attention to such matters as scientific research, the establishment of international management systems, and reinforcement of national management and monitoring.

Agreement was reached in the WTO in Doha in 2001 to limit fisheries subsidies in view of their negative effects on fish stocks and the unfair competition they lead to. On the basis of a study by the International Centre for Trade and Sustainable Development funded by the Ministry of Foreign Affairs and in consultations with the developing countries themselves, the Netherlands has followed up by taking developing countries' interests into account in deciding its positions in the EU. Now that the negotiations on the Doha Development Agenda and effective limits on fisheries subsidies are in their final phase, the Netherlands is striving to ensure that sustainability and developing countries' interests are given due consideration.¹⁴

We are taking the line that fisheries subsidies that lead to overcapacity and overfishing should be forbidden. At the same time, a regime must be established that gives developing countries enough scope for sustainable fisheries development.

Market access for fish and fish products from developing countries is limited in part by EU sanitary measures, tariffs on fish products, rules of origin and labelling requirements. Further efforts in these areas are part of the trade coherence policy mentioned above.

3.5 Climate, energy and sustainable development

Climate

The relationship between climate and development is a top policy priority for this government. After a deadlock in international negotiations lasting several years, the Climate Change Conference in Bali in 2007 resulted in the adoption of an Action Plan under the UN Framework Convention on Climate Change, to work out an international agreement on measures to fight global warming after the Kyoto Protocol expires in 2012.¹⁵

The Dutch Ministers for Development Cooperation and of the Environment & Spatial Planning both attended the Bali conference. On behalf of the Netherlands, they joined other EU countries in supporting the decision that the negotiations on a new international agreement will include discussions on how industrialised countries can help developing countries with, for example, technological and additional financial aid.

The main challenge for the climate talks is the need to break the stalemate.

The problem of global warming and the solutions to it are so complex and large-scale that it is exceptionally difficult to get all the countries in the world to agree to simultaneously take specific measures meeting their common but unequal responsibilities.

¹⁴ Letter from the Minister of Agriculture, Nature and Food Quality, Parliamentary Papers 2006-2007, 21501-32, no. 201, 20 March 2007

¹⁵ Letter from the Ministers for Development Cooperation and of the Environment & Spatial Planning on future international climate policy, Parliamentary Papers 2007-2008, 30495, no. 4, 29 April 2008



The players can be divided roughly into four groups – the EU, the other industrialised countries, the emerging economies and the poorer developing countries – each with its own reasons for not taking the initiative to break the deadlock. To escape from this impasse, in 2007 the EU took the first step, pledging at any event to reduce emissions in 2020 by 20% from 1990 levels and by 30% as soon as an adequate international climate regime is established.

The Bali conference identified the four main building blocks for further action: mitigation, adaptation, technology and finance. No emission reduction goals will be set for the poorer developing countries, as they make only a minor contribution to global CO₂ emissions. However, it is precisely the poorer countries that are increasingly suffering from the consequences of climate change. Technology transfer and funding are crucial to both emission reductions and adaptation. It must be noted that not enough progress has been made in these areas in recent years.

A properly functioning global carbon market and emission trading system are important in developing a cost-effective, efficient climate policy. Neither is functioning well enough yet. The industrialised countries and emerging economies are the main players in CO₂ trading. This means that considerable potential for CO₂ reductions in poorer countries has not been drawn on yet.

An Adaptation Fund was set up under the Kyoto Protocol to help developing countries. At the Bali summit the Kyoto partners reached agreement on the modalities for this fund, which will partly be financed from the proceeds of Clean Development Mechanism (CDM) projects.

Reliable information about the costs and consequences of global warming is of great importance. The Ministers for Development Cooperation and of the Environment & Spatial Planning have therefore decided to commission a study, with the UK, on the costs of adaptation in developing countries. After all, adaptation measures can only be planned if there is some insight into the costs and the parties that are likely to bear them.

In addition to economic and environmental interests, the needs of development should also be taken sufficiently into account in global climate agreements. The development of new financial instruments, supplementing regular development aid in support of better environmental policy in developing countries, can contribute to an efficient, effective and fair financial architecture for international climate policy, provided that they have added value beyond that of existing instruments and that they respond to a clear demand. However, new instruments have barely been developed at national or EU level. The agreement made in Bali to negotiate them now must lead to concrete action. The Netherlands has stressed the importance of multilateral finance and expressed a desire to discuss this topic at the climate summit at the end of 2008 and elsewhere.

As part of PCD, discussions will take place on: the accessibility to developing countries of the various, flexible climate finance instruments, such as the Clean Development Mechanism and Emission Trading Scheme; a just distribution of emission rights, and prevention of unilateral, discriminatory trade measures and of levies at the border.

Energy

The Netherlands' intention to contribute to energy provision for the poor under the Johannesburg Plan of Implementation remains undiminished. The government has thus earmarked 500 million euros for the 2007-2010 period for sustainable energy in developing countries. In budgeting the additional funds, an effort will be made to improve the coherence between poverty reduction and international environmental and climate objectives.

Several different Dutch ministries, including the Ministries of Economic Affairs, Finance, Foreign Affairs and Housing, Spatial Planning & the Environment, deal with the broad energy agenda. Links between the different policy areas have become closer. In the past, issues like energy supply security, global warming and energy access for the poor were dealt with in relative isolation by different ministries; today there is more coherence between the three topics. The growing attention to global warming has been a stimulus to cooperation. The Directorate-General for International Cooperation (DGIS) of the Ministry of Foreign Affairs has consulted the Ministry of Housing, Spatial Planning and the Environment in budgeting the additional resources for sustainable energy for the poor. The process has included consideration of potential emission reductions in developing countries and developing countries' potential contribution (e.g. through biomass) to sustainable energy provision in the Netherlands.

The discussion on climate change and energy has added an extra dimension to the already complex question of food production and food security. Both the supply of and demand for biomass (for food, livestock feed and biofuels) are subject to sharper fluctuations than in the past, while support regimes (like buffer supplies and subsidies) that moderated such fluctuations have been reduced. The consequences are not yet completely clear; a new understanding of the relationship between food production, biofuel consumption and food security is urgently needed. While higher raw material prices and biofuel production give

developing countries new opportunities for development and increased energy security, some sections of the population are threatened by food shortages and decreasing food security due to rising prices. At current levels of blending the global impact of biofuels is still very limited compared with the use of biomass for livestock feed, with the exception of maize in the US. In the context of European efforts to fight global warming and to step up compulsory blending with sustainable biofuels, we need to keep close track of the direct and indirect effects and make a continual effort to ensure fairer markets, cost-effective biofuels and international agreements on sustainability standards (including environmental and social norms).

3.6 Intellectual property rights and medicines

Developing countries are contending with major health problems. For many diseases that mainly plague developing countries, medicines are either unavailable or only available at unaffordable prices. Since the WTO decision in 2003, poor developing countries have extra flexibility under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, allowing them to import from third countries patented drugs produced under compulsory licensing. So far, however, developing countries have hardly taken advantage of this possibility, probably due to excessive international pressure and red tape. This is not to say that the WTO decision was pointless. Reflected in 2005 in an amendment to the TRIPS Agreement, it has dealt developing countries a powerful hand in price negotiations with pharmaceutical companies. The Netherlands is continuing to follow this process closely, in part because several countries like Thailand and India have adopted a more activist policy that takes greater advantage of the flexibility offered to them.

In recent years Dutch priorities in this field have shifted towards the broader discussion in the WHO Intergovernmental Working Group on Public Health, Innovation and Intellectual Property (IGWG). The IGWG's goal is to arrive at a global strategy and plan of action to promote both development and the availability of medicines to the poor. In June 2007 the Netherlands and the OECD DAC held a successful High Level Forum on Policy Coherence: Availability of Medicines for Neglected and Emerging Infectious Diseases, which produced the Noordwijk Medicines Agenda.¹⁶ Substantive follow-up is being done mainly through the WHO IGWG. At the same time the Netherlands is supporting the Cameroonian authorities' initiative to organise a follow-up conference for African countries, which should produce a demand-driven elaboration of the Noordwijk Medicines Agenda.

Thanks to close cooperation among the relevant ministries (Foreign Affairs, Economic Affairs, and Health, Welfare & Sport), the Netherlands played an active role in determining the EU position in IGWG II and will defend that same position in the follow-up meeting in 2008. While the Dutch participants act in concert in this process, we observe that conflicting trade and other interests make it difficult for many other countries to maintain a consistent and ambitious position. To influence the process, the Netherlands is forming alliances with like-minded countries and providing support to the EU Presidency. The global strategy and plan of action were approved at the World Health Assembly in May 2008; the Netherlands will actively monitor the plan of action's implementation.

¹⁶ OECD High Level Forum, Noordwijk Medicines Agenda, 21 June 2007, at <http://www.oecd.org/dataoecd/62/11/38845838.pdf>

In addition to compulsory licensing of drugs, the discussion on intellectual property rights is focusing on property rights to plant varieties. This is mainly an issue in negotiations on bilateral trade agreements. Within the scope allowed by TRIPS, the EU generally endeavours to limit patent restrictions, for example on farmers' rights to reuse plant material from their own harvests or to sell it on a small scale. The interests of small farmers in developing countries need to be taken into consideration.

After several years of extensive debates, the World Intellectual Property Organisation (WIPO) has managed to adopt a Development Agenda. This should be a basis for a contribution by WIPO to developing and implementing systems of intellectual rights protection tailored to the needs and capacities of developing countries. These systems should ensure developing countries more access to knowledge and better protection from illicit appropriation of indigenous knowledge.

3.7 Migration

Over the past four years, the policy priorities of the 2004 policy memorandum 'Development and Migration'¹⁷ have been fleshed out, as parliament has been informed in five progress reports.

The development dimension of migration policy takes shape in the following priorities:

- more attention to migration in the development dialogue and to development in the migration dialogue;
- encouragement of circular migration ('brain gain'), with an emphasis on temporary labour migration;
- reinforcement of the relationship between migrants' remittances and development;
- greater involvement by immigrant organisations in policymaking;
- promotion of sustainable return and reintegration in the country of origin;
- institutional development of migration management.

At the parliamentary committee meeting with the Minister for Development Cooperation and the State Secretary for Justice on the fifth progress report of 26 April 2007, these two members of the government promised to issue a new policy memorandum with updated policy emphases and specific action points. This memorandum should be presented to the House in mid-2008.

This subject gained a prominent role in the multilateral arena when the Global Commission on International Migration (GCIM) presented its report in 2005 to then UN Secretary-General Kofi Annan, making a number of policy recommendations. At Annan's initiative, the report was followed in September 2006 by the UN High Level Political Dialogue on International Migration and Development. Whereas migration had been treated in the past as a problem, the emphasis shifted to the opportunities it can offer for development. Negative effects of migration were also discussed, such as illegal migration, human trafficking and xenophobia. The decision was made to continue a global dialogue among states by means of informal, voluntary gatherings.

The first meeting of the Global Forum on Migration and Development (GFMD) took place in July 2007, with Belgium as the organiser and host country.

¹⁷ Notitie Ontwikkeling en Migratie, Parliamentary Papers 29693, no. 1, 9 July 2004; available in English at www.minbuza.nl

The European Council of December 2005 adopted a 'Global approach to migration: Priority actions focusing on Africa and the Mediterranean', which stressed the importance of coherence, cooperation and a comprehensive approach. The Commission presented a Communication in November 2006, 'The global approach to migration one year on: towards a comprehensive European migration policy', which built on existing dialogue under the Cotonou Agreement and on the agreements reached at the successful African conferences in Rabat and Tripoli on cooperation on migration between the EU and African countries. At the EU-Africa Summit in December 2007, the EU and Africa entered into a Partnership on Migration, Mobility and Employment. To foster cooperation with ACP countries, EU missions visited Cape Verde, Ethiopia, Ghana, Mauritania and Senegal in 2007. The missions held discussions with these countries' governments about concrete, future joint work on migration. The Netherlands took part in the missions to Ethiopia and Ghana, as a first step towards partnerships with these countries.

The various Directives now being discussed in the Council are another example of efforts to promote cooperation on migration issues. Interministerial coordination in the Netherlands on a number of relevant European questions, such as the Directives now being negotiated on knowledge migrants, illegal migration and labour migrants' rights, includes discussion of their effects on developing countries.



Temporary labour migration from developing countries can contribute to poverty reduction and the achievement of the MDGs. The policy memorandum 'Towards a modern migration policy',¹⁸ which outlines future Dutch policy in the field, expresses the government's intent to create more opportunities for such temporary migration. The premise is that temporary, demand-driven labour migration both serves the Netherlands' interests and can have positive effects in migrants' countries of origin. In September 2006, the then State Secretary for Social Affairs and Employment and Minister for Development Cooperation asked the Social and Economic Council (SER) for an advisory report on labour migration policy in its broadest sense, with a focus on temporary labour migration by workers with primary or secondary educations and on preventing brain drain in vulnerable sectors. The government concurred with major recommendations of the report, such as the switch from a 'no unless' to a 'yes as long as' approach to admissions policy and measures to attract more knowledge migrants. The government also followed the SER's advice in sticking to priority for the Dutch work force over and above migrants in the lower and middle segments of the labour market.

Even though there is a growing international interest in the concept of circular migration, many questions remain on its practical implementation. A pilot project is foreseen in the Netherlands, with the objective to establish a better insight in the practicalities of circular migration, and in its possible added value to development. What difficulties, possibilities, impracticalities and risks do we encounter? Two sending (developing) countries will enter into a settlement that includes both agreed information on the participating private partners (companies), and on the cooperation of the sending government with the return of migrants. A maximum of a hundred participants of basic vocational training level is foreseen per country. The private parties will warrant minimum wages, housing, and social insurance. After a period of two year participants will return to apply the attained knowledge and working experience in their respective countries of origin.

3.8 Security

The progress that has been made on security and development is becoming increasingly visible. For example, the 2005 UN World Summit emphasised once more how closely security, development and human rights are linked, and launched an initiative to establish a Peacebuilding Commission. Organisations like the World Bank and OECD DAC have laid the foundation in recent years for guidelines on policy in conflict areas. In November 2007 the EU too established itself as a potential major player on security and development with the adoption of Council Conclusions on fragility and on security and development. The Council Conclusions on security and development were adopted in a joint meeting of defence and development ministers. The EU has a broad range of instruments in this area, enlarged since 2007 with the financial Instrument for Stability.

The Netherlands has long experience in this field. As early as the 1990s, the security/development nexus was fundamental to our integrated foreign policy. The Stability Fund has given us an innovative way of financing activities in conflict areas. Recent Dutch policy in Afghanistan, the Democratic Republic of the Congo (DRC) and Sudan has been based on coordinated deployment

¹⁸ 'Naar een modern migratiebeleid', *Parliamentary Papers* 30573, no. 1, 22 May 2006; in English at www.justitie.nl/images/612778%20Migratie-binnenENG-de_tcm34-76911.pdf

of the three D's: diplomacy, development and defence. Enhanced operational coordination between the Ministries of Foreign Affairs and Defence has improved policy coherence. This government has decided to step up Dutch efforts in fragile states, again with an emphasis on coherence. A pilot project in Burundi is attempting to bring about a convergence in the working methods of the UN Peacebuilding Commission, the Netherlands and the EU.

Regulation of the international arms trade is crucial to harmonising security and development policies and to giving priority to the problems of fragile states. The Netherlands is trying to tackle disarmament in conjunction with development and to step up international measures to deal with the growing problem of illegal weapons. A group of experts with a Dutch Chairperson presented a report to the UN General Assembly in October 2007 with concrete proposals to this end.¹⁹ These measures should be seen as steps towards a global convention on the arms trade. Important steps can also be taken in forums besides the UN. For example, the OECD DAC is developing policy on integrating disarmament into broader development policy. The EU's Strategy on Small Arms is part of its broader Africa strategy.²⁰ In 2006 the Netherlands signed the Geneva Declaration on Armed Violence and Development, and has been contributing to its implementation since then as a member of the core group; the framework for implementation will be presented at the second ministerial summit in September 2008. Besides these efforts at multilateral level, the Netherlands also presses countries to put the agreements they have made into practice. For example, we give support to countries that try to integrate work on small arms into their broader development strategy.

3.9 Financial transactions

There are many international agreements on financial flows with developing countries that lie outside the sphere of direct aid. These arrangements concern capital flows towards developing countries, including direct investment, bank loans, remittances and export credits, as well as money flowing in the other direction, such as debt payments, capital flight and illegal transactions. Taken as a whole, these capital flows amount to much more than development aid. International arrangements should therefore reflect development needs.

On debt issues, following the launch of the Heavily Indebted Poor Countries Initiative and in 2006 the Multilateral Debt Relief Initiative, the focus has shifted towards applying a framework for debt sustainability. There was a major breakthrough in early 2008, when the OECD Export Credit Group adopted guidelines for sustainable lending by OECD countries.²¹ The essence of these guidelines is that creditors should take more account in their export credit policies of developing countries' debt position. Loans above a specified minimum amount should also be compatible with a national development plan.

¹⁹ Report of the Group of Governmental Experts established pursuant to General Assembly resolution 60/81 to consider further steps to enhance international cooperation in preventing, combating and eradicating illicit brokering in small arms and light weapons, UN General Assembly, 30 August 2007, A/62/163

²⁰ 'The EU and Africa: Towards a Strategic Partnership', adopted by the European Council of 15-16 December 2005

²¹ OECD, Principles and Guidelines to promote sustainable lending practices in the provision of official export credits to low-income countries, 2008, www.oecd.org/department/0,2688,en_2649_34179_1_1_1_1_1,00.html

Export credit organisations will exchange more information with the IMF and World Bank so that warning signals can be given in good time if new credits risk leading to untenable debt positions. This major decision was reached under a Dutch chairperson after almost two years of difficult negotiations held at the initiative of Italy, the Netherlands, Norway, Sweden and the UK. The Netherlands has thus achieved its goal of more closely integrating export credit provision into a policy aimed at sustainable development. We will work further to bring the way that development loan concessionality is measured into line with the debt sustainability framework.

The UN Convention against Corruption ratified in 2005 forms a substantial legal basis for combating corruption and tracing illegal capital transactions associated with corruption. One initiative taken under the Convention is the World Bank and UN's Stolen Asset Recovery Initiative. Various other organisations are active in this area as well. The Council of Europe combats corruption by means of country evaluations, for example. There are various relevant OECD activities, including efforts to fight tax evasion. The Financial Action Task Force develops policy to prevent money laundering and terrorist financing. The Netherlands is active in all these bodies. We will also call special attention to the World Bank's action plan at the Follow-up International Conference on Financing for Development in late 2008 in Doha.

Coherence policy in the EU, OECD and UN



4.1 The EU

Much has been achieved in the EU in establishing an institutional structure for promoting European PCD since Council Conclusions in 2005 laid the basis for a common European approach. PCD was given a prominent place in the European Consensus for Development agreed at the end of 2005. European coherence policy is being elaborated and applied in twelve sectors. A Rolling Work Programme of the Presidencies pinpoints the development aspects of current European policy in these sectors and ensures that they are noted by the Commission at an early stage of decision-making. A special unit within the Commission has been assigned responsibility for PCD, and an Inter-Service Group on PCD was launched in 2006. Every other year the Commission will issue a progress report based partly on input from member states. The publication of the first European PCD report in 2007²² was both a milestone and a major learning process. An extensive evaluation of the PCD activities mandated by the Maastricht Treaty was issued that same year.²³

These reports revealed a number of weaknesses in PCD practice within the EU. The compartmentalised structure of the working groups often makes it difficult to get sufficient attention for development needs in the various sectors' decision-making processes. Impact studies that should play a role are issued too late or do not focus enough on externalities. While there is greater appreciation of the significance of PCD in many member states – including all new member states – it is a dimension of development policy that is still in its infancy in the EU. Progress still depends far too much on the efforts of a handful of member states. The difficulty with which Council Conclusions were reached in 2007 on the PCD report showed once again that many countries consistently tend to give greater priority to their own national interests than to the interests of development. There is still much work to be done to alter the balance. The member states that have developed a structural approach to coherence should play an exemplary and leading role.

The Netherlands is taking on this challenge. In recent years we have explained our approach in bilateral contacts with several EU member states. An informal network of PCD experts in the EU, established at our initiative, plays a useful supporting role. We emphasise that once an institutional structure for PCD has been set up, the working programme should be fleshed out by making practical commitments and giving them high priority, thus taking a step beyond general, descriptive overviews.

In 2008 the Commission took the initiative to develop three topics from the PCD report – the links between development and migration, climate change and research – in more detail for inclusion in a Communication for the Monterrey Follow-Up Conference. Coherence can also be an essential feature of broad partnerships like those foreseen in the EU's innovative Africa strategy, which integrates trade, aid and security as core elements.

²² European Commission, *EU Report on Policy Coherence for Development*, COM(2007) 545 final, 20 September 2007

²³ ECDPM et al., *Evaluation of the EU Institutions & Member States' Mechanisms for Promoting Policy Coherence for Development* (Amsterdam: Aksant Academic Publishers, 2007)

4.2 The OECD

The OECD's multisectoral nature makes it particularly suited for elaboration of the concept of PCD. By using in-depth analyses to make the interests of development transparent and by bringing together the relevant policymakers, the OECD and its associated Development Centre can play a key role. The OECD's interaction with developing countries has increased in recent years because of its greater role in G8 activities. It has done major, pioneering work on policy coherence since the 1990s and has made further progress in recent years, thanks in part to active Dutch input. A PCD Coordinator has been appointed in the OECD Secretariat.

The DAC regularly involves other OECD committees in development issues, for example meeting jointly with the Committee for Agriculture, the Trade Committee, the Committee for Fisheries, and the Environment Policy Committee. Outside experts have also participated in OECD conferences like the 2007 High Level Forum on Medicines in Noordwijk, a Dutch initiative. The organisation's work on PCD currently focuses on such subjects as trade, agriculture, migration, water, fisheries, climate change, corruption and security. For example, the Development Centre has done research on the nexus of trade, development and migration.

The OECD can also make a contribution through exchanges of institutional best practices. It recently followed the EU's example by establishing an informal PCD network. By giving PCD a prominent place in DAC peer reviews, the organisation is promoting institutional reforms conducive to PCD in the member states. Synthesising different experiences with these reviews and strengthening the use of PCD impact analyses could help steer the further development of the OECD's PCD policy.

4.3 The UN

On a global scale, PCD is badly needed to ensure achievement of the MDGs. MDG 8 specifically concerns the objectives that developed countries must attain to support the efforts of developing countries. It includes such matters as aid, trade and debt relief as well as less well-known objectives like access to affordable essential drugs, decent and productive work for youth and availability of new technologies for developing countries. The UN needs to have a clear picture of progress in these areas and developed countries must account for their contributions, starting from the principle of mutual obligations.

Like a number of other developed countries, the Netherlands reports regularly on its contributions to MDG 8. Other G8 countries have also made substantial steps forward in recent years, which were reflected for instance in the outcome of the Gleneagles summit. The Follow-up Conference on Financing for Development in Doha this year will provide another opportunity to look critically at developed countries' progress towards a coherent international approach. The Netherlands is also pressing for policy coherence within the UN family; input from specialised organisations like the FAO and ILO is very important.

Challenges



The rapidly shifting relationships between the forces in the world, as a result of globalisation and in reaction to emerging issues, pose new challenges for PCD. At the same time, it will be a major challenge in itself to strengthen the institutional anchoring of PCD and establish its principles at national and above all international level.

The emergence of developing countries like China, India and Brazil as major global players will inevitably have consequences for international cooperation. Developing countries are increasingly being held to account for their share of responsibility for global issues and poverty reduction. As these developing countries are seen more as competitors, conflicts of interest intensify. Meanwhile the poorest developing countries risk being left behind and left out, given the rapid development of the world market. It is less possible than ever to treat developing countries as a single bloc. This justifies giving the poorest countries, and especially Africa, a separate status in endeavours to achieve PCD, without losing sight of the fact that the MDGs still have to be realised in the major developing countries as well.

Many of the topics that fall under the heading of coherence are related to issues of globalisation and to the international trading system. Considerable progress has been made in recent years in strengthening developing countries' position in the world market and the trading system. However, this is not true of the poorest among them. Problems still remain in the global trading system: high tariffs, trade-distorting subsidies for agricultural products, and difficult technical issues such as rules of origin. In agriculture, the consequences of EU CAP reform for developing countries will require ongoing attention. At the same time, the focus within the trading system is shifting from classic trade barriers (tariffs and subsidies) towards product standards and demands on the production process that reflect non-trade concerns like sustainability, human rights, fundamental labour standards and animal welfare. It is crucial that the policy framework provides enough room to manoeuvre to respond to developing countries' specific conditions.

In addition to the changing trade agenda, new themes are emerging in the international dialogue on globalisation, such as labour migration, climate change and energy. Current policy and new undertakings in these areas will have to be screened for their impact on the world's poorest people. More often than in the past, regulations must give due consideration to more than two government policy objectives. The challenge is to combine several principles, as in the discussion on sustainable development, where a balance must be struck between trade, the environment and poverty reduction. Despite developed countries' strong domestic political agendas, developing countries need enough space to make their own choices and to receive support for them. Different instruments can be combined in different ways in different areas. For example, development policy for fragile states demands a coherent approach to such diverse policy areas as conflict, corruption, illegal financial flows and the arms trade.

While the need for PCD has been affirmed in many declarations by international organisations like the UN, the OECD and the EU, this has only been reflected to a very limited extent in new institutional arrangements. So far only a few like-minded countries have developed governmental structures to promote PCD. These few countries' efforts can only be effective if more countries adopt the same approach. After all, PCD must self-evidently be a multilateral policy. More extensive development of organisational structures to foster coherence is thus vital to PCD's ultimate success.

In the Netherlands, Government Agenda 2015 has made clear once more that greater efforts are needed to achieve the MDGs, and that more and more effective aid alone are not enough. The government as a whole has made a commitment and will build on the Agenda. The Dutch approach to coherence is seen internationally as an example, and the government has explicitly stated that it will continue to take the lead. The challenge will be to maintain the Netherlands' leading position without losing touch with countries where the quest for coherence is still in its infancy. At the same time, the Netherlands' partial scores on the Commitment to Development Index show that there is much room for improvement here as well.

With regard to multilateral forums, the Netherlands will continue to give priority to decision-making in the EU. The effectiveness of the Dutch position on coherence in Brussels will stand or fall with the readiness of other member states and the Commission to join us. We will also have to continue to invest in cooperation between the Ministry of Foreign Affairs and other Dutch ministries to ensure a consistent Dutch position in all the EU bodies. Progress has been made in the EU in recent years in developing institutional structures for PCD, but putting PCD into practice and making it a priority are still great challenges. The accession of a number of new member states has narrowed the space available for PCD in Brussels. New partnerships will have to be formed, going beyond the traditional group of like-minded countries and involving the developing countries themselves, particularly when it comes to multilateral negotiations.

We will need to maintain confidence and productive collaboration between Dutch ministries, on the basis of clear, realistic analyses of developing countries' interests. When the Ministry of Foreign Affairs' special Coherence Unit is evaluated, an issue that will again be addressed is how best to give institutional form to coherence policy. Sharper conflicts of interests in the Netherlands are to be expected, especially on politically sensitive issues like labour migration and non-trade concerns. More frequent, bilateral political consultations between the members of government concerned will be needed to strike the right balance between different interests. A link will need to be sought with the public debate in the Netherlands, which in turn will have to come to terms with developing countries' own agendas.

The main tools of coherence policy are awareness-raising and informed decision-making, based on the demonstrable negative effects of incoherent policy and the demonstrable benefits of coherent policy. Only a broad societal commitment can ensure that the long-term interests of development are given enough weight in decision-making. This means paying considerable attention to communication with the Dutch parliament and society. We will work with NGOs to stimulate more discussion in society about issues of coherence, and strengthen our ties to the research community to help develop better impact studies.

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