

## COHERENCE

*Development aid represents just a small part of all the policies with an impact on the economic and political development of poor countries and their citizens. A new line of research was developed in the 90s under the banner of "Coherence." Its aim was to attempt to unify the different donor organization policy objectives regarding receptor countries, as well as to promote consistency in terms of their desired impact. With this focus in mind, we have evaluated the coherence of various Spanish public policies (such as fiscal, economic, trade, agricultural, and immigration policies) and both their positive and negative impacts on economic and social development within developing countries. Achieving this coherence with development as the final objective poses various challenges: the technical challenge resides in improving communication between various governmental ministries; and the political challenge implies taking into greater account the problems of low-income countries in donor-countries' political decisions. How can we move beyond coherence and the innovation it represents as a concept and introduce sensitivity towards reducing poverty in all governmental policies?*

### What is development coherence?

Coherence between development policies is a broad concept without a consensual and universally accepted definition, nor is there a single classification of the different types of coherence. Below is a summary of some of the most relevant conceptual interpretations of the term.<sup>1</sup>

In the Organization for Economic Co-operation and Development (OECD) literature, coherence implies incorporating the interests and needs of developing countries when designing development aid policies in the donor countries. According to Weston and Pierre-Antoine, coherence is coordinating and complementing the different policies with an impact on recipient country development. For Guido Ashoff, the concept of development policy coherence has two interpretations: on the one hand, it is the absence of incongruity among the different policies, and, on the other, that these policies interact with each other to achieve shared objectives.

In addition, a series of classifications to limit the breadth of coherence as a concept has been defined.

As such, in 2000, the OECD classified coherence into three groups: horizontal coherence, that is, when the different policies complement each other with the aim of minimizing incongruity; vertical coherence, which strives for congruence between policy results and their intentions; and, lastly, temporal coherence which ensures that the efficacy of the policies applied in a specific moment will last over time. Stokke's classification describes four distinct frameworks for coherence: international cooperation policy on donor country development; coherence between diverse policies of a single donor; coherence between industrialized country policies with respect to developing countries; and, coherence between *donor country–recipient country* policies with respect to development cooperation policy. For Hoebink, coherence can be understood, on the one hand, restrictively – only that

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<sup>1</sup> For a more detailed analysis of the various definitions, consult Olivié and Sorroza (Eds.), *Coherence for Development: Economic Recommendations for Spain*, Elcano Report num. 5: 2006.

related to development cooperation policy or to the contradictions between this policy and other external policies (such as trade policies) – and, more broadly, when not only external policies but also internal ones are brought into the analysis.

This review of Spanish cooperation policy coincides with the half-way mark of the current legislature. It aims to analyze the reform the Government has set for itself with respect to Spanish cooperation and to elaborate a list of reforms to turn aspirations into reality. In this sense, the debate on coherence which we would like to provoke will be centered on accepting the term as used in Spanish cooperation literature: the union of the objectives and impact of donor country cooperation policies towards the countries receiving its official help and impacted by other policies (economic policies, agrarian policies, security and defense policies, immigration, the policy to promote language and culture abroad, etc.).

### **Coherence for Development in Spanish Cooperation**

The increasing importance of policy coherence for Spanish cooperation was already recognized in the Socialist Party's (PSOE) electoral program prior to the last General Elections. Their program declared, "The Socialist Government wants to put the necessary policies and instruments into practice to fulfill these objectives [the Millennium Development Goals - MDG]. Our guiding principle will be to guarantee the coherence of all policies with an impact on Spain's projection in the developing world and guarantee their coordination with whatever initiatives are adopted with the same ends internationally and multilaterally."<sup>2</sup>

By the same token, the 2005-2008 Master Plan for Spanish Cooperation establishes that "from the developing country point of view, fighting efficiently against poverty requires coherence not only within development cooperation policies, but also between the latter and those public policies which might neutralize aid efforts. This commitment arises from the conviction that, in reality, other governmental policies may be as important for the reduction of poverty as the very development cooperation policies."<sup>3</sup> When proposing formulas to put this commitment into practice, the Master Plan suggests "raising development cooperation to the ministerial level, by creating the Ministry of Foreign Affairs and Cooperation which will facilitate developing its responsibility in managing international cooperation policy and coordinating the General State Administration (AGE in Spanish) within the framework of observing the principles of unity of action abroad and coherence between policies as outlined in Articles 4 and 17 of the International Development Cooperation Act (LCID in Spanish)."<sup>4</sup>

Article 4 of the 23/1998 International Development Cooperation Act<sup>5</sup> is the legal basis for coherence in development policies in Spain and it establishes the preeminence of the objectives and principles of international cooperation policy over other state policies, both internal and external. This article stipulates that "the principles and objectives identified in the previous articles will be taken into account in the policies applied by the Public Administrations within the context of their respective competencies which might have an effect on the developing countries."

<sup>2</sup> PSOE 2004: "Merecemos una España mejor – Programa electoral / Elecciones generales 2004", p. 16.

<sup>3</sup> 2005-2008 Director Plan for Spanish Cooperation, General Sub-Directorate for Planning and Evaluating Development Policies, State Secretariat for International Cooperation, Cooperation and Foreign Office, Madrid, 2005, p.10.

<sup>4</sup> Idem, p. 14.

<sup>5</sup> Head of State (BOE n.162 de 8/7/1998), 23/1998 International Development Cooperation Act, 7 July, 1998.

With this, Spain became a pioneer in terms of coherence among DAC member countries by incorporating into its legal framework policy coherence among its development policies.<sup>6</sup> However, the particularities of the Spanish cooperation institutional framework create some limits to the possibility of achieving this coherence.

The process of institutionalizing Spanish development cooperation began in the 80s, when Spain was no longer considered a country needing aid. The creation of the State Secretariat for International Cooperation and Latin America (SECIPI) within the Spanish Foreign Office in 1985 was the first step in establishing a development cooperation policy and it implied the organic integration of all agencies and organisms dedicated to international cooperation, except for the Development Aid Fund (FAD in Spanish), managed by the Ministry of the Economy.<sup>7</sup> In 1988, the Spanish Agency for International Cooperation (AECI) was founded as an autonomous organism within SECIPI and was charged with executing development policy and, concretely, managing bilateral aid to developing countries.

In the 90s, the Spanish Autonomous Communities and city halls began to develop their own development cooperation policies. Meanwhile, in 1991 Spain joined the OECD's Development Assistance Committee (CAD), thereby having to adapt Spanish aid instruments and focuses to the guidelines and patterns of the world's main donors.

Lastly, the approval on July 7, 1998 of the 23/1998 International Development Cooperation Act supposed an attempt to resolve the principle problems presented by Spanish cooperation: its dual nature and the elevated degree of institutional dispersion.

With respect to the dual nature of Spanish cooperation and in an attempt to mitigate its negative effects, the 1998 Act affirmed the Foreign Office's leadership in designing and managing development cooperation policy. However, the Ministry of the Economy was charged with managing FAD as well as operations with respect to foreign debt and contributions to international financial organisms. The Spanish Foreign Office would manage non-reimbursable aid – projects, programs and micro-credits – and contributions to non-financial international organisms, the United Nations principally.

This dual structure corresponds additionally to different concepts with respect to development cooperation. As such, the Ministry of Foreign Affairs' policy is based on the concept of multidimensional development (economic, social, institutional, and environmental), and its explicit objective is to reduce poverty. This policy is executed primarily by means of non-reimbursable aid (donations) aimed at developing countries and sectors charged with covering basic social needs as well as international organizations and programs working to eradicate poverty in all its manifestations.<sup>8</sup>

In 2004 the ministries were restructured which, although changing respective competencies in development cooperation, did not suppose a change in the duality described above. On the one hand, the Ministry of Industry, Tourism and Trade was created and it is now in charge of managing FAD by means of the General

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<sup>6</sup> Development Assistance Committee (OECD), *The Development Dimension; Fostering Development in a Global Economy: A Whole of Government Perspective*, 2005.

<sup>7</sup> FAD, dating from 1976, is an instrument designed to foment Spanish exports.

<sup>8</sup> Economic and Social Council (CES in Spanish), *Cooperación y acción exterior*, Report 3/2005, p. 24.

Secretariat of Foreign Trade, now separated from the Ministry of the Economy. On the other hand, the Ministry of the Economy and the Tax Office were united as a single ministry, the Ministry of the Treasury. In terms of cooperation, the competencies of this new ministry include making the required contributions to the European Union, formerly corresponding to the Tax Office, in addition to those competencies defined above. Lastly, and has already been mentioned, the Foreign Office changed its name to that of Cooperation and Foreign Office in recognition of the new government's intent to strengthen, foment and give greater visibility to this area of foreign affairs.

Although the Ministry of the Treasury, the Ministry of Industry, Tourism and Trade, and the Cooperation and Foreign Office are the main actors in international cooperation, jointly representing 75% of the Official Development Aid Agency (AOD), many State and territorial organisms also work in this area. Apart from those already described above, other State agencies worth mentioning include the Ministry of the Defense, the Ministry of Work and Social Affairs, and the Ministry of Education and Science, which in 2003 managed 2.4%, 1.7% and 1.5% respectively of the AOD, although these figures were reduced in 2005.<sup>9</sup>

On the other hand, decentralized cooperation, that is, aid channeled through the Autonomous Communities and local organisms has grown in importance, representing 16.5% of AOD in 2003. This is a truly unique phenomenon in Europe, implying a veritable challenge for Spanish development cooperation in terms of coordination and coherence because there is no single institutional framework nor are their goals the same. In some cases, these are to support trade and actions abroad. How this development cooperation is enacted is not the same either, and in smaller municipalities this is done primarily by subsidizing Non-Governmental Development Organizations (NGDOs) instead of acting directly. With the aim of structuring this decentralized cooperation and jointly managing development aid, there has been a proliferation of numerous non-profit Cooperation Funds, normally at the Autonomous Community level, in which city halls and public and private organizations participate.

The institutional dispersion implied by this plural participation model makes the Spanish development cooperation system unique and makes coordinating policies and increasing efficiency all the more necessary. Apart from the Parliamentary Commission for International Development within the House of Deputies, created by the 23/1998 Development Cooperation Act to supervise the execution of Spanish cooperation policy, there are four consulting and development cooperation organisms within the government:

- Cooperation Council for Development: created in 1995 and responsible for planning and evaluating documents prepared by the Government. This Council consists of 10 government representatives and 16 from civil society (social agents, experts, NGDOs and private institutions and organisms in the area of cooperation).
- Inter-territorial Commission for Development Cooperation: created in 2000 to foment coordination, agreements, and collaboration between Public Administrations in different territories with competencies in AOD.
- Inter-ministerial Commission for International Cooperation: created by Royal Decree 451/1986 on February 21, 1986. It was created based on a proposal by the Foreign Office as the organism in charge of inter-ministerial and inter-

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<sup>9</sup> Idem, Cuadro 4 "Participación de los distintos agentes de la cooperación española en la ayuda oficial al desarrollo (2003-2005)", p. 25.

departmental coordination within AGE “with the aim of orchestrating said competencies (managing, programming, controlling, and evaluating international cooperation, cultural, economic, scientific, and technical activities carried out by the organs of this department – SECIPI – as well as coordinating the activities of other administrative organisms in this area) and coordinating them, as well as facilitating the Government’s task of preparing its international cooperation policy.”<sup>10</sup>

- Inter-ministerial FAD Commission: created by decree/law on August 24, 1976 and consisting of representatives from the Ministry of Foreign Affairs and Cooperation and the Ministry of Industry, Tourism and Trade. Its mission is to examine all the proposals made with respect to FAD and bring, via the Ministry of the Treasury, these proposals to the Council of Ministers for their approval.

In 2002, the Development Assistance Committee presented a series of recommendations to give Spanish development cooperation more coherence and efficiency.<sup>11</sup> Worth highlighting among these was consolidating the Ministry of Foreign Affairs and Cooperation’s leadership in managing cooperation policy, reinforcing the instruments to establish pacts between territorial entities and reinforcing the analytical ability of the Cooperation and Foreign Office in other policy areas with an impact on developing countries (agriculture, fishing, trade, etc.).

This last dimension has greater reach than the mechanisms and institutions described previously. Its function is to coordinate the policies of the different AGE actors with competencies in the promotion of development. To ensure coherence within “the whole of government”, or “coherence within the country as a whole,” every policy of every governmental actor has to be analyzed, including those whose competency is exclusively limited to domestic policy. For example, a policy aimed at nationalizing foreigners could provoke a “brain drain” from underdeveloped countries, just as a restrictive immigration policy could be responsible for a reduction in the amount of money sent back by immigrants to their countries of origin and which represent a substantial source of income for survival and the creation of wealth (“seed money”) for local economic development in many poor countries.

To achieve this objective, some type of mechanism must be created to ensure and certify the convergence of each AGE policy with cooperation *before* that policy is implemented. To that end, the State Office for the Planning and Evaluation of Development Cooperation Policies (DGPOLDE in Spanish), or any other designated organization, should have the ability to foment the sensitivity of the different State policies to their effects on the southern hemisphere. Though it is true that the current cooperation act does give SECI this formal mandate, in practice, it still lacks the ability and real weight over other ministries so as to have its opinions heard.

In this sense, a second step after this analysis should be the creation of a mechanism of reconciliation (“clearing house mechanism”) to study the possible negative – or positive – impacts of a specific policy on development policy cooperation, as well as having the ability to redesign the policy in question or recommend pertinent changes to reduce its harmful effects. In this way, by overcoming the idea of incompatibility between the interests of the North and South, we would highlight the viability of a change in policies oriented towards a greater coherence with the objectives of international development cooperation

<sup>10</sup> Spanish Foreign Office(BOE n. 54 de 4/3/1986), Royal Decree 451/1986, February 21, 1986.

<sup>11</sup> Development Assistance Committee (OCDE), *Development Co-operation Review: Spain*, 2002.

without this implying sacrificing one or another's interests. Nevertheless, the challenge resides in identifying an efficient model to implement this reconciliation mechanism. The general trend in case of disagreement between ministries is to raise the issue with the Presidency. As this is not a very efficient solution, innovative mechanisms for analysis, communication and readjustment of inter-ministerial communication must be created.

### **Coherence within EU Development Policy and Good Practices by other Donors**

In 2000, reform on EU development policy was begun, affecting both the priorities as well as the organization and execution of development aid programs. This reform aims to raise the quality of aid programs, achieve a demonstrable positive impact on the quality of life of aid recipient nationals, promote accountability for European citizens and in countries receiving aid from AOD, explain clearly what is being done and what funds are destined for, and, lastly, increasing coherence between development policy and the rest of EU policies. This reformed development policy, based on a joint declaration by the European Council and European Commission,<sup>12</sup> is in line with the international development commitments and objectives and, in particular, with the Millennium Development Goals (MDG) and the OECD's DAC guidelines.

Coherence is increasingly becoming important in the development cooperation policies of some donor countries within Europe. According to different authors, the most advanced countries in terms of development policy coherence are found in Scandinavia, including Sweden and Denmark ("Denmark is supportive of actions...that promote policy coherence"<sup>13</sup>), and countries such as the United Kingdom ("Achieving coherence... is a priority for the United Kingdom..."<sup>14</sup>) and the Netherlands ("Policy coherence has always been a key concern"<sup>15</sup>).



## **Foroaod – Spanish Development Aid**

FRIDE organised the project "Spanish Development Aid - Mid-term Review and a Proposal for a Participative Consultation" between June 2006 and April 2007. This project aims to develop a consultation process about the current Spanish government's development cooperation policy. We have created a forum for participation and debate, in order to assess the Spanish development cooperation reform agenda and to identify the main achievements and shortcomings in operationalising the initiatives based on the principle of "More Aid, Better Aid". A set of recommendation guidelines were developed, through participative methods, with the objective of putting into practice the aspirations of the Spanish development cooperation policy.

**[www.foroaod.org](http://www.foroaod.org)**

<sup>12</sup> Decision made by both the EU Council and EU Commission, 10 November, 2000, *The European Community's Development Policy*, based on COM (2000) 212 final: The EU's Development Policy.

<sup>13</sup> OECD, *The DAC Journal*, 2003, Vol.4, No. 3, p.187.

<sup>14</sup> OECD, *The DAC Journal*, 2001, Vol.2, No. 4, p.1-45.

<sup>15</sup> OECD, *The DAC Journal*, 2001, Vol.2, No. 3, p.1-31.