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POLICY COHERENCE FOR DEVELOPMENT: WHAT IT MEANS TO THE POOR[1]

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The fight against poverty has been at the centre of human activities ever since man appeared on earth. Whereas human beings have been making efforts to reduce their poverty over the years, there is still a widening gap between the poor and the rich, leading to social and political unrest and even wars. The aggravation of the situation led the international community to commit itself, at the United Nations Millennium Summit in 2000, to a series of specific development goals and to dedicate itself to achieving them through a new global partnership. In this regard, developing countries have resolved to establish sound policies, while the developed countries opted to provide additional aid and ensure that their various policies worked together to support the development goals. These decisions were taken at the International Conference on Financing for Development held in 2002 in Monterrey, NL, Mexico. The developing countries' commitment and the developed countries' decision showed that the international community came to realize that policy coherence for development is a necessity, contrary to what prevailed until then. After the Monterrey meeting, the international community decided to set an agenda to promote, via policy coherence, positive changes in the conditions affecting poor countries and poor peoples in the world.

With regard to the poor, policy coherence for development means that the national as well as global governance policies should not contradict the Millennium Declaration and its development goals. Policy coherence for development also implies, on the one hand, that development policies elaborated and implemented by developed countries, while pursuing their domestic and international objectives, do not impede developing countries' efforts to achieve the goal of reducing poverty, alleviating hunger and attaining food security; on the other hand, it means that developing countries and the poorest countries should make sure that: (1) their domestic policies are consistent with the Millennium Development Goals; (2) the international aid they receive does not have a negative impact on their ability to produce domestically; (3) and the agreements they sign are not in contradiction with their policies and strategies aimed at developing their economies and creating an enabling environment to improve living standards for their populations. That being the case, the question that arises is: "what then does policy coherence for development mean or what does it entail for the poor, i.e. poor countries, especially those of West and Central Africa and their populations?

This paper will attempt to answer the question above by discussing the extent to which both developed and developing countries' policies are coherent with, and can help them achieve the Millennium Development Goals, with particular regard to reducing poverty, alleviating hunger and attaining food security, the main concerns of the poor at large. The paper will focus on the implication of coherent

1. The terms "poor" and "developing countries", as used in this paper, refer mainly to the countries and peoples of West and Central Africa.

development policies from the perspective of developed and developing countries and with particular regard to the cases of West and Central African countries. It will discuss the implication of lack of coherence in governing instruments such as the domestic macroeconomic policy instruments, domestic agricultural support, trade-related policy measures, non-tariff regulations, development cooperation and developing countries' domestic policies, and their impact on the achievement of development goals aimed at accelerating growth and therefore alleviating poverty.

Policy coherence for development: the case of the Least Developed Countrties

In this fast-moving world with a globalised economy, most developing countries have been striving to improve their economies through policies that are not always coherent with their domestic objectives and those of the Millenniun Development Goals. This criticism is widely shared by the civil society in the Least Developed Countries (LDCs), especially farmer organisations and professionals of the agricultural sector whose voices are being heard in international forums across the globe.

The foundations, such as healthy and well-trained people, communication infrastructures and investments that would foster steady economic growth and yield wealth to combat poverty, are lacking in most of these countries. Yet their macroeconomic policies often do not seem to address these problems. For instance, in West and Central Africa where most of the countries' economies are desperately in need of capital investments, the French-speaking countries have decided, in a deal with France, to deposit up to 60 per cent of their export earnings in an account abroad, thereby depriving their economies of these important resources. Besides, developing countries have not laid adequate emphasis on education and training as well as investment in communication and transport infrastructures whereas their economies need qualified manpower, in order to be more productive and to participate effectively in regional and world trade.

Given that their economies are usually dependent on their agricultural sector, the West and Central African countries should: (1) promote public investment in agricultural infrastructures and ensure that credit needed to modernize production and improve the competitiveness of agricultural products are available and accessible mainly to producers; (2) follow consistent policies to encourage private investment in order to diversify and intensify production; and (3) adopt fair trade policies on agricultural activities and agricultural exports. Above all, developing countries should strive to increase the share of agriculture in their public expenditures so as to promote and create an environment conducive to agricultural and rural development. Unfortunately, the majority of these countries have failed to adopt and implement these policy measures. Some of them tried but they have not adopted, adapted and implemented these measures on a consistent basis. The lack of such policy measures has negative impact on growth in the agricultural sector and farm income, which is essential to increase demand for basic non-farm products and services in the rural areas, with the potential to create employment and therefore contribute to poverty alleviation.

Secondly, these countries' economies often rely heavily on foreign markets and aid although empirical evidence shows that development should first depend on internal market and local resources in order to be sustainable. Besides, most of the countries are exporters of raw materials and commodities. This implies that their economies depend on the lowest and the most volatile prices on the world markets (raw material prices) over which they have no control. As these countries do not process their products before exporting and selling them, they deprive their economies of the added value of these products that could be gained if the processing was done in the producing countries. The added value is often several times greater than the prices of the raw material being exported. Furthermore, in exporting raw products, Third World countries lose all the jobs that could have been created by the processing industries. The loss of such added value, coupled with job losses, would prevent developing countries' economies from growing as fast as the developed countries' economies which enjoy such gained value. Thus, the

developing countries growth will continue to lag farther behind, thereby widening the gap between these economies and those of developed countries.

Thirdly, most of the Third World countries are engaged in the World Trade Organisation (WTO) negotiations, having signed several Regional Trade Agreements (RTA) among themselves and with other regional organisations in the framework of regional economic integration and Economic Partnership Accords (EPA). They have also signed bilateral and multilateral accords which impact on their development policies. Indeed, various strategies have repeatedly unveiled their limits. It is not always obvious that these countries will gain from the accords they have signed or that they will derive tangible benefits from the agreement that will come out of the WTO negotiations. While it is possible that the countries would benefit from a boost in trade through an integration process that could in turn expand the market, the fact remains that regional trade agreements implemented among LDCs during the last four decades have not lived up to expectations. In Africa, the economies of several countries involved in these trade agreements have stagnated or declined. This is a clear indication that the overall impact of the regional trade agreements and the integration processes in which these developing countries are involved are not always coherent with their development policies and strategies.

During the 1980s, when the recession hit the economies of African countries, they were advised to sign drastic Structural Adjustment Programmes (SPA) with the Bretton Woods institutions (IMF and the World Bank). Most of the programmes have not yielded the expected returns, as they very often increased debts for developing and poor countries and brought more hardships to their populations. The conditions imposed by these programmes are generally incoherent with the main objective of increasing agricultural production, generating more income in the rural areas and reducing poverty. Cutting extension services and resources for research on the one hand, and taking measures leading to higher prices of inputs, on the other hand, have reduced the means of bringing better technology packages to farmers of the countries that subscribed to the SAP. Therefore, most agreements and accords are not coherent with the objectives of the developing countries. It means that if developing countries continue to pursue their policy objectives in the framework of these accords and agreements, they are more likely to experience relatively small or even declining growth and therefore remain underdeveloped. The solution lies in poor countries reviewing their domestic policies as well as the agreements and accords in which they are engaged with bilateral and multilateral partners in order to make them coherent with their development policies and strategic objectives. To that end, better and coherent domestic development policies should be formulated and implemented and the countries should have the courage to adjust them as they went along in light of the social, natural and economic changes that could occur. This calls for good governance whereby the countries could take the right decisions, set priorities, ensure better resource allocation and management, and make sure that they are on the right path to development.

Coherence of developed countries' development policies

Although all the developed countries' development policies affect the economies of the Third World countries in one way or another, it is particularly their agricultural policies in particular that have the most important and damaging effects on the poor countries and the welfare of their populations. In general, the agricultural policies pursued by developed countries can be grouped into four categories. First, they provide domestic income and price support to their farmers, thereby providing their farmers with opportunities to manage their resources better and be more competitive. Secondly, they usually adopt regulatory measures for food safety, environmental protection, consumer safety and protection, as well as intellectual property rights that affect trade in agricultural products. Thirdly, these domestic market interventions are usually supported by trade policy measures such as border tariffs and/or export and even domestic subsidies. Finally, at the international level, they often pursue development cooperation policies, including agricultural assistance and food aid programmes, trade preference to LDCs, duty-free and quota-free access to markets and trade liberalisation. A fundemental question arises here, in light of these

different policies. If the developed countries' policies have the potential to influence progress in the Third World countries, in pursuing their policy objectives, do developed countries get concerned about the coherence of their policies for the development of the poor countries?

In this section of the paper, we will try to answer the above question and determine the impact of coherence in developed countries' policies or the impact of their inconsitency on the development of poor countries. We will also assess the African countries' chances of attaining the Millennium Development Goals in that context. Furthermore, we will examine the coherence of each category of agricultural policy measures adopted by developed countries vis-à-vis the developing countries' objectives and the impact of these policies on both poor countries and their rural population in particular.

Income and price support measures

These two domestic policy measures often adopted by developed countries to increase income for their producers are usually coupled with trade-distorting border tariffs and/or export subsidies that lower world prices and reduce exports and welfare in developing countries. According to Mathews[2], the loss in welfare incurred by developing countries is estimated between five and ten billion dollars annually. Empirical studies have shown that developing countries have the most to gain from the withdrawal of tariff barriers and that subsidies are trade-distorting, with export subsidies being the most disruptive strategies for particular commodities and in particular markets. The adverse impact of subsidies on developing countries' cotton is a topical issue. Despite such well- documented evidence, developed countries committed to helping the poor countries attain the Millennium Development Goals have not given up, and are not willing to abandon, at least for the time being, those policies that are not coherent with the objective of helping poor countries in their endeavour to foster living better conditions for their people. Consequently, developing countries need to negotiate with developed countries so that they progressively phase out such policy measures that are incoherent with their development objectives.

Regulatory measures

Although commodity standards in general and food standards in particular are necessary and good for international trade, especially for developing countries, more and more developed countries are setting stinging standards for food and other agricultural commodities. In fact, to address their populations' growing concern about food safety, food quality and environmental protection, developed countries, sometimes unilaterally, set new standards and adopted more regulations which the poor countries found difficult to meet. These measures have effects on the level of trade between developed and developing countries. They reduced exports and export opportunities in some cases and diverted trade from developing countries that had difficulties in meeting the required standards. In the absence of adequate infrastructures, and with their low level of resources, most developing countries find it difficult to comply with the new regulations and consequently their market shares for exports in developed countries are declining.

For example, when the European Union adopted its new regulation on Maximum Residue Limits in fruits and vegetables, two African countries, Cameroon and Côte d'Ivoire, suffered a sharp decline in their export earnings from these commodities. It took the two countries a few years to recover but not totally from these losses, which had negative impact on their finances and on the welfare of their producers. Sanitary and Phyto-Sanitary (SPS) regulations are made to protect consumers so they are important in trade. However, SPS regulations have been and are being used by developed countries to discriminate against and limit trade in some commodities, especially from Third World countries. In those cases, the

2. Matthews, A., 2005, "Policy Coherence for Development: Issues in Agriculture'', An Overview Paper prepared for the OECD Global Forum on Agriculture: Policy Coherence for Development.

process of adopting SPS regulations becomes an incoherent policy that negatively impacts on the development objectives of Third World countries in particular.

Development cooperation policies

Development cooperation policies, including agricultural assistance and food aid programmes, trade preference to LDCs, duty-free and quota-free access markets and trade liberalisation have been among the policies and strategies used by developed countries in the framework of development cooperation to assist developing countries in their efforts to meet most of the Millennium Development Goals. Although these policy measures are useful for both developing and developed countries, it is however important to note that they have not always helped the Third World countries attain the level of development expected from their adoption and implementation. Development assistance is consistent with developed countries' commitment to help developing countries pull out of poverty by improving their economic growth and income generating capacity. But it makes no sense and there is no coherence for development if developed countries increase their foreign assistance to developing countries while creating trade distortions against some of the most important commodities like cotton that could foster economic growth in the poor countries. Furthermore, developed countries have not always provided qualitative and quantitatively sufficient assistance on a timely basis. Therefore, foreign assistance in most cases becomes ineffective since it does not allow developing countries to rationally invest and get positive returns on their investments.

In the trade sector, developed countries have offered non-reciprocal trade preferences to developing countries so as to boost their exports and contribute to their development. They have also used duty-free and quota-free measures to provide additional assistance as a means of integrating the vulnerable economies of poor countries into the global economy. Yet, in the framework of Economic Partnership they are negotiating multilateral liberalisation that will reduce the value of the preferential marginal gains enjoyed by developing countries through non-reciprocal preferences. This will reduce income prospects for developing countries and eventually impede their development.

With food aid, developed countries have provided direct help, enhanced the availability of food on markets by lowering prices and improved the balance of payments sustainability for poor countries faced with foreign exchange shortage. Empirical evidence shows, however, that direct food aid creates distortions in developing countries and regional markets, and such a situation leads to dependence on food aid, with negative impact on domestic food production and changes in local nutritional habits. Several studies have demonstrated that food aid for development is more expensive than commercial food imports. Therefore, it is better and more effective to provide funds for developing countries to purchase food on commercial terms rather than direct food aid. Nevertheless, most developed countries continue to use direct food aid as a way of helping developing countries cope with their food security problems. In a sense, it is the strategy whereby developed countries manage to get rid of their surplus even though it is not coherent with the development objective of their partners.

Conclusion

It is obvious and well known that the situation of the poor will not improve if there is no economic growth and improved income-generating capacity. The lack of policy coherence for development breeds actions that reduce both growth and income prospects for Third World countries. Yet, poor countries as well as developed countries are still implementing policies that are not coherent with their objectives and the Millennium Development Goals.

As regards the poor at large, policy coherence for development means that national and global governance policies should not contradict the Millennium Declaration and its Development Goals. For

instance, it makes no sense and there is no coherence when developed countries increase foreign development assistance while adopting domestic and trade policies that create market distortions against strategic and important commodities vital to the development of Third World countries. A case in point is the African cotton that is proven and well documented.

Policy coherence for development in favour of the poor will therefore mean that all government and bilateral and multilateral donors should work towards initiating, implementing and adjusting, at both national and global levels, policies that are not only complementary but also mutually supportive – policies that reinforce poverty reduction, hunger alleviation and food security goals. In other words, to the poor, policy coherence for development means supporting, creating and nurturing synergies for the achievement of pro-poor goals, including economic growth, even if it is not clear that economic growth can be seen as automatically contributing towards improving the lot of the poor.

In view of the difficulties encountered by West and Central African States in establishing “coherent” development policies, a new form of power balance is emerging with a well-structured civil society poised to defend the interests of the poor. The new trend is an integral part of a dynamic democratisation process.

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