

Coordinated procedure for resolving conflicts of interest

Economic interests and the interests of cooperation development do not always coincide, as can be seen in commodities trading. For this reason the Swiss Federal Council aims to give constant attention to ensuring policy coherence. *Werner Thut*

Development cooperation has been part of Swiss foreign policy for more than 50 years. In spite of upheavals in the international environment the strategic objectives and underlying driving forces of action in this field have remained essentially unchanged. This includes not allowing measures to be taken in other policy areas to frustrate development cooperation activities. There has not been a broad-based public debate on policy coherence for development since the 1990s. In its Dispatch to Parliament on International Cooperation 2017–2020, however, the Federal Council revisits the issue and makes it a strategic priority. The institutional conditions for progress in this area are favourable. Eventually, however, consistency in policy towards developing countries will depend on cooperation between the Federal Council and Parliament and if need be the people.

Development goals are more easily achieved if different policy areas are coordinated in parallel while taking certain principles into account¹. This means that policy must ensure that different sector policies do not frustrate development cooperation objectives and measures. This procedure, which aims to achieve common and coordinated action by the actors concerned, is known as 'policy coherence for development'.

In Switzerland the debate on the impact of policy on developing countries goes back in the 1970s. A landmark in this debate is the Federal Council's 1994 report entitled: 'Guidelines North-South'. The overall view of Switzerland's political, economic and social relations with developing countries was characterised by the end of the bipolar world order and the UN Conference on the Environment and Development in 1992. In the Guidelines the Federal Council advocates the

'need for a coherent policy towards the South' in which it aimed to discuss and resolve any potential contradictions between the various objectives of national policies.² After the turn of the millennium the discussion intensified in other countries and in the Organisation for Economic Co-operation and Development (OECD).

The catchphrase 'policy coherence for development' is frequently heard in policy discussions: A notable example is the debate surrounding extractive industries in developing countries.³ In-depth conceptual discussions on the other hand have up to now remained a subject for insiders – abroad too. Is 'policy coherence for development' therefore just a paper tiger? On the contrary, the concept goes to the essence of politics: dealing with conflicts of interest.

As a result, the concept is the subject of controversial discussion with regard to its approaches, its legitimacy, what it has achieved to date, and its importance in shaping future policy. How governance systems deal with conflicts of interest is mostly clarified in the context of decisions on concrete subject matters. Examples of this include arms exports to conflict zones, transfer pricing and profit shifting in extractive industries and commodity trading, or patent protection and price setting for drugs for developing countries.⁴

These topics – some of which have been part of the policy coherence for development agenda for more than 30 years – have become more topical as international economic and financial relations have become more closely knit. To be added to this are current global risks associated with climate, conflicts and migration. With the 2030 Agenda for Sustainable Development, the UN has created a universally valid frame of reference

1 The author thanks Prof Gilles Carbonnier (Graduate Institute, Geneva), Dr Elisabeth Bürgi Bonanomi (University of Bern) and Roland Widmer (SECO) for their comments and ideas.

2 SDC (1994). Report of the Federal Council on Switzerland's North-South Relations in the 1990s (Guidelines North-South), 7 March 1994, Bern.

3 Controversial discussions took place for example on questions concerning the need to build due diligence into Swiss legislation governing multinational commodities companies based in Switzerland regarding the avoidance of human rights violations and environmental destruction. See the conflicting views of the OECD in the 2013 peer review on Switzerland's development cooperation, p. 29, on the one hand, and those of the NGO «Berne Declaration», which is critical of the government, in the analysis «Endlich mehr Transparenz?!» [More transparency at last?!] of 28 March 2013 on the other.

for a collective approach to tackling global problems.⁵ With the international community recognising especially the interaction between social, economic and environmental goals the discussion on policy coherence for development has become more relevant. Coordinated action between governments is nowadays regarded as one of the decisive factors in the efficient use of ever-scarcer resources and funding and for achieving the goals that have been set.

Dealing with conflicts of objectives is part of government routine

Conflicts of objectives in governmental business is nothing unusual in any governance system. Sources of potential conflict between different constitutional objectives can be found in most constitutions.⁶ Dealing with these challenges is clearly part of the day-to-day work of governments. For this reason, in Switzerland internal procedures were established some decades ago to ensure that time is set aside for the Federal Council to weigh up different policy options in its decision-making as a matter of normal procedure.⁷ The Federal Council is therefore in a position to identify and mitigate possible conflicts of objectives at an early stage, recognise and exploit potential synergies between policy areas, and discuss the negative impact of Swiss policies.

In this way the Federal Council conforms to what the OECD advocates as 'good practice' (see graphic).⁸ It is the task of those federal authorities responsible for international cooperation to provide the information that the Federal Council needs to make informed decisions in full awareness of any policy dilemmas. The Swiss Agency for Development and Cooperation (SDC) alone comments on at least 70 items of Federal Council business a year. At the other end of the chain of development policy effects, i.e. where concrete cooperation programmes in partner countries are implemented, overall geographical and thematic strategies are so designed to ensure that the specific activities of the different units of the Federal Administration are coordinated.

Closer cooperation within the administration

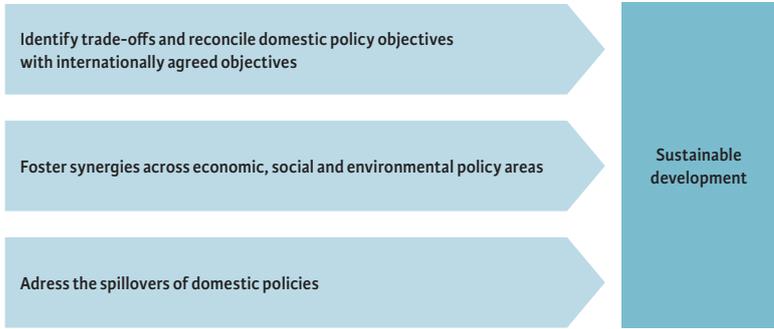
In the last 15 years, policy coherence as a policy approach has become an integral part of planning, implementation and accountability in a number of European countries. In some instances, such as the EU, policy coherence is addressed in the constitution. In Switzerland by contrast, despite a promising outlook the discussion came to nothing at the end of the 1990s. Thanks to the 2030 Agenda the approach is now back in the political debate in Switzerland.

- 4 For an overall view of current issues, see for example Policy Coherence for Development (PCD) 2015 EU Report. With the main focus on policy formulation, however, the question of whether adopted policies in partner countries actually have the intended effect is not addressed.
- 5 For the sustainable development goals, see UN resolution A/RES/70/1 of 25 September 2015; see also Outcome Document of the Addis Ababa Action Agenda of 17 July 2015.
- 6 Article 54 para. 2 of the Swiss Federal Constitution on foreign relations provides a good example of this. While, on the one hand, the Confederation is obliged to safeguard Switzerland's independence and welfare, on the other, it is expected to contribute to resolving global problems, which in the short term can bring with it significant restrictions on freedom of action within the country in specific policy areas. However, the longer the perspective the more global requirements to act converge with Switzerland's direct interests with regard to its welfare.
- 7 The Federal Administration conducts a two-stage consultation procedure for preparing Federal Council decisions: office consultation procedure (technical level) and joint reporting procedure (political consultation between members of the Federal Council). For a detailed illustration of the mechanisms for promoting policy coherence for development in Switzerland see: European Centre for Development Policy Management (2013). Putting Policy Coherence for development into Perspective. Switzerland's promotion of PCD in commodities, migration and tax policy.



Mutter mit Kind holt in der Nähe einer Kupfermine in Sambia Wasser. Der Rohstoffabbau führt mancherorts zu Interessenkonflikten.

The most important OECD objectives of policy coherence



The Swiss Federal Council gives special attention to thematic areas where Switzerland – and Switzerland as a business location – play an important role and have special responsibilities, including financial services, agriculture, food and nutrition, chemicals and pharmaceutical products and commodity trading. It outlines its coherence policy priorities with regard to developing, transition and emerging countries in its Dispatch to Parliament on International Cooperation 2017–2020.

For this reason, the responsible federal authorities together with other actors will give priority to achieving greater policy coherence in the areas of international financial flows and tax questions, the environment, trade, investments and corporate responsibility, migration and health issues. Where possible and expedient, Switzerland looks for exchanges and cooperation with other donor countries, international organisations and actors independent of government from civil society, academia and business.

Federal Council as a key actor

The real importance and the associated need to put the coherence perspective consistently into practice have increased. In the Dispatch on International Cooperation 2017–2020 the Federal Council indicates that it is willing to give this approach high priority in implementing the 2030 Agenda.

The Swiss system of government is characterised by institutional structures that generally facilitate policy coherence. In particular, the far-reaching possibilities for the offices specialised in international cooperation to participate in the preparation of government decisions provides an important basis for this. The same applies with the traditional inclusion of non-state actors in policy development and implementation in international cooperation. For this, open forums are essential for informed and sustainable decisions by the authorities.

Favourable institutional conditions and debates on policy coherence that extend over years, however, do not necessarily result in greater policy coherence. In fact, it is hardly possible to conduct an informed discussion without reliable data and instruments.⁹ For this reason, the Federal Council aims to give these questions more attention and report on them regularly – which meets an OECD requirement – but first of all the necessary foundations will have to be laid.¹⁰

Past experience shows that favourable institutional conditions, sound methodological approaches and solid data provide an important foundation for greater policy coherence. In the final analysis however the actors involved are decisive, in particular the composition of the Federal Council. And it should not be forgotten that the Federal Council is only one of several major actors, together with Parliament and in the final instance, the people. In this light policy coherence for development will remain a challenge in the future too.

8 OECD (2015). Better Policies for Development 2015, p. 41.
 9 Monitoring systems of non-government organisations, such as the Commitment to Development Index of the Center for Global Development or the Sustainable Governance Indicator of the Bertelsmann Foundation, provide differing results. They also display significant methodological weaknesses in some areas.
 10 In the 2013 peer review, the OECD Development Assistance Committee invited Switzerland to systematically monitor and analyse those of its policies that impact developing countries. See in this context: European Centre for Development Policy Management (2015). Monitoring and Reporting on Policy Coherence for Sustainable Development (PCD): the example of Switzerland. Case studies on Food Security, Illicit Financial Flows and Migration & Development.



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