



## TOWARDS AN OECD STRATEGIC RESPONSE TO THE SUSTAINABLE DEVELOPMENT GOALS

**Consultation draft**

**February 2016**

This document introduces evolving thinking on the OECD's response to the Sustainable Development Goals (SDGs). The same text was circulated in January 2016 [C(2016)4] and was discussed by the OECD Council. It is now shared with other stakeholders for comment.

This document has two parts. Part I provides the background for an OECD response to the SDGs. Part II takes the form of a draft outline of an "Action Plan" to be presented at the 2016 Ministerial Council Meeting (1-2 June), in line with the mandate given by Ministers at the 2015 MCM. The Annex to this document sets out examples of progress to date in adapting OECD tools to support the 2030 agenda.

## I. A STRATEGIC RESPONSE TO WHAT, BY WHOM, AND WHEN?

### Background

1. The OECD has a long history of engagement with major UN processes on human development and well-being, financing for development, environmental sustainability and climate change. The convergence of these agendas following the Rio+20 Summit, the development of the Sustainable Development Goals and the adoption of a universal climate change agreement have been welcomed. The OECD has contributed to shaping the post-2015 vision and agenda through its existing work, including in the context of its Strategy on Development [[C/MIN\(2012\)6](#)]. It is now gauging how best to support the implementation of the *2030 Agenda for Sustainable Development* adopted by the United Nations in September 2015.<sup>1</sup>

2. At the 2015 OECD Ministerial Council Meeting (MCM), Ministers took stock of the evolving international deliberations on the post-2015 agenda, and identified – in a preliminary manner – some of the implications of this new agenda, as well as relevant OECD assets that could support implementation of the SDGs. These consultations included the mapping of relevant OECD policy tools to the 17 SDGs, as well as discussions on the OECD’s comparative advantage and added value [[C/MIN\(2015\)13](#)]. Ministers “reaffirm[ed] ... their] commitment to promote [... the OECD’s] contribution to the success of the post-2015 agenda.” They also “welcome[d] the preparation of a strategic response to guide OECD support of the SDGs” [2015 Ministerial Council Statement – [C/MIN\(2015\)14](#), paragraph 14].

3. With the adoption of the 2030 Agenda and the conclusion of COP21 now behind us, consultation on the OECD’s strategic response is timely.

### What do we mean by a “strategic response”?

4. Deliberations on the SDGs at the OECD have already highlighted the very broad scope of the 17 Goals, and the relevance of policy tools, instruments, evidence, and dialogue platforms in a whole range of thematic areas. In fact, there are very few areas of OECD substantive work which could *not* be linked in some way with the advancement of the agenda embodied by the Goals.

5. It is proposed that the strategic response presented to ministers in 2016 takes the form of a short, synthetic OECD “Action Plan”, setting out what the OECD will do more of – or do differently – in response to the demands of the 2030 Agenda. Part II of this paper proposes an outline, and suggests that participants reflect on the elements of a vision, a short list of action areas, and priority deliverables.

6. The objective is to identify some of the ways in which the Organisation’s existing initiatives can be fine-tuned so as to better support the achievement of the SDGs. It should not duplicate existing tools or strategies, but should instead help to strengthen them further.

### An OECD Action Plan by whom, for whom?

7. The focus of the Action Plan is on the work of the OECD as an Organisation in supporting Member and Partner countries in the implementation of the SDGs. It is not intended to be a plan of action for countries themselves, which will need to develop their own plans at the national level. The OECD’s

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1. *Transforming our world: the 2030 agenda for sustainable development* is the outcome document of the UN Summit for the adoption of the post-2015 agenda, adopted by the United Nations General Assembly on 25 September 2015 (resolution A/RES/70/1).

Action Plan on the SDGs need not entail vast new programmes or projects. Instead, it is expected to build largely on existing work with Members, as well as with over 100 Partner countries.

8. While the SDGs are often presented as being linked to the Millennium Development Goals, they are much broader in their scope, reflecting the scale of systemic risks, and the importance of sustainability in all its dimensions – economic, environmental, social and political. Crucially, the SDGs are universal goals – adopted by all countries, for implementation in all countries. As such, OECD support for their achievement must include – but go well beyond – the work of the OECD development cluster. In other words, the Action Plan should help spell out what the OECD will do to help countries at all levels of development to achieve the SDGs.

9. Pragmatism and flexibility will be important. Initial discussions among Members have highlighted the complexity of the SDG agenda. It no longer makes sense to describe the SDGs as being only relevant to the OECD's work with developing countries, as their achievement in developing countries will often depend on efforts made in and by OECD countries. For example, addressing unsustainable consumption and production patterns, water scarcity, climate change, and biodiversity will depend on actions from all countries. Similarly, growing inequality has been recognised as a risk to stable growth everywhere and can have spill-over effects in a highly interconnected global economy.

10. At the same time, a continued focus on the specific needs of developing countries will be important if extreme poverty is to be eradicated. This should include continued efforts in the area of development co-operation, as well as efforts to better harness the expertise and relationships of the OECD's development cluster. The OECD's Strategy on Development has been successful in engaging the whole Organisation in efforts to support development, and the proposed SDG Action Plan should build on these achievements while going further.

## II. DRAFT OUTLINE OF THE OECD ACTION PLAN ON THE SDGS

### Preamble / Introduction

11. The world has seen significant advances in human development since the turn of the century. Extreme poverty has been halved, youth literacy has reached a record high, and child mortality has declined by more than half. Despite these achievements and many others, significant challenges remain. More needs to be done to eradicate poverty in all its forms. The legacies of the worst economic and financial crises in recent history must be addressed. The implications of migration must be considered, and the current refugee crisis managed. We must continue to look beyond narrow economic measures of progress to consider all aspects of well-being and sustainable development. Deep reductions in global greenhouse gas emissions must be achieved in order to safeguard the planet for future generations.

12. Shared prosperity and the fulfilment of our intergenerational responsibilities can only be achieved through collaborative partnership involving all countries and all stakeholders. The *2030 Agenda for Sustainable Development* recognises this, and provides a useful universal framework to strengthen collective action towards common goals. The Sustainable Development Goals (SDGs) mark a shift away from an outdated “North-South” lens for global progress, and instead embody an agenda that is relevant to countries at all levels of development.

13. Sound public policies grounded in evidence – and implemented effectively – will be crucial for the achievement of the SDGs. In many of the areas covered by the Goals, the OECD is already working with member and partner countries to generate evidence, identify good practices, develop standards, and help design and implement policies. This Action Plan sets out the elements through which the Organisation will continue its transformation to best support members and the international community in the achievement of the SDGs.

### Vision for the OECD’s contribution to the SDGs

14. The OECD welcomes the strong global consensus in support of the 2030 Agenda. The 17 goals and 169 targets provide a vision for the world in which we aspire to live fifteen years from now. As it supports the achievement of this global vision, the OECD will:

- ***Support countries as they identify where they currently stand in relation to the SDGs, where they need to be, and propose sustainable pathways based on evidence.*** In this way, the OECD will be an important contributor to the “GPS” (global positioning system) the international community will need to achieve the Goals.
- ***Reaffirm its role as a leading source of expertise, good practices and standards*** in economic, social and environmental areas of public policy that are relevant to the SDGs.
- ***Encourage a “race to the top” for better policies*** through the use of hallmark OECD approaches (e.g. peer reviews and learning; monitoring and statistical reporting; policy dialogue; soft law).

## Identifying the OECD's strengths and assets in relation to the 2030 Agenda

15. Consultations to date have helped to identify those areas in which the OECD has particular expertise that might be put to use in supporting the 2030 Agenda.<sup>2</sup> This includes:

- **Measuring economic, social and environmental progress** through measures going beyond GDP (*e.g.* multidimensional well-being), and facilitating comparison across and within countries. In several SDG areas, the OECD is the direct source of internationally accepted measures (*e.g.* data on official development assistance) or will provide data for OECD and partner countries as part of global reporting efforts (*e.g.* education data from PISA, PIAAC and TALIS). The OECD will also continue to advance the measurement agenda where data gaps remain.
- **Generating solid evidence and recommendations on global public goods and “bads”**, and relevant national efforts, with a focus on OECD countries and Key Partners. This includes recent analysis and publications on, for example, climate policies, development finance, foreign bribery, human trafficking, responsible business conduct and fiscal transparency.
- **Measuring and improving development finance** by helping governments mobilise the broad suite of financial resources (taxes, both foreign and domestic investments, remittances, aid and philanthropy).
- **Enhancing policy and institutional coherence**, by identifying policy interactions, trade-offs and synergies across economic, social and environmental areas; and considering trans-boundary and intergenerational effects. The OECD's New Approaches to Economic Challenges (NAEC) initiative has investigated in depth the complementarities and trade-offs between different policy objectives, and has prepared the Organisation for a truly integrated and multidisciplinary approach to global progress.
- **Working across intellectual and policy silos to undertake integrated diagnostics and provide policy advice** to both Member and partner countries (*e.g.* through Economic Surveys, Economic Assessments, Multi-Dimensional Country Reviews, and a pilot initiative providing support for National Sustainable Development Strategies).
- **Facilitating the exchange of knowledge** across countries through global fora, expert groups, peer review mechanisms, and inclusive partnerships.
- **Supporting sector-specific initiatives and partnerships**, some of which are being tailored to support a broader range of countries in the achievement of specific Goals, and to help strengthen capacity (*e.g.* PISA for Development, Tax Inspectors Without Borders, the Policy Framework for Investment, the PARIS21 partnership for statistics).

16. Country and regional coverage of OECD datasets and knowledge varies, and continues to expand. In many policy areas, the Organisation's expertise remains focused on OECD countries and Key Partners. Nevertheless, many individual initiatives now generate evidence on a much larger number of

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2. Discussions on the OECD's expertise and assets include the 2015 Meeting of the Members of the Council on Development [see [C\(2015\)10](#)], as well as consultations in preparation for and during the 2015 MCM [summarised in [C/MIN\(2015\)13](#)]. Individual committees have also considered the OECD's expertise in given areas, as has the Informal Working Group on the Strategy on Development. Further feedback from members and partners is encouraged.

countries.<sup>3</sup> Participation in the work of the Development Centre, and in Committees, Global Fora and regional programmes also continues to grow. The OECD's expertise in terms of country / regional focus therefore varies significantly across specific policy areas. Data on progress at the sub-national level also presents opportunities (e.g. 362 regions are covered by the OECD's regional well-being statistics).

17. Part of the uniqueness of the OECD lies in its focus and core mandate on public policy. Unlike other parts of the multilateral system, it is not involved in financing projects and programmes, and its support to countries is not conditionality-based. Few OECD tools are legally binding, and progress is instead promoted through mechanisms that encourage peer learning and accountability. This makes for a fertile testing ground for ideas, and for supporting innovative policy approaches.

#### **Four areas for action**

18. The entire Organisation will be involved in putting in motion efforts to realise the vision set out above, while playing to the OECD's expertise and installed capacity. Earlier consultations have helped to identify four broad action areas, which are detailed below.

#### ***Action area 1: Apply an SDG lens to the OECD's programme of work, and to existing OECD strategies***

19. The SDGs constitute an important part of the "backdrop" against which much of the OECD's work takes place. This development in the international policy environment should be reflected in the evolution of the programmes of work of OECD Committees. An effort to mainstream the SDGs across the OECD's work will also see existing thematic strategies (e.g. innovation strategy, skills strategy, green growth strategy...) being revisited to make them "SDG-aware", ensuring that they support the achievement of the SDGs where relevant.

20. Specific actions:

- Encourage all Committees to consider their contribution to SDG implementation and review, raise awareness, and identify scope for further efforts.
- Gradually integrate the SDG framework into OECD reviews (Economic and Development Review Committee (EDRC), economic outlook, environmental performance, energy outlook, OECD Investment Policy Reviews, and others).
- Sustain and deepen efforts to adapt OECD tools to the specific needs of low capacity developing countries (e.g. PISA for Development; BEPS measures), including countries in situations of fragility.

#### ***Action area 2: Improve the evidence base to assess SDG progress, supporting international follow-up***

21. The OECD already holds a significant amount of data – both quantitative and qualitative – that could be presented and analysed in ways that add value, and contribute to global and regional follow-up efforts. This includes efforts to assess OECD countries' preparedness towards the SDGs, to monitor how countries' domestic policies help or hinder the achievement of the SDGs globally, and to contribute to the monitoring of progress on SDG outcomes in OECD countries.

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<sup>3</sup> This includes, for example, more than 70 countries in the case of PISA; around 70 countries covered by data on Product Market Regulation; over 50 countries in the area of revenue statistics; some 44 countries in the area of climate change mitigation policies; 41 countries in the context of efforts to combat foreign bribery; and 46 countries in the area of responsible business conduct.

22. Specific actions:

- Explore the scope for an OECD publication that analyses members' efforts with a particular focus on global public goods and systemic issues – *i.e.* how do OECD countries help or hinder the achievement of the SDGs globally? Such a report could bring together existing evidence on, for example, climate policies, development finance, foreign bribery, fiscal transparency, corporate social responsibility, human trafficking, and other issues.
- Provide – as an input to the 2016 MCM – a preliminary assessment of countries' preparedness in relation to the SDGs. This could inform the OECD's collaboration with the UN Economic Commission for Europe and other relevant regional entities involved in reporting on SDG progress, and would draw on the OECD's Framework for measuring well-being.
- Contribute to closing data gaps and developing methodologies and capacities to improve the international SDG monitoring system, through new conceptual work and measurement tools as well as support for international data initiatives and capacity building.

***Action area 3: Upgrade the OECD's support for integrated planning and policy-making at the country level, and provide a space for governments to share experiences on governing for the SDGs***

23. Significant efforts have already been made to address the challenges presented by policy silos. A forthcoming *OECD Insights* book on the SDGs and New Approaches to Economic Challenges (NAEC) will reflect on work to date, and its implications for national efforts to achieve the SDGs. Governments are already beginning to draw on OECD expertise as they start planning for the implementation of the SDGs. A further upgrading of the OECD's support for integrated policy-making should respond to demand from a range of countries.

24. At the institutional level, some OECD governments are already putting in place national mechanisms to plan and co-ordinate government-wide efforts to support the implementation of the SDGs. Others are reflecting on how best to adapt and adopt global goals in national frameworks. The OECD will build on existing fora and tools to support national governments as they engage with the SDGs as an integrated agenda.

25. Specific actions:

- Further adapt, pilot, and refine existing approaches such as the OECD Multi-Dimensional Country Reviews so that they can be used by partner countries as a starting point for the development of national strategies in support of the SDGs.
- Develop a proposal for OECD support to members in the preparation of SDG-aligned National Development Strategies, based on country demand, and drawing on lessons from an ongoing country pilot. This would include using different OECD tools and reviews (*e.g.* Open Government Review) to support the process of preparing the strategy, including the necessary domestic engagement with relevant stakeholders.
- Update Policy Coherence for Sustainable Development (PCSD) tools and instruments to inform policy making and monitoring efforts such as with the PCSD Framework and guidance.
- Use the existing network of Centres of Government to facilitate the sharing of national experiences in supporting the delivery of the SDGs as a complex, multi-dimensional agenda.

#### ***Action area 4: Reflect on the implications of the SDGs for OECD external relations***

26. Further consideration will be given to the implications of the SDG agenda for both the content and structure of the OECD's work with non-Members, and with other international organisations. OECD regional programmes may provide an appropriate vehicle for supporting countries as they develop and implement strategies to achieve the SDGs. OECD Global Fora provide established spaces for dialogue among OECD and partner countries on an equal footing.

27. The OECD's relationship with the United Nations system continues to grow from strength to strength. The Organisation will continue to engage with UN entities and fora as it contributes to the implementation of the 2030 Agenda. In all areas, efforts will be made to maximise synergies, and to avoid duplication of efforts across organisations.

28. Specific actions:

- Revisit the use of existing resources allocated to collaboration with the United Nations so as to maximise the effectiveness of the OECD's engagement as a permanent observer of both ECOSOC and of the UN General Assembly, and to contribute effectively to key UN processes and analytic work (*e.g.* ECOSOC Financing for Development Forum, High Level Political Forum).
- Identify ways in which OECD regional programmes can help advance the 2030 Agenda.
- Develop the OECD Global Forum on Development as a regular opportunity for sharing experiences on SDG implementation, and consider the roles that other OECD Global Fora may play in relation to the 2030 Agenda.
- Further develop sector / theme-specific fora so that policy dialogue among OECD and partner countries supports efforts towards relevant goals (*e.g.* fora on natural resource-based development, Global Value Chains (GVCs) etc.)

#### **Operationalising the OECD Action Plan**

29. It is expected that the actions outlined above will be mainstreamed in the OECD's Programme of Work and Budget (PWB) 2017-18, building on ongoing and planned work. The suggested actions may be adjusted and elaborated further, based on consultations within Committees, and with interested countries.

30. As the 2017-18 PWB is developed, further consideration may need to be given to the configuration of resources so as to strengthen the OECD's core capabilities and skills in certain areas. This could include, for example, the capacity to engage in a sustained manner with interested countries on national strategies.

#### **Process towards the presentation of the Action Plan at the 2016 MCM**

31. Following the initial Council discussion on the draft outline of the Action Plan, it is intended that a range of OECD substantive Committees be invited to reflect on the role of the OECD in supporting the achievement of the Sustainable Development Goals. These consultations will shape the development of the draft Action Plan, which will be reviewed by the Executive Committee and Council in March/April 2016 with a view to its presentation at the 2016 MCM.

32. In addition, Members will work with the Secretariat to identify an appropriate forum for regular consultation at the OECD on the SDG agenda and the Organisation's support for it.

## ANNEX

### EXAMPLES OF PROGRESS TO DATE IN ADAPTING OECD TOOLS TO SUPPORT THE 2030 AGENDA

1. Much of the OECD has already been anticipating the 2030 Agenda, and adapting, tailoring or upgrading existing tools with a view to supporting the achievement of the SDGs. A forthcoming publication being co-ordinated as part of the New Approaches to Economic Challenges (NAEC) initiative will reflect on these changes, and the way ahead for the OECD. This annex provides selected examples of progress to date.

#### **Re-thinking development finance: Mobilising and monitoring a broader range of resources for sustainable development**

2. The Third International Conference on Financing for Development<sup>4</sup> (FfD) recognised the key role played by the OECD in advancing the agenda of financing sustainable development. The OECD helps governments to mobilise the broad range of financial resources – aid, taxes, both foreign and domestic investments, remittances and philanthropy – required to achieve the SDGs.

3. *Taxation.* Developing countries' domestic resources provide by far the largest share of financing for development, even in the poorest countries. In 2012, total tax revenues collected in Africa were ten times greater than what countries received in the form of official development assistance (ODA). Taxation provides governments with the funds needed to invest in development, relieve poverty, deliver public services and offer an antidote to aid dependence.

4. The OECD-hosted 137-country strong Global Forum on Transparency and Exchange of Information for Tax Purposes is an excellent illustration of how international tax standards can be set, monitored and adapted to address tax evasion and illicit financial flows globally. In response to the G20 Leaders call, the OECD ensured wide inclusion in the implementation of the Base Erosion and Profit Shifting project and translated complex rules into user-friendly guidance for low capacity countries. The OECD's efforts to gather revenue statistics according to a globally consistent and transparent format can underpin SDG 17.1 which tracks progress on domestic resource mobilisation. The OECD's DAC/CRS database monitors international support to developing countries to improve domestic capacity for tax collection.

5. *Aid.* Aid is, and will remain, a key pillar in this agenda. The OECD has been the “go to” place for statistics on Official Development Assistance (ODA) for the past 50 years. In support of the 2030 Agenda, it has upgraded and modernised its statistical system to ensure uniform reporting across members, capture new and more complex financing instruments and arrangements, and create incentives for mobilising additional resources and allocating them where needs are greatest. The OECD proposed and championed the new statistical measurement framework, provisionally entitled “Total Official Support for Sustainable Development” (TOSSD), which aims to increase transparency and effectiveness of financing strategies

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4. Addis Ababa, Ethiopia, 13-16 July 2015.

dedicated to the SDGs. At the FfD Conference, the international community called for the OECD to develop this measure [in collaboration] with development actors and stakeholders.<sup>5</sup>

6. *Investment.* The OECD is working with the World Economic Forum to ensure members and developing countries are able to maximise the potential of blended finance operations in order to scale up financing for the SDGs, primarily for investments in sustainable infrastructure. Foreign direct investments remain a main source for infrastructure financing and our work in the field is widely recognised in developing countries.

7. *Remittances.* Remittances constitute an important source of income and development finance in many low and middle-income countries. The adoption of the Addis Ababa Action Agenda marks an important step towards mobilising remittances as a source of financing for development. Acknowledging the great potential of remittances in financing development, the work of the OECD on international migration investigates, among other things, the impact of remittances on the receiving households and communities. Moreover, the project Interrelations between Public Policies, Migration and Development (IPPM) being carried out in ten developing countries, investigates the role of non-migration sectoral policies in the way households use remittances and offers insight into how to maximise the positive effect of remittances for development.

8. *Philanthropy.* The OECD-led program to better track philanthropic capital flows and to better capture remittances in an expanded development finance data system will facilitate important insights into the complementarity of these sources of finance and the support they provide to achieving the SDGs.

9. By working across this full suite of financing sources, the OECD's program can strengthen the capacity of developing countries to manage the complementary and competing roles of each of these instruments in financing development, while also boosting the effectiveness of each instrument.

### **Measuring climate finance and the USD 100 billion goal**

10. The OECD produced an up-to-date estimate of mobilised climate finance in relation to the commitment by developed countries to mobilise USD 100 billion a year by 2020 for developing countries in October 2015. Launched in the margins of the World Bank-IMF assemblies, *Climate Finance in 2013-14 and the USD 100 billion goal* was produced with The Climate Policy Initiative and in response to a request from the Peruvian and French COP Presidencies. The project aimed to enhance transparency on climate finance ahead of COP21 in Paris, as well as in the context of the 2030 Agenda.

11. Based on country methodologies and project-level data from the multilateral development banks, the aggregate volume of public and private climate finance mobilised by developed countries for developing countries reached an estimated USD 61.8 billion in 2014, up from USD 52.2 billion in 2013. The vast majority was allocated to mitigation activities (77% in 2013-14), while only 16% was allocated to adaptation with 7% for activities that target both objectives. The numbers are necessarily preliminary, reflecting the state of international efforts on tracking and reporting climate finance. More work is needed for progress on data, tracking and methodologies.

12. The OECD remains committed to working with the international community to improve the understanding and transparency of climate finance. The Organisation will continue to develop its contribution to tracking both public and private climate finance, both through the OECD Development

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5. *Addis Ababa Action Agenda of the Third International Conference on Financing for Development* (resolution A/RES/69/313, para. 55).

Assistance Committee (DAC) statistical monitoring framework and the OECD-hosted Research Collaborative on Tracking Private Climate Finance. The DAC statistical framework captures detail on bilateral and multilateral finance totalling over 16,000 climate-related activities in 2013-14. As from 2017, it will also track private finance mobilised by (climate-related) development finance. The OECD-led Research Collaborative explores methodologies to improve the tracking of private climate finance in co-operation with public finance institutions, researchers and governments. It has developed a four-stage framework being used by several countries in their pilot estimates of climate finance.

13. Potential further work under consideration includes:

- Advancing methodologies in key areas for measuring and reporting climate finance, for example on the role of loans, guarantees and export credits and quantifying the role of capacity building, climate policy and the broader domestic enabling environments in mobilising private finance.
- Depending on resource availability, timing and political sensitivities, a potential update to the OECD's estimates of climate finance for 2015-16 in context of the USD 100bn goal, taking into account methodological developments.
- Policy insights to scale up and enhance the impact of adaptation finance, for example to explore the way in which different channels (direct versus indirect access) are employed and the effectiveness of different types of instruments.

### **Tailoring the Multi-Dimensional Country Review (MDCR) approach to respond to the SDGs**

14. Evidence suggests that the degree of correlation in MDG performance was rather low. The SDGs will require much greater complementarity to ensure synergies and tackle trade-offs. Goals 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation) and 12 (Ensure sustainable consumption and production patterns) for example describe the productive and economic capabilities that countries will need to meet the other goals.

15. In order to translate the SDG agenda into national policy, countries will require a multidimensional approach that accounts for the complexity inherent to the development challenge. MDCRs respond to this need by identifying the core constraints to development by means of a participatory process to ensure that targeted outcomes reflect the preoccupations of citizens. Based on this initial assessment, OECD, country and partner experts provide targeted policy analyses and recommendations that will most effectively address the constraints and create a more sustainable system for delivering growth and well-being and achieving the SDGs.

16. The MDCR's analytical framework is built on the following concept: development means strengthening a society's capabilities to consistently translate monetary, human and natural resources into well-being outcomes. The OECD's *How's Life Framework* defines wellbeing the following 11 dimensions of quality of life: income, jobs, housing and sanitary infrastructure as social connections, civic engagement and inclusive institutions, environmental conditions, health and education, among others. The framework covers fairness and equality by analysing the distribution of each of these goals. Well-being requires a large range of capabilities in the realms of institutions, production, innovation, governance, finance, social protection and environmental management.

17. This framework maps well to the 17 SDGs, which cover both development outcomes as well as the underlying capacities required to deliver on them. Once all SDG indicators have been identified, the OECD will update benchmarking and monitoring of action plans emanating from MDCRs.

18. Several additional elements can be developed to further bolster the capacity of the MDCR as tool to support the achievement of the SDGs. This includes, first, the further expansion and elaboration of the environmental component of the analysis; second, assessing the country's statistical capacity for measuring its progress on the SDGs as part of the MDCR's initial assessment; and third, also as part of the MDCR's initial assessment, assessing the degree of donor cooperation and commitment to the SDGs in the country.

19. Ultimately, the MDCR can serve as a fully integrated tool for the development of country SDG strategies, covering priorities-setting, design of evidence-based action plans and corresponding monitoring frameworks for continuous learning and improvement.

### **Piloting OECD support for National Development Strategies**

20. A new methodology is being piloted for members to benefit from the OECD experience as an integrated policy innovation lab, where evidence-based analysis is combined with strategic policy thinking. The methodology recognises that there is no "one-size-fits-all" approach to national long term and strategic planning but common principles include: nurturing a whole-of-government and inclusive policy making approach; capacity building in strategic planning methods; and, the use of a mix of foresight methods with economic and wellbeing analysis.

21. The pilot methodology envisages a 12-18 month process with OECD support across three phases of activity: (1) strategic direction setting; (2) strategic planning; and (3) effective implementation of the government approved plan. A whole-of-government and inclusive policy approach is enabled through the formation of joint task forces comprising OECD experts and representatives of centres of government and key ministries and a strategy of wider engagement with social partners and other key stakeholders.

22. *Phase 1: The strategic direction setting phase.* This phase initiates with a comprehensive situational assessment of the country, which offers a collated overview of relevant OECD analysis. Then the OECD helps to operationalise inclusive policy making and open government principles. An actionable long term vision for the country is developed through a participatory visioning process in which OECD foresight expertise supports national governments and wider stakeholders to co-create their shared vision. Finally, the OECD helps with designing the process on how to embed the vision into goal setting and performance measurement systems.

23. *Phase 2: The strategic planning phase.* This phase involves OECD experts working with national policy experts to deliver integrated policy analysis and identify budget implications. This phase is composed of a set of complementary modules. The country-specific, multidimensional measurement framework builds on OECD wellbeing framework and SDG and reflects culturally specific elements of the vision. The gap analysis serves to map the goals and targets of the national development strategy to policy indicators and to assess the gaps. The policy roadmap identifies policies to deliver the national development strategy, which comprises: (i) the assessment of the impact of reforms on economic indicators, income distribution and the environment, (ii) bringing together economic and non-economic dimensions of wellbeing and sustainable development by modelling the net impact of policies on overall well-being. The final set of indicators is elaborated, following government's adoption of the vision and related goals. Finally, budgetary planning allows to secure adequate resources for each of the strategy's actionable goals.

24. *Phase 3: To support the effective implementation of the government agreed plan.* The OECD's expertise supports members in clarifying the roles and responsibilities for individual ministries, enabling strategic governance on a whole-of-government basis and supporting the budgetary implementation process.

### **Steering a complex and multi-dimensional agenda: the role of the Centres of Government**

25. The 2015 OECD Centres of Government meeting, which brought together heads of prime minister's or president's offices from 40 countries, focused on the role of the centre in steering the priority work of government. In light of the interest in how the centre can drive implementation of "big agendas", OECD proposed a mid-year meeting of the Network in 2016 to explore in detail practical issues of design and delivery in a more specific policy area such as the SDGs, and areas such as integrity. This meeting should:

- Help to share good practices in the design, steering and delivery of complex policies, based on practical experience of setting, and increasingly leading complex agendas across government.
- Identify key public governance agendas related to the SDGs that the Centre itself should lead and discuss support that OECD can provide in these areas.

26. A principal issue for governments with respect to the SDGs is how to align policies in practice given the breadth and complexity of the Goals, the mixed track record of most governments in working horizontally, and the need to include an unprecedented range of public and private actors in both policy formulation and implementation. Implementing the SDGs is a formidable governance challenge that needs to be steered.

27. The centre of government has a number of assets that can help with the SDG agenda. First, the centre is, technically, policy neutral. Second, the centre has convening power borrowed from the head of government and can bring pressure to bear on departments to adjust policies and commit resources. In principle, with respect to the head of government's priorities, it does not need to rely on achieving consensus through compromise and lowest-common-denominator negotiations. Third, while line ministries, even those with the technical expertise, might have little experience in driving cross-disciplinary policies, the centre usually has co-ordination expertise allied with political sensitivity.

28. Centres of government also frequently lead cross-cutting indicatives, many of which focus on improving governance processes. These can include integrity and anti-corruption, procurement and infrastructure, regulatory policy and digitalisation. The Centre of government is responsible for setting standards, providing guidance to departments and agencies and monitoring and evaluating outcomes and levels of compliance.

### **A new OECD framework for Policy Coherence for Sustainable Development**

29. The 2030 Agenda for Sustainable Development calls upon all countries to "enhance policy coherence for sustainable development" (SDG target 17.14), as one of the means of implementation for the SDGs. PCSD is critical to identify cross-sectoral interactions, understand their implications, and inform decision-making in achieving the SDGs. PCSD is essential to ensure that progress achieved in one goal

contributes to progress in other goals, and to avoid the risk of achieving progress in one goal at the expense of another.

30. *The OECD PCSD Framework* provides practical support to governments interested in adapting its institutional mechanisms and policy-making processes to implement the SDGs in a way that balance potentially competing economic, environmental and social objectives. It provides a tool to:

- *Map out SDGs and targets to identify and manage critical sectoral interactions* (trade-offs and synergies) between the economic, social and environmental spheres, for example, between water (SDG6), energy (SDG 7) and food (SDG2) objectives. Agriculture is the largest user of water at the global level; energy is needed to produce and distribute both water and food; and the food production and supply chain accounts for almost one third of total global energy consumption. Tensions may arise from real or perceived trade-offs between various objectives.
- *Ensure consistency of decisions across different governance levels.* This is critical in an increasingly interconnected global economy where systemic risks have inextricable global-domestic linkages that need to be managed. Some of the sustainable development challenges need to be addressed at the global level (e.g. climate change and other systemic risks); at the national or regional level (e.g. legislative changes or changes in economic, fiscal and trade policy); and at the local level (e.g. specific details on land use; human settlement patterns, or transportation planning).
- *Consider policy effects “here and now”, “elsewhere”, and “later”.* This captures ways in which the pursuit of well-being today in one particular country may affect the well-being in other countries or of future generations (the long-term impact of policies at national and global levels). Support measures for fossil fuels for example often introduce economic, social and environmental distortions with unintended consequences. Fossil fuels are responsible for the majority of global GHG emissions, and fossil fuel subsidies – amounting to USD 510 billion worldwide in 2014 – contribute to climate change, but also have health implications, undermine incentives to invest in renewables, and can be in most cases replaced by more effective and targeted support for the poor.

31. The PCSD Framework provides guidance on: (i) setting up institutional mechanisms for coherence, including political commitment and leadership, coordination capacity and monitoring systems; (ii) managing policy interactions at different levels to detect and resolve policy conflicts; (iii) addressing contextual factors that enable or impede coherence for sustainable development; and (iv) anticipating the unintended consequences of policy decisions. It includes thematic modules on Food Security, Illicit Financial Flows and Green Growth.

### **Making developing countries’ statistical systems fit for the SDGs**

32. The political attention and interest in statistics has been without precedent and has been reflected in two major political outcomes over the course of 2015: (i) the Addis Ababa Action Agenda (AAAA) from the Third International Conference on Financing for Development, and (ii) the endorsement of the SDGs framework at the 70th UN General Assembly which includes a direct reference to monitoring, evaluation and accountability. Both outcomes call for more high-quality disaggregated data, enhanced capacity building and support to statistics to ensure no one is left behind. Meeting the SDGs and measuring progress toward them in developing countries present an unprecedented challenge to the current data ecosystem. The goals will require responsive statistical

systems with the capacity to track the development progress of developing countries across a much broader spectrum of development outcomes and processes.

33. Technological and institutional innovations present new opportunities in data collection, production, dissemination, and analysis. Technology alone however, will not be able to provide all the answers to the challenges ahead, but developing the capacity to exploit them, and fostering their uptake by governments and communities can have a dramatic impact in driving forward the SDGs in developing countries.

34. National Statistical Systems (NSS), particularly those in developing countries, are still facing considerable challenges in delivering quality statistical information. They will therefore require substantial support to build and sustain effective capacity to produce higher quality statistics and create effective data dissemination mechanisms to ensure that the right information is provided for better policy-making.

35. The OECD and PARIS21 can contribute to address the gap in data for developing countries, particularly leveraging opportunities arising from “the data revolution” including big data and public-private-partnerships in the data ecosystem through the development among others of inventories, tools, guidelines, standards/protocols and through close collaboration with the newly established Global Partnership on Sustainable Development Data.

36. The outcomes of this contribution are:

- Increased awareness among PARIS21 members, developing countries, international institutions, global summits / high-level fora on development, and donor country policy-makers of:
  - the central role of statistics in evidence-based policy making and results monitoring (including monitoring progress towards the SDGs) and the importance of national statistical capacities in developing countries to respond to all national, regional, and international policy needs for data;
  - the different levels of statistical capacities in developing countries and what actions are most likely to improve these capacities; and
  - the opportunities and risks of the “data revolution” comprising big and open data, public-private partnerships and other technological and institutional innovations
- Increased use of statistical information by members, international institutions dealing with development, and developing countries to inform development policy decisions and to manage their implementation.
- Increased collaboration among members and other partners involved in supporting efficient statistical development in developing countries.
- Improved capacity in developing countries to produce, archive, disseminate, analyse, and use statistics to formulate and monitor development policy and to meet national, regional, and international data needs, thereby contributing to improved effectiveness in monitoring national priorities and SDGs.

## **Broadening PISA's reach and relevance: PISA for Development**

37. The Education 2030 agenda led by UNESCO that is set within the framework of the SDGs emphasizes the quality, equity, and measurement of learning outcomes for young children through to working adults. The challenge now is to define global learning indicators that can be measured and tracked on a global scale over time. The OECD's Programme for International Student Assessment (PISA) is already measuring progress towards the achievement of the Education SDG in more than 80 countries. The enhancement of the PISA instruments under *PISA for Development* (PISA-D) will make it possible for increased numbers of countries, especially low income countries, to participate in the assessment.

38. Since its launch in 1997, PISA has become the leading reference on the quality of education systems worldwide. "What is important for citizens to know and be able to do?" is the question that underlies the PISA metric for quality, equity and efficiency in school education. PISA assesses the extent to which 15-year-old students have acquired key knowledge and skills that are essential for full participation in modern societies. Every three years, PISA assesses the knowledge and competencies of 15-year-olds in key disciplinary contexts such as language, mathematics and science, but also in important cross-disciplinary contexts, including problem-solving, collaboration and global competency. It doesn't just ascertain whether students can reproduce what they have learned in these domains; PISA also examines how well they can extrapolate from what they have learned and apply that knowledge in unfamiliar settings, both in and outside of school. This approach reflects the fact that modern societies reward individuals not for what they know, but for what they can do with what they know. The latest round of results, PISA 2015, will be published in December 2016.

39. In 2014, the OECD and a number of partners launched the PISA-D initiative with seven participating countries: Cambodia, Ecuador, Guatemala, Honduras, Paraguay, Senegal and Zambia. The project aims to identify how PISA can best support evidence-based policy making in low income and middle income economies. The project is directly contributing to the UN-led definition and measurement of Education 2030 goals, targets and indicators, particularly those related to learning outcomes: Target 4.1 and the proposed global indicator 4.1.1 - *Percentage of children/young people at the end of each level of education achieving at least a minimum proficiency level in (a) reading and (b) mathematics.*