Introduction

Policy coherence for sustainable development (PCSD) is an integral part of the means of implementation for the Sustainable Development Goals (SDGs). SDG target 17.14 calls on all countries to enhance PCSD. The global indicator to measure progress on this target, as proposed by the Inter-Agency Expert Group on SDG Indicators, aims to capture the “Number of countries with mechanisms in place to enhance policy coherence for sustainable development”. A key question is: What is meant by “mechanisms” in the current proposal for a global PCSD indicator? The 2030 Agenda states that “Targets are defined as aspirational and global, with each Government setting its own national targets guided by the global level of ambition but taking into account national circumstances”.

The experience has shown, over two decades of promoting policy coherence for development (PCD) in OECD members, that monitoring progress on coherence represents a major methodological challenge. There are different perspectives on the meaning of policy coherence and in many cases, there is little or no clarity on what needs to be measured (processes, policy changes or efforts, or policy impacts). Ongoing discussions at the OECD and in member and partner countries also show that governments are struggling to set national targets, as well as to identify indicators to monitor progress on enhancing PCSD in the context of the 2030 Agenda.

This Coherence for Sustainable Development (CODE) report draws on the lessons learnt from the assessments by the DAC peer reviews on PCD, as well as on the guidance provided by the OECD Framework for Policy Coherence for Sustainable Development (the PCSD Framework), to highlight elements that need to be monitored in the context of the 2030 Agenda, such as institutional mechanisms, policy interactions and policy effects. It explores different types of qualitative and quantitative indicators, many available at the OECD, which could be used by countries – according to their own needs and specific circumstances – to assess key elements of the policy coherence cycle.
How to track progress on PCSD at the national level?

The PCSD Framework encourages countries to focus on three key inter-related elements of the policy coherence cycle, with a view to tracking progress on PCSD. These elements are:

i) institutional mechanisms, i.e. having specific mandates, functions, capacities and resources to pursue policy coherence;

ii) policy interactions, i.e. having the ability to manage different layers of policy interactions (synergies and trade-offs) across economic, social and environmental areas and guide the process towards coherent results in achieving sustainable development outcomes; and

iii) policy effects, i.e. having the capacity to anticipate and address the resulting effects of policies on sustainable development “here and now”, “elsewhere” and “later”1 (Figure 1).

The PCSD Framework recognises that policy coherence is inextricably linked to processes and means and that there is no one single indicator for tracking progress. Instead, countries will need to identify different types of indicators for each PCSD element, depending on the particular objective or challenge to be monitored.

The 2030 Agenda acknowledges that countries face different challenges to achieve sustainable development, thus all indicators will not be equally relevant to each country. Indicators to track progress on SDGs will necessarily vary from country to country depending on natural attributes, economic conditions, institutional setup, and political and social variables. The same is true about the indicators for tracking progress on PCSD (SDG17.14) at the national level.

What needs to be monitored regarding institutional mechanisms?

Earlier efforts in OECD to track progress have focused primarily on the three building blocks for policy coherence for development (PCD), as assessed on a regular basis in the OECD-DAC Peer Reviews of countries’ development co-operation policies: (i) political commitment; (ii) coordination mechanisms; and (iii) monitoring, analysis and reporting systems. The universal and integrated nature of the 2030 Agenda, as well as countries’ commitment to PCSD, requires broadening the approach to look at additional elements of analysis which can be conducive to strengthening the policy coherence cycle. The PCSD Framework highlights the need to put greater emphasis on elements such as sustainability dimensions, more integrated and balanced

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1 The joint UNECE/OECD/Eurostat Task Force for Measuring Sustainable Development has developed a broad measurement framework that links three conceptual dimensions of sustainable development, i.e. human well-being of the present generation in one particular country (referred to as “here and now”), the well-being of future generations (“later”) and the well-being of people living in other countries (“elsewhere”). This framework has served as a basis for developing the policy coherence for sustainable development (PCSD) approach promoted by the OECD.
COHERENCE for SUSTAINABLE DEVELOPMENT

Tracking progress on policy coherence for sustainable development at the national level: What and how to measure?

Approaches to sustainable development, long timeframes in planning and policy, local engagement, and multi-stakeholder participation, all of which feature prominently in the 2030 Agenda.

The practice of OECD countries in promoting PCD, the lessons drawn from the enactment of national sustainable development strategies (NSDS) in accordance with the Agenda 21 that emerged from the Rio process, as well as the experience of early adopters of the SDGs have led to the identification of eight essential building blocks for enhancing policy coherence in the implementation of the SDGs. These are organisational concepts (institutional structures, processes and methods of work) that seem well adapted to the task of enhancing policy coherence for sustainable development in governments with different political and administrative traditions. In essence, these building blocks highlight institutional practices which are conducive to the promotion of more integrated approaches to the implementation of the SDGs (Figure 2).

Process indicators can be developed to illustrate if and how institutional mechanisms are performing their specific functions to promote higher degrees of policy coherence, based on successful past experience and good practices. These indicators are qualitative in nature and relate to the institutional arrangements (e.g. inter-ministerial coordination); processes (e.g. budgetary processes and implementation measures); and working methods (e.g. administrative culture for cross-sectoral collaboration and analytical capacity) needed to design and implement integrated and coherent policies with a high impact on substantive policy outcomes. Based on the screening tool of the PCSD Framework, Table 1 suggests diverse process indicators to track progress on the eight building blocks for PCD.

The national responses to the SDGs vary in scope, depth, speed and leadership model. The Voluntary National Reviews presented at the UN High-Level Political Forum on Sustainable Development (HLPF) in 2016 showed that countries across the world are adapting institutional frameworks with a variety of starting points and implementation paths (Box 1).

Figure 2. The eight building blocks of policy coherence for sustainable development

Tracking progress on policy coherence for sustainable development at the national level: What and how to measure?

Table 1. Suggested indicators of progress in institutional practices for PCSD at the national level

<table>
<thead>
<tr>
<th>Building block</th>
<th>Suggested indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political commitment to PCSD</td>
<td>The government is committed to coherent policies and legislation for sustainable development, consistent with international commitments and endorsed at the highest political level. <em>(Source: DAC peer review reference guide)</em> A time-bound plan for addressing policy coherence is developed through cross-government mechanisms. <em>(Source: DAC peer review reference guide)</em></td>
</tr>
<tr>
<td>2. Integrated approaches to implementation</td>
<td>An explicit strategy or plan is developed for providing an overarching comprehensive framework to align and guide government-wide actions on SDG matters.</td>
</tr>
<tr>
<td>3. Inter-generational timeframe</td>
<td>The strategic planning framework developed by the government for SDG implementation is based on a long-term vision and a long timeframe.</td>
</tr>
<tr>
<td>4. Policy effects</td>
<td>The government carries out analysis of the coherence between domestic policies and development objectives, using evidence of impact on developing countries. <em>(Source: DAC peer review reference guide)</em> The government carries out analysis of potential effects of today’s policy decisions on the well-being of future generations. <em>(e.g. through strategic foresight)</em></td>
</tr>
<tr>
<td>5. Policy and institutional coordination</td>
<td>A process is established at appropriate level and with clear mandate for inter-ministerial coordination to resolve policy conflicts fully involving ministries beyond development and foreign affairs.</td>
</tr>
<tr>
<td>6. Local involvement</td>
<td>A mechanism is in place to enable the involvement of regions, cities and municipalities in the formulation, implementation and evaluation of SDG national plans or strategies.</td>
</tr>
<tr>
<td>7. Stakeholder participation</td>
<td>Mechanisms are established to promote stakeholder engagement when developing national legislation and regulation related to SDGs, e.g.: Index of the use of the stakeholder engagement in government decisions. <em>(Source: OECD Regulatory Indicators Survey)</em></td>
</tr>
<tr>
<td>8. Monitoring and reporting</td>
<td>A time-bound plan for monitoring policy coherence is developed and monitored through cross-government mechanisms. <em>(Source: DAC peer review reference guide)</em> The country can demonstrate examples of policy change or enforcement which benefit developing countries. <em>(Source: DAC peer review reference guide)</em></td>
</tr>
</tbody>
</table>

Source: OECD PCD Unit.

Box 1. Mechanisms for monitoring and reporting in SDG structures in OECD countries that presented VNR at the HLPF in 2016

**Korea** – The National Statistical Office is developing a framework for monitoring nationally relevant SDGs, conducting research on methodologies to improve SDG indicators in terms of scope, and providing technical support for other government agencies to enhance their statistical capacity.

**France** – Under a parliamentary mission mandate, it has been considered that the ministries’ general inspectorates could analyse sector policies conducted in their areas to produce a more detailed public policy evaluation with respect to the SDGs. The findings of these evaluations could form the basis for recommendations and inform the public and civil debate.

**Mexico** – The government has created the ‘Specialized Technical Committee of the Sustainable Development Goals’ which is tasked with building an open, transparent and accountable system of statistical information for monitoring the SDGs. The CTEODS is led by the Office of the President, the National Institute of Statistics and the National Population Council of Mexico and involves 25 government agencies. Mexico has also created an open online data platform for sustainable development which provides up-to-date and geo-referenced data at the national, state and municipal level related to the SDGs.

**Turkey** – The Government intends to develop a review framework that conforms with the UN framework for follow-up and review of the SDGs. National SDG Review Reports are expected to be prepared on a periodical basis in line with the HLPF agenda. The Turkish Statistical Institute (TurkStat) will take on a central role in the monitoring process of the Agenda, based on global SDG indicators. In addition, voluntary monitoring and reporting processes pioneered by the private sector will be encouraged.

Why and how to assess policy interactions?

The integrated nature of the Sustainable Development Goals calls for policies – both domestic and international – that systematically consider interactions (synergies and trade-offs) between economic, social and environmental policy areas in achieving sustainable development. This type of policy coherence is critical for ensuring that progress on one goal contributes to accelerating progress on other goals. Coherence is also essential to avoid the risk that progress made on one goal occurs at the expense of another goal.

Tracking progress on PCSD at the national level entails looking beyond institutional mechanisms. It requires paying attention to interactions among goals and considering how targets influence each other to support more coherent decisions on implementation. A number of tools for identifying SDG interactions are available, such as the Guide to SDG interactions developed by the International Council for Science (ICSU), which introduces a seven-point scale framework that identifies causal and functional relations among goals and targets. The ICSU report scores SDG interactions ranging from +3, which applies when one goal or target is indivisible of another, to -3, which applies when goals and targets are in fundamental conflict with each other.

Identifying areas where clear synergies can be exploited (such as those scored by the ICSU scale as “reinforcing”) and where fundamental trade-offs need to be managed (such as those scored as “counteracting”) can help prioritise policy coherence efforts. SDG2 on food security, for instance, has numerous direct interactions with SDG15 on sustainable use of terrestrial ecosystems, including both positive interactions as well as trade-offs. According to the ICSU study, any actions aimed at achieving target 2.4 on sustainable and resilient agriculture practices aligned to ecosystems protection and the improvement of land and soil quality would reinforce the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services (SDG15.1 and SDG15.4). Conversely, the extension of agricultural areas to double productivity (SDG2.3) can increase deforestation and thereby undermine efforts to halt deforestation (SDG15.2) (Figure 3).

Figure 3. Identifying interactions among SDGs and targets

Source: Adapted from the presentation by Amb. Csaba Kőrösi, PR of Hungary to UN: “From SDGs to Post-2015 Agenda” at the OECD in Paris on October 7th, 2014.
In Mexico, for example, many of the drivers of forest loss are, directly or indirectly, related to policies in other sectors, such as agriculture, with conversion to crop and livestock production. There is evidence that some support programmes for farmers have contributed to deforestation and the intensification of agricultural production in some areas of the country, thereby working against Mexico’s biodiversity policy. Mexico has played a leading role in promoting the REDD+ initiative (Reducing Emissions from Deforestation and Forest Degradation) and is actively involved in the design of REDD+ pilot projects in several key regions supported by multilateral and bilateral financial assistance. To achieve its ambitious goal [as well as SDG15], the country needs – among other measures – to improve [coherence and] coordination with agriculture policy.2

Tracking progress on PCSD at the national level requires indicators to inform policy-makers about the interactions and trends between economic, social and environmental values in achieving the SDGs. Indicators for monitoring critical interactions (i.e. PCSD indicators at national level) in SDG implementation can be developed using combinations of indicators from diverse disciplines. There is a vast range of relevant available indicators in economic, social and environmental areas which can be linked to policy coherence questions and make them useful for improving decision-making in SDG implementation. These indicators include:

Table 2. Examples of how indicators for assessing policy interactions at national level can be developed

<table>
<thead>
<tr>
<th>SDGs and targets</th>
<th>Policy interaction identified</th>
<th>Type of interaction</th>
<th>Suggested indicators</th>
</tr>
</thead>
</table>
| SDG2.3 increasing agricultural productivity and | Increased agricultural productivity without sustainability may also increase deforestation and land degradation | Trade-off (Counteracting) | The increase in the proportion of land area covered by forest as a result of sustainable agricultural practices aligned to ecosystems protection
Based on:
- Land resources
- Depletion and growth of forests
- Agricultural land use
OECD Environmental Database |
| SDG15.2 halt deforestation | | |
| SDG7.2 increasing the share of renewable energy, and | These targets could potentially conflict if food crops and biofuel production compete for the same land or water resources. | Trade-off (Counteracting) | The reduction of the number of hectares of arable land diverted from the production of food to the production of biofuel feedstock
Based on:
- Agricultural land use
- Agricultural production
- Water resources
- Biofuels support
OECD Environmental Database, OECD Biofuels Support Policy Database |
| SDG2.1 ensure access by all people to sufficient food | | |

Source: OECD PCD Unit.

How to take into account transboundary and intergenerational effects?

Supporting the needs of the present and future generations, as called for by the 2030 Agenda, will depend on how society uses and manages its resources (natural, economic, human and social capital). The more efficiently and sustainably these resources are used and the better they are managed in the “here and now”, the more capital is left for people “elsewhere” on the planet and “later” for future generations. Enhancing policy coherence for sustainable development (SDG17.14) entails a more systematic consideration of the potential trade-offs between the “here and now”, “elsewhere” and “later” dimensions of sustainable development in policy-making.

Transboundary effects

Nationally-based approaches to sustainable development usually offer limited insights into transboundary effects or the impact of countries on global sustainability. Domestic-level indicators need to be complemented by measures of economic, social and environmental externalities imposed beyond national borders. In a highly interconnected world, the transmission channels are numerous – for example through financial flows, imports and exports of goods and services, migration or knowledge transfers – and countries’ policies necessarily impact on one another. This implies, for example, that we need to look at the extent to which consumption in a country is depleting stocks of natural resources in other countries (Box 3), or the extent to which existing terms of trade undermine other countries’ ability to develop sustainably.

Box 3. Taking into account the impacts of domestic consumption in Sweden on other countries

An integrated analysis of all goals and targets could help Sweden to better identify appropriate policies and actions with the greatest cumulative impact on the global achievement of the 2030 Agenda and that are most inclusive so as to leave no one behind. A PCSD approach can inform policy-making to avoid any unintended consequences that actions taken domestically may have elsewhere. For example, by changing its consumption and production patterns (SDG12) at home, Sweden can contribute to more sustainable business practices at the global level, minimise its footprint elsewhere and, as part of a collective effort, contribute to overall global well-being for current and future generations.

The OECD’s pilot assessment of countries’ starting position in relation to the SDGs applies only two OECD indicators to SDG12:

- Non-energy material consumption, defined as the amount of economic output (GDP) generated per unit of materials consumed (in terms of domestic material consumption, DMC); and
- Total support to energy consumption, as a share of the energy component of environmentally related tax revenues.

Applying a PCSD lens would entail a broader approach in order to capture different dimensions of Sweden’s production and consumption footprints on other countries and future generations. For example, Sweden’s high use of renewable energy can be appreciated against the carbon footprint of its food waste. Similarly, Sweden’s low intensity of water use domestically can be gauged against its consumption of imported water-intensive goods and services, such as fruits, cocoa and coffee beans. Sweden, together with its Scandinavian neighbours, is among the top coffee consumers in the world. Soy is another example of an imported product with a high ecological footprint – both in itself, but also as feed for meat production. The global meat industry, which is growing due to urbanisation and rising middle-classes in emerging economies, also comes with significant environmental and health consequences for the planet, including GHG emissions and deforestation. On the other hand, it contributes to poverty reduction by providing food and a livelihood for billions of people.

Consequently, Sweden could usefully draw upon a wider range of indicators to get a more nuanced picture of the transboundary and intergenerational effects of its domestic consumption and production. By encouraging a more holistic view and assessment of different policy effects and their transmission channels, a PCSD approach can help to increase the capacity of policy makers to get on a more effective and transformative path to achieving the SDGs – without compromising the prospects of other countries to be equally successful.

Sources: Measuring distance to the SDGs targets: A pilot assessment of where OECD countries stand, OECD (2016); and Sustainable Development, Sweden Policy Brief, prepared for the OECD Secretary-General’s mission to Sweden in February 2017.
In this sense, economic externalities might be captured by data on e.g. aid flows, trade, and domestic support measures; social externalities by data on e.g. foreign-born doctors and nurses; and environmental externalities by “footprint indicators”, which calculate the environmental pressure attributable to consumption in one country on resources or conditions in another country (carbon footprint, water footprint) (Table 3). For example, levels of consumption-based (or demand-based) CO₂ emissions provide an indication of the distribution across economies of final consumption of embodied carbon that has been emitted anywhere in the world along global production chains.¹ ²

Table 3. Sample indicators for taking into account transboundary effects

<table>
<thead>
<tr>
<th>Externality</th>
<th>Theme</th>
<th>Indicators</th>
<th>Related SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Development co-operation</td>
<td>• Official Development Assistance (USD)</td>
<td>SDG17.2 Developed countries to implement fully their official development assistance commitments</td>
</tr>
<tr>
<td></td>
<td>International trade</td>
<td>• Data on tariffs and non-tariff measures</td>
<td>SDG2.b Correct and prevent trade restrictions and distortions in world agricultural markets,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Trade Facilitation Indicators</td>
<td>SDG3.b Provide access to affordable essential medicines and vaccines, in accordance with the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Services Trade Restrictiveness Index</td>
<td>TRIPS Agreement and Public Health</td>
</tr>
<tr>
<td></td>
<td>Agricultural support</td>
<td>• Producer Support Estimates (PSE)</td>
<td>SDG2.b Elimination of all forms of agricultural export subsidies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• National Protection Coefficient (NPC)</td>
<td>SDG17.1 Support to developing countries to improve domestic capacity for tax and other revenue</td>
</tr>
<tr>
<td></td>
<td>Tax transparency</td>
<td>• Number of agreements on exchange of information for tax purposes between</td>
<td>SDG17.1 Support to developing countries to improve domestic capacity for tax and other revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OECD and developing countries</td>
<td>collection</td>
</tr>
<tr>
<td>Social</td>
<td>Migration</td>
<td>• Data on migration flows and stocks</td>
<td>SDG3.c Increase retention of the health workforce in developing countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Share of foreign-born doctors / nurses (%)</td>
<td>SDG10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Remittances (USD)</td>
<td>SDG10c Reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>remittance corridors with costs higher than 5 per cent</td>
</tr>
<tr>
<td>Environmental</td>
<td>Carbon footprint</td>
<td>• Consumption-based CO₂ emissions (GtCO₂)</td>
<td>SDG8.4 Improve global resource efficiency in consumption and production and endeavour to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Consumption-based CO₂ productivity (GDP per unit of emissions)</td>
<td>decouple economic growth from environmental degradation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Food waste (million tonnes, or kg per capita)</td>
<td>SDG12.3 By 2030, halve per capita global food waste at the retail and consumer levels</td>
</tr>
<tr>
<td></td>
<td>Water footprint</td>
<td>• Imports of water intensive products</td>
<td>SDG6.4 Increase water-use efficiency across all sectors</td>
</tr>
</tbody>
</table>

Source: OECD PCD Unit.

¹ OECD CO₂ emissions embodied in consumption, February 2016.
² Some indicators apply to more than one type of externality, e.g. support to fisheries in OECD countries can have both economic and environmental impacts in other countries, while migration can have both social and economic impacts in other countries.
**Intergenerational effects**

A key principle of the 2030 Agenda for Sustainable Development is the imperative of balancing the needs of current and future generations. This requires that the effects of today’s decisions on the well-being of future generations be considered more systematically in policy-making.

Monitoring the stocks of resources that exist today but that can help to maintain well-being over time provides a first step towards understanding the prospects for future well-being. This implies looking at indicators that reflect natural capital (e.g. energy and mineral resources, land and ecosystems, water and air quality, climate), economic capital (e.g. physical, financial, knowledge), human capital (e.g. knowledge, skills, competencies and attributes embodied in individuals) and social capital (e.g. the quality of interpersonal relationships and institutions).

These different types of capital share a number of common characteristics: they each influence a broad range of well-being outcomes; they each have some degree of persistence over time; and they each require investment and careful management to be maintained. It is important to monitor the evolution of capital over time, as well as to consider information about inflows (e.g. investments), outflows, (e.g. depletion or degradation of resources) and other risk factors that can affect the value of these capital stocks and their resilience to shocks. This provides insights on some of the levers through which decision-makers can take action today to improve the prospects for well-being in the future.

Table 4, reproduced from *How’s Life? 2015: Measuring Well-being* (OECD, 2015), presents a “dashboard” of illustrative indicators to monitor resources for future well-being.

These indicators, which focus only on the stock of resources, need to be complemented with indicators related to interactions to ensure that policy-makers and other stakeholders have a more complete picture against which to track progress, as outlined in previous sections.

### Table 4. Sample indicators for monitoring resources for future well-being

<table>
<thead>
<tr>
<th>Capital stock</th>
<th>Indicators relevant to both current and future well-being</th>
<th>Indicators of the “stock” of capital</th>
<th>“Flow” indicators (investment in, and depletion of, capital stocks)</th>
<th>Other risk factors</th>
</tr>
</thead>
</table>
| Natural capital | • Annual exposure to air pollution (PM$_{2.5}$) | • Concentration of GHG in the atmosphere  
• Land assets: Forest cover per capita  
• Freshwater resources per capita | • GHG emissions per capita  
• Freshwater abstraction per capita | • Threatened species |
| Human capital | • Educational attainment  
• Cognitive skills among 15 year-old students  
• Competencies of the adult population  
• Long-term unemployment  
• Life expectancy at birth | • Educational attainment of 25-34 year-olds | • Educational expectancy (at age 5 to age 39) | • Smoking prevalence  
• Obesity prevalence |
| Social capital* | • Voter turnout  
• Government stakeholder engagement | • Trust in others  
• Trust in public institutions | | |
| Economic capital | • Net wealth of households  
• Net financial wealth of households | • Net fixed assets per capita  
• Knowledge capital per capita  
• Financial net worth of the total economy per capita | • Gross fixed capital formation  
• Investment in R&D | • Indebtedness of the private (household) sector  
• Financial net worth of general government  
• Leverage of the banking sector |

* Many measures in this area remain under development.

Source: OECD PCD Unit.
Issues for consideration

- Are the three elements (i.e. institutional mechanisms; policy interactions and policy effects) a suitable starting point for developing the components of a PCSD monitoring framework at the national level? What is missing? What is the measurement challenge?

- What lessons learnt from monitoring PCD can be shared for developing national monitoring systems related to SDG17.14? What can we learn from developing countries’ efforts in promoting policy coherence for SDG implementation?

- Are there any other ‘process indicators’ already available which can be used to monitor institutional mechanisms for PCSD? Are there any other ways to capture synergies and trade-offs across economic, social and environmental areas?

- How can the impact of policy decisions on sustainable development be monitored? What type of indicators can be used for assessing transboundary and intergenerational impacts?
Further reading


