CONCEPT NOTE

INTRODUCTION

This note is prepared by the OECD PCD Unit to support the discussions of the Network of National Focal Points for PCD on ‘Policy Coherence for Development and the Sustainable Development Goals (SDGs)’. The purpose of this note is to stimulate reflections on the potential implications of a universal, transformative and integrated post-2015 development agenda for the way we undertake policy coherence for development initiatives.

The note introduces a conceptual framework for Policy Coherence for Sustainable Development (PCSD) which aims to support countries to design policies that systematically consider: (i) the enablers and disablers at global, national, local and regional levels for sustainable development outcomes; (ii) sectoral interlinkages; (iii) temporal and transboundary impacts; and (iv) the diversity, roles and responsibilities of different actors.

It provides tentative and general guidance on key steps required for enhancing PCSD in the implementation of the SDGs. It takes as a reference point the global targets proposed by the UN Open Working Group (OWG) related to policy and institutional coherence as well as the lessons learned from the experience of the OECD Strategy on Development in applying a broader PCD lens to global food security and illicit financial flows.

The note is structured in three parts:

(i) the first section provides an overview of the integrated and transformative nature of the new agenda, and the relevance of policy coherence in the new SDG framework;

(ii) the second section highlights some of the changes required to adapt PCD approaches to the Post-2015 framework, presents the new conceptual framework and definition for PCSD, and provides preliminary guidance to move forward; and

(iii) the final section outlines next steps to be undertaken by the OECD to support members and partners in the deliberations and implementation of the SDGs.

The annex to this note provides an example of how the conceptual framework for PCSD could be applied to the SDGs, focusing on to two specific areas that will be discussed at the PCD Focal Points meeting: illicit financial flows, and trade.

I. THE INTEGRATED AND TRANSFORMATIVE NATURE OF THE NEW AGENDA: A CALL FOR POLICY COHERENCE

The world is facing unprecedented and inter-related economic, social and environmental challenges. Shifting wealth processes, new population dynamics, urbanisation, growing inequalities, climate change, natural resource scarcity, and unsustainable production and consumption patterns are generating sustainable development challenges with implications for all. These trends are changing
the landscape in which countries operate, bringing to light new dimensions that call for greater coordination, integrated policy making, and long-term perspective to cope with them. By 2050, for example, the world’s population is expected to reach 9 billion. By then, the demand for water and food is expected to increase by 55% and 60% respectively. And on top of this situation, a world economy that is four times larger than today could be using up to 80% more energy predominantly from fossil fuels, thereby increasing greenhouse gas emissions and exacerbating climate change. In such a scenario, policies that leave out sustainability dimensions, that neglect critical inter-linkages, and that ignore transboundary impacts risk creating more problems than they solve.

With the ambitious set of 17 SDGs and 169 targets proposed by the OWG, the international community is aiming to address these increasingly complex challenges. Governments and multiple stakeholders across the world have emphasised the need for a universal agenda to eradicate poverty and complete the unfinished work of the MDGs, but also to steer a transformational shift towards a more sustainable future for all. The SDGs integrate economic, social and environmental aspects and recognise their inter-linkages in achieving sustainable development. The SDGs will represent a paradigm shift in international development, from development assistance towards a universal, integrated and transformative framework for sustainable development, with institutional, financial, and policy implications for all actors. In this context, the scope of the policy coherence agenda has expanded and concerns all countries regardless of their level of development.

The proposal of the UN OWG includes policy and institutional coherence as an integral part of the means of implementation for the Post-2015 framework. The OWG’s proposal (Goal 17:13-15) calls for countries “to:

- enhance global macroeconomic stability including through policy coordination and policy coherence;
- enhance policy coherence for sustainable development; and
- respect each country’s policy space and leadership to establish and implement policies for poverty eradication and sustainable development”.

As noted in the recent Synthesis Report on the Post-2015 Agenda issued by UN Secretary-General, all inputs have underscored the need to integrate economic, social and environmental dimensions across the new agenda, and that norm-based policy coherence is needed at all levels to make this happen. The Report of the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) has recommended that financing should be designed to exploit synergies and support policy coherence for sustainable development.

II. ADAPTING CURRENT PCD APPROACHES TO THE POST-2015 CONTEXT

The OECD Strategy on Development launched by Ministers in 2012 has similarly recognised the critical function that policy coherence for development (PCD) can play as a whole-of-government tool to deal with increasingly complex challenges and to address their interconnectedness. Key questions, however, are whether current PCD approaches can effectively support countries to implement a new generation of universal goals, and if existing PCD policy tools are adequate to produce sustainable development outcomes.

The OECD Strategy on Development by applying a broader PCD lens to key global issues, such as food security and illicit financial flows, has generated significant lessons for adapting our current approaches to the new post-2015 framework (Box 1).
Box 1. Lessons learned on PCD from the OECD Strategy on Development

The Strategy has helped bring about a broader approach to PCD, which will entail the following shifts:

- **Move away from generalities to an “issues-based” focus on common challenges**, such as improving framework conditions for achieving global food security.
- **Consolidate, but go beyond institutional mechanisms**, and take into account international level coordination.
- **Move away from a donors only emphasis** to engaging key actors in advanced, emerging and developing countries.
- **Go beyond the negative impacts of non-aid policies ("do-no harm")** towards more proactive approaches based on synergies across sectors.
- **Recognise the importance of PCD across all levels** (local, national, regional, and global).
- **Shift the focus from sectoral to more integrated cross-sectoral approaches**.
- **Recognise the role of PCD to inform policy making**, not prescribe (Identify win-win scenarios to engage in dialogue on common solutions).


The Strategy has been instrumental in giving a sharper focus to policy coherence for development, and contributed to a new definition of policy coherence for sustainable development (PCSD), as shown in figure 1. The emphasis has shifted from “donor-centred” and limited “do no harm” perspectives to a ‘partnership approach’ engaging key actors and stakeholders among advanced, emerging and developing economies. The Strategy has underscored the need for more proactive approaches focused on building synergies across actors and sectors to address common challenges, such as creating enabling conditions for achieving food security and curbing illicit financial flows.

**Figure 1. Policy Coherence for Sustainable Development (PCSD)**

**PCSD** is an approach and policy tool to integrate the economic, social, environmental and governance dimensions of sustainable development at all stages of domestic and international policy making. It aims to increase governments’ capacities to achieve the following objectives:

1. **Identify trade-offs and reconcile domestic policy objectives with internationally agreed objectives**
2. **Foster synergies across economic, social and environmental policy areas**
3. **Address the spillovers of domestic policies**

The emergence of new actors, sources of finance and multi-stakeholder partnerships is making the task of enhancing policy coherence for development more complex. In the context of the new agenda, policy makers will need to focus not only on the policy effects, but also on cross-sectoral inter-linkages, the non-policy drivers (systemic conditions, constraints and enablers), and the contribution of different actors and sources of finance to sustainable development.

Policy coherence can provide an approach and policy tool to identify the challenges, bring together key actors and stakeholder in a constructive dialogue; explore inter-linkages between economic, social, and environmental policies; identify ways to promote development enablers and address
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disablers; and consider significant transboundary impacts. PCSD can help to integrate the dimensions of sustainable development in policy making in a balanced manner, and create the enabling environments and policy processes required by the post-2015 framework.

Figure 2 illustrates the conceptual framework that provides the basis for the new definition of policy coherence for sustainable development (PCSD). This conceptual framework aims to support countries to design policies that systematically consider: (i) the enablers and disablers at global, national, local and regional levels for sustainable development outcomes; (ii) sectoral interlinkages; (iii) temporal and transboundary impacts; and (iv) the diversity, roles and responsibilities of different actors.

Figure 2. Conceptual Framework for Policy Coherence for Sustainable Development

![Conceptual Framework for Policy Coherence for Sustainable Development](image)

Source: OECD PCD Unit, inspired by the work of UNECE/OECD/Eurostat Task Force on measuring sustainable development.

Preliminary guidance for PCSD in the post-2015 framework

On the basis of this conceptual framework, the following steps could guide efforts for enhancing policy coherence for sustainable development in the post-2015 context:

1. **Build common understanding on the Post-2015 Development Agenda and the complexity of the challenges that the SDGs aim to address**

   The SDGs have emerged as the result of one of the largest ever international consultations to identify global challenges and priorities. They will constitute an indivisible set of global priorities once they are adopted in September 2015, and will guide international efforts on policy and practice over the next 15 years. Heads of State and Government, local authorities, business leaders, policy makers, parliamentarians, citizens, and other stakeholders should understand the nature of the new development agenda, the challenges that we all are confronting, and the need to address them in a coherent manner.
2. **Ensure leadership of the Centres of Government (CoG) in the priority-setting process**

Achieving a coherent post-2015 framework with a set of universal goals will require coherence and convergence between key inter-related international processes. For example, the successful negotiation of the three major conferences in 2015 - the Third International Conference on Financing for Development (FfD); (ii) the UN Summit to adopt the Post-2015 Development Agenda; and (iii) the 21st Conference of the Parties (COP21) - will have major implications for national policy and practice and will require leadership at the highest levels of government to convene the different policy interests, raise awareness of the synergies and trade-offs, achieve consensus and reconcile potentially competing objectives. The COG may be the best placed to provide that leadership and to ensure that progress in one process contributes to the others. Governments should, however, build on existing policy co-ordination structures and inter-ministerial mechanisms, including those facilitated by PCD national focal points. The Brazilian experience in launching a national plan to eradicate poverty provides one example on the key role played by the centre to ensure coherence, in a context of fragmented federal structures (Box 2).

**Box 2. The Brazilian experience in enhancing coherence at national level**

**The example of the Eradication of the Extreme Poverty Plan**

**Objectives:**
- Raise the per capita household income of the target population;
- Expand access to public goods and services; and
- Provide access to job and income opportunities through productive inclusion initiatives.

**How?**
- Clear definition of the agenda, targets and indicators (periodical review by the president and ministers).
- Having political and technical forums for identifying and solving conflicts. Three levels: political (ministers), executive (deputy ministers), and technical (representative of the ministries).
- Periodical review of the mandate of the chairperson of the inter-ministerial group (by the President).
- Sharing the potential political gains among all political actors.
- Transparency. Making all monitoring indicators and data available.

**Lessons**
- Leadership is essential.
- The political economy of implementing comprehensive policies, having a consistent political offer.
- The role of techno-political forums: identification of problems, producing solutions (legal, administrative, funding, etc.).
- Evidence necessary for policy and political survival.
- A communication strategy for: beneficiaries, partners, political actors, and tax payers.
- International alliances.

3. **Engage key actors and stakeholders in the priority-setting process from the outset, and stimulate multi-stakeholder action for sustainable development**

The implementation of the new agenda will require that governments and key stakeholders, acting individually and collectively, identify common challenges, set priorities, align policies and actions, and mobilise resources for sustainable development. It will entail an aggregated and coherent set of actions at the local, national, regional and global levels by governments, intergovernmental organisations, the private sector and civil society organisations. Multi-stakeholder partnerships, including public-private partnerships can help mobilise the actions and means for creating the necessary enabling environments to achieve sustainable development. The proposed ‘Integrating Approach’ by Colombia provides one example of a multi-stakeholder process for identifying priority targets for a national implementation strategy for the SDGs (Box 3).
Box 3. The Integrating Approach – A Concept Paper from the Government of Colombia to assist in defining the architecture of the SDG Framework

“The SDGs should facilitate dialogue and interaction between different line ministries and sectoral agencies, between government, private sector and civil society, thus creating the basis for tangible, on-the-ground changes. This is where the transformation must take place.” (Paula Caballero Gómez, Formerly Director General of Economic, Social and Environmental Affairs, Ministry of Foreign Affairs, Colombia)

What is the ‘Integrating Approach’? It is an inclusive policy platform where actors from several policy communities come together to discuss the SDGs in their national context and identify priority targets, paying specific attention to inter-linkages, synergies and trade-offs. The process helps the stakeholders to translate the proposed global level SDGs and Targets into national level targets through a “bottom-up” approach, thus taking a first step towards developing a national implementation strategy for the SDGs. Colombia is one of the first countries to launch this process.

Why this approach? Working in “silos” across several national agencies was seen as one of the main impediments to aligning its policy to the post-2015 agenda. To break this lack of coherence Columbia launched a participatory process with incentives for policy dialogue and interaction. The process was fully transparent, allowing each of the actors to identify their priorities, examine the inter-linkages, and reconcile potentially conflicting policy targets. The process will facilitate the setting of priorities and their subsequent implementation.

How was it done? The ‘Integrating Approach’ was organised as follows:

- Launching of the process by a senior official at the Ministry of Foreign Affairs involving 20 ministries and Presidential Councils;
- Ensuring common understanding of purpose, benefits and methodology;
- Identifying three priority targets within each agency
- Collectively discussing the outcomes of the process and finding synergies. For example, the Ministry of Mines and Energy affirmed that formalizing the mining sector was its top priority. Other ministries and agencies joined in, noting that the target was also relevant to their interests.
- Responsibility for follow up is transferred from the Ministry of Foreign Affairs to the National Planning Department as the discussions gathered momentum. (cited in Stockholm Development Institute, 2014, “Cross-sectoral integration in the Sustainable Development Goals: a nexus approach”).

4. Mainstream sustainable development criteria in national priority setting and policy-making

With the Post-2015 Development Agenda, policy makers and governments will be challenged to integrate the sustainability dimensions in all activities while remaining mindful of economic, social and environmental spillovers. All sectors will be required take into account and support sustainable development principles as well as consider inter-generational long-term objectives in their policy making processes. As highlighted by the ICESDF, this will require incentives to incorporate sustainable development into public budgets, financing strategies and implementation approaches. This will require policy coherence tools to reconcile competing domestic policy objectives; align national objectives with the SDGs; and to strengthen existing coordination mechanisms.

5. Set country-specific SDG targets

With the post-2015 agenda, each government will be required to set its own national targets adapted to differing national circumstances, capacities and priorities, and consistent with internationally agreed standards, but guided by the global ambition in the SDGs. The principle of universality in the Post-2015 Development Agenda will mean translating the aspirational global targets in the SDGs into actionable, measurable and achievable country-specific targets. In taking forward action plans for policy coherence in the context of the post-2015 agenda

6. Identify inter-linkages between economic, social and environmental policies (synergies and address trade-offs), and promote integrated approaches

One of the lessons from the MDGs is that pursuing one-dimensional or single sector goals is not sufficient to promote change. The challenges addressed in the SDGs – which focus not only on
the symptoms, but also on the underlying causes of complex and interlinked development challenges – will require overcoming silo approaches in policy-making. Integrated approaches are needed to capitalise on inter-linkages and synergies among economic, social, and environmental policies. It will involve pursuing multiple objectives, while considering how efforts to attain one goal would affect efforts in another goal. For example the interlinkages between water, food and energy are numerous, complex and dynamic. 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. Policy decision made in these sectors can have significant impacts on each other and tensions may arise from real or perceived trade-offs between various objectives. Improved water and energy services reduce the burden on women and young girls who often spend several hours each day collecting water and gathering biomass for cooking thus free up time for their participation in education and income generation activities. The provision of cleaner water and energy services is also linked to improvements in the health, micro-enterprise activity, and agricultural productivity of women. Investing in water and energy services will lead to increased levels of human health, reduced levels of poverty and indigence, and increased opportunities for education and employment, resulting in overall national economic development.

7. **Identify non-policy drivers (systemic conditions, disablers and enablers)**

Achieving the SDGs will require addressing the systemic conditions (i.e. social, political economical, environmental and institutional factors) that hinder countries’ capacities to achieve sustainable development objectives. These include, among others, barriers to trade, markets, and knowledge, as well as conflict and corruption. For example, Illicit financial flows are a major disabler for sustainable development, as highlighted in the Annex. They are a symptom of governance failures, weak institutions, and corruption in many countries of origin of these flows, but also of other systemic conditions in recipient countries that allow IFFs to thrive, such as tax havens and secrecy jurisdiction.

Similarly, the attainment of the SDGs will also depend on enabling environments at the local, national, regional and global levels that support the transformation processes a required for sustainable development. In creating these favourable environments, policy coherence could provide a lens through which to identify potential ‘enablers’ including: a fair, open and rules based global trading system; a stable financial system, fair international tax system, among others. As highlighted in the Annex, combating IFFs will depend on sound international regimes supported by international conventions and standards, such as the UN Conventions against Corruption and against Transnational Organized Crime; the recommendations of the Financial Action Task Force (FATF) or international standards on exchange of information for combating tax evasion, and the Stolen Asset Recovery Initiative (StAR). It will also entail supporting a fairer and more transparent global tax system, since there is a need to address and curb tax avoidance strategies which in most cases are legal but unfairly take advantage of the interaction between the tax rules of different countries. At the national level, it will depend on the quality of domestic regulations, institutions, and capabilities to identify, track and fight tax evasion, money laundering, and corruption, amongst others.

8. **Consider transboundary impacts**

Achieving sustainable development will require considering what matters for human well-being of the present generation in one particular country – ‘here and now’ –, what matters for the well-being of future generations – ‘later’ – and what matters for the well-being of people living in other countries – ‘elsewhere’ (UNECE/OECD/Eurostat, 2014). The ‘elsewhere’ dimension captures the ways in which countries in the pursuit of the well-being of their citizens affect the human well-being on the rest of the world. This is even more important in an increasingly interconnected world, where diverse growth and development paths of different countries
impact on each other in the context of sustainable development. For example, on key global issues such as food security, the agricultural and associated trade policies of larger developing countries have increasingly important impacts on world markets. During the 2007-8 food price crisis, exports restrictions applied by several emerging economies exacerbated the crisis and placed particular burden on some developing countries unable to source imports.
III. NEXT STEPS AT THE OECD: MOVING FROM PCD TOWARDS PCSD BEYOND 2015:

1. Elaborate a conceptual framework for policy coherence for sustainable development which aims to support countries to design policies that systematically consider: (i) the enablers and disablers at global, national, local and regional levels for sustainable development outcomes; (ii) sectoral interlinkages; (iii) temporal and transboundary impacts; and (iv) the diversity, roles and responsibilities of different actors. It will be presented at the 8th PCD Focal Points meeting (17-18 December) as one element of new guidance.

2. Carry out a mapping exercise to identify existing OECD indicators, policy instruments, and dialogue platforms, which are relevant for the SDGs. All Directorates have been asked to respond to a detailed questionnaire covering all 17 SDGs including knowledge gaps. Their responses will provide important input to the meeting of the OECD Council on Development, to be held on 20 January 2015 and potentially inform their implementation processes once the SDGs are agreed. In parallel, this exercise will contribute to an international effort led by the UN Statistical Commission Friends of the Chair Group on Broader Measures of Progress (UNSC FOC).

3. Take stock of member countries’ institutional capacities to implement the SDGs. In the 2015 PCD Flagship Report, the chapter on national contributions will focus on member countries’ institutional capacities to implement the SDGs. PCD Focal Points will be asked to answer questions such as: What are good practices and lessons learned from past experiences? Are current arrangements in capitals “fit-for-purpose” to address – in a coherent and holistic manner – a new universal, integrated, and transformative agenda? If not, what actions need to be taken? This will help guide future work of the OECD-PCD Unit (and indirectly that of the Organisation as a whole).

4. Update existing PCD instruments to align with the new conceptual framework. A new version of the PCD Toolkit will be developed to align with the broader concept of PCSD, updating the sectoral approach with an issues-based analysis; better reflecting sustainability aspects; and targeting the self-assessment questions to a broader range of stakeholders at all levels. Finland’s pilot of the Toolkit in the area of food security provides good practice and will be helpful also for other countries who may wish to undertake a similar exercise.

5. Strengthen the evidence-base for PCSD. The Coherence for Development (CODE) Reports draw on relevant OECD analysis, and provides a coherence lens on a range of topics and presents a concise brief for a non-expert audience. Past editions have explored the issues of ICTs; fisheries; and responsible business conduct. Forthcoming issues in 2015 will look at competition policy; state-owned enterprises; and the water-energy-food nexus. They will reflect the universal, integrated and transformative nature of the new agenda, applying the new conceptual framework for PCSD.

6. Develop an online monitoring matrix for PCSD. The mapping exercise (point 2 above) will feed into an online monitoring matrix for PCSD. The purpose of the matrix will be to organise existing OECD indicators, policy instruments, and dialogue platforms information in a way that indicates policy interlinkages and a ‘level of coherence’ in member countries overall. The matrix aims to raise awareness and incentivise dialogue within and between countries; it is not intended to rank countries or create an index.
ANNEX: POLICY COHERENCE FOR SUSTAINABLE DEVELOPMENT IN THE SDGs

This annex aims to illustrate how the conceptual framework for Policy Coherence for Sustainable Development (PCSD) could be applied for “coherence checking” to support the implementation of the SDGs. It focuses on two specific areas considered in the OWG Outcome Document: a) illicit financial flows, and b) trade.

A) ILICIT FINANCIAL FLOWS AS A “DEVELOPMENT DISABLER”

Illicit financial flows (IFFs) are considered a major ‘disabler’ for sustainable development in the SDG framework. The UN OWG has proposed the target “16.4 by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organised crime” as part of “Goal 16. Promote peaceful and inclusive societies for sustainable development...”. This reflects the importance of governance factors for creating enabling environments that allow countries to finance their own sustainable development strategies.

In ensuring coherence for sustainable development in the SDG framework, one could start by identifying and considering the interactions between the IFF target and other targets which are critical for addressing the drivers behind IFFs (Figure 3), for example:

“14.4 by 2020... end overfishing, illegal, unreported and unregulated (IUU) fishing...”;  
“14.6 by 2020... eliminate subsidies that contribute to IUU fishing...”;  
“15.7 take urgent action to end poaching and trafficking of protected species of flora and fauna, and address both demand and supply of illegal wildlife products”;  
“16.5 substantially reduce corruption and bribery in all its forms”.

One could also identify the interactions with those targets that could help create the conditions for discouraging IFFs, for example:

“10.5 improve regulation and monitoring of global financial markets and institutions and strengthen implementation of such regulations”.  
“16.6 develop effective, accountable and transparent institutions at all levels”;  
“16. a strengthen relevant national institutions, including through international cooperation, for building capacities at all levels, in particular in developing countries, for preventing violence and combating terrorism and crime”;  
“17.1 strengthen domestic resource mobilization, including through international support to developing countries to improve domestic capacity for tax and other revenue collection”.

In looking at the SDGs as an integrated whole, PCSD can contribute to analyse the cross-sectoral interactions (analysis of key synergies and trade-offs) in the SDG framework, inform decision-making and guide coherent action.
### Figure 3. Illicit Financial Flows in the SDG framework

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**Source:** Adapted from 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.
Another way of “coherence checking” is to consider coherence at five different but complementary levels (Figure 4):

**Figure 4. Policy and Institutional Coherence for Sustainable Development**
An integral part of the MoI of the Post-2015 Agenda

In the context of illicit financial flows this implies:

**1. Coherence between internationally agreed goals and national context:**

IFFs are facilitated by secrecy jurisdictions that often undermine the regulations of other jurisdictions. Countries will have to aim for consistency with international conventions and standards related to IFFs, such as the UN Conventions against Corruption and against Transnational Organized Crime; the recommendations of the Financial Action Task Force (FATF) or international standards on exchange of information for combating tax evasion, and the Stolen Asset Recovery Initiative (StAR). Combating illicit financial flows depends on whether countries comply with international best practices and are aligned to globally agreed goals. At the same time, it depends on the quality of national regulations, their implementation, capabilities and specific challenges which may differ from country to country. Some, for instance, may focus on strengthening institutions and building national capacities in identifying, tracking and fighting tax evasion, money laundering, and corruption; and others on taking specific actions to avoid being safe havens for illegal money. Knowledge sharing can play an important role in creating expertise, building technical capacity, and strengthening institutions to comply with international standards, and to combat corruption, money laundering, tax evasion, and complex economic and financial crimes.

This includes supporting a fairer and more transparent global tax system. There is a need to address and curb tax avoidance strategies which in most cases are legal but unfairly take advantage of the interaction between the tax rules of different countries, making it difficult for any single country, acting alone, to fully address the issue. As highlighted by the ICESDF, international tax cooperation
needs strengthening. G20 Leaders have endorsed the Action Plan on Base Erosion Profit Shifting (BEPS) and a single standard for the automatic exchange of tax information. The G20 Development Working Group is also leading work to analyse the impacts of profit shifting on low income and other low capacity countries and to develop a roadmap outlining steps that countries can take to access greater information on profits and income held offshore by their taxpayers. But greater international efforts are needed to increase the capacity of governments in all countries to raise the revenues they need to provide their citizens with better services.

2. **Fostering convergence of diverse international agendas and processes.**

The challenge of curbing illicit financial flows is at the forefront of the international agenda and is being addressed in a number of different fora. The United Nations High-Level Panel (HLP) of Eminent Persons on the Post-2015 Development Agenda has highlighted the need to tackle illicit financial flows and to regulate tax havens as key to global development moving forward. The UN Open Working Group (OWG) and the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) have highlighted the need for fighting illicit financial flows as part of the means of implementation for the Post-2015 Agenda. G20 and G8 Leaders are urging countries to take action in strengthening their anti-money laundering regimes, enforcing greater transparency of company ownership and international bribery. Members of the Global Partnership for Effective Development Co-operation (GPEDC) have also reaffirmed their commitment to combat corruption, money laundering and IFFs. In a post-2015 context, coordination, synergies and complementarities among these different processes and initiatives, will be critical to create global conditions that discourage IFFs and support holistic responses and align different efforts towards the achievement of the post-2015 goals.

3. **Enhancing synergies between economic, social and environmental policies.**

Illicit Financial Flows relate to a range of economic, social, and environmental phenomena, which can only be effectively dealt with through co-ordinated national and international actions. Illegal natural resource exploitation, for example, represents a threat not only to the environment, but also to revenues from natural resources, to state security, and to sustainable development. It is estimated that $48-153 billion of natural capital is lost through illegal trade of wildlife globally each year. Similarly, illegal, unreported or unregulated (IUU) fishing not only damages the environment and threatens biodiversity and ocean ecosystems, but also has an impact on human rights by undermining labour standards, harming markets for legally harvested fish, destabilising the economy in developing coastal nations and encouraging corruption. Global estimates suggest a minimum 20 percent of seafood worldwide is caught illegally, representing losses between $10 to 23 billion and 11-26 million tonnes. The economic, social and environmental impacts of illicit flows can only be effectively tackled through a coherent and coordinated response involving key stakeholders from different sectors.

4. **Making best use of existing resources**

Efforts to curb illicit financial flows require mobilising multiple resources to build technical capacity, strengthen institutions and systems, and ensure policy reforms. These resources may be provided through development co-operation, international and regional development banks, the private sector and philanthropists, and domestically. National and international efforts will be more effective if the funds are disbursed in a coherent manner and under the umbrella of internationally agreed goals. There is also a need for exploring ways to use ODA to leverage additional resources to fight IFFs.
5. Coherence between diverse actions of different actors and stakeholders

The phenomena of IFFs concern multiple policy areas and require cross-sectoral and cross-national responses encompassing efforts on governance, anti-corruption, regulatory regimes, and domestic resource mobilisation, as well as on crime control, regulations in the financial sector, tax regimes and their implications. It is a shared responsibility by all countries calling for greater political commitment from all countries as well as coherent and collective action in multiple fronts to achieve the proposed post-2015 target on IFFs.

The OECD is contributing to fight IFFs in multiple fronts. In the area of taxation, the Global Forum on Transparency and Exchange of Information for Tax Purposes has developed a new global standard on Automatic Exchange of Information. This standard will be central for international efforts to reduce tax evasion and minimise costs to governments and businesses. The OECD is also working with the G20 to tackle base erosion and profit shifting (BEPS). Today, roughly two trillion US dollars are believed to be stashed offshore to avoid taxation, depriving governments of much needed revenues. BEPS is of particular significance for developing countries due to their heavy reliance on corporate income tax, particularly from multinational enterprises (MNEs). The OECD’s new Strategy for Deepening Developing Country Engagement in the BEPS Project can help strengthen their involvement in the decision-making processes. Other OECD efforts to reduce IFFs include work on anti-bribery and corruption (Anti-Bribery Convention); corporate governance and integrity (CleanGovBiz); and the recovery of stolen and frozen assets (StAR).
B. TRADE AS ENABLER IN THE SDG FRAMEWORK

There is no stand-alone goal on trade in the SDG framework. Trade is considered as part of the means of implementation (MoI) for the SDGs, which indicates the importance of trade and trade policy as enablers for sustainable development. The cross-cutting targets on trade suggested by the OWG as MoI are focused on creating a well-functioning trading system, increasing exports of developing countries and giving a differential treatment for LDCs:

“17.10 promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO including through the conclusion of negotiations within its Doha Development Agenda.”

“17.11 increase significantly the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020.”

“17.12 realize timely implementation of duty-free, quota-free market access on a lasting basis for all least developed countries consistent with WTO decisions, including through ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access.”

It is important to stress also that the SDG framework proposes around 20 trade-relevant targets recognizing interactions between sectors, as shown in Figure 5. PCSD could provide the approach to analyse the nature of those interactions, highlighting trade-offs, synergies, and opportunities for creating win-win situations. In the context of a Post-2015 transformative agenda it would be important to consider not only whether the SDGs provide a framework to address the obstacles that countries face to access markets, but also to address the key enablers that can allow countries integrate and benefit from value chains, while ensuring the long-term sustainability of their transformation processes. PCSD could also be used to analyse the coherence between the SDGs, the global trade rules, and the trade rules developed through bilateral and regional trade agreements.

The trade-related targets in the SDGs are focused on the following areas:

Global trade rules

- **Relevant for creating enabling conditions for food security (SDG 2):**

  2.b. **correct and prevent trade restrictions and distortions in world agricultural markets** including by the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round.

  2.c. adopt measures to ensure the proper functioning of food commodity markets and their derivatives, and facilitate timely access to market information, including on food reserves, in order to help **limit extreme food price volatility.**

- **Related to economic growth (SDG8):**

  8.a. increase **Aid for Trade** support for developing countries, particularly LDCs, including through the Enhanced Integrated Framework for LDCs.

- **Relevant for reducing inequality (SDG10):**
10.a. implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with WTO agreements.

- **Significant for ensuring sustainable consumption and productions patterns (SDG12)**

12.c. rationalize inefficient fossil fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

- **Relevant for more sustainable use of resources (SDG14)**

14.6 by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiation*

3.b. support research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration which affirms the right of developing countries to use to the full the provisions in the TRIPS agreement regarding flexibilities to protect public health and, in particular, provide access to medicines for all.

- **Enabling conditions for trade and access to technology**

7.a. by 2030 enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies.

9.1. develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.b. support domestic technology development, research and innovation in developing countries including by ensuring a conducive policy environment for inter alia industrial diversification and value addition to commodities.

10.7. facilitate orderly, safe, regular and responsible migration and mobility of people, including through implementation of planned and well-managed migration policies.

* taking into account ongoing WTO negotiations and WTO Doha Development Agenda and Hong Kong Ministerial Mandate.
10.b. encourage ODA and financial flows, including foreign direct investment, to states where the need is greatest, in particular LDCs, African countries, SIDS, and LLDCs, in accordance with their national plans and programmes.

10.c. by 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%.

12.8 by 2030 ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

15.6 ensure fair and equitable sharing of the benefits arising from the utilization of genetic resources, and promote appropriate access to genetic resources.

15.7 take urgent action to end poaching and trafficking of protected species of flora and fauna, and address both demand and supply of illegal wildlife products.

15.c. enhance global support to efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities.

16.4 by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime.

17.5 adopt and implement investment promotion regimes for LDCs.

17.6 enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation, and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, particularly at UN level, and through a global technology facilitation mechanism when agreed.

17.7 promote development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed.
**Figure 5. Trade in the SDG framework**

Source: Adapted from 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.