POLICY COHERENCE FOR DEVELOPMENT

POLICY FRAMEWORK
FOR POLICY COHERENCE FOR DEVELOPMENT

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PREAMBLE

What is PCD?

Contributing to global development is a key objective of the OECD and its member states. Improving effectiveness and quality of aid remains critical to foster development in developing countries; aid acts as a safety net and can have a catalytic role on growth. Aid is a necessary but not sufficient driver of development. The profound impact of multiple and interrelated global crises (financial, economic, food and energy) on the world's poorest and the increased countries' interdependency, meaning that the impacts of policies put in place by any one country are felt far beyond that country's borders, demonstrate the need for the development community to go beyond aid. We need to work with other policy communities in a wide range of policy areas beyond aid - including taxation, trade and investment, agriculture and food security, education and skills development, etc - to ensure that these policies also contribute to development. For example, the impact of agricultural subsidies on world prices and the high tariff barriers in place in OECD countries limit developing countries' ability to benefit from exporting agricultural produce, thereby undermining their development prospects. The need to accelerate progress towards the MDGs has made our development work and objectives even more vital in supporting the global community to achieve sustainable development.

The concept of policy coherence for development (PCD) aims to exploit positive synergies and spillovers across public policies to foster development. A meaningful working definition of PCD goes well beyond minimizing the adverse impact that public policies can have in developing countries; it entails the systematic application of mutually reinforcing policies and integration of development concerns across government departments to achieve development goals along with national policy objectives. According to the DAC Journal of Development Co-operation,[1] *'Policy coherence means different policy communities working together in ways that result in more powerful tools and products for all concerned. It means looking for synergies and complementarities and filling gaps among different policy areas so as to meet common and shared objectives.'* The work on policy coherence can lead to raise questions such as: 'Do our trade policies reinforce our development co-operation policies, or do they work at cross purposes?', 'Do our migration policies, such as in the health care sector, potentially undermine prospects to achieve health-related MDGs in sending countries?', or 'How can we promote economic growth at the same time as environmental sustainability in the developing world?'

PCD is not just an abstract concept, but an objective that can be achieved through practical measures. PCD can be implemented at different levels: internally within the development cooperation, within the country (coherence between national aid and non-aid policies), between donors, and at the partner country's level. The OECD assists governments in achieving policy coherence through the development of guidelines on political and administrative structures and processes to foster an effective and harmonised policy-making process. A 'whole of government' approach is valuable to better understand potential impacts of domestic policies on development and to effectively implement PCD. PCD also requires the development dimension to be given adequate weight throughout and at every stage of the policy design and reform across the government. Addressing PCD will not only increase the scope to leverage ODA more effectively and boost the political relevance of aid policy, it will also result in more efficient policies and thereby a better use of public money to the benefit of all citizens. For example, providing financial aid to developing countries while allowing the existence of tax heavens leads to an inefficient use of public money. Tax heavens result in a loss of almost three times what developing countries get in aid; if taxes on this income were collected, billions of dollars would become available to finance development, reducing the cost of aid for developed countries.

The challenge of PCD

The concept of PCD is still not sufficiently understood in many countries, particularly outside of the development policy communities, which can result in a lack of political interest and will to implement PCD. Governments pursue a wide range of policy objectives, trying to balance interests and priorities of domestic constituencies with longer term foreign and development policy objectives. These may, in the short term, appear to be competing or even contradictory objectives. But in an increasingly interconnected world, neglecting development may undermine the achievement of domestic objectives. National security, for example, can be enhanced by fostering development in fragile states to strengthen their capacities to fight terrorism or trade of illicit products.

Evidence-based PCD is critical to foster political support. In an increasingly complex world, the links between policy levers and policy impacts are unclear and thus challenge the reliability of evidence about how best to achieve results. However, the importance of PCD and its role in more efficient use of public money should be widely communicated to the global public and in governance fora to enable political debate and momentum.

PCD can only be achieved as a collective effort and through an open and inclusive framework, based on the active involvement of emerging economies, developing countries and international organisations. Greater balance in the global governance architecture could be critical to achieve an effective PCD. The eight Millennium Development Goals (MDGs) relate to PCD but two of them more closely: Goal 1 on poverty reduction and Goal 8 on the development of a global partnership. The reduction of poverty and inequality within developing countries is likely to be associated with progress with respect to many of the other MDGs, while the development of a global partnership depends on actions taken within both OECD countries and developing countries.

OECD's work on PCD

The OECD is well placed to bring together policy-makers from all public policy areas with development experts and analysts to promote greater coherence. Since the early 1990s, the OECD has played a pivotal role in promoting PCD. OECD's work on PCD was mandated at the 2002 OECD Ministerial Council Meeting as part of the '*OECD Action for a Shared Development Agenda'*. The OECD published in 2005 *'Policy Coherence for Development – Promoting institutional good practice'*,[2] and *'Fostering Development in a Global Economy - A Whole of Government Perspective'*.[3] OECD Ministers renewed their commitment to PCD in June 2008 by issuing the Ministerial Declaration on PCD[4] in which they encourage continuing best practices and guidance on PCD promotion and improved methods of assessment of results achieved.

The OECD promotes PCD at four complementary levels:

1) ***Whole-of-government:*** The OECD identified building blocks (*'Building Blocks for PCD')*[5] to guide OECD countries in implementing PCD[6] based on the lessons learned from DAC peer reviews. . These reviews provided the basis for a good practice guidance endorsed by the Council in April 2010 as *Council Recommendation on Good Institutional Practices in promoting PCD*.[7]

2) ***Analytical:*** The OECD has also developed analyses and case studies on the potential or actual impacts of policies on development in a range of areas - including macroeconomic policies, ICTs, Internet, innovation, environment, agriculture, fisheries, health, trade, aid for trade, human rights, tax, and migration.[8]

3) ***Assessment methodologies:*** This *"Policy Framework for PCD"* has been developed to guide policy makers in implementing PCD, with a view to broadening and deepening it.

4) ***Whole-of-OECD:*** The OECD is also working towards an enhanced strategy for development, referred to as the 'DevGoals exercise'. This initiative aims to deepen the development dimension across all policy areas of OECD's work, and give more coherence to existing OECD development work beyond aid. Pilots are already underway in four high priority areas where the OECD can leverage its core competences: food security, green growth, investment for development, and tax and development.

Use of this Policy Framework

The objective of this Policy Framework is to provide policy-makers - ministries, legislatures and offices of government leaders, and development agencies - with institutional and sectoral guidance for promoting and assessing PCD. It is mainly aimed at OECD members, but may be useful for any government willing to promote PCD. The need for this guidance emerged from the new reflection about development in the OECD, in line with its overall strategy to build a stronger, cleaner and fairer world economy.

This Policy Framework draws from findings and best practices collected by the OECD over several years of peer reviews. The first section on institutions provides questions to promote PCD through institutional mechanisms based on good practices demonstrated in the DAC Peer Reviews (2003-2007). The second, third and fourth sections provide guidance in three policy areas, agriculture, fisheries, and environment. The last section provides guidance on how to assess progress of PCD.

The first four sections consist of questions for policy-makers with no specialised training in PCD assessment, to enable them to screen policies, laws and regulations that might undermine development in developing countries. Open-ended questions allow for some flexibility to country-specific contexts as countries have progressed differently in implementing PCD, use different mechanisms and concentrate on different sectors. These questions can foster increased political commitment, better understanding of the concept of PCD and enhanced involvement of all PCD-relevant ministries. The last section on PCD assessment gives a general framework on how to assess PCD and describes existing assessment tools.

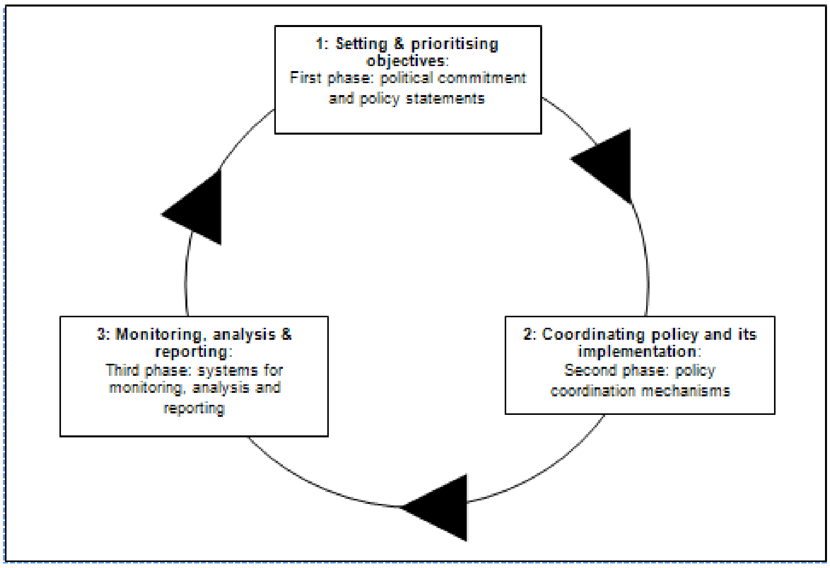
Policymakers themselves should evaluate the usefulness and relevance of this Policy Framework. A pilot phase could be initiated in a few OECD member countries to enable policy-makers to test this guidance. Additional PCD-relevant policies such as trade, migration, finance, and security could be included after this initial test phase. This would entail also a stronger collaboration with the member states and the EU to ensure the relevance and practicality of the final guidance.

To monitor and evaluate institutional structures and sectoral policies, a useful approach would be to combine self-monitoring and evaluation with external evaluation. Self-monitoring at country-level should be undertaken by the governmental body or unit in charge of policy coordination and arbitration for PCD. The OECD could be in charge of the external evaluation including the collection and analysis of data and the dissemination of results. The Organisation is well placed to perform these tasks through its multi-sectoral approach. The DAC has already been mandated to incorporate the institutional guidance in the DAC Peer Reviews as manifested in the *'Recommendations on good institutional practices in promoting PCD'* approved by the Council in April 2010.

I. INSTITUTIONS

In order to increase the political commitment for PCD, the OECD Council adopted *'Recommendations on good institutional practices in promoting PCD'* in April 2010.[1] The Council recommends that OECD countries introduce and maintain a clear and integrated framework to PCD within their existing governance structures, translate political commitment on PCD into practice, and work towards assessment of the impacts that domestic policies may have on wider development efforts.

Progress towards PCD can be conceptualised as a three-phase cycle, with each phase supported primarily by one building block. For a country to make good progress towards PCD, it requires that all three building blocks be in place, and that sufficient weight be given to development within each phase of the cycle.



The OECD *'Synthesis Report on PCD'* (2008) identified nine "lessons learned" across the three phases of the cycle to promote PCD, based on DAC peer review recommendations from 2003 to 2007:

Phase One: Setting and prioritising objectives
- *Lesson 1:* Educate and engage the public, working with civil society, research organizations and partner countries, to raise awareness and build support for PCD, on a long-term basis.
- *Lesson 2:* Make public commitments to PCD, endorsed at the highest political level, with clear links to poverty reduction and internationally-agreed development goals.
- *Lesson 3:* Publish clearly prioritized and time-bound action agendas for making progress on PCD.

Phase Two: Coordinating policy and its implementation
- *Lesson 4:* Ensure that informal working practices support effective communication between ministries.
- *Lesson 5:* Establish formal mechanisms at sufficiently high levels of government for inter-ministerial coordination and policy arbitration, ensuring that mandates and responsibilities are clear and fully involve ministries beyond development and foreign affairs.
- *Lesson 6:* Encourage and mandate the development agency to play a proactive role in discussions about policy coordination.

Phase Three: Monitoring, analysis and reporting
- *Lesson 7:* Make use of field-level resources and international partnerships to monitor the real-world impacts of putting PCD building blocks in place.
- *Lesson 8:* Devote adequate resources to analyzing policy coherence issues and progress towards PCD, drawing on the expertise of civil society and research institutes, domestically and internationally.
- *Lesson 9:* Report transparently to parliament and the wider public about progress on PCD, as part of reporting on development cooperation activities and progress towards meeting the MDGs.

1.1. Political commitment and policy statements

Phase one of the PCD cycle involves setting policy objectives and determining which objective is given priority if there are incompatibilities between policies. Progress towards greater PCD starts with strong leadership and commitment at the political level and clearly stated and articulated political commitment at the highest political level to ensure coherence between policies focused on development and policies focused on other priority areas. Establishing or setting out a vision document is not sufficient to ensure PCD. A comprehensive set of high level goals and priorities should be established and published to better enable the political leadership to pursue a coherent agenda. Policy priority areas need to be monitored transparently to amend or revise priority policy areas, and to identify any inconsistency of approach or possible incoherence where additional co-operation or co-ordination arrangements may need to be developed. Political commitment needs to be backed by policies, instructions and incentives that translate commitment into action. It also entails working with civil society and parliaments to raise public awareness for PCD to sustain broader support.

1.1.1 Has the government engaged with the public to raise awareness and build support for development-friendly policies on a long-term basis?

1.1.2 Is there a political statement spelling out the government's commitment to PCD? What priority is routinely given to development and coherence at the highest level of the government?

1.1.3 Has the government selected priority areas for PCD? Has it made a public commitment endorsed at the highest political level to integrate development into specific sectoral policies with clear links to internationally agreed development goals?

1.1.4 Are there catalyst actors for PCD committed to operational action plans including actions and time needed to reach a consensus to resolve conflict of interests?

1.1.5 Is the government an active participant in international fora linking sectoral policies to development?

Issues addressed:

- *Awareness raising on development*
- *Political statement on PCD*
- *Sectoral policies integrating development*
- *Action plans*
- *Active participation in international fora on PCD*

1.2. Policy co-ordination and mechanisms

Phase two of the PCD cycle involves designing how policies and their implementation can be introduced and/or modified to minimise incoherence and maximise synergies. Effective co-ordination mechanisms should facilitate the navigation through complex politics of policy processes and enable conflicts or inconsistencies between policies to be resolved. The following general policy coherence processes for efficient co-ordination have proven to be practical - albeit not sufficient - approaches, to promote PCD. They can be helpful as guidance for PCD promotion where they are compatible with the general national institutional context - enhancing PCD should not require new governance structures, but rather promote the use of the existing structures.

National practices at central level:

The complexity of modern government requires the usage of effective co-ordination mechanisms within the administration. This better enables the various component parts of a government to consult and co-ordinate on policies, and to resolve any conflicts or inconsistencies in either their development or implementation. This involves working out how policies are formulated and developed, how they are implemented, how they are monitored and reviewed. A central oversight or "whole-of-government" perspective on the development, implementation and impact of policy and regulations, can also help to ensure PCD. However, a less centralised approach to PCD can involve inter-ministerial co-ordination. There, PCD is promoted in the first instance by development ministries or agencies which have the mandate to promote consideration of development issues in the policy making process.

National practices at line ministry level:

Establishing Cabinet Sub-Committees or Cabinet Committees has been the practice for many OECD countries. They provide an opportunity for coherence at a political level, and an opportunity for the Centre of Government and/or the Development Ministry, to be aware of what is happening across the civil service in key strategic or politically sensitive issues, and to bring development considerations to bear. The "shadowing" of such Cabinet or sub-Cabinet Committees by inter-ministerial committees and working groups offers opportunities both for preparing the groundwork for forthcoming meetings of the political administration, and for better sharing of information across ministries. Similar networks or team-based approaches to working within line ministries, which offer the opportunity for public sector agencies, under the aegis of the ministry, to be included, have proven to help ensure that appropriate internal dialogue and co-operation take place.

National practices at sub-national levels of government:

In some countries sub-national levels of government have a role in setting or developing policy priorities, and can play a significant role in policy implementation and in monitoring the coherency of policies for development. In these cases, they are uniquely placed to observe at first hand where inconsistencies and incoherent approaches occur.

1.2.1 Do informal working practices support effective communication between ministries to enhance PCD across sectors?

1.2.2 Have formal mechanisms been established for inter-ministerial coordination and policy arbitration among ministries with clear mandates and responsibilities? Are these coordination mechanisms able to formulate national positions on policy options and to resolve conflicts of interests?

1.2.3 Is the development cooperation agency able to play a proactive role to integrate development in sectoral policies? Who are the development actors in policy formulation and what mechanisms exist to balance the interests of diverse interest groups?

1.2.4 What is the government's approach to PCD in partner countries? What mechanisms are used to develop a 'whole of government' approach within the embassy/field offices to ensure PCD and influence processes in partner countries? Does the government promote policy coherence in partner countries through its aid programme, and co-ordinate with other donors on PCD?

Issues addressed:

- *Informal working practices*
- *Formal inter-ministerial cooperation*
- *Role of development cooperation and development actors*
- *PCD in partner countries and aid programmes*

1.3. Systems for monitoring, analysis and reporting

Phase three consists of three complementary actions: monitoring to collect evidence about the impact of policies, analysis to make sense of the data collected, and reporting back to parliament and the public. This phase provides the necessary evidence for accountability and well-informed policy-making and politics, provided that effective procedures and mechanisms are in place to ensure that policies can be effectively designed and adjusted as needed to maintain their coherence over time.

Practices in measuring, monitoring and reporting on policies, progress and impacts

The ability to easily access and utilise up-to-date quantitative information on the performance and effectiveness of policies is crucial for accountability and learning. This involves collecting and analysing evidence about the impacts of different policies on development, and reporting to government, parliament and the public. Not only is such information important to assessing how policies are performing, but it is also critically important to policy-makers in refining or re-prioritising policy instruments and objectives. The OECD work on PCD has highlighted the importance of collecting relevant data and building capacity to measure development impacts. At the same time there remains a fundamental challenge to specify the results chains of different country policies at global level to track the impacts on developing countries.

Practices in effective regulations for coherence in the policy-making process

The OECD Indicators of Regulatory Management Systems (2007) indicate that almost all OECD countries have now adopted, at the political level, broad regulatory management and reform programmes, which also establish clear objectives and frameworks for implementation. These programmes, together with the use of models and evidence-based policy-making tools such as the Regulatory Impact Analysis (RIA), can greatly help to increase the consistency of inputs to the decision and regulatory-making process, and also to enhance the level of coherence of both processes and policies. Structured approaches may also have potential to contribute to enhancing understanding of the impact of countries' domestic sectoral policies on their development efforts. For PCD purposes, some specific tools exist to support impact assessment, such as cost benefit or logical framework analysis (see Section V for more details). In further support of such tools, efforts need to be made at the central level to ensure that the evidence utilised and referred to during the policy development phase is made available to the political level in order to inform their decision-making process.

Practices in using the budget as a tool for better coherence

The budget is the government's key policy and priority setting document, where policy objectives are reconciled and implemented in concrete terms. A country's overall budgeting system seeks to allocate resources to government priorities and to achieve greater efficiency and effectiveness in government operations. As such it has proven to have a very important role also in ensuring PCD.

1.3.1 How does the government gather and feedback evidence on the impact of its sectoral policies and policy coherence/change on developing countries? Are field-level resources and international partnerships used to monitor these impacts?

1.3.2 Are there sufficient capacity and adequate resources to analyse PCD? Are civil society and research institutes domestically and internationally consulted to enhance the analysis on PCD?

1.3.3 Is there transparent reporting to parliament and to the public on the impact of sectoral policies on developing countries? Is such reporting included as part of standard reporting on development co-operation?

1.3.4 Are there structured approaches - such as regulatory and reform programmes - to assess policy coherence? Is the budget used as a tool for better coherence? Are there effective mechanisms in place to make the evidence and data collected on PCD available across the government?

1.3.5 What procedures are in place to monitor the effectiveness of institutional structures? To what extent do these monitoring mechanisms ensure transparency and create incentives for PCD?

Issues addressed:

- *Data collection*
- *Data analysis by various actors*
- *Reporting to parliament and to the public*
- *Mechanisms and tools for better coherence, utilisation of the evidence*
- *Monitoring of institutional mechanisms*

II. AGRICULTURE

The agricultural policies and instruments of OECD countries have considerable influence on the achievement of the MDGs and are critical to PCD. The first MDG – to eradicate extreme poverty and hunger – calls for halving both the proportion of people living on less than $1/day and the proportion of people who suffer from hunger between 1990 and 2015. Agriculture has a key role to play in reducing poverty and hunger in many developing countries. About 75% of the world's poor live in rural areas and most are dependent on agriculture and related activities in the rural economy. But not all developing countries can meet their food security needs through domestic agriculture.

Even though developing countries have climatic and natural competitive advantages for some crops, agricultural production in developing countries competes with that in develop countries. Food crop production might also compete with biofuels if there is no more agricultural land available. Production and prices are very vulnerable to fluctuations in demand and supply from developed countries, and developing countries are highly exposed to fluctuating input prices. For this reason, agricultural policy reform in OECD countries can benefit substantially developing countries' farmers. Indeed, while enhancing the coherence of agricultural and development policies in OECD countries remains complex and more needs to be done, OECD countries have reduced considerably price-distorting interventions and support to domestic farmers in recent years. In this section, OECD country policies have been classified into four policy domains: domestic agricultural policies, agricultural trade policy, regulatory policies and development co-operation policy.

2.1. Domestic policies

Domestic agricultural policies refer to the traditional instruments used by OECD countries to provide price and income support to agriculture and help farmers manage risk. Social and income objectives in the agricultural sector in OECD countries have been addressed by various forms of subsidy to domestic agriculture in OECD countries, including market price support, direct payments, export subsidies and income support. These subsidies can affect agricultural exports, commodity prices, and prices of processed agricultural products, and distort trade and thereby undermine agricultural production (for domestic or export markets), food security and livelihoods in developing countries.

Despite consistent efforts to meet the MDGs and design development-friendly trade policies under the Doha Development Agenda negotiations, there is still incoherence between some of the OECD countries' agricultural policies and their declared development goals. Agricultural reforms, particularly of price-distorting policies, should be continued in the OECD countries, in order to benefit both the reforming economies and to level the playing field with low-income countries. Such an approach should contribute to poverty reduction, especially in low-income countries where poor households are predominantly food producers.

2.1.1 Does the government analyse the impact of market price support policies on agricultural markets in developing countries? Does it consider the net trade position of developing countries when designing these policies? How does it engage in reducing price volatility?

2.1.2 What mechanisms are in place for policy review and arbitration of direct payment and income support policies and for monitoring their impact on the agricultural sector in developing countries?

2.1.3 Has the government taken into account the trade distorting effects of export subsidies and has it made progress in eliminating them?

Issues addressed:

- *Market price support and price volatility*
- *Direct payments and income support*
- *Export subsidies*

2.2. Trade

Agricultural trade policy usually supports domestic market interventions through border tariffs or export subsidies. Market price support policies, for example, require the domestic market to be insulated from the world market through trade barriers, as otherwise cheaper imports would undermine the domestic policy. But many OECD countries also pursue a range of independent agricultural trade policy objectives, such as promoting regional integration, providing preferences to developing countries as a development policy and protecting the domestic food processing sector through tariff escalation.[9] OECD trade policies are nested in the international architecture of trade rules; policy coherence is affected by the stance OECD countries take in WTO agricultural trade negotiations.

Trade policy can have deep and far-reaching economic, social and political effects in developing countries. Despite differences in methodologies and data, empirical studies show that trade-distorting OECD agricultural policies lower world prices and reduce exports and welfare in developing countries. At the macro level, greater trade openness can reduce absolute poverty through faster growth and changes in relative factor and product prices, and agricultural trade liberalisation leads to net gains in global economic welfare. Given that poverty in developing countries is concentrated in rural areas, OECD agricultural trade liberalisation is likely to be pro-poor on average. However not all countries, nor all households in an individual country, would benefit equally. Developing countries that may lose in the short to medium term need support to adjust and to ensure that no group of households suffers disproportionate losses.

2.2.1 What steps has the government undertaken to ensure that its trade barriers do not negatively affect developing countries' competitiveness and market opportunities?

2.2.2 To what extent are tariffs on agricultural products subject to tariff escalation? Do subsidies encourage the purchase of raw materials rather than finished products from developing countries? Has the government provided incentives to developing countries to increase their exports of processed agricultural products?

2.2.3 What role does the government take in international trade negotiations on international agricultural commodity markets impacting commodity-dependent countries?

2.2.4 Does the government promote agricultural trade liberalisation among developing countries? What position does it take in international trade negotiations as to differing views of many developing country trade blocs? Does it advocate for special measures for developing countries and what assistance and investment programmes does it support to help them adjust to trade liberalisation?

2.2.5 Has the government undertaken steps to enhance agricultural trade opportunities for developing countries through the implementation of its WTO commitments? Does it provide WTO-consistent non-

reciprocal trade preferences for developing countries, particularly least developed countries, through regional trade agreements?

2.2.6 Has the government ratified and implemented binding international agreements (and arbitration instruments) on agriculture for the settlement of disputes between developed and developing countries?

2.2.7 How does the government's position and policies promote regional economic integration in developing countries, especially in terms of agricultural markets? Does it promote inter-regional co-operation between developing country blocs and South-South cooperation?

Issues addressed:

- *Tariffs*
- *Tariff escalation*
- *International commodity agreements*
- *Trade liberalisation and position with regard to developing countries' demands in international trade negotiations*
- *WTO agreements, regional trade agreements and trade preferences*
- *Trade dispute settlements*
- *Regional economic integration*

2.3. Regulation

Regulatory policies address legitimate public interests such as food safety and quality (for example, concerns over bird flu and Genetically Modified Organisms - GMOs), consumer protection, environmental protection and intellectual property protection, particularly with respect to plant genetic resources. However regulatory measures are likely to have trade effects and serve as intended or unintended trade barriers. They can indirectly affect local production, exports, employment, urbanisation, and food security in developing countries by:

- Reducing export opportunities: regulatory policies can limit the market for developing countries' agricultural products that do not comply with these policies, and/or increase production costs thereby reducing the economic viability of their exports;
- Reducing technology transfer: IPR rules on plant variety protection influence the generation and transfer of useful technologies for farmers in developing countries, although new agricultural technologies have a strong potential to contribute to agricultural development in these countries;
- More positively, diverting trade to suppliers with fewest difficulties in meeting compliance requirements, thereby creating market opportunities for countries in the best position to meet the new market demands.

While policy reform over the last decade has contributed to a gradual deregulation of the agricultural sector in some countries, the desire to address growing consumer concerns about food safety, animal welfare, food quality and protection of the environment has led to increased regulation in other areas. Policy coherence initiatives must take account of the growing importance of these non-tariff measures in OECD countries.

2.3.1 Has the government considered the potential adverse impact of regulatory policies on the agricultural trade of developing countries? What steps has it undertaken to ensure that these policies are justifiable and do not serve as intended or unintended trade barriers by limiting the competitiveness of agricultural exporters in developing countries?

2.3.2 Does the government explore alternative options to achieve domestic objectives on food safety and quality and environment protection to avoid damaging the interests of developing countries?

2.3.3 Does the government assist developing countries to deal with and overcome the damaging effects of regulatory policies? Does it promote recognition of developing countries' testing and certification regimes? Does it consider a differential regime for developing countries?

2.3.4 Does the government assess the effects of intellectual property rights on trade with developing countries? Does it advocate for integrating development in the discussion on the trade-related aspects of intellectual property rights (TRIPS) at the WTO? Has it taken steps to examine the importance of technology transfer through trade to promote innovation in developing countries?

Issues addressed:

- *Regulatory policies as trade barriers*
- *Alternative policies for food safety and environment protection*
- *Differential regime for developing countries*
- *Intellectual property protection and technology transfer*

2.4. Development co-operation

Development co-operation policies, including agricultural assistance programmes and food aid, have a potentially important role in pursuing policy coherence. It is widely recognised that more open markets, on their own, are a necessary but not sufficient condition for PCD; development cooperation should support the adjustment of developing countries to trade liberalisation. This gives development assistance an important role to play in the policy coherence agenda for OECD agricultural policy reform.

Development co-operation here includes:

- The magnitude and quality of aid flows to promote agriculture in developing countries: while developing countries themselves must take primary responsibility for exploiting new market opportunities, aid donors can help in various ways. Investment and support for agricultural production and productivity and complementary services can be effective in promoting domestic food production and the capacity to respond to improved market access opportunities. When providing aid, donors must ensure that sufficient capacities exist to use the funds effectively, and that aid flows contribute to leveraging the use of other resources (financial, institutional, non-aid policies).
- The role of specific types of aid flows: donors can give more financial support to projects providing risk management tools and global public goods, such as agricultural research, disease control, and water and land management to enhance agricultural sector productivity. Donors should provide trade-related aid to improve supply-side capacity to trade, e.g. through 'aid for trade';
- Aid co-ordination to ensure that OECD donor-country aid policies are coherent with each other and with the priorities of partner countries: while the necessary condition for effective donor co-ordination

is a strong national agricultural development strategy designed by the partner country, donors can do more to co-ordinate their aid efforts through harmonised operational and reporting procedures aligned to partner country or region priorities. This would increase aid effectiveness;

- Compensation measures: in any policy reform, there are winners and losers both between and within countries. Where the possible losers from trade reform are among the poorest countries, aid can support social protection systems and remove barriers to technology transfer to help people adjust their livelihoods to new economic opportunities.

2.4.1 To what extent does the government support developing countries' agricultural sector through development cooperation and investment?

2.4.2 Is food aid provided only in emergency situations, and are its potential adverse effects on the local agricultural production and on livelihoods assessed ex ante?

2.4.3 Does the government provide Aid for Trade to enhance supply-side capacity in developing country? Do Aid for Trade projects and programmes align with rural development concepts? Does the government promote regional economic integration in developing countries, especially in terms of agricultural markets? Does it promote inter-regional cooperation between developing country blocs and South-South cooperation?

2.4.4 Does the government provide support to developing countries to adjust to trade liberalisation and preference erosion?

2.4.5 Does the government contribute to knowledge-building in the agricultural sector? Is capacity building provided to build effective food quality and safety certification procedures and increase the acceptance of testing and certification regimes in developing countries?

2.4.6 To what extent does the government support the establishment of appropriate farm-level risk management instruments in developing countries?

2.4.7 Has the government undertaken steps to increase aid effectiveness in the agricultural sector and to eliminate ineffective practices such as aid tying? How do aid agencies and the agriculture ministry cooperate to follow the principles guiding development co-operation, such as the Paris Declaration on Aid Effectiveness?

Issues addressed:

- *Aid and investment in the agricultural sector*
- *Food aid*
- *Aid for Trade and regional co-operation*
- *Trade compensation measures and structural adjustment assistance*
- *Knowledge and capacity building*
- *Farm-level risk management instruments in developing countries*
- *Aid effectiveness*

III. FISHERIES

Although fisheries contribute about 1% of GDP in both OECD and non-OECD countries, its role is critical for many coastal communities. In many developing countries, fishing is a significant source of economic and social value. The fisheries sector is a major employer and is vital for millions of people, providing livelihoods, nutrition and protein, especially in many low-income food-deficit countries. In non-OECD countries, fisheries and aquaculture employ over 33 million people, with Asia in the lead (30 million). Fisheries and aquaculture provide a means of existence for many underprivileged people, especially in countries where land rights are difficult to obtain. They are an employer of last resort for individuals who have failed in other economic activities and have no alternative.

Fisheries policies relate to at least three MDGs:

- *MDG1- eradication of extreme poverty and hunger:* Given demographic pressures, large numbers of landless agricultural workers leave degraded lands to make a living in coastal areas. Small scale and part time fishers in developing countries tend to be poor and a large share of their catch is for subsistence.
- *MDG7- environmental sustainability:* The global fishing fleet is currently 2.5 times larger than the marine living resources of the oceans can support. As a result, over half of the world's fisheries are fully exploited, and almost a fourth may be over-exploited, depleted or recovering from depletion. Destructive fishing practices are widespread. Illicit fishing undermines fishing laws and agreements and unregulated fishing is widespread when governance is lacking. Institutions devoted to fisheries conservation and sound resource management are weak.
- *MDG8 – development of a global partnership for development:* The trade regimes and regulations of OECD countries may discriminate against developing countries' fish production and limit access to industrial countries' fish markets. The unintended impact of fisheries access agreements, whether formal or informal, may be over-exploitation. Subsidies keep too many fishing vessels on the water and encourage fishing effort well beyond sustainable levels.

Decision-makers face difficult policy choices to balance immediate economic gains with the long-term sustainable and responsible management of natural fisheries resources. These competing policy interests combined with poor governance, serious administrative capacity constraints and changing global fish production and consumption patterns have led to mismanagement, degradation, and overexploitation of fisheries. The looming impacts of global warming are additional pressures and add to the vulnerability of fish stocks and marine ecosystems. This illustrates the inextricable policy linkages that tie OECD and non-OECD countries together. Fish stocks are global public goods and can only be protected by cooperation in governance and strong partnerships, distinctive responsibilities and reciprocal obligations. Concurrently, the cooperation should embrace a wide range of stakeholders at global, regional, national or local levels – such as developed and developing countries' governments, multilateral institutions, the private sector, regional fisheries organisations, and regional banks.

Given that both developed and developing countries are increasingly dependent on a threatened natural resource, robust progress towards policy coherence for sustainable management of fisheries has become an imperative. Better policy coherence can lead to improved performance, better use of scarce economic resources, and increased political legitimacy policy makers and fisheries managers. Unless addressed, problems of policy incoherence may increase in the future due to a larger degree of interdependency in the fisheries sector, and increased attention on policy incoherence by NGOs and consumers combined with easier access to information may imply greater political focus on the problems.

3.1 Domestic policies

Domestic fisheries management policies consist of a wide range of instruments and tools for the management of fisheries that regulate access and control fishing effort or catches. In addition, government financial transfers such as market price support, direct payments and income support, are in use as flanking measures in many countries. These policies can affect exports and prices of fish products in developing countries, thereby distorting trade and undermining the fisheries sector, food security and livelihoods in these countries. There is incoherence between some of the OECD countries' fisheries policies and the same countries' declared development goals. The current international discussions clearly show the complexity of reforming fisheries policies. While OECD countries represent the main share of the demand on international markets, they support the complex system of domestic subsidies to protect their domestic fishers, putting imported products at a disadvantage and encouraging the purchase of raw materials rather than value-added products.

The ecosystem approach

Although traditional fisheries management plans have targeted one or a few fish stocks, fishing activities affect all components of the ecosystem in which harvesting takes place (through by-catch, predator-prey effects, biodiversity changes and habitat degradation). This suggests that all facets of the ecosystem should be considered in deciding on intervention modes. Such a holistic approach requires sophisticated environmental management, new performance measures and a capacity to engage small scale and artisanal fishers in decision-making. While rooted in biological concerns, the ecosystem approach balances diverse societal objectives and takes into account the knowledge acquired and the remaining uncertainties on natural and human influences that interact among themselves and with the environment. The potential benefits of the approach include fewer conflicts among users, greater economic and social benefits, less disruption in fishing activity and growing acceptance of fisheries as a responsible use of marine ecosystems rather than an extractive industry (World Bank 2004).

3.1.1 What steps has the government taken to ensure that national and high-seas fisheries management policies do not negatively affect fish production and markets in developing countries? Are these policies multi-objective, multi-disciplinary and do they follow an ecosystem approach? Are efforts made to avoid excess fishing in developing countries and to rebuild depleted fisheries while adjusting fishing capacity and management methods?

3.1.2 Does the government analyse the impact of market price support policies on markets in developing countries? Does it consider the net trade position of developing countries and the impact of price volatility on these countries when designing fisheries policies?

3.1.3 What mechanisms are in place for policy arbitration on direct payment and income support policies and for monitoring their impact on fish stocks and on the fisheries sector in developing countries?

3.1.4 Is data and scientific evidence used for policy setting? Does the government take part in global monitoring and evaluation processes to foster a sustainable management of wild fish stocks?

3.1.5 Are resource conservation policies effective to ensure that resource users losing in the present can expect future benefits? Has the government made efforts to introduce strong property rights to improve fisheries management and implement sustainable financing mechanisms? Are these measures supported by fisheries stakeholders?

Issues addressed:

- *National and high-seas fisheries management*
- *Market price support*
- *Direct payments and income support*
- *Data collection and monitoring*
- *Resource conservation policies and property rights*

3.2. Trade

Export earnings from fisheries are crucial to the welfare of many developing countries. For example, exports of fish products from Africa to the European Union were worth $1.75 billion in 2008 and were the single leading export commodity. At present, non-OECD countries are the main suppliers to the world fish market while OECD countries are the main markets (OECD countries import about 60% of their fish from developing countries). The increased fisheries globalisation and international connectivity of fish production and trade is a key characteristic of the global fisheries value chain; given resource constraints in the fisheries of OECD countries, markets have become more dependent on fish imports from non-OECD countries. Technology advances in transportation, communications, fishing techniques and refrigeration, combined with well-developed and functioning fisheries supply chains and the unique mobility of fishing vessels, have smoothed the way to increased cross border interdependence in fish and seafood markets.

However, protectionist measures are in place, taking a variety of forms, including tariffs, tariff escalation for processed fish products, or import quotas:

- OECD's work on fisheries policies has shown that tariff escalation and tariff peaks in some OECD countries have created serious problems for the development of the fisheries sector in developing countries. Tariff escalation for tuna, shrimp and salmon for example prevent developing countries from creating their own processing industries; preserved, salted and dried products or products in brine are highly protected;
- There is unequal treatment in tariffs, especially where fisheries products come from countries having fishing agreements with the importing country. For example, the nationality of the vessels catching the fish defines the nationality of the fish; if an importing country's vessel catches fish abroad, it is not assessed the tariff. Companies set up in exporting countries by foreign capital from importing countries are granted preferential tariffs over other companies in the exporting country.
- In some countries, the quota system is extremely complex, so it becomes difficult for exporters to access import quotas.

These national and multilateral trade policies can have deep and far-reaching economic, social and political effects in developing countries.

Fisheries Access Agreements

The extension of exclusive economic zones to 200 miles from 1977 has induced the advent of a market for fishing access rights. Policy shifts are needed in the area of fisheries access agreements to allow developed and developing countries to reach their policy objectives and development goals. Equitable, transparent and efficient processes for the allocation of access rights are necessary to ensure a sustainable fisheries management. Reciprocity between access by OECD countries to the surplus fish resources of developing countries and improved access by developing countries to the fish and fish product markets of OECD countries could be one path to explore.

3.2.1 What steps has the government undertaken to ensure that its tariffs on fish and fish products do not negatively affect developing countries' competitiveness and market opportunities?

3.2.2 To what extent are tariffs on fish and fish products subject to tariff escalation? Do subsidies encourage the purchase of raw materials rather than finished products from developing countries? Has the government provided incentives to developing countries to increase their exports of processed fisheries products?

3.2.3 Does the government promote trade liberalisation in fisheries among developing countries? What position does it take in international trade negotiations as to differing views of many developing country trade blocs? Does it advocate for special measures for developing countries and what assistance and investment programmes does it support to help them adjust to trade liberalisation?

3.2.4 Has the government undertaken steps to enhance agricultural trade opportunities for developing countries through the implementation of its WTO commitments? Does it provide WTO-consistent non-reciprocal trade preferences for developing countries, particularly least developed countries, through regional trade agreements?

3.2.5 Are the government and/or domestic fishing fleets engaged in Fisheries Access Agreements (FAAs) with developing countries? If so, do these agreements cause trade distortions? Do they allow long-term opportunities for developing countries? How is their possible impact on nutrition monitored and evaluated? Is information on FAAs transparent and accessible?

Issues addressed:

- *Tariffs*
- *Tariff escalation and subsidies*
- *Trade liberalisation and position with regard to developing countries' demands in international trade negotiations*
- *WTO agreements, regional trade agreements, and trade preferences*
- *Fisheries Access Agreements and impact on livelihoods, consumption and nutrition*

3.3. Regulation

As in the agricultural sector, regulatory policies in the fisheries sector address legitimate public interests such as food safety and quality, consumer protection (Sanitary and Phytosanitary Standards as agreed at the WTO relate to food hygiene, packaging, traceability, and labelling requirements) and intellectual property protection. In addition to public tariff and non-tariff measures, developing country exporters have to face potential barriers to trade in the form of requirements for private certification. Eco-labelling and other types of sustainability, food quality or legality certification are increasingly required by major buyers in OECD markets. Due to high costs or lack of data availability, compliance with these schemes may be prohibitive for producers in developing countries.

These policies are likely to have trade effects and indirectly affect local production, exports, employment, and food security in developing countries by limiting the market for fish products from developing countries, and/or increasing production costs.

The WTO Agreement on Technical Barriers to Trade is a first step to ensure that regulatory measures, including regulations, standards, testing and certification procedures, do not create unnecessary obstacles to trade. However policy coherence initiatives must go further by considering the impact on developing countries of growing importance of non-tariff measures in OECD countries and designing differential regimes for these countries, particularly least developed countries.

3.3.1 Has the government considered the potential adverse impact of regulatory policies on the fisheries sector of developing countries? What steps has it undertaken to ensure that these policies are justifiable and do not serve as intended or unintended trade barrier by limiting the competitiveness of fish exporters in developing countries?

3.3.2 Do private certification schemes turn into potential barriers to trade for developing country exporters?

3.3.3 Does the government explore alternative options to achieve domestic objectives on food safety and quality without damaging the interests of developing countries?

3.3.4 Does the government assist developing countries to deal with and overcome the damaging effects of regulatory policies? Does it promote recognition of developing countries' testing and certification regimes? Are there frameworks in place to foster dialogue, transparency and access to information between importing and exporting countries' certification bodies? Does the government consider a differential regime for developing countries?

3.3.5 Has the government taken steps to examine the importance of technology transfer through trade to promote innovation in developing countries?

Issues addressed:

- *Regulatory policies as trade barriers*
- *Private certification schemes*
- *Alternative policies for food safety and environment protection*
- *Recognition of developing countries' testing and certification regimes, and differential regime*
- *Technology transfer and innovation*

3.4. Development co-operation

In the case of developing countries with poor infrastructure and weak institutions, there might be the need for assistance to adapt more effectively to the globalised and rapidly changing world of fisheries. For a long time, aid has targeted the development of industrial fishing capacities, port infrastructure and processing plants. In recent years, aid has been re-oriented towards institutional support and integrated management of ecosystems and fisheries resources. Donors must help reconcile the need for employment in the fisheries sector with the vulnerability of fisheries resources and the lack of domestic capacities for management, control and enforcement.

To achieve this goal, donors increasingly promote: tailor-made country plans focused on sustainable fisheries management, ecosystem approaches, a strengthened role for the state in research, monitoring and surveillance, rights based fisheries governance regimes, and capacity building in sanitary controls. In addition, given the developments in the fisheries value chain and more stringent regulatory policies, fish products exports from developing countries require promotion of modern marketing arrangements that combine economies of scale in refrigeration, processing and transportation with effective collection systems. Reducing aid fragmentation and enhancing aid effectiveness - through better coordination, harmonisation and alignment - is also key to support the development of sustainable management of fish resources.

Development co-operation can provide financial aid but also foster increased policy coherence across policy domains by engaging developed and developing countries across all policy domains, not just aid. This implies innovative forms of co-operation by aid agencies and a 'whole of government' approach that recognises the development consequences of policies that originate outside aid agencies (or indeed outside the public sector entirely, as is the case of private investment and labeling initiatives or the voluntary sector). This also means that assessment of development impacts should take account of the footprint of the full range of policies with respect to environmental sustainability and poverty reduction – aid and beyond.

3.4.1 To what extent does the government support developing countries' fisheries sector through development co-operation and investment? Is it targeting key major needs such as infrastructure in the post-catch sector, scientific and technological knowledge, and sustainable management of fishery resources?

3.4.2 Does the government provide Aid for Trade to adjust to trade liberalisation and to improve standards, technology and business skills in developing countries? Is capacity building provided to build effective food quality and safety certification procedures, comply with regulatory policies, and increase the acceptance of testing and certification regimes of developing countries?

3.4.3 Does the government promote regional coalition-building to improve monitoring of fishing activities and tackle illegal, unreported and unregulated fishing with the help of OECD countries?

3.4.4 Has the government taken any steps to increase aid effectiveness within the fisheries sector and to eliminate ineffective practices such as aid tying? How do aid agencies and the fisheries ministry cooperate to follow the principles guiding development co-operation, such as the Paris Declaration on Aid Effectiveness?

Issues addressed:

- *Aid and investment in the fisheries sector*
- *Aid for Trade and compliance with regulatory policies*
- *Regional co-operation*
- *Aid effectiveness*

IV. ENVIRONMENT

National and multilateral policies on environment and climate change have profound effects on development and the achievement of all the MDGs, in particular, MDG 7 *'Making progress on environmental sustainability'*. Developing countries are particularly vulnerable to the potentially catastrophic effects of climate change, including loss of biodiversity and environmental degradation. Environmental quality in developing countries is projected to worsen, as it does at the global level, imperiling prospects for sustained economic growth.

Based on the modelling framework that underpins the '*OECD Environmental Outlook to 2030', nine 'single policy changes' are analysed in* the report *'Reconciling development and environmental goals – Measuring the impact of policies'* (2008) and illustrate the need for joined-up policies. Policy coherence is critical at various complementary levels:

- First, environmental policies in OECD countries should consider the potential unintended adverse consequences for development and growth in developing countries;
- Second, non-environmental policies in OECD countries can have negative implications on the environment in developing countries thereby undermining sustainable development in these countries;
- Third, increased coherence between environmental and non-environmental in both OECD and developing countries is critical for sustainable development. further trade liberalisation - unless accompanied by improved environmental policies – can increase environmental pressure. Developing countries' own environmental measures have a higher positive impact on economic growth than aid or trade liberalisation for economic growth. Environmental considerations should thus be integrated further into national planning and development co-operation; some of the "growth dividend" of developing countries should be invested in environmental management, which in turn can help to support more sustainable economic growth over the long-term, or else environmental damage will lead to adverse effects on longer-term economic growth.

The questions raised below address these three dimensions of PCD. Green growth is a key element to address all below-mentioned challenges: it can contribute to climate change mitigation and adaptation, but also to a more efficient use of natural resources, and greener trade.

However, countries can be resistant to the transfer of environmental safeguards (through, for instance, WTO processes or donors' environmental safeguard policies) as it can act as a short-term constraint on their growth and development. Although there has been increasing acceptance in recent years of the need to mitigate the risks of climate change and environmental degradation, such measures have often been viewed as effective trade barriers. This demonstrates how complex it is to design environmental policies supporting development. It underlines the key role of OECD countries in both promoting sound environmental management - including climate change, loss of biodiversity and environmental degradation - globally and providing assistance to least developed countries that are and will be affected by climate change.

4.1. Climate change

Climate change poses a serious risk to lives and livelihoods, particularly for the world's most vulnerable people and countries. According to the most recent UN estimates, the livelihoods of one-third of the world's population could be affected by water scarcity by 2025 and, by the end of the century, half the world's population could face severe food shortages due to rising temperatures. Developing countries suffer a high percentage of many of the costs associated with climate change, and the impacts of climate change may reverse progress towards achieving the MDGs. OECD countries and the international community have a strong role to play in mitigating climate change and shaping climate resilient growth; recognising climate risk in development planning at all levels would allow countries to better adapt to climate change, thereby becoming more resilient to climate change.

Addressing climate change calls for improved coherence of environmental and economic policies and increased focus on green growth both in developed and developing countries. For developing countries, green growth and poverty reduction must go hand in hand by promoting low-carbon growth. Although today most developing countries contribute only minor shares to GHG emissions, they will increase their emissions if they follow conventional economic growth patterns; deforestation and forest degradation are in many developing countries already a major source of GHG emissions. Developing countries, therefore, can play an important role in mitigating climate change, and OECD countries must actively support the development of environmental goods and services, and the diffusion of green technologies in these countries to promote green growth globally. The transfer of green technologies can support the shift away from traditional, highly polluting, energy sources towards modern energy sources and thereby provide a host of benefits ranging from enhanced health and safety to improved gender equality.

4.1.1 Does the government have a policy assessment framework in place to screen the impact of domestic climate change policies on developing countries? Does it consider the costs of climate change to developing countries when designing its domestic policies?

4.1.2 What steps has the government taken to align its national policies, laws and regulations with international commitments, standards and guidelines for climate change mitigation? Does it actively support the participation of developing countries and emerging market economies in the international negotiation process on climate change as well as in international standard setting bodies?

4.1.3 Has the government taken steps to integrate climate change into all relevant policy areas to move towards a green, low-carbon economy? What measures have been taken to contribute to the achievement of emission targets?

4.1.4 Does the government promote innovation in green technologies, incentivise technological change and enhance local capacities in the medium to long-term? Does it provide public financial support to promote environment-friendly practices and infrastructure investments?

4.1.5 Have measures been introduced to increase financial support to climate change mitigation and adaptation actions in developing countries and to improve accountability and monitoring of financial support? Has the government promoted low carbon technology transfer to developing countries and is the impact of the introduction of these technologies on developing countries assessed? Does the government promote the OECD Guidelines for Multinational Enterprises related to environment?

Issues addressed:

- *Domestic policies, impact on climate change and effect on developing countries*
- *International climate change negotiations and guidelines*
- *Policy coherence on climate change*
- *Public support to green technologies and environmental goods and services*
- *Financial support for climate change mitigation and adaptation to developing countries*

4.2. Protection of natural resources

Development relies on a sustainable use of natural resources. Many developing countries are heavily dependent on natural resources. Forests, fisheries, lands and wildlife are critical for the livelihoods of the poor. However these natural resources are often over-exploited both by developed countries and developing countries themselves which leads to their rapid degradation. Developing countries suffer high costs associated with air and water pollution, and hazardous waste. Natural resource degradation is a threat to both environmental sustainability and poverty reduction. Both developed and developing countries must collaborate to protect biodiversity and natural resources to ensure a sustainable growth.

One of the pillars of pro-poor green growth in the Green Growth Strategy encourages sound natural resources management and governance. Sound governance is critical to ensure sustainable and equitable management of natural resources while in many countries economic incentives encourage rapid depletion of the resources base. Institutional and regulatory reforms are needed to address such incentives, including securing property or use rights and strengthening the institutions that govern the resources.

4.2.1 Are there effective policies, laws and regulations in place to enforce natural resource and forest management at a national scale? Does the government analyse the impact of economic activities on biodiversity?

4.2.2 Does the government participate in international agreements on biodiversity and protection and sustainable use of natural resources, and support developing countries on these issues? Does it analyse the impact of trade on the degradation of natural resources and the loss of biodiversity in developing countries? Has it banned trade in endangered species and illegally obtained plants and animals and products processed from them, or taken measures to make it economically non-lucrative in developing countries? Does it recognise the authority of developing countries to determine access to genetic resources in areas within their jurisdiction?

4.2.3 How does the government evaluate the safety and reduce the use of chemicals, pesticides and products of modern biotechnology that may affect developing countries? Does it identify and remove barriers to the exchange of assessment studies and data with developing countries concerning the safety of chemicals?

4.2.4 Has the government assessed the impact of environmentally harmful subsidies on the competitiveness of developing countries and taken steps to eliminate them? Do policies promoting biofuel production take into consideration their potential impact on biodiversity (mono-cropping, deforestation) and food security?

4.2.5 Has the government assessed the impact of domestic water pollution in rivers, coastal areas and marine basins shared with developing countries, and taken into account this impact when designing domestic water policies?

4.2.6 Does the government incentivise actors in its domestic water sector to provide policy advice, technical assistance and other expertise and resources to developing countries?

Issues addressed:

- *Natural resource and forest management, and biodiversity protection*
- *International agreements and trade*

- *Safety and reduced use of chemicals, pesticides and products of modern biotechnology*
- *Environmentally harmful subsidies and biofuel production*
- *Domestic water pollution*
- *Technical assistance to developing countries*

4.3. Trade and regulation

Standards on environmental management should be integrated into all bilateral, regional and multilateral trade agreements. For example, trade of non-hazardous recyclable materials should be linked to environmental standards of mining and environmental standards of recycling industries in developing countries in the sense of producer's responsibility.

However as previously mentioned, if regulatory policies aim at addressing legitimate public interests such as environmental management and intellectual property protection, they can also act as intended or unintended trade barriers; this may reduce export opportunities from developing countries. The impact of environmental policies on developing countries should be closely monitored to ensure that they foster and not undermine development. In addition, close attention should be given to technology transfer in developing countries to promote environmental sustainability; bilateral, regional and multilateral trade agreements should promote rather than limit technology transfers to the benefit of both developed and developing countries.

4.3.1 Has the government enhanced environmental management and legal and sustainable use of natural resources through bilateral, regional and multilateral trade agreements with developing countries? What review mechanisms are used to control trade in hazardous materials? Does the government ensure that hazardous air pollutants and chemical waste are not deposited in developing countries?

4.3.2 Does the government evaluate the effects of environmental standards on developing countries' competitiveness and take these effects into account when designing standards?

4.3.3 Has the government adjusted non-tariff measures that impede trade in environmental technology? Has it adopted policies to promote technology transfer and address Trade-Related Intellectual Property Rights (TRIPS) issues?

4.3.4 Does the government promote efficient co-ordination between development, environment and trade ministries to ensure that development and environmental considerations are part of trade policies?

Issues addressed:

- *Trade agreements, and trade of hazardous materials*
- *Environmental standards as non-trade measures*
- *Trade of environmental technology and TRIPS*
- *Policy coherence in development-environment-trade*

4.4. Development co-operation

Development co-operation is an efficient channel to enhance environmental management in developing countries. Development assistance programmes should enhance climate change mitigation and adaptation, and pay particular attention to the promotion of sustainable financing to ensure affordable access to water supply and sanitation. Governance, scientific and technological capacity development should also be supported as critical for sustainable environment and natural resources management. By focusing on environmental policies, their enforcement and the development of institutional capacity in governmental, academic, non-governmental organisations, development co-operation can create important synergies with other policies aimed at improving environmental management. Development co-operation should also contribute to integrating environmental issues and green growth into other domestic sector policies and national planning processes.

4.4.1 Does the government mainstream environmental management – including climate change adaptation actions, protection of biodiversity and ecosystem services - into development strategies?

4.4.2 Is development co-operation contributing to integrating environmental issues, including climate change, into other domestic sector policies and national planning processes?

4.4.3 Does development co-operation strengthen environmental management and promote environment-friendly business and investment? Does it support scientific and technological capacity development and education for sustainable development in developing countries? Does it support the reduction of pollutants, including greenhouse gases and particulate matter, in developing countries?

4.4.4 Does the government promote sustainable financing to ensure affordable access to water supply and sanitation?

4.4.5 Has the government undertaken steps to increase aid effectiveness in the environment sector and to eliminate ineffective practices such as tied aid? How do aid agencies and the environment ministry cooperate to follow the principles guiding development co-operation, such as the Paris Declaration on Aid Effectiveness?

4.4.6 Are strategic orientations of development co-operation in line with the goals of international environmental conventions? What monitoring and evaluation mechanisms are in place to follow up work on the OECD Declaration on integrating climate change adaptation into development co-operation (2006)?

Issues addressed:

- *Integration of environmental management into development co-operation*
- *Inclusion of environmental issues in other domestic policies*
- *Objectives of development co-operation programs*
- *Sustainable financing for water supply and sanitation*
- *Guiding principles for development co-operation and inter-ministerial coordination*
- *Alignment with international environmental conventions*

V. ASSESSMENT METHODOLOGY FOR PCD

Background

This section mainly draws from a report prepared by Mr Nick Bozeat, consultant in GHK, under the guidance of the secretariat, and from the background document of the PCD meeting held in May 2009 on PCD assessment.[10] The report developed a conceptual framework to assess progress in PCD as a response to the request by OECD Ministers in 2008[11] to better assess PCD results. Assessment methodology of PCD remains preliminary and the overview of possible assessment criteria, methods, and instruments is still work in progress.

PCD can be promoted at several levels: a) internal coherence within development co-operation policies; b) intra-country coherence, meaning consistency between aid and non-aid policies; c) inter-donor coherence, meaning consistency of aid and non-aid policies across OECD countries; and d) donor-partner coherence to achieve shared development objectives. This section discusses the methodologies on how to assess b) intra-country coherence, meaning convergence between aid and non-aid policies. It aims at assessing PCD and considers possible tools (benchmarks) to assess impact in order to improve understanding of how OECD members' different policies shape development and competitiveness of developing countries. Assessing PCD is essential as the focus has now shifted from aid volumes to aid effectiveness and development. This shift requires not only making the aid more aligned, harmonised, evidence-based and results focused, but also designing effective whole of government approaches and coherent policies based on impact assessments.

The complex nature of the PCD means that an evaluation method for PCD will most likely consist of a variety of tools and techniques used in combination at different stages of the evaluation process, with quantitative and qualitative data and analyses playing a mutually reinforcing role. A series of consultations with OECD members and experts was carried out in order to determine the specific needs of policy makers in assessing progress in PCD.[12] The main emphasis is on donors' policies, but ultimately there is a need to look at the coherence of the partner countries' policies as well.

Why do we need to know more about the impact of coherent or incoherent policies?

Decision-makers need to be well informed to consider relevant policy options before disbursing public money or adopting policies that may negatively affect developing countries. An assessment methodology would be a tool to help to identify the major synergies, conflicts or trade-offs across several domains that contribute to development (economic, environmental and social). The aim is to help compare the positive and negative impacts on the different dimensions and to identify potential conflicts in order to achieve more coherent policies towards development. Assessing PCD performance is key in increasing accountability to the political commitment towards PCD[13]. Evidence based PCD assessments would greatly increase the promotion of PCD in practice. However, fully coherent policies may not always be feasible due to competing national interests, no matter what the assessment outcomes may be.

Assessing impact of PCD – challenges ahead

There is limited research documenting the results of coherent policies. One key challenge is the difficulty of evaluating cross-sectoral policies, especially in quantitative terms and to identify benchmarks that would capture the impacts of policies when cause and effect are not always identifiable and where results may appear only in the medium- to long-term. For PCD assessment there needs to be a clear objective against which progress is measured. The MDGs are considered as the agreed development goals. For assessment purposes the question is whether these are sufficiently explicit as objectives to be achieved with a given policy. In addition, ex-ante and ex-post assessments of the potential impact of non aid policies on development serve different purposes and substantially.

In general, to assess impact of different policies the results chains (inputs, activities, outputs and outcomes) need to be identified. In assessing impact - in particular in complex areas such as PCD –the gross and net impact need to be analysed, i.e. the observed impact that may to some extent be attributable to the evaluated initiative (gross) and the degree of impact that can be attributed to the initiative/proposal (net). There is a need to consider carefully at the factors that may contribute to a certain outcome as opposed to the factors that can be attributed[14] to a particular development result – the latter being more difficult or even impossible in some cases to identify. In the context of PCD assessment it may be more useful to consider factors contributing to a development result since they are often easier to identify.

If the aim of assessment is to determine what is happening (change) the current situation (baseline) needs to be established and indicators set up to collect and measure information through a monitoring system. This means setting up a data collection system of appropriate data needed in a certain sector to be assessed, with necessary statistical or monitoring expertise to assist with this. However, the main difficulty is to link various policy stands with effects on development results in developing countries (sectors and macro variables would need to be decided). As noted above these are not evident results chains and can be very complex. One obvious challenge is time-lag: actual effects of incoherent global policies on developing countries emerge at various times – as do actions to remedy such policies.

Given the underlying complexity of PCD assessment one key aspect to be considered is, how best to map out the underlying 'intervention theory', i.e. the theory that underpins links between various levels of objectives, which can be augmented to include possible unintended effects that would logically arise when objectives are being achieved. This governance theory implies that there is a normative hierarchy of what policies should be pursued and in what order. Such an approach may be essential for dealing with complex evaluation both in terms of understanding how an intervention is supposed to work and identifying key issues for in-depth examination, which will help determine the design of a possible retrospective evaluation, and assist in separating design failure from implementation failure should this be necessary.

Whatever the challenges ahead there is growing pressure to focus on results and impact of policy coherence efforts rather than looking only at institutional processes. This report provides guidance on assessing PCD progress.

5.1. A general framework for assessing PCD

This section outlines a general framework for assessing the progress of PCD. It describes: relevant success criteria; evaluation methods and conditions that can improve the application of PCD; evaluation methods and conditions to assess the progress of PCD; and the characteristics of incoherence, coherence and synergies. Country and multilateral levels are considered.

5.1.1. Success criteria for PCD

It is useful to begin with a consideration of what is considered to be success. The success of PCD relates both to progress in developing countries and to the application of processes in OECD member states that are likely to lead to PCD and hence progress in developing countries.

The main criteria that should be applied with respect to progress in developing countries are ***the MDGs***. These are helpful because they command widespread support, they have associated targets that are in some cases measurable, are widely known and progress towards them is already monitored. However, they have drawbacks as assessment criteria for PCD. Firstly, they do not cover all development objectives that OECD countries may wish to further (there is no mention of convergence and global public goods such as security).[15] Secondly, the importance of progress on one goal versus another is not explicit (if it were then there would be the possibility to have a single indicator). Thirdly, progress towards some of the goals is difficult to measure. Two of the most important goals, and associated targets, pertinent to the assessment of PCD are Goal 1: Poverty reduction and Goal 8: Develop a global partnership. The former is important because the reduction of poverty and inequality within developing countries is likely to be associated with progress with respect to many of the other MDGs; Goal 8 is important because it is especially dependent upon actions taken within OECD countries as well as developing countries.

The contribution of PCD to social progress in developing countries could be considered in other ways. ***The 'capitals' approach*** may be of merit. There are various definitions. An indicator set proposed by the OECD Annual Meeting of Sustainable Development Experts used a 'capital framework' which defines sustainable development in terms of whether a country's capital base or national wealth is managed in a way that secures its maintenance over time.[16] Total national 'wealth' is defined to include: i) financial capital such as stocks, bonds and currency deposits; ii) produced capital such as machinery, buildings, telecommunications and other types of infrastructure; iii) natural capital in the form of natural resources, land and ecosystems; iv) human capital in the form of an educated and healthy workforce; and v) social capital such as functioning social networks and institutions. The indicators are either linked to foundational well-being, which is essential to society, or to economic well-being, which is derived from market activity.

The advantage of this 'capitals' approach is that it not only considers progress with respect to capitals but also the notions of trade-offs between capitals and thresholds below which countries should not fall if sustainable development is to occur. Given the fragility of progress in many developing countries, the potential devastating impacts of climate change on developing countries, the effects of the global recession and 'failed states', these notions are apposite. Indeed, the urgency that thresholds should not be breached and 'catastrophes' should be averted could itself be a stimulus to PCD.

The three phase 'PCD cycle' developed by the OECD, and mentioned n the section on Institutions, can also provide a basis for assessing the application of PCD processes in member states.

Another starting point for the criteria that will be applied to assess progress within OECD member states is the definition of PCD and hence ***the 'levels' that derive from the OECD's horizontal programme on policy coherence***. The levels and possible practical assessment criteria are as follows:

- ***Level 1: PCD aims to promote a 'whole-of-government' approach in OECD member countries (input).***

The OECD *'Synthesis Report on PCD'* (2008) identified nine lessons learned across the three phases of the PCD cycle (see page 4). These recommendations will be taken as a starting point. Practical assessment criteria might include: the extent to which sectoral policies are considered and influenced by those responsible for development aid; the extent to which the assessment of sectoral policies systematically consider their effects on developing countries; the extent to which sectoral policies are considered and assessed in a 'corporate' and inter-sectoral manner; the appropriateness of policy-making structures and processes at government level; the extent to which coherence issues enter policy debates; and the extent to which decisions are affected by analyses of coherence that are provided.

- ***Level 2: PCD aims to minimize the negative impact on developing countries of policy initiatives taken to achieve domestic goals (output).***

Some of the criteria relevant to Level 1 are also relevant here, in particular: the extent to which sectoral policies are considered and influenced by those responsible for development aid; and the extent to which the assessment of sectoral policies systematically considers their effects on developing countries. In addition, relevant criteria include: the weight that is given to negative effects on developing countries in comparison with the achievement of domestic goals; and the extent to which mitigating measures are systematically considered to minimize potential negative impacts.

- ***Level 3: PCD aims to encourage adjustment of OECD countries' policies to enhance the development performance of poor countries (outcome).***

Some of the criteria relevant to Level 1 and Level 2 are also relevant for Level 3. However, the Level 3 aspect of PCD concerns the 'distance travelled', 'adjustments' and progress made both with respect to how policies are considered with respect to and their effects on poor countries. Two additional criteria are relevant: the changes that have taken place (for example if the criteria of Level 1 and Level 2 were applied in say 2004 and in 2009 what are the differences that have taken place?); and what would have happened in the absence of PCD. In practice, the former criterion is likely to be the more practical to operationalise.

Level 4: Where PCD aims to make globalization work for the poor and achieve the MDGs (impact).

Some possible criteria for assessing this Level 4 could be: actual progress towards the MDGs attributable to changes due to PCD; minus the benefits foregone by OECD member countries to achieve PCD; minus the contribution of shifts in developing countries' policies to the PCD. In practice, the phrasing of this criterion will render the development of a practical means of assessment very difficult.

5.1.2. Methods and conditions to improve PCD

The application of PCD would be advanced through the explicit considerations of the repercussions of sectoral policy choices on developing countries at the time policies are being developed or revised. There are several circumstances which could help achieve this:

1. There would be merit in there being a requirement at the sectoral level in OECD countries to anticipate the nature and scale of the impacts of policies on developing countries (including particular types of developing country). This could be achieved through countries systematically using 'impacts on developing countries' as a criterion in impact assessment at the ex ante evaluation stage. The OECD Development Assistance Committee (DAC) peer reviews could be an appropriate mechanism for drawing the lessons from the application of this approach. It is reasonable to assume that the anticipated impacts on developing countries of sectoral policies within OECD countries would have similarities and their comparison through peer reviews would provide useful insights.
2. There should be a requirement for those responsible for policy development in all relevant sectors to consult at the country level with those responsible for development aid. This should help ensure that relevant links and policy repercussions are identified and anticipated.
3. There should be a requirement in multilateral negotiations to anticipate explicitly the effects of policy choices on MDGs.
4. Developing countries themselves should generate evidence on the foreseen and unforeseen consequences of sectoral policy choices made by OECD countries that can inform impact assessments.

Several evaluation methods and tools would be helpful for this:

- Tools used within the framework of impact assessment (see Section 5.3);
- The 'mapping' of effects in particular countries affected (for example, developing countries could be categorized according to their vulnerability to the consequences of 'absence of PCD' of different types);
- Research into key linkages such as those elaborated in the previous sections on agriculture, fisheries, and environment.

5.1.3. Methods and conditions to assess the progress of PCD

The most important aspect of the evaluation of progress of PCD is its effect on development goals. The following conditions could improve the likelihood and quality of such evaluation:

1. There would be merit in there being a requirement to retrospectively examine key sectoral policies and their effects on development goals. Such a requirement should lead to the identification of baseline conditions and the forward planning of evaluation. It is usual for public expenditure programmes including development aid to be subject to scrutiny-driven evaluation. This requirement should be extended to sectoral policies that can also affect development goals.
2. There should be arrangements for oversight at country level of the interactions between sectoral policies insofar as they affect development goals.
3. There should be a programme of evaluation work at multilateral level focused on the most pressing instances of policy incoherence.

The most important and applicable evaluation methods for this type of evaluation are:

- Ex post evaluations focused on particular sectors, informed by case studies of particular developing countries – where possible the orders of magnitude of incoherence and synergy effects should be identified;
- Country and sectoral level peer reviews;
- Detailed research on the links between policies insofar as they affect developing countries.

5.2. Three different stages of PCD assessment

This section identifies existing assessment tools relevant to the research and the assessment of PCD. In choosing a particular tool policy makers would need to consider the domestic context, resources available and specific characteristics of the policy area concerned. The following three stages of evaluation could help to frame PCD assessments:

- **Baseline assessment** – mapping out what exists at the present with a focus on the degree of existing policy coherence;
- **Prospective evaluation** – ex ante evaluation/impact assessment of a specific initiative in terms of how and to what extent it aims to increase policy coherence, including preparation for future evaluations;
- **Retrospective evaluation** – assessment of what has been achieved at some stage of an initiative/proposal (intermediate evaluation) or after it has finished (ex post evaluation).

5.2.1. Baseline assessment

Evidence on baseline conditions is vital to evaluation. This evidence helps to inform judgments about the extent to which changes have occurred and can be attributed to the subject of evaluation. The tools that are relevant to the assessment of PCD baseline conditions include those that: identify and assess the presence of PCD processes in OECD countries; inform the conditions that pertain in developing countries; and inform the links between member states' policies and effects in developing countries. The latter provide the basis for identifying synergies, typical conflicts and absence of coherence.

Table 1 (p. 34) identifies evaluation tools and their strengths and weaknesses applicable to these different purposes of PCD baseline assessment. The assessment of the presence of PCD processes in OECD countries is informed through *peer reviews*. There is scope for the application of *process evaluation* and *benchmarking.* Consideration should also be given to the policy design methods used, the degree to which they are currently informed by such relevant tools and the feedback mechanisms that exist to inform policy design based on the policy consequences on developing countries. The conditions under which *performance management* approaches may be useful are unlikely to pertain.[17]

The conditions that pertain in developing countries can be informed by *analyses of secondary source data* and *case studies.* In practice such tools are used for both research and evaluation. Trend data are especially useful.

The links between member state policies and effects in developing countries can be informed by *substantive theory and research*, *expert panels* and the *categorization of developing countries.* Unfortunately, substantiated theory may not be available. Expert panels may be useful when there are a variety of opinions (and conflicting evidence) about the strength and direction of links. Whatever the links identified it is helpful to dimension the scale of potential resulting effects. This can be done through categorizing and grouping developing countries accordingly.

5.2.2. Prospective evaluation

Prospective evaluation is critically important to PCD. Unless the consequences of policies for developing countries are considered at the policy formulation stage then PCD is unlikely to accrue. The relevant tools include those that: identify the economic, social and environmental impacts of policies and initiatives on developing countries; identify the costs and financial returns of policies and initiatives; and identify risks and trade-offs. Table 2 (p. 35) identifies the research and evaluation tools and their strengths and weaknesses applicable to these different purposes of PCD prospective evaluation.

Impact assessment as undertaken by the European Commission (EC) involves combinations of these tools applied if appropriate to the consequences of policy proposals on third countries.

The identification of economic, social and environmental impacts on developing countries can be informed by *theories of change, logic models,* in some cases *econometric models and scenario development.*

Theories of change may be expressed as narratives articulating the consequences of policy choices in terms of effects, results and impacts. A theory of change is the product of critical-thinking that provides a comprehensive picture of early and medium-term changes in a given intervention that are needed to reach a long-term goal. Developing a theory of change involves identifying the long-term goal, 'backwards mapping' to identify the preconditions necessary to achieve that goal, and the identification of interventions needed to achieve those preconditions.

A logic model shows, in graphic form, the intervention logic of a policy, programme or project, that is, the relationship between inputs, outputs and outcomes and the assumptions and external factors which condition success in implementation. This provides a series of entry points for evaluation which together provide the basis for the assessment of achievement, or likely achievement, of goals and objectives.

Both theories of change and logic models help to identify the intended and unintended consequences of policy interventions. A form of logic model was used in the European Commission Impact Assessment of an EU proposal for the harmonization of employer sanctions for employers employing illegal migrants in the EU. The prospective impacts on economic conditions and labour markets of different types of third countries, including developing countries, were identified.

Econometric models, that quantify statistical relationships between different economic indicators, can help dimension the strength of causal relationships and the scale of potential impacts. However, their applicability is limited because of their reliance on good quality trend data. Sometimes it may be appropriate to express economic effects in terms of employment, particularly when comparing policy outcomes between countries.

Scenario development may be useful where links between policies and impacts are plausible but not well evidenced and/or are subject to external factors. For example, if positive synergistic effects are conditional upon external factors then an assessment of the likelihood of these factors being favourable would be helpful.

The identification of the costs and financial returns of policies and initiatives can be informed by *cost benefit analysis*, *monetization of social impacts* and *monetization of environmental impacts*. Cost benefit analysis is most applicable where the consequences of policies and initiatives can be expressed in economic and financial terms. The possibilities for this are constrained by the weakness of links between the policy actions and effects on developing countries. However, in certain policy areas such as trade, agriculture and migration the potential is good. A critical consideration of the application of cost benefit analysis to the assessment of policy proposals that have effects on both domestic policy objectives and impacts on developing countries is the relative weight that is attributed to each. The principles of PCD augur towards equal weight being given to each. The monetization of social impacts is potentially useful because it can draw attention to the gravity of such effects. For example, if possible health and other harm effects (positive or negative) on developing countries are expressed in monetary terms they may influence policy choices. For example, an European Commission Impact Assessment on the proposals for a Visa Information System considered the repercussions that would occur if potential visitors to the EU (from developing countries) were required to provide biometric information when applying for visas. When the costs and time of travelling to consulates was taken into account the costs were considerable. The monetization of environmental impacts on developing countries is also of critical importance. For example, agricultural and trade policies affect land use, deforestation, soil erosion and biodiversity in developing countries. It is possible to monetize these effects and hence inform policy revisions.

The identification of risks and trade-offs can be informed by *risk assessment* and *multi-criteria analysis*. Risk assessment is especially appropriate where the policy proposal may have potentially far-reaching negative effects on developing countries and/or where the benefits of the proposal are themselves subject to uncertainty. Multi-criteria analysis is appropriate where the policy proposal has several objectives and the impacts cannot be expressed in monetary terms. The anticipated performance of the proposal can be rated against the different policy objectives, including those related to effects on developing countries. Policy makers can then be informed as to the merits relative to different criteria. Often risk is included as a judgment criterion.

5.2.3. Retrospective evaluation

Retrospective evaluation is useful in circumstances where PCD has been pursued for a number of years. Evaluation of this type typically has both a ‘scrutiny’ and ‘learning’ function. If public authorities in OECD countries have committed to PCD it is appropriate that they should be accountable and the extent to which the policies and procedures pursued have ‘made a difference’ should be investigated. At the same time evaluation can be useful in establishing the actual links between policy choices and effects and impacts so that future policies can be better informed. In practice there are close synergies between retrospective evaluation, baseline assessments and ex ante evaluation. Baseline assessments enable ‘before and after’ changes to be informed in retrospective evaluation and reduce the reliance on stakeholders’ views as to how situations have evolved. Ex ante evaluation and impact assessments include estimates of what was expected to happen as a result of the policy initiative (and provide the rationale for it). This information is useful in retrospective evaluation. If developments have followed the anticipated effects the ‘theory of change’ and/or logic model may be validated. If the impacts diverge then the underlying assumptions will need to be reviewed. Retrospective evaluation can take place both at the 'intermediate' and 'ex post' stage. In practice the conditions for ex post evaluation of PCD are likely to be rare and retrospective evaluation is likely to be both ongoing and in part formative in character.

The results of such work have the potential to provide feedback to inform policy change. However the willingness of OECD countries to act on such feedback will depend on the priority given to PCD and the incentives to make changes to the benefit of developing countries.

Table 3 (p. 36) identifies the research and evaluation tools and their strengths and weaknesses applicable to these different purposes of PCD retrospective evaluation.

The relevant tools include those that: identify actual economic, social and environmental impacts; assess the processes that increase or decrease PCD; identify coherent and reinforcing results; and identify the scale and nature of incoherent and conflicting results. Ideally, the tools and methods should allow for assessments of the counterfactual and attribution. However, as the effects and impacts of measures on developing countries will sometimes be considered secondary effects, and because measuring results in ex post evaluation is always difficult, the existence or otherwise of relevant feedback mechanisms is also important. For example, do those involved in the implementation of policies and initiatives in OECD member states in the agricultural or migration domains have incentives and means of monitoring the effects of their interventions, positive or negative, on developing countries? And if the effects are negative are adjustments made?

The identification of economic, social and environmental impacts can be informed by *indicator systems*, *social surveys*, *business surveys*, *environmental surveys*, *analyses of secondary source data* and *econometric analysis*. Indicator systems are valuable in retrospective evaluation if they have been established for some time and are closely geared towards effects and impacts that can be linked to the policy in question. In retrospective evaluation of PCD bespoke PCD indicator systems are likely to be of only limited applicability. Instead use can be made of the indicators used to monitor the MDGs although as with most indicator systems they will be of only limited use in informing attribution issues. Social business and environmental surveys enable specific data to be collected. Survey questions can be closely oriented to the effects and impacts of interest. Properly structured surveys allow for valid estimates of the scale and nature of impacts. However, such surveys are often expensive and respondents may not be well placed to inform the extent of causal links between PCD and impacts. Analyses of secondary source data and econometric analysis may be of value in some circumstances particularly where theory is established and trend data are available.

The retrospective assessment of the processes that increase or decrease PCD can be informed by: *case studies in OECD countries*; *case studies in developing countries*; *comparative studies*; and *peer reviews*. Case studies in OECD countries may involve a form of process evaluation taking account of: changes in process overtime; the views of different stakeholders; analyses of strengths and weaknesses. There is scope for such case studies to examine all intra-country processes. Case studies in developing countries are likely to be useful if they focus on particular unintended or intended sectoral effects of policies and the means through which governments and stakeholders in developing countries have adapted to these effects. Case studies of this type are likely to be of greatest value when the effects in question are pronounced and when the results allow for generalizations. Comparative studies are a useful evaluation tool in this respect. They might involve several case studies complemented by statistical analyses that help to contextualize and scale the effects under consideration. Peer reviews are a useful process for exploring in depth the influence of different processes. Their utility does, however, depend upon the participants and the extent to which they can contribute to learning and the communication of key lessons. Comparative studies are especially useful for peer reviews.

The identification of coherent, incoherent, conflicting and reinforcing effects can be informed by *case studies in developing countries* and *multi-sectoral research.* It is reasonable to assume that PCD will be needed for the foreseeable future, some policy effects will be unanticipated and new interactions between policies beneficial or otherwise will develop driven by technological, social and cultural change. The complexity of interactions is such that evaluation work should both build on and contribute to research. Case studies of developing countries are likely to be most useful when they focus on specific effects of several policy areas where the consequences could be particularly detrimental or beneficial. Research is also likely to be most fruitful where it focuses on specific interactions which are seen a priori as likely to be problematic.

TABLE 1. PCD Baseline Assessment: Research and Evaluation tools

Evaluation purpose	Research and evaluation tools	Applicability and strengths	Weaknesses
Assessing the presence of PCD processes in OECD countries	Process evaluation: considerations of the applicability of PCD processes and conformity to them	Useful providing there are defined processes deemed relevant, for example checklists	Underlying political economy aspects not taken into account.
	Performance management: definition of indicators and behavioural changes? against which progress is assessed Replace with progress markers?	Useful if the performance indicators can be defined and measured and key actors incentivized	Only of very limited applicability. Within a specific sector and cooperation agreement with a developing country it could be applicable
	Benchmarking: comparisons of the state of PCD in different countries	Useful as the notions of PCD need to be illustrated by practice. Potentially greater visibility.	Underlying political economy aspects not taken into account.
	Peer reviews Case studies including political economy issues, informal working practices etc.	Useful, particularly if the reviews benefit from independent and external inputs. OECD members are likely to encounter similar PCD issues.	Peer reviews carried out only every 4-5 years. Political sensitivity of undertaking case studies.
Informing conditions that pertain in developing countries	Analysis of secondary source data (from IOs, development NGOs, research institutes, universities etc.)	Useful where data are available, particularly trend data	Variations in data quality
	Case studies	Useful, if the case study countries are selected to reflect links with member country policies in order to gain in-depth knowledge for developing assessment criteria.	Often weak analytical and evaluation capacities in developing countries
	Country-level macro and sectoral reports (e.g. PRSP, donor assistance strategies)	Useful in that they focus on development and MDGs	Variations in data quality
Analysing the links between member state policies and effects in developing countries	Substantive theory and research	Very variable	Few links are well understood
	Expert panels	Useful where links are not clearly established through research	Conflicting interests between sectors due to the political nature of PCD.
	Categorizations of developing countries according to possible impacts	Useful when available theory supports the validity of such categorization. Help to dimension effects of links	Limited validity

TABLE 2. PCD Prospective Evaluation: Research and Evaluation tools

Evaluation purpose	Research and evaluation tools	Applicability and strengths	Weaknesses
Identifying economic, social and environmental impacts on developing countries	Theories of change	Widely applicable, preferably they should be explicit and evidenced. Can help to identify unintended consequences	Often unsubstantiated
	Logic models	Widely applicable, they allow the assumptions about the causal links to be clearly indicated	May be considered simplistic
	Econometric and simulation models	Useful where trend data exist	May be difficult to understand
	Scenario development	Useful where links between policies and impacts are plausible but not well evidenced and/or subject to external factors	Difficult to substantiate
Identifying costs and financial returns of policies and initiatives	Cost benefit analysis	Useful when the main impacts can be expressed in economic and financial terms	Not widely applicable
	Monetization of social impacts	Very useful	Underlying assumptions may be questioned
	Monetization of environmental impacts	Useful	Underlying assumptions may be questioned
Identifying risks and trade offs	Risk assessment	Highly applicable where conditions in developing countries are sensitive and critical	Underlying assumptions may be questioned
	Multi-criteria analysis	Applicable where policy objectives are varied and difficult to quantify	

TABLE 3. PCD Retrospective Evaluation: Research and Evaluation tools

Evaluation purpose	Research and evaluation tools	Applicability and strengths	Weaknesses
Identifying economic, social and environmental impacts	Indicator systems	Useful if linked to anticipated impacts of particular PCD policies. Otherwise there needs to be reliance on existing research systems such as MDGs – delete this	Potentially overly complex and insufficient data. Difficulty to disentangle individual policy effects (measurability).
	Social surveys in developing countries	Of limited applicability where impacts expected to be strong	Normally expensive
	Business surveys in developing countries		
	Environmental surveys in developing countries		
	Analyses of secondary source data	Useful to dimension some impacts	Reliant on data quality
	Econometric analysis	Applicable in the policy areas of trade, agriculture and migration	Reliant on strength of observable relationships and data quality
Assessing processes that increase or decrease PCD	Case studies in OECD countries	Useful if they include stakeholder interviews (including NGOs), triangulation, and critical incidence analysis	Potentially expensive
	Case studies in developing countries	Useful for assessing policy coherence, communication and feedback	Potentially expensive
	Comparative studies	Very useful to help inform scale and nature of impacts	Potentially expensive
	Peer reviews	Useful as both a mode of evaluation and conduit for learning	Sometimes peers hold back on criticizing
Identifying coherent incoherent, conflicting and reinforcing effects	Case studies in developing countries	Best when highly focused on specific high risk effects	Potentially expensive
	Research at multi-sectoral levels	Best when focused on specific interactions	Potentially expensive

5.3. Existing assessment mechanisms

OECD/DAC evaluation network has made many recommendations on aid evaluation.[18] The OECD Glossary of Key Terms in Evaluation[19] is a useful guide in terms of vocabulary frequently used in evaluation processes. It is important to keep terms such as monitoring, evaluating and assessing separate. Following is an overview of the key assessment mechanisms.

a) **Statistics/indicators** – development of a short set of indicators for measuring the impacts of policies. For measuring sustainable development, the OECD Annual Meeting of Sustainable Development Experts (AMSDE) has proposed an indicator set (not fully developed yet) based on a "capital framework", which defines sustainable development in terms of whether a country's capital base or national wealth is managed in a way that secures its maintenance over time (see 5.1.1 for further details).

b) **Governance approaches** – PCD, Political Economy of Reform (PER) and Sustainable Development (SD) all depend on similar governance approaches. The AMSDE has developed good practices for national sustainable development strategies, and a Guide to Sustainability Assessments.[20] Governments could be monitored on the extent to which they are implementing these approaches. The scenarios used in sustainable development assessment could be helpful also in considering different approaches for PCD assessment.

c) **Assessment methodologies** – development of methodologies for assessing the impacts of policies.

- **An illustrative checklist on PCD** – a tool for governments in seeking to promote policy coherence for poverty reduction, illustrative rather than definitive.

  This checklist was designed as an Annex to the OECD/DAC Guidelines on Poverty Reduction[21] endorsed in 2001 to encourage and assist the governments of OECD Member countries in establishing the capacities and systems that can ensure policy coherence for poverty reduction in their decision-making processes. It contains suggestions and guidelines only, because the individual governments of OECD Member countries will tend to design and pursue policy coherence systems in very different ways. The checklist has two parts. The first, procedural part suggests steps for instituting a coherence system. The second part of the checklist covers a series of illustrative strategic substantive items for systematic policy review. They will require almost constant revision and updating. Policy issues are often time-bound. Moreover, this part of the checklist is incomplete, limited arbitrarily to a single illustrative page. Individual governments can and will produce more comprehensive – and often different – checklist items.

- **Poverty Impact assessment (PIA)**[22] **-** Although focused on aid delivery some aspects of the PIA might be useful also to consider for a PCD impact assessment tool. OECD POVNET has developed *the Ex ante Poverty Impact Assessment* (PIA)[23] approach to help donors and their developing country partners address key questions that influence impacts and outcomes of their policies, programmes and projects. Ex ante PIA guides policy choices by comparing the expected impacts on poverty reduction of different policy reforms, development programmes and projects. The PIA can also help donors implement the "Paris Declaration on Aid Effectiveness" by promoting management for development results and fostering donor harmonisation. Donors and their developing country partners need to design policy reforms, programmes and projects in a way that achieves better pro-poor outcomes. The evidence needed for that is only possible if we know how different women, men and socio-economic groups, might be affected by proposed policies. Based on such an assessment, decision makers can be advised on how the intervention might be improved to increase its pro-poor impact.

Questions that PIA addresses include:

Who are the main stakeholders and institutions that influence and are affected by the proposed policy or programme? What are the respective roles of these stakeholders and institutions? Which transmission channels will be most effective in achieving pro-poor growth and reaching the poor and vulnerable? Which dimensions of poverty (economic, protective, political, human and socio-cultural) can be addressed and who will benefit in which way? Can the impact of the intervention on achieving the MDGs be strengthened? What risks will be faced when pursuing the policy or programme and how can these be mitigated?

PIA is best used ex ante, assessing the impacts which can be expected from planned reforms and programmes. It can thus open up space for different options, identify mitigating measures and necessary modifications, and support decision makers in choosing the solutions which fit best. PIA deliberately draws on existing approaches and their terminology, in particular on the Poverty and Social Impact Analysis (PSIA). While PSIA is more suitable for structural policy reforms, PIA is more a stand-alone approach to assess the poverty outcome at project and programme levels. But it can also help at the initial phase of sector or policy reforms to identify requirements for a full-fledged PSIA. PIA is thus less resource demanding. PIA is based on balancing qualitative and quantitative information to achieve a sound and reliable assessment. The level of detail can be determined by the needs of the organisation commissioning the PIA. This might be a quick exercise, based on already available data, or a longer, more detailed assessment, requiring greater consultation and research.

- **Aid for trade accountability tool**[24] - In order to enhance the credibility of aid for trade two accountability mechanisms have been established: one at a national or regional level and one at global level. At national level the mechanisms should bring together all the key donors and partner country actors that are active in the aid for trade area. Their remit would include i) integrating trade into national development strategies, ii) monitoring the disbursement of aid for trade, and iii) evaluating jointly the effectiveness and results of the assistance. Their key mandate would be to provide local feedback through producing a joint performance progress report on the targets set out and results achieved. The obligation of the local level to report progress to a Global Review Mechanism would provide a strong incentive to improve the design and implementation of aid for trade programmes and focus minds on managing for results. Reinforcing mutual accountability would also create incentives at local level for strengthening country ownership, aligning donors' priorities to country strategies and stepping up collaboration among donors.

d) **Models:** A recent OECD modelling exercise[25] was conducted to assess PCD in environment sector. The study draws on the baseline reference scenario developed for the OECD Environmental Outlook to 2030 (EO). The implications of these possible developments for policy coherence are discussed and illustrated by alternative scenarios. The scenarios include: reduced support to agricultural producers in OECD countries, reduced tariffs on agricultural imports, enhanced levels of ODA targeted on the poorest countries, the widespread use of eco-labelling schemes for forestry and fisheries, a tariff on oil imports, higher labour force participation rates in OECD countries, improved macroeconomic policies in developing countries, ambitious structural reforms adopted by developing countries, more ambitious environmental policies in developing countries, and two policy "packages", combining these various elements. The study demonstrates that on the basis of a "no policy change" reference scenario, developing countries, especially larger ones, will account for increasing shares of world economic activity, including in environmentally sensitive sectors, and large increases in absolute levels of production due to increasing productivity, increasing international trade, and increasing populations. However, in a number of countries, particularly least developed ones, increased attention will need to be paid to integrating environmental issues in development assistance so as to promote more environmentally sustainable development. The results of the study can be used to anticipate the outcomes of decisions and implement the appropriate set of policies. The scenario shows that policy combinations could substantially improve both economic and environmental outcomes, confirming the need for PCD.

e) **Peer Reviews -** These can assess performance based on both the indicators and governance approaches.

- **The DAC peer reviews -** DAC is engaged in a peer review process of each of its member countries that reaches beyond ODA to get a whole-of-government view and looks systematically at policy coherence. The DAC peer review process[26] has played an important role in the OECD's work on PCD. The main objectives of the peer reviews are:
    - to monitor DAC members' development co-operation policies and programmes and assess their effectiveness against the goals and policies agreed in the DAC as well as internationally and nationally established objectives;
    - to assist in improving individual and collective aid performance through mutual learning;
    - to identify good practices, share experience, and foster coordination.

  The DAC peer reviews are produced with the assistance of a content guide. Asking the same questions of each country enables some comparison amongst the peer reviews of different countries. From 1996 to 1999 the peer review process addressed PCD issues, but did so within other chapters. From 2000, PCD was given its own chapter, giving considerable weight to the issue. The approach taken to PCD by the peer review process has been to examine the institutional arrangements which countries have in place. An adequate institutional setup is not sufficient to ensure progress towards PCD, but it is certainly necessary. As a result, the approach adopted by the peer review process – describing whether a country has in place the institutional arrangements which the DAC and the peer review team regard as essential for progress towards PCD – has commanded broad support by DAC Members, even whilst its limitations have been recognised. A recent synthesis report[27] attempts to assess performance and success in promoting PCD and as result the Content Guide has been revised to better gauge members performance.

- **Other OECD peer reviews -** Other OECD peer reviews such as environment performance, economic surveys, foreign direct investments, agricultural policy do not include PCD as a subject. The DAC has recently encouraged the other reviews to consider also development impacts. The Economic and Development Review Committee (EDRC) included chapter on sustainable development from 2001-2004.

f) **Composite Indices –** There are a number of 'composite' assessment and evaluation methods. These are very popular for comparing or ranking countries, but tend to be politically controversial. There is a **Sustainable Society Index** as well as an **Environmental Sustainability Index,**[28] a **Human Development Index,**[29] and the **Worldwide Governance Indicators,**[30] etc. The OECD (STD) has developed a **Handbook on Constructing Composite Indicators.**[31.]

Many of these composite indexes are used and/or have been developed in the context of the OECD's work. These include:

- **Environmental Impact Assessment (EIA),** a procedure used to examine the environmental consequences, both beneficial and adverse, of a proposed development project and to ensure that these consequences are taken into account in project design.[32]
- **Strategic Environmental Assessment (SEA),** a range of analytical and participatory approaches that aim to integrate environmental considerations into policies, plans and programmes and to evaluate the inter-linkages with economic and social considerations.[33]

- **Gender Impact Assessment (GIA)** provides help for policymakers in incorporating a gender perspective into policies and programmes.
- **Trade Sustainability Impact Assessments (TSIA), studies** that determine the likely economic, social and environmental impact of a trade liberalization agreement.[34]
- **The Commitment to Development Index (CDI)**[35] of the Centre for Global Development (CGD) [36] think tank in Washington has for the past five years measured and ranked rich countries' performance in relation to their commitment to development in the areas of aid, trade, investment, migration, environment, security and technology. The CDI draws upon multiple sources of data and information. Results are presented both as a composite, where countries are ranked in a league table, and by individual indicator.

However, such tools are more useful when they focus on particular interventions and proposals and are applied within defined legal and institutional contexts. In practice their relevance to the evaluation of PCD may arise mostly because they have otherwise been applied and because they provide useful data and insights into the effects of policies.

g) The European Union – Monitoring PCD

Regional co-operation and peer pressure has been an important element in promoting PCD within the European Union (EU). The European Commission (EC) produced in 2007 its first biennial report on PCD.[37] The report – designed to inform the PCD debate and to serve as a public information tool – is based on a questionnaire filled in by Member States themselves. The second report was published in 2009.

These reports assess Member States' efforts to enhance PCD on three different levels: the EU level, the national level and in terms of specific issues. At the national level, the questionnaire addresses political commitment to PCD, the existence of coordination and monitoring mechanisms and the capacity of Member States to promote PCD.

The EU Council has approved in November 2009 a more focused approach by an initial selection of five priority issues, where the EU will take account of development objectives in a more pro-active way as part of a more focused and evolving approach to PCD includes: *(i)* **trade and finance**; *(ii)* **climate change**; *(iii)* **food security**; *(iv)* **migration**; and *(v)* **security**.

The EU approach to impact assessment of its main policy, financial and legislative proposals is probably more useful to the evaluation of PCD. There is also a tendency for member states to make more use of this form of impact assessment to inform a priori the likely effects of interventions with the best available evidence. It is relevant to the evaluation of PCD because it is a method to contribute to 'rational planning' and a form of social cost benefit analysis within which all positive and negative repercussions of policy proposals should be considered. It is also relevant because the EU interventions tend to have indirect consequences and their repercussions are dependent upon many factors outside of the control of the EU.

Finally the EC 'Impact Assessment Guidelines' specify a wide range of criteria and account is taken of effects on third countries even when such effects are not relevant to the main policy objectives. PCD would certainly be advanced if OECD member states were required to undertake analogous impact assessments and impact on developing countries was systematically included as an evaluation criterion. Arguably PCD would be facilitated if there were as in Impact Assessment common development criteria applied to interventions across all sectors.

h) Others

The **Mutual Review of Development Effectiveness** started as a NEPAD initiative aimed to track implementation progress by African governments and their development partners against commitments they have undertaken. In 2002 NEPAD asked ECA/OECD to develop an arrangement to promote mutual accountability and this is being developed further at the moment.

The UN's annual report on the MDGs, includes the section on Goal 8 – Developing a Global Partnership for Development – that discusses donors' aid, trade and technology policies for development. The treatment is summary, without detailed commentary on individual donors.

A joint UNDP/DFID/ODI project on country level mappings of the global partnership for development[38] is an attempt to uncover more evidence about policy coherence from the perspective of individual developing countries.

5.4. Assessing policy interactions

Measures taken to address problems seemingly unrelated to economic development or environmental management, such as improving pension fund viability by increasing work effort and, thus, economic growth, can have knock-on effects that can increase environmental pressure and development impact worldwide. For these reasons, integrated policy approaches are clearly needed. In order to assess the interactions between policies and to understand what the environmental and economic impacts of a policy change in a certain policy domain are, the modelling framework that underpinned the OECD Environmental Outlook to 2030 is very valuable. Indeed, this was underscored by the simulation of a number of illustrative "policy reforms", undertaken simultaneously by both OECD countries and developing countries and phased in over time as policy packages. The results suggest that some policies and policy combinations could substantially improve both economic outcomes and many environmental outcomes together – as suggested by the "policy coherence" paradigm.

Policy simulations - OECD Environmental Outlook to 2030

Example 1: Higher labour force participation rate in OECD countries

This simulation demonstrated that maintaining OECD labour force participation rates at their current level of 60% instead of converging to the lower level of 55%, by 2030 would lead to an increase of GDP by 4.8% in OECD countries. With regard to the environmental impact, higher levels of economic activity resulting from the increased labour inputs would lead to increases in the value added in OECD countries of such environmentally sensitive industrial sectors as iron and steel, electricity, pulp, paper and publishing, chemicals. Increases would be somewhat smaller at the world level, because of decreases in production elsewhere. CO_2 emissions would be higher in OECD countries by 4.8 per cent, and at the world level by 1.9 per cent. There would also be an increase in the effective supply of land to agriculture, by 0.4 per cent in OECD countries, while developing countries decrease land used for agriculture. *The increase in participation rates means that more consumption in OECD countries is sourced within the region – lessening the need for products, particularly agriculture, from developing countries.* Environmental pressures increase slightly in OECD, but lessen elsewhere.

Example 2: Eco-labelling schemes for forestry and fisheries

Voluntary approaches such as eco-labelling schemes with an international reach are gaining adherents. These schemes could have unintended economic consequences such as reducing export prospects in some developing countries. In the modelling framework, certification systems for sustainable forestry and fishing in OECD countries are assumed to gain adherents to become (nearly) 100 per cent effective. Protection of fisheries includes measures to deal with illegal, unregulated, and unreported (IUU) fishing practices, and to increase the extent of coastal marine reserves. These are modelled as the equivalent of an import tariff of 10 per cent levied on fish and on forestry products.

Concerning economic impact, the simulation projects that export volumes at the world level in 2030 for forest products and fish are lower than the baseline by 12.6 per cent and 6 per cent, respectively. The reductions are slightly greater for developing countries than for OECD countries. The largest impacts for exports of forest products fall on Latin America and on Asian developing countries. The impacts for exports of fish are more evenly distributed among developing countries. There is no discernible impact on GDP at the world level, nor at the level of developing countries as whole. However, the impact on sub-Saharan Africa (apart from the Republic of South Africa) is to reduce GDP by 0.8 per cent by 2030, small but much larger than for any other region.

The direct environmental effects of the simulation are to improve the environmental sustainability of fishing and forestry, although the quantitative impacts on the resources themselves are not fully captured by the model. Due to the impacts of slightly reduced levels of GDP and to the reduced demand for energy inputs in the sectors themselves, there is an indirect effect on emissions of CO_2 which by 2030 are lower than in the baseline, albeit by a negligible amount at the world level. At the regional level, the largest reductions in CO_2 emissions are in China (0.12 per cent) and in East and West Africa (0.28 per cent).

Source: OECD (2008) Reconciling Development and Environmental Goals: Measuring the Impact of Policies. The Development Dimension, Paris

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OECD (2010), *'Draft recommendations of the Council on good institutional practices in promoting PCD'*. C(2010)41.

ENDNOTES

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1 OECD (2002), *'Development Co-operation Report 2001'*, *The DAC Journal*, Paris

2 http://acts.oecd.org/Public/Info.aspx?lang=en&infoRef=C(2010)41

3 http://www.oecdbookshop.org/oecd/display.asp?lang=EN&sf1=identifiers&st1=432005171p1

4 http://acts.oecd.org/Public/Info.aspx?lang=en&infoRef=C/MIN(2008)2/FINAL

5 http://www.oecd.org/dataoecd/14/53/44704030.pdf

6 http://www.oecd.org/dataoecd/14/53/44704030.pdf

7 http://acts.oecd.org/Instruments/ShowInstrumentView.aspx?InstrumentID=260&InstrumentPID=260&Lang=en&Book=False

8 http://www.oecd.org/document/59/0,3343,en_2649_18532957_35423803_1_1_1_1,00.html

9 The fact of applying higher tariffs on processed products compared to tariffs on raw materials.

10 See SG/PCD(2009)2

11 OECD Ministerial Declaration on policy coherence for development, (C/MIN(2008)2/FINAL)

12 See SG/PCD(2009)3

13 See Robert Picciotto, *Policy Coherence for Development in a Global Economy*, OECD 2005

14 The ascription of a causal link between observed (or expected to be observed) changes and a specific intervention. Note: Attribution refers to that which is to be credited for the observed changes or results achieved. It represents the extent to which observed development effects can be attributed to a specific intervention or to the performance of one or more partner taking account of other interventions, (anticipated or unanticipated) confounding factors, or external shocks.

15 The international development agenda can be viewed as having three sets of objectives: economic convergence of developing countries with industrialized economies; providing for basic human welfare (here the MDGs are relevant); and preservation of global public goods (see, for example, J.-M. Severino and O. Ray, 'The End of ODA: Death and Rebirth of a Global Public Policy, 2009)

16 See, for instance, *'Measuring Sustainable Development: Report of the Joint UNECE/OECD/Eurostat Working Group on Statistics for Sustainable Development'*, United Nations, 2008

17 Performance management is a means of improving policy performance and incentivising those concerned with the implementation of policy through, for example, defining indicators, outputs and targets that should be achieved and linking 'rewards' to the achievement of these.

18 See *DAC Guidance on Evaluation*, http://www.oecd.org/department/0,3355,en_2649_34435_1_1_1_1_1,00.html

19 http://www.oecd.org/dataoecd/29/21/2754804.pdf

20 www.oecd.org/sustainabledevelopment

21 http://www.oecd.org/dataoecd/47/14/2672735.pdf

22 See *'Promoting Pro-Poor Growth: A Practical Guide to Ex Ante Poverty Impact Assessment'*, OECD, 2007

23 http://www.oecd.org/dataoecd/46/39/38978856.pdf

24 See *'Aid for Trade at a Glance 2007'*, OECD for joint OECD/WTO work on monitoring aid for trade

25 *'Reconciling Development and Environment Goals: Measuring the impact of policies'*, OECD 2008

26 www.oecd.org/development

27 COM/SG/DCD(2008)1/REV1

28 http://sedac.ciesin.columbia.edu/es/esi/

29 http://hdr.undp.org/en/statistics/indices/hdi/

30 http://info.worldbank.org/governance/wgi/index.asp

31 http://www.olis.oecd.org/olis/2005doc.nsf/LinkTo/NT00002E4E/$FILE/JT00188147.PDF

32 See *'Guidelines on Aid and Environment: No. 1 Good Practices for Environmental Impact Assessments of Development Projects'*, OECD Development Assistance Committee, 1992

33 See further *'Applying Strategic Environmental Assessment: Good Practice Guidance for Development Cooperation'*, OECD, 2006

34 See *'Handbook for Trade Sustainability Impact Assessment'*, European Commission, External Trade, March 2006.

35 http://www.cgdev.org/section/initiatives/_active/cdi/

36 http://www.cgdev.org/section/initiatives/_active/cdi/

37 http://ec.europa.eu/development/icenter/publication/descript/pub12_en.cfm

38 http://www.odi.org.uk/PPPG/politics_and_governance/what_we_do/Politics_aid/country_mappings.html