Towards Policy Coherence for Inclusive and Sustainable Development

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Web: www.oecd.org/development/policycoherence
PCD Platform: https://community.oecd.org/community/pcd
@OECD_PCD
Policy Coherence for Inclusive and Sustainable Development

✓ **PCD should aim for better policies for better lives.** It is not just about aid effectiveness or value for money.

✓ **PCD is a tool to inform the policy-making process in all countries and regions to achieve inclusive and sustainable development.** This is consistent with the universal Post 2015 agenda.

✓ **PCD is about strengthening the capacities of governments for more integrated policy approaches to sustainability** in the post-2015 context

✓ **OECD is contributing by:**
  - adapting the definition,
  - identifying five levels in which coherence is needed;
  - developing a framework to better understand policy trade-offs, linkages, synergies; and
  - proposing indicators that might support this approach.
PCD – A concept in evolution

- 1996 - DAC Strategy “Shaping the 21st Century”
- 2000 - UN Millennium Declaration – MDG 8
- 2002 OECD Action for a Shared Development Agenda
- PCD in DAC peer reviews
- 2004 EU Lisbon Treaty
- 2005 European Consensus on Development
- II HLF (Paris) Paris Declaration
- Commitment to Development Index (CDI)
- OECD-PCD Unit
- 2008 OECD Ministerial Declaration on PCD
- 2010 OECD Council Recommendation on Good Institutional Practices in Promoting PCD
- Towards a more proactive approach to PCD
- PCD Elements into SGI 2014

Event Timeline:
- 2002 OECD Action for a Shared Development Agenda
- 2007 OECD-PCD Unit
- 2008 OECD Ministerial Declaration on PCD
- 2009 IV HLF (Busan)
- 2010 OECD Strategy on Development
- 2011
- 2012
- 2014
- 2015

Key Milestones:
- Monterrey Consensus 1999
- II HLF (Paris) Paris Declaration
- Busan High-Level Forum on Aid Effectiveness 2011
Instruments for promoting PCD

OECD non-binding instruments for PCD

✓ The 2002 Ministerial statement ‘OECD Action for a Shared Development Agenda’

✓ The 2008 Ministerial Declaration on Policy Coherence for Development

✓ The 2010 Recommendation of the Council on Good Institutional Practices in Promoting Policy Coherence for Development

The Three Building Blocks for PCD

1. Political commitment and policy statements

2. Policy coordination mechanisms

3. Systems for monitoring, analysis and reporting
A “do no harm” approach to PCD

Developed Country

Agricultural policies

Policy inputs
(e.g. price support and subsidies to agricultural sectors)

Policy outputs
(e.g. augment production)

Policy outcomes
(e.g. increase farmers’ incomes)

Development Cooperation

Policy inputs
(e.g. aid to support agricultural development)

Policy outputs
(e.g. increase production in developing countries)

Policy outcomes
(e.g. increase farmers’ incomes in developing countries)

High-level outcomes
(e.g. reduce poverty and hunger)

Developing Country

Spill-over effects
(e.g. suppressed prices on world markets, lowering returns to developing country farmers)
In **May 2012** Ministers called on the OECD to strengthen Members’ capacities to:

- **Develop evidence-based analyses** on the cost of incoherence and the benefits of coherence.
- **Develop indicators** to monitor progress.
- **Apply a PCD lens to key issues**, such as global food security, illicit financial flows and green growth.
- **Promote dialogue with developing countries and key stakeholders** on PCD issues.
- **Foster coherence for development throughout the Organisation and its Committees**; and ensure that OECD’s policy advice is coherent and consistent with development.
PCD in the OECD Strategy on Development (lessons learnt)

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

- **Advanced Economies**
  - Other actors (e.g., IOs, private sector, CSOs, NGOs)

- **Emerging and Developing Economies**

- **Other Actors**

**Systemic Conditions**
- Causal relations
- Side effects (+ or -)

**Sustainable Development**
- High-level outcomes

**Policy Effects**
- High-level outcomes

**Enabling Environments**

**Policy Inputs**
- Economic
- Social
- Environmental

**Policy Outputs**
- Economic
- Social
- Environmental

**Policy Outcomes**
- Economic
- Social
- Environmental
Increase governments’ capacities to identify trade-offs and reconcile domestic policy objectives with internationally agreed objectives

Foster synergies across economic, social and environmental policy areas

Address the spillovers of domestic policies
PCISD – An integral part of the MoI for the post-2015 Agenda

Coherence among international agendas and processes
*MDGs; Rio+20 SDGs; Climate Change Agenda, G20*

Coherence between economic, social and environmental policies
*For more integrated approaches to sustainability*

Coherence between global goals and national contexts
*Universal Agenda*

Coherence between different sources of finance
*Public, private, international and domestic*

Coherence between diverse actions of multiple actors and stakeholders
*Governments, international and regional organisations, CSOs; private sector*
Making use of existing OECD work to inform coherent policy-making

- **Indicators/datasets that indicate policy effort**
  - Trade Facilitation Indicators
  - Foreign Direct Investment Restrictiveness Index
  - Total support estimates for fossil fuels
  - Most production- and trade distorting support to agriculture

- **Policy instruments to create enabling environments**
  - Policy Framework for Investment
  - PISA for Development
  - Guidelines for Multinational Enterprises
  - Private Sector Participation in Water Infrastructure – Checklist for Public Action

- **Dialogue tools for knowledge sharing**
  - Global Forum on Transparency and Exchange of Information for Tax Purposes
  - Policy Dialogue on Natural Resource-based Development
  - Regional Networks on Corporate Governance of State-Owned Enterprises
  - International Low-Carbon Energy Technology Platform
...and linking up with the Post-2015 Agenda

**MoI for proposed goal 8: Promote strong, inclusive and sustainable economic growth and decent work for all**

- Enhance global macroeconomic policy coordination and increase **policy coherence**
- Promote an open, rules-based, non-discriminatory and equitable multilateral **trading system**
- Ensure a speedy conclusion and development-oriented outcome of the **Doha Development Agenda**
- Improve market access for agricultural, fisheries and industrial exports of developing countries
- Increased trade-related capacity building assistance
- Promote collaboration on and access to **science, technology, innovation and knowledge sharing**
- Mobilise additional international financial resources for development from multiple sources
- Strengthen **domestic resource mobilisation** of developing countries
- Facilitate investments in developing countries in infrastructure
- By 2030, progressively introduce broader measures of progress beyond GDP into national accounting
“I see PCD as a central pillar of the post-2015 framework...

Angel Gurría, Secretary-General, OECD

...It provides us with the opportunity to better understand the barriers to development; the economic, social and environmental implications of global challenges; and the inter-linkages between them. Ultimately, it is an important tool allowing us to promote and sustain change.”