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Policy Coherence for Development and the Sustainable Development Goals

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Summary of the 8th Meeting of the National Focal Points for PCD

17-18 December 2014

Key Messages

- The Sustainable Development Goals are very different to the Millennium Development Goals, they represent a transformative and universal agenda that will require a more integrated approach to policy making.
- The global economy is currently stuck in a low-growth period, with weak trade growth and investment likely to persist in the long-term. This is not a good economic context in which to achieve the SDGs.
- Supporting global growth and sustainable development, and responding to mega-trends shaping the world economy, will require coherent actions across a wide range of policy areas. Centres of Governments can play an important role to this end. The G20 is addressing some key policy coherence issues, such as raising growth trajectories, financial integrity and infrastructure financing, and has developed an extensive accountability matrix.
- To secure domestic growth, it will be important to look at coherence between structural, fiscal and monetary policy. And the increasing interdependence between countries also underlines the need to look at negative spillovers on other countries from domestic policies. Better coordination and policy coherence can reinforce positive outcomes.
- The scope of the SDGs and the difficulty of the growth environment will make PCD increasingly important to both. But PCD needs to move beyond a "do no harm" model, to involve key stakeholders and identify positive synergies between different objectives.
- The OECD Strategy on Development has contributed to a new definition of Policy Coherence for Sustainable Development (PCSD) for adapting to the new Post-2015 framework. PCSD will be a tool to integrate all three dimensions of sustainable development – social, economic, and environmental – into policy making, taking into account long-term effects for future generations as well as spill-over effects on other countries. .
- Illicit Financial Flows are one of the most significant obstacles to sustainable development. Dealing with them in an integrated way is critical to support the achievement of all the SDGs.
- Trade is a vital enabler of growth and sustainable development. The SDGs should take into account the current vehicles for global trade integration such as Global Value Chains and mega-regional trade agreements. While there is potential to expand trade through mega-regional agreements, these raise new challenges, if they are to support inclusive global growth.
- There is a growing political recognition of the value of having policy coherence integrated into the machinery of government, and an increasingly good understanding of the mechanisms through which this can be achieved.

Session 1: The Post-2015 Sustainable Development Goals and Their Implications for PCD Approaches and Tools

DSG Rintaro Tamaki outlined the 'lessons-learned' on PCD of the Strategy on Development. There are five key lessons: clarifying PCD objectives in terms of concrete sustainable development outcomes; recognising the need for coherence at different levels (regional, national, global); moving from a 'do-no-harm' approach towards a proactive approach to PCD focusing on synergies across sectors; and getting away from a 'donor-centred' approach as well as a siloed sectoral approach to PCD. Coherence in the Post-2015 context will entail more integrated approaches to policy making. Policy Coherence for Sustainable Development (PCSD) is useful as a tool to integrate all three dimensions of sustainable development – social, economic, and environmental – into policy making, taking into account long-term effects for future generations as well as spill-over effects on other countries.

Diana Alarcón (Senior Economic Affairs Officer and Special Assistant to ASG for Economic Development, Development Policy and Analysis Division, UNDESA), gave an update on the UN process and the transition from the MDGs to a post-2015 agenda. The character of the SDGs differs from the MDGs in several respects and they therefore require a different approach to policy making. The SDG proposals are not the "Millennium Development Goals Plus". They represent a paradigm shift. The proposals set out 17 high level Goals which cover the social, environmental, and economic dimensions of sustainable development. There are 169 Targets associated with them, which reflect the interactions and inter-linkages among the proposed SDGs. The SDGs are meant to be a truly universal, transformative and integrated agenda. This means that all the goals will apply to all countries, developing and developed alike. This is clear from the goals themselves - e.g. target 6.3 (on water pollution), which is relevant to all countries. The SDGs also include the means of implementation, for example on international cooperation, which go beyond traditional donor-centred development partnerships.

Policy coherence will be important to delivering the SDGs (and is one of the targets under SDG17). The SDGs imply a fundamental change in the way economies and societies interact with each other and with the natural environment. This will require synergies between national, regional, and international efforts. Once the SDGs are finalised and adopted, countries will need to adapt the goals to their own priorities and circumstances, and develop national plans for implementing them. This requires an approach to policy making that takes all dimensions of sustainable development into account, including a 'whole-of-government' approach that pays attention to the synergies between different objectives. The new OECD approach to Policy Coherence for Sustainable Development provides a useful framework to initiate discussion on *how* to do this.

Catherine Mann (OECD Chief Economist) Set out the macroeconomic context, and how the 'integrated, universal and transformative' agenda of the SDGs relates to the global macroeconomy and to interactions between countries. Two key trends are the increasing importance of trade, which is set to double as a proportion of global GDP from 2010 to 2050; and the increasingly multi-polar global economy, with emerging economies set to be one third of the global economy by 2050. Both these trends will make policy coherence even more important. With increasing globalisation the global economy will be more integrated, so closer international cooperation is needed. However, since the world economy will become increasingly multi-polar, cooperation could become harder to achieve. Countries need to combine monetary, fiscal, and structural factors to reinforce each other domestically and achieve stronger and more resilient growth, and generate positive international spillovers; but avoid the possibility that a policy-set that is appropriate internally, could generate disruptive spillovers internationally. The slow recovery of the Euro zone shows the tremendous effects of lack of coherence between structural, fiscal and monetary policy.

The G20 framework provides a good example of the benefits of policy coherence in seeking positive spillovers from coordinated actions. The G20 framework seeks to achieve strong, sustainable, and balanced growth around the world. One key G20 objective is to increase global GDP by 2.1% by 2018. This is a member-led group, where proposals originate with individual members, and the G20 contribution is to look at their interaction, and conduct peer reviews. G20 members have put forward roughly 1,000 structural policy commitments in many areas, e.g. to expand the labour force; to improve the functioning of product markets; to increase cross-border trade through tariff or regulatory reform; or to encourage innovation and investment in public infrastructure.

These commitments to structural reform are important, as the global economy is currently stuck in a low-growth period. Trade growth is weak, and investment has collapsed in the euro-area, and remains weak globally. This makes the low-growth environment likely to persist in the long-term. This is not a good economic context in which to achieve the SDGs. Our success in getting out of this situation has been limited, particularly because of the incoherence between structural, fiscal, and monetary policies. This makes it more important that the G20's structural commitments work coherently to deliver increased growth.

There are some areas where all countries' objectives are in alignment: on fiscal policy, all countries need more space to provide fiscal policy stimulus; and structural policies should be more ambitious, and to boost growth more. However, in monetary policy, pursuing domestic objectives will require a lot of variation in policy. This will generate international spillovers, in the form of (potentially volatile) cross-border capital flows, with an impact on asset prices. Some of these spillovers may be positive; e.g. emerging market currencies (and the yen) are expected to depreciate against the dollar, increasing trade competitiveness.

The G20 provides a forum where countries can discuss these spillovers, and coordinate their strategies for dealing with negative spillovers. The benefits of coordinated actions are significantly greater than the sum of uncoordinated individual measures.

Debapriya Bhattacharya, (Chair of the Southern Voice on Post-MDGs), emphasised the importance of 'inclusiveness' in the sense of 'no one left behind'. Transformation cannot happen if the marginalised are not integrated. Inclusiveness is a central factor for the SDGs. However, inclusiveness is barely measurable with current statistical methods as many of the most vulnerable groups, such as paperless persons, drop out of the data collection process. Macroeconomic policy coherence is important, but a global platform to discuss these issues does not yet exist: the G20 can't play that role since it excludes low income countries. An important topic for the OECD would be to look at global public goods and appropriate forms of accountability mechanisms that have to be in place. One example is the financial crisis which shows that OECD countries as the main actors have an increased responsibility for creating and maintaining a stable global economic environment.

Richard Carey, (Independent Development Advisor) focused on some global mega trends emerging from the 50 year horizons work of the OECD Economics Department presented by Catherine Mann. We will see the economic and demographic shape of the world transform, as emerging countries finish emerging, and as the current LICs grow faster than other countries. The proosed SDGs are another indication of change towards a more ambitious and complex world system, as underlined by Diana Alarcon. Going well beyond the MDGs, they address the fundamental points established by Robert Lucas in 1988: that economic growth is a learning-by-doing process, not simply a result of the accumulation of human and physical capital or technological progress; and that elites in developing countries have strong incentives to capture wealth and recycle it back to rich countries. Both of these insights remain highly relevant. The set of goals proposed by the Open Working Group thus reflect the real complexity of the development agenda. On development finance, the current system is fragmenting, with the emergence of a multi-polar world.

During the **discussion** members welcomed OECD's work on the new approach to PCSD and recognised its relevance for the implementation of the Post-2015 Development Agenda. Several members asked for considering the development of specific PCSD tools and demanded a more prominent role for it at the upcoming MCM.

Session 2: Shaping Universal, Measurable and Achievable targets for reducing illicit financial flows in the post-2015 Agenda.

Monica Bhatia (Head of the Global Forum on Transparency and Exchange of Information for Tax Purposes) introduced the session. Target 16.4 of the Sustainable Development Goals requires us to significantly reduce illicit financial flows; but we still need to develop specific indicators that will measure progress on this target. Tax evasion is a major component of illicit financial flows, and there is particular interest in mitigating illicit financial flows from African countries.

William Danvers (OECD Deputy Secretary-General) noted that better policy coherence regarding illicit financial flows could have a significant impact on development. There are large transfers out of low-income countries, enabled by bad practises in high-income countries. SDG 16.4 is important, but we also need to address the root causes of illicit financial flows, which are symptoms of deeper problems, such as weak institutions or uncontrolled tax havens. IFFs are connected with other priorities, such as environmental goals, where illegal or unregulated extraction of natural resources accounts for an estimated $70 billion each year. The OECD is working on this problem through the Anti-Bribery Convention; the CleanGovBiz initiative; the Financial Action Task Force (FATF); and work on stolen asset recovery. But implementation is not yet complete, and we will need to do more in order to meet the SDGs.

Erik Solheim (Chair of the Development Assistance Committee), spoke about the challenges: in 1990 there was a disastrous accident on a ship between Norway and Denmark. Now, more than 20 years later, it is still not clear who the ship owners are. We should not accept such a lack of transparency. One of the biggest problems is that there are too many ways to hide ownership. This goes to the heart of development, and is also linked to a host of other problems, such as the ability of ISIL and other negative movements to raise money, and the legal but immoral evasion of taxes by high-tech companies. This issue is high on the agenda, and there has been progress: we have developed all the policies needed to combat illicit finance, but we have not yet mobilised the political will to implement them. The issue of illicit financial flows should be at the core of the development agenda.

Kylly Fernandes (Director of the Unit of Financial Information, Ministry of Justice of Cape Verde), presented Cape Verde's experience of combating illicit financial flows. IFFs are a major problem, creating difficulties in collecting taxes (and thereby undermining public services), promoting corruption, and glamourising a criminal lifestyle. There are particular challenges from the lack of available information and databases, but they are making real efforts: Cape Verde has an operational Financial Intelligence Unit and a national strategy against money laundering and terrorist financing; and has recently reformulated its tax laws and instituted training for law enforcement officers. Stronger international cooperation would help them deal with the challenge more effectively.

Tom Cardamone (Managing Director, Global Financial Integrity) presented a proposal to adopt a target of reducing trade mispricing by 50%, as the indicator for SDG 16.4, and include this language in the Financing for Development Conference communiqué. Trade misinvoicing (i.e. trade fraud) is not a source of illicit flows but is the mechanism by which the vast majority of illicit money exits developing economies. GFI's analysis of IMF direction of trade statistics indicates that, of the estimated $1 trillion in illicit money leaving the developing world each year, regardless of the source of the illicit funds, 80% of total is moved through trade misinvoicing. The suggested target is easily measured and would be achievable at relatively low cost through the use of commercially available trade databases and training for customs officers. By providing customs departments the ability to identify, investigate and interdict illicit flows before goods leave the port developing countries can block potentially hundreds of billions of dollars in illicit money from exiting their economies.

Phil Mason (Head of Anti-Corruption team, DfID, UK) set out four key issues. First was the importance of governance: we tend to focus on the supply side of corruption, since it can greatly exceed ODA (e.g. during Abacha's rule Nigeria received $1.1bn in ODA while $4-6 bn was stolen by

Abacha). But repairing the weak governance systems that enable corruption and allow the funds to escape is vital. Second, the illicit financing environment is different for each country. A one-size model, or an over-estimate of one part of illicit financing will distort our priorities. We need to start with an understanding of the environment in each country. Third, anti-corruption work has traditionally looked at partner countries' systems. But that is not enough on its own. The UK now has aid-funded domestic law enforcement capacity to investigate and recover the proceeds of corruption. The UK is acting to tighten requirements on legal and accounting professions, as they remain somewhat weak in applying controls and reporting suspicious transactions. Finally, on policy coherence, aid is becoming a less central factor in how countries engage with the UK. Instead, countries are concerned about visas, credit ratings, multilateral ratings and blacklists, and reputational pressure – which need to be aligned with development priorities.

Melissa Tullis (United Nations Office on Drugs and Crime) emphasised that illicit financial flows are fundamental determinants of growth, governance and security; and hence of development outcomes. They impact on development, including revenue and financial sector outcomes; and there is a cyclical and convergent relationship between governance, proceeds-generating crimes, and the macro economy. These links are different in each case, but all tend to work against the sustainability of development outcomes. The the risks posed to development by illicit financial flows as well as by the associated criminal activities are manifold and merit an elevated level of policy consideration. Over the last two decades, the international normative framework in this area has become increasingly robust. But a siloed approach could decrease the efficacy of policy, particularly for mitigation of risk. The PCSD approach could help to break-down these silos. Focussing on policy coherence itself, the OWG emphasised the shared responsibility of all nations in mitigating the risks and impacts emanating from these cross border flows. The PCSD approach emphasises three principles which are likely to improve outcomes in achieving goal 16.4: genuine mainstreaming; identification of policy linkages, risks and opportunities; and the identification of systemic conditions, disenablers and enablers.

The **discussion** considered the ability of developing countries to participate in exchange of information for tax purposes: all countries are expected to undertake exchange of information on request, but developing countries are generally not equipped to participate in automatic exchange of information, on either side. The indicators used would depend on how illicit financial flows are defined – and it was noted that there is not yet a consensus on some aspects (e.g. transfer pricing). Key conclusions of the discussion are that illicit financing is a complex problem with diverse sources and methods, and that addressing it is a common responsibility of origin and recipient countries, and other stakeholders. The fundamental impact of weak governance and corruption on development outcomes was also discussed. This should be a new priority focus for the international community. Much of the infrastructure, including norms and standards, is already in place, providing very effective mitigating tools, but generating political will remains important, and further dialogue is needed to produce simple, measurable indicators.

SESSION 3: COHERENCE BETWEEN THE INTERNATIONAL TRADE AGENDA AND THE SDGs: SHAPING PCSD TARGETS AND INDICATORS IN THE SDG FRAMEWORK

Ken Ash (Director of the OECD Trade and Agriculture Directorate), opened the session. Trade is a means of implementation for many of the SDGs. It is important to remember that trade is a means, not an end in itself. It can play a powerful role in improving productivity & jobs, but trade openness on its own does not automatically bring benefits, and its benefits are not always widely distributed. Those require flanking measures: trade policy is only one element of a package of structural reforms.

Debapriya Bhattacharya emphasised the prominent role global trade plays in the SDGs: it is reflected in more than eight of the Goals. The agreement between the US and India over food stockholding gives new hopes for the completion of the Doha round, however, the trend is away from the global round, and towards mega-regional trade agreements. These still have a lot of problems with transparency and do not meet the ambitions of the SDGs due to their exclusive character that does not permit 'a universal, rules-based, open non-discriminatory and equitable multilateral trading system' (Goal 17.10). Trade policy should be judged on whether it enhances participation in global trade through market expansion; increases product diversification of the export basket; increasing locally retained value in exports; creates greater preferential access in service markets; and significantly reduces transaction costs through improved trade facilitation. There are currently no indicators that would measure these achievements.

Guillermo Valles Galmés, (Director, Division for International Trade in Goods and Services and Commodities, UNCTAD) pointed out that trade can be a big enabler for sustainable development but that it has to be set within the right policy environment. There are three main conditions: the right policy mix at the national level, with competition and product market regulations that reflect the national situation; the right policies at regional and multilateral level, including normative rules that allow trade to unleash its full potential; and macroeconomic and financial stability on a global level. The MDGs listed the completion of the Doha Round as one of the main vehicles for progress, but pursuing this agenda only through one legal process was the wrong approach. The Post-2015 agenda can be a good starting point; however, it lacks a coherent narrative for trade throughout all the SDGs. There is a need for relevant indicators, especially those that captures the linkages between trade as a cross-cutting issue affecting many different Goals.

Harsha V. Singh (Senior Associate, International Centre for Trade and Sustainable Development (ICTSD)), stated that the approach of the SDGs towards trade is outdated, as they do not account for the most important current vehicles for global trade integration such as Global Value Chains and mega-regional trade agreements (which do not include the LDCs). There are also doubts about the credibility of Goal 17.10, as many countries are not meeting the regulatory quality that is necessary to achieve it. It will require an adjustment process, and those countries will depend on help from OECD members. Many policy makers seem to focus on exports only in efforts to accelerate and sustain growth, but we need to consider the role of imports also as contributing to the achievement of this goal.

Richard Baron (Advisor at the OECD Round Table on Sustainable Development), connected the discussions to climate policy, and how trade agreements are crucial to achieving the targets on sustainability. The dispute between China and several European countries about subsidies to solar panels, shows how international coherence is necessary to cooperate in such projects in the future. All countries share the same problems in adapting their industries to upcoming regulations about emissions, and coherent approaches can help reduce the costs and increase the positive impacts – including in the new markets that climate change will create.

The **discussion** focused on the way forward. There seemed to be a general consensus that conditions for trade can be improved even without the completion of the Doha round. However, there was disagreement about the potential of mega-regional trade agreements. **Mr. Singh** emphasised the need to look at market enhancements rather than market restrictions and that mega-regional agreements can achieve this. **Mr. Galmés** pointed out that such agreements can prevent necessary reforms from happening, as was the case with agriculture. **Mr. Bhattacharya** warned that every tool used for trade policy has to be judged by whether it is created a non-discriminatory trade system that integrates those countries that have been left out until now.

The moderator, **Ken Ash**, summed up the discussion as showing that there is room for improvement regarding trade policies. Concrete actions should include: increasing aid for trade and making it more efficient; removing unnecessary regulations; rethinking imports as a fundamental element of increasing trade; and the need for investment in effective government systems and good regulations for trade.

SESSION 4: ACTIONS AT NATIONAL LEVEL TO ALIGN INSTITUTIONAL MECHANISMS FOR PCD WITH THE POST-2015 FRAMEWORK

Niels Keijzer (German Development Institute , introduced the session, noting that work on PCD has become more results-oriented and is now a standard part of DAC peer reviews. But we should consider whether our PCD mechanisms will still be fit for purpose following the adoption of the SDGs in 2015.

Ebba Dohlman (Head of the OECD PCD unit), outlined how the OECD work on PCD has evolved. PCD started from a 'do-no-harm' approach, which focused on eliminating the adverse effects of members' non-aid policies on development cooperation. This donor-centred, sectoral approach allowed a short-term analysis of existing problems, but is too narrow for the challenge presented by the SDGs. The new approach to Policy Coherence for Sustainable Development integrates global trends and pays specific attention to links between economic, social and environmental policy, identifying synergies and trade-offs, and helps policymakers to raise awareness of the impacts of their decisions. Some measures can help integrate PCSD into member countries, including building a common understanding of the SDGs through multi-stakeholder engagement; fostering (complementary) bottom-up and top-down processes to set priorities and country-specific SDG targets; and identifying potential links and trade-offs between various targets; promoting integrated approaches which take account of non-policy drivers and trans-boundary impacts. The OECD will continue to support member countries in this process by identifying and mapping the existing OECD indicators, policy instruments, and dialogue platforms relevant for the SDGs; facilitating exchange of good practices among countries; improve existing PCD instruments, developing new tools (e.g. online monitoring matrix); and strengthening the evidence-base for PCSD.

Luiz de Mello (Deputy Director, OECD Public Governance and Territorial Development Directorate) focused on the roles centres of government play in the design and implementation of policies, such as sustainable development, which are multidimensional and interdisciplinary in nature. Centres of government, and policymakers in general, are facing challenges posed by increasingly interconnected and complex policy issues that require whole-of-government responses and coordinated implementation across policy domains. However, centres of government have limited resources and line ministers remain accountable for deciding and implementing policy in their respective areas. Dealing with multi-disciplinary and inter-departmental issues by assigning them to the ministry which is the closest fit is easier, but it can mean that policy trade-offs and synergies may be overlooked. One key challenge is that centres of government tend to be focused on domestic policy, while sustainable development demands a more proactive and globally-focused role for coordination.

Karen Jorgenson (Head of Review, Evaluation and Engagement Division, OECD) discussed the building blocks for coherence. On institutional arrangements for policy coherence, the body responsible may be the Cabinet or an inter-ministerial committee, or the Ministry of Foreign Affairs or Development Cooperation. But for any of those mechanisms, it is important to set out who identifies the issues and prepares the papers. The best mechanisms seem to be nimble and ad-hoc, able to put issues to the Cabinet if needed, and able to draw on academics and think-tanks to provide analysis. Policy coherence should not lose track of its development focus – and it should not be limited to doing no harm: the most successful attempts at coherence create win-win situations.

David Khoudour (Head of Migration and Skills Unit, OECD Development Centre) considered migration as a good example of policy coherence in practise, as it has lots of positive and negative spillovers, and affects many different ministries. It is also a major enabler of development. The three main challenges we have are to define objectives, monitor coherence, and assess impacts. We should also remember that the largest migration flows are south-south. There are some interesting efforts to address this, e.g. by pooling knowledge through KNOMAD.

Tour de Table

Netherlands – The Netherlands closed its policy coherence unit four years ago. But the new Foreign Minister is also responsible for development cooperation and trade; and takes an interest in policy coherence. There is a well-established system to check new laws and regulations for coherence, but it is labour-intensive and not yet integrated with the main EU Impact Assessment exercise.

Sweden – Sweden's 2003 Global Policy on Development tasks Ministers to look at coherence, linked to sustainable and equitable global development (not limited to development cooperation). It has been a struggle to implement this obligation, but it has meant great political support for the programme. In preparation for Post-2015, all ministries have been asked to consider what the proposed SDGs may mean for the future work of the different policy communities.

Switzerland – Migration is a good example of Swiss systems: Migration policy is very sensitive in Switzerland, where 22% of the population is foreign-born. There is a ministerial committee on migration, and a process for getting coherence-focused views on issues which go to Cabinet. But where conflicts are identified, they have been difficult to resolve except at cabinet level. Switzerland is also developing a monitoring framework on IFFs.

European Union - The Commission President, Jean-Claude Juncker, has said all policies should act according to the same logic. He is seeking to break down sectoral silos, and is using groups of commissioners to take forward some cross-cutting policies. He has also set out ten priority areas of work for the Commission, many of which are relevant to developing countries.

Cape Verde – Migration makes a large contribution to development: 30% of the budget comes from remittances.

Norway – There is no formal PCD mechanism, though there is a small hub in the MFA. Nevertheless, there is an interdepartmental mechanism to discuss the response to the SDGs, focused on five PCD priorities where Norway can make a difference: energy, gender equality; health; education; and governance.

Australia – The recent G20 presidency, and the response to crises such as ebola demonstrate Australia's whole-of-government approach.

Germany – Two initiatives have been undertaken recently: the "Charter for the Future" which will follow a PCD approach to implementation in eight policy areas, builds on common understanding from broad consultation; and the PCD fund established by the BMZ (Ministry of Economic cooperation and Development) to reinforce policy coherence in developing countries. In 2015 Germany will work on an alliance to combat illicit financial flows.

Austria – Uses multi-annual policy strategies as a vehicle for PCD.

Denmark – Has a comprehensive PCD agenda, including national and EU Committees, and is looking at how to identify post-2015 targets.

Finland - Last year saw the first communication from Government to Parliament on development policy, including development effectiveness and policy coherence. Recommendations included better screening and stronger government focus on ensuring PCD, with a role for parliament in this.

France – There is political commitment to policy coherence, and it is being integrated into post-2015 preparations and France's work towards COP21.

Ireland – Has set up a new policy coherence and research unit, which is currently looking at strategies to tackle tax avoidance. There is an interdepartmental committee, but it is not yet working effectively.

Japan - Stressed the importance of infrastructure and investment to foster coherence.

Portugal – Coherence is mainstreamed, but mainly led by the MFA. An inter-ministerial committee is able to deal with coherence issues at a political level, which is a welcome increase in capacity.

Turkey – Is still struggling with coherence: they need political will to deal with issues such as refugees in an integrated way, but that is hard to do in a time of crisis. Turkey's preparation for their G20 Presidency is better-integrated, and will focus on three pillars – inclusiveness, implementation, and investment.

UK – Want to create a system that allows for flexibility, and have a cross-departmental approach to post-2015 preparation. Many issues are taken forward in a standard cross-departmental way, e.g. through a joint trade unit involving DfID. DfID's annual report includes a section on policy coherence and development effectiveness, and is organising an international conference in February ("Beyond Aid") which will look at policy coherence from the perspective of financing development.

The **Panelists** noted that there is more activity than in previous years, and in particular several new pieces of work on migration. But there are challenges ahead – in particular to develop the country-level frameworks for accountability on the SDGs.

Ebba Dohlman concluded that many are coming to see coherence as a multi-directional learning process involving all departments, and this is encouraging. There is a need for deeper two-way dialogue with partner countries, for example on the water-energy-food nexus. Following-on from recent work on food security, the OECD will soon start working on a PCSD tool to deal with illicit financial flows, and will seek to work with a small task team including interested focal points.