FRAMEWORK FOR POLICY COHERENCE FOR SUSTAINABLE DEVELOPMENT (PCSD)

A Self-Assessment Tool to Design, Implement and Track Progress on Mutually Supportive Policies for Sustainable Development

[Preliminary Draft for discussion, not for quotation]

2015
INTRODUCTION

2015 marks a turning point in development thinking. As the Millennium Development Goals (MDGs) come to an end, the international community is committed to complete the unfinished business, eradicate poverty and steer a transformational shift towards sustainable development for all. The vision of the Post-2015 development agenda is different from that of the MDGs in fundamental ways. It will entail moving from goals applied largely to low income developing countries in the MDGs to universal goals applicable to all countries regardless of their level of development. It will involve moving from a focus on the symptoms to addressing also the root causes of development challenges. It will also imply involving a wider set of Ministries, agencies, and policy communities in delivering the goals at the national, local, regional and international levels.

This universal, integrated and transformational agenda will:

- Affect almost all aspects of public policy, going well beyond basic development needs;
- Address all three dimensions of sustainable development (social, environmental and economic) in an integrated, coherent and balanced manner;
- Apply to all countries – including OECD Members – not just developing countries; and
- Require a more effective mobilisation, use and allocation of all available resources.

The global context has changed since the year 2000 when the MDGs were adopted. The world is facing unprecedented and inter-related economic, social and environmental challenges with implications for all countries. These include: new population dynamics, urbanisation, growing inequalities, climate change, natural resource scarcity, and unsustainable production and consumption patterns. The world’s centre of gravity is changing and developing economies are among the key drivers of global economic growth. They are increasingly becoming key actors in international finance, trade, investment, innovation and development co-operation. The global economy is increasingly interconnected, meaning that global shocks can reverberate quickly, and externalities such as macroeconomic instability, social and economic inequality, and conflicts can have wide-ranging spillover effects.

These more complex challenges as well as the emergence of new actors and sources of finance are changing the landscape in which countries operate. They are bringing to light new dimensions that call for more integrated approaches to policy making breaking out of policy silos, strengthened coordination mechanisms, and long-term perspective to cope with them. There is a need to strengthen capacities to deal effectively with the cross-cutting nature of sustainable development issues. The proposed Sustainable Development Goals (SDGs) (Box 1) anticipated for endorsement at the UNGA in September 2015, aim to address these pressing global challenges and guide international efforts until 2030, also demand coherence and more comprehensive approaches as well as innovations in domestic and international policy making. Transitioning to a universal framework focused on sustainable development will entail a change in approach to promote policy coherence for development, but above all a change of mindset in policy making.

What is the purpose of this tool?

The purpose of the Framework for Policy Coherence for Sustainable Development (PCSD Framework) is to support governments and stakeholders in their efforts to design, promote, implement and assess coherent and mutually supporting policies to contribute to sustainable development. It aims therefore to help adapt and strengthen current policy coherence efforts to support the implementation of the SDGs. It is intended to facilitate constructive dialogue between policy-makers and key stakeholders – from different parts of the government, parliamentarians, civil society, business and industry, philanthropists, among others – to enhance synergies and reduce conflicts between interacting policy domains.
The *PCSD Framework* provides practical guidance for enhancing policy coherence in the Post-2015 context. It offers both an analytical and a self-assessment tool which aim to prompt policy-makers to ask relevant questions about their institutional mechanisms, policy settings and processes as well as priorities to undertake coherent actions towards sustainable development in ways that balance economic, social and environmental objectives. Users are encouraged to adapt the questions included in each module according to their specific contexts, priorities and needs.

**How is this tool structured?**

The PCSD Framework is structured in three generic modules covering: Analysis; Mechanisms for Coherence (Strategic and Institutional Frameworks); and Options for Tracking Progress. These generic modules are supported by two thematic modules focused on Food Security and Illicit Financial Flows.

- Module 1 provides an analytical framework to guide policy-makers and stakeholders when analysing and assessing policy and institutional coherence for sustainable development.
- Module 2 offers guidance for strengthening existing mechanisms and developing a strategic policy framework for policy coherence.
- Module 3 provides options for tracking progress, including indicators for coherence discussed in Module 1.
- The Thematic Module on Illicit Financial Flows aims to help policy-makers in building a coordinated and coherent approach to address this issue in a more holistic manner, encompassing all the relevant government departments and agencies.
- The Thematic Module on Food Security provide guidance to improve relevant policies in economic, social and environmental areas to contribute to create enabling conditions at the national and international level for achieving food security.

**How can this tool be used?**

The *PCSD Framework* is neither prescriptive nor binding. It is a flexible tool adaptable to diverse national and institutional contexts. Users can develop their own strategy for enhancing policy coherence using elements of the *Framework* and based on their own institutional settings and processes, practical capacities and needs. The sets of open-ended questions in each of the modules are designed to enable policy-makers to screen policies, organisational structures and processes, as well as other contextual factors, which influence the achievement of sustainable development goals. They are also intended to help users examine their current national institutional mechanisms for enhancing policy coherence for development, and determine what changes are needed, if any, to adapt and align their efforts with the new Post-2015 Development Agenda.

Combining self-assessment with external assessment and peer review may be a useful approach to assess the (i) institutional mechanisms, practices and processes by which policies are designed and implemented, and (ii) extent to which sectoral policies individually or collectively produce sustainable development outcomes. Self-assessment should be undertaken by the existing governmental body or unit in charge of policy coordination and arbitration for policy coherence. The OECD could potentially be tasked with carrying out the external assessment and peer review, and the dissemination of the results.

**How this framework was developed?**

The *PCSD Framework* updates the ‘PCD toolkit’ which was first developed in 2009-10 as well as its revised version published online in 2012 as an OECD-PCD Unit Working Paper “*PCD Framework*”. These previous versions were developed drawing on lessons learned and best practices collected by the OECD over several years of peer reviews, as well as on consultations with in-house experts and member countries (see Annex 1) which are captured in this updated version. This new version seeks to transform the tool from a sectoral approach (e.g. agriculture, trade, environment) to one based on
key challenges (e.g. global food security, illicit financial flows). This approach reflects better the current interconnectedness of countries and policies. It also aligns better with the PCSD concept set out in the *OECD Strategy on Development* as well as with the vision of the Post-2015 Development Agenda.

This preliminary draft is based on suggestions from the OECD PCD Unit. It has been prepared for discussion with PCD National Focal Points at the workshop on tools for PCSD to be held on 30-31 March 2015. It will be further developed based on the comments and feedback from focal points and could undertake a more formal process for a wider discussion with relevant committees.

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**Box 1. Proposed Sustainable Development Goals**

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable, and modern energy for all.
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
10. Reduce inequality within and among countries.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable consumption and production patterns.
13. Take urgent action to combat climate change and its impacts.
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

*Source: Outcome Document – Open Working Group on Sustainable Development Goals (2014).*
## PCSD: An integrated checklist of issues to be addressed

### MAIN ELEMENTS

#### 1. ANALYSIS

<table>
<thead>
<tr>
<th><strong>Actors</strong></th>
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<tbody>
<tr>
<td>Which actors (partner countries, international organisations, stakeholders) have to be involved and influenced?</td>
<td>Role of different actors for enhancing PCSD</td>
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<tr>
<td>How can partner countries be better engaged in policy coherence efforts?</td>
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<tr>
<td>What is the role of the private sector, civil society organisations and other stakeholders?</td>
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<tr>
<th><strong>Sources of finance</strong></th>
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<tbody>
<tr>
<td>Have all the potential sources for finance been identified (public, private, domestic, international)?</td>
<td>Complementarities among sources of finance</td>
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<tr>
<td>How to avoid fragmentation of international, regional, and national funding instruments?</td>
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<tr>
<td>What are the framework conditions to ensure contributions from private sources?</td>
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<tr>
<th><strong>Policy inter-linkages</strong></th>
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<tbody>
<tr>
<td>Have economic, social and environmental policy inter-linkages (synergies and trade-offs) been considered?</td>
<td>Interactions between economic, social and environmental policies</td>
</tr>
<tr>
<td>How do the planned policy outputs contribute to achieve sustainable development goals?</td>
<td>Synergies and trade-offs</td>
</tr>
<tr>
<td>Are governmental organisations moving from sectoral perspectives (e.g., agriculture, trade, investment, water, energy) towards a more integrated and “issues-oriented” agenda (e.g. food security)?</td>
<td>Integrated approaches</td>
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<tr>
<th><strong>Non-policy drivers</strong></th>
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<tbody>
<tr>
<td>Have the existence of enabling environments which affect positively policy outcomes been considered?</td>
<td>Enablers</td>
</tr>
<tr>
<td>Have the contextual factors (corruption, barriers to trade, knowledge, etc.) which might influence the policy outcomes been identified?</td>
<td>Disablers</td>
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<thead>
<tr>
<th><strong>Trans-boundary and intergenerational impacts</strong></th>
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<tbody>
<tr>
<td>Does the policy produce unintended effects, positive or negative, that could affect the well-being of people living in other countries?</td>
<td>Policy effects</td>
</tr>
<tr>
<td>Which groups would be affected and how? How can the unintended negative effects be mitigated?</td>
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<tr>
<td>Have the potential direct or indirect long-term effects on well-being of future generations been identified?</td>
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### 2. MECHANISMS

#### 2.1. Strategic framework

<table>
<thead>
<tr>
<th><strong>Common understanding on sustainable development, SDGs, and PCSD</strong></th>
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<tbody>
<tr>
<td>Are the concepts of sustainable development, SDGs, and PCSD well understood by the public, governmental organisations and across levels of the government?</td>
<td>Awareness raising on the SDGs and PCSD</td>
</tr>
<tr>
<td>What efforts have been made to develop clear, widely accepted and operational objectives and principles for achieving the SDGs?</td>
<td></td>
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<tr>
<td>How do the SDGs inform policy-making?</td>
<td></td>
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<tr>
<td>Has the role of PCSD been considered for implementing the SDGs?</td>
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<thead>
<tr>
<th><strong>Priority setting</strong></th>
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<tbody>
<tr>
<td>Are the SD priorities of the government aligned to the vision of the SDGs?</td>
<td>Commitment towards the SDGs</td>
</tr>
<tr>
<td>Is there a clear commitment at the highest level to the implementation of SDGs and the formulation of a national strategy for implementation?</td>
<td>Role of CoG</td>
</tr>
<tr>
<td>Is policy coherence for sustainable development an element of the national strategy?</td>
<td></td>
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<tr>
<td>Is there involvement of the Centre of Government in the coordination of high level priorities for sustainable development and for achieving the SDGs across line ministries?</td>
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<tr>
<th><strong>Multi-stakeholder involvement</strong></th>
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<tbody>
<tr>
<td>What mechanisms are in place to involve and promote active participation of the government departments,</td>
<td>Whole-of</td>
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**MAIN ELEMENTS**

<table>
<thead>
<tr>
<th>Issues Addressed</th>
<th>MAIN ELEMENTS</th>
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<tbody>
<tr>
<td>parliamentarians, civil society, business and industry, academia, in the preparation of national strategies for achieving the SDGs?</td>
<td>How have partner countries been involved and helped inform the design of strategies for PCSD?</td>
</tr>
<tr>
<td>• How have partner countries been involved and helped inform the design of strategies for PCSD?</td>
<td>government/whole of society perspective - Involvement of partner countries</td>
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<thead>
<tr>
<th>Country specific SDG targets</th>
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<tbody>
<tr>
<td>• Does the prioritised set of national targets acknowledge policy inter-linkages and cover the three dimensions of sustainable development?</td>
</tr>
<tr>
<td>• Are the targets based upon the best available data, evidence?</td>
</tr>
<tr>
<td>• Do the targets contribute to economic and social transformation?</td>
</tr>
<tr>
<td>- Clear governmental objectives.</td>
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<thead>
<tr>
<th>Sustainability criteria</th>
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</thead>
<tbody>
<tr>
<td>• Is sustainable development integrated into regular government processes (e.g. the budget process)?</td>
</tr>
<tr>
<td>• Is there a mechanism for assessing the performance of sectoral policies with regard to SD?</td>
</tr>
<tr>
<td>- Sectoral policies integrating sustainable development</td>
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<tr>
<th>2.2 Institutional framework</th>
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<tr>
<th>Political commitment</th>
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<tbody>
<tr>
<td>• Is there a political statement spelling out the government’s commitment to PCSD?</td>
</tr>
<tr>
<td>• Has the government identified priority areas for PCSD and developed action plans?</td>
</tr>
<tr>
<td>• Has it made a public commitment endorsed at the highest political level to integrate sustainable development into specific sectoral policies with clear links to the SDGs?</td>
</tr>
<tr>
<td>- Political statement on PCSD.</td>
</tr>
<tr>
<td>- Action Plans</td>
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<tr>
<td>- Sustainable development mainstreaming</td>
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<tr>
<th>Coordination</th>
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<tbody>
<tr>
<td>• Have formal mechanisms been established for inter-ministerial collaboration, coordination and policy arbitration on SD?</td>
</tr>
<tr>
<td>• Is it located strategically within the government organisational structure to promote coherence and resolve policy conflicts (e.g. at the level of the Prime Minister’s office)?</td>
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<tr>
<td>• Is the budget process used to set priorities, reconcile policy objectives and promote policy integration?</td>
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<tr>
<td>- Inter-ministerial collaboration</td>
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<tr>
<td>- role of CoG</td>
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<tr>
<th>Monitoring and Reporting</th>
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</thead>
<tbody>
<tr>
<td>• Are monitoring and reporting systems in place? Do they draw on evidence from officials and other reliable and impartial sources?</td>
</tr>
<tr>
<td>• Is there transparent reporting to parliament and the public on PCSD, and on the impact of sectoral policies on SD?</td>
</tr>
<tr>
<td>• Are resources and capacity adequate to analyse PCSD?</td>
</tr>
<tr>
<td>- Reporting</td>
</tr>
<tr>
<td>- Analytical capacity</td>
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<tr>
<td>- Data collection</td>
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MODULE 1: ANALYTICAL FRAMEWORK FOR POLICY COHERENCE FOR SUSTAINABLE DEVELOPMENT (PCSD)

Introduction

According to the most commonly accepted definition, sustainable development refers to “development that meets the needs of the present without comprising the ability of the future generations to meet their own needs”.

The concept of sustainable development encompasses economic, social and environmental aims (dimensions), which are considered interdependent and mutually reinforcing. In pursuing international efforts to achieve global development goals, it is widely recognised the need for a coherent approach that integrates in a balanced manner the three core dimensions of sustainable development.

In addition to this, a basic tenet of sustainable development is the need to balance the needs of current and future generations, as reflected in the definition above, which require a long-term perspective.

The Sustainable Development Goals (SDGs) that will succeed the Millennium Development Goals (MDGs) are considered an integrated, indivisible set of global priorities that incorporate economic, social and environmental aspects and recognise their inter-linkages in achieving sustainable development.

The integration of the dimensions of sustainable development will represent one of the most difficult balances to achieve in policy making and implementation. In practice, many national sustainable development strategies launched as part of Agenda 21 signed at the United Nations Conference on Environment and Development (the Rio Earth Summit) in 1992, have had a greater focus on environmental issues with attempts to incorporate economic aspects.

The multi-sectoral and cross-cutting nature of sustainable development as well as the need to achieve a better balance between its diverse dimensions calls for policy coherence and integration. The Sustainable Development Goal 17 “Strengthen the means of implementation and revitalize the global partnership for sustainable development” includes “Institutional and Policy Coherence” as an integral part of the Means of Implementation (MoI). It also includes a cross-cutting target to “enhance policy coherence for sustainable development” which apply to the whole SDG framework. In achieving this target, governments will have to ensure that their policies in all public domains are consistent with, and do not undermine the achievement of sustainable development goals. This module provides guidance for governments and stakeholders on improving policy and institutional coherence as well as integrated approaches to policy-making for the pursuit of sustainable development goals.

Adapting current approaches for promoting policy coherence for development (PCD) to the Post-2015 context

A precondition for enhancing coherence in the context of the post-2015 framework is to update and broaden current approaches used to promote policy coherence for development (PCD). The world has changed profoundly since the early 1990s when the notion of PCD emerged in a context of a growing international concern with aid effectiveness. In the mid-90s the international donor community committed to “achieve coherence between aid policies and other sectoral policies which impact on developing countries”. Since then, efforts to improve PCD have been mainly focused on developing good institutional mechanisms and practices at the donor country level as a means to foster “whole of government approaches” and integrate the development perspective in designing and implementing national policies. PCD has been considered as a main responsibility for donor countries.

Efforts to improve understanding of incoherence and promote PCD have also been carried out on a sector-by-sector basis. Analysis has looked at issues with important cross-border dimensions, such as trade, agriculture, investment, environment, technology, migration, amongst others, but without giving due attention to the inter-sectoral, inter-linkages and the multidimensionality of development challenges. Considerations have primarily adopted a “do no harm approach” putting emphasis on the negative impact of developed countries sectoral policies on the prospects of developing countries.
Multiple crises in the last decade – financial, economic, food, fuel – have further shown that challenges in an increasingly interconnected world economy are global and require more comprehensive approaches as well as coherent and co-ordinated responses by diverse actors and at multiple levels: nationally, regionally and globally. Economic shocks can reverberate quickly, and issues such as climate change, financial instability, social and economic inequality and conflict can have serious and wide-ranging consequences worldwide.

It is increasingly recognised that changes in the international context call for a new approach that reflects a multi-polar global economy in which all countries are playing a role in driving global growth and sustainable development. A broader approach to PCD could be more useful in this new context with its potential to cut across different policy domains, to connect diverse stakeholders and actors and to shape and monitor efforts, changes and interactions among policies, and impacts on sustainable development.

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

Although it is recognised that institutional mechanisms and practices for promoting PCD are necessary to raise awareness and build efficient decision-making in donor countries, they are not sufficient to deliver more coherent policies in practice. Complementary and more targeted actions are needed to enhance coherence for development. Against this background, the OECD Strategy on Development has encouraged a broader and more proactive approach to PCD as a way to ensure progress as well as to address key global issues such as global food security and illicit financial flows. Applying a broader PCD lens to these areas has generated significant lessons for adapting current approaches to the new post-2015 framework (Box 2).

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**Box 2. Lessons learned on PCD from the OECD Strategy on Development**

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

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


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The OECD Strategy on Development has contributed to a new definition of ‘Policy Coherence for Sustainable Development (PCSD)’, as shown in figure 1. The perspective has shifted from “donor-centred” and limited “do no harm” perspectives to a ‘partnership approach’ engaging key actors and stakeholders among advanced, emerging and developing economies, and with a greater emphasis on sustainable development. The Strategy has underscored the need for more proactive approaches
focused on building synergies across actors and sectors to address common challenges, such as creating enabling conditions for achieving food security and curbing illicit financial flows, which are considered international priorities in the SDG framework.

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

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

![Diagram of Policy Coherence for Sustainable Development](image)

This definition implies that coherence is about promoting synergies and managing potential conflicts among diverse policy objectives in pursuing sustainable development goals. The focus is to help increase capacity of policy-makers to balance and reconcile divergent objectives, and provide a tool for informed decision-making. Policy makers need information and analysis to know what their realistic options are, what inconsistencies might result from their decisions, how the cost of those inconsistencies can be mitigated, and how they can explain the trade-offs they have had to make.

**A framework for analysing policy coherence for sustainable development**

The analytical framework introduced in this module (Figure 2) encompasses the fundamental elements that need to be borne in mind when analysing and assessing policy and institutional coherence for sustainable development, and in particular for the implementation of the SDGs. It aims to provide a tool to inform decision-making and support policy-makers and stakeholders to design policies that systematically consider:

(i) the diversity, roles and responsibilities of different actors as well as the diverse sources of finance – public and private, domestic and international – for achieving sustainable development outcomes;

(ii) the policy inter-linkages across economic, social and environmental areas, including the identification of synergies, contradictions and trade-offs, as well as the interactions between domestic and international policies;

(iii) the non-policy drivers, i.e. the enablers (that can contribute to) and disablers (that hamper) sustainable development outcomes at the global, national, local and regional levels; and

(iv) the policy effects, i.e. transboundary and intergenerational impacts.
Fundamental elements of the Analytical Framework

- **Actors** are governments at all levels, parliamentarians, civil society, business and industry, philanthropists, international organisations, bi-lateral and multi-lateral agencies, among others, that are involved and/or influence policy-making and implementation.

- **Policy inter-linkages** are channels through which policies influence each other’s performance and objectives.

- **Policy inputs** are institutional factors such as resources, including knowledge, expertise and capital assets that feed into the policy making process.

- **Policy outputs** are goods or services provided by governments to their citizens.

- **Policy outcomes** are intended changes in society that governments seek to generate through laws, policies or official directives.

- **Systemic conditions** (disablers) are the set of social, political, economical, environmental and institutional conditions at the national and international levels that affect sustainable development and have a significant influence in policy performance and outcomes.

- **Enabling environments** (enablers) are set of necessary and interrelated conditions in the political, legal, economic, and social domains that can influence positively policy outcomes.

- **Policy effects** are economic, social, and environmental impacts resulting from the implementation of policies (outcomes).

These elements of policy design could provide the basis for a checklist of criteria against to which performance towards PCSD could be assessed.
Guidance for analysing and promoting PCSD

Policy coherence will be fundamental to address an integrated post-2015 Development Agenda and ensure that progress in one of the area of the SDGs will contribute to progress in another. On the basis of the updated definition and analytical framework presented above, analysing and promoting policy coherence for sustainable development in the post-2015 context will require to:

1.1. Take account of the role of key actors in advanced, emerging developing economies for sustainable development

A more interconnected world economy means that policies in any country can influence sustainable development across the global. Creating opportunities for constructive dialogue with developing countries on policy coherence issues will be essential to generate the sound evidence-base needed to inform policy-making. The active involvement of developing countries is critical to ensure progress on coherence for sustainable development. For example, the agricultural and associated trade policies of larger developing countries have increasingly important impacts on world markets. According to OECD analysis, during the 2007-2008 food price crisis, export restrictions applied by several emerging economies exacerbated the crisis and placed a particular burden on some developing countries unable to source imports (OECD, 2013c). In a more interconnected world economy is no longer relevant, given the changing structure of world trade, to view the international spillover effects of policies as exclusively a developed country issue.

In the context of sustainable development, policy coherence is also relevant in developing countries. An example is the cost and trade-offs of high levels of fossil fuel subsidies. In 2011, subsidies in developing countries were nearly six times higher than in OECD countries (amounting to around USD 433 billion). OECD analysis concludes that phasing out fossil fuel consumption subsidies in emerging and developing countries could reduce global greenhouse gas emissions by 6% by 2050 compared to business as usual, and by over 20% in Russia, the Middle East and North Africa. A fuel subsidy reform could also offer fiscal space for the local government to extend social programmes focused on poor people. The Indonesian government, for example, has provided cash transfers, increased spending on social programmes and introduced tax exemptions for some industries and agriculture to mitigate the effects of energy price increases on poorer households. While recognising these benefits, PCD analysis should also address the political economy factors that prevent governments from taking action, and explore ways of better communicating the trade-offs and costs of inaction.

1.2. Consider diverse sources of finance to foster coherence and an integrated framework for financing sustainable development

Achieving the SDGs will require that all available resources – public, private, domestic, international – are effectively mobilised to finance sustainable development. In addition to traditional aid from public sources, there are now many new sources of finance and financial instruments to choose from. Private capital in the form of equity, bonds, non-concessional loans, risk mitigation instruments (including guarantees) plus philanthropic funds from foundations and trusts are all now playing a greater role, and given the potential volumes, and could be a transformative source of development finance in the future (OECD, 2014d).

According to UN analysis, there has been a proliferation of public, private, domestic, bilateral and multilateral sources of financing for sustainable development with over fifty international public funds (multilateral and bilateral), 55 carbon pricing mechanisms and countless equity funds in operation. As a result, the financing landscape is complex and inefficient, with many funds underfunded. As highlighted by the UN Task Team, the sector-oriented silo approaches in policy and decision making influence the coherence of international public financial frameworks for sustainable development. According to the UN Task Team on the Post-2015 Development Agenda, this leads to: (i) a fragmentation of international, regional and national funding instruments, channels, agents and
initiatives; (ii) unrealistic sector targets at all levels; (iii) missed cross-sector synergies; (iv) incompatible sector policies; and (v) inconsistent fund allocation across sectors.

1.3. Identify inter-linkages and different types of interactions between economic, social, and environmental policies

One of the lessons from the MDGs is that pursuing one-dimensional or single sector goals is not sufficient to promote sustainable economic and social transformation. The challenges addressed in the SDGs – which focus not only on the symptoms, but also on the underlying causes of complex and interlinked development challenges – will require overcoming silo approaches in policy-making. Integrated approaches can maximise the benefits of inter-linkages and synergies among economic, social, and environmental policies, and help pursue multiple objectives, while considering how action to attain a goal in one domain would affect well-being and sustainability outcomes in other goals.

For example the interlinkages between water, food and energy are numerous, complex and dynamic. Agriculture is the largest user of water at the global level; energy is needed to produce and distribute both water and food; and the food production and supply chain accounts for almost one third of total global energy consumption. Policy decisions made in these sectors can have significant impacts on each other and tensions may arise from real or perceived trade-offs between various objectives. Improved water and energy services reduce the burden on women and young girls who often spend several hours each day collecting water and gathering biomass for cooking, thus free up time for their education and income generation activities. The provision of cleaner water and energy services is also linked to improvements in the health, micro-enterprise activity, and agricultural productivity of women. Investing in water and energy services will lead to increased levels of human health, reduced levels of poverty and indigence, and increased opportunities for education and employment, resulting in overall national economic development.

1.4. Identify non-policy drivers

Analysing policy coherence for sustainable development in the context of the SDGs will involve taking into account the systemic conditions (i.e. social, political economical, environmental and institutional factors) that hinder countries’ capacities to achieve sustainable development objectives. These include, among others, barriers to trade, markets, and knowledge, as well as conflict and corruption. Similarly, the analysis needs to consider the enabling environments at the local, national, regional and global levels supportive of the transformation processes. Policy coherence could provide a lens through which to identify potential ‘enablers’ and guide coherent policy action, including measures to promote: a fair, open and rules based global trading system; a stable financial system, a fairer and more transparent international tax system, among others. Analysing these influencing factors can help to identify priority areas for PCSD as well as the effects of policy measures.

For example, illicit financial flows are a major disabler for sustainable development, as highlighted in the Thematic Module on IFFs. They are a symptom of governance failures, weak institutions, and corruption in many countries of origin of these flows, but also of other systemic conditions in recipient countries that allow IFFs to thrive, such as tax havens and secrecy jurisdiction. As highlighted in the Thematic Module, curbing IFFs will depend on sound international regimes supported by international conventions and standards, such as the UN Conventions against Corruption and against Transnational Organized Crime; the recommendations of the Financial Action Task Force (FATF) or international standards on exchange of information for combating tax evasion, and the Stolen Asset Recovery Initiative (StAR). It will also entail supporting a fairer and more transparent global tax system, since there is a need to address and curb tax avoidance strategies which in most cases are legal but unfairly take advantage of the interaction between the tax rules of different countries. At the national level, it will depend on the quality of domestic regulations, institutions, and capabilities to identify, track and fight tax evasion, money laundering, and corruption, amongst others.
### 1.5. Consider trans-boundary and intergenerational impacts

Policy coherence for sustainable development in the SDG context will entail considering more systematically in policy making what matters for human well-being of the present generation in one particular country – ‘here and now’ –, what matters for the well-being of future generations – ‘later’ – and what matters for the well-being of people living in other countries – ‘elsewhere’ (UNECE/OECD/Eurostat, 2014). The ‘elsewhere’ dimension captures the ways in which countries in the pursuit of the well-being of their citizens affect the human well-being on the rest of the world. This is even more important in an increasingly interconnected world, where diverse growth and development paths of different countries impact on each other in the context of sustainable development. PSCD can provide a tool to find a balance between resources used to maximise human well-being for current or future use; or for one country’s well-being versus another.

### A checklist of issues to be addressed

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<thead>
<tr>
<th>MAIN ELEMENTS</th>
<th>ISSUES ADDRESSED</th>
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<tbody>
<tr>
<td><strong>1. ANALYSIS</strong></td>
<td></td>
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<tr>
<td><strong>Actors</strong></td>
<td>Role of different actors for enhancing PSCD</td>
</tr>
<tr>
<td>- Which actors (partner countries, international organisations, stakeholders) have to be involved and influenced?</td>
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<tr>
<td>- How can partner countries be better engaged in policy coherence efforts?</td>
<td></td>
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<tr>
<td>- What is the role of the private sector, civil society organisations and other stakeholders?</td>
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</table>

| **Sources of finance** | |
| - Have all the potential sources for finance been identified (public, private, domestic, international)? | Complementarities among sources of finance |
| - How to avoid fragmentation of international, regional, and national funding instruments? | |
| - What are the framework conditions to ensure contributions from private sources? | |

| **Policy inter-linkages** | |
| - Have economic, social and environmental policy inter-linkages (synergies and trade-offs) been considered? | Interactions between economic, social and environmental policies |
| - How do the planned policy outputs contribute to achieve sustainable development goals? | Synergies and trade-offs |
| - Are governmental organisations moving from sectoral perspectives (e.g., agriculture, trade, investment, water, energy) towards a more integrated and “issues-oriented” agenda (e.g. food security)? | Integrated approaches |

| **Non-policy drivers** | |
| - Have the existence of enabling environments which affect positively policy outcomes been considered? | Enablers |
| - Have the contextual factors (corruption, barriers to trade, knowledge, etc.) which might influence the policy outcomes been identified? | Disablers |

| **Trans-boundary and intergenerational impacts** | |
| - Does the policy produce unintended effects, positive or negative, that could affect the well-being of people living in other countries? | Policy effects |
| - Which groups would be affected and how? How can the unintended negative effects be mitigated? | |
| - Have the potential direct or indirect long-term effects on well-being of future generations been identified? | |
MODULE 2: MECHANISMS AT THE NATIONAL LEVEL FOR ENHANCING PCSD

Introduction

The ability of a government and public service to produce mutually reinforcing policies for sustainable development depends on the mechanisms for policy, budgeting and regulatory development, and on the ability of governments to balance and reconcile divergent objectives. Establishing a strategic policy framework will help ensure that sectoral policies are transparent and consistent with the governments’ priorities for achieving the SDGs.

Achieving the SDGs will require high-level political commitment; strategic policy frameworks; and effective and well-functioning institutional coordination mechanisms. It will require the active involvement of a wide range of stakeholders that allow for a holistic (whole-of-government/whole-of-society) perspective of the issues at stake. Mechanisms to strengthen coordination capacity, and to anticipate, detect and resolve policy conflicts will be critical to achieve sustainable development.

The OECD has developed a framework for assessing members’ institutional progress for promoting policy coherence for development (PCD), drawing on the experience of DAC peer reviews. This institutional framework is conceptualised as a three-phase cycle (PCD Building-blocks), with each phase supported by a “building block”: (i) political commitment and policy statements; (ii) policy coordination mechanisms; and (iii) systems for monitoring, analysis and reporting (Figure 3).

![Figure 3. The policy coherence cycle](#)

The Recommendation of the OECD Council on Good Institutional Practices in Promoting Policy Coherence for Development, adopted in 2010, offers guidance for establishing an integrated framework to promote PCD and translating political commitment into action. While many of these recommendations will still be relevant in the context of the Post-2015 Development Agenda, this instrument may need to be revised to ensure that it is adapted to the universal, integrated, and transformative nature of the SDG framework and the PCSD approach.
The guidance set out in this module for establishing a strategic and institutional framework for promoting PCSD, draws on the experience of PCD building blocks and highlights those recommendations from 2010 that are considered still relevant in the context of the Post-2015 Development Agenda.

**Strategic Framework**

Establishing a strategic policy framework will help ensure that sectoral policies are coherent with the government’s common agenda, commitments and priorities for achieving the SDGs. The Centre can use the strategic policy framework as a tool to orient policy development in line ministries. This can be facilitated if the government’s agenda for achieving the SDGs has been mapped out collectively, i.e., with the involvement of all the ministries who will be responsible for its implementation. The high level goals and priorities established by the government should be made public, clearly outlining how these relate to the SDGs.

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

The SDGs have emerged as the result of one of the largest ever, international consultations to identify global challenges and priorities. Once adopted in September 2015, they will constitute an indivisible set of global priorities, and guide international efforts on policy and practice over the next 15 years. Heads of State and Government, local authorities, business leaders, policy makers, parliamentarians, citizens, and other stakeholders should understand the nature of the new development agenda, the challenges that we all are confronting, and the need to address them in a coherent manner. The implications of economic, social and environmental sustainability need to be brought into the debate, and the concept, principles and operational objectives for sustainable development need to be well understood by the public, politicians, public organisations and across levels of government.

**2.2. Ensure leadership of the Centres of Government (CoG) in the priority-setting process**

Achieving a coherent post-2015 framework with a set of universal goals will require coherence and convergence between key inter-related international processes. For example, the successful negotiation of the three major conferences in 2015 - the Third International Conference on Financing for Development (FfD); (ii) the UN Summit to adopt the Post-2015 Development Agenda; and (iii) the 21st Conference of the Parties (COP21) - will have major implications for national policy and practice and will require leadership at the highest levels of government to convene the different policy interests, raise awareness of the synergies and trade-offs, achieve consensus and reconcile potentially competing objectives. The Centre of Government (Box 3) (COG) may be the best placed to provide that leadership and to ensure that progress in one process contributes to the others. Governments should, however, build on existing policy co-ordination structures and inter-ministerial mechanisms, including those facilitated by PCD national focal points, ensuring vocal champions wherever possible.

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**Box 3. OECD Network of Senior Officials from Centres of Government**

The Centres of Government (CoG) provide direct support and advice to the Head of Government and the Council of Ministers. They consist of Heads of Prime Ministers’ Offices, Cabinet Secretaries, or Secretaries-general of the Government, depending on the state structure. CoGs act as a coordinator to ensure horizontal consistency among policies. They also contribute to promoting new and innovative approaches to policy development and delivery across public services.

The OECD Network of Senior Officials from Centres of Government convenes meetings with these decision makers on an annual basis, providing a forum for informal discussion on topics of high relevance, including growth, new economic challenges, or political economy of reform. The Network is one of the OECD’s highest-level policy networks.

For more information: [www.oecd.org/gov/cog](http://www.oecd.org/gov/cog)
2.3. Engage key actors and stakeholders in the priority-setting process from the outset, and stimulate multi-stakeholder action for sustainable development

Sustainable development involves trade-offs among economic, social and environmental objectives and value judgments which cannot be determined by governments alone. The implementation of the SDGs will require effective communication and participatory approaches, whereby governments and key stakeholders, acting individually and collectively, identify common challenges, set priorities, align policies and actions, and mobilise resources for sustainable development. This will allow for an aggregated and coherent set of actions at the local, national, regional and global levels by governments, intergovernmental organisations, the private sector and civil society organisations. Multi-stakeholder partnerships, including public-private partnerships can help mobilise the actions and means for creating the necessary enabling environments to achieve the SDGs.

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

With the Post-2015 Development Agenda, policy makers and governments will be challenged to integrate the sustainability dimensions in all activities while remaining mindful of economic, social and environmental spillovers. All sectors will be required to take into account and support sustainable development principles as well as to consider inter-generational long-term objectives in their policy making processes. As highlighted by the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF), this will require incentives and policy coherence tools to incorporate sustainable development into public budgets, financing strategies and implementation approaches.

2.5. Set country-specific SDG targets and use them to guide coherent national action

With the post-2015 agenda, each government will be required to set its own national targets adapted to differing national circumstances, capacities and priorities, and consistent with internationally agreed standards, but guided by the global ambition in the SDGs. The principle of universality in the Post-2015 Development Agenda will mean translating the global targets in the SDG framework into actionable, measurable and achievable country-specific targets, paying attention to interlinkages, synergies and trade-offs between economic, social and environmental areas and between different levels of policy implementation (local, regional, international). The preparation of national targets should involve all ministries as well as local and regional authorities and can guide policy coherence for sustainable development. The proposed ‘Integrating Approach’ by Colombia provides one example of a participatory process for identifying priority targets for a national implementation strategy for the SDGs (Box 4).

Box 4. The ‘Integrating Approach’ for identifying SDG targets

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

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

How was it done? The ‘Integrating Approach’ was organised as follows:
- Launching of the process by a senior official at the Ministry of Foreign Affairs involving 20 ministries and Presidential Councils;
- Ensuring common understanding of purpose, benefits and methodology;
- Identifying three priority targets within each agency;
- Collectively discussing the outcomes of the process and finding synergies. For example, the Ministry of Mines and Energy affirmed that formalizing the mining sector was its top priority. Other ministries and agencies joined in, noting that the target was also relevant to their interests.
- Responsibility for follow up is transferred from the Ministry of Foreign Affairs to the National Planning Department as the discussions gathered momentum.


A checklist of issues to be addressed

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<thead>
<tr>
<th>MAIN ELEMENTS</th>
<th>ISSUES Addressed</th>
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<tbody>
<tr>
<td>2.1. Strategic framework</td>
<td>Common understanding on sustainable development, SDGs, and PCSD</td>
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</table>

- Are the concepts of sustainable development, SDGs, and PCSD well understood by the public, governmental organisations and across levels of the government?
- What efforts have been made to develop clear, widely accepted and operational objectives and principles for achieving the SDGs?
- How do the SDGs inform policy making?
- Has the role of PCSD been considered for implementing the SDGs?
- Awareness raising on the SDGs and PCSD

<table>
<thead>
<tr>
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<th>Priority setting</th>
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<tbody>
<tr>
<td>- Are the SD priorities of the government aligned to the vision of the SDGs?</td>
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<td>- Is there a clear commitment at the highest level to the implementation of SDGs and the formulation of a national strategy for implementation?</td>
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<tr>
<td>- Is policy coherence for sustainable development an element of the national strategy?</td>
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<tr>
<td>- Is there involvement of the Centre of Government in the coordination of high level priorities for sustainable development and for achieving the SDGs across line ministries?</td>
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- Commitment towards the SDGs
- Role of CoG

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<th>Multi-stakeholder involvement</th>
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<tr>
<td>- What mechanisms are in place to involve and promote active participation of the government departments, parliamentarians, civil society, business and industry, academia, in the preparation of national strategies for achieving the SDGs?</td>
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<tr>
<td>- How have partner countries been involved and helped inform the design of strategies for PCSD?</td>
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- whole-of government/whole of society perspective
- Involvement of partner countries

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<thead>
<tr>
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<th>Country specific SDG targets</th>
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<tbody>
<tr>
<td>- Does the prioritised set of national targets acknowledge policy inter-linkages and cover the three dimensions of sustainable development?</td>
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<tr>
<td>- Are the targets based upon the best available data, evidence?</td>
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<tr>
<td>- Do the targets contribute to economic and social transformation?</td>
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</table>
- Clear governmental objectives

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<thead>
<tr>
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<th>Sustainability criteria</th>
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<tr>
<td>- Is sustainable development integrated into regular government processes (e.g. the budget process)?</td>
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<tr>
<td>- Is there a mechanism for assessing the performance of sectoral policies with regard to SD?</td>
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- Sectoral policies integrating sustainable development
Institutional Framework

2.6. Ensure political commitment, set policy objectives

Strong leadership and clearly stated and articulated commitments at the highest political level is a precondition to coherence for sustainable development. Political commitment needs to be expressed at the highest levels and backed by policies, instructions and incentives that translate commitment into action. In the post-2015 framework governments have to ensure that policies in all sectors contribute to sustainable development goals. This entails establishing a set of goals and priorities, planning for longer-term policy objectives, and seeking a balance with short-term problem solving objectives and considerations that often are a priority. It will also require specific initiatives by governments to better integrate economic, social and environmental goals within the mandate of each institution.

Box 5. Political Commitment

Recommendation 1: Make public the government’s political commitment regarding objectives and policy priorities on policy coherence for sustainable development, clearly outlining how these relate to the SDGs.

Recommendation 2: Publish plans for making progress on policy coherence for sustainable development in economic, social and environmental areas.

Recommendation 3: Educate and engage the public, working with civil society, research organisations and partner countries, to raise awareness of government commitments supporting policy coherence for sustainable development as part of the means of implementation for the SDGs.

Recommendations adapted from the 2010 Council Recommendation on Good Institutional Practices for Promoting Policy Coherence for Development.

2.7. Strengthen and exploit existing institutional mechanisms for policy coherence and coordination to steer sustainable development integration

There exist a variety of well-known policy-coordination mechanisms, particularly in OECD countries. Many of them have existed for years, and represent important tools to achieve policy coherence for sustainable development. The 2010 Recommendation of the Council on Good Institutional Practices in Promoting Policy Coherence for Development identified general processes for efficient coordination that have proven to be practical for promoting PCD. They can be helpful as guidance for promoting PCSD where they are compatible with the general national institutional context (Box 6).

Box 6. Co-ordination practices relevant for PCSD

National practices at central level

The complexity of modern government requires the usage of effective coordination mechanisms within the administration. This better enables the various component parts of a government to consult and coordinate 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 policy coherence for development. However, a less centralised approach can involve inter-ministerial co-ordination. There, policy coherence 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 sustainable development. In these cases, they are uniquely placed to observe at first hand where inconsistencies and incoherent approaches occur.


**Box 7. Policy Co-ordination**

**Recommendation 4:** Use the Government Office/Centre of Government as mandated for the central coordination of high-level policy priority issues to ensure general coherence and consistency of approach across line ministries.

**Recommendation 5:** Encourage the Government Office/Centre of Government, as appropriate, to play a pro-active role in promoting the integration of sustainable development in policy coordination at the cabinet level, in accordance with the particular organisational systems that exist at national level.

**Recommendation 6:** Establish efficient processes at appropriate levels for inter-ministerial coordination to resolve policy conflicts, while ensuring that mandates and responsibilities are clear, fully involving ministries beyond development and foreign affairs.

**Recommendation 7:** Ensure that both formal governance arrangements and informal working practices support effective communication between ministries and departments, and between ministries and public sector bodies under their aegis.

**Recommendation 8:** Consult appropriately the sub-national levels of government in both policy development and the monitoring of policy implementation, when they have a role in this area.

Recommendations adapted from the 2010 Council Recommendation on Good Institutional Practices for Promoting Policy Coherence for Development.

In the post-2015 context, existing coordination structures could be used to enhance PCSD. Many countries set up inter-agency or inter-ministerial co-ordinating committees for sustainable development as part of the National Sustainable Development Strategies (NSDS) agreed in the Agenda 21 signed at the United Nations Conference on Environment and Development in 1992. These coordination mechanisms have provided an overarching integrative body and framework for action. However, in most OECD countries, responsibilities for NSDS implementation was housed in the Ministry of Environment, either directly or indirectly through a co-ordinating committee which it oversees. A good practice is to assign overall co-ordination to a Prime Minister’s office or the equivalent which has greater authority to demand inputs and resolve conflicts than line ministries. The Finnish National Commission on Sustainable Development, for example, is chaired by the Prime Minister. This mechanism is responsible for the implementation of the NSDS and involves ministers, government officials, business and industry representatives, and civil society stakeholders in the national debate on sustainable development.

Involving and coordinating the government departments as well as key stakeholders that are relevant to address a key specific issue, such as food security, allows policy coherence strategies to take a more integrated perspective, give voice to a range of different interest and identify trade-offs across policy areas. The Food Security pilot undertaken by Finland (Box 8) has proven its value as a good model for sharing and pooling knowledge on policies affecting food security overall, and for shaping objectives and recommendations for related policies.
Box 8. Finland’s Food Security Pilot 2012-2013

The Government of Finland piloted the OECD Policy Framework on Policy Coherence for Sustainable Development in 2012-13, to analyse how Finnish and EU policies impact on food security and the right to food in developing countries. Focus was put on (i) national institutional mechanisms to promote policy coherence; (ii) influencing EU policies in the areas of agriculture, fisheries, environment and trade from a development perspective; and (iii) creating a new type of broad-based cooperation, in order to strengthen Finland’s voice in various international fora discussing global food security.

Under the leadership of the Ministry for Foreign Affairs (MFA), the pilot was launched in June 2012 by the inter-ministerial high-level working group on PCD, chaired by the Under-Secretary of State for Development Policy. It was one of the key measures in the Government’s Development Policy 2012 and also provided essential substance to the Communication on Development Impact and Policy Coherence for Development that the Government submitted to Parliament in early 2014.

By invitation of the Under-Secretary of State, a steering group for the pilot was established in August 2012. The steering group consisted of a wide range of stakeholders, each responsible for a different element of the assessment:

- **Government**: MFA (development and trade); Ministry of Agriculture and Forestry (MAF); Ministry of Environment (MOE); Ministry of Social Affairs and Health (SAH); Ministry of Economy and the Employment (MEE).
- **Research institutions**: Finnish Meteorological Institute; Helsinki University/development and agriculture studies; Pellervo Economic Research; Statistics Finland; Agrifood Research Finland
- **NGOs**: Central Union of Agricultural Producers and Forest Owners; Kehys – The Finnish NGDO Platform to the EU; Finnchurchaid.

The pilot was executed in six phases, with a different steering group member responsible for each phase. The group finalised its work in late 2013, and a report on the pilot was launched during the European Development Days in November 2013.

Source: Ministry of Foreign Affairs, Finland (2013), Food security in developing countries can be enhanced through an interplay of policies, Executive Summary.

### 2.8. Strengthen existing mechanisms for monitoring, analysis and reporting

A key tool for enhancing coherence for sustainable development is informed decision making. This requires 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. 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. Not only is such information important to assessing how policies are performing, but also for policy makers in refining or re-prioritising policy instruments and objectives.

Box 9. Monitoring, analysis and reporting

**Recommendation 9:** Embed an evidence-based approach to policy making across the public service, making use of appropriate assessment tools for policy coherence for sustainable development in support of this.

**Recommendation 10:** Ensure that structures are in place, including the allocation of sufficient and appropriate resources, to ascertain effective coordination for policy coherence for sustainable development.

**Recommendation 11:** Consider the data indicators and information that will be gathered and used to report back on performance, prior to the roll-out or implementation of new policies.

**Recommendation 12:** Monitor and report back on policy impacts by using local, sub-national, and field-level resources, including aid agencies and embassies, and by strengthening local capacities and international partnerships.

**Recommendation 13:** Ensure that in examining information on policy performance, including information gathered by field officials/local government officers, efforts be made to also draw on evidence available through other reliable and impartial resources, such as academia, independent domestic and international think-tanks etc.
Recommendation 14: Publish regular reports for the parliament and the wider public about progress on policy coherence for sustainable development, outlining progress made on the achievement of policy priorities and on how policies are being implemented regarding sustainable development issues. These reports would enhance transparency and accountability and they could be included in reporting on government activities and progress made towards meeting the Sustainable Development Goals.

Recommendation 15: Consider regular independent reviews of policy performance on high priority issues with a substantial impact on sustainable development objectives.

Recommendations adapted from the 2010 Council Recommendation on Good Institutional Practices for Promoting Policy Coherence for Development.

2.9. Use budget processes as a tool for enhancing coherence for sustainable development

The budgetary process is the government’s key policy and priority setting document, where policy objectives are reconciled and implemented in concrete terms. It affects all sectors of activity. A country’s overall budgeting system seeks to allocate resources to government priorities and to achieve greater efficiency and effectiveness in government operations. Given that the budgetary process tends to be structured along departmental lines, a key challenge is to incorporate sustainability criteria and consider interlinkages between policies. Longer-term budgeting is a tool for policy integration and for enhancing policy coherence for sustainable development.

2.10. Promote an administrative culture for cross-sectoral collaboration and systematic dialogue among policy communities

An administrative culture that promotes cross-sectoral collaboration and a systematic dialogue between different policy communities will contribute to strengthen policy integration and coherence. Bringing together officials from different policy fields to examine interlinkages between policies can be a way to foster a more collaborative administrative culture, develop shared frameworks of understanding on sustainable development issues, and manage policy change.

Box 10. Embedding Culture Change in the Public Service in Support of PCSD

Recommendation 16: Ensure that staff with the relevant skills and competencies to support effective and coherent policy making are appropriately deployed across the public service.

Recommendation 17: Ensure that appropriate internal communication is undertaken to explain to staff how and why revised ways of working are being implemented.

Recommendation 18: Ensure that appropriate measures are taken to raise awareness across the broader society about the direction a government is taking with regard to policy development and priorities for sustainable development.

Recommendations adapted from the 2010 Council Recommendation on Good Institutional Practices for Promoting Policy Coherence for Development.
### A checklist of issues to be addressed

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<tbody>
<tr>
<td>2.2 Institutional framework</td>
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</table>
| **Political commitment** | - Political statement on PCSD.  
- Action Plans  
- Sustainable development mainstreaming |
| - Is there a political statement spelling out the government’s commitment to PCSD? | | |
| - Has the government identified priority areas for PCSD and developed action plans? | | |
| - Has it made a public commitment endorsed at the highest political level to integrate sustainable development into specific sectoral policies with clear links to the SDGs? | | |
| **Coordination** | - Inter-ministerial collaboration  
- role of CoG |
| - Have formal mechanisms been established for inter-ministerial collaboration, coordination and policy arbitration on SD? | | |
| - Is it located strategically within the government organisational structure to promote coherence and resolve policy conflicts (e.g. at the level of the Prime Minister’s office)? | | |
| - Is the budget process used to set priorities, reconcile policy objectives and promote policy integration? | | |
| **Monitoring and Reporting** | - Reporting  
- Analytical capacity  
- Data collection |
| - Are monitoring and reporting systems in place? Do they draw on evidence from officials and other reliable and impartial sources? | | |
| - Is there transparent reporting to parliament and the public on PCSD, and on the impact of sectoral policies on SD? | | |
| - Are resources and capacity adequate to analyse PCSD? | | |
MODULE 3: OPTIONS FOR TRACKING PROGRESS OF PCSD IN THE POST-2015 FRAMEWORK

Policy and institutional coherence for sustainable development is considered an integral part of the means of implementation for the Post-2015 Development Agenda. For the assessment of policy coherence there need to be clear objectives against which progress is measured. The Sustainable Development Goals, which will provide a set of global priorities for the next fifteen years, provide these objectives. On the basis of the analytical framework introduced in Module 1, the OECD has identified five complementary levels where policy coherence is required in achieving the SDGs (Figure 4). Governments will have to prioritise and focus on those levels of coherence that require greatest attention for making progress.

Figure 4. Five complementary levels of coherence for implementing 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

**a) Coherence between domestic policy objectives and Sustainable Development Goals**

PCSD at this level is about the interaction between domestic policies and internationally agreed goals. Tracking progress at this level entails looking at:

- **Whether governments have a strategic approach to achieve the SDGs (national plans), and if domestic policies in economic, social and environmental areas are supportive of the SDGs.** This entails considering to what extent individual sectoral policies integrate sustainability criteria and the SDGs in their objectives and implementation instruments. A PCSD indicator could focus on the level of commitment expressed at the highest political level – in national legislation – as well as policy inputs (institutional, budgetary factors).
Indices, such as the Sustainable Governance Index (SGI) developed by the Bertelsmann Foundation which captures the contribution of individual countries in promoting sustainable development at the international level could contribute to monitor this level of coherence.

- **The extent to which diverse policies contribute to creating international enabling environments conducive to sustainable development.** This entails identifying whether the achievement of a post-2015 goal or target in one country depend upon policies or actions in other countries. A PCSD indicator could focus on the level of commitment and willingness of governments to collaborate in a coordinated manner in international efforts for achieving the SDGs as well as on their contribution in promoting and advancing international agreements or regimes conducive to sustainable development, such as the global environmental protection regimes.

- **To what extent domestic policies address potential negative spillover effects which may hinder efforts in other countries and regions in achieving the SDGs (‘elsewhere’ dimension).** This entails considering changes/reforms in domestic policies as a result of PCSD and focusing on policy outputs and outcomes. This will require keeping track of policy changes over time, for example the elimination of inefficient fossil fuel subsidies that encourage wasteful consumption and undermine efforts to deal with climate change. A set of policy indicators (such as those being identified in the ‘PCD Monitoring Matrix’) which address “development disablers” – such import and export restrictions, most distorting support to producers, as well as measures relating to biofuels – could be used to measure and monitor coherence at this level. Similarly indicators for the ‘elsewhere’ can be used, such as: ODA, imports from LDCs, migration of human capital, trans-boundary contributions to footprints on land/water/carbon; imports of energy/mineral resources; exports of physical/knowledge capital; foreign direct investment; and contribution to international institutions.

**b) Coherence between international agendas, regimes and processes**

PCSD at this level is about the interplay between diverse international regimes and processes and the SDGs. Achieving the SDGs will depend on a global enabling environment that includes a fair and well-functioning rules-based global trade regime; a fairer and more transparent global tax regime; a stable financial system; effective global environmental protection regimes; amongst others. The convergence of international agendas is critical for aligning efforts to creating global enabling environments and managing effectively the interplay of diverse international regimes for sustainable development.

The food price crisis of 2007-08, for example, underlined the importance of improving the functioning of world markets for achieving global food security through more coordinated and coherent national policies. The involvement of G8 and G20 leaders, the UN Secretary-General and UN, other international organisations, including the OECD, and bilateral donors as well as other stakeholders (private sector, NGOs and CSOs) highlighted the need for strengthening international regimes and the global governance of food security. G20 governments, which took up food security in 2010, have sought to tackle two immediate issues in response to the food price crisis: combating price volatility and achieving sustainable agricultural productivity growth. Improving world food markets will also require wider efforts by all governments for improving the functioning of the multilateral trading system.

Tracking progress of PCSD at this level entails looking at:

- **Whether existing policy coordination mechanisms contribute to generate a coherent whole-of-government perspective to interrelated international processes.** A PCSD indicator could focus on institutional mechanism and look at the extent to which governments integrate SDGs in their international agendas. The framework of the three building blocks for PCD developed
by the OECD, adapted to the post-2015 framework, could be used to foster further whole-of-government approaches to sustainable issues and track progress on this level of coherence.

- **To what extent international initiatives emerging from different international processes are compatible and supportive of the SDGs.** A PCSD indicator could focus on the level of commitment of governments to promote the SDGs in different international processes. At the G20 Summit in Saint Petersburg in September 2013, Leaders committed to participate actively in the elaboration of the post-2015 development agenda; engage in the discussions on the direction of the new framework, its key principles and ideas; and “ensure that G20 activities beyond 2015 are coherent with the new development framework” (paragraphs 86 and 87 of the G20 Leaders’ Declaration). Accountability frameworks, such as the one launched by the G20 through the Development Accountability Report and which monitor the state of implementation of G20 commitments on international development could be used to monitor coherence at this level.

c) **Coherence between economic, social and environmental policies**

PCSD at this level is about promoting synergies – and managing conflicts – between different policies to achieve jointly agreed sustainable development outcomes. It is about how sectoral policy objectives, instruments and practices interact with the overall government’s priorities for achieving the SDGs. This is fundamental for detecting domestic policies that work at cross purposes with the SDGs; providing a more holistic and strategic view of the challenges; and avoiding unintended consequences (such as the impact of fossil fuel subsidies on climate, water, and biodiversity).

This entails looking at interlinkages between diverse economic, social and environmental policy objectives as well as the interactions between implementation instruments at different levels of policy making. For example, looking at how the Common Agricultural Policy is reconciled with national strategies for promoting global food security. A PCSD indicator could focus on policy inputs (institutional and organisational arrangements to promote synergies), policy outputs (public goods provided) and policy outcomes (changes in society) A useful approach could be to map out areas of sectoral policy activity, and potential inter-linkages at national level that can be relevant for achieving the SDGs. In looking at the interrelated SDGs on water, energy and food, for example, involving sectoral experts could help to determine where strengthened coherence would help achieve those goals.

Tracking progress of PCSD at this level entails looking at:

- **The extent to which governments: promote more integrated, cross-sectoral processes of policy-making involving all relevant stakeholders** (whole-of-government approaches); have in place mechanisms to manage policy conflicts and foster coherence, and promote the integration of sustainable development criteria at all stages of policy making and in governmental activity.

d) **Coherence between different sources of finance**

PCSD is about putting in place mechanisms to mobilise in a coherent manner all available resources for sustainable development, public and private from domestic and international, and ensuring that they are supportive of the SDGs. A PCSD indicator could focus on policy inputs (budgetary aspects – ODA, and non-ODA resources) and policy outputs (changes in policy approaches). Tracking progress at this level entails looking at:

- **Commitments by governments to mobilise public resources** (including ODA) to support the implementation of the SDGs.
• **Efforts by governments and other stakeholders to create enabling conditions for mobilising available resources** (tax policy and administration capacities, support to stimulate responsible investment frameworks, reducing cost of remittances).

• **Efforts by governments and other stakeholders to detect and address conditions (development disablers) that hamper countries to use and mobilise effectively their own revenues/resources** for sustainable development, such as transnational corruption or illicit financial flows.

e) Coherence between actions of multiple actors and stakeholders

PCSD at this level is about the interaction between actors and stakeholders to individually or collectively support the achievement of the SDGs. It looks specifically at the complementarities and specific value added between actions of advanced, emerging and developing economies as well as among diverse initiatives of different international organisations and stakeholders.

CSOs make a valuable contribution to public policy-making processes and in making sure that government at all levels as well as businesses act responsibly and sustainably. The private sector has a central role in advancing innovation, creating wealth, mobilising jobs and driving sustainable development.

PCSD at this level will entail promoting more coherent and coordinated responses to key global issues, such as highlighted by the proliferation of global and regional food security initiatives since the 2007-2008 food price crisis. It involves looking at the complementarities between different multilateral organisations. While international and regional organizations with different mandates and capacities provide opportunities for collaboration and mutually reinforcing actions, there is also a risk of fragmentation of efforts, overlap, duplication of work and rivalry. Coherence both within organizations and between organizations will be also critical in achieving the SDGs.
ANNEX

Background

The 2008 MCM Declaration on Policy Coherence for Development\(^1\) requested the OECD to develop assessment methods for PCD. To this end, an external consultant, Mr. Nick Bozeat of GHK, was tasked to develop a conceptual framework to assess progress in PCD. This work was carried out under the supervision of the Secretariat. Members’ responses to a questionnaire about the need for a PCD assessment tool guided the process further\(^2\). Questions included:

- At what level (national, regional, global) should/could PCD be assessed most usefully?
- What categories of issues should be addressed: procedural, substantive and/or methodological?
- Do we need specific approaches/tools to assess different types of policies?
- What are the pros and cons of self-evaluation versus external evaluation?
- What is the role of country case studies? Are they sufficient to gauge progress?
- How can the political relevance and user-friendliness of a PCD tool be ensured?

The draft report\(^3\) was then presented and discussed at the PCD Focal Points meeting in June 2009, and also considered by the OECD-DAC Evaluation Network and other internal experts in December 2009. Subsequently, a draft PCD Toolkit, was developed by the Secretariat in line with external and internal feedback. All national Focal Points were invited in February 2010 to comment on this draft; written comments were received from Canada, Finland, Germany, Greece, the Netherlands, New Zealand, Spain and Sweden. Internally, the OECD Trade and Agriculture Directorate, the Environment Directorate and the Development Centre commented on the relevant sectoral chapters in the toolkit (e.g. agriculture, fisheries, environment).

A revised draft toolkit – now called the Policy Framework for PCD – was presented as a room document at the PCD Focal Points meeting in October 2010. Members were once again invited to comment and to indicate their interest in testing the framework by means of ‘pilots’. Terms of references for the pilot phase were developed in early 2011.

\(^{1}\) OECD Ministerial Declaration on Policy Coherence for Development (C/MIN(2008)2/FINAL).
\(^{3}\) Framework and Assessment Methodology for Policy Coherence for Development (SG/PCD(2009)4).
(http://www.oecd.org/dac/2508761.pdf)


(http://www.oecd.org/dac/oecdactionforashareddevelopmentagenda.htm)

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(http://www.oecd.org/pcd/44704030.pdf)

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UN System Task Team on the Post-2015 UN Development Agenda (2012): Realizing the Future We Want For All: Report to the Secretary General, New York  


3 UN Open Working Group proposal for Sustainable Development Goals  
(https://sustainabledevelopment.un.org/content/documents/1579SDGs%20Proposal.pdf)