



OECD Contributions to the 2030 Agenda and Beyond

SHAPING A SUSTAINABLE FUTURE FOR ALL



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Foreword

This Special Report presents the core analysis underpinning the OECD's contribution to the 2024 UN Summit of the Future, the UN Rescue Plan for the SDGs, and forthcoming major global events, such as the COP 29 and the Second World Summit for Social Development in 2025. This report aligns with the 2023 OECD Ministerial Council Statements and with OECD Members' vision for the Organisation in the coming decade. It aims to promote action to reinforce sustainable development and protect it from existing and emerging challenges, underscoring that robust governance systems are essential for upholding individual rights and freedoms and achieving long-term sustainable well-being.

The report collectively addresses five priorities essential for sustainable and equitable future and for achieving the SDGs: i) equipping governance and institutions for sustainable and inclusive transformation, ii) prioritising policies with multiplier effects for sustainable development, iii) sustainable development and financing for development, iv) science, technology, and innovation and digital cooperation, and v) youth and future generations.

This publication brings together the OECD's knowledge, data, tools, and good practices to support local, regional, national and international action. It is part of the OECD's commitment to providing evidence-based, informed and actionable policy guidance to Member countries and the broader international community. Along with other key reports, it aims to inform and help underpin the discussions at the UN Summit of the Future and to prepare the ground for impactful governmental action towards a resilient and sustainable future.

The analyses included in this report were approved and declassified by the relevant OECD bodies. The Secretariat prepared them for publication, in line with the OECD Action Plan on the SDGs, which calls on the OECD to contribute policy analysis, guidance, and tools to support national and international efforts to achieve the SDGs.

The OECD remains committed to supporting its Members, its partner countries and the international community in addressing the challenges of our time. As we approach the pivotal year of 2030, we must renew and share our efforts and co-operation to achieve the ambitious goals set forth by the SDGs, ensuring a sustainable and equitable future for all.

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The report received contributions from several OECD Directorates besides GOV, including the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), the Centre for Tax Policy and Administration (CTP), the Development Co-operation Directorate (DCD), the Directorate for Education and Skills (EDU), the Directorate for Employment, Labour and Social Affairs (ELS), the Environment Directorate (ENV), the Directorate for Science, Technology and Innovation (STI), the Trade and Agriculture Directorate (TAD), the Development Centre (DEV), and the Centre for Well-Being, Inclusion, Sustainability and Equal Opportunity (WISE). It was drafted by Moritz Ader, Yasmin Ahmad, Léa Aleya Fournier, Marta Arbinolo, Cemre Balaban, Carolin Beck, Laurent Bernat, Dominique Blaquier, Thomas Boehler, Priscilla Boiardi, Dylan Bourny, Francisco Brás Quina, Stijn Broecke, Magdalena Burtscher, Adriana Caicedo, Celine Caira, Ariana Carballido, Julia Carro, Juan Casado Asensio, Francesca Casalini, Olivier Cattaneo, Isabelle Chatry, Tea Cimini, Wouter Coussement, Mollie Cretsinger, Olivia Cuq, Rita Da Costa, Gallia Daor, Pierre de Boisséson, Claire Delpéuch, Kerri Elgar, Cecilia Emilsson, Carrie Exton, Kern Fastrup, Pietro Gagliardi, Stellina Galitopoulou, Andrea Garnerò, Gregoire Garsous, Silvia Gavornikova, Alexia González Fanfalone, Lorenz Gross, Guillaume Gruère, Giorgio Gualberti, Isabel Guasch, Carolina Guerra, Alejandro Guerrero-Ruiz, Pinar Guven, Noga Heiman, Rosaria Hernando Cruz, Alice Holt, Paul Horrocks, Renwick Irvine, Chris James, Claire Jolly, Katia Karousakis, Takako Kitahara, Eugenia Klimenka, Alexandre Kolev, Hirofumi Kyunai, Gaetan Lafortune, Sophie Lavaud, Xavier Leflaive, Antonela Leiva, Martina Lejtregger, Nina Lenglinger, Lahra Liberti, Anjeza Llulla, Estelle Loiseau, Javier Lopez Gonzalez, Danielle Mallon, Thomas Manfredi, Sonja Marki, Catriona Marshall, Stefano Marta, Coralie Martin, Craig Matasick, Frederik Matthys, Vasiliki Mavroeidi, Ida McDonnell, Sasha Milanova, Arthur Minsat, Mariana Mirabile, Veerle Miranda, Bathylle Missika, Rachel Morris, Jaroslaw Mrowiec, Sebastian Nieto Parra, Natalia Ortiz Peñate, Hyeshin Park, Andrew Paterson, Valentina Patrini, Alexander Pick, Nadine Piefer-Söyler, Annalisa Primi, Diane Raillard, Emma Raiteri, Mikaela Rambali, Maximilian Reisch, Ji-Yeun Rim, Arturo Rivera, Lisa Robinson, Vicente Ruiz, Mohammed Saffar, Elliot Smith, Silvia Sorescu, Ernesto Soria Morales, Liva Stokenberga, Piotr Stryszowski, Eric Sutherland, Anne-Marie Trang, Bakary Traoré, Elia Trippel, Barbara Ubaldi, Michael Ward, Jeremy West, Lisa Williams, Jacqueline Wood, Ricardo Zapata, Felix Zimmermann and Geovana Zoccal. The report benefited from editorial assistance and was prepared for publication by Melissa Sander.

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Executive Summary

The world is at a critical juncture, facing an array of interconnected global challenges. These challenges affect everyone, particularly the poorest and most vulnerable, and range from the triple planetary crises of climate change, biodiversity loss, and pollution, to pandemics, food and energy shortages, large-scale forced migration, rising domestic and global inequality, and escalating armed conflicts. In this context, there has been an alarming stagnation in progress towards achieving the Sustainable Development Goals (SDGs). The rise in public debt levels in many low- and middle-income countries is concerning. The United Nations (UN) Secretary-General's 2023 special edition report on SDG progress underscored that the next five years are critical, as failure to achieve the SDGs could lead to even greater poverty and inequalities, political instability, economic upheaval, and irreversible environmental damage.

Yet, many countries are facing challenges in ensuring that their governance systems are capable of addressing these complex and interconnected challenges. A need for better governance, effective policy integration, sustainable investment choices as well as effective use of public resources, including Official Development Assistance (ODA), - as well as better international governance of SDGs - to meet sustainable development needs has never been more urgent. Delivering these improvements will require unprecedented action and decisions from public institutions and political leaders, effective and inclusive multilateral cooperation, with the goal of uniting diverse stakeholders to deliver nothing short of a rescue plan for people and the planet, in line with the call to action made by the UN Secretary General.

As countries approach 2030, there is increasing recognition that the SDG commitments to “leave no one behind” and “reach those furthest behind first” need to extend beyond this timeline. In this context, the UN Summit of the Future presents a unique opportunity to tackle both current and future challenges, with a view to enhancing global collaboration on critical issues. The OECD's policy work and active global engagement demonstrates its commitment to support all countries to individually and collectively achieve this objective.

This Report aims to provide OECD support to inform decision making ahead of the UN Summit of the Future and following high-level events. It leverages OECD knowledge, data, tools, instruments and good practices to support national and international actions to respond to future challenges and opportunities. This report addresses two major breakthroughs proposed in the UN Secretary General's Rescue Plan for People and Planet: equipping governance and institutions for sustainable and inclusive transformation, and prioritising policies and investments with multiplier effects for sustainable development. It also aligns with the bold actions outlined in the anticipated Pact for the Future, addressing three of the five key priorities: sustainable development and financing for development; science, technology, innovation, and digital co-operation; and youth and future generations.

Governance for equitable and sustainable transformation

Transforming governance systems for sustainable development requires overcoming sectoral silos and policy fragmentation, as well as setting practical, and where feasible, ambitious and coherent economic, social, and environmental objectives that extend beyond short-term political cycles. Establishing robust policy coherence mechanisms is therefore needed to harmonise policy priorities and promote collaboration

where most effective, with a view to reducing policy fragmentation, ensuring mutually reinforcing policies across sectors and government levels, and minimising negative transboundary effects of domestic policies.

Sound governance for sustainable transformation also calls for the strategic use of various government tools - such as strategic foresight, people-centred public policy, mechanisms for stakeholder engagement, regulatory policy, public procurement and budgeting – in order to build resilient, sustainable and inclusive societies. It also calls for ensuring information integrity and providing access to justice for all, which are critical for the sound implementation of individual rights and government commitments.

Effective governance systems also require the alignment of public investments with the public interest and sustainability priorities, including through the use of existing planning tools, such as National Sustainable Development Strategies, National Development and Decarbonisation Plans, strategic public investment decisions to foster inclusive and sustainable futures, stimulating further investments from private and other sectors, and leveraging transition finance to build resilient infrastructure and other strategic sectors. Integrity and building trust are also core objectives, crucial for fighting corruption and illicit financial flows, essential for effective public service delivery and sustainability. There is also a need to develop and maintain regulatory frameworks that facilitate compliance with SDGs, including the integration of the SDGs across the regulatory cycle and enhancing regulatory co-operation. In addition, developing new measures of progress that focus on both people and the planet will be crucial to a more holistic understanding of global economic prosperity and progress beyond GDP. To this end, the newly established International Forum on Total Official Support for Sustainable Development (TOSSD) could play a pivotal role.

Finally, adopting a territorial approach to the SDGs is essential as cities and regions play a critical role in promoting a paradigm shift towards sustainability. At least 105 of the 169 SDGs targets will not be achieved without proper engagement and coordination with local and regional governments. The SDGs provide the appropriate framework to define and shape local and regional development visions, strategies, plans, and re-orient existing ones towards sustainable development.

Policies and investments for sustainable transformation

Sustainable transformation requires prioritising policies and investments that are mutually reinforcing and can catalyse progress across social, economic, and environmental dimensions, serving as multipliers to accelerate the achievement of the SDGs. This includes closing divides to leave no one behind, through strengthening policies and investments for social inclusion and identifying areas where social inclusion initiatives can be pursued in synergy with environmental protection. A key example of this is pursuing universal social protection, in light of its significant multiplier effects across different SDGs and incomparable potential for promoting *just* transitions. In addition, leveraging environment-human-well-being synergies is essential for coherent and effective SDG implementation. This requires enhancing transition finance credibility, strengthening domestic enabling conditions, addressing the labour and distributional impacts of climate policies, accelerating access to clean energy, and protecting biodiversity. In addition, there is a need to strengthen measures to protect lives in disaster situations by aligning disaster risk reduction and climate change adaptation responses.

Additional financing for sustainable transformation

Delivering an SDG stimulus requires innovative and collaborative solutions to unlock and scale up all sources of financing – public and private, domestic and international – for sustainable development and to address interlinked global crises. These need to harness productive trade and tax revenues, as well as international flows, to support SDG financing, including through innovative financing mechanisms, ensuring that financial flows, trade, development co-operation and other policies align with SDGs and promote inclusive and equitable outcomes, as well as encouraging green budgeting, developing effective tax policies, and improving tax administration, including via digitalisation of tax processes. This may also include innovative forms of financing, such as targeting support to enhance co-operation between public and private financial institutions through blended finance instruments, green, social, and sustainability

bonds, and local currency solutions. Once again, integrity, compliance, anti-corruption and the fight against illicit finance are crucial for effective domestic resource mobilisation and attracting additional external financing from both private and public sources.

Science, technology, and innovation (STI) for sustainable and inclusive transformation

It is essential to design and implement STI policies in a manner to address societal challenges and achieve sustainable transformation, as set out in the OECD Transformative Agenda for STI Policies. Promoting trustworthy artificial intelligence (AI) is critical for digital transformation. AI is a powerful, versatile technology which has the potential to transform how we work, learn and interact, boosting productivity and economic growth and accelerating progress towards addressing global challenges, such as food security and climate change. However, we also need to address the risks raised by AI technology, including those related to privacy, safety, security, human rights and AI-generated disinformation and manipulated content. Beyond AI, policy efforts needed in the area of digital transformation also include enhancing broadband connectivity; achieving well-performing digital health systems through digital technologies; and, strengthening data governance frameworks while upholding human rights, including women's and girls' human rights, which face additional risks in the digital sphere. Strategic foresight should be used for anticipatory and innovative policy exploration about multiple futures, including by assessing emerging critical risks and opportunities in the face of various technological advancements and their implications on our economy and society. Strengthening data governance frameworks will be essential to ensure high standards of data protection, and facilitate data access and sharing across jurisdictions, including in the public sector.

Empowering youth for a more equitable and sustainable future

Addressing the needs and rights of youth and future generations is crucial to achieve sustainable development and intergenerational justice. This requires policies that promote formal job creation, high-quality employment services, and support for youth entrepreneurship, as well as social protection systems to meet the specific needs of youth, access to affordable housing, and outreach to vulnerable and disadvantaged young people. Promoting active, meaningful, and inclusive youth participation in decision-making processes at all levels will also help ensure that policies are reflective of their needs and aspirations.

1 Key policy insights

Box 1.1. Priority recommendations for sustainable and equitable transformation

To advance sustainable and equitable transformation, governments should consider:

- Ensuring policy coherence by strengthening coordination capacity, establishing effective institutional mechanisms that detect and resolve policy conflicts and mitigate negative impacts, aligning actions across sectors and between levels of government, and building capacities for cross-sectoral cooperation.
- Adopting a territorial approach that incentivises and empowers subnational governments to develop and implement plans to advance on the SDGs, with supportive fiscal frameworks, granular data and governance structures that align spending, priorities and monitoring across different levels of government.
- Strategically aligning future and current public investments with planning tools such as National Development and Decarbonisation plans, stimulating further investments from private and other sectors into strategic priorities.
- Taking a whole-of-government approach to international regulatory co-operation that conveys political leadership and builds a holistic vision with co-operation platforms and clearly defined roles and responsibilities for oversight bodies and regulators.
- Implement policies to enhance the transparency, accountability, and plurality of information sources and upgrade governance measures to uphold the integrity of the information space.
- Strengthening institutional capacity to deliver people-centred justice through developing people-centred justice purpose, culture and a continuum of legal and justice services based on evidence of legal needs of different groups of people.
- Updating the development effectiveness narrative and adapting institutional arrangements, management systems, policies, and practices to engage with partner country actors, including by supporting locally led development co-operation, leveraging whole of government contribution and building support for development.
- Developing better, more relevant and timely metrics beyond GDP that capture the multitude of experiences and needs of people and that are instrumental for informing a tailored, effective and coordinated policy response.
- Strengthening access to social protection by increasing coverage and ensuring the sustainable financing of social protection systems to leave no one behind.
- Investing in accessible, equitable and quality education for all, and promoting access to lifelong learning and activation support for workers in the informal sector.
- Enacting and enforcing laws that enable gender equality and protect women's and girls' human rights, tackle gender discrimination and bias in education, the labour market, and economies and societies.
- Investing more, more equitably and more efficiently in education, including by harnessing the power of the digital revolution to provide quality education, with a particular focus on ensuring an inclusive, safe, healthy, and stimulating learning environment for all.
- Promoting global cooperation for Universal Health Coverage, including by facilitating international dialogue to improve global policy coherence and support for global public goods such as vaccines, surveillance efforts, and coordinated emergency responses.
- Developing adaptation and mitigation measures to protect the livelihoods of the most exposed populations, in anticipation of major reallocations within and across sectors.

- Evaluating the allocation of budgetary resources to fossil fuels and gradually phasing out inefficient fossil fuel support, which encourages wasteful consumption and impedes investment in clean energy.
- Addressing the economic and social consequences of climate-altered water cycles, and wherever possible working to stabilise the hydrological cycle to mitigate climate change.
- Using strategic foresight to identify effective climate actions under various climate scenarios, including developing contingent plans for climate emergencies.
- Deploying strategically development finance to mobilise and scale up private finance for sustainable development, including climate finance, scaling up blended finance and the use of green, social, sustainability, and sustainability-linked bonds, and addressing regulatory barriers to encourage private investment, especially in emerging and developing economies.
- Enhancing Aid for Trade to support the SDGs and emerging priorities by incorporating SDG considerations systematically, including increasing resources, improving supply chain resilience, and supporting digital and environmental transitions.
- Broadening tax bases and/or by tax policy and tax administration reform, including the digitalisation of tax processes.
- Tackling corruption and addressing the “enablers” of illicit financial flows including the networks of financial intermediaries, accountancy firms, advocates and advisers that enable or sustain them.
- Ensuring sustained investments and greater directionality in research and innovation while reappraising science and technology systems and policies to ensure they are “fit-for-purpose”.
- Promoting international cooperation and dialogue would bolster trust in the data flows that underpin today's economy.
- Measuring, assessing, and anticipating AI's impact across the economy and society, supporting interoperability across policy frameworks, and the adoption of trustworthy AI, acknowledging that opportunities and risks may differ based on sectoral specificities.
- Promoting the use of AI systems in the workplace that respect the privacy of workers, fairness, ensure occupational safety and health, transparency, explainability and accountability, as well as ensuring access to training and promoting social dialogue.
- Develop core digital public infrastructure that is safe, secure, trustworthy and inclusive and invest further in solid data governance arrangements.
- Fostering competition and investment in communication infrastructure to expand consumer choice, lower prices, increase the quality of broadband offers, and spur innovation.
- Addressing the impact of digital transformation on human rights across sectors and embedding human rights throughout the lifecycle of digital technologies.
- Ensuring that the digital environment is both safe and beneficial for individuals, in particular for vulnerable groups such as children, including through coherent policies and measures that provide for age-appropriate child safety by design and that promote digital literacy.
- Ensuring long-term sustainability of space activities through stronger and more coordinated public-private collaboration on data-sharing, international consensus on standards and best practices, technological development, and innovative policymaking.
- Promoting job creation, addressing labour market barriers, and ensuring that quality jobs are available for all young people, and applying strategic foresight and public management tools to explore various future implications of current policies and mainstreaming the perspective of current young and future generations in policymaking.

1.1. Governance for equitable and sustainable transformation

An equitable, sustainable and inclusive transformation requires governments worldwide to be people centred in their policy outlook, inclusive in their governance approach, to overcome sectoral silos and policy fragmentation and to set realistic, yet also ambitious and coherent economic, social and environmental objectives that go beyond short-term political cycles. Governments will need to use all mechanisms, systems, and tools available to them to ensure that sustainable development goals are explicitly incorporated into their main policy agendas. This includes processes such as budgeting and public procurement. Aligning public investments across levels of government with sustainability priorities will also be crucial to shape a sustainable future. It will require strategic use of these investments, as well as the stimulation of further investments from private and other sectors. An unprecedented range of actors will need to collaborate and participate at every stage of policy design. Effective governance processes and structures can take many forms and countries must be open to a broad spectrum of potential approaches.

1.1.1. *Equipping governance and institutions for sustainable and inclusive transformation*

Establishing robust policy coherence systems is critical for a country's pursuit of its citizens' well-being and domestic sustainable development, without adversely affecting the sustainable development prospects of other countries. Effective policy coherence systems help harmonise policy priorities, including both domestic and international, and reduce policy fragmentation, ensure policies across sectors and levels of government are mutually reinforcing, and minimise the negative spillovers of domestic policies. To advance policy coherence, according to the OECD Recommendation on Policy Coherence for Sustainable Development (PCSD) (OECD, 2019^[1]), countries may consider to:

- Set up strategic policy frameworks to systematically integrate economic, social, and environmental dimensions at all stages of policymaking, underpinned by clear political commitment and leadership to enhance PCSD; and
- Strengthen coordination capacity and establish effective institutional mechanisms that detect and resolve policy conflicts, align actions across sectors and between levels of government, mitigate negative impacts of policies, and foster an administrative culture of cross-sectoral cooperation, as well as adequate training of civil servants.

Aligning public investments with sustainability priorities is crucial to shape sustainable future. In the context of a rapidly warming planet, for example, it will be essential to leverage transition finance in support of building resilient critical infrastructure assets and services. In addition, it will be critical to reduce the risks of illicit financial flows and enable integrity in cross border payment and financial management systems for protecting domestic resource mobilisation (DRM) and attracting foreign direct investment (FDI). To this end, governments can:

- Strategically align future and current public investments with planning tools such as National Development and Decarbonisation plans, stimulating further investments from private and other sectors into strategic priorities through mixed schemes such as Public Private Partnerships;
- Prioritise quality domestic and foreign direct investments that contribute to sustainable development and address the interconnectedness of environmental, social, and economic aspects, including through planning and other tools;
- Tackle the risks of financial exclusion, by addressing the unintended effects of global legal regulation on the ability of developing countries to access finance and credit;
- Prioritise measures that can reduce the risk of corruption and illicit financial flow (IFF) across sectors critical for domestic resource mobilisation, including tax revenue collection, remittances, trade and investment; and

- Target the enablers of illicit financial flows to prevent the unlawful diversion of economic gains out of countries, which can negate financial inflows and severely reduce domestic investment capacity.

1.1.2. Adopting a territorial approach to SDGs

Cities and regions have a crucial role to play in SDG achievements although the 2030 Agenda was not designed specifically for or by them. Most underlying policies and investments are a shared responsibility across levels of government. Local and regional governments account for 55% of total public investment in OECD countries, and it is estimated that 65% of the 169 targets contained in the SDGs cannot be achieved without the engagement of subnational levels.

- Adopt a territorial approach that incentivises and empowers subnational governments to develop and implement plans to advance on the SDGs, with supportive fiscal frameworks, granular data and governance structures that align spending, priorities and monitoring across different levels of government; and
- Utilise responsive tools and monitoring mechanisms to anticipate and address cross-national and long-term impacts of policies on sustainable development and ensuring that policies can be adjusted in light of their impacts.

1.1.3. Developing a suitable regulatory framework

However, ensuring the necessary policy coherence systems and public investments is not enough in itself. Individual governance tools, such as budgeting, procurement and rule-making also need to be considered. Indeed, achieving the SDGs requires their integration across the different stages of the rule-making process, from the initial design of laws and regulations through their effective and efficient implementation and to their periodic revision. To ensure compliance with SDG norms, governments need to establish and maintain appropriate mechanisms for consultation, co-ordination, and capacity-building for SDGs at every step of the process. Enhanced regulatory cooperation will also be required to navigate escalating crises in an interconnected world. The OECD Recommendation on International Regulatory Co-operation to Tackle Global Challenges describes three high-level principles to guide governments in ensuring their inter-governmental processes are well co-ordinated and provide adequate incentives to tackle global issues:

- Take a whole-of-government approach to international regulatory co-operation that conveys political leadership and builds a holistic vision with co-operation platforms and clearly defined roles and responsibilities for oversight bodies and regulators. This is key to ensure that policymakers and regulators across sectors support their government's global commitments by considering international impacts and capitalising on relevant information, practices and evidence;
- Recognise international regulatory co-operation throughout domestic rulemaking by gathering and taking into account international knowledge as well as relevant impacts, considering existing international instruments, providing opportunities to engage with interested parties to comment on potential international consequences of regulatory options; and
- Co-operate internationally on bilateral, plurilateral, and multilateral levels for the development and diffusion of good practices, the consideration and recognition of other jurisdictions' measures, and collection of evidence on issues of common interest.

1.1.4. Ensuring information integrity to enhance the ability of governments to fulfil their responsibilities

Growing threats to media independence and viability, the rapid and unbridled ascent of new technologies and comparable lack of rights-based ethical frameworks to guide their development, mis- and dis-information and the significant upswing in threats to journalism as a profession pose multiple risks to

democracy, including through direct electoral interference, a lack of fact-based knowledge exchange and reporting, and the erosion of public trust in government. This extends to how the public receives information about government policies related to the SDGs. Given the ubiquity of digital technology, including AI, and their impact on how we receive and consume information, governments must devote more time to examining information policies within their countries as well as in coordination with their international counterparts. To strengthen information integrity, governments should:

- Implement policies – such as supporting independent media or ensuring that online platforms are held accountable for information spread through their services – to enhance the transparency, accountability, and plurality of information sources;
- Foster societal resilience to disinformation by promoting the development of citizens' critical thinking practices and digital skills; and
- Upgrade governance measures and public institutions, such as regulation, strategic frameworks, and capacity building to uphold the integrity of the information space.

1.1.5. Enabling inclusive governance, enhancing access to justice and promoting people-centered justice systems

Access to justice is a critical element to support the implementation of the 2030 Agenda and SDGs and promote healthy democracies, as acknowledged in the SDG 16.3 indicator, which calls upon countries to promote the rule of law at the national and international levels and ensure equal access to justice for all. At the same time, countries face significant gaps in access to justice with more than 5.1 billion people worldwide lacking meaningful access to justice. This requires reshaping the justice systems by redesigning legal and justice service to address diverse legal needs. To this end, in line with the OECD Recommendation on Access to Justice and People-centred Justice Systems, governments should:

- Strengthen institutional capacity to deliver people-centred justice through developing people-centred justice purpose and culture based on evidence of legal needs to different groups of the population;
- Design and deliver a continuum of people-centred legal and justice services tailored to diverse legal needs; and
- Empower individuals through legal literacy and community-based initiatives.

1.1.6. Strengthening global development cooperation

Official Development Assistance (ODA) remains an important, stable, and reliable source of external finance for developing countries. The global context however is evolving and so must the aid system. Neither the development co-operation system nor the global financial architecture was designed to tackle today's complex interlinked crises, and moments of challenge offer a window of opportunity for change. Systemic changes are needed in terms of the range, quantity, and quality of resources for development and the architecture that governs their use. Common ground for further collaboration between development co-operation providers needs to be found. Engagement and mutual learning should be further strengthened to increase impact and effectiveness on the basis of internationally endorsed development co-operation effectiveness principles, with the highest standards of transparency and mutual accountability in development co-operation globally.

Development co-operation could act as a catalyst to support a level playing field in developing countries, that builds on the strengths of these countries, commits to long-term and locally led development, and ensures protection for the poorest and most vulnerable, while also expanding support for development-related global public goods. It is an important way to advance dialogue and partnerships for the SDGs through helping to build the capacities of these countries and enabling quality investment in line with

sustainability criteria to ensure no one is left behind. To best support locally led development and ensure that ODA achieves desired outcomes, policy makers can:

- Better leverage and maximise the sustainable development impact of ODA and other official flows to mobilise private finance and investment through innovative instruments with a focus on quality (blended finance, bonds, guarantees, etc.) that is aligned with the SDGs and built on inclusive partnerships;
- Refresh the development effectiveness narrative in a changing global context with new demands, and adapt institutional arrangements, management systems, policies, partnerships, and practices to engage with partner country actors accordingly, including by supporting locally led development co-operation in line with development effectiveness principles; Leverage whole of government contribution to development and build public and political support for development. This can include decentralised development co-operation (DDC) through common DDC guidance and objectives at national, regional, and local levels, to support locally led and effective development co-operation, including through the facilitation of peer-to-peer learning to deliver mutual benefits in areas where cities and regions have strong competencies and knowledge to share;
- Promote policy coherence for sustainable development by considering the transboundary aspect of policy making to increase the effectiveness of their policies and with a view to achieving the SDGs, and by continuing to develop adequate metrics and frameworks to orient and measure the contribution of the private sector to the SDGs and promote harmonisation and inter-operability of these frameworks; and
- Safeguard the integrity of ODA and strengthen corruption risk management systems in partner countries building on the 2016 Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption. Additionally, prioritising the fight against illicit financial flows (IFFs) will remain strategic. The 2023 DAC Policy Guidance on Mitigating Risks of IFFs in oil commodity trading provides a roadmap to enhance domestic resource mobilisation for the benefit of populations in resource-rich developing countries while at the same time laying the basis to ensure integrity in the energy transition.

1.1.7. Strengthening capacities to measure progress beyond GDP to reflect economic and social progress for environmental sustainability

It is very difficult to improve the lives of people we do not know about, or about whom we know very little. The 2030 Agenda and Our Common Agenda recognise this critical flaw in global policy-making: our economic models and measurements undervalue many elements that greatly contribute to human well-being, while overvaluing activities that harm people and the planet. To better understand the particularities of each country and their people's living conditions, their distribution across the population, and their sustainability over time, we need to collect better and more high-quality, granular, and people and planet-centred data. Advances in statistical capacities and techniques are increasingly enabling such measurement, as exemplified by the United Nations Inter-Agency and Expert Group on SDG Indicators (UN IAEG)'s framework for measuring the SDGs, allowing better insights into how economic, social and environmental phenomena interact and how they are experienced differently across different population groups and places. To develop and strengthen measures of progress beyond GDP, parties can work to:

- Strive for better, more relevant and timely metrics beyond GDP that capture the multitude of experiences and needs of people and that are instrumental for informing a tailored, effective and coordinated policy response; and
- Strengthen statistical capacity to collect better evidence and harmonise data collection between and within countries and to fill statistical gaps for minorities and marginalised groups, with a view to reach and account for all those that are at risk of being left behind.

1.2. Policies and investments for a sustainable transformation and accelerated progress across the SDGs

The United Nations seek to take bold, ambitious, accelerated, just, and transformative actions to realise the 2030 Agenda and Leave No One Behind, including by investing in people and their socio-economic development to end poverty and strengthen trust and social cohesion; promoting gender equality and empowering and protecting all women and girls as a prerequisite to achieve the SDGs; accelerating efforts to protect the environment and fight climate change; and reducing inequalities.

1.2.1. Closing divides to “Leave No One Behind (LNOB)”

The concept of LNOB entails ensuring that everyone everywhere benefits from development and the full realisation of human rights without discrimination on any basis. This means creating policy to close existing socioeconomic divides and address other persistent inequalities in our societies. In particular, this requires providing universal access to social protection and generating quality jobs for a just and equitable transition; addressing the double burden of informal and low-paying work; investing in women and girls; adopting a life-course approach to essential services, including education; and securing universal health coverage.

In particular, providing universal access to social protection and supporting a just and equitable transition calls on governments to:

- Strengthen access to social protection by increasing coverage and ensuring the sustainable financing of social protection systems to leave no one behind; and
- Use targeted social protection policies and strategies to promote the integration of environmental and economic considerations into social protection measures.

Breaking the vicious circles of informal employment and low-paying work necessitates governments to:

- Enhance access to social protection for lower-tier informal workers, including by integrating them in non-contributory social protection schemes and subsidising their participation in contributory schemes to alleviate poverty;
- Advance remuneration policies that address inequality – and the mechanisms to ensure their application and enforcement – including effective minimum wages and measures to improve the bargaining power of low paid informal workers; and
- Invest in accessible, equitable, quality education, and promote access to lifelong learning and activation support for workers in the informal sector.

Closing gender gaps requires governments and partners to:

- Enact and enforce laws that enable gender equality and protect women’s and girls’ human rights, tackle gender discrimination and bias in education, the labour market, and economies and societies;
- Improve policies, practices and investments in gender equality via development co-operation and diplomacy efforts, including by promoting and using the new DAC Recommendation on Gender Equality and the Empowerment of All Women and Girls in Development Co-operation and Humanitarian Assistance, and related DAC Recommendation on Ending Sexual Exploitation Abuse and Harassment Guidance to better support global ambitions to promote gender equality and the empowerment of all women and girls (OECD, 2022^[2]).
- Promote gender balance in private and public leadership positions, support gender equality in entrepreneurship, and ensure equal pay for work of equal value, support a more equal distribution of paid and unpaid work between men and women, more accessible and affordable early childhood

education and care, and effective flexible working arrangements for the compatibility of work and family responsibilities; and

- Mainstream gender equality across policy areas.

Adopting a life-course approach to essential services and tackling the global crisis in education will require to:

- Invest more, more equitably and more efficiently in education, including by harnessing the power of the digital revolution to provide quality education as a public good and a human right, with a particular focus on ensuring an inclusive, safe, healthy, and stimulating learning environment, including for the most marginalised;
- Integrate sustainable development education into mainstream curricula to equip learners with the knowledge, skills, and values needed to tackle global crises, with the goal of fostering resilience and innovation to build more sustainable societies; and
- Engage and empower young people as agents of change to deliver sustainable, resilient, and innovative solutions to multiple crises, particularly at the local level.

Achieving and sustaining Universal Health Coverage (UHC) will require to:

- Increase funding for UHC at both domestic and international levels by expanding prepayment mechanisms and leveraging health taxes on products that are harmful for people's health;
- Invest in national health systems' resilience by aligning action across finance and health ministries to address capacity constraints; and
- Promote global cooperation for UHC, including by facilitating international dialogue to improve global policy coherence and support for global public goods such as vaccines, surveillance efforts, and coordinated emergency responses. This ensures that all countries can better withstand and recover from health crises.

1.2.2. Leveraging synergies between environmental and social policy objectives

When environmental policies are aligned with well-being goals their cost-effectiveness increases, as multiple problems can be tackled at the same time. Identifying areas where social inclusion and environmental objectives are mutually reinforcing can help policy makers minimise trade-offs and develop more coherent policy measures and financing mechanisms. Areas to focus these efforts include strengthening domestic enabling conditions and the credibility of transition finance; addressing the distributional impacts of climate policies; ensuring access to clean energy and the shift to renewables and making the transition affordable to vulnerable populations, while protecting biodiversity and natural resources; harnessing the mutual benefits of climate change mitigation and adaptation; ensuring sanitation, water, and food security; and assessing and responding to disaster risks. In the context of the transition to net-zero emissions, governments should:

- Consult widely to ensure that their ambition will be matched by popular support.

The transition to net-zero emissions will have deep effects on global labour markets. To address the labour market and multi-dimensional distributional impacts of climate policies, governments can:

- Provide effective training and early intervention measures to help transitions out of emission-intensive occupations, coupled with well-designed out-of-work income-support schemes;
- Improve pay and working conditions in low- and medium-skilled green-driven jobs;
- Develop adaptation and mitigation measures to protect the livelihoods of the most exposed populations, in anticipation of major reallocations within and across sectors;

- Channel part of the carbon price revenues back to the most affected households through well-targeted transfers; and
- Leverage green investments in support of well-being objectives, including by investing in actions that improve physical and mental health and contribute to community cohesion.

To secure accelerated access to clean energy, governments can work to:

- Evaluate the allocation of budgetary resources to fossil fuels and gradually phase out inefficient fossil fuel support, which encourages wasteful consumption and impedes investment in clean energy;
- Redirect public spending towards the development of low-carbon alternatives, alongside improvements in energy efficiency and security; and
- Reform existing support measures to better target those in need.

Human well-being is inherently connected to environmental quality and sustainability. Therefore, in leveraging synergies between environmental and social objectives, policy makers must also consider the important role of, and impacts on, biodiversity. Key recommendations to address biodiversity loss in this regard include for governments to:

- Develop comprehensive natural capital accounts, a tool that measures changes in ecosystems and setting clear SMART targets and indicators; and
- Mainstream biodiversity in strategies, plans, policies and project and aligning public budgets and fiscal policy with biodiversity objectives; identify and reform environmentally harmful government support; and scale up private finance and investment in biodiversity, including through enhanced use and effectiveness of economic instruments as part of a broader policy mix.

In turn, securing sanitation, water, and food security in the context of a warming planet will require governments to:

- Address the economic and social consequences of climate-altered water cycles, and wherever possible working to stabilise the hydrological cycle to mitigate climate change;
- Implement greater policy coherence to allow for multisectoral, bottom-up, and place-based interventions that address the unique needs and opportunities of different territories and communities; and
- Engage cities and rural areas in sustainable food policies as part of their territorial development strategies, focusing on reducing food waste, and fostering a circular economy, while taking into account urban-rural linkages.

Finally, disaster response is another area where policy makers must implement preventative measures to protect the greatest number of lives. A particular challenge is siloed nature of disaster risk reduction (DRR) and climate change adaptation (CCA) responses, which tend to reside within separate institutions. This often results in policy incoherence, hindering efforts to assist those experiencing crisis. To achieve better integration, the OECD advises countries to:

- Make tailored climate information readily available to support evidence-based policy-making, as well as strategic foresight through anticipatory analysis;
- Align responsibility for co-ordination with responsibility for implementation of CCA and DRR policies and enhance capacity to translate coherence in planning into coherence in implementation, especially by supporting regional and local governments;
- Use strategic foresight to identify effective climate actions under various climate scenarios, including developing contingent plans for climate emergencies; and
- Optimise long-term funding allocation across different risks through budgeting tools, disaster risk financing mechanisms including early warning and anticipatory action plans based on assessments

of future impacts, and greater transparency in public spending and monitor, evaluate and learn from CCA and DRR.

1.3. Financing sustainable development and creating a global enabling environment for developing countries

The United Nations strive to close the SDG financing gap in developing countries by providing sustainable, affordable, accessible, and predictable development finance, including to support the adaptation of developing countries to the impacts of climate change, ensuring these countries have the financing they need. In addition, they have vowed to scale-up the means of implementation to developing countries to enhance their science, technology, and innovation capacities. The United Nations also seek to ensure that the global trading system is an engine for sustainable development, including in developing countries. A concerted effort from all multilateral stakeholders is required to meet the ambition of expanded multilateral mandates and scaled up financing for those in most need to tackle the challenges ahead. This necessitates optimising the distribution of multilateral development banks' aid allocation, but also includes replenishments to these funds driven by the principle that scarce concessional resources must go to the countries and people most in need.

1.3.1. Delivering an SDG stimulus

Estimates suggest that securing a surge in SDG-related financing will require trillions of dollars of additional annual spending by 2030. Reaching this surge in financing will require deeper partnerships, technical assistance on blended finance instruments, measurement of the contribution of ODA to Global Public Goods (Elgar et al., 2023^[3]) and new analysis on innovative financing structures and instruments to scale up public and private financing for sustainable development. Strategies and actions to achieve this include the mobilisation of private finance for sustainable development, scaling up the use of green, social, and sustainability bonds in developing countries, strengthening the use of local currency solutions, and promoting blended finance instruments. To this end, governments can work to:

- Mobilise and scale up private finance for sustainable development, including climate finance, scaling up blended finance and the use of green, social, sustainability, and sustainability-linked (GSSS) bonds, and addressing regulatory barriers to encourage private investment, especially in emerging and developing economies;
- Strengthen the governance and effectiveness of Multilateral Development Banks (MDBs), including with regards to mitigating risks and attracting private investment; and
- Increase the utilisation of local currency financing to deepen domestic capital markets and enhance country ownership.

1.3.2. Harnessing trade for the SDGs

International trade can play a pivotal role in advancing the SDGs by fostering economic growth and promoting inclusive and sustainable development. Trade allows countries to capitalise on their comparative advantages and enhance access to international markets, stimulate productivity, and create employment opportunities. To ensure that trade effectively addresses sustainability goals, it is essential that trade policies are aligned with sustainable development objectives and promote inclusive and equitable outcomes for all stakeholders. To this end, countries and stakeholders can work together to:

- Harness trade facilitation policies to reduce costs, spark competitiveness, promote productivity, and enhance innovation and growth, thereby growing opportunities for trade;
- Promote good governance in export credits to boost support for SDG-aligned transactions; and

- Enhance Aid for Trade to support the SDGs and emerging priorities by incorporating SDG considerations systematically. This includes increasing resources, improving supply chain resilience, and supporting digital and environmental transitions, thereby fostering a more inclusive and efficient system for financing development.

1.3.3. Leveraging domestic tax revenues for SDG financing

Tax revenues are the largest and most sustainable component of financing for development. Taxation can also help reduce inequality through redistribution and can help address health and environmental objectives through behavioural change. Ensuring that tax revenues are sufficient to fund development requires both effective tax policies and effective tax administration. Capacity building to support developing countries in strengthening their tax systems, and in applying international tax standards, is a key part of securing sufficient resources for development. To leverage domestic tax revenues for SDG financing, governments can therefore work to:

- Support domestic resource mobilisation efforts, for example, by stemming illicit financial flows (IFFs) in macro-critical sectors such as trade and investment, banking and financial services; and by addressing the underlying enablers of IFFs and corruption, in terms of the traders, financiers, lawyers and accountants, that enabling and sustain these interests;
- Broaden tax bases and/or by tax policy and tax administration reform, including the digitalisation of tax processes;
- Build capacity and technical expertise to support the implementation of the agreed international tax standards and instruments (e.g., the tax transparency standards implemented by the Global Forum on Transparency and Exchange of Information for Tax Purposes, and the Base Erosion and Profit Shifting project and the Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy developed by the OECD/G20 Inclusive Framework on BEPS); and
- Support international tax coordination via the Platform for Collaboration on Tax, which brings together the OECD, the United Nations, the IMF and the World Bank.

1.4. Science, technology, and innovation for sustainable and inclusive transformation

Science, Technology and Innovation (STI) policies play an important role in helping countries achieve the SDGs. With regard to the digital transformation, it is essential to promote the trustworthy design, development and use of digital technologies across sectors, including AI and including in the public sector and the labour market, enhance broadband connectivity to bridge digital divides within and between countries, achieve well-performing digital health systems through digital technologies, uphold human rights in the digital age, promote online safety and digital security, strengthen data governance and improve trust in cross-border data flows and address the negative externalities of the space economy, such as the growth in debris and congestion in orbit.

1.4.1. Harnessing STI policies to achieve the SDGs

Science, technology, and innovation (STI) are uniquely positioned to help drive the transformation of economies and societies to meet societal challenges like the SDGs. To this end governments can:

- Ensure sustained investments and greater directionality in research and innovation activities, coinciding with a reappraisal of STI systems and STI policies to ensure they are “fit-for-purpose”, as set out in the OECD Agenda for Transformative Science, Technology and Innovation Policies.

- Engage STI systems strategically in key cross-government endeavours that pursue societal and economic transformations to help identify and address innovation needs, and dynamic push and pull-factors.
- Invest in strengthening local STI systems, including in human capital and technology production capabilities to further enhance competitiveness and the ability to address societal challenges with mission-driven innovation policies and efforts.

1.4.2. Strengthening data governance and promoting trust in cross-border data flows

Data governance, which encompasses the array of technical, policy, and institutional arrangements that determine the cycle of how data is collected and used, must be managed. To strengthen data governance, countries and stakeholders should work together to:

- Harness the benefits of data access and sharing in the digital economy by building on high standards of data protection;
- Promote continued dialogue and international, cross-sectoral, and cross-regulatory cooperation on ways to facilitate data access and sharing across jurisdictions; and
- Continue to reinforce public sector data governance as part of digital government strategies to improve policy- and decision-making, and service design and delivery. This would imply also scaling up open government data policies given the value of public sector data for AI systems and the achievement of development goals, including climate action.

The OECD Recommendation on Health Data Governance explains why end-users must be actively involved in design and decision-making of the digitalisation of health systems. Recommendations for achieving effective well-performing digital health systems through digital technologies include:

- Build capacity and engage with the public and providers for the digital transformation;
- Harmonise regulation for adaptability, scale, and safety; and
- Transparently measure and report progress.

1.4.3. Promoting trustworthy Artificial Intelligence (AI)

The OECD Recommendation on Artificial Intelligence, developed in 2019 and revised in 2024, guides AI actors in their efforts to develop trustworthy AI and provides policymakers with recommendations for effective AI policies. In line with the Recommendation, the OECD supports countries and stakeholders in their efforts to promote trustworthy AI, including to:

- Measure, assess, and anticipate AI's current and future impact across the economy and society, and support interoperability across policy frameworks and the adoption of trustworthy AI across sectors, acknowledging that the nature and scope of its opportunities and risks may differ based on sectoral specificities;
- Support the anticipation of the potential transformative implications of technologies including AI on our economy and society; and
- Promote collaborative and inclusive environments to create policy on AI to minimise fragmentation and uncertainty.

1.4.4. Trustworthy use of AI in the labour market

The adoption of trustworthy AI in labour markets can create employment opportunities, improve labour productivity and management processes, as well as job quality. It can also improve active labour market policies and the provision of training and employment services. At the same time, there are risks linked to

inequalities, fairness, privacy, transparency and accountability which can affect workers' rights and safety. To seize the opportunities and address the risks, policy makers can:

- Provide skills development and training opportunities, for both specialist and non-specialist AI skills;
- Promote the use of AI systems in the workplace that respect the privacy of workers, fairness, ensure occupational safety and health, as well as transparency, explainability and accountability;
- Promote the active involvement and consultation of workers and workers' organisations in the adoption of AI systems in the workplace; and
- Facilitate cooperation between across countries to promote positive impacts of AI on the world of work globally, including for workers at all stages of the AI supply chain.

1.4.5. Governing with AI: Strengthening the use of artificial intelligence in the public sector

When implementing AI in the public sector, policy makers face significant challenges, including ensuring its use is trustworthy, and monitoring the impact and effectiveness across different areas such as public sector operations, public service design and delivery, and policy- and decision-making. Recommendations for advancing their implementation and monitoring impact to ensure their sustainability and long-term use include:

At the national level:

- Develop core digital public infrastructure¹ that is safe, secure, trustworthy and inclusive and invest further in solid data governance arrangements at different levels;
- Establish, support, and maintain a digitally capable workforce;
- Define clear governance arrangements for AI in the public sector, including in terms of whole-of-government leadership, vision, strategic guidance, and institutional roles;
- Leverage digital government investments as a mechanism to deploy AI in the public sector cohesively, monitor its benefits, enforce standards, and to build partnerships with actors from outside of the public sector; and
- Define open approaches for AI in the public sector to support civic monitoring and auditing. This includes open algorithms and the proactive engagement with actors from outside the public sector, in particular those impacted by AI-informed decisions.

At the international level:

- Promote knowledge sharing, exchange of good practices, and an informed policy dialogue to understand the implications of AI adoption in the public sector and direct its trustworthy use;
- Develop international standards to offer policy guidance to countries on how to ensure a safe, secure, and trustworthy development, deployment, and use of AI by the public sector; and
- Enhance national and international efforts for monitoring and evaluate the use of AI in the public sector, incorporating regular internal audits, performance monitoring, and impact assessments as essential components.

1.4.6. Enhancing broadband connectivity

Reliable connectivity is at the heart of digital transformation. To enable high-quality and affordable broadband infrastructure accessible to everyone, countries need to:

- Establish a clear understanding of connectivity gaps;

- Foster competition and investment in communication infrastructure to expand consumer choice, lower prices, increase the quality of broadband offers, and spur innovation; and
- Keep abreast of technology trends affecting the connectivity ecosystem to “future proof” networks.

1.4.7. Upholding human rights in the digital age

The digital environment offers significant opportunities to enhance every person’s enjoyment of human rights, but it can also create new and exacerbated risks. To ensure a human-centric and rights-oriented inclusive digital transformation, countries need to:

- Develop policies that address the impact of digital transformation on human rights across sectors, with particular attention to the impact of digital technologies on vulnerable groups, and embed human rights throughout the lifecycle of digital technologies, following a principles-based approach to technology development as in the OECD Recommendation on Artificial Intelligence;
- Bridge digital divides, including by providing individuals with connectivity and the skills needed to meaningfully participate in economy and society in the digital age; and
- Make efforts to raise awareness among the public about their rights in the digital sphere and the availability of mechanisms for making complaints and receiving assistance; and

1.4.8. Promoting online safety and digital security

As our societies and economies become increasingly global and interconnected, digital security and online safety are essential foundations of individual participation, business activity, and government service delivery. As such, they play a critical role in seizing the opportunities of digital transformation and building more resilient societies. To promote online safety and digital security, countries should:

- Ensure that the digital environment is both safe and beneficial for individuals, in particular for vulnerable groups such as children, including through coherent policies and measures that provide for age-appropriate child safety by design and that promote digital literacy;
- Increase the accountability of online platforms for increasing Internet safety while protecting human rights, including by promoting transparency reports about online content moderation policies and measures (e.g. terrorist and violent extremist content); and
- Encourage the adoption of digital security risk management practices across stakeholders and sectors, including continuous, systematic and cyclical risk assessments and the adoption of resilience, preparedness and continuity measures to mitigate the economic and social consequences of incidents when they occur.

1.4.9. Promoting sustainable development of the space economy

International co-operation is needed to ensure equitable access and future use of space resources. To this end, governments should:

- Ensure long-term sustainability of space activities through stronger and more coordinated public-private collaboration on data-sharing, international consensus on standards and best practices, technological development, and innovative policymaking; and
- Lower the barriers of access to space by supporting young and small actors through dedicated funding and programs and reviewing regulatory schemes that excessively benefit incumbents.

1.5. Empowering youth for a more equitable and sustainable future

The United Nations has committed to transformative levels of investment in, and engagement by, young people at all governance levels to secure a better future for all. The United Nations aims to invest in adequate services for young people so that they can reach their full potential, promote equal opportunities for all young people to foster inclusion and integration, and protect them from violence. Today's youth as well as future generations will live with the consequences of our actions and inactions today, and judge whether we have met our responsibilities to ensure their well-being. Engaging young people in the work of the United Nations and its Member States is not just about their individual economic success and well-being but is also about driving overall economic growth and social cohesion.

1.5.1. Addressing the needs and rights of youth

Young people globally are challenged by economic and demographic changes, green and digital transitions, and rising costs of living that constrain their independence. In developing countries in particular, young people are taking jobs that do not live up to their aspirations, and that can even be dangerous for them. Policymakers must assess methods to combat youth un- and underemployment and promote better opportunities through investments in better labour market policies, social policies, and education policies.

The OECD Recommendation on Creating Better Opportunities for Young People advises countries to support young people in their transition into and within the labour market. To this end, countries can:

- Promote job creation, address labour market barriers, and ensure that quality jobs are available for all young people; job creation is critical for youth as they are normally among the most vulnerable and highly exposed to labour informality in many developing economies;
- Ensure that workplaces are barrier-free and that jobs are fair, safe and contribute to healthy and meaningful lives for young people; and
- Strengthen employment services and support available for young people.

To promote equitable access to entrepreneurship, countries can:

- Increase young people's access to entrepreneurship training and business counselling; and
- Facilitate access to finance and networks.

To promote social inclusion, governments are invited to:

- Provide adequate income support for young people with insufficient means coupled with high-quality activation services;
- Ensure access to affordable and quality housing; and
- Strengthen outreach to young people in vulnerable and disadvantaged circumstances by providing integrated social, housing, health, employment, and legal support.

To ensure that young people develop appropriate skills and competencies, countries can:

- Provide equitable access to quality education and enable all young people to participate in an increasingly digitalised world; quality education is critical for promoting sustainable growth and foster good quality jobs;
- Address and mitigate early school leaving;
- Strengthen work-based learning and apprenticeships in close collaboration with employers;
- Provide learner orientation and career guidance; and
- Offer relevant support to teachers and education staff.

1.5.2. Promoting intergenerational justice

Intergenerational justice implies an obligation for contemporary generations to future generations, such as the pursuit of welfare by the current generation should not diminish the opportunities for a good and decent life for succeeding generations (United Nations, 2013^[4]). Like all age groups, youth have specific interests that must be reflected in the way that countries are governed. The most effective way for their needs to be understood and met through policymaking is including them in decision making processes. However, young people face barriers to voting and running as candidates in elections, including voter registration requirements, trade-offs between investing in political involvement and studies or employment, lack of funding, traditional stereotypes, and minimum age requirements. Balancing the interests of youth and future generations requires adequate institutional frameworks, governance structures, public sector processes, and tools to unite behind common objectives to promote intergenerational justice. The OECD Recommendation on Creating Better Opportunities for Young People supports governments in embedding an intergenerational perspective into rule making, public budgeting, and service delivery across a range of spheres. To this end, countries can:

- Raise awareness of intergenerational justice considerations among policy makers and equip them with adequate skills and resources to address age-based inequalities; including fostering youth's participation in decision-making processes;
- Apply strategic foresight to explore various future implications of current policies against the backdrop of multiple disruptions as well as public management tools such as regulatory impact assessments to address inequalities across age groups and anticipate long-term impacts; and
- Strengthen oversight and accountability mechanisms to monitor youth and intergenerational justice commitments and facilitating the independence of such mechanisms.

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Note

¹ Digital public infrastructure refers to common digital building blocks that underpin services, such as common data sharing systems in government.

2

Governance for sustainable transformation

Facing interconnected global challenges and global systemic risks like climate change, biodiversity loss, pollution, pandemics, inequalities, forced displacement, and conflict, our current governance systems are proving inadequate. These systems, designed for a different era, are not fit for addressing the complexities of our interconnected world and are insufficient to anticipate and respond to future challenges. This highlights the urgent need for equipping governance and institutions for sustainable and inclusive transformation. Reinvigorating the multilateral system, a key action to be developed by the United Nations as held in the Pact for the Future, is of double importance since it will reform governance systems to renew people's trust and tackle common challenges. This chapter identifies key governance mechanisms to accelerate progress across the SDGs, catalyse a sustainable transition, and enhance preparedness for future threats and opportunities. It provides examples of successful efforts by specific countries that model good practices; it also outlines strategies to ensure that policy and actions are coherent across countries and thus guarantee effective changes to public governance as required by the SDGs.

The challenges countries face are not isolated, but intricately intertwined. For example, climate change exacerbates poverty and jeopardises critical infrastructure and trade; economic instability fuels social unrest and divide; and pandemics disrupt both health systems and economies. Despite all these, our governance structures often operate independently of each other, thus designing and implementing globally critical policies in a fragmented way. It is impossible for these isolated systems to address the interlinked challenges the world is facing.

Incoherent policies are costly and undermine the effectiveness of individual initiatives, lead to an inefficient use of public resources, and erode public trust in government institutions and decision-makers. For example, while governments are committed to reducing carbon emissions and have implemented policies promoting renewable energy and carbon taxes, they simultaneously may still be subsidising fossil fuels.

Social, political and economic exclusion, and related problems of inequity and inequality have important implications for development. Inequality and exclusion give those with means, resources, power or status outsized influence over policy-making and decision-making processes¹. Distributional inequity skews the provision of essential services away from those who are most in need and distorts the way in which key developmental outcomes such as economic growth, infrastructure, health, education, water and sanitation, social welfare, justice, or security are distributed or shared. High levels of social exclusion and inequality are also associated with worse outcomes in terms of economic growth, and human and social development (OECD DAC GovNet Guidance 2024).

This understanding reinforces the importance of tackling exclusion, addressing the root causes of conflict, enhancing social cohesion, promoting gender equality and ‘setting in place mechanisms to ensure accountability’ as highlighted in the DAC Recommendation on the Humanitarian-Development-Peace Nexus.

In addition, and importantly, inclusive processes and outcomes are particularly challenged by the upsurge in autocratic modes of governance, as evidenced by several studies, including V-Dem’s Annual Democracy Report 2023 which highlights that 72% of the world’s population currently live in autocracies, compared with 46% ten years ago. Autocratic modes of governance often lead to the concentration of power and decision-making processes in the hands of a few actors – for instance, through the suppression of independent media, restrictions that diminish the enabling environment for civil society and the weakening of independent institutions (e.g., the judiciary). This leads to escalating political polarisation and disinformation, which in turn, reinforce the process of autocratisation (Papada et al., 2023[4]).² Autocratisation directly undermines inclusive governance by restricting participation and engagement, and eroding the quality of institutions and citizen trust. These reflections have served to produce important commitments by the DAC and its subsidiary bodies towards **enabling support for civil society, free and independent public media** (OECD, 2024^[1]) and enabling ODA to better **support inclusive governance** (OECD, 2024^[2]), which could inspire others.

To address these shortcomings, this chapter identifies governance methods for advancing the sustainable development transition and accelerating progress towards the SDGs. It also provides cutting-edge policy coherence practices to support the transformations needed in public governance to deliver policy reforms at the speed and scale required by the SDGs. Specifically, it presents good practices and recommendations related to:

- Equipping governance and institutions for sustainable and inclusive transformation;
- Developing local approaches to SDGs;
- Developing suitable regulatory frameworks to help institutions adhere to SDG standards;
- Ensuring information integrity to enhance the ability of governments to fulfil their responsibilities;
- Strengthening the impact of development cooperation on sustainable development; and
- Strengthening capacities to measure progress beyond GDP.

2.1. Equipping governance and institutions for sustainable and inclusive transformation

2.1.1. Building policy coherence systems

To achieve an inclusive transition to a sustainable future, a whole-of-government approach encompassing strategic foresight and visioning, priority setting, and implementation will be critical. Well-embedded planning practices and political leadership are key for aligning national long-term development planning, policies, budgets, and regulatory frameworks with global sustainability efforts. New ways of working, an administrative culture that promotes cross-sectoral cooperation and skilling of civil servants to adequately address interconnected policy challenges will also be essential. Strategies for sustainable transformation, including National Sustainable Development Strategies aligned to the SDGs and mainstreamed across policy domains and sectoral planning, must also outlast electoral cycles. However, steering this transformation will require careful planning to minimise trade-offs and policy tensions. To this end, establishing robust policy coherence systems is crucial.

Policy coherence systems enable public institutions and servants to collaborate where most effective, manage trade-offs across economic, social, and environmental policies, and identify and where necessary address the negative impacts of national policies that cross international borders. Policy coherence systems play a crucial role in identifying and mitigating the negative impact of domestic policies on the prospects for sustainable development in developing countries. They are also key in anticipating and addressing the long-term impacts of policies on future generations.

In this context, Policy Coherence for Sustainable Development (PCSD) provides a policy tool and approach to systematically integrate the economic, social, and environmental dimensions of sustainable development at all stages of policymaking. PCSD aims to reduce policy fragmentation; ensure policies across sectors and levels of government are mutually reinforcing in pursuing sustainable and inclusive transformation; address the negative impacts of domestic policies on other countries; and enable the evaluation of the long-term impacts of policies.

In particular, the following actions – among others - are critical to ensuring PCSD:

- **Developing whole of government approaches to long-term strategic foresight and visioning, priority setting and implementation** - while most countries have yet to adequately incorporate considerations of transboundary and intergenerational impacts into their policies, visions, and strategic frameworks, there are also numerous instances of pioneering efforts various countries have undertaken to enhance PCSD in other crucial areas. **Italy**, for example, has developed a National Action Plan for Policy Coherence for Sustainable Development (PCSD NAP) with the support of the OECD. The PCSD NAP outlines measures for embedding sustainability in all government decisions and provides the structures and systems to help mitigate trade-offs between sectors and enable the identification of priorities for future generations as well as potential impacts on other countries. The implementation of PCSD measures via the NAP has led to the development of tools such as Policy Coherence Matrixes and dashboards that map existing and future policies in relation to the National Sustainable Development Strategy (NSDS) and help break down sectoral silos (OECD, 2022^[3]). In Africa, the OECD has been collaborating closely with the African Peer Review Mechanism (APRM) to support countries in the region in aligning priorities towards the 2030 Agenda and the African Union (AU) Agenda 2063. This partnership has been instrumental in supporting policymakers, practitioners and other stakeholders in **Kenya, Ghana, Namibia and South Africa** to assess strengths and weaknesses in their existing national institutional mechanisms for promoting policy coherence, identify options for strengthening capacities in addressing trade-offs and maximising synergies, and formulate policy options for promoting a more integrated implementation of the 2030 Agenda and Agenda 2063 for Africa.

- **Addressing policy actions across sectors and levels of government** - numerous countries have set up policy instruments and tools to integrate sustainable development into their planning processes. However, these implementation efforts frequently remain disconnected from their primary policy agendas. For example, according to OECD analysis, in many countries the SDGs or sustainability priorities have not been integrated into fundamental governance mechanisms such as budgeting processes and public procurement systems. Institutionally, the enhancement of PCSD requires robust coordination and communication across all government levels coupled with effective stakeholder engagement. While many governments are committed to align their policies with the SDGs and have set up coordination mechanisms accordingly, OECD analysis indicates that many countries continue to encounter challenges in managing trade-offs and policy conflicts.

Addressing transboundary policy impacts

National policies can significantly impact well-being and sustainable development not only domestically, but also internationally. These effects are governed by the flows of goods, services, financial resources, and people. They can be both positive and negative, for instance trade policies that create market access, or energy policies that exacerbate climate change. Out of the 169 targets set by the SDGs, 91 involve such cross-border elements (OECD, 2019^[4]). Policy coherence issues can also arise in potential trade-offs between promoting energy security and the diversification of energy sources and addressing food security. For example, in the case of an extreme weather shock, price increases for agricultural commodities could be mitigated by reducing demand for non-food uses such as biofuels (OECD, Forthcoming^[5]). However, OECD analysis indicates that numerous countries encounter substantial challenges in assessing the transboundary impacts of their policies and in particular the impact on developing countries (OECD, forthcoming^[6]). The European Green Deal exemplifies how efforts to support the green transition can have international as well as domestic implications. Within the EU Green Deal, the EU Carbon Border Adjustment Mechanism (CBAM), the world's first ever price charged on the carbon content of imported goods in selected energy intensive and trade exposed industries aimed at mitigating carbon leakage, may have heterogeneous impacts on developing countries. This mechanism, which intends to impose a carbon price on certain imported goods such as iron and steel, cement, fertilisers, electricity and aluminium, could render entire industries and sectors in developing countries uncompetitive for export, with dire consequences for jobs, economic growth and poverty. This illustrates the need for a global just transition to consider the impact of climate policy making in advanced economies across borders in order to avoid any unintended consequences on developing countries (OECD, 2022^[7]). The CBAM could result in a decrease in exports from Africa to the EU in aluminium by up to 13.9%, iron and steel by 8.2%, fertiliser by 3.9% and cement by 3.1%, although some of these exports would be diverted to other destinations including China and India. GDP and income across the African continent could be reduced by 0.5% (under a scenario limited CBAM coverage with a carbon price of EUR 40 per tonne) (The African Climate Foundation/LSE, 2023^[8]). The lack of both qualitative and quantitative analysis of cross-national impacts coupled with inadequate political backing are major hurdles that many countries face in translating their political commitment to PCSD into action. However, there are also many effective practices in place. These include the enhancement of regulatory impact assessments that consider effects on developing countries; systematic co-ordination between foreign and technical ministries; consultation of stakeholders with development expertise in domestic policy making, and monitoring progress and policy change publicly. Luxembourg for example has made significant efforts on the monitoring, evaluation and reporting of PCSD. The government has introduced the Sustainability Check, a tool for supporting and self-assessing draft laws in relation to their impact on sustainable development. This tool improves ownership of the general sustainable development policy and Luxembourg's National Plan for Sustainable Development. It is used to clarify potential trade-offs and take into account potential transboundary impacts. By introducing it at an early stage in the drafting of legislation, it not only helps to advance the cross-cutting theme of sustainable development, but also ensures enhanced policy coherence and improved quality of legislation (OECD, 2018^[9]).

Fighting corruption and illicit financial flows

Anti-corruption efforts and combating illicit financial flows are foundational to governance and PCSD. Corruption hampers effective policy implementation, while illicit finance leads to unlawful outflows from countries, diverting resources crucial for development priorities. Corruption and illicit financial flows disproportionately affect vulnerable populations. The costs associated with bribery alone are estimated at USD 1.2 to USD 1.5 trillion annually (IMF, 2016^[10]), highlighting the substantial financial leakage that undermines development efforts. Addressing these issues is crucial not only to prevent resource wastage but also to build investor confidence and attract financing for sustainable development, which is urgently needed given the USD 4 trillion per year financing gap identified by UNCTAD for achieving the SDGs in developing countries (UNCTAD, 2022^[11]). The upcoming Fourth International Conference on Financing for Development in 2025 will underscore the importance of tackling corruption and illicit finance as a central element of international policy action.

Moreover, combating corruption and promoting integrity are fundamental to fostering democratic and inclusive societies. Corruption erodes trust in government and weakens public service delivery, disproportionately impacting marginalised groups such as low-income communities, women, and youth. Recognising these challenges, the Development Assistance Committee (DAC) has prioritised anti-corruption measures, committing to enhancing development outcomes by addressing corruption's enablers and transnational impacts. The DAC's efforts include implementing the 2016 Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption and publishing policy guidance on mitigating illicit financial flows in sectors like oil commodity trading (OECD, 2023^[12]). This collaborative approach within the OECD ensures policy coherence and strengthens international efforts to promote transparency and accountability in global development financing.

2.2. Adopting a territorial approach to the SDGs

Regional and local governments play a pivotal role in delivering the 17 SDGs, with responsibilities over education, social welfare, healthcare, water access, housing, transportation, infrastructure, land management, local economic growth, environmental stewardship and climate action. According to the OECD-UCLG World Observatory on Subnational Government Finance and Investment (SNG-WOFI, n.d.^[13]), covering 135 countries, subnational governments (SNGs) contribute 21.5% of total public spending and 8.3% of global GDP, while also driving nearly 40% of public investments (OECD, 2022^[14]). As a result, achieving the SDGs depends on progress made at the regional and local levels.

If implemented effectively, the SDGs provide **a practical tool to overcome the limitations of sector-based planning for urban and regional development**, facilitating a shift from a divided to a more integrated, multi-sectoral approach in the formulation and implementation of strategies and policies (OECD, 2020^[15])¹. For example, when expanding public transport to reduce inequalities by making mobility more affordable, accessible, and less polluting, cities and regions can also benefit public health by lowering exposure to particulate matter, upgrading cycling infrastructure to provide low-emission mobility options, and increasing car-sharing supply. Tools and mechanisms of Multi-Level Governance might prove useful to ensure the correlation between nationally designed objectives and their local implementation.

Various cities and regions use the SDGs as a framework to address interlinkages in their policies and strategies. The municipality of Kópavogur, **Iceland**, is introducing an urban plan that integrates a local strategy targeting 36 SDGs and promoting denser development instead of urban sprawl. To address climate change and preserve green spaces for carbon capture, Kópavogur is also encouraging a shift from the use of private cars to public transport. Enhancing bike lanes and walking paths aligns with the young demographic, supporting health (SDG 3) and social equity (SDG 10) through more accessible mobility options (OECD, 2022^[16]).

To successfully manage potential trade-offs, such as balancing the economic costs of the green transition with job losses in traditional industries and uneven access to green technologies like energy-efficient appliances or electric cars, it is crucial to integrate and balance green growth objectives with social and economic sustainability objectives. The SDGs can guide this process. For example, developing new green industrial sectors (SDG 9) can facilitate cooperation between the private and research sectors (SDG 13), thereby promoting job creation (SDG 8) and educational opportunities (SDG 4).

The city of Kitakyushu, **Japan**, uses the SDGs to explicitly link environmental, social and economic goals through offshore wind power generation, ecotourism and culture. These sectors can attract youth, provide job opportunities, and promote social cohesion through intergenerational solidarity and gender equality. (OECD, 2022^[16]). The state of Paraná, **Brazil** has harnessed the SDGs to mitigate territorial disparities, aligning its 2020-2023 Multi-Year Plan with the 2030 Agenda and fostering the exchange of exemplary practices among municipalities at varying stages of development (OECD, 2021^[17]).

2.2.1. Aligning public investments with the achievement of the SDGs at national and sub-national level

Choices made today about public investments will have impacts for decades to come. As such, it is vital to leverage the strategic importance of public investments in support of a better future for all. Public investments can act as a catalyst for additional investments from private and other sectors. To contribute to the achievement of the SDGs, public investments should align with the principles enshrined in the 2030 Agenda for Sustainable Development, including “Leaving No One Behind”, universality, inclusiveness, interconnectedness, multistakeholder partnership. In practice, this means prioritising investments that are universally beneficial and that recognise the interconnectedness of the environmental, social, and economic aspects of sustainable development. It also means ensuring the adoption of gender-responsive budgeting to ensure no one is left behind, in alignment with SDG 5.c.1 on the “Proportion of countries with systems to track and make public allocations for gender equality and women’s empowerment”.

A case in point is public investment in critical infrastructure. In the context of a warming planet, choices made today about infrastructure provision will have far-reaching impacts. Infrastructure and climate resilience are closely linked, with climate change posing direct and indirect risks to infrastructure assets and service provision, and some infrastructure assets risking exacerbating climate-related risks (OECD, 2024^[18]). Therefore, it is vital to build resilience rather than lock in vulnerability. This means that infrastructure should be planned, designed, built, and operated in ways that anticipate, prepare for, and adapt to a changing climate.

The recent OECD report *Infrastructure for a Climate-Resilient Future* highlights how national, regional, and local governments can collaborate with stakeholders to assess local needs and integrate them into their policies for more resilient infrastructure and more efficient implementation of systems to align climate resilience responses (OECD, 2024^[18]). Governments should increase subnational government capacity, including financing, to ensure regions and cities have long-term funding to respond to climate change (OECD, 2022^[19]; OECD, 2023^[20]). Regional and local governments are already important investors in climate-resilient infrastructure and were responsible for 69% of climate-significant public investment in OECD and EU countries in 2019 (OECD, 2022^[21]). The report outlines how these subnational governments can adopt new funding approaches and better mobilise climate financing to help plan, deliver, and maintain local climate-resilient infrastructure.

Another strategy to foster sustainable development is to integrate criteria to ensure the sustainability of acquisitions through public procurement – that is, government purchasing of goods and services – to achieve economic, social, and environmental outcomes aligned with the SDGs. Public procurement offices must adopt new rules and regulations and be trained on the benefits of sustainable public procurement for it to be successfully implemented.

In the city of Bonn, **Germany**, public procurement plays an important role in its Sustainability Strategy. The city administration employs a 'fair procurement' practice, which applies Fair Trade principles to public procurement. The city signed a resolution to only serve Fair Trade goods in official meetings and procured Fair Trade workwear for all employees of the Office for Green Spaces and Parks (OECD, 2022^[16]).

The misalignment of spending with SDGs objectives and the lack of sufficient funding for the implementation of the SDGs are a challenge for local and regional governments. One solution is to include the consideration of SDGs in all budgeting processes. This can help ensure that adequate resources are allocated for the implementation of the 2030 Agenda and foster policy continuity across political cycles. The OECD toolkit for A Territorial Approach to the SDGs (OECD, 2022^[16]) showcases how different cities and regions around the world have already begun using SDG budgeting as a key lever to channel funds towards the 2030 Agenda. Adopting green budgeting approaches at the regional and local levels can also help to better align subnational expenditure and revenues with green and environmental objectives (OECD, 2022^[22]).

In the city of Mannheim, **Germany**, the 2022-23 budget cycle is based on the Mannheim 2030 city strategy and the SDGs. The city reports how much is spent on SDG-related initiatives, such as education or the environment. Mannheim integrates impact and performance targets into budget documents, including specific indicators for strategic objectives linked to the SDGs. Similarly, in the Basque Country, **Spain**, the regional government conducts an annual assessment of how much of their budget was spent on each SDG and informs policymakers with a detailed breakdown (OECD, 2022^[16]).

2.2.2. Managing emerging critical risks

The global risk landscape is rapidly evolving due to interconnected economies, societies, and technologies. These changes will also increase the complexity of crises, exposing gaps in knowledge, assigned responsibility, authorities to act, and capabilities to respond and recover. To manage emerging critical risks, governments must anticipate, understand, and address these risks, which are transboundary, highly uncertain, and systemic. The OECD's Framework on Management of Emerging Critical Risks (OECD, 2024^[23]) outlines a seven-step repeatable process for managing such risks. Implementing this process can help to integrate the management of these emerging risks into traditional risk management processes, fostering resilience against current and future challenges. It provides a structured process for governments to validate identified gaps in knowledge, authorities and capabilities needed to manage emerging risks and to validate plans for building-in flexibility and adaptability to unforeseen or poorly understood risks.

2.3. Developing a suitable regulatory framework

Achieving the SDGs requires their **integration across the different stages of the rule-making process, from the initial design of laws and regulations, through their effective and efficient implementation, to their periodic revision**. Regulation, alongside fiscal and monetary policy, can facilitate the achievement of the SDGs while encouraging technological innovation and promoting economic growth. Despite being historically focused on mitigating economic costs and administrative burdens, the role of better regulation in supporting governments pursue the SDGs is being increasingly acknowledged, albeit with less consistent implementation in practice (OECD, 2023^[24]).

To successfully leverage regulation in support of the 2030 Agenda, governments must strengthen the institutions that develop and monitor regulations to ensure that relevant instruments, processes and institutions support risk-based approaches while fostering international regulatory co-operation.

2.3.1. Aligning regulatory frameworks to the SDGs

Regulating with people is fundamental to regulating for them. People have a clear stake in sustainability issues, including environmental and social policies. At the same time, businesses and interest groups can provide valuable data and feedback to inform the different stages of the regulatory cycle (OECD, 2023^[24]). Engagement in rulemaking therefore matters for trust in government (Smid, 2023^[25]).

Governments need to make sure that their regulatory frameworks incorporate appropriate mechanisms for **systematically engaging with relevant stakeholders at all stages of the regulatory policy cycle**. In addition, most SDGs require international co-operation as the policy issues they address go beyond national borders. In this sense, engaging all affected parties may require governments to consider **engaging with foreign stakeholders**.

As many of the issues addressed by the SDGs impact minorities and marginalised groups in society disproportionately, engaging vulnerable groups, including for instance indigenous populations, in a targeted manner allows governments to **harness local knowledge and address their needs**. Engaging civil society will also help to fine-tune regulations to local realities (OECD, 2016^[26]).

To address environmental concerns, for example, governments make use of innovative forms of public participation, such as deliberative processes (e.g. citizen assemblies and panels) to bring together groups of citizens broadly representative of society to tackle challenging policy issues such as the climate transition (OECD, 2020^[27]).

In **France**, for instance, the Citizens' Convention on Climate was a deliberative process that brought together 150 citizen representatives, selected via civic lottery, for seven weekends over six months. The process was designed to give citizens an opportunity to help define a range of measures that will enable France to reduce its greenhouse gas emissions by at least 40% by 2030 (compared to 1990 levels) in a socially just and equitable way. After extensive deliberation, citizens have prepared a list of 149 measures for the French government.

2.3.2. Implementing regulations to support the SDGs

Appropriate regulatory delivery is essential to manage public hazards and close the compliance gap with regulations to achieve the SDGs. "Regulatory delivery" refers to the implementation phase of the regulatory governance cycle, which has four main stages: the development of public policy and choice of instruments; design of new regulation (or review of the existing one); implementation of regulation; and monitoring and evaluation of its effects. Delivery covers the implementation (e.g., permitting and licensing applications), monitoring (e.g., market surveillance), supervision (e.g., inspections, self-reported compliance) and enforcement (e.g., sanctions, corrective measures) of regulations.

Regulatory delivery represents an important opportunity to reduce the burden of complying with regulations imposed on businesses and citizens while saving public resources. To illustrate, Box 2.1 showcases OECD work supporting the development of large-scale food fortification to combat micronutrient malnutrition through better regulatory governance. This work contributes to enhancing evidence around ways to deliver sound regulatory governance in areas key for accelerating the SDGs.

Box 2.1. Strengthening regulatory governance of large-scale food fortification

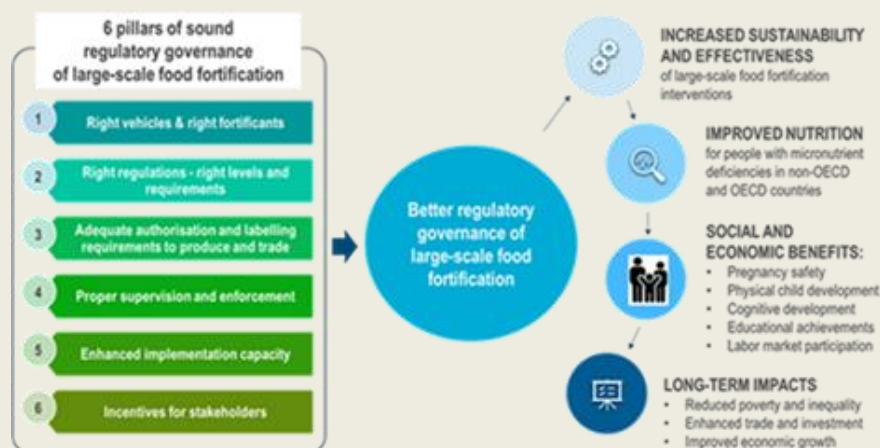
Food fortification is one of the most cost-effective interventions to combat micronutrient malnutrition, a key driver of poverty and inequality, affecting over 2 billion people, including 1 in 2 pre-school age children and 2 in 3 women aged 15-49 globally.

Food fortification involves **adding essential micronutrients such as vitamin A and D, iodine, iron, folic acid, and zinc to widely consumed foods such as flour, oil, rice, or salt during processing**, allowing to target the population at large without requiring dietary changes. Large-scale food fortification directly contributes to a range of SDGs:

- SDG 1 (No Poverty), by contributing to improving labour productivity caused by anaemia; when fortified foods are provided as part of social safety nets, they can specifically benefit the most vulnerable, thus contributing to closing the poverty gap.
- SDG 2 (Zero Hunger), by reducing the prevalence of micronutrient deficiencies and contributing to improve the quality of nutrient intake.
- SDG 3 (Good Health and Well-Being), by reducing the risk of birth defects of the brain and spine, maternal and perinatal mortality, and low birth-weight infants. Food fortification has proven effective at reducing the prevalence of both infectious and non-communicable diseases.
- SDG 4 (Quality Education), through the positive impacts of iron interventions on tests of cognitive and motor development and improvements in educational achievements.
- SDG 5 (Gender Equality), by reducing anaemia rates which are often higher in females.
- SDG 17 (Partnerships for the Goals) by promoting effective cooperation between public institutions and regulatory authorities, the food industry, and the civil society.

Regulatory governance of food fortification often falls short, hindering the effectiveness of interventions seeking to combat micronutrient malnutrition worldwide. In this context, the OECD has identified six pillars of sound regulatory governance of food fortification, from design to delivery:

Figure 2.1. Regulatory Governance of Large-Scale Food Fortification



Source: Author's own elaboration

2.3.3. Reviewing regulations for the achievement of the SDGs

Even when regulations are rigorously tested before being introduced or amended, not all their effects can be determined with certainty. **The regulatory process is inherently experimental** (OECD, 2018^[28]). Markets and technologies evolve, and societal preferences, values, and behaviours change over time. Moreover, the accumulation of regulations over time can lead to interactions that exacerbate costs, reduce benefits, or have other unintended consequences (OECD, 2018^[28]). This is where the importance of "ex-

post evaluations” – which help to assess whether laws are working as originally intended and, if not, to propose improvements – becomes evident.

Yet in many countries, **ex-post evaluations fail to take on a “system-wide” approach** (OECD, 2021^[29]). Evaluations often focus on the marginal impacts anticipated in the ex-ante impact assessment – a procedure that analyses the potential effects of a new law before its adoption – and neglect the **assessment of indirect or second order impacts** that could be more severe. In addition, evaluations of individual regulations are not always complemented with sector-wide reviews that assess the impact of regulations in each sector (e.g., transport, agriculture) on sustainability and the SDGs. The cumulative effect of those regulations is therefore not considered (OECD, 2020^[30]).

Adopting measures to ensure that regulations, once in place, remain effective, encourage investment in innovation, and continue to support the SDGs is key. Balancing competing objectives and trade-offs in this regard is a particular challenge for policymakers. A regulatory framework to coherently pursue the SDGs will require a paradigm shift in regulatory policy and governance, moving away from the traditional “regulate and forget” towards an **“adapt and learn” approach** (OECD, 2023^[24]).

Mainstreaming SDGs in regulatory design

Regulatory impact assessment (RIA) critically analyses the positive and negative effects of proposed and existing regulations and non-regulatory alternatives. RIA is important to prevent regulatory failure by helping to illustrate when there is no case for regulating, when there is a clear need, or when there are key risks (OECD, 2012^[31]). RIA helps rule-makers identify the most impactful regulatory or non-regulatory approach that best positions the government to deliver on its promises.

Systematically assessing various social, economic, and environmental impacts within the RIA process is essential to ensuring policy coherence for sustainable development. However, OECD data shows that **economic concerns continue to take precedent over social or environmental considerations in rulemaking**, and that governments continue to face various challenges in designing and implementing regulations (OECD, 2021^[29]). A lack of policy coherence, transparency, and effectiveness in regulatory design means that regulations may not be effective in addressing the SDGs in a consistent manner or adequately balance competing economic, social, and environmental objectives and trade-offs. Moreover, challenges related to the SDGs such as environmental pollution, climate change and biodiversity loss are global problems that trespass national boundaries. To effectively address these issues, it is important to build capacities to assess potential transboundary international impacts of proposed rules already at the design stage through RIA.

To address these challenges, various OECD members have started to implement “sustainability checks” as part of their RIA process. For instance, **Germany** has introduced an electronic sustainability impact assessment tool called eNAP (elektronische Nachhaltigkeitsprüfung) which is now mandatory for all new legislation and policies. eNAP is a very user-friendly online tool, which provides information related to the SDGs, such as data on sustainable development indicators from the German Statistical Office, to help policymakers.

In the **Netherlands**, the regulatory policy cycle includes a “policy compass” mechanism to assess the impacts of all draft policies from a sustainability perspective. The use of the compass helps policymakers to co-operate with stakeholders, consider all relevant quality standards, and explore different policy options. The analysis of policy goals is structured across different levels, including strategic goals, specific objectives, and desired behaviours. For each of these levels, a detailed examination of their impact on the SDGs is provided. Potential consequences are also analysed under a sustainability approach and indicators of impacts on human well-being are separated into categories of “here and now”, “later,” and “elsewhere.”

2.3.4. Strengthening regulatory cooperation for addressing global challenges

Most SDGs require international co-operation as the issues they address cross national borders. To effectively address these threats, **regulatory action will have to be coherent and – at times – joint between** countries as well as between different levels of government (OECD, 2023^[24]). International regulatory co-operation (IRC) allows countries to exchange regulatory experiences, learn from each other, ensure coherent approaches and, when possible, adopt joint regulatory approaches. It is essential to ensure the effectiveness of regulations, lower administrative costs, and reduce unnecessary burdens on international trade and financial flows (OECD, 2021^[32]).

In addition, using risk-based and adaptive approaches to regulating is important for accelerating progress towards the SDGs and can encourage innovation, green investment, and economic growth by increasing cross-sectoral feelings of policy ownership and mutual benefit. For example, making use of flexible outcome-focused regulatory design enables economic actors to choose the best way for them to meet SDG requirements and thus can enhance innovation and compliance. Creating regulations that address the goals economic actors want to achieve and the risks they aim to prevent can also foster practices that are balanced in relation to a regulation's anticipated impacts (OECD, 2023^[24]). Box 2.2 illustrates OECD work in support of a supervisory framework on nature-related risks for financial authorities to identify and manage financial risks stemming from biodiversity and nature-related loss. This work contributes to enhancing evidence around ways to strengthen regulation to address the risks that economic actors want to prevent.

Box 2.2. Supervisory framework on nature-related risks for financial authorities to identify and manage financial risks stemming from biodiversity and nature-related loss

Biodiversity loss and broader environmental degradation pose significant risks to the world economy and subsequently may be material for the financial sector to assess. However, only a few central banks and financial supervisors have conducted preliminary studies to determine nature-related financial risks and their potential impact on maintaining price and financial stability.

An integrated approach is required for the assessment of these risks and their relevance for the financial system. One key mechanism for integrating nature-related considerations into financial markets is through the regulatory frameworks – also known as prudential frameworks – that central banks and financial supervisors use to assess the financial safety and stability of institutions. These include inflation forecasting, asset purchase programmes, financial stability monitoring activities, and financial supervision.

Given the need for central banks and financial supervisors to start accounting for nature-related financial risks, the OECD has developed a supervisory framework providing technical guidance to help these authorities undertake assessments of the nature-related risks that may impact an institution's financial performance. The framework follows a four-step approach to identify, prioritise, and assess different nature-related financial risks. These four steps include:

- A risk identification and prioritisation process
- An economic risk assessment
- A financial risk assessment
- Supervisory considerations

Source: Author's own elaboration

2.4. Ensuring information integrity to enhance the ability of governments to fulfil their responsibilities

The digital transformation has reshaped how people interact and engage with information, with anyone with an Internet connection able to produce and distribute information. While this offers unprecedented access to knowledge and can foster citizen engagement and innovative news reporting, it also provides **fertile ground for the rapid spread of false and misleading information**, with potential implications for the public sector.

False and misleading information can cast doubt on factual evidence, jeopardise the implementation of public policies, and undermine people's trust in the integrity of democratic processes and institutions. Changes in the information space also undermine the ability of citizens to access local, quality, and independent journalism, which faces increasing financial pressures and changes in media ownership while carrying out operations in high-risk environments. Moreover, new technologies are often designed to respond to the psychological and behavioural drivers that underpin how people search for, process, and consume information. This reality enables the uptake and reinforcement of untruths as false beliefs, leaving little room for accurate (Leshner, Pawelec and Desai, 2022^[33]).

Generative AI tools can amplify the scale and scope of false and misleading information. The rapid propagation of AI-generated synthetic images and deepfakes, which are difficult to distinguish from human-generated ones, challenges traditional methods used to combat disinformation, such as fact-checking. In 2022, 50% of individuals in a study were already incapable of differentiating AI from human-generated news (Lorenz, Perset and Berryhill, 2023^[34]).

Many countries have started examining the adequacy of existing policies and institutions to effectively address the current and future realities of a rapidly evolving information environment. To support this effort, the OECD has developed an analytical framework aimed at strengthening information integrity by examining three complementary policy dimensions:

- **Implementing policies to enhance the transparency, accountability, and plurality of information sources:** This includes promoting policies that support a diverse and independent media sector, with an emphasis on local journalism. Policies should also aim to increase the degree of accountability and transparency of online platforms to counter their incentives to pursue commercial interests while disregarding their potential as conduits for misinformation.
- **Fostering societal resilience to disinformation:** This involves empowering individuals to develop critical thinking skills to recognise and combat disinformation, including how to engage with new digital technologies, such as generative AI. It also means mobilising all sectors of society to develop comprehensive and evidence-based policies in support of information integrity.
- **Upgrading governance measures and public institutions to uphold the integrity of the information space:** This involves the development and implementation of regulatory capacities, strategic frameworks, capacity-building programmes, and methods to coordinate these efforts to promote a coherent approach to strengthening information integrity within public administrations while ensuring clear mandates and respect for fundamental freedoms. It also involves promoting peer-learning and international co-operation between democracies facing similar disinformation threats.

2.5. Enabling inclusive governance, enhancing access to justice and promoting people-centred justice systems

Yet, despite significant advances in justice system reforms in recent years, improvements have been uneven, and according to estimates by the Task Force on Justice, more than 5.1 billion people worldwide still lacked meaningful access to justice.

Furthermore, recent digital advancements and evolving societal expectations have reshaped the landscape of justice delivery, presenting both opportunities and challenges in promoting equitable access. In this context, countries are increasingly embracing the concept of people-centered justice which emphasises placing people at the heart of legal and justice systems, tailoring legal and justice processes and services to meet the diverse needs and expectations of different groups of people, fostering trust in the justice sector, and promoting a culture of legal empowerment. By prioritising transparency, accountability, and responsiveness, people-centered justice frameworks strive to enhance public confidence in the fairness and effectiveness of legal and justice institutions (OECD, 2021^[35]).

In line with the OECD Recommendation on Access to Justice and People-centred Justice Systems, efforts to enhance access to justice and promote people-centered legal systems encompass several key dimensions:

- **Strengthening institutional capacity to deliver people-centred justice through developing people-centred justice purpose and culture based on evidence of legal needs to different groups of the population, as in Canada** and implementing continuous monitoring and evaluation frameworks to assess service and policy effectiveness and inform ongoing improvements (OECD, 2021^[35]). This should also include robust governance arrangements, including utilising technology and data to bring justice closer to the people, such as Estonia's e-justice platform provides comprehensive online legal services, enhancing accessibility and efficiency.
- **Expanding access to legal and justice services by** reducing systemic barriers such as those related to geographic distance, financial constraints, and language through innovative service delivery models, including virtual legal aid clinics and mobile justice platforms. Colombia's mobile justice units exemplify this approach, reaching remote and rural areas to provide essential legal services. Emphasising community-based approaches ensures that legal assistance is accessible and responsive to local needs. **Service delivery strategies should** recognise the diverse experiences and challenges faced by marginalised groups, including women, children, minorities, and persons with disabilities.
- **Empowering individuals through legal literacy by** promoting legal education and awareness empowers individuals to understand their rights, navigate legal processes, and make informed decisions. Educational initiatives, including school-based legal literacy programs and public awareness campaigns, play a crucial role in fostering a culture of legal empowerment and proactive engagement with justice systems. For example, Australia's Community Legal Centres effectively combine legal assistance with community education, enhancing public understanding of legal rights and processes.

2.6. Strengthening global development co-operation

Sustainable, long-term development hinges upon countries' capacities to implement their sustainable development agendas through **their own institutions and systems**. It also relies on the adoption of whole-of-society approaches rooted in multi-stakeholder engagement and dialogue as well as parliamentary oversight on national development efforts. The achievement of sustainable, long-term development further necessitates a commitment to transparency as a precondition to build trust and

accountability, as well as to the SDG concept of “Leaving No One Behind” (LNOB), including through **setting targets, collecting data, and monitoring results in an inclusive manner**.

Therefore, the foundation for achieving the ambitions of the 2030 Agenda lies in strong and inclusive partnerships. For example, triangular co-operation, which operates on the principle that all partners bring valuable experiences and expertise when addressing a development challenge, serves as a bridge between South-South and North-South co-operation. Furthermore, it acknowledges that all partners have something to learn in a co-operation project. It fosters trust among diverse partners, facilitates the sharing of local knowledge, drives innovative solutions, leverages additional resources, and promotes technical diplomacy. Triangular co-operation has proven to be an effective tool to tap into the wealth of experiences and innovations that are needed to achieve the SDGs as it has already delivered high impact results in issues such as climate change, gender equality, and pandemic preparedness.

These elements are distilled into the **four principles of effective development co-operation** (Global Partnership for Effective Development Co-operation, n.d.^[36]):

- Country ownership;
- A focus on results;
- Inclusive partnerships; and
- And transparency and mutual accountability.

Members of the OECD DAC have committed to these effectiveness principles and strive to enhance the quality, impact, and effectiveness of development co-operation, and to supporting partner countries to collectively achieve sustainable development. The DAC’s ambition to fulfil its partnership commitments with all development stakeholders bears the potential to accelerate SDG progress, restore trust, and overcome international divides.

The commitment to increasing the inclusiveness and effectiveness of development co-operation recognises how national planning and oversight mechanisms rely on broad-based, multi-stakeholder efforts involving all UN member states and non-sovereign development actors alike. In collaboration with UNDP and UNDCO, the OECD supports the Global Partnership for Effective Development Co-operation (GPEDC)², the primary multi-stakeholder platform for driving all types of development co-operation to deliver sustainable development. The insights generated through the GPEDC monitoring exercise provide participating UN stakeholders with actionable information on development effectiveness at the country level that can also build trust through country ownership of projects.

Box 2.3. Aligning development co-operation to SDG impact will require better approaches

The Sustainable Development Goals (SDGs) provide a common roadmap for more effective development. The OECD partnered with 11 governments from around the world, and over 60 bilateral and multilateral development partners, to reveal that, while the collective adoption of the SDG framework in development co-operation would have maximised the development impact of the limited development finance available, uptake has been slow and challenging.

Slow, uneven and imperfect adoption of the SDG framework in development co-operation

Most development co-operation providers use SDGs to frame development policies and overarching ambitions, but progress in targeting specific SDG results remains limited. As of 2022, only about 30% of providers could report on their contributions and impact on (some) SDGs. Understanding SDG interlinkages and applying integrated approaches is also rare, leading to fragmented efforts to monitor SDG impact. After a decade, SDG data quality and timeliness at the country and global levels still needs improvement.

Looking forward, policymakers should frame SDG support by adopting six strategic actions:

1. *Promote SDG results from the top:* Leadership in development co-operation ministries and agencies should communicate SDG alignment benefits and set clear country or organisational goals.
2. *Invest in organisational transformation:* Policymakers should provide resources and incentives to adapt management processes for SDG integration.
3. *Adapt alignment strategies to each country:* Development institutions should synchronise with country-led national strategies and frameworks, reinforcing harmonisation and ownership.
4. *Support SDG mainstreaming efforts:* Development institutions should collaborate with partner governments to realign their policies, financing, and monitoring systems.
5. *Invest in country-led SDG data:* Use national and local data for joint progress monitoring, avoiding as much parallel data collection solely for internal reporting.
6. *Build partnerships around specific SDG results:* International partners should actively look to co-design, co-finance, and jointly implement programs supporting SDG outcomes.

These actions aim to translate political commitments into tangible SDG impact. By addressing these challenges, development co-operation can accelerate the achievement of sustainable development results, fostering a more integrated and effective approach to global challenges. The OECD toolkit, *Impact by Design*, provides practical advice to strengthen the focus and impact on sustainable development (OECD, 2023^[37]).

Source: (OECD, 2023^[38]), (OECD, 2021^[39])

At a time of overlapping, concurring crises, the achievement of the 2030 Agenda requires a commitment to the application of principles of effective development across all types of development co-operation. This includes all efforts for climate action, in line with the statement on effectiveness lessons for more impact climate action in development co-operation (Global Partnership for Effective Development Co-operation, 2021^[40]). Effective development co-operation can and must enable net-zero and climate-resilient pathways through its strong focus on country ownership. Each government must be equipped to set its own national plans and priorities for climate mitigation, adaptation, and resilience while guided by globally agreed objectives.

The green transition, like other transitions, disrupts patterns of production and consumption with particularly severe impacts on low- and middle-income countries. To ensure that benefits are equitably shared and those negatively affected are compensated, green transitions must consider country-specific factors, such as economic structures, productive capacity, relative vulnerability to climate change, fiscal constraints, income and carbon inequality, informal employment, and social aspects such as human rights, gender equality, the rights of indigenous peoples and the need for social and environmental safeguards. This underscores the complexity of navigating each transition and highlights the need for nuanced and context-specific approaches. The 2024 OECD Development Co-operation Report highlights how international development co-operation can reconcile the objectives of poverty and inequality reduction and the green transition by presenting recommendations across key policy areas. For example, bolstering policies and investments in social protection systems is key for promoting just transitions that tackle poverty and inequalities, as they play both a preventive and protective function and enhance resilience against shocks. If managed well, green transitions present opportunities to accelerate the fight against poverty and inequalities.

Although the multidimensionality of development has gained wide consensus, this has not yet translated into concrete tools. These are necessary to avoid the risk of asymmetric transitions – for example green transitions that create further social asymmetries by providing clean energy technologies that facilitate

work or transportation opportunities but are too expensive to be accessible to all but the wealthiest members of a population. Development co-operation actors must identify and mitigate these risks while leveraging the opportunities of these processes for greater impact on poverty and inequality reduction. Development co-operation can play a fundamental role in promoting adequate and sustainable social protection systems as levers for just green transitions. New implementation mechanisms, like **country or region-led platforms for international co-operation and investments instead of donor-led platforms**, could be scaled up to level the playing field (OECD, 2023^[41]).

This is the case, for example, of the **African Union's** experience of Team Africa, an initiative promoting a whole-of-society approach to development initiatives. This initiative promotes regional ownership by bringing together member states, civil society, organisations, academia, and the private sector to advance the African Union's 2063 Agenda (AUDA-NEPAD, 2023^[42]).

The green, energy, digital, and other modern transitions may also be addressed by identifying where policy objectives across these transitions align (OECD, 2023^[41]). Take the Social Protection and Public Finance Management project, which is funded by the EU and implemented jointly in 24 countries of Latin America, Africa, and Asia with the International Labour Organization (ILO), UNICEF and the Global Coalition for Social Protection Floors (ILO, 2023^[43]). The project aims to address the green transition while strengthening social protection systems at a national level and ensuring sustainable financing.

In **Senegal**, the project achieved a successful alignment of the social and green transitions when the government **reduced subsidies on electricity, diesel, and fuel to reallocate them to social sectors supporting vulnerable households** (ILO, 2023^[43]). Senegal's family security grant was notably increased by 20%.

2.6.1. Supporting locally led development co-operation

Multiplying crises and geopolitical considerations have disrupted traditional development co-operation delivery models, underscoring the **need for increased effectiveness and local relevance**. At the same time, critical voices against perceived racism and colonisation have highlighted the urgent need to address the power imbalances that hinder local leadership, ownership, and legitimacy (OECD, 2023^[44]). Additionally, in many countries the essential contributions to development of civil society actors are under threat (OECD, 2020^[45]).

In this context, **progress in achieving locally led development cooperation has been slow**, and the international community is called to take a stronger stance on building more equitable and inclusive partnerships and strengthening civic space at home and in partner countries. Nevertheless, from 2015 to 2021, decentralised development co-operation (DDC) financial flows reported as ODA saw a substantial increase, although this varied significantly between countries. The total recorded volumes grew by nearly 40%, reaching USD 2,831 million in 2021. This represented 3.6% of total official development assistance (ODA) in 2021, up from 3.3% in 2015 (OECD, 2023^[46]).

Guidance for practitioners shows how DDC can promote mutual benefits and peer-to-peer learning, bring development co-operation closer to people and their daily lives, deliver technical services and expertise to implement the SDGs. By providing a repository of good practices and guidance on implementation modalities, the toolkit seeks to promote policy dialogue and mutual learning across DDC actors and to enhance DDC effectiveness, efficiency and impact worldwide (OECD, 2023^[46]). Subnational entities mainly engage in activities where their comparative advantages and competencies lie. DDC increasingly includes non-financial partnerships fostering peer-to-peer learning activities, knowledge exchange, capacity building and exchange of experiences and best practices amongst subnational actors in policy areas such as health, food security, education, gender, water and waste management, amongst others (OECD, 2023^[46]). Peer-to-peer learning can be a valuable tool for cities and regions to learn from each other's successes and obstacles and enable a return on investment for all parties. Recognising the increasing

significance of non-financial and in-kind contributions in DDC is essential for fully understanding the diversity and importance of DDC modalities and approaches. These in-kind contributions are often underreported in ODA flows because many regions, especially municipalities engaged in non-financial DDC partnerships, lack the capacity and resources to report on these projects or do not yet see the value in doing so (OECD, 2023^[46]).

Furthermore, the OECD DAC's Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance provides a standard to guide and incentivise development co-operation providers in advancing policies and practices that reinforce the roles, effectiveness, and potential impact of civil society while protecting civic space (OECD, 2021^[47]). The actions providers are called on to undertake range from coordinating internally and among themselves for more coherent proactive and preventative measures to protect civic space; having clear, streamlined and transparent processes to facilitate local civil society's access to funding; and supporting more equitable partnerships between provider-country and partner-country civil society. A series of toolkits is supporting Recommendation adherents to put it into practice (OECD, 2023^[48]).

For example, **local women's rights organisations and movements are critical actors in addressing the structural drivers of gender inequality**. These groups, deeply rooted in their communities, possess contextual expertise, speak local languages, and act based on lived experiences, making them best positioned to drive transformative and lasting change (AWID and MamaCash, 2020^[49]). Investing in community facilitators at the local level, for instance, has been shown to influence the successful outcome of violence prevention projects (UN Women, 2020^[50]). Given the general aim of women's rights organisations and movements to deliver transformative change for gender equality and the empowerment of women and girls, for example those linked to the climate crisis (Rao and Sandler, 2021^[51]). Despite all this, support for women's rights organisations and feminist movements is less than 1% of total ODA and has seen a drop from previous years (OECD, 2024^[52]).

The OECD DAC peer learning exercise, which focuses on how development co-operation can support locally led development, has identified emerging avenues for actionable change in policies, systems, and ways of engaging. To have a policy impact, leadership commitments are important for aligning institutional arrangements and funding mechanisms to support more equitable and inclusive partnerships.

Rethinking system processes, ranging from **the harmonisation of risk management and assessment methods to working through a decentralised system of authority**, can also be beneficial for enabling locally led development. To effectively achieve locally led development co-operation, it is important to respect local knowledge, tailor capacity strengthening efforts to local needs and requests, and ensure that local agency is respected. Facilitating peer-to-peer exchanges to deliver mutual benefits by focusing activities on policy areas, where cities and regions have strong comparative advantages, competencies and knowledge to share can be important driver for the success of decentralised development co-operation, alongside common DDC guidance and objectives at national, regional, and local levels, as well as in specific policy areas, to support locally led and effective development cooperation.

Moving forward, emphasis should be placed on building a **robust evidence base demonstrating the benefits of locally led development**. By addressing power imbalances, aligning values, and embracing flexibility in approaches and partnerships, the international development community can pave the way for more equitable and impactful co-operation grounded in local leadership and agency.

2.7. Strengthening capacities to measure progress beyond GDP to reflect economic and social progress vis-a-vis environmental sustainability

It is difficult to improve the lives of people we don't know about, or about whom we know very little. Over the past decades, statistical and policy communities are increasingly adopting measures of economic

progress “beyond GDP”, to address the fact that **no single indicator** can provide a sufficient picture of what our **complex economies and societies are delivering for people now and for future generations**. For instance, the United Nations Inter-Agency and Expert Group on SDG Indicators (UN IAEG)’s global indicator framework for measuring the SDGs complements GDP measurements.

To better understand people’s living conditions, their distribution across the population, and their sustainability over time we need high-quality, granular, and people- and planet-centred data that can be disaggregated across a range of dimensions and geographies. **Better people- and planet-centred measurement is key to understanding whether policy measures and actions lead to improvements in people’s lives today** and whether they are compatible with the needs of future generations and planetary boundaries, in line with the concept of policy coherence.

Over the past two decades, a core of the OECD’s evidence-based work has included **developing and strengthening measures of inclusion and ‘multidimensional’ well-being “beyond GDP”**. The OECD approach for sustainable and inclusive well-being is underpinned by the *OECD Well-being Framework*, launched in 2011 (Box 2.4). This framework is an outcome-focused tool that includes 11 dimensions of well-being, their distribution and inequalities across the population, and the systemic resources that help to sustain outcomes over time and for future generations.

Box 2.4. The OECD Well-being Framework

The OECD Well-being Framework, first launched in 2011, is **a tool to measure human and societal conditions and assess whether quality of life is improving**. It was developed under the guidance of the OECD Committee on Statistics and Statistical Policy, where the national statisticians of all OECD countries are represented, and it was comprehensively reviewed and adapted in 2019 to ensure its alignment with developments since it was first launched in 2011.

Current well-being is comprised of 11 dimensions related to material conditions that shape people’s economic options as well as quality-of-life factors that encompass how well people are (and how well they feel they are), what they know and can do, and how healthy and safe their places of living are. In addition, dimensions addressing community relations encompass how connected and engaged people are, and how and with whom they spend their time.

As national averages often mask large inequalities in how different parts of the population are doing, **three types of inequalities are systematically considered**: gaps between population groups (e.g. between men and women, old and young people, etc.); gaps between those at the top and those at the bottom of the achievement scale in each dimension (e.g. the income of the richest 20% of individuals compared to that of the poorest 20%); and deprivations (the share of the population falling below a given threshold of achievement, e.g. a minimum level of skills or health).

Resources for future well-being are expressed in terms of country’s investment in (or depletion of) different types of capital resources that last over time but that are also affected by decisions taken (or not taken) today. They include natural capital (stocks of natural resources, land cover, species biodiversity, as well as ecosystems and their services), economic capital (human-made or produced capital and financial assets), human capital (skills and the future health of the population) and social capital (social norms, shared values and institutional arrangements that foster cooperation).

Source: (OECD, 2020^[53])

Since 2011, the OECD *How’s Life?* report series has also been documenting trends over time, inequalities in current well-being, and resources for the future among OECD countries (OECD, 2020^[53]; OECD, 2024^[54]). This approach, based on the OECD Well-being Framework, has been adapted for use in

countries at different stages of development (Boarini, Kolev and McGregor, 2014^[55]) and has been employed to study well-being, sustainability, and inequalities in the Latin America and the Caribbean (LAC) region (Box 2.5).

This work has highlighted **marked differences in people's living conditions and quality of life by education, age, gender, and health status**. It has also indicated **systemic risks across environmental, economic, and social systems with potential consequences** that could put the well-being of future generations at risk.

Box 2.5. Well-being, sustainability and inequalities in Latin America

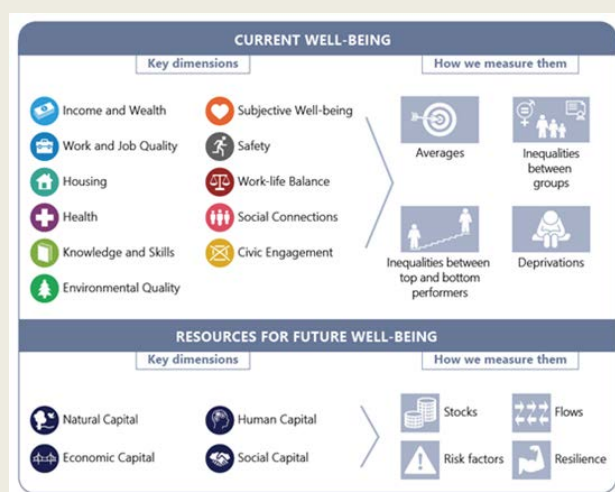
From the early 2000s up until the COVID-19 pandemic, the LAC region experienced considerable gains in well-being and quality of life, such as increased life expectancy, reduced child and maternal mortality, and better access to drinking water. The number of people in absolute poverty (i.e., those whose income is not enough to meet basic needs such as food or shelter) declined – from 1 in 3 in 2006 to 1 in 5 by 2019 – and the share of the population with an upper secondary education rose from 34% to 46%.

These gains in well-being outcomes, however, only tell **part of the story**. The pace of progress slowed from the mid-2010s, and even prior to the pandemic, people's perceptions of their living standards deteriorated, as did their trust in government and their support for democracy. The share of workers in informal employment remained high (at 57%) while disparities in well-being persisted across population groups.

Depending on people's age, gender, ethnicity, education, or place of residence, citizens experience widely different levels of well-being. For instance, although women across the LAC countries studied are better educated and live longer than men, they experience far worse labour market outcomes and have less civic and political voice. Young adults experience higher poverty and unemployment rates than their older counterparts and have lower trust in the police. There are also deep cleavages between urban and rural areas in terms of housing conditions and poverty rates. In the eleven countries studied, only around two-thirds of the rural population have access to drinking water services or hygienic toilet facilities on average, compared to 96% and 93% of the urban population respectively.

To foster inclusive and sustainable well-being alongside economic growth, **LAC countries need to prioritise well-being in their long-term government operations**. This includes **developing a better understanding of inequalities across different dimensions of people's lives, harmonising data collection between and within countries, and asking people to measure their own experiences of their lives**. Producing more and better statistics is not enough: institutional, analytical, and operational **innovation in the way governments approach policymaking is also needed**, enabling well-being evidence to inform the design, implementation, and evaluation of policies.

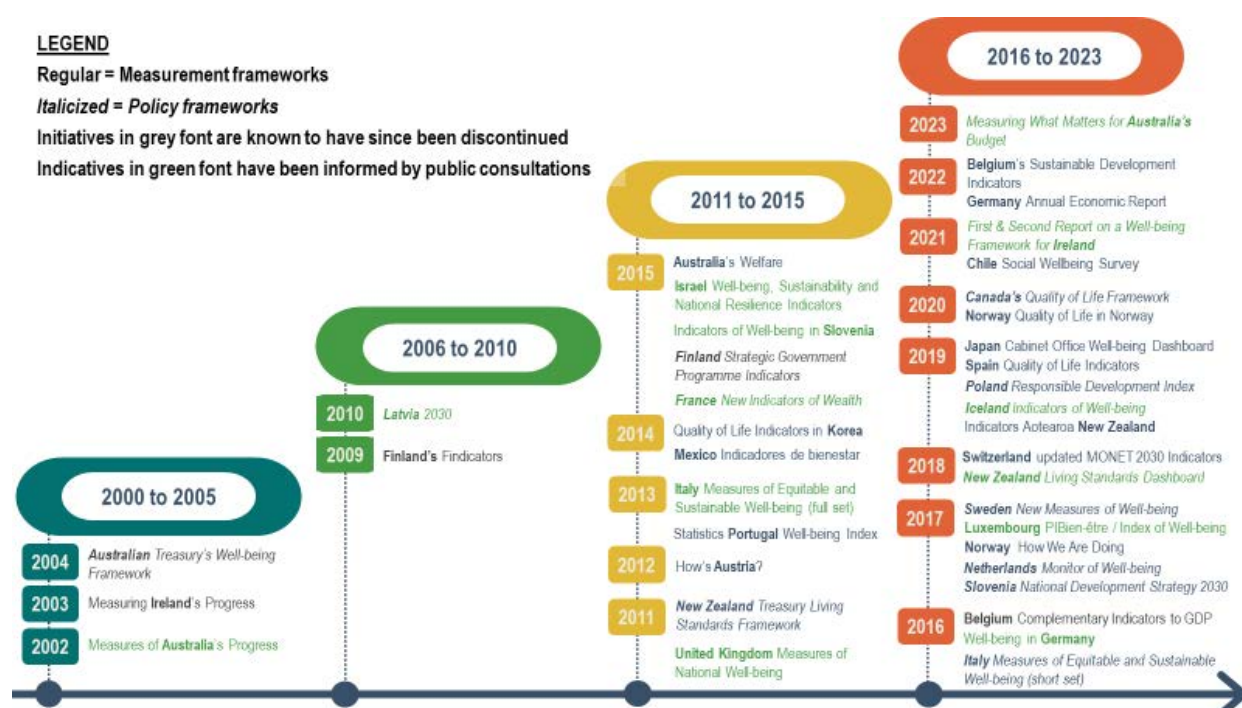
Figure 2.2. The OECD Well-being Framework



Source: (OECD, 2021^[56]).

Since the introduction of this Framework, over 70% of OECD Member countries have developed their own **nationally tailored well-being initiatives and frameworks** (Figure 2.3), often with explicit support and guidance from the OECD. To harness the significant experience built through these national initiatives and to further accelerate capacity development, in late 2023 the OECD launched the *Well-being Knowledge Exchange Platform* (KEP). This platform provides practical examples, case studies, and peer-learning on how countries have both developed well-being evidence and used it to support policy design and development, implementation and evaluation, and budget allocation.

Figure 2.3. More than 70% of OECD countries have developed national frameworks, development plans or surveys with a well-being focus



Note: The year refers to the first published instance of the work.

Source: Adapted from (OECD, 2021^[57]).

These national initiatives not only consider the wealth of the evolving body of knowledge developed by the international community and peers but have crucially also listened to **the voices of national populations and stakeholders** to understand the **well-being, inclusion and sustainability dimensions that are most pertinent to their national contexts**.

The international community should continue to strive for **better, more relevant, and timely metrics**, which capture the multitude of experiences and needs of people and are instrumental in informing a tailored, effective, and coordinated policy response. To make this investment worthwhile, it is also important to demonstrate the **returns from better measurement** in the context of competing urgencies and priorities, notably by **communicating better** on what multi-dimensional well-being and sustainability frameworks are revealing, and by showcasing country experiences and good practices.

Policy Recommendations

To achieve effective governance for sustainable transformation, governments and the international community are encouraged to:

Equipping governance and institutions for sustainable and inclusive transformation

- Set up strategic policy frameworks to systematically integrate economic, social, and environmental dimensions at all stages of policymaking, underpinned by clear political commitment and leadership to enhance PCSD;
- Strengthen coordination capacity and establish effective institutional mechanisms that detect and resolve policy conflicts and that align actions across sectors and between levels of government, including an administrative culture that promotes cross-sectoral cooperation, as well as adequate training of civil servants;
- Utilise responsive tools and monitoring mechanisms to anticipate and address cross-national and long-term impacts of policies on sustainable and inclusive development, and to ensure that policies can be adjusted in light of their impacts;
- Strategically use public investments, stimulating further investments from private and other sectors;
- Prioritise investments that are universally beneficial and recognise the interconnectedness of environmental, social, and economic aspects of sustainable development;
- Integrate sustainability criteria in public procurement and budgeting processes;
- Leverage transition finance to build resilient infrastructure and services;
- Tackle the risks of financial exclusion, by addressing the unintended effects of global legal regulation on the ability of developing countries to access finance and credit;
- Prioritise measures that can reduce the risk of corruption and illicit financial flow (IFF) across sectors critical for domestic resource mobilisation, including tax revenue collection, remittances, trade and investment; and
- Target the enablers of illicit financial flows to prevent the unlawful diversion of economic gains out of countries, which can negate financial inflows and severely reduce domestic investment capacity.

Adopting a territorial approach to SDGs

- Adopt a territorial approach that incentivises and empowers subnational governments to develop and implement plans to advance on the SDGs, with supportive fiscal frameworks, granular data and governance structures that align spending, priorities and monitoring across different levels of government.

Developing a suitable regulatory framework

- Take a whole-of-government approach to international regulatory co-operation that conveys political leadership and builds a holistic vision with co-operation platforms and clearly defined roles and responsibilities for oversight bodies and regulators. This is key to ensure that policymakers and regulators across sectors support their government's global commitments by considering international impacts and capitalising on relevant information, practices and evidence;

- Recognise international regulatory co-operation throughout domestic rulemaking by gathering and taking into account international knowledge as well as relevant impacts, considering existing international instruments, providing opportunities to engage with interested parties to comment on potential international consequences of regulatory options; and
- Co-operate internationally on bilateral, plurilateral, and multilateral levels for the development and diffusion of good practices, the consideration and recognition of other jurisdictions' measures, and collection of evidence on issues of common interest.

Ensuring information integrity to enhance the ability of governments to fulfil their responsibilities

- Implement policies – such as supporting independent media or ensuring that online platforms are held accountable for information spread through their services – to enhance the transparency, accountability, and plurality of information sources;
- Foster societal resilience to disinformation through education and critical thinking practices; and
- Upgrade governance measures and public institutions, such as regulation, strategic frameworks, and capacity building to uphold the integrity of the information space.

Enhancing access to justice and promoting people-centred justice systems

- Strengthen institutional capacity to deliver people-centred justice through developing people-centred justice purpose and culture based on evidence of legal needs of different groups of the population;
- Design and deliver a continuum of people-centred legal and justice services tailored to diverse legal needs; and
- Empower individuals through legal literacy and community-based initiatives.

Strengthening global development cooperation

- Better leverage and maximise the sustainable development impact of ODA and other official flows to mobilise private finance and investment through innovative instruments with a focus on quality (blended finance, bonds, guarantees, etc.) that is aligned with the SDGs and built on inclusive partnerships;
- Refresh the development effectiveness narrative in a changing global context with new demands, and adapt institutional arrangements, management systems, policies, partnerships, and practices to engage with partner country actors accordingly, including by supporting locally led development co-operation in line with development effectiveness principles; Leverage whole of government contribution to development and build public and political support for development. This can include decentralised development co-operation (DDC) through common DDC guidance and objectives at national, regional, and local levels, to support locally led and effective development co-operation, including through the facilitation of peer-to-peer learning to deliver mutual benefits in areas where cities and regions have strong competencies and knowledge to share;
- Promote policy coherence for sustainable development by considering the transboundary aspect of policy making to increase the effectiveness of their policies and with a view to achieving the SDGs, and by continuing to develop adequate metrics and frameworks to orient and measure the contribution of the private sector to the SDGs and promote harmonisation and inter-operability of these frameworks; and
- Safeguard the integrity of ODA and strengthen corruption risk management systems in partner countries building on the 2016 Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption. Additionally, prioritising the fight against illicit

financial flows (IFFs) will remain strategic. The 2023 DAC Policy Guidance on Mitigating Risks of IFFs in oil commodity trading provides a roadmap to enhance domestic resource mobilisation for the benefit of populations in resource-rich developing countries while at the same time laying the basis to ensure integrity in the energy transition.

Strengthening capacities to measure progress beyond GDP

- Strive for better, more granular and timely metrics beyond GDP that capture the multitude of experiences and needs of people and that are instrumental for informing a tailored, effective and coordinated policy response;
- Strengthen statistical capacity to collect better evidence and harmonise data collection between and within countries and to fill statistical gaps for minorities and marginalised groups, with a view to reach and account for all those that are at risk of being left behind; and
- Adopt innovative approaches to inform policymaking, for example by including insights from lived experiences.

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Notes

¹ See OECD work on [A Territorial Approach to the SDGs](#)

² See [Global Partnership for Effective Development Co-operation](#).

3

Policies and investments for sustainable transformation and accelerated progress across the SDGs

The UN Secretary General’s proposed Rescue Plan for the SDGs emphasises the need for targeted policies and investments to accelerate progress towards sustainable development. This requires advancing concrete, integrated, and targeted policy actions to eradicate poverty, reduce inequalities, and end the “war on nature” while promoting the rights of women and girls and empowering the most vulnerable. The Pact for the Future further highlights these elements, namely the investment in the socio-economic development of people aimed at strengthening social cohesion and building just, peaceful, and inclusive societies. To support the UN and its Member States in achieving this feat, this chapter provides policy insights and suggestions on how to close divides to leave no one behind and leverage environment-human wellbeing synergies for a truly sustainable and inclusive transformation. It also shines light on areas where policies can be harmonised across sustainability goals to maximise benefits, particularly in the context of escalating crises and the transition to net-zero.

Achieving sustainable development in its three dimensions – economic, social, and environmental – necessitates prioritizing policies and investments with multiplier effects across the three areas. This requires pursuing synergies and harmonising trade-offs among SDGs and their targets, between different sectoral policies, and between diverse actions at the local, regional, national, and international levels. This section illustrates policy areas with the highest potential to deliver on the SDGs, focusing on policy instruments and approaches for aligning actions with sustainable development. In line with the strategic vision set forth by the UN through the Secretary General's Rescue Plan for the SDGs, this section focuses on priority areas spanning the different dimensions of sustainable development:

- Closing divides to “Leave No One Behind”; and
- Leveraging human-environment-well-being synergies.

3.1. Closing divides to Leave No One Behind

At the heart of the 2030 Agenda, the concept of “**leaving no one behind**” (LNOB) embodies a universal commitment from all United Nations Member States to ensure that everyone everywhere benefits from development and the full realisation of human rights without discrimination on the basis of sex, age, race, colour, language, religion, political or other opinions, national or social origin, property, birth, disability, or other status (United Nations System Chief Executives Board for Coordination, 2017^[1]).

According to the World Inequality Report 2022, the richest 10% of the global population earns 52% of global income, whereas the poorest half of the population earns 8.5% of it. Global wealth inequalities are even more pronounced than income inequalities. The poorest half of the global population barely possess 2% of the total. In contrast, the richest 10% of the global population own 76% of all wealth. Such inequalities threaten long-term social and economic development and harm, not just those who are excluded, but also have the potential to undermine the social contract and put social cohesion at risk in many societies. However, observations across countries and over time suggest that high and rising inequality can be changed. In Europe, public investments in job creation, education and health financed through redistribution mechanisms in the tax system have lowered income inequality (Chancel, L., Piketty, T., Saez, E., Zucman, G. et al. World Inequality Report 2022, World Inequality Lab).

While strides have been made towards LNOB, countries still struggle to implement this commitment, with **persistent forms of violence, discrimination, and exclusion continuing to leave individuals and communities marginalised and excluded**. Income and wealth inequalities are compounded by overlapping and interconnected inequalities in health, nutrition, education, and many other dimensions. As highlighted by the UN Secretary General in his latest annual report on SDG progress, if current trends persist, in 2030 around 575 million people will be living in extreme poverty, nearly 2 billion people will have no access to clean cooking, and about 660 million people will be living without electricity (United Nations, 2023^[2]). This underscores the urgency and scale of the task at hand.

Building on existing OECD work on policy areas critical to LNOB, this section presents an overview of practices for closing existing socioeconomic divides and addressing persistent inequalities in our societies. It also provides concrete strategies for aligning sectoral policies with sustainable development objectives, using examples. The 2024 OECD Development Co-operation Report puts forward further examples and policy solutions on how development co-operation can support low- and middle-income countries' efforts to reduce poverty and inequalities. The section focuses on the following selected policy priority areas (OECD, 2018^[3]):

- Providing universal access to social protection and generating quality jobs for a just and equitable transition;
- Addressing the double burden of informal and low-paying work;

- Considering labour market impacts of the net-zero transition and how the costs and benefits of net-zero policies will be distributed across society;
- Closing gender gaps;
- Adopting a life-course approach to essential services, including education, to ensure access to vital services at all stages of life; and
- Securing universal health coverage.

3.1.1. Providing universal access to social protection and generating good quality jobs for a just transition

Promoting social cohesion and greater well-being for all through social protection systems, which provide economic and other support to vulnerable individuals, is essential as countries navigate the megatrends of our time, including the green and digital transition and demographic change, and build resilience to economic shocks. Evidence shows that investing in social protection lowers poverty rates (ILO, 2021^[4]) and promotes inclusive growth, for example when social assistance targets children and youth to improve their education outcomes (OECD, 2019^[5]). Social protection also plays a critical role as part of the LNOB agenda to combat inequalities and poverty, achieve gender equality, and improve the social and economic inclusion of marginalised groups. Investing in social protection ensures a minimum level of social and economic well-being and inclusion. Social safety nets mitigate the risk of poverty and may disrupt the cycle of inter-generational poverty, supporting inclusive growth (OECD, 2019^[5]).

In the context of the green transition, whole-of-government approaches to social protection, labour and climate policies are particularly important for achieving *just* transitions. Well-designed and functioning social protection systems can increase resilience and assist populations at greater risk of climate shocks, enhance adaptive capacities, improve employment, income and livelihood opportunities, and compensate for the losses caused by climate change and green measures. Active labour market policies can also help those displaced by climate shocks to transition towards new employment, including green jobs.

Importantly, people whose jobs depend on natural resources, or are highly linked to the environment, will be the most impacted by climate change-related disasters and extreme weather events. In Southeast Asia, this concerns no less than 100 million people, most of whom are low-paid workers, in the informal sector, and deprived of social protection and labour rights (OECD, 2024^[6]). Social protection systems in developing countries need to be strengthened by a combination of social insurance and non-contributory schemes to mitigate the negative effects on people and workers affected by climate change-induced disasters and labour shifts from green transitions in specific sectors.

Social grievances can be a consequence of environmentally unsustainable economic models, but also a reason for unsustainable practices to persist. High levels of inequality are shown to not only decrease biodiversity conservation efforts (UNRISD, 2016^[7]), but also increase individuals' waste generation and water consumption, as shown in several OECD countries (Islam, 2015^[8]). In the same vein, studies suggest that climate change impacts worsen inequality, as they fall more heavily on the poor than the rich, which results in a harmful cycle that is very difficult for the poor to escape (Nazrul Islam, 2017^[9]).

Sociodemographic, economic, technological, and environmental changes will affect both the need for, and the financing of, social protection systems over the coming decades. Current economic challenges – including labour shortages in some countries and the cost-of-living crisis – are hastening the impacts of megatrends that had been expected for the medium-term. For instance, the cost-of-living crisis seen in many countries demonstrates how keenly energy price rises are felt by households and firms. It also underscores the need to account for the impact of higher energy prices as countries pursue climate change mitigation policies in the coming years.

Social protection systems help individuals and families manage labour-market risks and play a key stabilising role for the overall economy. Effective income support is particularly relevant in the current context of heightened economic uncertainty as well as the labour market restructuring that is likely to accompany the green and the digital transition.

Social protection systems are well prepared in some ways but will need to adapt in other respects (OECD, forthcoming^[10]). In the case of OECD countries – who generally spend more on social protection and as such have relatively low poverty rates by global comparison¹ (OECD, 2024^[11]) – structural challenges still contribute to gaps in social protection. This is evidenced by the exclusion of groups such as informal and non-standard workers from access to social protection (OECD, 2023^[12]), and the sometimes-poor delivery of social benefits and services among those who are eligible.

To provide adequate and sustainable access to social protection, the shape, size, and funding of social programmes will need to anticipate these challenges and adapt to them. To that end, many countries are exploring how to improve access to social protection. For instance, **Belgium** is extending its out-of-work benefits for self-employed workers (OECD, 2023^[13]) and **Italy** has introduced, on an experimental basis, a new unemployment benefit for the previously uncovered group of professionals who are legally self-employed but economically dependent on one or very few clients (OECD, 2023^[12]). Many governments have also made efforts to expand the coverage of social protection. During the last 15 years, countries in Latin America and the Caribbean have expanded the coverage of both contributory and non-contributory social protection schemes, but many informal workers remain uncovered (OECD et al., 2022^[14]). Countries in the region have also used targeted cash transfers, especially conditional cash transfers, to promote children’s enrolment in education (OECD et al., 2021^[15]) (OECD, 2019^[16]).

To improve access to benefits and make them more responsive to changes in circumstances for those attempting to claim benefits, **the use of data** is key. Many governments are collecting new and better data, analysing data in more sophisticated ways, and linking data sources. For example, **Chile** operates a social registry based in part on administrative data. The system automatically delivers some benefits and helps claimants identify and apply for benefits they are eligible for (OECD, forthcoming^[17]). Automatic enrolment in social programmes – using personally-identified, linked administrative data that allows for the creation of large data sets – is a promising new tool for enabling people to use available benefits.

Governments must adapt social protection systems to better address the interconnections between social, economic, and environmental dynamics. This requires considering not only the consequences of the green transition on the labour market and people’s livelihoods, but also the role that social dynamics play in shaping the success of initiatives aimed at increasing economic productivity and environmental sustainability (OECD et al., 2022^[18]; OECD, 2023^[19]). For example, **payments for environmental services** can deliver both social protection and environmental benefits by encouraging a long-term change in behaviour to prevent future ecosystem degradation (Porrás and Asquith, 2018^[20]). **Peru** provides a good example of this. Between 2014 and 2018, the Peruvian Ministry of Environment and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) developed conditional cash transfers – given on the basis that those who receive the funding adhere to certain program-stipulated conditions – to stimulate community protection of tropical forests in the Amazon region. To date, 188 indigenous communities have received aid (OECD et al., 2022^[18]). As of 2020, in the past 15 years, countries in Latin America and the Caribbean have expanded the use of targeted cash transfers, especially conditional cash transfers, to promote sustainable development and tackle poverty and inequalities (OECD et al., 2020^[21]).

Going forward, **it will be necessary to strengthen social protection systems, not only by increasing coverage but also by ensuring the sustainable financing of social protection**, making them more resilient to different types of shocks and to ensure that they have positive long-term effects while guaranteeing that they are properly funded. Many countries will need additional resources to achieve universal social protection coverage and avoid significant financing gaps in the future (ILO, OECD and ISSA, 2023^[22]). Indeed, tight fiscal space in the current macro-economic context, especially in low- and

middle-income countries, tends to preclude large-scale public spending on social protection programmes. There is a clear role for international co-operation to support expanding funding for social protection systems in low- and middle-income countries, both through direct support to governments or by promoting progressive and fair tax systems that enhance domestic resource mobilisation. Most countries expanded social protection during the Covid-19 pandemic, in line with the pattern observed over time that support for social protection increases following crises. For instance, providers nearly tripled the volume of their official development assistance (ODA) to social protection, signalling a recognition of the importance of investments in this policy area (forthcoming 2024 Development Co-operation Report). However, these investments must be sustained over time.

There is no one-size-fits-all approach for extending fiscal space for social protection. Some countries have achieved universal or near-universal coverage in different branches of social protection through a combination of non-contributory and contributory schemes and programmes. For example, some countries are scaling up efforts towards extending and securing social security financing by increasing contributory revenues. Taxation is another key channel used for mobilising resources to ensure universal social protection coverage, for example, revenues from environmental taxes, or dedicated efforts to fight illicit financial flows (ILO, OECD and ISSA, 2023^[22]). Fossil fuel subsidy reform can also free up resources that can be directed towards vulnerable households, by strengthening social protection systems through cash transfers (forthcoming 2024 Development Co-operation Report).

Simultaneously, **governments will need to consider the impact of fossil fuel phase-out on employment and livelihoods**, particularly in contexts where informality – that is, institutions, workers, and activities operating outside of legal and regulatory systems – is high, and data may not be readily available. Traditional approaches to labour market analysis struggle to accommodate the large-scale informality prevalent across fossil fuel industries in many countries, particularly in coal mining. For instance, data on the average age of fossil fuel employees – a key factor in assessing the potential for early retirement schemes in just transition planning – can be hard to come by in many cases. Section 3.2.1 discusses the need to anticipate and address the distributional impacts of the transition to net-zero in more detail.

3.1.2. Breaking the vicious circle of informal employment and low-paying work

Most workers in the world are informally employed and mainly contribute to economic and social development through market and non-market activities that are largely unrecognised, unregulated, unprotected, and undervalued (OECD/ILO, 2019^[23]). Despite commitments by many countries to create economies where workers are formally employed in secure and sustainable jobs, nearly 2 billion workers – representing close to 60% of the world’s employed population – currently hold informal jobs and the majority are poor (OECD, 2023^[24]). Moreover, gains made toward the formalisation of jobs are often reverted by national, regional, and global crises, such as the COVID-19 pandemic (OECD, 2023^[24]).

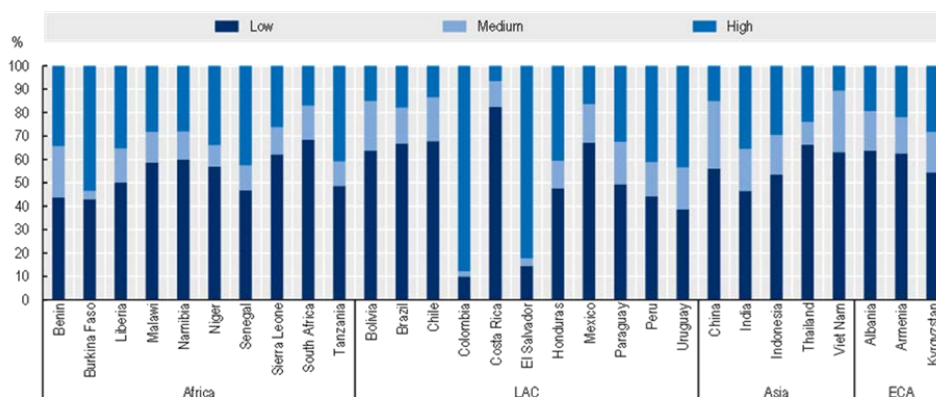
The 2024 OECD report “Breaking the Vicious Circles of Informal Employment and Low-Paying Work” investigates why informal employment is so persistent and highlights the elements that make it difficult for informal workers and their children to break free from informal employment. The report contends that **alleviating the double burden of informal employment and low-paying work is critical** and calls for policy solutions that go beyond the agenda to formalise work to embrace the goal of social justice, as the combination of low paying work and informality often make the mere formalisation of jobs unlikely to eliminate the vulnerability challenge facing the large majority of workers.

Most workers in developing and emerging economies carry this double burden of informal employment and low-paying work. Globally, informal workers make up nearly 60% of the workforce globally, and 90% in low-income countries. OECD data shows that informality often displays a two-tier structure (Figure 3.1). The lower tier is made up of workers with earnings below 50% of the median earnings of their country: they are the majority of the global informal workforce, at 54% on average, and

up to 80% in some countries. The workers in the upper tier enjoy relatively higher earnings; they are also more skilled and productive.

Figure 3.1. Distribution of informal workers by size of labour earnings

Percentage of informal workers by earnings category



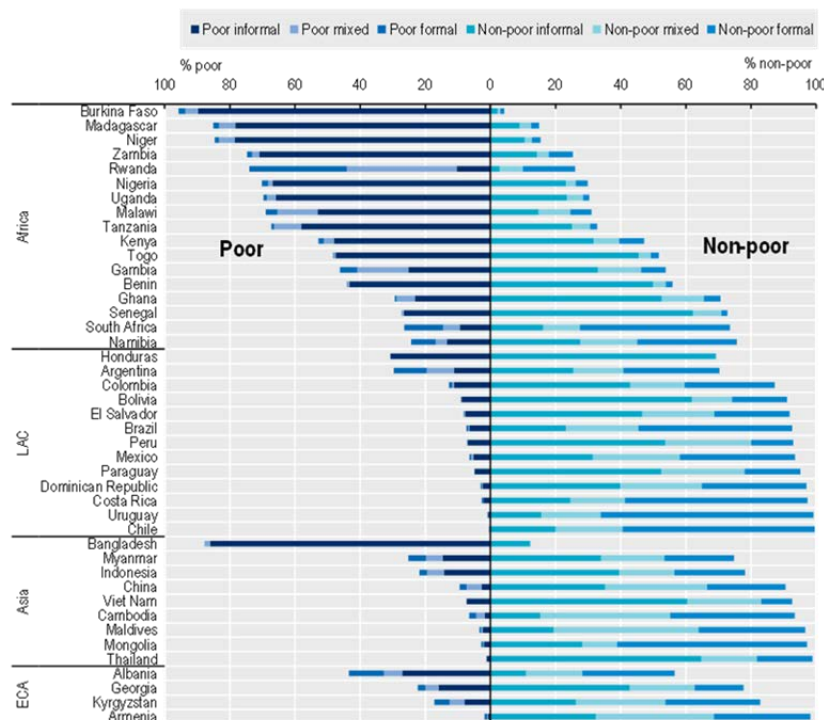
Note: Earnings categories are defined based on the total earnings distribution: low earnings are from the bottom of the distribution to 50% of the median earnings level; medium earnings are from 50% of the median to 150% of the median; and high earnings are 150% of the median and above. LAC – Latin America and the Caribbean; ECA – Europe and Central Asia; Bolivia – Plurinational State of Bolivia (hereafter: Bolivia); China – People's Republic of China (hereafter: China).

Source: Authors' calculations based on (OECD, 2021^[25]), available at: <https://www.oecd.org/dev/key-indicators-informality-individuals-household-kiibih.htm>.

While all informal workers struggle with more socio-economic risks than workers in formal employment, those in the **lower tier of informal employment**, along with their household members, are **particularly vulnerable**. They have a heightened risk of household poverty (Figure 3.2), health problems, poverty in old age, and poorer educational outcomes for their children. This is exacerbated for women who tend to be concentrated in the most vulnerable forms of informal employment. In the context of low pay, the absence of adequate social protection, and fewer opportunities to better their existing knowledge and learn new skillsets, mean informal workers often lack the means to lessen these risks independently.

Figure 3.2. Household poverty risk increases with household's degree of informality

Distribution of people by the poverty and informality status of their households



Note: Poor households are those that fall below the international poverty line of USD 3.20 (United States dollars) Purchasing Power Parities (PPPs). LAC – Latin American and the Caribbean; ECA – Europe and Central Asia.

Source: Authors' calculations based on (OECD, 2021^[25]) available at: <https://www.oecd.org/dev/key-indicators-informality-individuals-household-kiibih.htm>.

Currently, **opportunities to transition between informal and formal employment remain limited**, and the benefits of formalisation at times remain insufficient for some workers in the lower tiers. When informal workers change their employment status, they are most likely to move between informal jobs and unemployment. Workers with the highest chances of accessing formal employment are those living in urban areas and the highly educated.

When they do occur, **transitions from informal to formal jobs do not guarantee equal income improvements** for all workers. Switching to formal employment has the greatest potential to improve the incomes of those workers who are already high earners – in the upper tier of informal employment – but not of the poorest workers in the lower tier. This may be exacerbated in some countries not only due to generally low pay in some occupations, but also due to the absence of a minimum wage. In contrast, transitions to informal employment generally worsen earnings, and in some settings, increase the likelihood of slipping into poverty.

The difficulty of acquiring and updating skills constitutes another significant challenge for workers in the informal economy. **Informal workers have few opportunities to upgrade their skills and transition to formal jobs.** Close to 45% of informal workers have at best a primary level of education, compared to 7% of those in formal employment, and will struggle to access higher levels of education even when encouraged. Moreover, globally, 94% of workers with no education and 85% of workers with only a primary education are informally employed.

Informal workers are also less likely to benefit from training and skills programmes provided through public labour market programmes. For example, in **Indonesia**, 100% of such labour market beneficiaries are formal workers and in **Chile, Ghana, Peru, and Tanzania**, the share is around 90% (OECD, 2021^[25]). In **Niger**, state-provided labour market programmes are provided equally to formal and informal workers. However, as there is a larger share of informal workers than formal workers in the economy, more training needs to be provided to informal workers in order to attain equity, rather than equality.

In general, economies with high levels of informal employment display sizeable mismatches in skillsets between informal and formal workers. Because employers offering formal work generally look for skills that informal workers either do not have or cannot prove having, and because these workers struggle to find opportunities to gain new skills, informal and low-paid employment persists.

Moreover, **children in households** where all family members are **informally employed have a lower chance of securing a formal job** as they grow up. This is because their school attendance, from primary level onwards, is lower than that of children with formally working parents. This is often due to the fact that less financial resources and parental time are devoted to their education and their school-to-work transitions are longer and more uncertain.

The **vicious circle of informality**, especially for workers in the lower tier and for their children, **can be broken by extending social protection coverage to all workers and their household members**.

Extending universal social protection to informal economy workers may be possible, via a combination of **contributory and non-contributory schemes** based on a granular analysis of the circumstances of different groups of workers, the risks they face, and their contributory capacities. Funding this extension of social protection may require the **mobilisation of additional revenues**, particularly where governments' fiscal positions are not strong (see section 4.3.1 for more information).

The two-tier nature of informal employment requires differentiated policy actions to ease transitions between these tiers and towards formal jobs. **Skills development policies** are one solution. For informal workers, it is critical to create more concrete opportunities of employer-sponsored training and public skills development programmes tailored to their needs. It is also necessary to find ways to formally recognise the skills they acquire through informal work. To improve the skills of children and thus the future work force, governments should continue investing in accessible, equitable, quality education; prevent school dropouts; and ease school-to-work transitions.

In addition, policy makers should recognise that certain workers will never be able to move out of low-paid, informal jobs. Where such jobs help sustain livelihoods and may therefore be considered essential and socially desirable, the priority should be to alleviate the double burden of informal employment and low-paid work through remuneration policies beyond standard wages that address inequalities; effective minimum wages; and measures to improve the bargaining power of low-paid informal workers.

For informal workers in the upper tier, additional measures could be considered, such as ensuring **adequate coverage by labour laws, social security and tax regulations**, as well as enforcing compliance with these regulations by workers and by employers.

In recent years, the **social economy** has garnered considerable attention as a promising **tool to offer innovative solutions for addressing informality**. The OECD Recommendation of the Council on the Social and Solidarity Economy and Social Innovation (OECD, 2022^[26]) defines the social economy as a set of organisations including associations, co-operatives, mutual organisations and foundations that are owned by their members and driven by values of solidarity, the primacy of people over capital, and democratic and participatory governance.

OECD work has shown that the social economy, in particular co-operatives, could help tackle labour informality as long as they do not deviate from their primary purpose. Similarly, the International Labour Organization's (ILO) "Transition from the Informal to the Formal Economy Recommendation" (ILO,

2015^[27]), adopted in 2015, formally acknowledged co-operatives as a form of entrepreneurship which can contribute to the transition from the informal to the formal economy.

Depending on the local context, co-operatives are often easier to set up due to lower entry barriers and regulatory burdens. Moreover, they also deliver opportunities for training (which are typically embodied in their mission) and access to social security safety nets. In turn, these activities provide avenues for growth, financing, new markets, business support services, better working conditions, and better profits and pay.

In some countries, co-operatives have also proven to be successful tools for informal workers to organise and formalise their activity or sector. For example, this has been observed in the recycling sector in countries such as **Argentina, Brazil, India, and South Africa**.

However, due to the risk of corruption, governments must work with the co-operative sector to ensure it fulfils its primary purpose and is not diverted to evade worker's rights. Co-operatives must also be supervised to protect them and their membership from abuses such as the fraudulent misuse of co-operative funds; the misuse of the name and identity of co-operatives for non-cooperative activities or simply to attract governmental funding; or as a cover for business activity that is on the boundaries of legitimacy. An important measure could be to collect data and information to assess if/how co-operatives contribute to the formalisation of work, in conjunction with compliance efforts.

Tackling the issue of informal and low-paying work is also directly linked to the environmental pillar of the sustainable development agenda. **Informal work is especially high in sectors with a high intensity of greenhouse gas (GHG) emissions**. In Latin America and the Caribbean (LAC), for instance, almost four out of ten workers in mining, manufacturing, and transport services are informal and in agriculture, seven out of ten (OECD et al., 2023^[28]).

This shows that, in the context of the green transition, in segmented labour markets with pervasive informality, **induced structural change, green or otherwise, should be accompanied by active labour market policies**, including clear communication campaigns and skills training. Given the high levels of informality, self-employment and entrepreneurship programmes could prove useful if they include technical services, such as counselling, training and assistance with business planning, and direct financial support for the newly created business (OECD et al., 2022^[14]).

Therefore, strategies to reduce informality must also consider the interconnections between economic, social, and sustainable development objectives. In line with this, the circular economy – that is, a model of production and consumption that aims to reduce waste through the strategic reuse of materials – could help reduce informality in the waste management sector in LAC. OECD work suggests that if LAC's waste and recycling sector were to develop into a key sector with a municipal waste recycling rate equivalent to that of Germany, it could contribute to a green economic revival: almost 450 000 stable jobs would be created, and the region's GDP would increase by 0.35% (OECD et al., 2022^[14]).

3.1.3. Closing gender gaps

Despite progress, **gender equality remains a distant reality in every country**. Under-representation of women and girls in promising educational fields, disproportionate time spent on unpaid and domestic care, lower employment rates, fewer paid working hours per week, substantial labour market segregation, and persistent glass ceilings continue to hinder women's economic opportunities and perpetuate gender wage gaps. Women also face barriers to entrepreneurship and self-employment. All these factors result in **substantial gender gaps in lifetime earnings and pension income**, as well as **missed opportunities for job creation, growth, and innovation**. Moreover, women's underrepresentation in politics and government leadership might diminish policy support for gender equality. At the same time, the stereotypes associated with masculinity can also have negative consequences for boys, with higher school drop-out rates, for example (OECD, 2023^[29]).

Gender equality is a moral, social and economic imperative. Across OECD countries, for example, closing gender gaps in labour force participation and working hours could add 0.23 percentage points per year to the GDP per capita growth, resulting in a 9.2% boost to GDP per capita by 2060. Neglecting gender equality threatens world's collective future prosperity (OECD, 2023^[30]).

In particular, women and girls have made **great advances in education** over the past decades with narrowing or even reversing gender gaps in different educational levels (primary, secondary, and tertiary) across the countries (OECD, 2024^[31]; 2023^[32]; 2021^[33]; Van Bavel, Schwartz and Esteve, 2018^[34]). In OECD countries, young women now have a substantially higher educational attainment than young men (OECD, 2022^[35]). Boys are lagging behind girls in foundational skills like reading and science, which undermines school engagement and can contribute to their higher likelihood of leaving school early (OECD, n.d.^[36]). Moreover, over the past years and decades, countries have made important strides to make teachers more gender aware, teaching materials more gender neutral, and more girls motivated to study Science, Technology, Engineering and Mathematics (STEM) subjects. As examples of initiatives supporting girls and women in STEM, a pillar of the Chilean “National policy for gender equality in STEM” focuses on eradicating gender stereotypes in education from an early age, while in 2022 Ireland published “Recommendations on Gender Balance in STEM Education”, and Luxembourg launched the “Gender4STEM Teaching Assistant” self-assessment tool for teachers to evaluate their gendered education practices (OECD, 2023^[30]). However, **gender stereotypes still contribute to major gender segregation in fields of study and career expectations**, with young women still more likely than young men to pursue studies in fields relating to education, health, and welfare, and less likely to choose engineering, mathematics, or computing. Bridging the gender gap in education requires tackling both boys' disengagement and persistent segregation in educational choices.

Similarly, **labour market outcomes of men and women** have converged over the past decades. Nevertheless, working-age women continue to fare worse than men in many labour market indicators. For instance, women in OECD countries are on average 10 percentage points less likely to be employed than men and still spend about five hours less per week in paid work. **Gender differences in employment also culminate in a substantial gender pay gap**, with women earning about 11.6% less than men in 2022 on average across the OECD, measured at median earnings for full-time workers. **Women are still overrepresented in human- and care-centred occupations – typically characterised by lower pay** compared to STEM occupations. For example, the teaching profession has witnessed a growing feminisation. Occupations predominantly filled by women may receive lower remuneration because they are undervalued, not because they are inherently less valuable (Bettio and Verashchagina, 2009^[37]; OECD, 2023^[38]).

Policy solutions have tried to support a more equal distribution of paid and unpaid work (OECD, 2024^[39]). Many countries have recently introduced or expanded fathers' individual entitlements to **paternity and parental leave**, increasing the incentive for fathers' leave taking and contributing to erode the stubborn gender norms around childcare and unpaid work. Key changes have been spurred by efforts of European Union (EU) countries to align with the EU directive on work-life balance (Directive 2019/1158/EU): some countries newly introduced paid paternity leave (e.g., Austria or Czechia); others increased the length of paid paternity leave entitlements (e.g., Italy and Spain); and others introduced non-transferable rights of leave for fathers (e.g., Estonia or Greece). Other OECD countries have also adapted their parental leave systems to encourage take-up among men.

Countries have also invested in **offering better childcare options**, including efforts to make early childhood education and care (ECEC) more affordable for low-income household. For instance, Estonia limits childcare fees to 20% of the monthly minimum wage, while Germany exempts low-income and other vulnerable households from paying ECEC fees. In Norway, childcare fees are capped at a maximum of 6% of gross household income, and the government introduced a right to 20 hours of free childcare for lower-earning parents. Between 2021 and 2026, Canada is rolling out a large-scale ECEC reform towards

a country-wide Early Learning and Childcare System which, among others, includes a guarantee for a childcare fee of maximum CAD 10 a day. Other measures adopted by countries also encompass a better offer to **flexible work opportunities**, among others (OECD, 2023^[30]).

Countries have proposed multiple solutions to **close the gender pay gap**, with promising developments relating to pay transparency tools to support equal pay (OECD, 2023^[40]; 2021^[41]). As of 2022, more than half of all OECD countries mandated private sector firms comply with gender-disaggregated pay reporting requirements or gender pay audits for private sector companies. Within this group, ten OECD countries have implemented comprehensive equal pay auditing processes that apply to a pre-defined set of employers (Canada – under the Pay Equity Act, Finland, France, Iceland, Ireland, Norway, Portugal, Spain, Sweden and Switzerland). Some countries apply more limited tools, such as requiring analysis of gender pay gaps in the process of labour inspections (Costa Rica, Czechia, Greece and Türkiye), or requiring companies to report gender statistics on outcomes other than pay. At the same time, pay transparency tools must be part of a comprehensive effort to combat gender gaps in pay – simply revealing the presence of a pay gap will do little to mitigate pay inequity that has built up over years of educational and workplace choices (OECD, 2023^[40]; 2021^[41]).

Next, the **gender gap in entrepreneurship is persistent and costs economies invaluable ideas, innovation, and jobs**. The recent OECD-EU *Missing Entrepreneurs 2023* report shows that there would be an additional 24.8 million women entrepreneurs in the OECD if women participated in early-stage entrepreneurship at the same rate as 30–49-year-old men. In addition, several G7 countries have recently performed their own estimations of this cost. Calculations from **Canada** in 2017 suggest that closing the gender gap in entrepreneurship by 2026 could add up to CAD 150 billion (USD 113 billion) to the Canadian economy, which is 6% more growth than what was forecasted for the 2017-26 period (Government of Canada, 2022^[42]). Similar estimates in the **United Kingdom** (UK) suggest that GBP 250 billion (USD 325 billion) would have been added to the UK's economy in 2017, equivalent to 12% of GDP, if women started and scaled businesses at the same rate as men (Alison Rose, 2019^[43]).

The challenges that women identify in starting a business include discouraging social and cultural attitudes; lower levels of entrepreneurship skills; greater difficulty in accessing start-up financing; smaller and less effective entrepreneurial networks; and policy frameworks that discourage women's entrepreneurship. Traditional instruments such as training and grants are used to address these barriers, but these approaches should be expanded to ensure full reach into the population. Entrepreneurs are strongly influenced by role models and social context. It is therefore important to promote women entrepreneurs as role models and ensure that the education system is gender-neutral and does not discourage women from going into STEM fields. Finally, **more targeted actions can be taken to ensure that family policies, social policies, and tax policies do not discriminate against entrepreneurship by women**. A good practice example is the Women Entrepreneurship Strategy in **Canada**, which was announced as an initial CAD 2 billion investment and “whole of government” strategy to help increase women entrepreneurs' access to financing, networks, and expert support. It now represents nearly CAD 7 billion in investments and commitments across 20 federal departments, agencies, and crown corporations owned by federal or provincial governments in Canada. The strategy is built around three pillars: access to capital; strengthening the women entrepreneurship ecosystem; and enhancing knowledge and data. In fiscal year 2022-23, federal programmes and services for women entrepreneurs were accessed over 74 600 times.

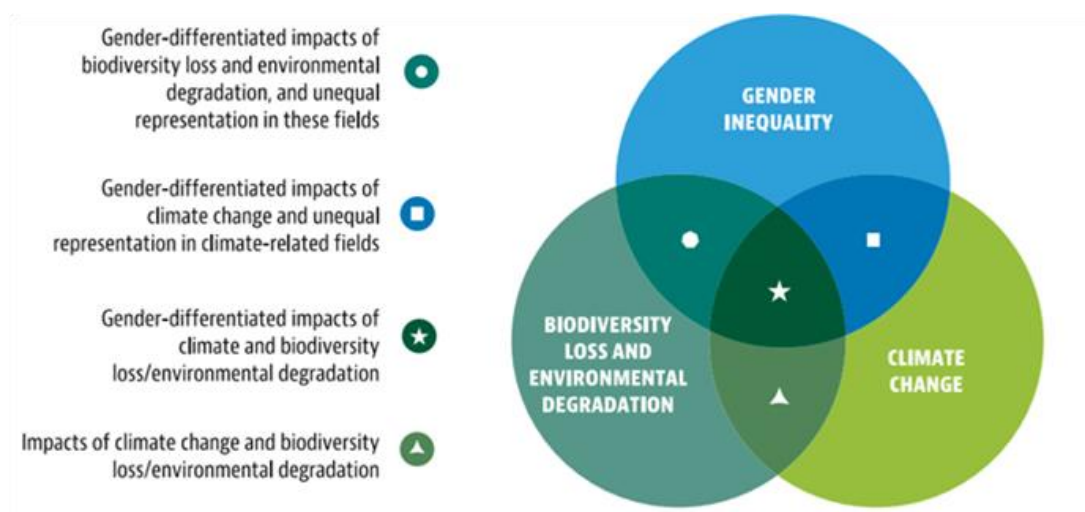
There is also gender imbalance in **decision-making positions**. In the private sector, on average across OECD countries, only 34% of managers were women in 2022. Worldwide, on average, the share of managers who are women drops to 25% (OECD Development Centre/OECD, 2023^[44]). In publicly-listed companies and top levels of management, evidence of the leaky pipeline – the slowly decreasing share of women as one climbs the career ladder – and the glass ceiling – an invisible barrier to women's advancement – is even starker (OECD, 2023^[38]; 2023^[30]). An increasingly widespread use of gender quotas and targets for corporate boards as well as complementary initiatives have sustained an increase

of women's presence on the boards of the largest publicly listed companies from around 21% in 2016 to 29.6% in 2022 (Denis, 2022^[45]). Similarly, in public life, despite being overrepresented in public sector employment, in 2021 women only covered 37% of senior management positions in public sector employment on average across OECD countries (OECD, 2021^[46]). Globally, at the rate of progress recorded between 2012 and 2022, gender parity in parliaments would not be achieved before 2062 (OECD, 2023^[47]). Beyond policies and instruments such as legislated gender quota that can help achieve a meaningful representation of women at different levels of governance, **bold action from political parties is required to promote female candidates and encourage women to run for elections.**

At the heart of these persisting gender gaps and inequalities lie discriminatory social institutions – formal and informal laws, social norms, and practices that affect girls from an early age and have lasting adverse consequences for women's sexual and reproductive health and rights, economic empowerment, political representation, and decision-making power, and even safety. Numerous countries have reported that violence against women is a priority policy issue, followed by the gender wage gap, women's underrepresentation in politics and business, and finally gender stereotypes (OECD, 2022^[48]; 2023^[30]). Moreover, discriminatory laws hamper women's marriage rights, their status within the household, their ability to seek and obtain a divorce, and their opportunities to inherit from their parents or spouse on equal grounds with men. In 2023, the fifth edition of OECD's *Social Institutions and Gender Index (SIGI)* showed that over 40% of women and girls live in countries where the level of discrimination in social institutions is estimated to be high or very high (OECD, 2023^[47]). Recent evidence paints a mixed picture of progress and setbacks in transforming discriminatory social norms into gender-equitable ones. Transforming social norms fundamentally takes time as they relate to the core beliefs of individuals. Based on 37 countries that account for 50% of the world's adult population, data show that attitudes towards intimate partner violence and women's leadership in both economic and political spheres have evolved positively between 2014 and 2022 (OECD, 2023^[47]). However, over the same period, **social norms related to women's equal rights and ability to work have worsened.** For example, in 2022, 35% of this population believed that when a woman earns more than her husband, it causes problems, a 6 percentage point increase from 2014. Similarly, in 2022, 45% of the population think men should have more rights to jobs when they are scarce, a 4 percentage point increase from 2014 (OECD, 2023^[47]). A limited understanding of social norms and masculinities hinders efforts to engage men and boys, despite their importance for both women's empowerment and addressing areas where men fall behind.

Further, the **impacts of climate change, environmental degradation and biodiversity loss reinforce gender inequality** by causing and exacerbating food insecurity, poverty, diseases, and displacement – scenarios that amplify harmful power dynamics and disproportionately and negatively affect women and girls. Addressing the four challenges jointly can have a positive multiplier effect, but efforts undertaken in isolation can undermine each other. Figure 3.3 below provides a conceptual diagram to define this intersection.

Figure 3.3. The gender-climate-biodiversity/environment intersection



Source: (OECD, 2023^[49]).

ODA for gender equality

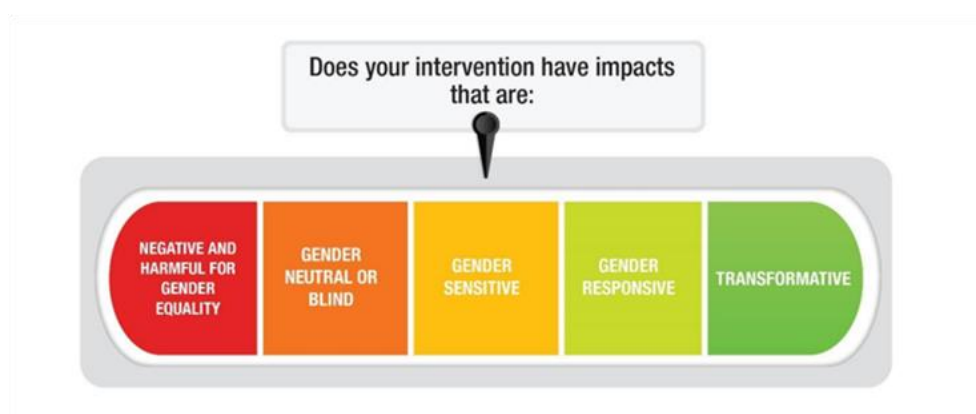
Moreover, there is a need to increase the quantity and quality of financial resources available for gender equality and the empowerment of all women and girls globally and especially in lower-income countries. DAC members' ODA remains an essential external financing resource in this regard, especially for low-income and fragile countries. However, in recent years, there has been a stalling, and potentially downward, trend in ODA for gender equality (OECD, 2024^[50]) see Figure 3.4. In addition, support to programmes with gender equality and the empowerment of women and girls as the **main objective** made up only 4% of total ODA in 2021-22. The vast majority was committed for programmes that integrate gender equality as **one significant policy objective** amongst others (USD 58.3 billion or 39%). This recent OECD data indicates that more than half of ODA does not take gender equality into account (OECD, 2024^[51]).

Figure 3.4. ODA for gender equality



This is not only a missed opportunity to support achievement of the SDGs and gender equality globally, but also risks perpetuating gender stereotypes. All development programmes have an impact on gender equality, whether intended or not. A helpful tool for thinking about transformative change, and for identifying what type of impact a development intervention may have, is the gender equality continuum, as shown below (Figure 3.5).

Figure 3.5. Gender Equality Continuum



Note: The continuum categorises gender equality objectives and impacts on a scale: Gender “negative” or “exploitative”: causes harm, implies a risk; Gender “blind”, “neutral” or “accommodating”: ignores and works around existing gender inequalities, but in the process, possibly perpetuates them; Gender “sensitive” or “aware”: considers gender inequalities; Gender “responsive” or “positive”: strengthens gender equality; and Gender “transformative”: changes gender norms and power relations.

Source: (OECD, 2022^[52]).

A comprehensive approach to increasing financing for gender equality includes:

- Integrating gender equality considerations into development programming and policy frameworks;
- Increasing data on areas of need through evaluation; and
- Establishing internal organisational systems to ensure gender-equitable delivery of financing in all development and humanitarian assistance.

Development finance that contributes to progress on gender equality also requires supportive policy frameworks and leadership. Over the past 15 years, DAC members have refined their policy approach to gender equality, moving towards a twin-track approach, which integrates both women's and men's concerns into development programmes and policies. Whole-of-government approaches are also important, and some DAC members have conveyed gender equality advocacy through different channels of foreign policy and diplomacy and by implementing their own feminist foreign policy.

In line with these efforts, on 14 May 2024, DAC members adopted the DAC Recommendation on Gender Equality and the Empowerment of All Women and Girls in Development Co-operation and Humanitarian Assistance (OECD, 2024^[53]). This legal instrument is a significant milestone in advancing gender equality and will enhance work on transformative approaches to addressing root causes of gender inequalities. The Gender Equality and the Empowerment of Women and Girls: DAC Guidance for Development Partners complements the DAC Recommendation and serves as a practical handbook for development partners supporting global ambitions to promote gender equality and the empowerment of all women and girls (OECD, 2022^[54]).

Generally, DAC members are increasingly committed to implementing “transformative” change in their policies as the route to gender equality and the empowerment of women and girls (Rao and Sandler, 2021^[55]; ATVET for Women project, 2019^[56]). **Sustained change requires transforming unequal power relations and the harmful structures and norms – both visible and invisible – that uphold them, in addition to addressing the root causes of inequalities** (Hillenbrand et al., 2015^[57]). The most successful and transformative results for gender equality will involve shifting patriarchal practices, norms and values deeply held by women and men alike (OECD, 2022^[52]). Recently, there has also been an increased interest in **finance other than ODA that addresses gender equality**. Capital markets – encompassing financial markets where investments such as long-term debt or equity-backed securities are bought and sold – are crucial sources of long-term funding to help close the SDG financing gaps and mobilise capital for sustainable development (OECD, 2022^[52]). Development partners can also increase funding by targeting their “other” official flows towards gender equality, including financing that is typically provided through development finance institutions.

Other possibilities for additional funding include:

- Partnering financially with private actors, such as commercial or philanthropist organisations, at all levels;
- Setting up blended finance vehicles with development banks and development finance institutions (DFIs);
- Providing guidance and financial incentives for financial actors to work on gender equality; and
- Providing technical support on gender equality for actors in partner countries (OECD, 2022^[52]).

Currently, **most development co-operation strategies adopted by development co-operation providers do not address gender equality and environment challenges in an interconnected manner** (OECD, 2023^[49]). Lack of intersectional approaches to climate change, environmental degradation, biodiversity loss, and gender inequality are concerning, especially given the sizeable and continuous financial investments in the four areas.

By setting **quantitative targets for their climate- or biodiversity-related development finance to gender equality, and vice versa**, providers of development co-operation would be progressing towards a more coherent, systematic, and effective response to this intersection. In doing so, they should ensure their approaches and programming efforts avoid gender- and green-washing² (OECD, 2023^[49]).

3.1.4. Adopting a life-course approach to essential services and tackling the global crisis in education

Education is one of the most critical enablers of progress across the full spectrum of SDGs. However, the **rising number of crises around the world has impacted progress and investment in education and lifelong learning globally**. To ensure an efficient long-term investment in humanity's future, an urgent and profound change of course in global educational development is needed. **Quality education holds the key to fostering knowledge, skills, and attitudes that contribute to peaceful, inclusive and sustainable futures of humanity and the planet** and is crucial to protecting and supporting youth and future generations (see further in Chapter 6 on empowering youth and future generations for a better tomorrow).

The right to education must begin with laying a strong foundation of **comprehensive early childhood care and instruction**, followed by foundational learning, as part of inclusive lifelong learning. In today's increasingly digital world, this also means implementing three "keys" of digital learning – connectivity, capacities, and content – in education. Universal access to broadband connectivity is essential, then, and access to digital technologies must increase.

While all learners must be given the tools to achieve their full potential, it is vital that development initiatives prioritize the most vulnerable, including those affected by crises and emergencies. Strong education systems with sufficient resources have the best chance to serve the marginalised and underprivileged. However, low- and lower-middle-income countries are facing an annual financing gap of \$97 billion to achieve their national education targets while various global emergencies are also squeezing the level of development aid.

Strengthening the link and **enhancing coherence between education sector planning and budgeting can improve service delivery for millions of learners worldwide** while also helping to **reduce gender disparities**. Countries can also free more resources for education via strategies such as tax reforms, innovative financing, debt relief, and public-private cooperation.

To ensure more equal access to quality education, policymakers must also consider that the quality of school infrastructure varies significantly across and within countries. Globally in 2020, about a quarter of primary schools did not have access to basic services such as electricity, drinking water, and sanitation. **Lack of physical infrastructure and poor-quality infrastructure tend to be higher in schools located in villages as compared to schools located in cities**. Rural-urban gaps in digital infrastructure for learning are also large across G20 countries. The rural-urban gaps are particularly large in LAC countries, where geographical gaps might reflect, among other factors, differences in the prioritisation of investments in connecting rural schools (OECD, 2022^[58]).

A place-based approach to investment in education is therefore key to bridging the rural-urban gaps in educational outcomes. Rural areas face higher costs per student than urban areas, which might limit their capacity to invest in education infrastructure even more (OECD/EC-JRC, 2021^[59]). In OECD countries, subnational governments, and in particular local governments, have a relatively large share of responsibility for financing education expenditure, accounting for 47% of total public expenditure on education on an unweighted average in 2021. (OECD, 2022^[58]; OECD, 2023^[60]). Education is the primary area of subnational government spending as a share of GDP accounting for 2.2% on unweighted global average, i.e. 20.2% of subnational expenditure (OECD, 2022^[61]) Regional and local governments, in close coordination with national governments, can play a pivotal role in ensuring effective investment in

education. Moreover, by engaging a wide cross-section of society including the youth, especially those from historically marginalized groups, in policy and decision-making, they can lead the charge to a sustainable future, crafting **solutions that resonate with their communities in a way that is inclusive, impactful, and deeply rooted in local needs.**

3.1.5. Achieving and sustaining Universal Health Coverage

Universal Health Coverage (UHC) – which aims to ensure all people have access to the quality health services they need without incurring financial hardship – is critical to the SDG vision of LNOB, yet the world is off track on this SDG indicator (SDG target 3.8). The latest UHC Global Monitoring Report shows that **improvements in health service coverage have stagnated since 2015, and the share of the population facing catastrophic levels of out-of-pocket spending has increased.** Indeed, over 1 billion people incurred catastrophic spending – that is, out-of-pocket payments greater than 40% of their household capacity to pay for health care – in 2019, up from 558 million people in 2000 (WHO and World Bank, 2023^[62]). Since then, the pandemic has added pressure to already stretched health systems, and a difficult global economic context is hindering an expansion of the resources required to fund UHC.

But inaction is not an option. **Without quality health services, too many people will fall sick and not recover, and without a healthy population, sustainable development is impossible.** UHC is not just a domestic issue, as countries without universal systems are more susceptible to health shocks. As COVID-19 has shown, a health shock that starts as a domestic crisis can quickly become a major international crisis. Strengthening health system resilience is therefore critical to achieving and sustaining UHC (OECD, 2023^[63]).

Achieving and sustaining UHC requires action at both the national and international levels. More funds are needed for priority areas, including to prepare for and respond to regional and global shocks like those caused by the Covid-19 pandemic and to strengthen national health systems. Many countries could increase domestic spending on health by expanding prepayment mechanisms – whether through direct government funding and/or compulsory health insurance schemes – and better leveraging health taxes (notably on tobacco and alcohol). However, capacity constraints and increasing debt distress often hamper countries' efforts to increase domestic spending on health. Tackling these challenges requires coordinated action and budgeting across ministries of finance and health (OECD, 2024^[64]).

At the same time, development assistance and other sources of international finance can play an important role in ensuring the poorest and most vulnerable are not left behind. In addition, these external financing flows can also provide support for the production of global public goods (GPGs) for health – such as surveillance efforts, rapid access to new vaccines and treatments, and coordinated emergency responses – which without intervention would by their nature be underprovided. Finally, dialogue at the international level can play a critical role in improving global policy coherence.

3.2. Leveraging synergies between environmental and social policy objectives

This section provides analysis and strategies for capitalising on the complementarities **between environmental and human well-being to foster coherent and effective implementation of the SDGs.** In particular, the section addresses:

- Strengthening domestic enabling conditions and the credibility of transition finance;
- Addressing the labour and distributional impacts of climate policies from a well-being perspective;
- Accelerating access to clean energy and protecting biodiversity and natural resources;
- Analysing interlinkages between change mitigation and adaptation;
- Securing sanitation, water, and food security; and
- Reducing disaster risks and improving disaster response.

3.2.1. Strengthening domestic enabling conditions and the credibility of transition finance

Transition finance is aimed at the decarbonisation of high-emitting industries activities, where zero- or near-zero emission substitutes are not yet fully feasible, but where entities can reasonably be expected to reach net zero in the future, based on a long-term, credible climate transition plan.

The concept of transition finance has been rapidly gaining traction in recent years as existing green and sustainable finance approaches were perceived as being binary, static, and too narrow to enable a global whole-of-economy net-zero transition. However, as there is no common agreement across jurisdictions as to what should qualify as a “transition investment”, transition finance has been subject to **greenwashing criticisms**. In response to this, the OECD Guidance on Transition Finance (OECD, 2022^[65]) makes the case that for transition finance approaches and related financial instruments to be robust, they must be based on **credible transition plans**.

Given that transition finance focuses on supporting high-emitting sectors where low-carbon technologies might not always be fully feasible, carbon lock-in is an important risk associated with these investments. Carbon lock-in occurs when fossil fuel infrastructure or assets (existing or new) continue to be used, despite the possibility of substituting them with low-emission alternatives, thereby delaying or preventing the transition to such alternatives. The OECD report on *Mechanisms to prevent carbon lock-in in transition finance* (OECD, 2023^[66]) presents key findings and good practices to support policymakers in developing comprehensive and credible transition finance definitions and frameworks, as well as standards for relevant financial instruments.

The Coal Transition Accelerator

To achieve net zero emissions by 2050 globally, in line with the temperature target of the Paris Agreement, the world needs to transition away from fossil fuels. **Transitioning away from using coal for energy**, including the associated mining, processing, and distribution activities, **will need to be a key objective** of those efforts.³

Today’s existing coal plants and industries will “lock in” over 300 gigatonnes of cumulative emissions by 2050, if no additional action is taken. This amount corresponds to more CO₂ than the emissions to date of all coal plants that have operated historically and **would push the world well beyond the temperature goal of the Paris Agreement** (IEA, 2024^[67]), (IEA, 2022^[68]). Moreover, emissions from coal-fired power only continue to rise, while governments increase their fossil fuel subsidies (OECD et al., Forthcoming^[69]). According to the IEA’s 2023 coal analysis, global coal consumption continued to grow and hit new record levels in 2023 (IEA, 2023^[70]).

More concerted private sector action will be essential to ensure a just and managed energy transition away from coal. Private finance will especially need to play a key role given constraints on public budgets, especially in emerging markets and developing economies. The IEA estimates that **half of investment needed in developing countries (excluding China) until 2030 to move away from coal**, by retiring plants early and replacing capacity with renewable and clean energy, **will have to come from the private sector**.

Most young coal plants (<10 years, and likely to remain in place until after 2050 unless decommissioned early) are today located in emerging market and developing economies. In the IEA’s Announced Pledges scenario, by 2030, around 20 gigawatts of coal power plants will need to be retired before they reach 30 years of life. In many cases, the large amounts of capital invested in such plants cannot be recovered unless innovative financing mechanisms accompany early retirement – for example by refinancing and restructuring debt and shortening payback periods (IEA, 2024^[67]).

In this context, at COP 28, the Coal Transition Accelerator initiative (Présidence de la République française - Service de presse, 2023^[71]) was launched by France and the US, with high-level support from Canada, EU, Indonesia, Malaysia, Senegal, UK, and Vietnam. One of the three pillars of the initiative gives the OECD, with the support of the IEA, the mandate to establish a “gold standard” for financial institutions on financing the transition away from coal.

Guidance for financial institutions on financing the transition away from coal can build on a significant body of existing OECD work in the area of transition finance, climate alignment of finance, Responsible Business Conduct, and corporate governance. Key reference frameworks for transitioning away from coal include the OECD “*Guidelines for Multinational Enterprises on Responsible Business Conduct*” and supporting due diligence guidance for the financial sector and the OECD “*Guidance on Transition Finance*”. They can provide the foundation for more detailed guidance to the steps to be taken by financial institutions to support the transition away from coal. Further recommendations for financial institutions on financing the transition away from coal (as well as oil and gas) are set out in the OECD’s *Equitable Framework and Finance for Extractive-based Countries in Transition (EFFECT)* (OECD, 2022^[72]).

3.2.2. Addressing the labour market and distributional impacts of climate policies from a well-being perspective

The transition to net-zero emissions will have considerable effects on global labour markets. While the precise estimates from macro-models differ, there is broad agreement that the net effect on aggregate employment will be modest (OECD 2024 Employment Outlook, forthcoming). However, the transition will have a significant impact on global labour markets, as some jobs will disappear, and new jobs will emerge, leading to a reallocation within and across sectors and regions. Moreover, many existing professions will be transformed and redefined as day-to-day tasks and work methods become greener. Finally, **climate change itself will impact labour demand and working conditions**, primarily through an increase in temperatures and in the frequency of extreme weather events.

The challenge for labour markets is therefore twofold:

- To scale up **policies to attract private investment and foster innovation** and design policies that facilitate and manage the reallocation of labour induced by mitigation policies; and
- To enhance the **capacity of workers, businesses, and communities to adapt** to rising temperatures and the increasing severity of extreme weather events.

The exact scale of these challenges remains uncertain and will depend on the implementation of policy commitments, including whether SDG targets will be met, as well as on the level of additional investments (public, private, or private subsidised by public budgets). It will also depend on the extent of adoption of existing clean technologies and further development of newer ones – for example, carbon capture, utilisation, and storage (CCUS) – across sectors and companies, both locally and internationally.

While a transition towards greener energy production may create jobs in new sectors in renewables, the transition from declining sectors such as fossil-fuel related activities to expanding new sectors will not be smooth for all workers. To address the labour market implications of climate change mitigation policies, governments should evaluate existing labour market and social policies to assess whether they are ready and effective to manage potential labour market disruptions of the green transition. They should take a proactive stance to prevent the risk of job displacement, focusing on the development and enhancement of workforce skills and the implementation of early intervention strategies to mitigate adverse impacts on employment. For those workers who will lose their job, robust support mechanisms must be established to safeguard their livelihoods. Income support measures and active labour market policies (ALMPs) such as job search assistance, job matching and employment incentives play a pivotal role in helping displaced workers or those at risk of displacement and job loss (OECD, forthcoming^[73]).

Avoiding a disproportionate burden on low-income households while providing sufficient funding for the net-zero transition will require targeted and coherent policy responses. Carbon pricing, which introduces fees to greenhouse gas emissions to reduce the use of coal, oil, and gas, can contribute both to reducing emissions and raising funds for the net-zero transition. However, governments should avoid the financial burden of carbon pricing falling disproportionately on lower-income households, which are less able to stem additional costs.

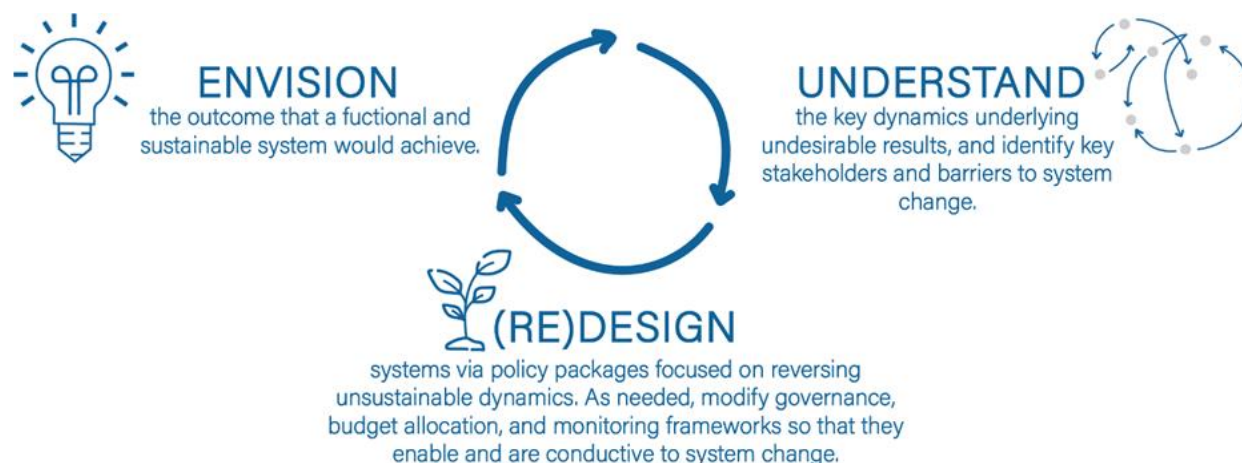
Therefore, the net-zero policy agenda needs to reconcile equity considerations with environmental objectives and ensure support for citizens. As part of broader policy packages, rebating some or all the revenues from carbon pricing to low-income households would give governments considerable scope to mitigate the market and distributional impacts of the transition. When climate policies are aligned with well-being goals – for instance, policies improving air quality – their cost-effectiveness increases, as multiple problems can be tackled at the same time. Public acceptance of such policies can also increase if they generate short-term benefits in addition to reducing emissions in the longer term.

OECD work exploring the interplay between climate policies and well-being objectives (OECD, 2019^[74]) has analysed the potential of multiple climate policies to leverage environmental and human well-being benefits. For example, **investments in green spaces and urban forests can help cities adapt to heat waves, support biodiversity, improve physical and mental health via better air quality, increase opportunities for physical activity and for social interaction, and contribute to community cohesion.** Upgrading energy-consuming systems in low-income housing can also reduce emissions while improving indoor comfort and air quality and reducing energy bills.

Investments in public transport are another example. Good quality public transport can reduce emissions by allowing for modal shifts from private vehicles, while also improving air quality, reducing road fatalities and noise levels (particularly if coupled with the electrification of buses) and increasing equality in terms of access to jobs and opportunities. To maximise complementarities between climate policies and well-being outcomes, **countries should apply a well-being lens to transport policy, coupled with a systems approach,** which addresses issues through interdisciplinary analysis focusing on people, systems, design, and risk (OECD, 2021^[75]).

Guided by a 3-step process (Figure 3.6), transport policies with the **potential to lead to higher well-being and low-emission transport systems** can be identified to leverage environmental and human well-being benefits. These could include street redesign prioritising pedestrians, cyclists, and public transport users; spatial planning focused on creating proximity between people and places; and the integration of private on-demand services with public transport. The combination of these policies can increase the attractiveness of shared transport modes through private motorized vehicles, lead to shorter commutes, and reduce emissions through shifts towards sustainable modes of transport and reduced transport demand.

Figure 3.6. A three-step process to identify transformative policies



Source: (OECD, 2021^[75]).

3.2.3. Accelerating access to clean energy and protecting biodiversity and natural resources

Governments struggle to **evaluate** their **allocation of budgetary resources to fossil fuels and their alignment with environmental and well-being goals**. To support this effort, the methodology for reporting the indicator SDG 12.c.1 "Measuring Fossil Fuel Subsidies in the Context of the Sustainable Development Goals" was developed by UN Environment in collaboration with the OECD and the International Institute for Sustainable Development (IISD) (UNEP, 2019^[76]). Three types of subsidies are to be reported through this indicator:

1. Direct transfers of government funds.
2. Tax expenditures and other foregone revenue (i.e., fiscal losses due to under-priced government goods and services).
3. Induced transfers/price support (a change in prices received by producers and paid by domestic consumers because of government interventions, such as through direct price regulation, pricing formulas, border controls or taxes, and domestic purchase or supply mandates); and under-pricing of goods and services.

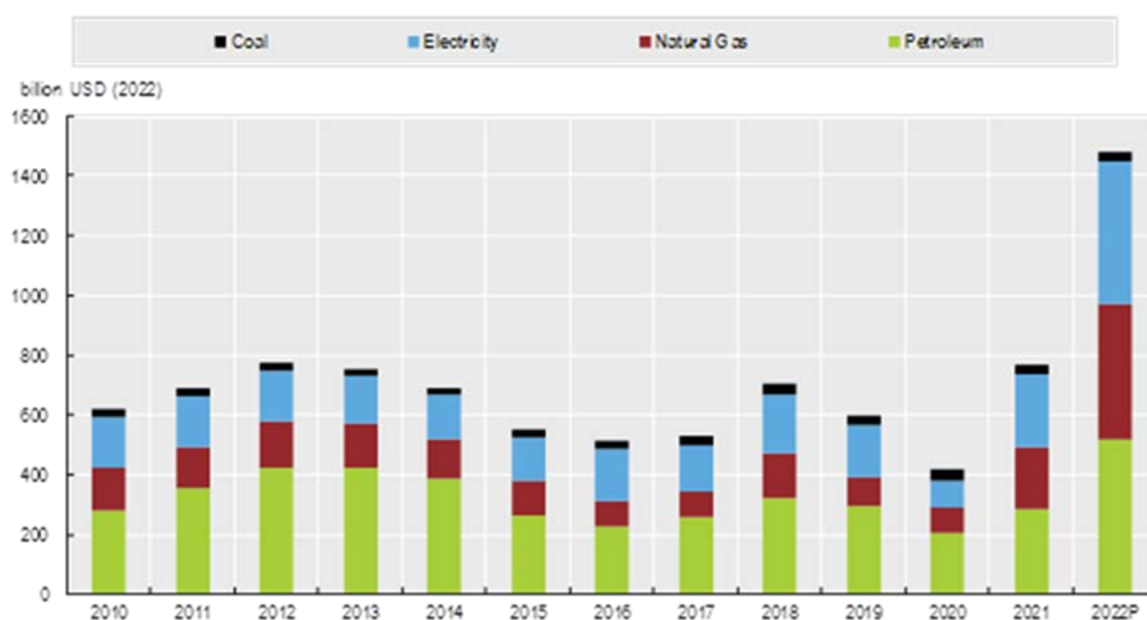
The OECD *Inventory of Support Measures for Fossil Fuels* documents and estimates government measures that encourage fossil-fuel production or consumption relative to renewable alternatives in 51 OECD, G20, and EU Eastern Partnership economies. The OECD and the International Energy Agency (IEA) also together produce a combined estimate of fossil fuel support over a greater number of countries. The aim of these tools is to reduce countries' reporting burden and ensure **international harmonisation of data on fossil fuel subsidies**.

The cost of support measures for the production and consumption of fossil fuels increased sharply in 2022, as countries sought to cushion the impact of surging energy prices on households and firms. According to the latest update of OECD and IEA data, the fiscal cost of global support for fossil fuels almost doubled to USD 1 481.3 billion in 2022, up from USD 769.5 billion in 2021 (OECD, 2023^[77]). The OECD *Inventory of Support Measures for Fossil Fuels* estimates that direct transfers and tax expenditures associated with support measures for fossil fuels amounted to USD 427.9 billion in 2022. In addition, the IEA calculates that fossil fuels sold below market prices amounted to USD 1 126.6 billion. Increases were significant across petroleum, electricity, and natural gas (Figure 3.7).

Governments need to **reform existing support measures to better target those in greatest need**. Lack of targeting raises fiscal costs and often disproportionately benefit better-off households, which tend to consume more energy. Finally, more generally, non-targeted support measures distort market prices of fossil fuels (determined by supply and demand, thereby contributing to the continued consumption of fossil fuels).

The OECD and IEA have consistently called for the phasing out of inefficient fossil fuel support, which encourages wasteful consumption and impedes investment in clean energy, and redirection of public funding toward the development of low-carbon alternatives, alongside improvements in energy security and energy efficiency.

Figure 3.7. Fiscal cost of support for fossil fuels almost doubled in 2022, with significant increases across petroleum, electricity and natural gas



Note: Data are expressed in constant 2022 US dollars. Data for 2022 are on a preliminary basis line.

Source: OECD Inventory of support measures for fossil fuels (OECD, n.d.^[78]) and IEA Fossil Fuel Subsidies Database (IEA, 2023^[79]).

By better understanding the mutually reinforcing effect that energy transition policies can have on related sustainable development objectives, governments can address climate change more coherently and effectively, as outlined below.

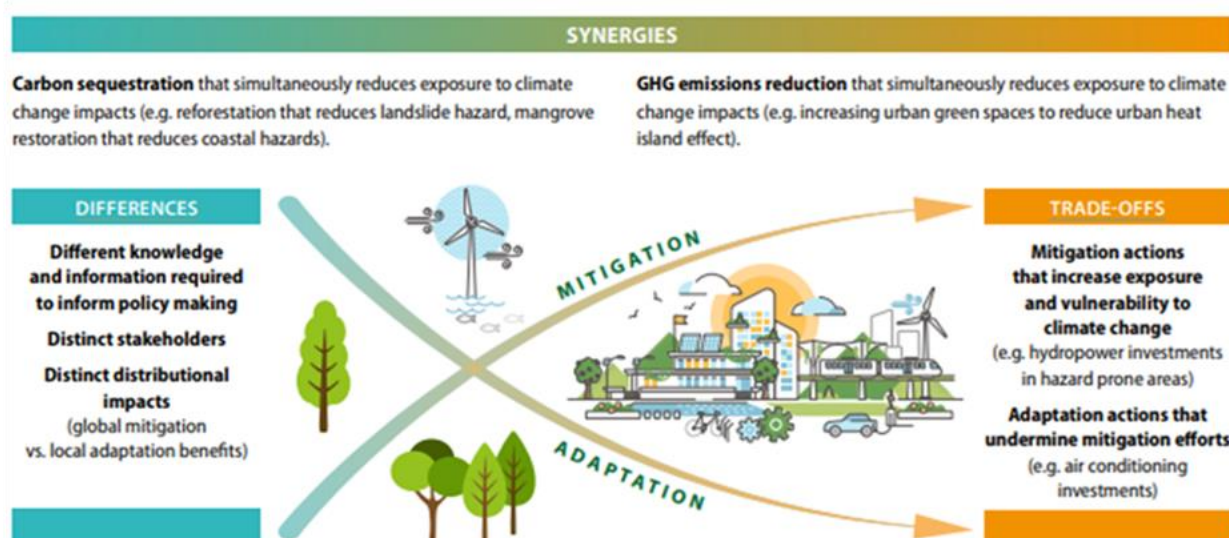
3.2.4. Analysing links between climate change mitigation and adaptation

While climate change adaptation and mitigation actions have largely been undertaken separately in the past, there is growing recognition that **there are synergies that could be exploited to achieve climate resilience more effectively** (OECD, 2021^[80]). Many opportunities exist to implement climate actions that bring both adaptation and mitigation benefits across different sectors, notably in **forestry, agriculture and land management, water management, and urban planning**. For example, forest or mangrove restorations can increase carbon storage capacity while simultaneously reducing exposure and vulnerability to weather-related risks, such as coastal storm surges or landslides (OECD, 2024^[81]).

Identifying the areas where climate change adaptation and mitigation actions are mutually reinforcing can lead not only to better understanding of what harmonised action means, but also help policy makers avoid trade-offs and develop more coherent policy measures and financing mechanisms (Figure 3.8).

At the same time, there are trade-offs involved not just between the mitigation and adaptation objectives, but also with other environmental goals. Trade-offs emerge from the **complexity and diversity** of these **linkages across geographical scales**. They need to be well understood and managed so as not to risk undermining the ultimate policy objectives. For example, while hydropower dams contribute to mitigating climate change by providing a clean energy source, it can exacerbate the consequences of climate variability for communities downstream of the dams. Desalination plants are an important adaptation measure to cope with water shortages, but they might increase energy demand from potentially greenhouse gas intensive sources of energy production.

Figure 3.8. Aligning climate change mitigation and adaptation policies: synergies and trade-offs



Source: (OECD, 2021^[82]).

As countries strive to introduce climate adaptation and mitigation measures, it is important to ensure impacts on biodiversity are also considered. Climate change has already resulted in shifts in species distribution, disrupted species interactions, and led to mismatches in the timing of migration, breeding and food supply. These and other effects have contributed to population declines. Climate trends and extremes are pushing marine and terrestrial ecosystems closer to thresholds and tipping points. Protecting biodiversity (i.e., species, ecosystems, and genetic diversity) and other natural resources will therefore be critical for enabling sustainable development.

Vegetation and soils are important contributors to climate change mitigation through carbon sequestration and nutrient cycling – where energy and matter are recycled back into the environment – including carbon. Biodiversity provides invaluable ecosystem services upon which all life depends, yet biodiversity is decreasing at unprecedented rates, imposing severe costs on human health, wellbeing, and our economies. Climate change is now the third-largest driver of biodiversity loss (OECD, 2021^[83]).

Addressing biodiversity loss itself will require scaled up action across all fronts, **including more ambitious policies to conserve, sustainably use, and restore biodiversity** (covering regulatory and economic instruments); **mainstreaming biodiversity across sectors and policy areas** (including climate); and **scaling up and aligning finance with biodiversity objectives**. Examples include careful siting (and

micro-siting) of infrastructure away from ecologically sensitive areas, designing power lines to minimise electrocution risk and increasing the cut-in speed of wind turbines to reduce the risk of bat collisions. Such solutions are being tested and refined, as experience and evidence increase. Digital technologies such as machine learning and artificial intelligence (AI) are providing new opportunities for the industry to monitor and cost-effectively mitigate impacts on biodiversity (e.g., wind turbine shutdown on-demand mechanisms based on automated monitoring of collision-sensitive species). Through strategic planning and targeted policies, governments can help scale up such solutions to ensure that renewable power expansion does not compromise biodiversity goals (OECD, 2024^[84]).

To advance the protection of biodiversity across the board, policy and financing should look to **increase benefits for biodiversity while minimising trade-offs with climate-change policy**. Failure to do so may lead to projects targeting climate change mitigation that may be negative for biodiversity (e.g., pursuing carbon sequestration strategies that promote the expansion of fast-growing monoculture plantations in natural grasslands or tropical areas with primary forest systems), while coherently designed policies can mutually reinforce the implementation of biodiversity and climate objectives.

For instance, transitioning away from fossil fuels can reduce climate-related pressure on biodiversity but brings its own biodiversity risks. Unless carefully managed, the expansion of renewable power could compromise biodiversity (OECD, 2024^[85]). Countries should therefore **use evidence on biodiversity impacts from renewable power infrastructure to identify opportunities for embedding respect for biodiversity in all power sector planning and policy**. This would contribute to ensuring better outcomes for nature and the climate, and in turn for us all. OECD research and analysis on the subject can support countries in this regard, offering governments recommendations to align renewable power expansion with biodiversity goals (OECD, 2024^[85]).

Equally, nature-based solutions (NbS) play a pivotal role in addressing various environmental and climate challenges while fostering sustainable development. By providing natural buffers and other key ecosystem services, nature-based solutions can help strengthen climate resilience while also contributing to climate change mitigation through functions such as sequestering carbon. NbS usually provide several benefits across sectors. For example, integrating wetland restoration, afforestation, and urban greening into land-use planning can bolster resilience against extreme climate events such as flooding, heatwaves, and drought, while at the same time improving air and water quality, providing habitat for many species, and offering recreational and economic opportunities. NbS can also represent a sustainable alternative to brown infrastructure.

The effort to capitalise on synergies between biodiversity protection and climate change adaptation and mitigation should also extend to development cooperation. Currently, the development finance investments of the DAC in biodiversity are mainly driven by climate change concerns. On average, the amount of official development finance (ODF) targeting climate change adaptation and mitigation objectives together with biodiversity objectives was more than half of the ODF budget allocated to the biodiversity-climate nexus annually over 2015-21 (USD 3.8 billion) (OECD, 2023^[86]). This exemplifies how DAC members seek to coordinate biodiversity and climate-related development finance. However, only 21% of the DAC's climate-related development finance also targets biodiversity specifically on average.

3.2.5. Securing sanitation, water, and food security

The world is not on track to meet SDG6 on **water supply and sanitation**: around 2.2 billion people lack access to safely managed drinking water, and approximately 3.5 billion lack access to adequate sanitation (UNESCO, 2023^[87]). To make matters worse, the Global Commission on the Economics of Water (GCEW) recently documented how the hydrological cycle (which encompasses the cycles experienced by liquid water, moisture in soils, and vapour in the atmosphere) **has been tilted by climate change** (Global Commission on the Economics of Water, 2023^[88]). For the first time, the GCEW final report (to be launched at the Summit of the Future) documents the economic and social consequences of a tilted hydrological

cycle. The GCEW promotes **stabilising the hydrological cycle as a prerequisite to mitigating climate change** (as less moisture in soils limits capacity to capture and store carbon) and **ensuring food security**. Suggestions by the GCEW include:

- managing the global water cycle as a global common good, to be protected collectively and in the interests of all;
- adopting an outcomes-focused, mission-driven approach to water encompassing all the key roles it plays in human well-being;
- ceasing underpricing water; and
- phasing out some USD 700 billion of subsidies in agriculture and water each year, which tend to generate excessive water consumption and other environmentally damaging practices (Global Commission on the Economics of Water, 2023^[88]).

In the same vein, when advancing on securing **global food security**, countries must consider **critical interconnections with other sustainable development objectives**. For example, **agriculture** can have significant impacts, both negative and positive, on the environment – on and off the farm. On the one hand, the sector is a **significant contributor to greenhouse gas emissions** and farm activities can exert **negative pressures on soil, water, and air quality** due to unsustainable soil management practices for cropping as well as livestock management. On the other hand, agriculture can provide **beneficial ecosystem services**, such as supporting carbon sequestration in soils, supporting biodiversity in the case of sustainable practices in presence of semi-natural habitats, maintaining landscapes and soils in good conditions, or mitigating flood risks through the adoption of certain farming practices.

To support the monitoring of environmental impacts of agriculture, the OECD has developed a comprehensive database of agri-environmental indicators since the mid-1990s. These currently cover 54 countries and look at a broad range of domains: agriculture land area, ammonia emissions, energy use and biofuel production, farmland birds index, greenhouse gas emissions, nitrogen balance, pesticides sales, phosphorus balance, soil erosion, water quality, and water resources. This set of indicators continues to evolve, and a new indicator is currently being designed to monitor farmland habitat biodiversity.

Equally, while **fisheries and aquaculture** provide food for billions of people around the world and play an important role in the local economy of coastal communities in many countries, **marine and aquatic ecosystems are under stress – from climate change, overfishing and other unsustainable fishing practices, and pollution** from various other human activities. Healthy fish stocks are fundamental for maximising sustainable catches, which is key to providing food security, jobs, and income today and for future generations. Healthy stocks are also vital for maintaining aquatic biodiversity.

The international community has recognised the benefits of sustainable fisheries management at the highest level and specific objectives and commitments have been made. SDG 14, which seeks to “conserve and sustainably use the oceans, seas, and marine resources for sustainable development” includes the objectives of: restoring fish stocks to levels that can produce the maximum sustainable yield in the shortest time feasible (Target 14.4), explicitly calling for implementing science-based management plans and noting the key role this can play in achieving better stock status and associated societal benefits; prohibiting fisheries subsidies, which contribute to overcapacity and overfishing; and eliminating subsidies that contribute to Illegal, Unreported, and Unregulated (IUU) fishing by 2030 (Target 14.6). These objectives are also pursued by the World Trade Organization (WTO)⁴ and the UN parties at the UN Convention on Biodiversity.

Three areas have been identified as particularly important: reforming subsidies to stop incentivizing unsustainable fishing; putting in place science-based restrictions on fishing activities to make unsustainable fishing illegal; and enforcement to fight IUU fishing. To help countries identify priorities for reform, the OECD collects and publishes detailed country-level data on support to fisheries; fish stock

health and fisheries management tools in the **OECD Fisheries Support Estimate (FSE) and Fisheries Sustainability Indicators databases**. Further, a tool has been developed to better understand support policies, and their potential sustainability impact, and target support to those fisheries that are sustainable and well-managed. The tool highlights how both the nature of **fisheries support policies**, their design, and the context in which support is granted, **have implications on fishing activities and the health of fish stocks** (OECD, 2022^[89]).

Food systems are affected by a multitude of policies, which were historically developed by different ministries, agencies, and levels of government. There is an increasing recognition that policy coherence across policy areas and levels of government is essential in making effective policies for food systems (OECD, 2021^[90]). Governments should implement a paradigm shift in **advancing food policy that embraces multisectoral, bottom-up, and place-based interventions while considering biodiversity and environmental concerns**. A territorial approach to food policy, which considers the regional and context-specific nature of food policy, including a strong place-based dimension, which takes into account how food insecurity and poverty are highly interconnected, is key. This approach improves the vertical and horizontal co-ordination of food policies and interventions across levels of government while taking the diversity of different territories into account, which leads to a better understanding of differences in development opportunities that are so often missed with one-size-fits-all policies (OECD/FAO/UNCDF, 2016^[91]).

Although food production is mostly associated with rural areas, **cities too have a critical role to play in achieving sustainable food systems**. By 2050, up to 55% of the world population will be living in urban areas, consuming 80% of the world's food. In 2019, around 931 million tonnes of food waste were generated – 17% of global food production – much of it in cities. **Cities therefore have a critical role to play alongside national governments in achieving sustainable food systems** by shaping factors ranging from people's diets, consumption habits, and food waste, to supply chains and land use planning.

Cities can promote sustainable food policies by including them in their sustainable urban-development strategies. For instance:

- **Milan** (Italy) considers food and agriculture as key components of urban development and is therefore limiting the use of agricultural land, addressing land degradation, promoting urban agriculture and horticulture, and providing food to the most vulnerable population groups;
- **New York** (US) has shifted from a narrow focus on diet-related outcomes (obesity and malnutrition) to a more holistic approach expanding access to education to build food knowledge, improving working conditions to increase income and access to food, and implementing food procurement focused on equity; and
- **Strasbourg** (France) has set up an urban agriculture project in underdeveloped neighbourhoods to engage the local population in urban farming, offer job opportunities and raise awareness on healthy nutrition.

Cities are also promoting a circular economy approach, which aims to prevent food waste, improve distribution, and boost efficiency. In places like **Ljubljana** (Slovenia) and **Porto** (Portugal), local initiatives help reduce food waste through communication campaigns and incentives.

3.2.6. Reducing disaster risks and improving disaster response

Climate change stands as a pivotal factor influencing various types of disaster risks, with most of its impacts expected to manifest through **climate variability and extreme weather events** (IPCC, 2018^[92]). Both disaster risk reduction (DRR) and climate change adaptation (CCA) strive to mitigate the adverse effects of these hazards and, where feasible, exposure to these events.

Global trends indicate **a continued increase in urbanisation within flood-prone areas**, particularly in Africa and Asia, coupled with **ecosystem degradation**. These trends amplify the vulnerability of communities, especially the poorest and marginalised.

To combat such dangers, the adoption in 2015 of the Sendai Framework for Disaster Risk Reduction and the Paris Agreement on Climate Change provide a clear mandate for **increased coherence in countries' approaches to climate and disaster risk reduction**. Despite this, responsibilities for CCA and DRR often reside within separate institutions and stakeholders and the **existing divisions** between these two areas **hinder potential policy harmonization**. CCA typically draws from scientific theories and norms, while DRR has historical roots in post-disaster civil protection and humanitarian efforts (OECD, 2020^[93]). This siloed approach negatively impacts policy coherence, funding schemes, and data sharing; institutions also miss out on potential efficiency gains through collaboration.

Recent global shocks have increased the need for robust multi-level governance and financial arrangements that ensure the necessary resources and capacities at all levels of government to effectively manage and recover from human-made and natural emergencies. For example, recent OECD work on countries such as **Ukraine** and **Türkiye** have focused on challenges confronting different levels of government when responding to such disasters. These include identifying urgent reconstruction needs and involving local stakeholders in the design of recovery projects. They also include co-ordinating the support of different levels of government and non-government actors, as well as **building local and regional capacity** to spend reconstruction and recovery funds, **ensure transparency**, and **track progress** on reconstruction goals. Costa Rica fostered active collaboration with indigenous communities that collaborated in the installation and control of checkpoints in overflow areas and early warning posts (OECD, 2023^[94]).

The challenges of increasing government cohesion and capacities are particularly high in cities in developing countries, many of which are experiencing a fast and unplanned urbanisation process. This type of urbanisation not only affects the well-being of the population, as local authorities struggle to provide basic public services and create an environment conducive for economic growth, but further increases the vulnerability to climate shocks while increasing the likelihood of carbon lock-in, which refers the risk that fossil fuel-based energy systems delay or prevent the transition to low-carbon alternatives (OECD/UN-Habitat, 2022^[95]). Moreover, the compounded effects of fast urbanisation, climate change, and international conflicts are increasingly threatening food security in developing countries. This is particularly the case of intermediary cities with populations between 50 000 and 1 000 000 people in emerging regions including Africa and Asia (OECD/UN-Habitat, 2022^[95]).

Addressing these challenges will require that local authorities adopt a systemic approach to policy making. Although climate action and food security are increasingly placed at the top of the local agenda in developing countries, initiatives usually focus on addressing the negative impacts of unsustainable systems rather than their root causes. This is not only an ineffective way to use public resources, but it increases the risk of missing development goals.

In this context, the OECD Development Centre is working with intermediary cities in **Kenya** and **Mozambique** to implement a systemic approach that allows these cities to identify high leverage points, that is, strategic areas where small changes can lead to sustainable action. These leverage points will also help these cities reconsider investment decisions, as well as **identify complementarities among transport, land use, and climate policies** that allow cities to be sustainable by design (OECD/UN-Habitat, forthcoming^[96]) (OECD/UN-Habitat, n.d.^[97]).

New technologies will also be key for **addressing some of the main development challenges** faced by cities in developing countries. Through the G20 Platform on SDG Localisation and Intermediary Cities (PLIC), the Centre is working with intermediary cities in Kenya, Egypt, Jordan, and Brazil to foster a deeper understanding of how local innovation ecosystems can be leveraged to meet tomorrow's food needs sustainably.

For instance, **food-tech innovations** such as precision agriculture that uses modern data-driven technologies to grow crops, vertical farming, and hydroponics can help **maximize agricultural productivity even in increasingly limited urban spaces**⁵. Solutions such as smart packaging technologies that use sensors to monitor a product's condition, Internet of Things (IoT)-enabled inventory management systems that automate data collection systems to guarantee precise and current inventory data, food preservation technologies can minimize food waste along the entire supply chain, and blockchain technology can provide transparent and traceable data on the environmental impact of food production and distribution and on food safety and quality issues, thereby reducing the risks that may arise from the introduction of animal or plant life to an environment. **Developing adequate innovation ecosystems to implement these solutions could be a game changer for intermediary cities in developing countries.**

Moreover, OECD data shows that **without policy intervention, global material use risks increasing** from 79 Gigatonnes in 2011 to a projected 167 Gigatonnes in 2060 (OECD, 2019^[98]). This is likely to cause **serious environmental consequences, including pollution** from material extraction, processing, and waste, as well as **a doubling of greenhouse gas emissions** associated with materials management. For plastics, production has more than doubled between 2000 and 2019 (OECD et al., 2022^[18]).

A **full lifecycle approach** – which assesses the opportunities and risks of a product or technology, beginning with the raw materials needed for production through the product's disposal – **with a focus on waste prevention measures is therefore recommended to reduce the environmental impacts related to materials use and waste**. Taking the example of plastics, OECD analysis carried out in support of negotiations on a global plastics treaty (OECD, 2023^[99]) highlights the importance of targeting policy measures across the lifecycle of plastic products to drastically reduce plastic leakage to the environment.

Policy Recommendations

To guarantee a sustainable transformation and accelerated progress across the SDGs, governments and the international community are encouraged to:

Closing divides to Leave No One Behind

Providing universal access to social protection and generating good quality jobs for a just transition

- Strengthen access to social protection by increasing coverage and ensure sustainable financing of social protection to ensure that no one is left behind; and
- Use targeted social protection policies and strategies to promote the integration of environmental and economic considerations into social protection measures.

Breaking the vicious circle of informal employment and low-paying work

- Enhance access to social protection for lower-tier informal workers, including by integrating them in non-contributory social protection schemes and subsidising their participation in contributory schemes to alleviate poverty;
- Advance remuneration policies that address inequality – and the mechanisms to ensure their application and enforcement – including effective minimum wages and measures to improve the bargaining power of low paid informal workers; and
- Invest in accessible, equitable, quality education, and promote access to lifelong learning and activation support for workers in the informal sector.

Closing gender gaps

- Enact and enforce laws that enable gender equality and protect women's and girls' human rights, tackle gender discrimination and bias in education, the labour market, and economies and societies;
- Promote gender balance in private and public leadership positions, support gender equality in entrepreneurship, and ensure equal pay for work of equal value, support a more equal distribution of paid and unpaid work between men and women, more accessible and affordable early childhood education and care, and effective flexible working arrangements for the compatibility of work and family responsibilities; and
- Mainstream gender equality across policy areas.

Adopting a life-course approach to essential services and tackling the global crisis in education

- Invest more, more equitably and more efficiently in education, including by harnessing the power of the digital revolution to provide quality education as a public good and a human right, with a particular focus on ensuring an inclusive, safe, healthy, and stimulating learning environment, including for the most marginalised;
- Integrate sustainable development education into mainstream curricula to equip learners with the knowledge, skills, and values needed to tackle global crises, with the goal of fostering resilience and innovation to build more sustainable societies; and
- Engage and empower young people as agents of change to deliver sustainable, resilient, and innovative solutions to multiple crises, particularly at the local level.

Achieving and sustaining Universal Health Coverage

- Increase funding for UHC at both domestic and international levels by expanding prepayment mechanisms and leveraging health taxes on products that are harmful for people's health;
- Invest in national health systems' resilience by aligning action across finance and health ministries to address capacity constraints; and
- Promote global cooperation for UHC, including by facilitating international dialogue to improve global policy coherence and support for global public goods such as vaccines, surveillance efforts, and coordinated emergency responses. This ensures that all countries can better withstand and recover from health crises.

Leveraging synergies between environmental and social policy objectives

Strengthening domestic enabling conditions and the credibility of transition finance

- Develop transition plans that are credible and clear; and they should be, widely consulted to ensure that their ambition will be matched by popular support.

Addressing the labour and distributional impacts of climate policies from a well-being perspective

- Provide effective training and early intervention measures to help transitions out of emission-intensive occupations, coupled with well-designed out-of-work income-support schemes;
- Improve pay and working conditions in low- and medium-skilled green-driven jobs;
- Develop adaptation and mitigation measures to protect the livelihoods of the most exposed populations, in anticipation of major reallocations within and across sectors;
- Channel part of the carbon price revenues back to the most affected households through well-targeted transfers; and
- Leverage green investments in support of well-being objectives, including by investing in actions that improve physical and mental health and contribute to community cohesion.

Accelerating access to clean energy and protecting biodiversity and natural resources

- Evaluate the allocation of budgetary resources to fossil fuels and gradually phase out inefficient fossil fuel support, which encourages wasteful consumption and impedes investment in clean energy;
- Redirect public spending towards the development of low-carbon alternatives, alongside improvements in energy efficiency and security; and
- Reform existing support measures to better target those in need.

Analysing interlinkages between change mitigation and adaptation

- Develop comprehensive natural capital accounts, a tool that measures changes in ecosystems and setting clear SMART targets and indicators; and
- Mainstream biodiversity in strategies, plans, policies, project and aligning public budgets and fiscal policy with biodiversity objectives; identify and reform environmentally harmful government support; and scale up private finance and investment in biodiversity, including through enhanced use and effectiveness of economic instruments as part of a broader policy mix.

Securing sanitation, water, and food security

- Address the economic and social consequences of climate-altered water cycles, and wherever possible working to stabilise the hydrological cycle to mitigate climate change;
- Implement greater policy coherence to allow for multisectoral, bottom-up, and place-based interventions that address the unique needs and opportunities of different territories and communities; and
- Engage cities and rural areas in sustainable food policies as part of their territorial development strategies, focusing on reducing food waste and fostering a circular economy, while taking into account urban-rural linkages.

Reducing disaster risks and improving disaster response

- Make tailored climate information readily available to support evidence-based policy;
- Align responsibility for co-ordination with responsibility for implementation of CCA and DRR policies and enhance capacity to translate coherence in planning into coherence in implementation, especially by supporting regional and local governments;
- Use strategic foresight to identify effective climate actions under various climate scenarios, including developing contingent plans for climate emergencies; and
- Optimise long-term funding allocation across different risks through budgeting tools, disaster risk financing mechanisms including early warning and anticipatory action plans based on assessments of future impacts, and greater transparency in public spending and monitor, evaluate and learn from CCA and DRR.

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Notes

¹ Ranging from 11-15% to 24- 27% of the population (OECD, 2024^[11])

² Further analysis of ODA that integrates gender equality and climate action objectives will also shed light on what is driving those allocations, given the low level of evidence of integration at strategic and policy levels. This is complemented by the OECD DAC Guidance for Development Partners on Gender Equality and Women’s Empowerment (OECD, 2023^[49])

³ Efforts to transition away from coal do not preclude the need for transitioning away from other fossil fuels. However, this Guidance is focused on coal and only touches upon other fossil fuels to the extent that they should, as a rule, not be considered as suitable replacement fuels.

⁴ Negotiations on fisheries subsidies at the WTO have been on-going for over two decades. In June 2022, a major breakthrough was achieved when members of the WTO agreed on a series of disciplines to eliminate some of the most potentially harmful types of subsidies: those that benefit IUU fishing; those that benefit the fishing of overfished stocks; and those that benefit fishing in the unregulated high seas. They also agreed to take special care and exercise due restraint when subsidising fishing of stocks which are not monitored. Since then, members of the WTO have continued to negotiate to agree on additional disciplines to eliminate other potentially harmful subsidies, such as those that encourage overcapacity and overfishing.

⁵ Urban food production has grown in the last few decades and is complementary to rural food production thus helping to meet local demand and can reduce food loss and waste through its shorter supply chains.

4

Financing sustainable development and creating a global enabling environment for developing countries

In recent years, a series of interlinked crises have significantly reduced countries' fiscal capacities and undermined investments in recovery efforts - particularly in developing countries, who face additional historic inequalities and systemic vulnerabilities. To ensure that all countries have the necessary resources to ensure long-term sustainable development outcomes, including tackling climate change, a concerted and multi-stakeholder effort is required. Central to this effort is reforming the international financial architecture, aimed at reducing inequalities and furthering the mobilisation of funds for sustainable development, as highlighted in the Pact for the Future. Aligned with the goals of the UN Summit of the Future and the UN Secretary General's rescue plan call to support developing countries in their efforts to advance the SDGs, this chapter identifies actions to close the SDG financing gap facing developing countries. It focuses on achieving additional financing from a diverse number of sources and increasing strategic allocations of domestic resources to meet domestic needs.

The recent global crises, coupled with the shortcomings of **an international financial system that is not fit-for-purpose** and remains plagued by systemic and historic inequities, **are constraining international recovery efforts, especially in developing countries**. To ensure that developing countries have the resources they need to invest in their immediate recovery and in long-term sustainable development outcomes, it is crucial for them to gain better access to global trade, international funds and aid, science, technology, and innovation. Moreover, all stakeholders must work together to scale up financing to tackle the challenges ahead.

Ongoing efforts to optimise multilateral development banks' balance sheets are a step in the right direction but will not be sufficient. The expanded mandates of multilateral organisations will also require ambitious contributions to multilateral development banks' concessional resources – which help deliver financing to low- and middle-income countries through mechanisms such as grants and low-interest loans with long grace periods – as well as global funds, many of which are scheduled for 2024 and 2025, including the World Bank Group's International Development Association, Asian Development Fund, African Development Fund, Gavi, Global Fund, and Global Partnership for Education. These forthcoming replenishments should be driven by the principle that **scarce concessional resources must go to the countries and people most in need**.

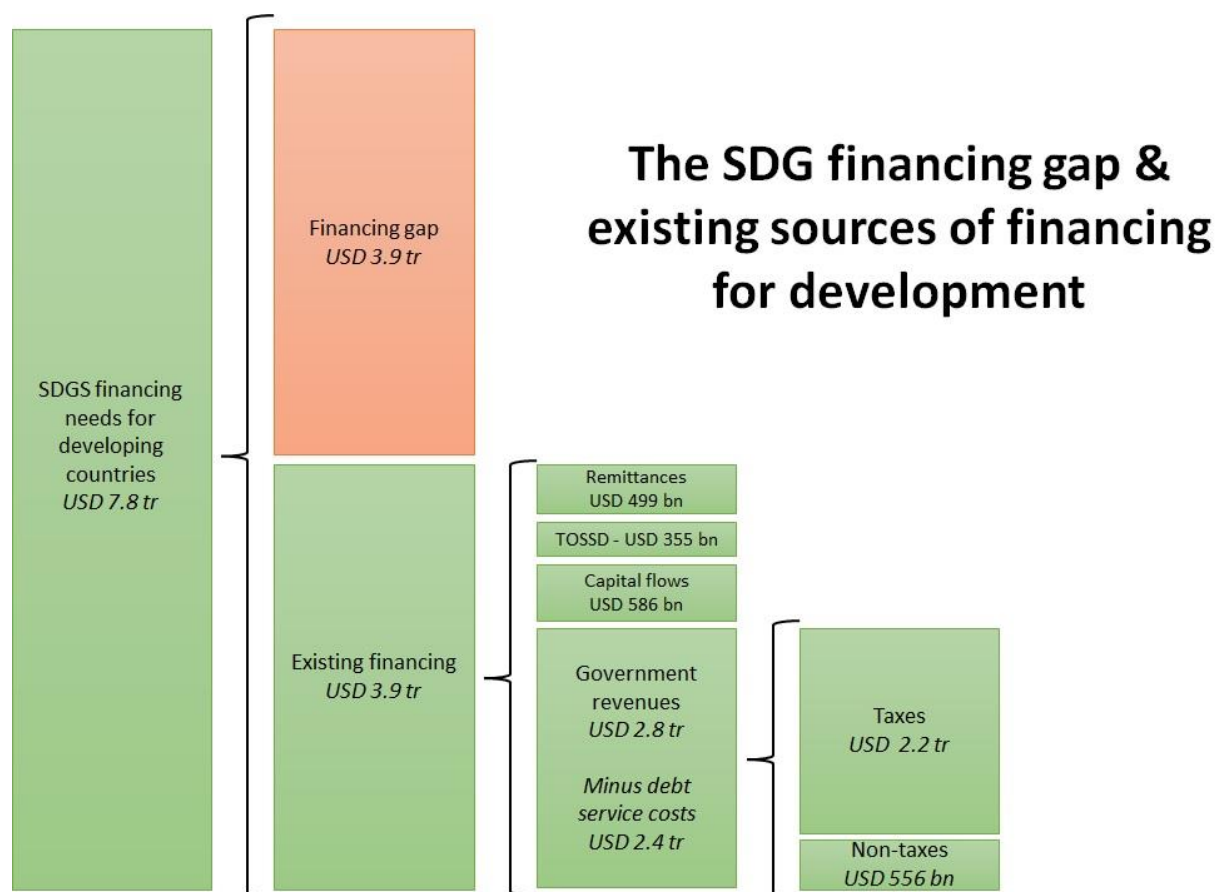
To help secure a surge in SDG-related financing while supporting a global enabling environment for developing countries, this section covers the implementation of three distinct priorities set forth by the UN, namely:

- Delivering an SDG stimulus, including by increasing the mobilisation of private finance for sustainable development, scaling up the use of green, social, and sustainability bonds in developing countries, strengthening the use of local currency solutions, and promoting blended finance instruments – various financial instruments that can be used alone or together to address unfavorable outcomes in investments in developing countries;
- Harnessing trade for the SDGs; and
- Leveraging domestic tax revenues for SDG financing.

4.1. Delivering an SDG stimulus

The OECD estimates suggest that additional annual financing of around USD 4 trillion is needed to reach the SDGs by 2030 (see Figure 4.1), which will require an average additional annual spending of up to 16 percent of GDP in low-income developing countries (Benitez et al., 2023^[1]).

Figure 4.1. The SDG financing gap and existing sources of financing for development



Sources: [Global Outlook on Financing for Sustainable Development 2023](#), based on figures for ODA-eligible countries excluding China; remittances are based on KNOMAD (2022) [Remittance inflows \(database\)](#). Capital flows are from IMF, [Balance of payments \(database\)](#); data on composition of government revenues taken from IMF (2022), [World Economic Outlook - April 2022 edition \(database\)](#).

Amid historic development setbacks, developing countries face significant challenges balancing SDG financing priorities. For example, despite the strong positive impacts on GDP observed for green investments, the upfront costs of investing in green infrastructure could be up to 33% higher than for conventional energy infrastructure investment (Rozenberg and Fay, 2019^[2]).

In addition, the Covid-19 pandemic and Russia's war of aggression against Ukraine widened the SDG financing gap in developing countries by 56%, reaching USD 4 trillion in 2020. Sustainable development financing (FSD) plummeted by USD 774 billion (17%) from 2019 to 2020, with government revenues, the largest FSD source, dropping by USD 689 billion (22%). This decline was more severe than during the 2009-2009 financial crisis (OECD, 2022^[3]).

Government revenues, constituting over 80% of the FSD decline, were severely constrained due to the global economic shutdown caused by the COVID-19 crisis. Moreover, the USD 907 billion increase in developing countries' government expenditure in response to the COVID-19 emergency equalled nearly 30% of 2019 revenues. Russia's war in Ukraine has further impeded recovery, keeping government revenues nearly 20% below pre-pandemic levels (OECD, 2022^[3]). This has exacerbated debt service costs for developing countries, projected to rise from USD 330 billion (2015-2019 average) to USD 375 billion annually (2020-2025). This **"wall of debt service repayment"** could have enormous impacts on debt sustainability and fiscal space in these countries (UNCTAD, 2020^[4]).

Taking into consideration the expected tightening of global financing conditions, projections by the UN Conference on Trade and Development (UNCTAD) and the IMF suggest that the SDG financing gap could reach USD 4.3 trillion per year from 2020 to 2025, an increase of USD 400 billion over OECD estimates in 2019-20 (UNCTAD, 2022^[5]).

While collaborative public and private financing could ease this situation, the trillions of dollars in the global financial system are not SDG aligned and could therefore exacerbate macro financial vulnerabilities in developing countries.

Monetary policy, including quantitative easing by major economies, contributed to an 11% increase in the value of global financial assets, from USD 423 trillion to USD 469 trillion, in 2019-20. But these assets are mostly concentrated in high-income countries, bypassing those in greatest need. Developing countries hold less than 20% of global financial assets, valued at USD 469 trillion in 2020, while they represent 84% of the world's population and 58% of global GDP. Critically, only 3% of sustainable investments occur in these countries (OECD, 2022^[3]).

Developing countries have yet to fully harness the benefits of the sustainability boom. About 97% of the estimated USD 1.7 trillion in total sustainable investment funds is held in high-income countries (UNCTAD, 2021^[6]). All ODA-eligible countries account for less than 7% and the least developed countries (LDCs) hold less than 1% of cumulative total GSSS bonds issued since 2014. Access to climate or green funds by small island developing states (SIDS) and LDCs, who have the greatest need, remained at 2% and 17%, respectively, between 2016 and 2020 (OECD, 2022^[7]).

4.1.1. Promoting a more equitable and needs-based allocation of SDG-aligned finance

To achieve the equity objective of SDG alignment, **more and better financing must be allocated where the needs are greatest**. Shifting just 1% of global financial assets could fill the SDG financing gap. This, however, requires engaging all public and private actors in the financial system (OECD, 2022^[3]). The 2021 OECD “Global Outlook on Financing for Sustainable Development” and the OECD-UNDP “Framework for SDG Aligned Finance” call for mutually reinforcing actions in support of alignment in all areas of the investment cycle (OECD, 2020^[8]; OECD and UNDP, 2020^[9]). A clear framework must guide actions in SDG investment, from countries of origin to financial intermediaries and on to countries at greatest risk of falling behind while others continue to develop. In pursuit of better and more sustainable global development outcomes, the SDG alignment framework rests on two pillars: sustainability and equity. Both are needed to build resilience and are equally important (OECD, 2020^[8]).

To be sustainable, resources should avoid benefiting one party at the expense of another. Instead, the mindset that investing in any one goal can represent an opportunity to invest in the other goals must be adopted. Resources should aim to promote a triple bottom line within the sustainability equilibrium – that is, leverage any potential for alignment across environmental, social, and economic outcomes. In contrast to this goal, although sustainable finance increased by 15% in 2018-20, totalling USD 35 trillion, it lacks transparency and accountability for impact across the SDGs (i.e., SDG-washing). Moreover, of the USD 1.8 trillion of so-called sustainable bond issuances since 2014, 56% focused on environmental goals, while only 18% targeted social objectives in areas such as quality education, hunger, poverty and gender equality.

Finance must also be equitable to be sustainable, reducing inequalities in access to SDG-oriented finance across countries. For example, maximising positive cross-national spillovers of sustainable financing can help all countries reach the SDGs more quickly. However, it bears repeating that the sustainability boom is not yet benefitting high-income countries and developing countries equally.

The growing financing gap means developing countries will have insufficient resources to address future shocks, for example, rising temperatures, disruption to product development and distribution processes,

refugee influx, etc. Without new efforts and deepened collaboration to help developing countries tap into these opportunities, the sustainability boom could bypass the countries furthest behind (OECD, 2022^[3]).

4.1.2. *Increasing the mobilisation of private finance for sustainable development*

With a fast-approaching deadline to 2030, the annual SDG financing gap still stands at USD 3.9 trillion (OECD, 2023^[10]). Official Development Assistance (ODA) remains fundamental in financing sustainable development and rose to an all-time high of USD 223.7 billion (preliminary) in 2023. However, to meet the growing development objectives in times of multiple crises, it is not sufficient to preserve ODA. Rather, it **must be used strategically to mobilise additional resources, including from the private sector**, given that **private finance is lagging far behind needs and expectations** (OECD, 2023^[10]).

Meeting the SDGs requires a rapid scaling up of financing from all sources – public, private, domestic, and international – alongside a wider **reallocation of capital away from business-as-usual**. In the context of the fight against climate change, financing needs are most acute in emerging markets and developing economies (EMDEs), where investment will need to at least quadruple by 2030 (Bhattacharya A, 2023^[11]).

However, tracked volumes of private finance mobilised by bilateral and multilateral public finance interventions **remain relatively small**. In 2021, developed countries provided USD 73.1 billion in international public climate finance through bilateral and multilateral channels, and USD 2.1 billion as export credits; in that same period, only USD 14.4 billion was mobilised from the private sector (OECD, 2023^[10]).

Closing this gap between ambition and action requires policy interventions at various levels across both OECD and non-OECD countries, including:

- Rethinking how we deploy climate finance, significantly scaling up the use of blended finance for impact and factoring in the rapidly improving commercial prospects of many climate investments.
- Expanding capacity building to support developing countries to improve the conditions for investment, especially against the backdrop of difficult macroeconomic conditions and constrained fiscal space.
- Addressing the institutional barriers in the international development architecture that relegate mobilisation to a niche, rather than the bedrock, of climate finance.
- Addressing regulatory and other barriers to investment in advanced economies, where the large stocks of private capital are overwhelmingly located.

The international fora, including G20 communities, are calling for targeted support to enhance co-operation between public and private financial institutions to mobilise domestic and international financial resources through banking systems and capital markets, specifically to support sustainable development in developing countries. This will require **deeper partnerships with the global south**, technical assistance on blended finance instruments, measurement of the contribution of ODA to Global Public Goods – goods that are available to all globally, for example, a clean environment, property rights, health care, knowledge, etc. – as well as new analysis on innovative financing structures and instruments to scale up private financing for sustainable development (Elgar et al., 2023^[12]).

From 2016 to 2019, private philanthropy contributed a total of USD 42 billion, playing a modest yet significant role in the development finance arena. Philanthropy's unique advantage is its ability to mobilise private capital through innovative tools, de-risking strategies, and blended finance approaches. By offering a higher leverage ratio for private sector engagement, philanthropy can unlock additional concessional resources. These resources are crucial for achieving global goals such as poverty alleviation and mitigating the impact of climate change on the most vulnerable populations. Multilateral development banks (MDBs), Development Finance Institutions (DFIs) and National Development Banks (NDBs) are key players in increasing developing countries' capacities to plan, build, and operate climate-resilient infrastructure

(OECD, 2024^[13]; OECD, 2024^[14]). Development banks provide a wide array of services beyond direct financing, including risk assessment tools (Box 4.1).

Box 4.1. Development banks are fundamental players in enabling infrastructure resilience to natural hazards

- **Financing** via a variety of instruments, including loans, grants, and guarantees. Development banks often offer concessional terms and flexible financing options to support projects that incorporate climate resilience measures, such as climate risk assessments, adaptation strategies, and resilience-enhancing technologies. Additionally, they can leverage their financial resources to attract co-financing from other sources, including the private sector and international climate finance mechanisms.
- **Technical assistance and capacity building.** Development banks offer technical assistance and capacity building support to enhance the readiness and implementation of climate resilient infrastructure projects. Also, international and national development banks actively structure and prepare infrastructure projects, which includes providing technical expertise in climate risk assessments, engineering design, project management, and monitoring and evaluation. Development banks also facilitate knowledge exchange and best-practice sharing among countries facing similar climate challenges, helping to build local capacity and expertise in climate resilient infrastructure development.
- **Policy and regulatory support.** Development banks play a crucial role in shaping policy and regulatory frameworks that promote climate resilient infrastructure development. They work closely with governments to strengthen regulatory standards, codes, and guidelines related to climate resilience in infrastructure planning, design, and construction. Development banks also advocate for policy reforms that incentivise investment in climate resilient infrastructure and integrate climate risk considerations into national development strategies and sectoral plans.
- **Project screening and due diligence.** Development banks conduct rigorous screening and due diligence processes to ensure that the infrastructure projects they could finance are climate resilient and environmentally sustainable. This includes assessing climate risks and vulnerabilities, evaluating the resilience of proposed infrastructure designs and technologies, and considering long-term climate impacts and adaptation strategies. Development banks also incorporate climate resilience criteria into project appraisal and approval processes, guiding investment decisions towards projects that enhance resilience and reduce vulnerability to climate change.
- **Knowledge sharing and innovation.** Development banks facilitate knowledge sharing and innovation in climate resilient infrastructure by supporting research, pilot projects, and knowledge exchange platforms. They invest in research and development of innovative technologies and approaches that enhance climate resilience in infrastructure, such as green infrastructure, nature-based solutions, and resilient urban planning. Development banks also promote learning and capacity building through workshops, seminars and conferences, fostering a culture of innovation, and continuous improvement in climate resilient infrastructure development.

Source: (OECD, 2024^[14]).

4.1.3. *Aligning development and climate finance*

Development and climate objectives are closely interlinked and mutually reinforcing. Sustainable advances in poverty reduction as well as economic and social conditions cannot be achieved without addressing climate change, both adapting to climate change and mitigating the rise of global temperatures. Development finance, including ODA and Other Official Flows (OOFs), is an essential resource to progress towards the achievement of the 2030 agenda and the Paris Agreement. This is why in 2021, the members of the OECD DAC pledged to align ODA with the objectives of the Paris Agreement. Through the OECD DAC Declaration on a new approach to align development cooperation with the goals of the Paris Agreement on Climate Change (OECD, 2021^[15]), DAC members agreed to several commitments in relation to their own development co-operation programs, as well as the work undertaken collectively at the OECD.

The Declaration covers several areas, such as transparency and accountability, aligning ODA with the Paris Agreement, effective delivery of climate action in developing countries, and biodiversity and sustainable ocean economies, including the following commitments:

- Implementing article 2.1(c) of the Paris Agreement to make financial flows consistent with pathways toward net zero GHG emissions and climate resilient development. This includes Official Development Assistance (ODA) flows, for which climate and environmental impacts must be considered in all ODA spending, including in sectors not traditionally associated with climate and the environment;
- Identifying alternative sustainable, low emissions, efficient, clean and renewable energy solutions to any current ODA fossil fuel support; and
- Ensuring closer collaboration with the multilateral system, especially the United Nations, the international financial institutions and regional and multilateral development banks on these topics.

Bilateral donors support to development co-operation with climate change adaptation or mitigation objectives has increased steadily in the last decade. In 2021-22, it reached nearly 50 billion USD on average annually, representing 32.9% of total bilateral allocable ODA from DAC members, an increase from 30.6% over 2020-21. Beyond ODA, bilateral development finance providers also provided other official flows for around USD 3.7 billion in 2021-22.

Overall, ODA has been steadily growing in the last five years and within this overarching trend, a growing share of ODA supports climate change as the principal or significant objective. In 2021-22, ODA with climate objectives reached nearly 50 billion USD on average annually, representing 32.9% of total bilateral allocable ODA from DAC members, an increase from 30.6% over 2020-21. Of all climate-related activities in 2021-22, 34% addressed adaptation, 37% mitigation and 29% both objectives. Furthermore, bilateral ODA activities may support climate change and other policy themes simultaneously. In 2021-22, 91% of biodiversity-related ODA also pursued climate change mitigation, adaptation, or both, while 20% of the climate-related ODA from DAC members also pursued biodiversity-related objectives. In general development finance for biodiversity also saw a decade long growth from both bilateral and multilateral donors (OECD, 2023^[16]).

Beyond ODA, DAC members extend other financial resources for climate objectives, such as other OOFs – i.e. loans that do not meet the ODA definition, e.g. regarding concessionality. Climate-related OOFs reached an annual average of USD 3.7 billion in 2021-22, more than double the value in 2019-20, due to a few large commitments. OOFs are recorded mostly for mitigation activities until 2020, while in 2021-22 activities supporting both adaptation and mitigation reached 35% of the total.

4.1.4. Scaling up the use of green, social, sustainability, and sustainability-linked (GSSS) bonds in developing countries

Global debt markets hold seemingly infinite potential for private finance mobilisation due to their size. Innovative financial instruments – such as green, social, and sustainability (GSS) bonds¹ and sustainability-linked bonds² (SLBs) (referred to together as GSSS bonds), which function much like traditional bonds – are emerging within this environment. By linking scale with impact, GSSS bonds are important internal tools to mediate between capital markets and sustainability needs.

However, OECD research finds that **GSSS bond issuances are not occurring in the countries with the greatest financing needs, and which could therefore benefit the most from these instruments**. In 2022, for example, only 13% of the overall GSS bond market was issued by entities in developing countries (further reduced to around 5% when not including China) (OECD, 2023^[17]). The same is true for SLBs, where issuances from developing countries appear to be decreasing. Between 2021 and 2022, the share of SLBs from issuers in ODA-eligible countries as a percentage of the total issued amount decreased from 13% to 5% (OECD, 2024^[18]).

OECD policy work explores the role of OECD DAC members in ensuring GSSS bonds live up to their potential in developing countries. This includes, for example, supporting the development and use of harmonised, locally-adapted standards for different types of GSSS bonds; providing technical assistance and capacity building to increase issuer familiarity with these instruments; and using blended finance instruments like guarantees to enhance the risk-return profile of GSSS bonds –that is, the trade-offs between the potential returns of the investment and the risk of losing money (OECD, 2023^[17]) (OECD, 2024^[18]). A fundamental starting point for these initiatives, is the fact that GSSS bonds are debt instruments at their core – meaning that the debt sustainability of issuers must therefore be carefully evaluated prior to considering an issuance.

4.1.5. Harnessing good practices for domestic resource mobilisation, particularly local currency mobilisation

Domestic resource mobilisation is key to country ownership and ensuring sustained economic growth and stability, especially to help countries' public finance systems recover from pandemic spending. Deepening domestic capital markets through local currency financing is also critical to increasing country ownership. However, **local currency solutions are severely underutilised**. For example, a substantial majority (93%) of the SLBs issued globally are in hard currencies – that is, money coming from countries with stable political structures and strong economies (data sourced between Q2 2020 to Q1 2023) (OECD, 2024^[18]).

OECD research indicates that **donors, MDB's and DFIs need to critically scale up the utilisation of local currency solutions to support the development of domestic capital markets** – particularly in strengthening small- and medium-sized enterprises (SMEs) and infrastructure sectors. These solutions can include both indirect mobilisation tools such as capacity-building, policy advocacy, and technical assistance to bolster local financial infrastructure and regulatory frameworks, and direct mobilisation tools including currency hedging instruments that attempt to reduce the effects of currency fluctuations on investment performances, financial guarantees to ensure debt is repaid to a lender by another party if the first party defaults, “synthetic” loans where money is loaned in a base currency but paid out in another currency, and targeted investments to mitigate currency risks and stimulate the growth of local currency markets.

4.1.6. Promoting blended finance instruments to mobilise domestic investment and attract international investment for sustainable development in developing countries

Blended finance is crucial for better mobilisation of private finance. By deploying development resources to reduce the risk-return profile of investments, blended finance can attract private sector investment towards developing countries. As such, it helps demonstrate project viability and build markets – in turn attracting more commercial capital (OECD, 2018^[19]). Via the development of Principles and Guidance on blended finance, the OECD has worked to make blended finance an established pillar of the financing for sustainable development architecture (OECD, 2017^[20]).

Yet OECD research – and the sheer size of development and climate needs – suggest that development finance providers should urgently make greater use of mobilisation instruments and blended finance solutions. MDBs should step up efforts to mitigate the risks for private investors, bundle projects to attract private investment and mobilise at scale their portfolios for climate action (OECD, 2023^[21]).

OECD research finds that guarantees have proven to be the most effective instrument for mobilising private finance (Garbacz, Vilalta and Moller, 2021^[22]). Syndicated loans – loans provided by a group of lenders who work together to provide funds for a single borrower – and project finance for long-term industrial and infrastructure initiatives have been particularly effective too, including for climate action.

Examples include the African Development Bank (AfDB) Facility for Energy Inclusion, which has committed USD 50 million to provide risk mitigation instruments such as guarantees, alongside concessional loans from development partners like the European Commission and the Nordic Development Fund (AfDB, 2019). In addition, the Scaling Solar Programme by the International Finance Corporation (IFC) has facilitated syndicated loans to finance two solar power plants totalling USD 160 million, with private sector participation, in Zambia (IFC, 2022^[23]).

4.1.7. Supporting a strong and future-fit multilateral development system

The multilateral development system stands as an indispensable platform for orchestrating strategic, coordinated international responses to global development challenges. It also channels a growing share of Official Development Assistance (ODA). For example, DAC members have steadily increased their share and volume of ODA sent to, or through, multilateral organisations over the past decade, from 37% in 2010 to 45% in 2021.

In recent years, successive crises and a high-risk post-pandemic context have spurred calls for an ambitious overhaul of the global financial architecture, of which the multilateral development system is a core component. Multilateral organisations, in particular the main Multilateral Development Banks (MDBs), are at the forefront of current efforts to reform and push the boundaries of development finance. This is apparent in the ongoing initiatives undertaken to transform these organisations' mandates, operational models, and toolbox.

At the same time, the surge in reforms and innovation brings with it an **urgent need to strengthen the governance and effectiveness of the multilateral system**. Over time, the growth in multilateral development finance has been accompanied by the creation of new multilateral entities in response to each new crisis – the number of active multilateral entities has more than doubled since 2005 – resulting in a versatile but also complex and fragmented architecture.

Without system-wide accountability and co-ordination mechanisms, the expansion of the multilateral aid architecture and its toolbox risks exacerbating existing flaws. Unstructured and uncoordinated growth could further increase complexity, diminish accountability, and perpetuate fragmented initiatives resulting from a lack of inter-organisational cooperation, eventually eroding development partners' trust and commitment to invest in a robust, future-ready multilateral system.

4.2. Harnessing trade for the SDGs

Trade can play a pivotal role in advancing the SDGs by fostering economic growth and promoting inclusive and sustainable development. Trade allows countries to capitalise on their comparative advantages and enhance access to international markets, stimulate productivity, and create employment opportunities, contributing directly to SDG 1 (poverty eradication) and SDG 8 (decent work and economic growth). International trade also facilitates access to essential goods and services, including food and medical goods, thereby contributing directly to food security through SDG 2 (zero hunger) and global health through SDG 3 (good health and well-being). Moreover, trade can enhance access to technology and knowledge to support more sustainable production methods and encourage more sustainable consumption patterns in support of SDG 12 (responsible consumption and production). Private-public collaborations and partnerships in trade further foster infrastructure development and knowledge sharing, thus supporting SDG 9 (industry, innovation, and infrastructure) and SDG 17 (focused on partnerships).

To achieve these goals, however, it is essential to ensure that trade policies are **aligned with sustainable development objectives** and **promote inclusive and equitable outcomes for all** stakeholders by integrating social, environmental, and economic aspects, including potential spillover effects, into trade policies.

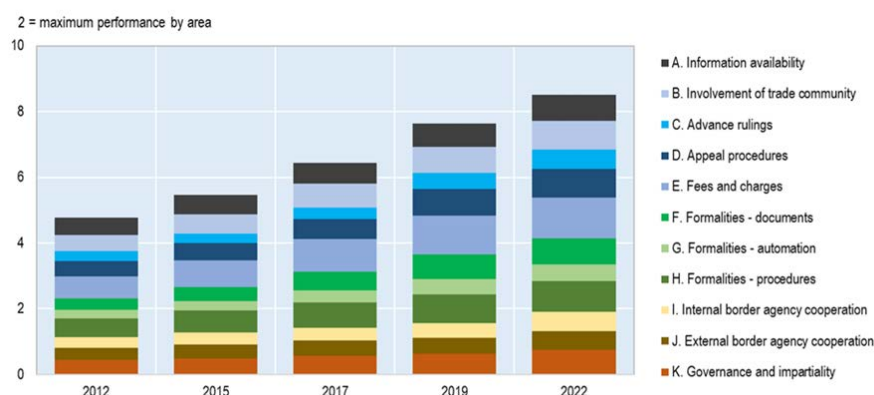
4.2.1. Harnessing trade facilitation to reduce costs, spark competitiveness, productivity, innovation, and growth, and increase opportunities for trade

Trade facilitation policies encompass **measures that help expedite the movement, clearance, and release of goods when traded internationally.** These are key in offsetting the time and cost to trade and in ensuring the timely delivery of essential goods. As international trade evolves, trade facilitation policies are not only needed to ensure that transactions are faster and easier, but also to ensure that trade is sustainable and resilient.

The COVID-19 pandemic, technological developments, geopolitical tensions, and climate change have all been leading to a rapidly changing trade landscape in recent years, impacting not only *what* we trade but also *how* we trade. By lowering trade costs, trade facilitation policies allow for a better access to competitively priced inputs. This will in turn support developing countries' competitiveness and greater participation in global systems of production, including for small- and medium-sized enterprises. A better trade facilitation policy environment will also enhance access to new export markets, including in agriculture and food trade, a key sector for many developing economies. In addition, further streamlining border processes will help enhance exports in additional sectors, including through the increased opportunities provided by parcels trade (López González and Sorescu, 2021^[24]). Seven years after the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) came into force, developing economies have been setting up the required regulatory frameworks to operationalise their commitments under the Agreement. The TFA has also started to bear fruit on the ground in developing and least-developed economies – reducing trade costs by around 6% over the last decade. The trade facilitation policy environment has also improved significantly over the last decade, particularly in areas relating to streamlining trade-related documents, automation of border processes, and transparency and predictability (Figure 4.2). Significant challenges remain, however, across all the policy areas covered by the OECD TFIs and many countries continue to face implementation setbacks.

In this context, the OECD Trade Facilitation Indicators (TFIs)³ (OECD, n.d.^[25]) allow countries to identify strengths and challenges in trade facilitation, prioritise areas for action, and mobilise technical assistance and capacity building in a more targeted way.

Figure 4.2. The trade facilitation policy environment continues to improve in LDCs



Note: Each of the 11 Trade Facilitation Indicators (TFIs) range between 0 and 2, with 2 the maximum performance that can be achieved by area. OECD TFIs cover 35 out of 45 economies designated by the United Nations as the least developed countries (LDCs).

Source: OECD Trade Facilitation Indicators (OECD, 2022^[26]).

4.2.2. Promoting good governance in export credits to boost support of climate friendly transactions

Since the mid-1990s, OECD countries have been sharing information on their policies, practices, and experiences regarding environmental and, more recently, social issues when providing officially supported export credits – that is, financing and services that help exporters transport and sell goods in overseas markets. The result of these discussions has been a series of agreements and OECD Recommendations relating to measures that OECD countries should take to identify, consider, and address the potential environmental and social impacts of projects for which official export credit support is requested as an integral part of Members’ decision-making and risk management systems.

OECD countries have also developed Recommendations to deter bribery in transactions for which official export credit support is requested and to promote sustainable lending practices to ensure that the provision of officially supported export credits does not contribute to the build-up of unsustainable external debt in developing countries.

The Modernisation of the Arrangement on Officially Supported Export Credits [15. July 2023], as the most significant review to the Arrangement since 1978, allows countries to offer greater support for green projects while also expanding the use of export credits in the context of an evolving world economy and an increasingly competitive landscape.

4.2.3. Enhancing aid for trade support for the SDGs in connection to the reform of the global financing for development architecture

Increased demand to finance SDGs and global public goods, including for climate adaptation and mitigation, biodiversity protection, and health systems, have been putting ODA resources under stress in an already constrained fiscal space. These evolutions are raising new questions for development donors and partners, including finding creative ways to unlock additional resources for development, balancing financing priorities, and making an efficient use of concessional resources for maximal impact. A number of initiatives have been launched to reform the global financing architecture, with a view to create a more inclusive system and scale up financing for development. Aid for Trade is a test case for these evolutions.

Drawing on the joint WTO-OECD Aid for Trade Monitoring & Evaluation questionnaire and latest OECD Aid for Trade flows data, 2024 WTO-OECD Aid for Trade at a Glance report provides unique insights to inform reflections related to Aid for Trade in an evolving landscape and how to align both national and SDG priorities (OECD/WTO, 2024^[27]). The report indicates that new priorities, including women and youth empowerment, digitalisation, and the green transition, are emerging alongside continued strong support to traditional areas of Aid for Trade, such as trade facilitation and export diversification. For example, 94% of partner countries that participated in the monitoring and evaluation exercise indicated that they foresee future needs to finance the trade-related aspects of climate change.

Aid for Trade priorities are reflected in financing flows. Aid for Trade disbursements supporting sustainability-related objectives have been rising in recent years. In 2022, 67% of bilateral Aid for Trade commitments included a focus on climate. OECD data shows that beyond its role in helping developing countries participate in global trade, Aid for Trade contributes to all SDGs. In 2021-22, SDG 9 (industry, innovation, and infrastructure) attracted the largest amount of Aid for Trade disbursements, followed by SDG 7 (affordable and clean energy), SDG 2 (zero hunger), SDG 11 (sustainable cities and communities) and SDG 8 (decent work and economic growth). These evolutions underscore the role and potential of Aid for Trade in financing a range of SDG-related objectives. Harnessing the full potential of Aid for Trade in that respect however may require new approaches to more deliberately target SDG objectives, integrating an SDG lens in Aid for Trade impact management and monitoring frameworks, and unlocking more resources to finance a growing and interwoven priorities.

Since the launch of the initiative in 2006, a total of USD 648 billion was disbursed for Aid for Trade programmes and projects. Aid for Trade disbursements reached an all-time high of USD 51.5 billion in 2022. Development co-operation providers have also been successful in mobilising additional resources from the private sector to finance trade-related needs. According to OECD data, in 2022, a total of USD 54 billion was mobilised through official interventions in trade-related sectors, including through blended finance mechanisms. This represents 88% of total resources mobilised through official interventions. Ongoing reflections related to the reform of the global financing for development architecture, including the development of innovative financing instruments and operating models, provide an opportunity to build on this positive trend and unlock more finance from the private sector for trade.

While seeking new ways to work with partners and scale up resources for trade and sustainable development, maintaining a focus on LDCs is essential. In 2022, the share of Aid for Trade disbursements to LDCs was 28% and worth USD 14 billion. This is higher than the share of LDCs in broader ODA and represents a 10% increase compared to the previous year. However, disbursements remain below 2019 levels. LDCs remain a priority, with an objective to double Aid for Trade levels from 2018 by 2031 in line with commitments made in the Doha Programme of Action for the Least Developed Countries. However, disbursements have fallen short of this objective, necessitating concerted efforts to bridge the gap and accelerate progress. Ensuring that the right instruments, including grant finance, are available to support LDCs and other low-income countries is essential to provide adequate support. In that regard, the shift towards loans over grants observed in recent years presents challenges.

In a context where demands and opportunities for Aid for Trade keep growing, balancing demands and giving a central place to partner country priorities is a key consideration. The 2024 WTO-OECD Aid for Trade at a Glance report shows that Aid for Trade financing flows are largely aligned with the sectoral priorities of partner countries. Opportunities exist however to foster greater alignment and enhance the scale and effectiveness of Aid for Trade projects. For example, harmonising project durations and funding cycles, addressing institutional capacity constraints, and enhancing access to a broad set of financing instruments including grant finance, could help address some of the challenges highlighted by donors and partners. Ensuring coordination among development co-operation providers, stakeholders and initiatives is also key to promote coherence and synergies, and enhance the effectiveness and impact of Aid for Trade on the SDGs.

4.3. Leveraging domestic tax revenues for SDG financing

The Addis Ababa Action Agenda on Financing for Development recognised the centrality of domestic public resources to achieve the Sustainable Development Goals (SDGs) (United Nations, 2015^[28]). **Tax revenues are the largest and most sustainable component of financing for development.** An effective tax system not only raises revenues needed for funding public services but can be adapted to support development goals. For example, taxation can help reduce inequalities through redistribution and can help address health and environmental objectives through behavioural change. Crucially, **the benefits of good tax policy can only be realized through efficient and effective tax administration.**

While tax revenues have increased in developing countries since the 1990s, progress has been flat in more recent years, notably since the 2008 global financial crisis. Many developing countries continue to have tax-to-GDP ratios below 12.75%, which is the lowest level of funding studies have found to be necessary for accelerated growth and development (Gaspar, Jaramillo and Wingender, 2016^[29]). International Monetary Fund staff have estimated, however, that **low-income countries could increase their tax-to-GDP ratios by on average nine percentage points of GDP.** (Benitez et al., 2023^[1]). Forthcoming OECD estimates confirm that low-income countries have significant tax revenue potential, albeit somewhat lower than previous estimates, in particular in the short run (Brys et al., forthcoming^[30]). In any case, even a modest increase in tax revenues could go a long way toward enabling more sustainable, inclusive, and resilient development, addressing major crises related to climate change and ongoing conflicts, and ensuring greater debt sustainability.

4.3.1. Encouraging innovative financing to address the financing gap to achieve the SDGs

As highlighted in earlier sections, green budgeting is emerging at regional and local levels as an important tool for regions and cities to align their expenditures and revenues with their green objectives and enhance the transparency and accountability of their climate and environmental action. Green budgeting is also a tool that governments can use to prioritise low-carbon investments and identify funding gaps, as well as to mobilise additional sources of both private and public climate finance.

For subnational governments to make full use of green budgeting, however, more methodological, technical, and financial support is needed. The 2022 OECD report *Aligning Regional and Local Budgets with Green Objectives* analyses subnational green budgeting practices in OECD and EU countries and provides a set of guidelines for these governments to use in developing and launching a green budgeting practice. It is accompanied by two green budgeting case studies – one with the Region of Brittany (France) and one with the City of Venice (Italy) – and a self-assessment tool (OECD, 2022^[31]; OECD, 2022^[32]).

Collecting and analysing statistics on sustainability financing is also key to reaching SDG goals. Covering nearly 130 economies, the OECD's *Global Revenue Statistics Initiative* is a key source of information. By providing high-quality, harmonised data on the level and structure of taxation in developing countries in active collaboration with participating countries and regional partners, it is a starting point for policies to address the SDG financing gap as well as a platform for capacity building and knowledge sharing on domestic resource mobilisation.

Revenue trends in developing countries over the past decade underline the financing challenges facing developing countries, especially following the impact of the COVID-19 pandemic. Africa's tax-to-GDP ratio, for example, increased by 1.5 percentage points between 2010 and 2021 to 15.6% but remained less than half the level of the OECD average in 2021 (34.1%). Moreover, non-tax revenues declined as a share of GDP while the cost of financing external debt increased across African countries over the decade. Following such setbacks, **efforts to close the financing gap through taxation need to be redoubled.**

4.3.2. *Building tax capacity and promoting tax reform in developing countries*

In recent years, enormous progress has been made in establishing high standards of tax transparency and information sharing, with important gains for tax authorities' ability to deter, detect, and disrupt tax evasion and avoidance. The *Global Forum on Transparency and Exchange of Information for Tax Purposes* has grown to 171 member jurisdictions and has overseen a significant improvement to the global tax transparency architecture.

International co-operation on corporate taxation has also increased dramatically and led to a major update of the international tax system. This work has focused especially on the challenges of Base Erosion and Profit Shifting (BEPS) – the tax planning strategies that shift profits from higher to lower tax jurisdictions and exploit loopholes and mismatches in tax rules. Working together within the OECD/G20 Inclusive Framework on BEPS (IF), 147 countries and jurisdictions are collaborating on the implementation of 15 BEPS Actions to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment.

In 2021, a landmark agreement was reached on a Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy:⁴

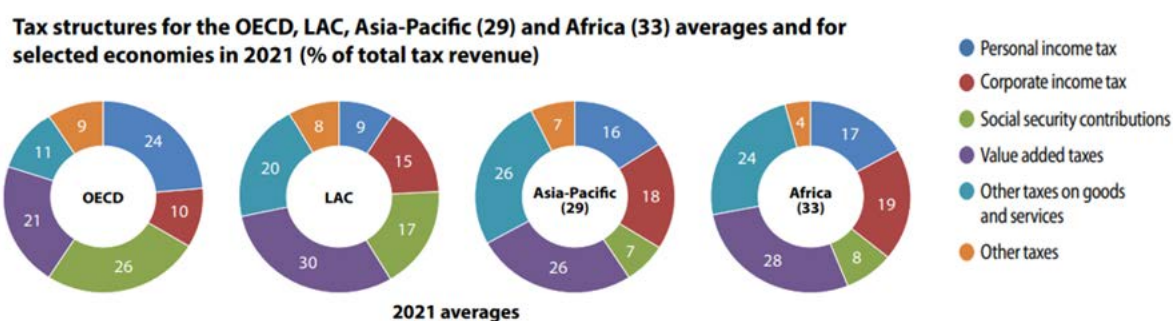
- Pillar One provides for a reallocation of taxing rights over a portion of the profits of the largest and most profitable multi-national enterprises based on the location of the customers or users, in addition to introducing a simplified approach to the application of transfer pricing in specific circumstances, with a particular focus on the needs of countries with low capacity. Pillar One is expected to lead to annual global tax revenue gains of between USD 17.4-31.7 billion, based on 2021 data. The analysis further finds that low and middle-income countries are expected to gain the most as a share of existing corporate income tax revenues (O'Reilly et al., 2023^[33]).
- Pillar Two puts a floor on tax competition through a global 15% minimum effective corporate income tax rate, which is expected to result in additional annual global corporate income tax revenues of USD 155-192 billion based on 2017-2020 data (Hugger et al., 2024^[34]).

While political attention and demand for support continue to be high on international corporate income taxation issues, they are not a panacea for the tax or revenue challenges facing developing countries.

From a domestic resource mobilisation perspective, other taxes and issues of tax administration can make a larger contribution. Other taxes are likely to yield better revenue results, while ultimately development outcomes (such as poverty alleviation) will depend on the combination of both revenue raising and spending decisions. Actions across the entire tax mix are needed as no individual tax can provide the necessary increased revenues.

Notably, the tax mix in developing countries is made up of much lower shares of personal income tax and social security contributions and much higher reliance on corporation tax and consumption taxes (see Figure 4.3).

Figure 4.3. Tax structures for different regions in 2021



Source: Author's own elaboration.

Value Added Tax (VAT) is often the single largest source of tax revenues for developing countries and aligning VAT with changing consumption patterns due to the digitalisation of the economy presents an opportunity to broaden their tax base. **Effectively levying VAT on the import of digital services and goods bought online from foreign vendors will increasingly be critical to safeguarding VAT revenues in developing economies**, as well as to minimise competitive distortion between foreign online sellers and local physical stores. To address these challenges, the OECD has delivered a set of internationally agreed standards and recommended approaches for the VAT treatment of international trade, with a particular focus on digital trade. By the end of 2023 almost 100 jurisdictions worldwide (including many developing economies) had implemented reforms based on these VAT standards and more than 30 additional jurisdictions are in the process of implementing such reforms or considering doing so.

Personal income taxes (PIT) and taxes on wealth (including taxes on immovable property, net wealth, and transfers of wealth) typically account for low shares of overall revenue in developing countries. These taxes could play a bigger role in enhancing the progressivity of tax systems and reducing inequalities. **Strengthening their role requires careful tax policy design**, however, which considers potential policy trade-offs, including possible disincentives to participate in the formal labour market, to save, and to invest. **Digital tools, combined with increased access to third-party information and exchange of information** between tax authorities can contribute to making personal income and wealth taxation more effective by reducing tax evasion. Enhancing the role of personal income and wealth taxation should also go hand-in-hand with efforts aimed at strengthening trust and tax morale.

A key observation to inform tax policy strategies in developing countries is that domestic resource mobilisation requires economic growth as well as effective tax policies and administration. Tax measures could seek to strengthen the formalisation of the work force and of businesses which will strengthen their ability to support growth and distributional outcomes. Well-designed presumptive tax regimes that simplify tax compliance for small and micro-businesses and avoid excessive tax burdens and tax complexity are key in this regard.

4.3.3. Digitalising tax administrations to improve compliance and revenue collection for a sustainable transformation

The last decade has seen an increase in the digitalisation of tax administrations across the globe, making it easier for taxpayers to file, pay, and communicate electronically. The use of large datasets has also helped to modernise and link tax administration processes, leading to increased efficiency and more sophisticated risk assessment and compliance interventions. Incidentally, the COVID-19 crisis also acted

as an accelerant to digitalisation in many countries. The growing adoption of digital technologies brings opportunities that can assist governments achieving their objective of improving revenue collection for a sustainable transformation⁵.

Tax administrations are gathering more and more data and digitalisation allows them to leverage this information to gain deeper insights into taxpayer and their affairs, and to further enhance and develop innovative compliance strategies. For example, many tax administrations have started using artificial intelligence for risk assessment and fraud detection (OECD, 2022^[35]).

Digitalisation can be particularly helpful in addressing issues around the hidden and informal economy, which results in lost government revenue and can undermine the overall trust in the tax system. For example, the use of new digital tools to ease registration, record keeping, calculation, and payments can make it easier for those taxpayers who are unclear on their tax obligations and can help to support voluntary compliance. In addition, being able to receive relevant information electronically from third parties such as government agencies, platforms, and the banking sector can also be helpful in uncovering unreported activity as well as unregistered taxpayers.

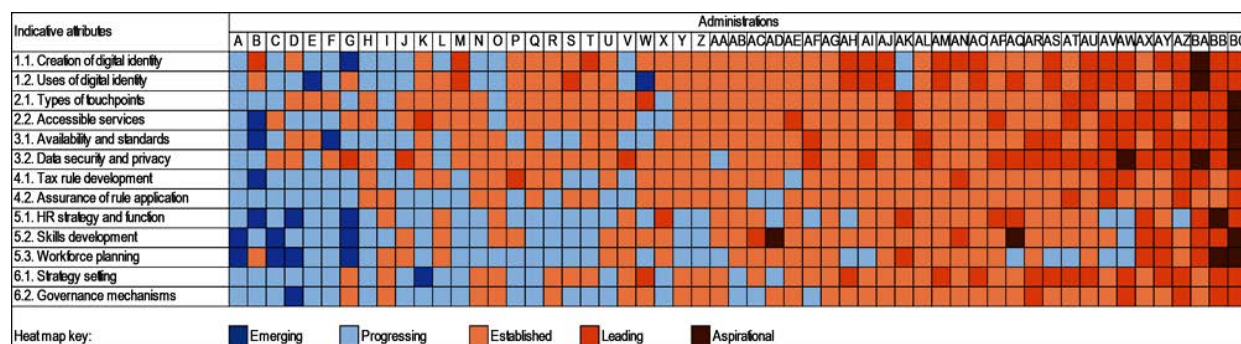
Another example improving tax compliance through technology is using electronic invoicing systems where the transmission of electronic invoice data to tax administrations is embedded into taxpayer compliance processes. The introduction of such systems helps improve tax compliance and audit selection, and better detect fraud. For example, in **Italy**, during 2019, the electronic invoicing system helped identify VAT frauds for a total amount of EUR 1.1 billion, with the VAT gap decreasing by around 25% prior to the introduction of the electronic invoicing system⁶.

Importantly, digitalisation not only presents opportunities for improving revenue collections but also offers avenues to improve the efficiency and effectiveness of tax administrations. Common objectives in this context include streamlining processes; minimising unnecessary interactions between taxpayers and tax administrations; and utilising data to integrate internal tax administration processes and enhance risk assessments. Particularly, taxpayer services can benefit from digitalisation, allowing tax administrations to provide a greater mix of service channels including 24-hour self-service offerings. Combining the use of technology with other innovative approaches, such as behavioural insights, will further reduce costs and improve compliance. For example, the use of behavioural insights helped some tax administrations to increase self-service and online actions by more than 20%, or to reduce misreporting of income and expenses through tailored digital prompts.

In addition, to benefit from the opportunities of the use of technology and a wider digitalisation and digital transformation, it is crucial for tax administrations to develop a better understanding of their current level of digital maturity and to identify a pathway for reaching higher levels of maturity in the future. Currently, tax administration systems frequently impose substantial administrative burdens on taxpayers which can significantly impact entrepreneurial activity⁷ by relying on taxpayers providing information to the administration. Instead, digitalised taxation processes could be integrated into everyday transactions, becoming part of individuals' and businesses' routine activities. This integration, often referred to as **embedding tax within taxpayers' natural systems**, will reduce burdens and allow for compliance by design approaches, thus making non-compliance a more difficult and deliberate action.

Understanding that tax administrations operate in varied environments, in 2022 the OECD developed the *Digital Transformation Maturity Model*, which allows tax administrations to self-assess their current level of maturity and consider future strategy. The model has been completed by more than 50 tax administrations and the results of those self-assessments are guiding and supporting administrations in their digitalisation strategies (see Figure 4.4) (OECD, 2022^[36]).

Figure 4.4. Digital Transformation Maturity Model self-assessment results



Source: (OECD, 2022_[36]).

Policy Recommendations

To close financing gaps and create an enabling financial environment for developing countries, governments and the international community can consider:

Delivering an SDG Stimulus

- Enhance co-operation between public and private financial institutions, by building deeper partnerships, promoting technical assistance on blended finance instruments, fostering measurement of the contribution of ODA to Global Public Goods, and stimulating new analysis on innovative financing structures and instruments to scale up private financing for sustainable development;
- Increase the mobilisation of private finance for sustainable development, including climate finance, by scaling up the use of green, social, and sustainability bonds in developing countries, strengthening the use of local currency solutions, and promoting blended finance instruments;
- Strengthen the governance and effectiveness of Multilateral Development Banks (MDBs), including with regards to mitigating risks and attracting private investment; and
- Increase the utilisation of local currency financing to deepen domestic capital markets and enhance country ownership.

Mobilising private finance for sustainable development

- Rethink how climate finance is deployed, significantly scale up the use of blended finance and factor in the rapidly improving commercial prospects of many climate investments;
- Expand capacity building to support developing countries to improve the conditions for investment, especially against the backdrop of difficult macroeconomic conditions and constrained fiscal space;
- Address the institutional barriers in the international development architecture that relegate mobilisation to a niche, rather than the bedrock, of climate finance; and
- Address regulatory and other barriers to investment in advanced economies, where the large stocks of private capital are overwhelmingly located.

Harnessing trade for the SDGs

- Align trade policies with sustainable development objectives and guarantee that they promote inclusive and equitable outcomes for all stakeholders;
- Rethink aid for trade in connection to the global financing for development architecture;
- Promote good governance in export credits to boost SDG-aligned transactions;
- Harness trade facilitation to reduce costs, spark competitiveness, productivity, innovation and growth; and
- Enhance Aid for Trade to support the SDGs and emerging priorities by incorporating SDG considerations systematically. This includes increasing resources, improving supply chain resilience, and supporting digital and environmental transitions, thereby fostering a more inclusive and efficient system for financing development.

Leveraging tax revenues for SDG financing

- Support domestic resource mobilisation efforts, for example, by stemming illicit financial flows (IFFs) in macro-critical sectors such as trade and investment, banking and financial services;

and by addressing the underlying enablers of IFFs and corruption, in terms of the traders, financiers, lawyers and accountants, that enabling and sustain these interests;

- Broaden tax bases and/or by tax policy and tax administration reform, including the digitalisation of tax processes;
- Build capacity and technical expertise to support the implementation of the agreed international tax standards and instruments (e.g., the tax transparency standards implemented by the Global Forum on Transparency and Exchange of Information for Tax Purposes, and the Base Erosion and Profit Shifting project and the Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy developed by the OECD/G20 Inclusive Framework on BEPS; and
- Support international tax coordination via the Platform for Collaboration on Tax, which brings together the OECD, the United Nations, the IMF and the World Bank.

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Notes

¹ GSS bonds are use-of-proceeds instruments, meaning that issuers commit to using the proceeds to (re-) finance projects considered to have a positive environmental and/or social impact. For investors, they provide greater transparency over what the earnings of the bond are used for and help meet growing expectations over sustainable mandates. For issuers, they are a source of long-term, diversified and low-cost funding for activities with a clear development focus (OECD, 2023^[17]).

² SLBs have financial and/or structural characteristics which change depending on whether the issuer meets pre-defined sustainability objectives. Unlike for GSSS bonds, the proceeds of SLBs can be used for general purposes – making them particularly attractive for areas like climate change adaptation or social outcomes which often lack pipelines of bankable underlying assets. SLBs can also be linked to existing internationally agreed objectives – such as the Paris Agreement Nationally Determined Contributions – therefore increasing their credibility and issuers' accountability towards them (OECD, 2024^[18]).

³ The OECD TFIs cover the full spectrum of border procedures for more than 160 economies across different income levels, geographical regions, and levels of development. Each TF indicator is composed of several specific, precise, and fact-based variables related to existing trade-related policies and regulations and their implementation in practice.

⁴ See Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy – 8 October 2021

⁵ See also Supporting the Digitalisation of Developing Country Tax Administrations, Forum on Tax Administration (Forum on Tax Administrations, 2021^[40])

⁶ See also *Tax Administration 3.0 and Electronic Invoicing: Initial Findings*, (OECD, 2022^[35]).

⁷ A 10% reduction in tax administration burdens can lead to an increase of nearly 4% in entrepreneurial activity. See Figure 1.3 in *Supporting the Digitalisation of Developing Country Tax Administrations*, Forum on Tax Administration (Forum on Tax Administrations, 2021^[40]).

5 Science, technology, and innovation for sustainable and inclusive transformation

Science, technology, and innovation (STI) policies can play an important role in helping countries achieve the SDGs. Renewed momentum is needed to direct STI policies towards addressing economic and societal challenges, particularly achieving the SDGs. Under the auspices of the Summit of the Future, states are developing a Global Digital Compact which will be presented as an annex to the Pact for the Future. The Compact aims to provide the principles, objectives, and actions for advancing an open, free, secure, and human-centred digital future through multi-stakeholder action. To support this global effort, this chapter draws on the OECD's existing work on science, technology, and innovation. It highlights how the OECD's insights can advance equitable and sustainable development, while anticipating and responding to future trends, challenges, and opportunities.

Science, technology and innovation (STI) policies play an important role in both today's and in future societies. To this end, these policies must address societal challenges and are key for achieving sustainable development. At the same time, the digitalisation of different sectors, including the public sector, is fundamental to keep pace with technological progress to deliver products, services and policies that better respond and anticipate citizens' and businesses' needs. This chapter focuses on delivering a transformative STI policy agenda and addressing key issues in terms of the digital transformation that shape our reality, including data governance, the promotion of trustworthy artificial intelligence (AI), and the digitalisation of governments and their public sectors. In addition, it covers the use of AI in the labour market and the importance of achieving digital health systems and enhancing broadband connectivity, as well as the promotion of online safety and digital security, upholding human rights in the digital age and the regulation of the space economy.

5.1. Harnessing STI policies to achieve the SDGs

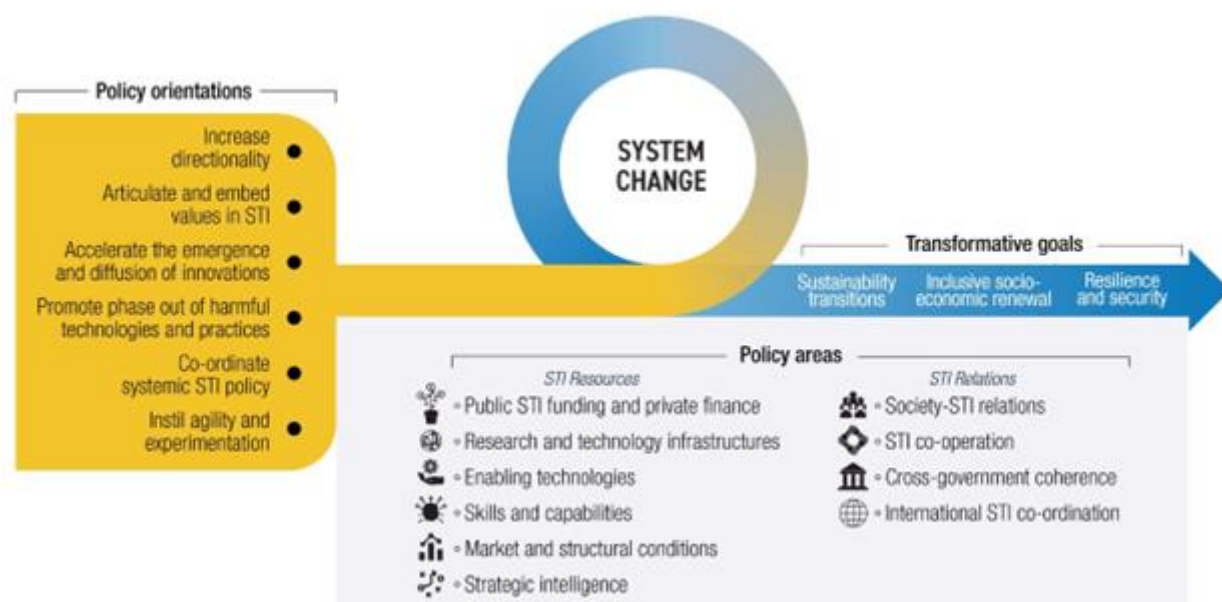
STI policies play an important role in helping countries achieve the SDGs. Renewed momentum is needed to direct STI policies towards addressing economic and societal challenges and achieving sustainability goals. At the global level, embedding shared values in the governance of science and emerging technologies and committing to international cooperation will be equally important. Recognising the potential of STI, while considering its risks, the United Nations are seeking to commit, in the anticipated Pact for the Future, to seize the opportunities presented by STI for the benefit of people and planet (Action 25), to scale-up the means of implementation to developing countries to strengthen their STI capacities (Action 26) and to ensure that STI contribute to the full enjoyment of human rights by all (Action 28) and improve gender equality and the lives of all women and girls (Action 29).

Geographical disruptions, coupled with the climate crisis and anxieties related to technological change, have increased concerns about risk, uncertainty, and resilience, in STI policy (OECD, 2023^[1]). To address these concerns and advance major transformative goals such as sustainability transitions, inclusive socio-economic renewal, resilience, and security, a strategic approach to STI is essential.

To achieve these goals, as outlined in the OECD "Agenda for Transformative Science, Technology, and Policies" (hereafter, Transformative Agenda) (OECD, 2024^[2]) key policy orientations to steer STI policy are needed, including:

- Sustaining investment and greater directionality in research and innovation;
- Articulating and embedding shared values in STI;
- Accelerating the emergence and distribution of innovations;
- Promoting the phase-out of harmful technologies and practices;
- Implementing systemic and coordinated STI policy; and
- Encouraging flexibility and experimentation.

Figure 5.1. The Transformative Agenda’s transformative goals, policy orientations and STI policy areas



Source: (OECD, 2024^[2]).

Additionally, the OECD “Framework for the Anticipatory Governance of Emerging Technologies” (OECD, 2024^[3]) supports governments to integrate strategic foresight into policy making by providing actionable policy guidance to better anticipate, prepare for, and act on governance challenges in future emerging technology contexts. It is vital to place anticipation at the centre of emerging technology governance, addressing technology as it emerges and evolves to increase the power of governance both to stimulate innovation and manage risks. This requires interventions at earlier stages in the innovation process such as setting technology strategies, agendas and roadmaps, codes of scientific and engineering practice, and the organisation of research and development.

5.2. Strengthening data governance and promoting trust in cross-border data flows

Data governance – encompassing the array of technical, policy, and institutional arrangements that determine the cycle of how data is collected and used (creation, collection, storage, use protection, access, sharing, and deletion) – plays a central role in maximising the benefits of data while managing risks.

Data are a valuable resource essential to global economic and social activities. Data flows, domestically and across borders, underpin daily business operations, logistics, supply chain optimisation, payments, and international communication. Data also enable public services, scientific research and health monitoring and research; fuel AI; and support informed decision-making by public and private organisations.

As digital technologies increasingly become an integral part of the activities of governments, firms, and people, the amount of data produced using digital technologies is unprecedented and is growing every year. For example, around 140 billion messages are exchanged daily on WhatsApp across the world (OECD, 2024^[4]). Although the value of such data flows is challenging to measure (OECD, 2022^[5]), some

estimates based on direct contributions to the economy put the contribution of data flows to global GDP as high as USD 2.8 trillion (ICC- Data Flows, n.d.^[6])

Unlocking the potential of data for economies and societies requires enhanced data access and sharing to drive growth and well-being. For example, governments are among the largest producers and consumers of data, and making their data available, including as open data, supports both transparency and innovation for other actors [(OECD, 2022^[7]); (OECD, 2019^[8]). In 2023, OECD countries had made available 47% of high-value datasets – defined as government datasets whose re-use can have major benefits for society and the economy – ranging from 67% in geospatial data to 31% of data on companies and company ownership (OECD, 2023^[9]). Despite the need for more progress, OECD countries have increasingly integrated data governance into the public sector in the context of digital government policies, with a score of 63% in “data driven public sector” in the 2023 Digital Government Index as compared to 44% in 2019 [(OECD, 2024^[10]); (OECD, 2020^[11])].

However, increased access to and sharing of data, especially across borders, can raise concerns about privacy and personal data protection, ethical use, intellectual property rights protection, competition, and digital security, among others (OECD, 2022^[7]). Measures taken to address these concerns can unintentionally stifle innovation, productivity, and economic growth, and can lead to risks of policy fragmentation due to overlapping application of different data governance and privacy frameworks across countries and regulatory domains (OECD, 2023^[12]) .

This is why, in globalised economies and societies, fostering trust among governments, firms, and individuals around international data governance is pivotal to facilitating the flow of data across borders (a policy agenda also known as “data free flow with trust”, or DFFT).

OECD standards, notably the 1980 OECD Privacy Guidelines (OECD, 1980^[13]); the 2021 OECD Recommendation on Enhancing Access to and Sharing of Data (OECD, 2021^[14]) and the 2022 Declaration on Government Access to Personal Data Held by Private Sector Entities (OECD, 2022^[15]) provide foundational principles to help governments establish effective data governance and develop common international approaches to cross-border data flows. The OECD also convenes a DFFT Experts Community to bring together a diverse set of stakeholders to inform the work of OECD policy bodies by gathering evidence and suggesting possible concrete solutions to DFFT challenges.

Moreover, the OECD provides additional dedicated resources to help countries enhance trusted internal government data sharing, government-to-government data sharing, and making government data available for public reuse, including the OECD Framework on Data Governance in the Public Sector (OECD, 2019^[8]). Good Practice Principles for Data Ethics in the Public Sector (OECD, 2020^[16]), the OECD Digital Government Index (OECD, 2024^[17]), which assesses data-driven public sector maturity, and the Open, Useful, and Re-usable (OURdata) Index (OECD, 2023^[18]), which measures open data policy maturity and the availability of high-value datasets.

5.3. Promoting trustworthy artificial intelligence (AI)

Artificial intelligence (AI) is a transformative, general-purpose technology that promises to boost productivity, improve well-being, promote the UN SDGs and help address global challenges such as climate change, resource scarcity, and health crises. However, its use raises questions and challenges related to trust, fairness, privacy, safety, and accountability, among others. These opportunities and challenges are magnified as AI systems are integrated into daily products and services, and as AI capabilities rapidly advance, especially in areas of language processing and pattern recognition.

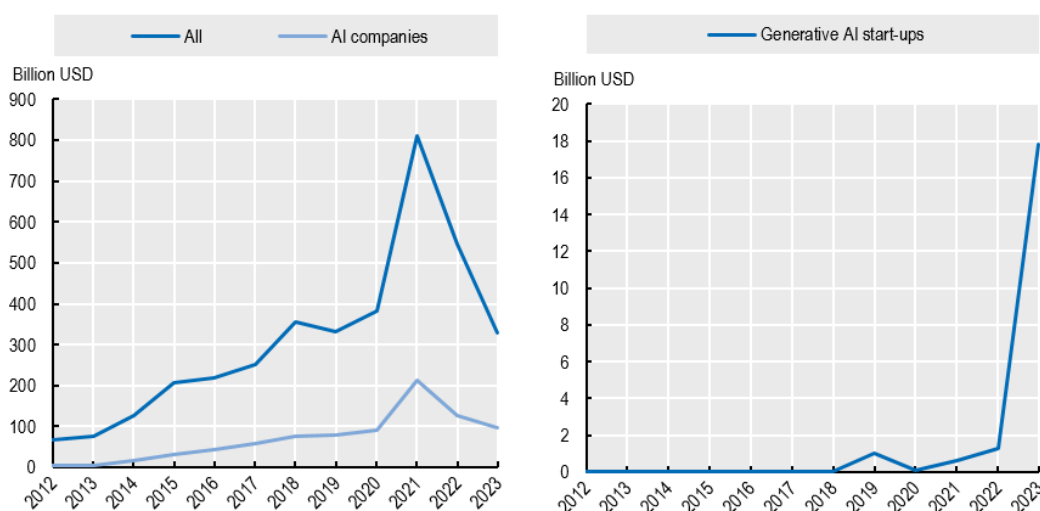
Generative AI tools, for example, can revolutionise key industries by boosting productivity, enhancing personalised learning, or serving as interfaces between patients and health providers, but they can also shift labour markets and skill needs, be used to create disinformation and manipulated content of an

unprecedented quality and scale, and pose challenges around privacy and intellectual property rights (Lorenz, Perset and Berryhill, 2023^[19]).

Coinciding with these technology developments and the rapid uptake of generative AI tools, recent data from the *OECD AI Incidents Monitor* reveal a tenfold increase in reported AI incidents within a single year, rising from 70 incidents in January 2023 to over 700 incidents in January 2024, demonstrating the growing use of AI as well as associated concerns. At the same time, AI investment is on the rise. Between 2015 and 2023, global venture capital (VC) investments in AI start-ups tripled (from USD 31 billion to USD 98 billion), with investments in generative AI specifically growing from 1% of total AI VC investments in 2022 (USD 1.3 billion) to 18.2% (USD 17.8 billion) in 2023, despite cooling capital markets (OECD, 2024^[4]).

Figure 5.2. VC investments in generative AI start-ups have boomed since 2022, while VC investments overall and in AI start-ups reached a peak in 2021

VC investments in AI and generative AI start-ups, 2012-23.



Notes: AI start-ups are identified based on Preqin's cross-industry and vertical categorisation, as well as on OECD's automated analysis of the keywords contained in the description of the company's activities. AI keywords used include: generic AI keywords, such as "artificial intelligence" and "machine learning"; keywords pertaining to AI techniques, such as "neural network", "deep learning", "reinforcement learning"; and keywords referring to fields of AI applications, such as "computer vision", "predictive analytics", "natural language processing", "autonomous vehicles". Please see: (OECD, n.d.^[20]) for more information.

Source: OECD.AI (2024) using data from Preqin (OECD, n.d.^[20]).

To support countries and stakeholders in navigating AI's opportunities and challenges, the OECD "Recommendation on Artificial Intelligence" sets **a global reference for human-centred AI development and deployment**. Adopted in 2019 as the first intergovernmental standard on AI, the Recommendation promotes AI innovation that respects human rights and democratic values. Structured around five values-based principles and five recommendations to governments, it provides policymakers and stakeholders with guidance to design, develop, and deploy trustworthy AI systems throughout their lifecycle.

To help move from principles to practice, the OECD.AI Policy Observatory was created in 2020 (OECD, n.d.^[21]) as a hub for understanding AI governance around the world, data and trends, and best practices for ensuring trustworthy AI. The Observatory includes a database of national and regional AI policies, with over 1 000 AI policies from over 70 jurisdictions – the largest government-backed and up-to-date repository of AI policy in the world.

The Recommendation – including a widely cited definition of an AI system - was revised in May 2024 to ensure it reflects and addresses important technology and policy developments, notably with respect to generative AI, and heightened concerns around safety, information integrity, and environmental sustainability. The Recommendation has influenced AI policy and legal frameworks around the world, including the EU AI Act, the Council of Europe, and in standards bodies like the US National Institute of Standards and Technology (NIST).

5.4. Trustworthy use of AI in the labour market

Policy makers need to ensure that workers and employers are able to capitalise on the opportunities that AI and other digital technologies offer to improve labour market outcomes, from increased productivity to better job quality and reduced inequalities, while addressing risks such as displacement or risks to privacy, autonomy, and accountability.

Trustworthy use of AI in the labour market relies on policies that promote occupational safety and health, fairness, data protection and privacy, as well as transparency, explainability, and accountability (OECD, 2024^[22]). The EU AI Act, for example, aims to ensure AI systems are safe, transparent, traceable, non-discriminatory, and environmentally friendly.

Promoting a trustworthy use of AI in the labour market also calls for measures to help workers build the skills they need to work with AI. Evidence also shows that training and worker consultation lead to better outcomes for workers who use AI (OECD, forthcoming^[23]). The Biden Executive Order (BEO) promises to support programmes to provide Americans the skills they need for the age of AI. While the details still needed to be worked out, the BEO referred to investments in AI-related education and training, as well as to support for workers displaced by AI. In addition, social dialogue and social protection are critical to manage transitions from declining industries and occupations to new and growing ones (OECD, 2019^[24]). (OECD, 2024^[22]). The BEO argues that “all workers need a seat at the table, including through collective bargaining, to ensure that they benefit from these opportunities”.

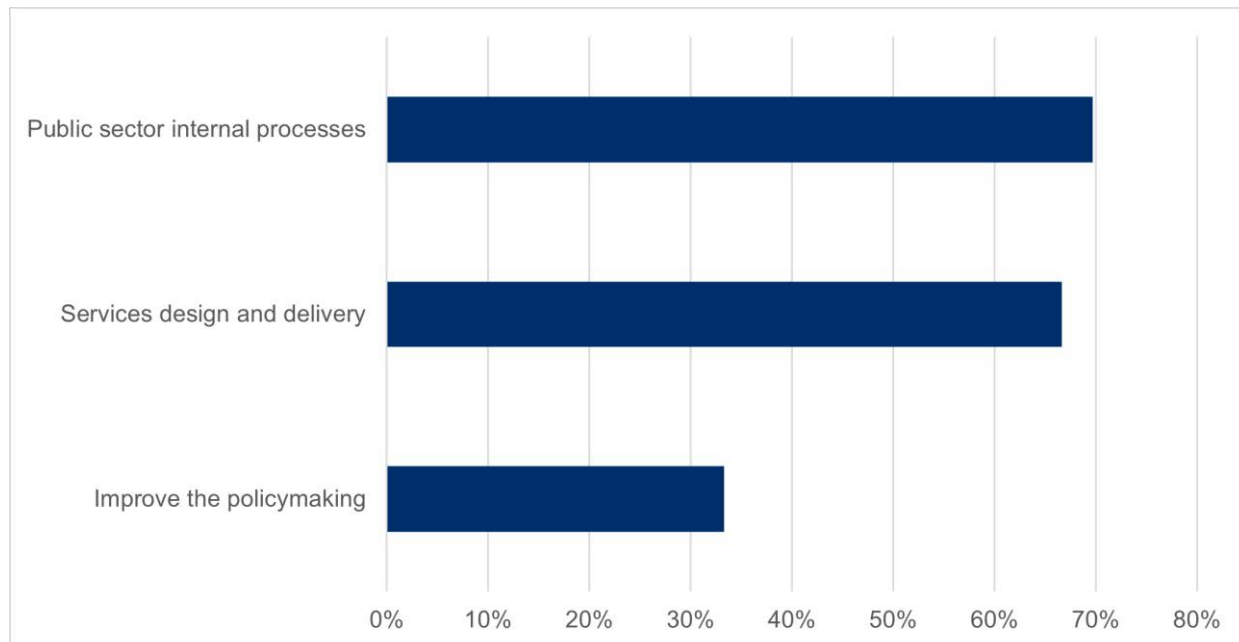
5.5. Governing with AI: Strengthening the use of artificial intelligence in the public sector

The increased availability of AI tools (e.g. generative AI) has renewed governments’ interest in tapping into its potential benefits for the public sector and better understanding the implications of AI with regards to human rights, ethics, and fundamental values.

The application of AI in the public sector is an expanding area that has gained policy traction in recent years. According to the data reported in the *2023 OECD Digital Government Index*, approximately 70% of participating OECD countries have used AI to enhance the efficiency of their internal operations, 67% are employing AI to improve responsiveness of public services, and only 30% of participating countries have leveraged AI to enhance the effectiveness of public policies (Figure 5.3) (OECD, 2024^[25]).

Figure 5.3. Use of artificial intelligence in the public sector within OECD countries (2022).

Existence of at least one AI project per country in each category



Note: Data for Germany, Greece, Slovakia, Switzerland, and the United States are not included.

Source: Author's based on data from (OECD, 2024^[25]).

Governments are applying AI in the public sector to improve how government administrations function for different purposes (OECD, 2024^[26]) (Table 5.1):

- To increase the impact of government initiatives by making their core functions and internal operations more **efficient**;
- To transform how governments design public policies and deliver public services, enabling these processes to become more **effective** and more **responsive** to the evolving needs of citizens and specific communities; and
- To strengthen the **accountability** of governments by enhancing their capacity for oversight as well as supporting independent oversight institutions.

Table 5.1. Exploring the potential benefits of AI in the public sector

Impact area	Good practice
AI is mainly used to increase efficiency of internal operations in the public sector by leveraging the benefits derived from the automation of complex but repetitive administrative processes and procedures to support and facilitate the work of public officials and free up the time of skilled civil servants.	Canada is using robotic process automation to automate tedious tasks such as transferring information between systems, streamlining internal operations, and increasing efficiencies of officers' workflows. These tools are used in multiple federal departments and principally support interaction.
Many governments aim at improving effectiveness in policymaking through the application of AI by leveraging large amounts of data to gain more granular insights on user needs and identify patterns, and thus formulate more targeted policies and deliver better outcomes by better targeting social expenditures, public investments, and government services.	The Korea Disease Control and Prevention Agency is utilizing AI to address situations of emerging infectious diseases. The system performs forecasting tasks by analysing medical data, quarantine data, and spatial data to develop policy responses to infectious diseases.
Governments are also using AI to increase responsiveness in the design and delivery of public services by improving capabilities to anticipate societal trends and user needs to deliver proactive, personalised, and human-centred public services.	Finland is using the Aurora AI programme to identify public services that are overly cumbersome for the user. It uses AI to simulate potential service possibilities and proactively offer citizens services based on life events (e.g. marriage, beginning university, retirement). This system is used across many policy areas and performs mainly tasks for recognition and personalisation.
AI can help increase transparency and accountability of government activities when tested appropriately and used responsively by using data analytics and machine learning techniques to detect fraud and risks of insufficient legal compliance by identifying irregularities or suspicious patterns and raising red flags (OECD, 2022 ^[27]).	The Brazilian General Controllershship of the Union created the Analyzer of Biddings, Contracts, and Notices (Alice) to deliver timely action in relation to public procurement. The system automatically collects information on the ongoing processes on the main public procurement platforms of the Federal Government daily, assesses risks and issues, and sends alerts to direct the attention of the auditors and managers involved to situations that do not conform to expected standards (Oliveira, Monteiro da Rocha and Scatolino de Rezende, 2022 ^[28]).

Source: Author based on (OECD, 2024^[26]).

The evidence above demonstrates the untapped opportunities of deploying AI in the public sector. However, it also raises questions about the governance mechanisms, policy environment, and tools needed to ensure that AI delivers value in a trustworthy manner. For example, only 15.8% of countries currently have a policy instrument at the central/federal level to assist public institutions in explaining why and how they use AI algorithms, according to the 2023 Digital Government Index (OECD, 2024^[25]).

OECD countries have been increasingly developing strategies to use AI in the public sector, updating their regulatory frameworks and developing dedicated **policy mechanisms such as ethical frameworks, guidelines, or transparency tools** to support safe and trustworthy AI (Table 5.2). Despite these policy efforts, tracking successful systematic use of AI to showcase successful practices, learn from common challenges, enhance potential collaboration, and streamline efforts across the public sector is not yet common practice.

Table 5.2. Governments' actions across the policy cycle to foster the trustworthy use of AI in the public sector

Governments' actions	Good practice
New institutional arrangements to ensure necessary government leadership and direction for a coherent and accountable use of AI across the public sector, in line with overarching democratic values and the pursuit of the public interest.	The United States requires federal agencies to designate Chief AI Officers, responsible for coordinating the use of AI across agencies, and to establish AI Governance Boards, chaired by a Deputy Secretary or equivalent, to coordinate and govern the use of AI across the agency.
New or updated strategies, agendas, or plans for AI that include specific objectives or actions for its use in the public sector (OECD, 2024 ^[25]).	Uruguay's AI strategy has a dedicated focus on the public sector. It was formulated to promote and strengthen the responsible use of AI in public administration and define applicable general principles. Operationally, it provides a set of principles and objectives outlined in four main pillars: AI governance in public administration, skills development for AI, responsible use, and digital citizenship and AI (OECD/CAF, 2022 ^[29]).

Governments' actions	Good practice
Dedicated policies, standards, codes, and guidelines, as well as new regulatory frameworks to more effectively prevent and address failures or to guide the ethical and responsible development of AI systems in the public sector.	Australia developed policy tools, such as the “Artificial Intelligence Ethics Framework” and the “Automated decision-making Better Practice Guide”, aimed at providing direction to government officials for the ethical use and management of algorithms. Canada's federal government issued the Treasury Board Directive on Automated Decision-Making, a mandatory policy instrument to ensure that automation in administrative decision-making in the federal public service is compatible with administrative legal principles such as transparency, accountability, legality, and procedural fairness.
Core digital public infrastructure that is safe, secure, trustworthy and inclusive to support AI use and development and help increase its adoption.	Estonia is developing three sets of core components for service development: first, data and open data catalogues and portals; second, data processing tools (e.g. consent service, data tracker, and anonymisation); and third, basic AI tools to be re-used across various other AI applications (e.g. virtual assistant, speech synthesis, translation tools, and text analysis toolkit, among others).
Establishing and maintaining a digitally capable workforce .	In Ireland an AI upskilling programme for civil servants has been in place since 2021. The programme includes an online course and the design of potential AI projects that could benefit from strategic investment.
Leveraging a coordinated and strategic approach to digital government investments to maximise the impact of AI systems and support their successful implementation.	Estonia has successfully integrated AI solutions into its public service infrastructure, enhancing responsiveness and reliability for its citizens. It has also created flexible and dedicated funding opportunities to support the uptake of AI in the public sector, including through structural funds for supporting social and economic development in EU member states, joint procurements that combine public procurement of varied institutions, and new upcoming funding measures.
Enhancing the capacity for effective procurement of AI by government entities to stimulate innovation and shape the development of AI solutions aligned with government policy and societal values, including through partnerships with Gov Tech startups (Farrell et al., 2023 ^[30]).	In 2023, the European Commission published EU model contractual AI clauses to provide a clear and consistent framework for AI procurement, ensuring that all parties have a common understanding of the terms and conditions. These represent a proposal for standard contractual clauses for the procurement of AI, developed by a community of public buyers. There are two versions of these clauses: one for high-risk AI systems and another for non-high-risk systems.
Monitoring the use and impact of AI in the public sector to understand if the promise of better delivery of policies and services, improved decision-making processes, and greater productivity is being fulfilled.	In Türkiye , the Digital Transformation Office of the Presidency of the Republic conducts the “AI Risk Management Recommendation” and “Trustworthy AI Seal” studies to closely monitor the use of AI for public benefit.
Standards for algorithm accountability in the public sector, such as algorithm registers, to ensure the transparency of the data used to train AI systems, of the objectives they are used for, or of how potential impacts or risks on individuals or society are being assessed.	The Netherlands' Algorithm Register provides citizens a way to evaluate or question governments' application of AI.
Securing oversight of the proper development and use of AI within the public sector by non-executive branches of government (e.g., judiciary and parliament) and accountability institutions (e.g., agencies that monitor access to information, data protection agencies, ombudspersons, and audit offices), which is progressively gaining traction.	Norway's Office of the Auditor General (OAG) has been auditing the use of AI in the central government since 2023 as part of new performance audit measures. Additionally, in its Strategic Plan 2018-2024, the OAG envisions using AI for service delivery, highlighting that “problem solving will become more automated, and the use of [AI] will gradually take over tasks in both the public administration and the OAG”.
Strengthening transparency to enhance accountability, based on the understanding that functional transparency mechanisms are fundamental to challenge or address outcomes of an AI system (OECD, 2023 ^[31]).	Chile's Transparency Council is developing a General Instruction on Algorithmic Transparency that will mandate more than a thousand public agencies to disclose the algorithms they employ in providing services to the population, allowing citizens to understand whether the services they receive are driven by algorithmic models and understand the underlying decision-making logic.

Source: Author based on (OECD, 2024^[26]).

5.6. Achieving well-performing health systems through digital technologies

Health is a key contributor to the SDGs – notably the achievement of Universal Health Coverage (UHC). Digital health systems can accelerate UHC by ensuring accessibility to high quality, essential health services to patients when and where they need it. Indeed, it has been shown that **health systems with better use of health data and digital tools achieve improved health outcomes at a lower cost** (Kickbusch et al., 2021^[32]). To this end, there is a pressing need for consistent data collection linked to

digital health that informs which aspects of digital readiness are more important, which digital innovations improve health outcomes, and whether the digital transformation is being achieved equitably.

Harnessing digitalisation for improved health outcomes also requires secure and scalable telemedicine services; policies that enable data use with privacy and safety safeguards; sufficient human, financial, and technical capacity; and trust for the use of digital tools by the public and health providers. **A new approach to digital health – including both primary and secondary uses of health data – is needed to optimise benefits for patients and their health providers** (Anderson and Sutherland, 2024^[33]).

To date, much of the focus of activity in digital health has been on technology and innovation, but this has consistently resulted in underwhelming performance and poor returns on investment due to the fact that **health data is not being leveraged effectively in decision-making** (EY, 2024^[34]). 30% of the world's data assets are in health (Weber, 2024^[35]) and yet less than 3% of health data are used for decision-making (Moore and Dias Guichot, 2024^[36]).

International coordination is the key to better applying health data with digital tools and avoiding policy fragmentation. Agreements on interoperable standards for operational processes and information sharing between systems and health data governance frameworks, including the use, quality, privacy, and security of health information, can both benefit from using global health data to improve health systems and support innovation and adoption of digital technologies in healthcare. The OECD, as an international convener of governments across sectors, has led international agreements on AI, Health Data Governance, Protection of Privacy and Personal Data, and Digital Security, all of which are achievements in harmonising international policy to make the most of health information and begin bridging those digital divides.

Involving the stakeholders in the digital transformation of health is equally important. Involvement often **starts with understanding the actual needs of end-users**. For instance, **Finland's** free online course with more than 1 million students (Elements of AI, 2024^[37]) – called *Elements of AI* – is aimed at demystifying the application of artificial intelligence in healthcare and democratising public understanding of AI involvement in health (University of Helsinki, 2023^[38]). Such initiatives help both providers and patients to fully utilize digital technologies, facilitates widespread adoption, and support trust. End-users should be actively involved in design and decision-making of the digitalisation of health systems as included in the OECD Recommendation on Health Data Governance (OECD, 2016^[39]), (OECD, 2022^[40]). Health providers, as found in a recent survey, are not concerned by the disruption of AI; rather, they are concerned about AI being developed without them.

Finally, regulation and oversight need to be able to effectively guide the digitalisation of health – ensuring that safety and health equity through the closure of digital divides is prioritised. Regulation is also necessary to establish clear guardrails for the creation, distribution, and consumption of new digital innovations. Without clear guardrails, there are barriers to scaling public goods, uncertainty for emerging innovators, and potential public harm. Global process is necessary to harmonise policies and standards (e.g., health data access and privacy, standards for processes and information sharing between systems) at the international level while recognising country-level autonomy and sovereignty.

5.7. Enhancing broadband connectivity

Without connectivity, there is no digital transformation. Applications across all sectors of the economy, from smart factories and hospitals to automated vehicles, increase the overall demand on broadband networks that evolve to offer higher speeds, greater reliability, and improved network response times (i.e. low latency) to meet growing needs (OECD, 2022^[41]). Across OECD countries, for example, the share of gigabit fixed broadband subscriptions rose by 166% from 2020 to 2022 (OECD, forthcoming^[42]). High-quality connectivity will influence the deployment, diffusion, and further development of digital technologies such as artificial intelligence (AI).

A key challenge remains in bridging connectivity divides, that is, ensuring that all people, across all geographic regions, genders, age groups, and socio-economic circumstances benefit from high-quality, accessible, and affordable connectivity.

While progress has been made, persistent connectivity divides remain within and across OECD countries¹. Across countries, for example, OECD members had on average 35 fixed broadband subscriptions per 100 inhabitants in 2022, which was 2.5 times the rate of the world excluding OECD countries (with 14.2 subscriptions per 100) (ITU, 2024^[43]). The task at hand is clear: closing connectivity gaps while, at the same time, making broadband networks more future-proof, sustainable, and resilient.

To meet this challenge, governments should focus on three key aspects:

- **Establishing a clear understanding of connectivity gaps.** It is not only important to measure the availability of broadband through indicators such as coverage, penetration, and uptake by firms and individuals, but also to measure the performance (i.e., quality) of the broadband connection within and across countries to set appropriate broadband objectives and expand access in underserved areas. The OECD develops new methodologies and collects a range of regularly updated broadband statistics, such as broadband subscription data by speed tiers and broadband coverage (OECD, 2024^[44]).
- **Fostering competition and investment in communication infrastructure to expand consumer choice, lower prices, increase the quality of broadband offers, and spur innovation.** To do so, sound policy and regulatory frameworks are needed, which in turn rely on legal certainty and independent and impartial regulatory bodies. The 2021 OECD Recommendation on Broadband Connectivity (OECD, 2021^[45]) provides a roadmap for policies that foster competition, innovation, and investment to boost broadband deployment, particularly in un-served or under-served areas. Where private funding is not sufficient, initiatives to bridge connectivity divides in rural and remote areas may require additional government financing, while others may focus on public management to reduce costs and increase coverage (OECD, 2021^[46]). The report on “Financing Broadband Networks of the Future” takes stock, among others, of public connectivity funding initiatives across OECD countries, such as recovery plans following the Covid-19 health crisis (e.g. Canada, the European Union, France, South Korea, United States, and United Kingdom) and economic recovery packages placing emphasis on structural reforms to reduce carbon emissions (e.g. Greece and Korea) (OECD, 2024^[47]).
- **Keeping abreast of technology trends affecting the connectivity ecosystem to “future-proof” networks.** The OECD has identified five technological trends that will affect the future of both fixed and mobile networks: the move towards virtualisation, the integration of cloud services into networks, the increased use of AI systems in networks, the move towards openness of networks (OECD, 2022^[41]), and research towards 6G and a trend towards the integration of terrestrial wireless (e.g. mobile) and non-terrestrial networks (e.g. satellites) (OECD, forthcoming^[48]).

5.8. Upholding human rights in the digital age

The digital environment offers significant opportunities to enhance every person’s enjoyment of human rights, but it can also create new and exacerbated risks. For example, digital technologies provide new and faster ways for people to exercise their freedom of expression but can also facilitate the spread of false and misleading information and of other harmful and/or illegal content that threatens individuals’ online safety and well-being (OECD, 2022^[49]; OECD, forthcoming^[50]). Digital technologies also provide new avenues for every person to exercise human rights related to health and education – including through telemedicine and online educational resources – but also magnify risks to privacy by enabling the collection and storage of personal data in unprecedented ways. Women are also more at risk of being targeted by

harmful content including online violence and sexist language. Adolescent girls are particularly vulnerable to the use of social media and exposure to digital content, with the emergence of forms of gender-based violence (GBV) such as stalking and cyber harassment, ultimately having lasting real-life consequences on their health, well-being and rights (OECD, 2023^[51]); (OECD, 2023^[52]).

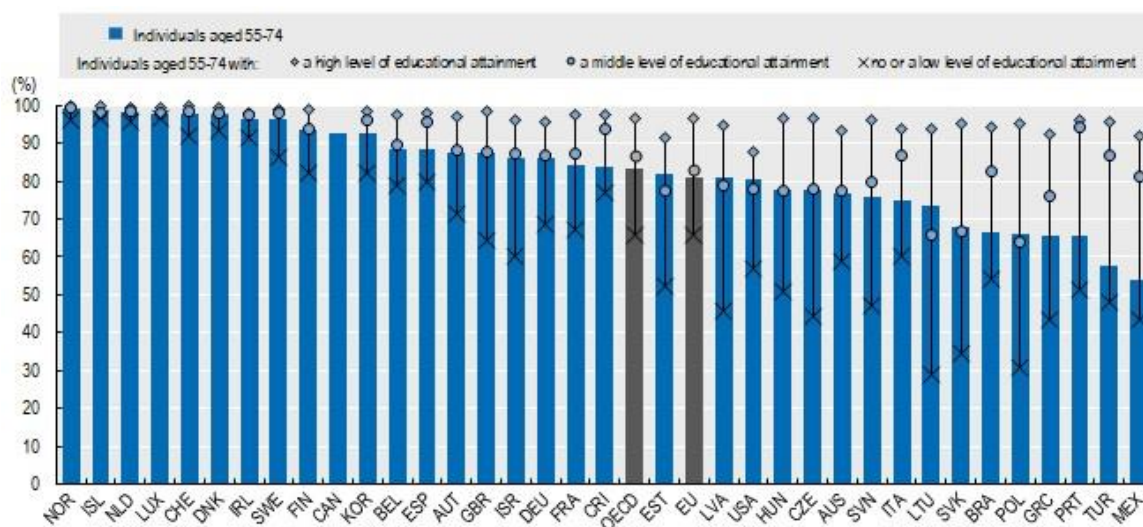
5.8.1. Advancing inclusion and non-discrimination

AI has great potential to promote equality and diversity. For example, AI systems present a promising avenue for greater inclusion of people with disabilities in the labour market, for example through automated speech-to-text or text-to-speech apps. In the public sector, evidence shows that AI can adapt services to users' needs and preferences, provide wider access to services such as education, safety and health and, overall, can increase citizen well-being (Ubaldi et al., 2019^[53]).

However, their design, and in particular the vast amount of data they are trained on, can also create and exacerbate risks linked to privacy (United Nations High Commissioner for Human Rights, 2013^[54]), security and safety, and individual rights (Council of Europe, 2020^[55]; UN, 2020^[56]; CoE, 2020^[57]; Eubanks, 2018^[58]; Richardson, Schultz and Crawford, 2019^[59]) as well as bias (e.g. algorithmic bias in job advertisement and recruitment processes) and discrimination (Council of Europe, 2020^[60]). Biases and discrimination can be transferred to digital world when machine-learning systems are fed data that only consider and reflect certain demographic groups or reproduce prejudices against such groups.

Algorithmic decision making can also have direct impact, both positive and negative, on the development of public policies – for example, promoting fair access to public services or creating barriers to the ability of all social demographics to participate in public life (Mijatović, 2018^[61]); (Chander, 2020^[62]); (FRA, 2019^[63]).

As digital transformation enhances access to information, services, and participation in economic and social activity, it can also deepen existing divides and inequalities. OECD data suggests that gaps in access to and use of digital technologies remain across age, gender, and education and income levels: across the OECD in 2023, over 95% of individuals aged 55-74 with high levels of education reported using the Internet, compared to only 66% of their counterparts with no or low levels of education (see Figure 5.4 below). In an increasingly digitalised world, the lack of digital skills or access to the Internet and digital technologies can create further disparities related to health, education, employment and participation in civic debate.

Figure 5.4. Share of individuals aged 55-74 years using the Internet

Note: Data refer to 2022 for Canada, Colombia, Korea and Mexico, to 2021 for Iceland, Israel and the United States, to 2019 for Egypt and the United Kingdom, and to respectively 2017 and 2016 for Chile and Australia. The data refer to a recall period of 3 months prior to being surveyed, though some countries use different periods and recall periods may vary over time.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities or third party. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: (OECD, n.d.^[64]) OECD (2024), "Share of individuals aged 55-74 years using the Internet", OECD Going Digital Toolkit, based on the ICT Access and Usage Databases, <https://oe.cd/dx/ict-access-usage> (accessed on 19 June 2024).

5.8.2. Promoting freedom of expression and access to information

Online platforms and digital technologies offer enhanced means, speed and scale for people to exercise their human right to freedom of expression, including the freedom to seek, receive and impart information and ideas of all kinds. The free flow of information online provides individuals with immediate and unmediated access to sources and communities across cultural and geographical borders, decentralising knowledge and improving accessibility (OECD, forthcoming^[50]).

However, the digital environment and digital technologies can also pose exacerbated risks to the right to freedom of expression, including in the context of false and misleading content online. Recent developments in generative AI applications, for instance, hold a promise for an unlimited supply of tailored educational material, but they are an equally powerful tool to create credible yet false content, making it harder to discern from authentic material. People's access to information and freedom of expression can be affected by algorithms used by social media platforms and online search engines, hindering stakeholders' ability to engage in diverse public debate.

Research suggests that social media platforms can limit exposure to varied perspectives and facilitate the formation of groups of like-minded users (Cinelli et al., 2021^[65]). Online search engines that use algorithms to index and rank content also means that users are less likely to reach content that is not highly ranked, again limiting their ability to access information (Pasquale, 2016^[66]). This can, among other things, have an impact on government outreach efforts – such as public consultations – and by extension on public policy making because it influences the quality of public debate and participation.

Another important element regarding freedom of expression in the digital environment concerns online hate speech as it can deter individuals, especially marginalised communities, from participating in digital spaces, exacerbating digital divides, limiting their access to information and opportunities for social,

economic, and political engagement. Online platforms and digital technologies have made different forms of harmful content more visible and easier to spread (UN, 2020^[67]).

There is an emerging consensus among governments, technology companies and civil society on the need to consider new policy and regulatory frameworks that encourage the flow of factual information and protect individuals and society from the unchecked spread of hateful or illegal content, while also preserving users' freedom of expression.

To uphold human rights in the digital age, it is essential to **establish robust governance structures, comprehensive laws, and regulatory frameworks through an inclusive multistakeholder process**. This may necessitate creating new institutions, portfolios and initiatives and/or ensuring that existing national supervisory, oversight, risk assessment and enforcement institutions have the necessary resources and authority to investigate, oversee and co-ordinate compliance with relevant legislative and regulatory frameworks.

Capacity-building initiatives can be implemented to enhance the knowledge and skills of relevant stakeholders, including government officials, civil society organizations, and the general public. Moreover, targeted efforts must be made to help marginalised communities be aware of their rights.

As the design, development and deployment of digital technologies affect the way human rights are exercised and promoted, it is essential to embed human rights throughout their lifecycle. (OECD, forthcoming^[50]). This would require all relevant stakeholders to adopt a principles-based approach to technology development, as per the OECD Recommendation on Artificial Intelligence (OECD, 2024^[68]), and ensuring coordination among stakeholders on rights-oriented technology policies by convening in venues such as the [OECD Global Forum on Technology](#) (OECD, n.d.^[69]) It also entails adopting a risk management approach, including an assessment of potential risks to human rights at each stage of the technologies' lifecycle.

5.9. Promoting online safety and digital security

The Internet is a powerful medium to replicate and move information at tremendous scale, instantaneously and cheaply. Dangerously, this can also facilitate the spread of child sexual exploitation and abuse (CSEA) material, terrorist, and violent extremist content (TVEC), gender-based violence, and other problematic content.

For example, CSEA is growing rapidly online, with the volume of reports to one major hotline increasing 87% between 2019 and 2023 (WeProtect Global Alliance, n.d.^[70]). Countering such illegal content and behaviour online is vital yet challenging. Malicious actors can use content-sharing services anonymously and for free. If their content is removed or their account is deactivated, they can simply re-post and/or open a new account under a different false name.

A key focus of the OECD's online safety work is society's most vulnerable group – children. The OECD Recommendation on Children in the Digital Environment" (OECD, 2012^[71]) provides policy guidance on promoting a safe and beneficial digital environment for children. The OECD also contributes to building the evidence base in this digital field, gathering data on transparency and accountability and comparing online services' approaches to content like CSEA (OECD, 2023^[72]) and TVEC (OECD, 2022^[73]). OECD research (OECD, 2023^[72]) shows, for example, that 60% of the world's top-50 most popular online content-sharing services do not issue a transparency report specifically addressing CSEA. Those that do use different methodologies, making it all but impossible for policy makers to gain a sector-wide perspective on responses to CSEA online and assess the efficacy of countermeasures.

The digital technologies that underpin economic and social activities are also exposed to threats affecting the confidentiality, integrity, and availability of data, software, hardware, and networks. In addition to

unintentional malfunctions, intentional cyber-attacks exploiting vulnerabilities in products' code, including Internet of Things (IoT) devices, and misconfigurations ("bugs") in systems, cause **digital security** incidents. Research (OECD, 2021^[74]) suggests that the global cost of cyberattacks ranges from USD 100 billion to USD 6 trillion annually, and that this amount is rising every year. These attacks affect personal safety and privacy, cause financial damages to individuals, businesses, and organisations, harm their assets, reputation, and competitiveness, and disrupt critical activities in sectors such as finance, energy and health care.

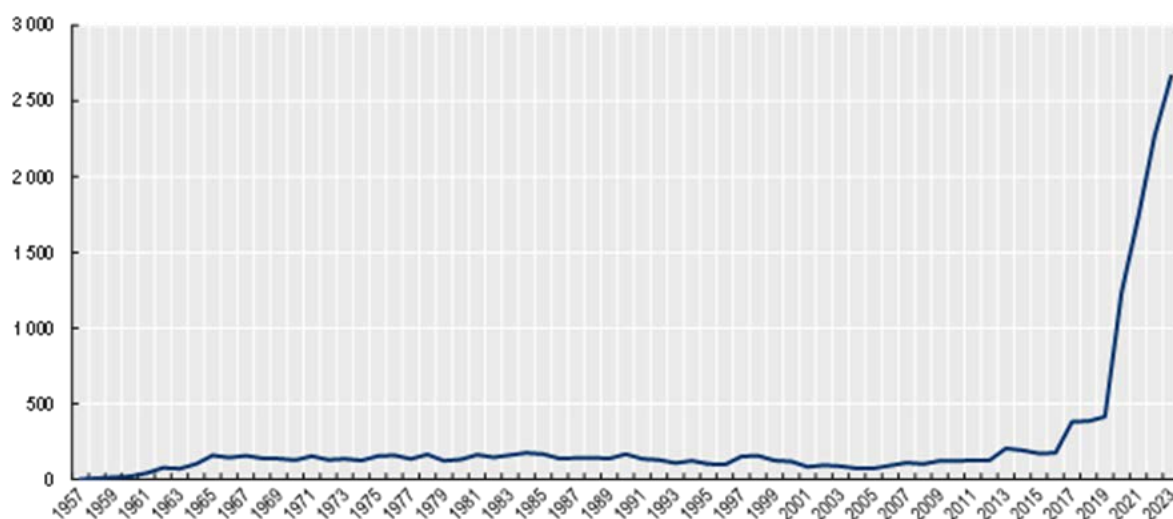
Because digital technologies are interconnected and therefore interdependent, including across borders, stakeholders must all work together to manage digital security risk. The OECD encourages and supports multi-stakeholder cooperation through policy guidance – notably the OECD Policy Framework on Digital Security (OECD, 2022^[75]) including guidance for national digital security strategies, improving the security of products and services, and bolstering the digital security of critical activities, as well as the Global Forum on Digital Security for Prosperity, which brings together a wide range of countries and stakeholders to discuss topical digital security issues.

5.10. Promoting sustainable development of the space economy

The space economy encompasses all activities and resources that contribute to human progress through the exploration, research, understanding, management, and utilisation of space (OECD, 2022^[75]). International co-operation is needed to ensure equitable access and future use of space resources. The development of space capabilities is accelerating around the world with almost 90 countries with space programmes with varying levels of developments (OECD, 2023^[76]). Space capacities support critical infrastructures such as communications and transport and contribute fundamental data for decision-making, such as meteorological and climate data.

Satellite systems also contribute to bridging the digital divide as a complement to terrestrial networks (e.g., wireless internet or landline telephones), by serving residential and business users in remote and isolated geographic areas, both in high and low-income countries. Although satellite broadband is still much less used than other broadband technologies (accounting for only 0.5% of OECD fixed broadband subscriptions in June 2023 (OECD, 2023^[76]), this could change with the rollout of new satellite-based consumer services.

Figure 5.5. Explosive growth in the number of satellites launched into orbit



Note: The figure covers payloads in the satellite catalogue (e.g. satellites, cargo, humans). This excludes rocket bodies and debris objects.

Source: Updated from (OECD, 2023^[76]).

The deployment of commercial satellite constellations – groups of satellites integrated into one system – has led to an **explosive growth in the number of objects launched into space** (Figure 5.5) (OECD, 2023^[76]). In early 2024, satellites from two broadband operators accounted for more than 60% of the 9 500 operational satellites currently in orbit (OECD, forthcoming^[77]). Hundreds of thousands of satellites are proposed for the near future, reflecting the **growing strategic and economic importance of satellite capabilities** and the ongoing race between companies and countries to exploit scarce orbital space and radio spectrum, although multiple projects are likely to fail due to technological problems and lack of finance (OECD, forthcoming^[77]).

More intensive exploitation of the space environment also leads to **orbital debris accumulation, increased light pollution, and even growing risks to Earth’s protective atmosphere** (OECD, 2022^[78]) and (OECD, 2023^[76]). Certain orbits may become unusable because of unsustainable levels of space debris concentration. **Orbits that may be most affected are essential for meteorology, climate research, and disaster and environmental management, in addition to commercial and military applications**. In addition to pro-active national policies and space regulations to deal with these issues, **active debris removal services may be needed**, with demonstration missions launched already and more to come in 2025-26 (OECD, forthcoming^[79]).

Addressing the sustained development of the space economy will require stronger and more coordinated public-private collaboration on data-sharing, international consensus on standards and best practices, technological development, and innovative policymaking supported by new economic instruments to increase satellite operators’ compliance. The OECD supports current national and international efforts by providing unique economic analysis, methods for space economy measurement, and new evidence on the economics of space sustainability to support policy actions.

Policy Recommendations

To foster sustainable and inclusive transformations through science, technology and innovation, governments and the international community are encouraged to:

Implement a transformative agenda for STI policies

- Ensure sustained investments and greater directionality in research and innovation activities, coinciding with a reappraisal of STI systems and STI policies to ensure they are "fit-for-purpose", as set out in the OECD Agenda for Transformative Science, Technology, and Innovation Policies;
- Engage STI systems strategically in key cross-government endeavours that pursue societal and economic transformations to help identify and address innovation needs, and dynamic push and pull factors; and
- Invest in strengthening local STI systems, including in human capital and technology production capabilities to further enhance competitiveness and the ability to address societal challenges with mission-driven innovation policies and efforts.

Strengthen data governance and promoting trust in cross-border data flows

- Harness the benefits of data access and sharing in the digital economy by building on high standards of data protection;
- Promote continued dialogue and international, cross-sectoral, and cross-regulatory cooperation on ways to facilitate data access and sharing across jurisdictions; and
- Reinforce public sector data governance as part of digital government strategies.

Promote trustworthy AI

- Measure, assess, and anticipate AI's current and future impact across the economy and society, and support interoperability across policy frameworks and the adoption of trustworthy AI across sectors, acknowledging that the nature and scope of its opportunities and risks may differ based on sectoral specificities;
- Support the anticipation of the potential transformative implications of technologies including AI on our economy and society; and
- Promote collaborative and inclusive environments to create policy on AI to minimise fragmentation and uncertainty.

Ensure trustworthy use of AI in the labour market

- Provide skills development and training opportunities, for both specialist and non-specialist skills.
- Promote the use of AI systems in the workplace that respect the privacy of workers, fairness, ensure occupational safety and health, as well as transparency, explainability and accountability;
- Promote the active involvement and consultation of workers and workers' organisations in the adoption of AI systems in the workplace; and
- Facilitate cooperation between across countries to promote positive impacts of AI on the world of work globally, including for workers at all stages of the AI supply chain.

Enhance the trustworthy use of AI by the public sector, working to address societal challenges

- Develop core digital public infrastructure that is safe, secure, trustworthy and inclusive and investing further in data governance;
- Establish, support, and maintain a digitally capable workforce;
- Leverage digital government investments as a mechanism to deploy AI in the public sector cohesively and to build partnerships with actors from outside of the public sector;
- Promote knowledge sharing, exchange of good practices, and an informed policy dialogue to understand the implications of AI adoption in the public sector and direct its trustworthy use;
- Develop international standards to offer policy guidance to countries on how to ensure a safe, secure, and trustworthy development, deployment, and use of AI by the public sector; and
- Enhance national and international efforts for monitoring and evaluating the use of AI in the public sector, incorporating regular internal audits, performance monitoring, and impact assessments as essential components.

Achieving effective well-performing digital health systems through digital technologies

- Build capacity and engage with the public and providers for the digital transformation;
- Harmonise regulation for adaptability, scale, and safety; and
- Transparently measure and report progress.

Enhancing broadband connectivity

- Establish a clear understanding of connectivity gaps;
- Foster competition and investment in communication infrastructure to expand consumer choice, lower prices, increase the quality of broadband offers, and spur innovation; and
- Keep abreast of technology trends affecting the connectivity ecosystem to “future-proof” networks.

Upholding human rights in the digital age

- Develop policies that address the impact of digital transformation on human rights across sectors, with particular attention to the impact of digital technologies on vulnerable groups, and embed human rights throughout the lifecycle of digital technologies, following a principles-based approach to technology development as in the OECD Recommendation on Artificial Intelligence;
- Bridge digital divides, including by providing individuals with digital connectivity and the skills needed to meaningfully participate in economy and society in the digital age; and
- Make efforts to raise awareness among the public about their rights in the digital sphere and the availability of mechanisms for making complaints and receiving assistance;

Promoting online safety and digital security

- Ensure that the digital environment is both safe and beneficial for individuals, in particular for vulnerable groups such as children, including through coherent policies and measures that provide for age-appropriate child safety by design and that promote digital literacy;
- Increase the accountability of online platforms for increasing Internet safety while protecting human rights, including by promoting the issue of transparency reports about online content moderation policies and measures (e.g. terrorist and violent extremist content); and

- Encourage the adoption of digital security risk management practices across stakeholders and sectors, including continuous, systematic and cyclical risk assessments and the adoption of resilience, preparedness and continuity measures to mitigate the economic and social consequences of incidents when they occur.

Promoting sustainable development of the space economy

- Ensure long-term sustainability of space activities through stronger and more coordinated public-private collaboration on data-sharing, international consensus on standards and best practices, technological development, and innovative policymaking; and
- Lower the barriers of access to space by supporting young and small actors through dedicated funding and programmes and reviewing regulatory schemes that excessively benefit incumbents.

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Note

¹ For indicators on spatial connectivity divides, refer to OECD forthcoming work from the Horizontal Project Going Digital Phase IV “Digital Divides: Improving connectivity”.

6

Empowering youth for a more equitable and sustainable future

Young people and future generations will bear the brunt of our actions and inactions. Their role in creating a better, more equitable, and more sustainable future is not just significant, but indispensable. The Summit of the Future is committed to empowering young people by cultivating a nurturing environment that allows youth and future generations to fully realise their dreams and ambitions. The Pact for the Future, inclusive of the Declaration on Future Generations, bolsters this endeavour. To support this effort, this chapter draws on existing OECD research on the needs and rights of young people and the importance of adequate labour, social and education policies. It also emphasises the significance of intergenerational justice provides targeted analysis and recommendations to foster it.

Intergenerational justice (IJ) is deeply embedded in the concept of sustainable development and is a fundamental principle underlying the SDGs. It describes relations among contemporary (living) generations, such as between children/young people and their parents, or between younger and older generations. It also implies an obligation for contemporary generations to future generations so that “the pursuit of welfare by the current generation does not diminish the opportunities for a good and decent life for succeeding generations” (United Nations, 2013^[1]). The United Nations are therefore seeking to commit, in the anticipated Pact for the Future, to invest in social services for young people so they can reach their full potential (Action 32), promote equal opportunities for all young people, especially the most vulnerable and marginalized, protect them from violence, and foster social inclusion and integration (Action 33), and to strengthen meaningful youth participation at the national (Action 34) and international (Action 35) level.

Following the concept of IJ, this chapter presents the importance of addressing the needs and rights of youth and future generations in sustainable development, highlighting the relevance of generating decent and quality employment for young people, adapting social protection systems and adopting policies that support young people, as well as tracking youth education outcomes. Another key theme that featured in this chapter regards the promotion of youth participation in decision and policymaking across all levels and government sectors, in line with IJ principles.

6.1. Addressing the needs and rights of youth and future generations

Across our world, millions of children and young people are deprived of the conditions they need to reach their full potential. If current trends persist, by 2030 around 84 million children will be out of school, and of those in school over 300 million will be unable to read and write (United Nations, 2023^[2]). Investing in better opportunities for young people is an investment in the future. Engaging young people in the labour market and society is not just about their individual economic success and well-being – it is also about driving overall economic growth and fostering social cohesion. By enhancing their skills and boosting employment opportunities, young people have the opportunity to fulfil their potential and future career prospects, and drive future economic growth for the whole of society.

6.1.1. Generating decent and quality employment for young people

In many countries, the gap between young people’s aspirations and the reality of the labour market remains wide. The challenge is particularly daunting in developing countries where high labour market informality and weak enforcement of labour standards force many young people to take low-paid, low-quality jobs. Yet, these young people aspire for high-skilled, wage jobs (OECD, 2017^[3]). Young people are often the first ones to lose their jobs during economic downturns (OECD, 2021^[4]), and they can face significant income volatility during their transition into adulthood due to fluctuating earning patterns, limited savings and, depending on the country, lack of access to government support (OECD, 2024^[5]). Rising housing costs and inequalities in support from parents also exacerbate young people’s challenges in achieving financial autonomy (Cournède and Plouin, 2022^[6]). Moreover, young people in vulnerable and disadvantaged circumstances often accumulate a multitude of challenges in socio-economic conditions, education, employment, and health (OECD, 2023^[7]).

In this context, **youth entrepreneurship is too often seen as a panacea to the youth un- or under-employment problem. Young people are much less likely than adults to be self-employed**, and while many young people have entrepreneurial interest and ambition, relatively few are successfully starting up or creating new businesses, due in part to the disproportionate barriers that young people face in business creation, including limited access to finance and networks and lower levels of entrepreneurship skills (OECD/European Commission, 2020^[8]). In developing countries, these barriers are even higher (OECD, 2017^[9]).

Therefore, **policies must be careful in promoting entrepreneurship among youth population that have low education and little access to social networks and financial capital.** Indeed, most youth entrepreneurs remain in subsistence activities – that is, they do not move beyond activities that support them and their families – and relatively few youth businesses succeed and create jobs for others (OECD, 2017^[9]). **There are promising but overlooked opportunities to creating wage jobs in local and regional food markets in developing countries.** For example, domestic demand for diversified and processed food in developing countries is rising. However, in many developing countries, production fails to keep pace with the rising demand, resulting in rising import dependence for many food products. The agro-food economy thus holds considerable job-creation potential for young people, especially living in rural areas. Additionally, agriculture is an important source of income and contributes to the livelihoods of many rural communities. Turning this potential into real jobs will require substantial new investment in national and regional food systems – from regulatory mechanisms to infrastructure to improve production, processing, and packaging to access to markets (OECD, 2018^[10]; OECD, 2021^[11]).

The OECD Recommendation on Creating Better Opportunities for Young People (adopted by all OECD member countries in 2022; (OECD, 2022^[12]) **recommends that countries promote job creation, ensure that quality jobs are available for all young people, and address barriers to labour market entry and transitions,** by investing in high-quality employment services, guaranteeing labour rights and adequate pay, stimulating social dialogue and effective collective bargaining, addressing all forms of discrimination, and considering mental health and wellbeing in the workplace. Countries are encouraged to promote equitable access to entrepreneurship through business counselling, entrepreneurship training, access to finance and networks.

Examples of practices to promote access to quality jobs are the *Youth Employment Subsidy* in Chile; the *WANTO Grant* in the United States; the *Young Entrepreneurs Succeed! (YES!)* programme in Greece, Italy, Poland, and Spain; and the *Gatsby Benchmarks* in the United Kingdom.

- Chile's *Youth Employment Subsidy* provides wage support to young, low-income workers with the aim of creating formal employment for young people (CEPAL, 2023^[13]).
- The *WANTO grant* aims to assist employers in recruiting, training, and retaining young women in non-traditional occupations by offering grants to enhance women's access to registered apprenticeship programmes in technical sectors (Butrica, Kuehn and Sirois, 2023^[14]).
- *Young Entrepreneurs Succeed! (YES!)* supports young people who are not in employment, education, or training with various services including training, coaching, and mentoring opportunities to start and grow a business or to find a job (Parola, 2021^[15]).
- The *Gatsby Benchmarks* articulate eight benchmarks for career guidance against which secondary education providers are evaluated to create a more institutionalised approach towards career guidance (Hanson et al., 2021^[16]).

In developing countries, and particularly in Africa, creating decent jobs for rural youth is a pressing issue. In South Africa programmes such as the National Rural Youth Service Corps (Department of Land Reform and Rural Development, Republic of South Africa, 2023^[17]) aims to improve skills for rural youth. Combined with other programmes such as the Expanded Public Works Programme (Department of Public Works and Infrastructure; Republic of South Africa, 2018^[18]) and the Presidential Youth Employment Intervention (Department of National Treasury; Republic of South Africa, 2021^[19]) the government supports job creation for rural youth through a holistic approach of investing in rural areas so that they remain vibrant and attractive for youth. The OECD assessment on the progress of the G20 Initiative for Rural Youth Employment concludes that more needs to be done to stimulate the demand side of the labour market, by investing in agri-food value chains and including young people in the transformation of the global and local food systems (OECD, 2023^[20]).

6.1.2. Adapting social protection systems and initiating policies and programmes to support young people

The extent to which social protection systems support young people varies across countries and depends on age-related and other eligibility rules of these systems (OECD, 2024^[5]). **Income replacement programs alone may still leave a significant portion of young individuals in poverty. Supplementary measures, such as housing and family benefits, health services, and education support, combined with employment measures to help young people find quality employment, are indispensable to ensure adequate living standards.** Investing in tailored and integrated public services and programmes, coupled with proactive outreach efforts, can also help provide vulnerable young people with the support they need (OECD, 2023^[21]). In developing countries, public works programmes can provide short-term benefits in the form of an income safety net and can be useful in fighting poverty by offering temporary employment to the poorest families and workers. In India, the Mahatma Gandhi National Rural Employment Guarantee Schemes provides a minimum 100 days a year of wage employment and has contributed substantially to additional wage employment creation in rural areas (OECD, 2017^[22]).

The OECD Youth Policy Toolkit (OECD, 2024^[23]) includes a series of good practice examples from OECD member countries to promote opportunities for young people. Measures such as the *National Employment Programme (PRONAE)* in Costa Rica; the *Housing First* initiative in Ireland, Canada, Scotland and the Netherlands; and one-stop guidance centres (*Ohjaamo*) in Finland promote access to robust social security for young people:

- *PRONAE* targets unemployed or underemployed young people facing (extreme) poverty by providing temporary economic aid and supplementary support services contingent upon participation in training activities to prepare them for employment (Contreras Guzmán, Rojas Poveda and Montero Rojas, 2018^[24]).
- *Housing First* aims to provide young people aged 18-26 facing homelessness with secure housing as quickly as possible, followed by intensive and targeted support services to help them transition to independent living and prevent future homelessness (Housing First Europe, 2022^[25]).
- The *Ohjaamo* centres in Finland work as “multi-agency services” that bring together employment, social, and other services in one physical location to overcome administrative silos and to make it easier for young people to apply for help (Määttä, 2018^[26]).

The OECD Recommendation on Creating Better Opportunities for Young People (OECD, 2022^[12]) recommends that countries promote social inclusion beyond economic outcomes by providing adequate income support for young people with insufficient means subject to mutual obligation requirements and coupled with high-quality activation services; ensuring affordable, accessible and quality housing for all young people and their dependants; and strengthening outreach to young people in vulnerable and disadvantaged circumstances by providing integrated social, housing, health, employment and legal support.

6.1.3. Tracking youth education outcomes: the OECD’s “Programme for International Student Assessment”

Over the past two decades, the OECD’s “Programme for International Student Assessment” (PISA) has become the world’s premier yardstick for comparing quality, equity, and efficiency in learning outcomes across countries, and an influential force for education reform. PISA is a primary source of data for the UN system for measuring progress towards SDG 4: “quality education”. **PISA has helped policy makers lower the cost of political action by backing difficult decisions with evidence, but it has also raised the political cost of inaction by exposing areas where policy and practice have been unsatisfactory.**

Countries and economies that take part in PISA are culturally diverse and have attained different levels of economic development, which can pose challenges to helping youth reach their full potential as learners and human beings.

The latest PISA results (2022) show that **education systems can provide both high-quality instruction and equitable learning opportunities for all** and support academic excellence not at the expense of student's well-being, but *through* students' well-being. Despite this, the results also show that many education systems are not currently up to this task. The OECD's analysis of the PISA 2022 results provides the evidence and the policy insights that countries need to address these matters and help education systems rise to the challenge.

PISA 2022 is the first large-scale study to collect data on student performance, well-being, and equity before and after the COVID-19 disruptions. The OECD's report on PISA 2022 finds that despite the challenging circumstances, 31 countries and economies managed to at least maintain their performance in mathematics since PISA 2018 (the last PISA study). Among these, Australia, Japan, Korea, Singapore, and Switzerland maintained or further raised already high levels of student performance. These systems showed **common features** including **shorter school closures, fewer obstacles to remote learning, and continuing teacher and parental support**, which can further offer insights and indications of broader best practices to address future crises.

Many countries also made significant progress towards universal secondary education, key to enabling equality of opportunity and full participation in the economy. Among them, **Cambodia, Colombia, Costa Rica, Indonesia, Morocco, Paraguay, and Romania** have rapidly expanded education to previously marginalised populations over the past decade.

Ten countries and economies saw a large share of all 15-year-olds with basic proficiency in maths, reading and science and achieve high levels of socio-economic fairness: **Canada, Denmark, Finland, Hong Kong (China), Ireland, Japan, Korea, Latvia, Macao (China), and the United Kingdom**. While socioeconomic status remains a significant predictor of performance in these and other OECD countries and economies, education in these countries can be considered highly equitable.

At the same time, on average, the PISA 2022 assessment saw an unprecedented drop in performance across the OECD. Compared to 2018, mean performance fell by ten score points in reading and by almost 15 score points in mathematics, which is equivalent to three-quarters of a year's worth of learning. The decline in mathematics performance is three times greater than any previous consecutive change. In fact, **one in four 15-year-old is now considered a low performer in mathematics, reading, and science on average across OECD countries**. This means they can struggle to do tasks such as use basic algorithms or interpret simple texts. This trend is more pronounced in 18 countries and economies, where more than 60% of 15-year-olds are falling behind.

Yet the decline can only partially be attributed to the COVID-19 pandemic; the relationship between pandemic-induced school closures, often cited as the main cause of performance decline, is not so direct. Scores in reading and science had already been falling prior to the pandemic. For example, negative trends in maths performance were already apparent prior to 2018 in **Belgium, Canada, Czechia, Finland, France, Hungary, Iceland, the Netherlands, New Zealand, and the Slovak Republic**. While across the OECD, around half of all students experienced closures for more than three months, PISA results show no clear difference in performance trends between education systems with limited school closures such as Iceland, Sweden, and Chinese Taipei and systems that experienced longer school closures, such as Brazil, Ireland, and Jamaica.

School closures also drove a global conversion to digitally enabled remote learning, adding to long-term challenges that had already emerged, such as the use of technology in classrooms. How education systems grapple with technological change and whether policymakers find the right balance between risks and opportunities, will be a defining feature of effective education systems.

According to the PISA 2022 results, on average across OECD countries, around three quarters of students reported being confident using various technologies, including learning-management systems, school learning platforms, and video communication programs. Students who spent up to one hour per day on digital devices for learning activities in school scored 14 points higher in mathematics than students who spent no time, even after accounting for students' and schools' socio-economic profile, and this positive relationship is observed in over half (45 countries and economies) of all systems with available data.

Yet technology used for leisure rather than instruction, such as mobile phones, often seems to be associated with poorer results. Students who reported that they become distracted by other students who are using digital devices in at least some mathematics lessons scored 15 points lower than students who reported that this never or almost never happens, after accounting for students' and schools' socioeconomic profile.

PISA data shows that teachers' support is particularly important in times of disruption, including by providing extra pedagogical and motivational support to students. The availability of teachers to help students in need had the strongest relationship to mathematics performance across the OECD, compared to other experiences linked to COVID-19 school closure. Mathematics scores were 15 points higher on average in places where students agreed they had good access to teacher help. These students were also more confident than their peers to learn autonomously and remotely. Despite this, one in five students overall reported that they only received extra help from teachers in some mathematics lessons in 2022. Around eight percent never or almost never received additional support.

Overall, education systems with positive trends in parental engagement in student learning between 2018 and 2022 showed greater stability or improvement in mathematics performance. This was particularly true for disadvantaged students. These figures show that the level of active support that parents offer their children might have a decisive effect. However, parental involvement in students' learning at school decreased substantially between 2018 and 2022. On average across OECD countries, the share of students in schools where most parents-initiated discussions about their child's progress with a teacher dropped by ten percentage points.

There is a positive relationship between investment in education and average performance up to a threshold of USD 75 000 (when adjusted for purchasing power parity (PPP) which compares economic growth and standards of living in different countries with a common currency) in cumulative spending per student from age 6 to 15. For many OECD countries that spend more per student, there is no relationship between extra investment and student performance. Countries like **Korea** and **Singapore** have demonstrated that **it is possible to establish a top-tier education system even when starting from a relatively low-income level by prioritising the quality of teaching over the size of classes and funding mechanisms that align resources with needs.**

To strengthen the role of education in empowering young people to succeed and ensure merit-based equality of opportunity, the resilience of our education systems will be critical not only to improve learning outcomes measured through PISA, but to their long-term effectiveness. The PISA 2022 data and results and the OECD's analysis of these provide policymakers across the world with evidence-based policy advice to design resilient and effective education systems that will help give our children and adolescents the best possible future.

The OECD Recommendation on Creating Better Opportunities for Young People (OECD, 2022^[12]) encourages countries to ensure that all young people develop appropriate skills and competencies, by providing equitable access to quality education; enabling all young people to participate in an increasingly digitalised world; addressing and mitigating early school leaving; strengthening work-based learning and apprenticeships in close collaboration with employers; providing learner orientation and career guidance; and providing teachers and education staff with relevant support.

6.2. Promoting intergenerational justice

Governments have an important role in promoting intergenerational justice (IJ). Indeed, as recognised in the “OECD Recommendation on Creating Better Opportunities for Young People”, governments can take steps to embed an intergenerational perspective into rule making, public budgeting, public procurement, and infrastructure decision-making and delivery (OECD, 2022^[27]). From a public governance perspective, **governments can leverage core functions to distribute costs and entitlements fairly across different age groups and generations, for instance when designing regulations or when mobilizing public resources.** Strong institutional frameworks and governance tools are essential to overcome short-term thinking and embed long-term planning in policymaking.

While no OECD country has a national IJ strategy in place, a number of countries have included IJ commitments in their sustainable development strategies, national youth strategies, and national elderly/ageing strategies (OECD, 2020^[28]). **An efficient and fair allocation of public resources is also a powerful tool for governments to invest in the wellbeing of all age groups and future generations.** As populations age, the demand for social services, including healthcare and pensions, increases. In this context, policymakers must carefully balance the budgetary needs of aging societies while ensuring the sustainability of public finances and support for young people.

Addressing IJ is becoming increasingly important in the context of population ageing, trends in public finances, climate change, and democratic resilience. Demographic change is challenging the sustainability of public service delivery models built to meet the demands of younger societies. The sustainability of public finances and the fight against climate change also bring intergenerational considerations to the forefront. Young people across OECD countries also tend to express lower trust in government and to vote less in national elections than older people (OECD, 2022^[29]). These trends pose concerns for democratic resilience in the context of ageing societies.

OECD data finds that in countries with less age-related inequalities, citizens tend to express higher levels of life satisfaction overall, pointing to the importance of promoting IJ (OECD, 2020^[28]). The OECD *Framework on a Governance Approach to Promote Intergenerational Justice* (Figure 6.1) provides insights regarding IJ and draws on the importance of acknowledging the effects that decisions taken today have on the ability of youth and future generations to enjoy the same level of opportunities as their ancestors. In particular, this Framework highlights five main levers for government action to balance the interests of different age groups as well as those of future generations (OECD, 2020^[28]). These include commitment from policy and decisionmakers, as well as the establishment of a strategic vision and of the necessary mechanisms and whole-of-government structures to ensure accountability, anticipation and adaptation of the impact of policies and age diversity in the civil society and political institutions.

Figure 6.1. OECD Framework on a Governance Approach to Promote Intergenerational Justice



Source: (OECD, 2020^[28]).

The UN Draft Declaration, in its articles 32 and 33, highlights the importance of coordinating different governmental entities and levels as well as developing partnerships with relevant stakeholders to ensure a cross-sectoral approach to promote IJ. While IJ considerations are integrated in a fragmented way in policymaking across most OECD members, some administrations have taken efforts to **better integrate such efforts across the whole-of-government**.

In **New Zealand**, the Public Service has a duty of stewardship, to look ahead and provide advice on future challenges and opportunities. To achieve this, the Public Service Act 2020 requires departmental chief executives to publish a Long-term Insights Briefing (Briefing) at least once every three years. The adoption of the Well-Being of Future Generations Act in **Wales (UK)** in 2015 is another example of a strong political commitment to integrate intergenerational justice considerations in policy making and governance.

Box 6.1. Promoting intergenerational justice across all government levels and sectors

New Zealand: Stewardship reporting in New Zealand Standards Framework (LSF)

New Zealand public sector agencies have been required to prepare Long-Term Insights Briefings since 2020. These Briefings are think pieces on the future, not government policy, and are developed independently of ministers. The Briefings support informed public debate on long-term and inter-generation issues by publishing information and analysis about medium and long-term trends, risks and opportunities and policy options for responding to these matters. There are also requirements for public consultation around the subject matter to be included in a long-term insights briefing; and a draft of the briefing.

In addition to its Long-Term Insights Briefing, the New Zealand Treasury is required to independently prepare three additional 'stewardship reports' on a regular basis: a Long-Term Fiscal Statement, an Investment Statement and a Wellbeing Report. Together, these reports help orient policy and finances toward long term, intergenerational wellbeing outcomes.

Intergenerational wellbeing has been a theme of these reports. For example, the New Zealand Treasury's 2021 Long-Term Fiscal Statement and Long-Term Insight Briefing explored how policy settings can affect intergenerational fiscal outcomes. Treasury's first Wellbeing Report, which was published in 2020, highlighted that older people in New Zealand tend to be doing better across a range of wellbeing metrics compared to younger people and analysed the sustainability of wellbeing using the four 'aspects of wealth' or capitals in the Living Standards Framework.

The Wellbeing Report was framed by the Treasury's Living Standards Framework. It was established as a conceptual tool to support improvements in the quality of the Treasury's advice through ensuring the wider dimensions of well-being are taken into account in its policy advice. In addition, the Treasury uses the He Ara Waiora framework, which was developed by an expert group of Māori thought leaders, to help it to better reflect Māori perspectives on well-being and living standards in its policy advice. The Treasury applies both the Living Standards Framework and He Ara Waiora to explore well-being from different cultural perspectives.

These frameworks encourage analysts to consider the distributional impacts of policies, including **disparities among different age groups**. The Treasury's value for money guidance also encourages agencies and Treasury analysts to think broadly about the benefits and costs of an initiative, including impacts in other sectors, distributional impacts and longer-term impacts.

Wales, United Kingdom: Well-being of Future Generation Act (2015)

In 2015, Wales implemented the Well-being of Future Generations Act to guide the public sector in formulating policies aimed at ensuring a high quality of life for present and future generations. This Act underscores the imperative of **taking proactive measures today to cultivate a brighter future and requires public entities in Wales to consider the enduring consequences of their decisions**. It sets out seven national well-being goals for Wales: prosperous, resilient, healthier, more equal and cohesive communities, globally responsible, vibrant culture, and thriving Welsh language. The Act also establishes statutory guidelines for creating the position of a Future Generations Commissioner, whose responsibility involves offering guidance to public bodies in effectively implementing the Act's principles.

Source: (The Treasury, 2022^[30]) (Future Generations Commission for Wales, 2024^[31]).

The development of a strategic vision for government action can help establish clear objectives, targets, and measures. At least nine OECD countries have included references to the rights of future generations in their constitution. In addition, at least 19 OECD countries have integrated intergenerational commitments in their national youth strategy and/or in their national elderly/ageing strategy (Box 6.2), and at least 13 OECD countries also included intergenerational commitments in their sustainable development strategies (OECD, 2020^[28]).

Box 6.2. Selected country practices on intergenerational commitments in national youth and elderly strategies

In its National Youth Strategy 2014-2020, the **Czech Republic** uses the principle of intergenerational dialogue and emphasises the role of empathy and the ability to listen to one another in intergenerational relations, especially in areas of employment, as well as the mutual sharing of cultural and societal

norms. Similarly, the national youth strategy in **Portugal** (*Plano Nacional da Juventude 2018-21*) includes commitments to invest in the environmental literacy of young people and covers initiatives such as social support for young people up until age 23 to use public transportation; the promotion of youth volunteering in the context of preserving nature, forests, and ecosystems; and support for social and environmental-based entrepreneurship among students. Moreover, through the “Active Ageing Strategy for a Longer and Better Working Life” in **Latvia**, the country aims to forge intergenerational co-operation and reduce stereotypes against older people.

Source: (Ministry of Education, Youth and Sports, 2024^[32]) (IPDJ, 2022^[33]) (Ministry of Welfare Republic of Latvia, 2020^[34]).

Dedicated institutions and mechanisms can be established to monitor the implementation of government commitments to future generations, sustaining accountability, but the importance of **accountability mechanisms** remains under-explored in the UN Draft Declaration.

In at least nine OECD countries and Malta, public institutions have been established with the objective to monitor the implementation of government policies and scrutinise their impact on future generations (Network of Institutions for Future Generations, n.d.^[35]). For instance, in 1993 Finland established the Committee for the Future as a standing committee in its Parliament. The Committee consists of 17 Members of the Finnish Parliament and serves as a Think Tank for futures, science, and technology policy within the remit of the Prime Minister.

Public management tools can also help policymakers integrate an age perspective into policymaking, assessing and addressing potential generational impacts. Enhancing the collection and use of age-disaggregated evidence, strengthening strategic foresight capacity, integrating an intergenerational lens in regulatory and budgetary impact assessments, and ensuring adequate monitoring and evaluation frameworks can help public administrations in promoting IJ.

Articles 29, 30, and 31 of the UN Declaration also highlight the need to promote governance arrangements that are more anticipatory, adaptive, and responsive to future risks and challenges. **Austria, Belgium (Flanders), France, Italy (Parma) and Germany** established “youth checks” to assess the regulatory impact on young people (Box 6.3).

Box 6.3. Assessing the regulatory impact on young people in Austria, Belgium (Flanders), France, Italy (Parma), and Germany

In 2020, 31 OECD countries reported using regulatory impact assessments to anticipate the impacts of draft legislation on specific social groups. For example:

- Since 2013, the Child and Youth Impact Assessment in **Austria** has been applied to all new legislative and regulatory proposals to evaluate their potential consequences on young people.
- Since 2008, the Child and Youth report (JoKER) in Flanders, **Belgium**, has been fully integrated into the regulatory impact analysis assessing the effects of new regulations on people aged 0-25.
- Since 2009, the Youth Impact Clause in **France** has required the ministry in charge of drafting new legislation and regulation to assess its impact on young people, intergenerational justice, and non-discrimination in access to rights and public services.
- Since 2017, the Competence Centre Youth-Check (ComYC) in **Germany** has been responsible for conducting the youth check.

In 2024, the European Commission committed to applying a youth check when designing policies, notably by leveraging the existing *Better Regulation* tools, including consultations and impact assessments. Local authorities are also starting to adopt similar tools, as is the case in the Italian city of Parma.

Source : (Bundes Jugend Vertretung, n.d.^[36]) (European Commission, 2023^[37]) (City of Parma, 2024^[38]) (Flandres State of Art, n.d.^[39]) (Kompetenzzentrum Jugend-Check, 2022^[40]) (Ministère de la ville, de la jeunesse et des sports, 2016^[41]).

Promoting age diversity in public life and decision-making is critical to address barriers younger and older people can face when seeking to shape policymaking and engage in political life. Age diversity in public life remains under-explored in the UN Draft Recommendation. Young people face several barriers to voting and running as candidates in elections, including voter registration requirements, trade-offs between investing in political involvement and studies/employment, lack of funding, traditional stereotypes, and minimum age requirements.

Numerous OECD countries have reviewed minimum age policies in recent years. The minimum age to vote in national elections is 18 in all OECD countries except Austria (16) and Greece (17). **Korea** lowered the voting age from 19 to 18 in 2019. In Italy in 2021, the minimum age to vote for the Senate was lowered from 25 to 18. In Austria, Estonia, Greece, and Israel, the minimum age to vote is below 18 in regional and local elections (17 for Greece and Israel; 16 for Austria and Estonia).

Policy Recommendations

To empower young people for a more equitable and sustainable future, governments and the international community can consider:

Supporting young people in their transition into and within the labour market

- Promote job creation, address labour market barriers, and ensure that quality jobs are available for all young people;
- Ensure that workplaces are barrier-free and that jobs are fair, safe and contribute to healthy and meaningful lives for young people;
- Strengthen employment services and support available for young people; and
- Promote equitable access to entrepreneurship through counselling and training and access to finance and networks.

Promoting social inclusion and youth well-being beyond economic outcomes

- Provide adequate income support for young people with insufficient means coupled with high-quality activation services;
- Ensure access to affordable and quality housing; and
- Strengthen outreach to young people in vulnerable and disadvantaged circumstances by providing integrated social, housing, health, employment, and legal support.

Ensuring that young people develop appropriate skills and competencies

- Gather high-quality data to inform youth policy and improve educational systems;
- Provide equitable access to quality education and enable all young people to participate in an increasingly digitalised world;
- Address and mitigate early school leaving;
- Strengthen work-based learning and apprenticeships in close collaboration with employers;
- Provide learner orientation and career guidance; and
- Offer relevant support to teachers and education staff.

Promoting intergenerational justice

- Raise awareness of intergenerational justice considerations among policy makers and equip them with adequate skills and resources to address age-based inequalities; including fostering youth's participation in decision-making processes;
- Apply strategic foresight to explore various future implications of current policies against the backdrop of multiple disruptions as well as public management tools such as regulatory impact assessments to address inequalities across age groups and anticipate long-term impacts; and
- Strengthen oversight and accountability mechanisms to monitor youth and intergenerational justice commitments and facilitating the independence of such mechanisms.

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Annex A. OECD contributions to support SDG implementation

The OECD supports the United Nations and its agencies in implementing the Sustainable Development Goals by bringing together its **existing knowledge and its unique tools and experience**, including a **strong track record in policy work** with countries across the globe and solid **measures and systems for monitoring performance** (OECD, 2019^[1]; OECD, n.d.^[2]; OECD, 2024^[3]). It also fosters international cooperation through effective and inclusive policy dialogue with countries from all regions and at all levels of development. In particular, the OECD supports worldwide SDG implementation through **standard setting, peer exchange, expertise mobilization, specialised training, knowledge development, and tailored country support**, relied upon by both OECD Members and partner countries alike, particularly in areas such as:

Inclusive growth and well-being

1. Through various publications and working papers, the **OECD Centre for Well-Being, Inclusion, Sustainability, and Equal Opportunity (WISE)** assists countries with their national implementation of the SDGs, leveraging high level overviews of strengths and weaknesses in performance across the SDGs and the 5Ps to assesses whether the SDGs as being met for all parts of society, not just for the average citizen. It uses a methodology to estimate the distance that countries need to travel to reach the SDG targets, for example for **children and youth**. This helps countries navigate the complexity of the SDGs and identify priorities.
2. **The OECD Framework for Measuring Well-Being and Progress** goes beyond GDP growth to help countries identify and assess development challenges around three distinct components: current well-being, inequalities in well-being outcomes, and resources for future well-being.
3. Numerous **OECD projects** including the Inclusive Growth Initiative, the Multi-Dimensional Country Reviews, Regional Policy Assessment Programmes, and Youth Inclusion and Social Protection projects also incorporate well-being, including in developing countries.
4. **The OECD Evidence-based Policy Making for Youth Well-being: A Toolkit** (OECD, 2017^[4]) provides step-by-step modules to carry out a youth well-being diagnosis and includes practical examples of common youth policies and programmes from developing countries.
5. **The OECD Recommendation on Gender Equality in Public Life**, complemented by a policy implementation **Toolkit for Mainstreaming and Implementing Gender Equality**, provides countries with concrete guidelines in closing the gender divide in public life. Practical OECD tools such as the **Gender in Governance Survey Tools** and **Governance Reviews for Gender Equality** further assist governments in delivering policies for gender equality.
6. To promote and mainstream gender equality more broadly, the OECD is implementing its **Contribution to Promoting Gender Equality** to deliver strengthened data, policy evidence, and outreach activities, including by setting up an OECD Forum on Gender Equality.
7. The OECD also works to deliver the **SDGs for women and girls** through a range of partnerships and programmes, providing solid and comprehensive policy advice in areas such as the **integration of migrants and their children** or the **implementation of gender budgeting**.

8. Further, the OECD is expanding its work on demographics. Drawing on the **OECD Recommendation on Ageing and Employment Policies**, common OECD instruments such as Economic and Employment Outlooks, Surveys, and Long-term Scenarios now include insights on the fiscal and employment consequences of **ageing** as well as on pensions, health systems, and on the monitoring of **migration trends and policies**.
9. Through tools such as the **Patient-Reported Indicator Survey (PaRIS)**, the OECD is also advancing **health system performance** and the understanding of the interconnectedness between health and other key economic and social indicators, providing key policy insights on how health systems meet the needs of different socio-economic groups, including women.
10. OECD research and analyses are also increasingly focusing on ensuring inclusive and sustainable **climate and reaping the benefits of digital transformation while mitigating its associated risks**.

Whole-of-government coordination

1. **The OECD Network of Senior Officials from Centres of Government** provides a forum for exchanging good practices and mobilising expertise to support countries' SDG governance capacity. The Network includes expertise on strategy design and operationalisation, planning, institutional coordination, human capital development, and collaboration mechanisms.
2. **The OECD Network of Schools of Government** plays a role in SDG implementation in OECD countries by identifying key areas for successful whole-of-government approaches to SDG implementation. The OECD also works with a network of senior leaders on modern public sector leadership challenges directly linked to SDG implementation.
3. **The OECD Framework to Promote the Strategic Use of Public Procurement for Innovation** enables governments to cooperate across levels and helps ensure successful innovation initiatives through public procurement. It outlines a set of principles based on the **OECD Recommendation of the Council on Public Procurement**, to be used when planning and implementing measures in support of innovation procurement.
4. **The OECD Recommendation on Public Service Leadership and Capacity (PSLC)**, and the related skills model, establish frameworks to assess and build public workforces with the skills, leadership, and people management systems needed to tackle policy challenges posed by the implementation of national SDG strategies. These frameworks and tools help identify, and address bottlenecks related to people and organisational issues.

The OECD Recommendation on Effective Public Investment Across Levels of Government and the associated **Toolkit** aim to help governments at all levels to assess the strengths and weaknesses of their public investment capacity, using a multi-level governance approach, and to set priorities for improvement. It contains 12 principles, organised around 3 pillars, which address the coordination of public investment across levels of government, strengthening capacity and policy learning, and ensuring the right framework conditions for public investment (OECD, 2014^[5]).

Policy coherence for sustainable development

1. **The OECD Council Recommendation on Policy Coherence for Sustainable Development (PCSD)**, complemented by an online PCSD toolkit, sets an international standard for identifying and addressing the trade-offs and synergies between different SDGs and targets, thus ensuring a more cost-effective implementation.
2. **The OECD Network of National Focal Points for Policy Coherence** facilitates governments' effective implementation of the OECD Recommendation on PCSD by promoting open dialogue and peer exchange around country experiences, approaches and challenges related to tracking progress on PCSD, as called for by **SDG target 17.14**. An annual country survey on the

institutional mechanisms (structures, processes and working methods) within national administrations conducive to higher degrees of policy coherence in SDG implementation assists countries in identifying good PCSD practices and tracking progress towards them.

3. The OECD provides **targeted country support** to improve understanding of policy coherence in OECD countries through training workshops upon country demand. These **capacity-building sessions** involve participation from a wide range of stakeholders both within and beyond governments and have facilitated cross-sectoral dialogue and discussions on the institutional mechanisms that could be used more proactively to enhance policy coherence.

Open government and stakeholder participation

1. **The OECD Recommendation of the Council on Open Government** identifies key principles for open government in support of democracy and inclusive growth, based on more than 15 years of work on the subject. As the first and only internationally recognised legal instrument on open government, it guides countries in designing and implementing their open government agendas, strengthening public governance and fostering trust in government.
2. The OECD's composite **Indicators of Regulatory Policy and Governance** track countries' progress in improving the quality of their regulations across the board, following the **OECD Recommendation on Regulatory Policy and Governance**. These indicators provide measures of how open, evidence-based and targeted the process of developing laws and regulations is to achieve policy goals. As such, they are relevant indicators for SDG targets 10.3 and 16.6. In addition, the composite indicator on stakeholder engagement provides a measure of participation in regulatory policymaking, supporting monitoring of SDG target 16.7.

Integrity and anti-corruption

1. The OECD supports governments in the fight against corruption by tackling both the demand and supply side. On the integrity side, the **OECD Recommendation on Public Integrity** is the first compelling international instrument for the implementation of public integrity measures at the state level and draws on 20 years of experience in this area. On the foreign bribery side, the **OECD Anti-Bribery Convention** promotes the criminalisation of bribery of foreign officials.
2. **The OECD Working Party of Senior Public Integrity Officials**, launched in November 2016, aims to facilitate governments' effective implementation of the **OECD Recommendation on Public Integrity**, which promotes continuous learning and improvement of public integrity policies by generating knowledge through integrity measurement.
3. **The annual OECD Global Anti-Corruption and Integrity Forum** gathers thousands of representatives from anti-corruption entities, the private sector, academia and civil society to reflect on new approaches to tackle corruption more effectively and promote integrity.
4. **The Recommendation of the Council on Public Procurement** (OECD, 2015) supports government efforts to preserve the integrity of the public procurement system through general standards and procurement-specific safeguards.
5. **The OECD Guidelines for Multinational Enterprises** (OECD, 2011) are the leading international instrument on corporate responsibility. The guidelines promote positive contributions by enterprise to economic, environmental and social progress worldwide.
6. **The OECD Due Diligence Guidance for Responsible Business Conduct** provides a tool for companies and governments to integrate responsible business conduct into public procurement.
7. **The 2016 Recommendation of the OECD Council for Development Co-operation Actors on Managing the Risk of Corruption** assists OECD Members and partner countries having adhered to it to better understand and manage corruption risks.

8. The **OECD-DAC Policy Guidance on Mitigating the Risks of Illicit Financial Flows (IFFs) in Oil Commodity Trading** proposes a set of actions for providers ODA to respond to IFFs in oil commodity trading.

Access to justice

1. The **OECD Recommendation on Access to Justice and People-Centred Justice Systems**, adopted in 2023, supports Adherents in advancing access to justice and establishing core elements of people-centred justice. It was developed with extensive consultations, building on the **OECD Framework and Good Practice Principles for People-Centred Justice** and reflects inputs from various stakeholders. The Recommendation builds on four pillars: designing people-centred services, establishing enabling governance structures, empowering people, and committing to participatory and evidence-based planning, monitoring, and evaluation, promoting a whole-of-government approach.

The OECD's Public Governance Committee (PGC) will support the implementation of this Recommendation with **guidance, indicators, and a toolkit**, and will report on the Recommendation's impact in 2028.

Financing for development

1. The OECD helps governments improve **domestic enabling environments for mobilising private finance and investment and optimise public finance** for the transition and sustainable development through work on public investment, blended finance, green budgeting, pricing, taxing, subsidies, and incentives, including in relation to climate mitigation and adaptation, biodiversity, water and sustainable ocean economy, as well as policies and instruments to green the financial sector and reorient finance in support of environmental goals and the SDGs.
2. The **OECD Recommendations on Budgetary Governance** help governments implement budgeting frameworks that align strategic expenditure allocations with fiscal targets, medium-term priorities and development objectives. To assist countries' monitoring and reporting on SDG targets and the progress towards their achievement, the OECD also provides tailored guidance on performance and results-focused budget models that can be linked to higher-order outcome frameworks such as the SDGs.
3. Under the **Paris Collaborative on Green Budgeting**, and the **OECD Gender Budgeting Expert Group**, the OECD Secretariat advances the analytical and methodological groundwork for green and gender budgeting and supports governments in their reform efforts, providing unique insights into countries' current positions to mainstream environmental and gender considerations in the budget process to achieve the SDGs. The OECD has also developed **guidelines and a self-assessment tool** to help regional and local governments adopt green budgeting practices.
4. The OECD is the custodian agency for **Official Development Assistance (ODA)**, which is a critical source of external finance for developing countries. ODA levels rose at an all-time high, to USD 210.7 billion in 2022, up 17% in real terms from USD 186 billion in 2021.
5. The collaboration between the OECD Development Assistance Committee and the newly established **International Forum on Total Official Support for Sustainable Development (TOSSD)** measures and monitors financing flows beyond ODA, to include private finance mobilised, triangular co-operation, and financing of global public goods.
6. The **OECD/UNDP Tax Inspectors Without Borders** initiative has led to the collection of over USD 2 billion in additional tax collected across 60 jurisdictions. The **Platform for Collaboration on Tax**, including the OECD, the United Nations, the International Monetary Fund and the World Bank continues to gain strength and to provide joint technical support and toolkits for developing countries.

7. The OECD assists emerging and developing economies in attracting more, better, and safe Foreign Direct Investment (FDI) through a comprehensive set of OECD policy tools, such as the **OECD Policy Framework for Investment (PFI)**, the **OECD Recommendation on FDI Qualities for Sustainable Development** and its **Toolkit**, and the 2009 **Guidelines for the design of policies to manage security implications of FDI**.
8. The recent revision of the **1976 OECD Declaration on International Investment and Multinational Enterprises** aims at better capturing the current approach to investment policy to strengthen the importance of keeping markets open, enhancing sustainable impacts and addressing potential security risks associated with some transactions. The Investment Committee is working on a forward-looking action plan to further revise the Declaration.

Environmental sustainability

1. The OECD works with its members, partner countries, and other stakeholders to ensure **sound environmental management** that supports the sustained achievement of economic development and prosperity while delivering human security and resilience.
2. The OECD supports governments in their efforts to achieve **rapid and deep emissions cuts** in this decade and across sectors, including hard-to-abate emissions from sectors like steel and cement. Together with the International Energy Agency, the OECD contributes to the work of the **Climate Club** (in addition to hosting its Interim Secretariat), an inclusive forum aiming to boost international climate co-operation and partnerships to facilitate industry decarbonisation.
3. **The Inclusive Forum for Carbon Mitigation Approaches** aims to optimise the global impact of emissions reduction efforts around the world through better data and information sharing, evidence-based mutual learning and inclusive multilateral dialogue between developing, emerging and advanced economies.
4. Through the flagship project **Net Zero+: Climate and Economic Resilience in a Changing World**, the OECD is supporting governments in driving the swift transformational change needed to tackle climate change, focusing on education, skills and government capacity to maximise net socio-economic benefits and to enable a just transition, shedding light on its social and fiscal implications while making the transition itself more resilient to the effects of climate change.
5. A key component of Net Zero+, **the International Programme for Action on Climate (IPAC)**, helps countries strengthen their climate action through improving data and indicators for measuring climate risks, adaptation and mitigation actions.
6. The **OECD Recommendation on Information and Communication Technologies (ICTs) and the Environment**, currently undergoing revisions to reflect the latest technology developments, supports governments to increase the environmental benefits of ICT applications and improve environmental impacts of ICTs.
7. The OECD supports governments to operationalise policies ensuring the **safe and sustainable use of chemicals**, for example through the development of **standards** allowing to identify hazardous chemicals. The OECD supports Members and partners countries in transitioning to more resource efficient circular economies, including through promoting the use of **economic policy instruments** and with a focus on plastic pollution (also supporting negotiations for a global plastics treaty) and critical raw materials.
8. The OECD promotes **trade and sustainability** through work on the circular economy, environmentally harmful subsidies and environmental goods and services, and efforts to map carbon footprint monitoring initiatives for agri-food, mining and steel supply chains.
9. The OECD tracks **international climate finance** and shares its expertise on these flows, as well as on the implications of different methodologies for estimating climate finance.

10. The OECD supports countries in implementing the **Global Biodiversity Framework** through providing data, evidence and analysis, for example through the flagship project on Tracking Economic Instruments and Finance for Biodiversity, mainstreaming biodiversity across sectors, and work on scaling up positive incentives for biodiversity.
11. It is important to improve our understanding of the financial role of regional and local governments in the transition, to track the progress regions and cities are making towards achieving the Paris Agreement commitments and other green objectives, and to identify areas where further action is needed to align subnational governments expenditure, investment and revenues with their climate goals and mobilise additional sources of finance. To that end, the OECD has developed a pilot methodology to assess subnational government climate-significant expenditure and investment. The database is accessible on **the OECD Subnational Government Climate Finance Hub**.
12. The **OECD Policy Dialogue on Natural Resource-based Development (PD-NR)** offers an intergovernmental platform where resource producing and importing countries as well as extractive industries work together to make the extractive sector a catalyst for low-carbon, climate-resilient, inclusive, and sustainable development.

Science, Technology and Innovation Policies

1. The **OECD Agenda for Transformative Science, Technology and Innovation Policies**, delivered for the 2024 OECD Science and Technology Ministerial provides a framework to support governments in promoting sustained investments and greater directionality in research and innovation activities as well as the reappraisal of STI systems and STI policies to ensure they are “fit-for-purpose” to contribute to transformative change agendas.

Data governance and cross-border data flows

1. Adopted in December 2022, the **OECD Declaration on Government Access to Personal Data Held by Private Sector Entities** seeks to improve trust in cross-border data flows by clarifying how national security and law enforcement agencies can access personal data under existing legal frameworks.
2. The **OECD Recommendation on Enhancing Access to and Sharing of Data** is the first internationally agreed-upon set of principles on maximising the cross-sectoral benefits of data while protecting rights and interests.
3. The **OECD Declaration on Government Access to Personal Data Held by Private Sector Entities** seeks to improve trust in cross-border data flows – which are central to the digital transformation of the global economy – by clarifying how national security and law enforcement agencies can access personal data under existing legal framework.
4. The **1980 OECD Privacy Guideline** were the first internationally-agreed privacy principles and today the global standard for the protection of personal data.
5. The third phase of the **OECD Going Digital Horizontal Project** focused on data governance for growth and well-being, and leveraged experiences across policy areas to provide analysis, guidance, case studies and policy recommendations. In particular, the **Going Digital Guide to Data Governance Policy Making** helps policy makers develop, revise, and implement policies for data governance across policy domains in the digital age.

Artificial intelligence

1. **The OECD Recommendation on AI** is the first intergovernmental standard on AI. It aims to foster innovation and trust in AI by promoting the responsible stewardship of trustworthy AI while ensuring respect for human rights and democratic values.
2. **The OECD AI Policy Observatory**, including the **Catalogue of Tools and Metrics for trustworthy AI** and the new **AI Incidents Monitor**, informs policymakers on the responsible

stewardship of trustworthy AI, while the **Framework for the Classification of AI Systems** fosters international operability of AI frameworks.

3. The OECD.AI Network of Experts (ONE AI) works as an informal group of AI experts from government, business, academia and civil society. The network provides AI-specific policy advice for the OECD's work on AI policy and contributes to the OECD AI Policy Observatory.
4. **The OECD Artificial Intelligence in Work, Innovation, Productivity and Skills programme** supports policy responses to AI in areas such as employment, healthcare, education, and skills.
5. OECD work analyses the **impact of AI on firms**, focusing on patterns of AI adoption at the firm level, the links between AI use and firm productivity, and emerging patterns in AI skills demand.

Enhancing digital connectivity and infrastructure

1. The **OECD Recommendation on Broadband Connectivity** provides a roadmap for policies that foster competition, innovation, and investment to boost broadband deployment, particularly in unserved or under-served areas.

Emerging Technologies

1. **The OECD Framework for Anticipatory Governance of Emerging Technologies** equips governments, other innovation actors and societies to anticipate and get ahead of governance challenges, and build longer-term capacities to shape innovation more effectively.

The Space Economy

1. **The Economics of Space Sustainability: Delivering Economic Evidence to Guide Government Action**

Partnerships for the goals

1. The OECD provides platforms for inclusive dialogue and partnerships, including the **Global Partnership for Effective Development Co-operation**, a multi-stakeholder platform supported by the OECD and UNDP, which brings together stakeholders from both public and private sectors, who are committed to strengthening the effectiveness of their partnerships for development and the 2030 Agenda.
2. The toolkits on **Funding Civil Society in Partner Countries** and on **Shifting Power within Partnerships** are designed to support adherents to the DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance to realise the Recommendation's various commitments to strengthen partnerships with civil society actors as key contributors to SDG achievement and monitoring. The toolkits provide guidance on actions to enhance partner-country civil society's participation, promote and invest in the leadership of partner-country civil society, and promote more equitable partnerships with mutual capacity strengthening that draws on the comparative advantages of different types of civil society actors (OECD, 2023^[6]) (OECD, forthcoming^[7]).
3. The OECD also convenes an expert community on **Data Free Flow with Trust** to advance solutions-oriented, evidence-based and multi-stakeholder cooperation, including enhancing transparency around policies and regulations for cross-border data transfers, identifying use cases for privacy-enhancing technologies in cross-border sharing.
4. **The OECD Global Forum on Technology (GFTech)** is a venue for a regular, in-depth, strategic and multi-stakeholder dialogue - with OECD Members, non-Members and stakeholder groups including industry, academia, civil society and technical communities – to foresee the long-term opportunities and risks presented by technological development. It currently focuses on three technologies: Synthetic biology, Quantum technologies and Immersive technologies.

Data availability and capacity

1. The OECD helps countries track progress in areas such as trust, health inequalities, green growth, income and consumption inequality, and job quality, and supports them in developing and using **environmental and green growth indicators** to achieve environment-economy integration over time.
2. The OECD also supports developing countries in building their own statistical capacities and systems through the **PARIS21 partnership**. In addition, the **Framework for Total Official Support for Sustainable Development** (TOSSD) captures a wide range of resources in support of sustainable development that complement ODA.
3. The **OECD Going Digital Toolkit** helps countries assess their state of digital development and formulate policies in response. It is structured along the seven policy dimensions (access, use, innovation, jobs, society, trust and market openness) based on the Going Digital Integrated Policy Framework which cuts across policy areas to help ensure a whole-of-economy and society approach to realising the promises of an inclusive digital transformation.

Localising the SDGs

1. The OECD programme on **A Territorial Approach to the SDGs** support cities, regions and national governments in localising the 2030 Agenda. Through multi-level policy dialogues with 11 cities and regions from OECD and partner countries, analysis, toolkits, an indicator framework, collaborative platforms and peer to peer learning, the programme helps measure progress and share global best practices on local sustainable development.
2. The OECD web-tool on **Measuring Distance to the SDGs in cities and regions** shows the distance of 600+ regions and 600+ cities to end values for 2030 for the 17 SDGs. It also compares the performance with other regions and cities in their country and helps identify peers in other countries. The tool aims to foster peer-learning and policy dialogues across similar regions and cities, increase accountability of governments with regards to the SDGs, and raise SDGs awareness across society at large.
3. The **OECD Roundtable on Cities and Regions for the SDGs** serves as a dynamic forum for exchanging ideas, strategies, and best practices on the localisation of the SDGs among local, regional and national governments, international organisations, academia, civil society, and the private sector.
4. The **OECD Toolkit for A Territorial Approach to the SDGs** is designed as a user-friendly checklist to guide policy makers at all levels of government to implement a territorial approach to achieving the Sustainable Development Goals (SDGs). It provides a one-stop-shop including lessons learned from cities across the globe, proposing a How-To Guide for interested SDG champions, showcasing localised data and indicators, and a self-assessment tool for cities and regions looking to embrace the localisation path.
5. The policy paper **Sustainable Development Goals as a framework for COVID-19 recovery in cities and regions** presents the results of an OECD-European Committee of the Regions (CoR) joint survey on how local and regional governments are leveraging the SDGs to shape their recovery strategies from the COVID-19 pandemic. **Localising the SDGs in a changing landscape** presents the results of a survey jointly conducted by the OECD, the Sustainable Development Solutions Network and the CoR on how to localise the SDGs in a changing international landscape marked by disasters and shocks.
6. The OECD work on **decentralised development co-operation (DDC) and city-to-city partnerships** seeks to help cities and regions increase the impact of their DDC programmes and ensure mutual benefits. We provide analysis of recent DDC trends and evolutions and offer policy

recommendations to shape more effective DDC policies, financing, monitoring and evaluation and multi-level governance. The **Global policy toolkit: Guidance for practitioners** shows how DDC can promote mutual benefits and peer-to-peer learning, bring development co-operation closer to people and their daily lives, and deliver technical services and expertise. By providing a repository of good practices and guidance on implementation modalities, the toolkit seeks to promote policy dialogue and mutual learning across DDC actors and to enhance DDC effectiveness, efficiency and impact worldwide.

Monitoring and Review

1. **The OECD Recommendation of the Council on Regulatory Policy and Governance** sets out the measures by which governments can implement or advance regulatory reform in a whole-of-government fashion, seeing Regulatory Impact Analysis as both **a tool** and **a decision process** for informing decision makers on whether and how to regulate to achieve public policy goals.
2. **OECD country assessments, peer reviews and peer learning mechanisms** across a range of policy fields play a key role in sharing learning and knowledge, improving policies and practices, and building trust and mutual respect among partners.
3. Moreover, the **OECD Network of Economic Regulators**, building on the **OECD Framework for Regulatory Policy Evaluation**, the **OECD Survey on the Institutionalisation and Governance of Policy Evaluation**, and the **OECD Regulatory Policy Outlook**, supports countries in the design of effective monitoring and evaluation systems, assisting them in systematically evaluating the design and implementation of regulatory policy against the achievement of strategic regulatory objectives, such as those derived from the SDGs.

Education

1. The OECD is a member of the Global Education Cooperation Mechanism (GCM) coordinated by UNESCO with the Global Education Meeting (GEM) and SDG4-Education 2030 High-Level Steering Committee (HLSC) serving as the global apex bodies to oversee the coordination of SDG4.
2. The OECD helps countries to track progress towards SDG4 achievement and its flagship education programmes, such as the Programme for International Student Achievement (PISA), are primary sources of data for SDG4 monitoring.
3. The OECD is adapting its range of assessment and learning mechanisms – including PISA – to the 2030 Agenda.
4. The OECD is the custodian agency for the global indicator for development assistance for scholarships (SDG 4.b.1).
5. In addition, the OECD Regular Dialogue on the 2030 Agenda for Sustainable Development is a key annual initiative within the OECD's commitment to the achievement of the SDGs. Launched by the OECD Council in 2016, this dialogue plays a crucial role as a forum for substantive discussions among OECD Members, selected partner countries, and selected international organisations. Its primary focus is to assess the progress made towards the realisation of the 2030 Agenda for Sustainable Development and explore next steps to be taken, with a specific emphasis on the OECD's contribution.
6. The 2024 OECD Regular Dialogue on the 2030 Agenda for Sustainable Development echoed the thematic focus of the 2024 United Nations High Level Political Forum (HLPF) on Sustainable Development and concentrated on two SDGs, SDG 1 - End poverty in all its forms everywhere, and SDG 13 - Take urgent action to combat climate change and its impacts. Jointly addressing these two SDGs recognises the interdependence of poverty eradication and climate action,

acknowledging that vulnerable populations, especially in developing countries, bear a disproportionate burden of climate-related hazards and of the challenges emanating from climate change. The 2024 Regular Dialogue also explored the closely related objective of ensuring adequate financing for SDG attainment, as outlined in SDG17.

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Annex B. Better Policies for 2030: the OECD's 2016 Action Plan on the Sustainable Development Goals

To support the international community and OECD Member and Partner countries in the implementation of the UN 2030 Agenda for Sustainable Development, the OECD Council adopted the OECD Action Plan on the Sustainable Development Goals (OECD, 2016^[1]) in December 2016. The 2016 Action Plan outlined concrete support for Members and the international community in achieving the SDGs, with efforts that are demand-driven and involve strengthened collaboration with other international organisations to enhance effectiveness and avoid redundancy. The 2016 Action Plan aimed to: i) support countries to identify **where they currently stand in relation to the SDGs and where they need to be**, and to propose sustainable pathways based on evidence; ii) reaffirm the OECD's role as a leading **source of expertise, data, and good practices and standards** in economic, social, and environmental areas of public policy relevant to the SDGs; and iii) encourage a **"race to the top" for better and more coherent policies** that can help deliver the SDGs through hallmark OECD approaches, including peer reviews and learning, monitoring and statistical reporting, policy dialogue, and soft law. With these objectives in mind, the 2016 Action Plan identified the following strengths and assets as well as key action areas in relation to the 2030 Agenda:

OECD strengths and assets in relation to the 2030 Agenda as set out in the 2016 Action Plan

- **Assessing economic, social, and environmental progress** through measures going beyond GDP. In several SDG areas, the OECD is a source of internationally accepted measures (e.g. data on official development assistance; education data; development effectiveness indicators).
- **Generating solid evidence and recommendations on global public goods and "bads"** as well as relevant national efforts, with a focus on OECD countries and Key Partners. This includes cutting-edge analysis and publications on, for example, climate policies, development finance, human trafficking, responsible business conduct, and fiscal transparency.
- **Measuring and improving development finance** by helping governments mobilise the broad suite of financial resources that will be necessary to achieve the SDGs (taxes, foreign and domestic investments, remittances, aid and philanthropy).
- **Enhancing policy and institutional coherence** by identifying policy interactions, trade-offs, and synergies across economic, social, and environmental areas; and considering trans-boundary and intergenerational effects, in line with the OECD's New Approaches to Economic Challenges (NAEC) initiative and the Inclusive Growth and Policy Coherence for Sustainable Development initiatives, which enable a truly integrated and multidisciplinary approach to global progress.
- **Dismantling intellectual and policy silos to offer integrated diagnostics and policy advice to both Member and Partner countries.** The OECD's Strategy on Development [C/MIN(2012)6] has mainstreamed developing country issues across the OECD and will guide future efforts.
- **Facilitating the exchange of knowledge and data** across countries through global fora, expert groups, peer review mechanisms, inclusive partnerships, and open data platforms, which continue to expand to cover more countries.

- **Supporting sector-specific initiatives and partnerships** to help more countries achieve specific Goals and strengthen their capacities, without conditionality. With few OECD tools being legally binding, progress is instead promoted through mechanisms that encourage peer learning and accountability, creating a fertile testing ground for ideas and innovative policy approaches.

Four areas for OECD action and specific actions to support them as set out in the 2016 Action Plan

1. Apply an SDG lens to the OECD's strategies and policy tools

- Consider the SDGs in OECD Economic Surveys at the request of interested countries and explore approaches to addressing the SDGs in OECD Economic Outlooks. These efforts build on existing initiatives such as Going for Growth, which increasingly capture multi-dimensional well-being and, where relevant, environmental dimensions.
- Gradually integrate the SDG framework into other OECD reviews at the request of interested countries and in collaboration with substantive committees, including reviews of agricultural, market and competition policies, labour markets, social policy, open government reforms, gender equality, education, environmental performance, health, and development co-operation.
- Deepen efforts to support all countries in the implementation of the tax Base Erosion and Profit Shifting (BEPS) initiative. Specific actions include the creation of an inclusive framework open to all countries and jurisdictions on an equal footing; the development of BEPS toolkits to support developing countries as they address high-priority BEPS challenges; and support for capacity development through the Tax Inspectors Without Borders initiative.
- Assist countries as they implement global standards for the exchange of information for tax purposes, building on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which has over 130 members. This includes a specific initiative to support African countries.
- Further strengthen support to governments as they mobilise a broad range of financial resources – aid, taxes, both foreign and domestic investments, remittances and philanthropy – required to achieve the SDGs, in line with the 2015 Addis Ababa Action Agenda. This includes continued efforts to incentivise additional and better-quality resources for developing countries, especially those most in need.
- Support the development and implementation of policy actions to reverse the declining trend of Official Development Assistance (ODA) to countries most in need.
- Promote fuller use of blended finance operations and philanthropic flows through the dissemination of good practices and targeted guidance.
- Deepen our work on responsible business conduct, working with governments and other stakeholders to promote national-level implementation of the OECD Guidelines for Multinational Enterprises and related guidance on responsible supply chains.
- Disseminate the updated OECD Policy Framework on Investment (PFI), which helps countries to improve their investment climates and, in so doing, encourages private sector-led sustainable development. Provide further consideration of methodologies and indicators based on the PFI.
- Support market opening by bringing evidence to bear on the benefits of multilateral, plurilateral and regional efforts, and trade facilitation initiatives. Further promote Aid for Trade, enriching existing work with new insights on services and trade facilitation.
- Support countries as they scale up and enhance the impact of climate change adaptation finance by promoting peer learning and evidence-based analysis of projects and programmes delivering results, including in the development co-operation arena.
- Promote the effective design and management of marine protected areas by undertaking cost-benefit analysis, supporting monitoring and enforcement efforts, and efforts to scale up finance.

- Promote effective policies and management of ecosystems to achieve targets on terrestrial ecosystems, forests and biodiversity, and climate change, and to ensure that ecosystem service values are reflected in national and sectoral development strategies and policies.

2. Leverage OECD data to help analyse progress in SDG implementation

- Continue to contribute to the development and enhancement of the UN-led Global Indicator Framework for the SDGs, drawing on existing OECD expertise, and help close data gaps by developing methodologies and capacities in support of the internationally agreed SDG monitoring and evaluation initiatives.
- Build on existing pilot efforts to help interested OECD Members assess their SDG starting positions and progress, drawing on relevant OECD data. The extent to which countries' policies help or hinder the achievement of the SDGs globally will also be explored.
- Support developing countries as they address data gaps, particularly leveraging opportunities arising from "the data revolution" including big data and public-private partnerships. Develop inventories, tools, guidelines, standards and protocols through active collaboration with the OECD-hosted Partnership in Statistics for Development in the 21st Century (PARIS21).
- Broaden the reach and relevance of the OECD's Programme for International Student Assessment (PISA), building on the eight-country PISA for Development pilot, which strengthens the evidence base available to countries on education and learning outcomes.
- Modernise development finance statistics through an inclusive process to promote uniform reporting that is credible and relevant, capturing new and more complex financing instruments and arrangements, and creating appropriate incentives for resource mobilisation. The new measure of Total Official Support for Sustainable Development (TOSSD) will increase the transparency of public efforts to support sustainable development.
- Contribute data and analysis, as a Member of the Inter-Agency Task Force, to global reports on progress in the implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.
- Develop and expand the OECD's Revenue Statistics work, which provides comparable data on fiscal revenues for 66 countries.
- Put OECD expertise at the disposal of countries as they develop policies to facilitate orderly, safe, regular and responsible migration and mobility of people. These efforts will build on long-standing OECD work analysing migration flows and policies, including through the International Migration Outlook and ongoing work on the integration of migrants. These efforts will also build on the Global Knowledge Partnership on Migration and Development (KNOMAD) and will involve close collaboration with other organisations.
- Increase the coverage of the indicators in the OECD Gender Portal across both OECD and Partner countries.
- Further develop the Social Institutions and Gender Index (SIGI), working with national gender entities and statistical agencies to support global monitoring of the elimination of all forms of discrimination against women.
- Improve the tracking and measurement of green growth using OECD's green growth indicators.
- Support interested countries as they implement the OECD Principles on Water Governance, including through the adaptation of indicators to include a focus on the SDGs, the development of a database of good practices, and improved data on local participation in water governance.
- Include additional metrics and indicators in OECD Regional and Metropolitan statistics that can help analyse progress and preparedness towards the SDGs. Where there is demand, develop assessments at subnational level of how selected policies help or hinder the SDG implementation.

- Monitor the effectiveness of development co-operation, working with the Global Partnership for Effective Development Co-operation to help strengthen its impact.
 - Support the OECD data collection work done in the framework of the World Observatory on Subnational Finance and Investment (SNG-WOFI), a joint endeavor started by the OECD and United Cities and Local Governments (UCLG) in 2016. The objective of the SNG-WOFI is to increase knowledge and promote dialogue on multi-level governance and subnational finance around the world, by collecting and analysing standardised quantitative data (fiscal database) and qualitative information (country profiles). It also helps monitor the implementation of the Sustainable Development Goals and other global development agendas, such as the Paris Agreement. The 4th edition, launched in 2022 covers 135 countries across the world.
- 3. Upgrade OECD support for integrated planning and policymaking at the country level, and provide a space for governments to share experiences on governing for the SDGs**
- Further adapt, pilot, and refine existing approaches such as the OECD Multi-Dimensional Country Reviews so that countries can use them as a starting point for analyzing policies and developing national strategies to support the SDGs.
 - Develop a proposal for OECD support to Members in the preparation of SDG-aligned National Development Strategies, based on country demand, and drawing on lessons from an ongoing country pilot. This would involve an integrated, whole-of-government approach combining strategic foresight, wellbeing framework, long-term modelling, and support to implementation.
 - Update Policy Coherence for Sustainable Development tools and instruments to inform policymaking and monitoring efforts.
 - Assist in the review and assessment of the capacity of OECD governments to steer and co-ordinate the implementation of the SDGs, including the vital link to planning and budgetary processes; identify challenges and opportunities; and use the existing network of Centres of Government to promote a coordinated, coherent and clear approach across government to the implementation of the SDGs.
 - Consider the role of municipalities and subnational governments in the implementation of the SDGs; build on Regional Development Policy Committee networks and partnerships with cities and local governments to foster cross-sectoral perspective on SDGs at subnational level; and enhance thematic projects on public service delivery, which can help foster inter-linkages across several SDGs at local and regional levels.
- 4. Reflect on the implications of the SDGs for OECD external relations**
- Work to maximise the effectiveness of the OECD's engagement as a permanent observer of both ECOSOC and of the UN General Assembly, and to contribute effectively to key UN processes and analytic work (e.g. ECOSOC Financing for Development Forum, High Level Political Forum). The scope for a light OECD presence at the United Nations will be explored further.
 - Leverage OECD regional programmes to share lessons on policy successes and failures, and to promote dialogue among policymakers at the regional level in partnership with the UN regional economic commissions. Relevant policy areas include trade and investment, education, social policies, climate, tax, and infrastructure.
 - Develop the OECD Global Forum on Development as a regular opportunity for sharing experiences on SDG implementation and consider the roles that other OECD Global Fora may play in relation to the 2030 Agenda.
 - Support the Platform for Collaboration on Tax, involving the OECD, the UN, the IMF and the World Bank. The Platform provides a way for the main international organisations working on tax to work effectively together on domestic resource mobilisation in support of the SDGs.

- Partner with the United Nations to put the multi-stakeholder Global Partnership for Effective Development Cooperation at the service of all actors as they work to strengthen the means of implementation of the SDGs.
- Promote the use of the OECD World Forum on Statistics, Policy and Knowledge as a space for dialogue where statistics and policies speak to each other on pursuing the 2030 Agenda.
- Harness existing networks of experts, policymakers and practitioners – including the multi-stakeholder OECD Water Governance Initiative and national policy dialogues on water – to support the achievement of water-related SDG outcomes.
- Further develop sector / theme-specific fora so that policy dialogue among OECD and Partner countries supports efforts towards relevant goals (e.g. fora on natural resource-based development, Global Value Chains (GVCs) etc.)

Much of the OECD's work is relevant to the SDGs. This includes the importance of **international co-operation and global governance** as well as the Universal Values of the 2030 Agenda, such as the overarching principle of “leaving no one behind” (LNOB) and policy work on the “5Ps” (i.e. People, Planet, Prosperity, Peace and Partnership) that are embedded in the OECD's programme of work. Since 2015, the OECD has taken steps to integrate **an SDG lens into several OECD review processes** (including Environmental Performance Reviews, Investment Policy Reviews, Public Governance Reviews, Digital Government Studies Review, and Development Assistance Committee Peer Reviews) **as well as analytical working papers and other publications**. Concerning SDG monitoring, the OECD contributed to the **development of the global indicator framework for the SDGs** as an observer to the UN Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs). The OECD is also the **custodian or partner agency on several indicators** featuring in the global indicator framework. It directly **supplies data** to the SDG Global Database on official development assistance (ODA) and other international flows, on gender-based legal discrimination (leveraging the OECD Development Centre's work on the Social Institutions and Gender Index, as well as on access to civil justice and on policy instruments for biodiversity).

Altogether, the OECD's strategic response to the SDGs encompasses **generating evidence, identifying good practices, developing standards, and aiding policy design and implementation**. Recognising the importance of collaborative partnerships, the OECD leverages its expertise to aid countries at all development levels and has historically engaged in UN processes related to human development and well-being, financing for development, environmental sustainability, and climate change, playing a sizeable role in shaping the 2030 Agenda.

References

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OECD Contributions to the 2030 Agenda and Beyond

SHAPING A SUSTAINABLE FUTURE FOR ALL

OECD Contributions to the 2030 Agenda and beyond: Shaping a sustainable future for all provides a roadmap, based on OECD knowledge, data, tools and best practices, for national and international action to prepare for future challenges and opportunities. It examines the critical role of robust governance in protecting our planet and ensuring a prosperous future for all. The report outlines five key priorities for achieving a sustainable and equitable future, including effective institutions, effective policies, innovative solutions, harnessing the power of science and technology, and navigating the complexities of financing sustainable development. It shares practical insights and explores strategies for empowering youth and future generations as key stakeholders in building a resilient world. The report provides a comprehensive resource for national and international policymakers seeking to translate the Sustainable Development Goals into concrete action.



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