Unleashing Policy Coherence to Achieve the SDGs

AN ASSESSMENT OF GOVERNANCE MECHANISMS

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Foreword

The implementation of the 2030 Agenda and its interconnected Sustainable Development Goals (SDGs) represents a major challenge for all countries. As the 2030 deadline draws closer, it is clear that the world is not on track to achieve the SDGs. This situation is being exacerbated by a wave of interconnected global challenges: the triple planetary crises of climate change, biodiversity loss and pollution, pandemics, food and energy shortages and growing poverty and inequality, worsened by large-scale conflicts. At this pivotal point, mere incremental and fragmented change will not suffice.

Policy coherence for sustainable development (PCSD) is a key enabler to accelerate progress toward achieving the SDGs. By enabling the systematic integration of the economic, social and environmental dimensions of sustainable development at all stages of policymaking, it can reduce policy fragmentation; ensure that policies across sectors and levels of government are mutually reinforcing in pursuing sustainable development; address the negative impacts of domestic policies on other countries; and enable the evaluation and consideration of the long-term impacts of policies.

The OECD Recommendation on Policy Coherence for Sustainable Development [OECD/LEGAL/0381], was adopted by the OECD Council in 2019, revising the previous Recommendation on Good Institutional Practices in Promoting Policy Coherence for Development of 2010. This revision was in response to the demand by OECD Members and non-Members to address how to coherently implement the 2030 Agenda. The Recommendation focuses on the mechanisms that governments need to develop and implement coherent policies in all areas – that is, the processes, systems, structures and tools for managing and co-ordinating policies at different levels of government. Today, the Recommendation remains the only internationally recognised standard guiding countries in formulating strategies and plans for PCSD.

This report provides the first, systematic assessment of the current state of implementation of PCSD by Adherents to the OECD Council Recommendation, based on consultations and analysis conducted over 2023-24. While most Adherents have established a foundation of political commitment to PCSD backed by strategies for sustainable development up to 2030, significant gaps persist. These gaps are particularly visible in the area of assessing and addressing the transboundary impacts of policies. Based on consultations and analysis, the report identifies the challenges behind these gaps, accompanying them with examples of good practices to facilitate further progress.

This publication reproduces in part the Report on the implementation of the OECD Recommendation on Policy Coherence for Sustainable Development which was approved by the Public Governance Committee (PGC) and Development Assistance Committee (DAC) on 24 May 2024 and declassified by the OECD Council on 17 June 2024 [C(2024)92]. The Foreword, Acknowledgments, and Executive Summary are published under the responsibility of the Secretary-General. The opinions expressed and arguments employed therein do not necessarily reflect the official views of the Member countries of the OECD.

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The drafting of the Report on the implementation of the OECD Recommendation on Policy Coherence for Sustainable Development, on which this publication is based, was led by Ernesto Soria Morales and Elise Desplanques (GOV) and Renwick Irvine, Anita King and Santhosh Persaud (DCD). The Report was prepared for publication and edited by Melissa Sander.

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Executive Summary

The current landscape of multiple, overlapping crises poses a major challenge to achieving sustainable development. Findings from the Global Sustainable Development Report (2023) of the United Nations (UN) highlight that the current approach of incremental and fragmented change will not be enough to achieve the 2030 Agenda and the Sustainable Development Goals (SDGs). Given the diversity of the SDGs and their specific targets, implementing them will require an integrated and coherent approach. Moreover, global environmental, economic and social challenges have caused setbacks for sustainable development. Enabling governments and institutions to tackle these interconnected challenges and design policies with multiplier effects across the SDGs is imperative to urgently accelerate progress towards the SDGs.

The OECD and its Members play a critical role in identifying and supporting progress on the SDGs. Given their potential global impact, it is increasingly important that OECD countries' policies take into account their effects on non-Member countries, in particular on developing countries. The context of interlinked global crises and geopolitical tension provides Members with a strong political argument for giving more substantial consideration to developing countries in their policymaking. A renewed commitment to accelerated, sustained and transformative action for global sustainable development will be critical to create the conditions for achieving the 2030 Agenda for Sustainable Development and the SDGs in all countries.

Policy coherence for sustainable development (PCSD) offers a way to equip governance and institutions for sustainable transformation. There is significant yet untapped potential for making simultaneous progress across the SDGs. Applying PCSD to strengthen government capacities for an integrated and coherent approach to policy making can ensure that policies across sectors and levels of government are mutually reinforcing in pursuing sustainable development.

The OECD Recommendation on Policy Coherence for Sustainable Development is a comprehensive instrument. The Recommendation was adopted by the OECD Council in 2019 and responds to the universal commitments made under the 2030 Agenda and the SDGs. Covering all dimensions of policy making – from the need for political commitments and to tools for monitoring and reporting implementation – it equips policymakers with the institutional mechanisms and policy tools to promote coherent policies for sustainable development.

This Report takes stock of the progress made in the implementation of the OECD Recommendation on Policy Coherence for Sustainable Development by its Adherents in the last five years. This report provides the first, systematic assessment of the current state of implementation of PCSD by Adherents to the OECD Council Recommendation. Data was collected over 2023-24 primarily through questionnaires to Adherents and complemented by OECD DAC Peer Reviews. The analysis presented herein indicates that, while Adherents have made continued efforts to implement the Recommendation, significant challenges remain.

Key findings

Most countries that have adhered to the Recommendation have laid a strong foundation for PCSD through political commitment, strategic vision and stakeholder engagement. Within the last five years, most countries adhering to the Recommendation have published statements that define a high-level commitment to PCSD, for example, via national sustainable development strategies. This progress can be further enhanced by explicitly committing to considering the transboundary impacts of policies on sustainable development at all stages of policymaking, making greater use of tools for long-term planning such as strategic foresight, and by more effectively engaging marginalised and vulnerable groups in both policy coherence and sustainable development efforts.

Government co-ordination mechanisms have been strengthened to enhance PCSD, but to a lesser degree. While many countries have taken action to enhance whole-of-government co-ordination and communication for sustainable development since adherence to the Recommendation, fewer actions have been taken to support the arbitration of policy divergences and to anticipate potential transboundary impacts of policies.

The most significant gaps in efforts to enhance PCSD are those that require the development of tools to assess and address policy impacts. A key area with noticeable gaps is the monitoring and reporting of transboundary impacts, which is crucial for informing decision making and adjusting policies based on their potential impact. A similar gap can be found in the use of policy planning mechanisms and tools to integrate sustainable development into policy and finance, such as the budgeting process. These gaps correspond with challenges reported by Adherents in the availability of data and evidence and technical capacity for assessing and addressing transboundary impacts.

Integrating transboundary impacts into policymaking remains a particularly challenging area. While some Adherents have committed to considering the transboundary impacts of policies in legal and political frameworks, relatively few have identified priority issues for policy coherence for development and developed dedicated strategies or action plans to translate their commitments into action. Adherents highlight insufficient political support as a key challenge.

The Recommendation has been widely disseminated by the OECD, Adherents and other international organisations and stakeholders. The whole-of-government approach underpinning the Recommendation benefits from engagement across OECD policy communities to support Adherents in developing coherent policymaking processes. There is nevertheless room to further enhance collaboration across the OECD and outreach to non-Members to bolster both national and international efforts to improve policy coherence for sustainable development.

The multifaceted nature of recent global crises reinforces the relevance of the Recommendation. The COVID-19 pandemic, climate change, biodiversity loss and pollution, and the escalation of regional conflicts have brought into sharp relief the interconnectedness of different policy areas, the possible synergies and trade-offs that need to be managed within countries and across borders, and the impacts on future generations. At the same time, underlining the need to address transboundary impacts more effectively, Adherents called for the OECD to increase its support for their implementation efforts and to lead by example, including through greater cross-organisational collaboration and co-ordination.

The OECD continues to support Adherents and the international community in their efforts to enhance policy coherence for sustainable development. This support includes continuous dissemination of evidence, experiences and lessons learnt, with a focus on sharing good country practices, tools, and solutions that enhance PCSD. The OECD also supports efforts to build technical capacity within public administrations as well as data availability, methodologies and tools for assessing policy impacts on sustainable development with a specific emphasis in increasing understanding on the impacts of policies on developing countries.

1 Background

History and context

The 2030 Agenda for Sustainable Development ("2030 Agenda") adopted by all United Nations (UN) Member States in 2015 calls for enhancing policy coherence. The 2030 Agenda states that the Sustainable Development Goals (SDGs) are indivisible, and that they balance the economic, social and environmental dimensions of sustainable development. It also calls for no one to be left behind. To help make progress toward this balance, the SDGs include Target 17.14, which calls on all countries to enhance policy coherence for sustainable development (PCSD) as an essential means of implementation for all the SDGs.

Since the adoption of the 2030 Agenda, the OECD has been working on aligning its approaches to policy coherence with the principles and integrated nature of the 2030 Agenda and the SDGs. It has developed tools and guidance for implementation in collaboration with the European Union, the UN and its specialised agencies, and other stakeholders. Notably, it is collaborating with the UN Environment Programme and OECD Members to develop methodologies for tracking progress on policy coherence at the global and national levels. In this context and to respond to the growing demand by OECD Members and non-Members to deal with the "how" of coherent 2030 Agenda implementation, the OECD Council in 2019 adopted the revised Recommendation on Policy Coherence for Sustainable Development [OECD/LEGAL/0381] (hereafter "the Recommendation").

Purpose and scope of the Recommendation

The Recommendation provides Adherents (the Members and non-Members having adhered to the Recommendation)[1] with a comprehensive standard to equip policy-makers with the necessary mechanisms and tools to address economic, social and environmental priorities in an integrated manner. The primary focus is on the enablers that are essential to improve governments' ability to implement complex and integrated agendas, notably the 2030 Agenda and SDGs.

The Recommendation then sets out eight principles structured around three main pillars. Specifically, it recommends that Adherents: 1) develop a strategic vision for achieving the 2030 Agenda and the SDGs in an integrated and coherent manner; 2) develop effective and inclusive institutional mechanisms to address policy interactions across sectors and align actions among levels of government; and 3) develop a set of responsive tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies to advance SDGs.

Figure 1.1. Eight principles for enhancing PCSD

Source: (OECD/EC-JRC, 2021[1])

The eight principles and related actions refer to institutional structures, policy-making processes as well as working methods in public administrations, which have proven conducive to higher degrees of policy coherence in governments from different political and administrative traditions. They are mutually supportive and the Recommendation outlines efforts and actions that should be made in each area in order to enhance PCSD:

Box 1.1. 3 Pillars and 8 Principles of the Recommendation

I. Strategic vision for implementing the 2030 Agenda underpinned by a clear political commitment and leadership to enhance policy coherence for sustainable development.

1. Building a strong, inclusive political commitment and leadership at the highest political level;
2. Defining, implementing and communicating a strategic long-term vision that supports policy coherence; and
3. Improving policy integration to better incorporate sustainable development into policy and finance.

II. Effective and inclusive institutional and governance mechanisms to address policy interactions across sectors and align actions between levels of government.

4. Ensuring whole-of-government co-ordination to identify and mitigate divergences between sectoral priorities and policies;
5. Engaging appropriately sub-national levels of government in areas where they have a role in policy co-ordination to promote co-ordinated actions; and
6. Engaging stakeholders effectively to sustain broader support for PCSD and its implementation.

III. A set of responsive and adaptive tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies.

7. Analysing and assessing policy and financing impacts; and

8. Strengthening monitoring, reporting and evaluation systems to collect qualitative and quantitative evidence on this impact of policies and financing, and report progress on PCSD.

Source: OECD, Recommendation on Policy Coherence for Sustainable Development, OECD/LEGAL/0381

Recognising that there is no one-size-fits-all approach to PCSD when implementing the Recommendation, Adherents are encouraged to adapt their actions in a way that matches their specific national realities.

An overview of developments

The current global context of multiple, overlapping crises has underscored the need to strengthen whole-of-government approaches to managing systemic challenges, including through greater policy coherence. Years of sustainable development gains are being reversed. At the midpoint of the implementation of the 2030 Agenda for Sustainable Development, the world is falling short of meeting most of the SDGs by 2030. Recent findings from the UN's Global Sustainable Development Report (2023) indicate that incremental and fragmented change is insufficient to achieve the 2030 Agenda and SDGs, but also that the potential for making simultaneous progress on the goals is high and not yet fully tapped. The UN report states that, given the diversity of the SDGs and their specific targets, an integrated and coherent approach to implementation is critical.

There is also a growing expectation that OECD policies consider the effects on non-Members. Given the broad array of tools and policy levers that OECD policy work covers – for example, on public governance, regulatory policy, taxation, trade, artificial intelligence and digitalisation, agriculture, and climate finance and the environment – the OECD and its Member countries have a critical role in identifying and supporting progress on the SDGs based on their mutual interest in global stability.

A renewed recommitment to accelerated, sustained and transformative action for sustainable transformation will be critical to create the conditions in which implementation of the 2030 Agenda for Sustainable Development can more readily be achieved.

Purpose of the Report

This Report provides an overview of the implementation and dissemination of the Recommendation across Adherents based on collected data, as well as conclusions regarding its continued relevance.

References

OECD/EC-JRC (2021), *Understanding the Spillovers and Transboundary Impacts of Public Policies: Implementing the 2030 Agenda for More Resilient Societies*, OECD Publishing, Paris/European Union, Brussels, https://doi.org/10.1787/862c0db7-en. [1]

Notes

[1] Currently all OECD Members as well as Romania. Current OECD Members: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, United Kingdom, United States.

2 Implementation

The following section summarises key findings on how Adherents are implementing each of the eight principles and their relevant actions set out in the three main pillars of the Recommendation. Data gathered through the questionnaire on progress against each action is presented in a chart, with additional analysis, evidence and illustrative examples summarised below.

For the purpose of this Report, each pillar of the Recommendation is assessed in turn. However, it is important to note that the eight principles put forth by the Recommendation are mutually supportive and hold equal importance (Box 2.1). To achieve consistent progress towards policy coherence for sustainable development it is crucial that Adherents make best efforts to implement the Recommendation in its entirety.

Box 2.1. Good practice example: Implementing the PCSD Recommendation in its entirety

A number of Adherents have made efforts to implement the Recommendation in a holistic way. Going forward, these country practices will act as valuable examples for assessing and demonstrating how PCSD implementation can further be strengthened.

Italy: Efforts to implement the Recommendation in its entirety

Italy has developed a range of initiatives to implement the Recommendation in a holistic way. These include, but are not limited to:

Pillar 1: Vision and leadership

- The National Action Plan on Policy Coherence for Sustainable Development, and territorialisation of the Plan at the regional level (Box 2.3).
- Policy coherence tools such as coherence matrixes and fiches (Box 2.5).
- Wellbeing indicators for assessing the Economic and Finance Document (EFD), assessed in an annual report on equitable and sustainable well-being, and further SDG tagging.
- Institutional collaborations to give evidence to the potential contribution of the National Recovery and Resilience Plan (NRRP), as well as of the 21/27 Cohesion Policy Partnership Agreement, to the achievement of sustainability objectives.

Pillar 2: Co-ordination mechanisms

- Development cooperation strategies, drafted in co-ordination with all central public administrations, as well as representatives from local administrations, civil society organisations (CSOs) and the private sector, provide guidance for the external action of all actors.
- Multilevel governance for aligning national and subnational implementation of the SDGs (Box 2.10).
- The development of a Global Citizenship Education Action Plan.
- The establishment of the National Forum for Sustainable Development.

Pillar 3: Policy impacts

- The development of a monitoring system for the Italian National Sustainable Development Strategy (Box 2.14).

2.1. Pillar 1: Vision and Leadership

The first pillar of the Recommendation focuses on the development of a strategic vision for PCSD:

2.1.1. II. RECOMMENDS that Adherents develop a strategic vision for achieving the 2030 Agenda and the SDGs in an integrated and coherent manner […]

Pillar 1 is structured around three principles that set out the fundamental efforts needed for a strategic vision to achieve the 2030 Agenda, in particular: mobilising whole-of-government action, supporting present needs and those of future generations, capitalising on synergies and addressing trade-offs.

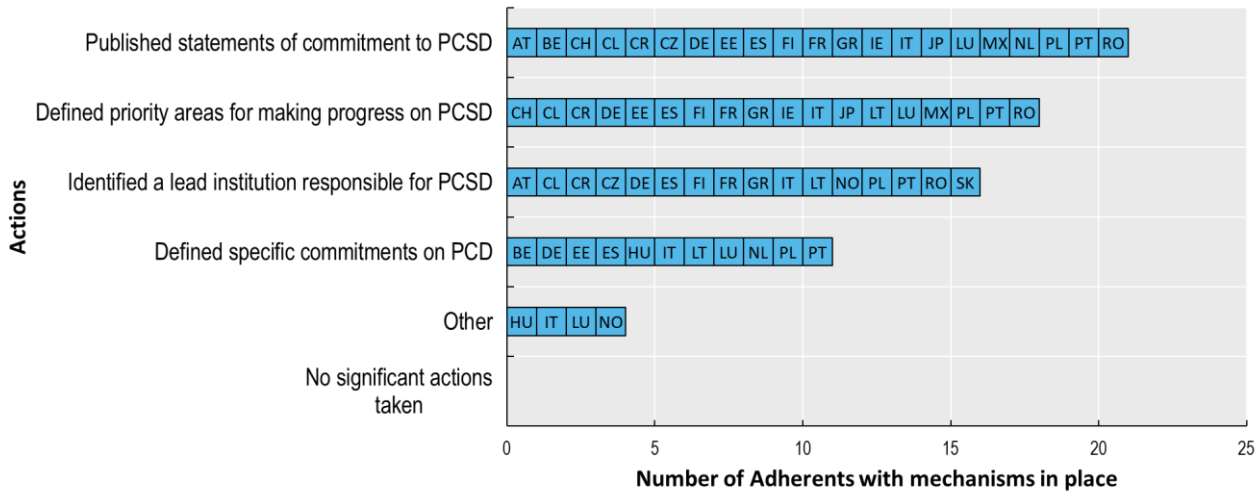
Principle 1: Building a strong, inclusive political commitment and leadership at the highest political level.

Commitment by the political leadership, clearly and publicly expressed, is a necessary precondition to enhance policy coherence. Given the potential for conflict among various interests and priorities both in the public and private sectors, strong political leadership is needed to shape national debate and arbitrate policy change and to pursue a common whole-of-government agenda on sustainable development. Political leadership should be backed by policies, instructions and incentives that translate commitment into action.

The Recommendation states that Adherents should, as appropriate:

- Enhance whole of government approaches to PCSD by defining priority areas, time-bound action plans and key performance indicators for making progress on PCSD and communicating results to the public;
- Systematically apply a poverty, gender and human rights perspective to PCSD frameworks in line with the 2030 Agenda ambition of ending poverty in all its forms everywhere, empowering all women and girls and achieving gender equality;
- Introduce measures to promote PCSD within government structures so that commitment to PCSD outlives electoral cycles and changes in government, cabinet compositions or government programmes, including identifying a lead institution, responsible for promoting, overseeing and implementing PCSD;
- Build leadership capacity in the public service to consistently formulate, implement, and monitor policies coherent with sustainable development in across sectors.

Figure 2.1. Building political commitment to foster action for PCSD: Implementation by Respondents



Note: 25 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Within the last five years, 84% of Respondents report having published statements that define the government's commitment to PCSD (Figure 2.1). Sustainable Development Strategies and Plans are the most common vehicles for these statements. The ways in which statements are included in Sustainable Development Strategies and Plans varies, ranging from dedicated sections on coherence, such as the specific reference to the Recommendation made in Canada's 2030 Agenda National Strategy (Government of Canada, 2021[1]), to more general descriptions of a coherent approach to sustainable development. For example, Chile's strategy for the Implementation of the 2030 agenda envisages advancing "towards sustainable and inclusive development, where the social, environmental and economic dimensions will be balanced, in a context of peace, justice and collaboration, generating better economic living conditions for current and future generations".

Alternative forms of high-level commitment, cited by a few Respondents include Resolutions by their respective legislative and/or executive bodies and legal frameworks. In Portugal, the Resolution of the Council of Ministers no. 5/2023, of 23 January, establishes a new inter-institutional co-ordination mechanism that positions monitoring of the 2030 Agenda within the Presidency of the Council of Ministers (Government of Portugal, 2023[2]). This Resolution therefore establishes the institutional framework and mandate for initiating a PCSD approach across institutions. Belgium's commitment is represented by a strong legal framework on sustainable development, extending back to 1997 (Institut fédéral pour le Développement durable (IFDD), n.d.[3]). In 2023, Italy's Inter-ministerial Committee for Ecological Transition (CITE) approved the National Action Plan on Policy Coherence for Sustainable Development (PCSD NAP) (OECD, 2022[4])to be used as an enabler and catalyst for the National Sustainable Development Strategy, The PCSD NAP holds a specific significance as it is a key strategic, internally approved, document that has fully embedded the entire set of pillars and principles of the OECD Recommendation which is the reference and guiding framework for implementing Agenda 2030 and its SDGs at internal level. It connects the key thematic strategies, including European financial and investment programming processes such as the NRRP and the cohesion funds, while also promoting an integrated and transversal approach across the SDGs and across levels, also engaging with civil society and non-state actors.

More than a third of Respondents (44%) have in place or have maintained a dedicated commitment to consider the transboundary impacts of policies on developing countries. As a positive example, Belgium has integrated a commitment to PCSD in its Federal Plan for Sustainable Development that explicitly references effects on developing countries (Government of Belgium, 2021[5]), while Italy's PCSD action plan strengthened the commitment and mechanisms on transboundary impacts, building on its 2014 law on development co-operation (OECD, 2022[4]) Spain (2023) has reaffirmed its commitment in new legislation on development co-operation, through a dedicated article that stresses the need to consider the impact of domestic policies on developing countries and help ensure public policies contribute to sustainable development goal, in addition to a section of the Spanish Sustainable Development Strategy 2030 that describes the need for the identification of unwanted policy effects that could erode the balance between the three dimensions of sustainability, or generate unwanted impacts outside national borders (Jefatura del Estado, 2023[6]). Sweden's Parliament has stated that "Sweden is to implement the 2030 Agenda for economically, socially and environmentally sustainable development by pursuing policy coherence nationally and internationally" (Government Offices of Sweden, 2021[7]). Korea's approach to PCSD is governed by the 2022 Framework Act on Sustainable Development and its enforcement decree, which contain cross-government commitments. The Framework Act explicitly stipulates that "The environment and social justice of other countries shall not be undermined for the sake of economic development of the Republic of Korea, and international cooperation shall be enhanced to achieve the Sustainable Development Goals at the global level".

A few Respondents have identified priority issues for understanding and addressing the potential transboundary impacts of national policies and legislation. In 2023, the Dutch government adopted its third actions plan defining policy areas, objectives and actions and providing a basis for accountability to parliament (Government of the Netherlands, 2022[8]). The Netherlands' first priority is reducing its global trade, production and consumption footprint. Switzerland has identified a similar priority in its sustainable development strategy, while Japan's sustainable development strategy prioritises responsible business conduct as a transboundary coherence challenge. Belgium and Poland have equally identified priority issues for transboundary impacts. Poland's five priority policy coherence for development areas as of 2023 include curbing illicit financial flows, illegal trade in endangered plant and animal species, and implementation of corporate social responsibility standards (Ministry of Foreign Affairs, 2022[9]).

Recent global crises have raised political attention on the need to address transboundary spillover effects of policies. Drawing on the lessons from the COVID-19 pandemic, a number of Adherents such as France adopted new global health strategies that recognise the interlinkages between domestic and international health efforts (Government of France, 2023[10]). Knock-on effects of Russia's war of aggression against Ukraine on global food and energy security, especially in developing countries, have also been high on the agenda of multilateral fora from the OECD to G20 and the UN. The European Parliament made the link to policy coherence for development explicit in a 2023 Resolution: it highlighted that the "impacts of the COVID-19 pandemic, Russia's illegal invasion of Ukraine and its consequences, including a severe energy crisis, the refugee crisis, global debt distress and threats to food security and biodiversity, as well as climate change", "further increase[s] the need for effective implementation of PCD" and called on all European Union (EU) institutions and EU Member States to take action for a step change in the implementation of PCD (European Parliament, 2023[11]).

To address a key constraint for commitments at national level, Adherents promote collective commitments at the international level. Committing to policies that take into account transboundary impacts is often impeded by the fact that other countries may benefit from not applying the same approach. Adherents therefore use their diplomatic engagement to help set joint standards, which drive collective action, increase shared benefits and decrease risks of free-riding. Adherents often join forces with non-OECD Members. For example, the High Ambition Coalition for Nature and People, chaired by Costa Rica and France, brings together more than 100 countries. Their engagement has been critical to promote legally binding agreements for greater biodiversity protection through the Global Biodiversity Framework (adopted

in 2022, in the framework of the UN Convention on Biological Diversity) and the UN High Seas Treaty (adopted in 2023). Working towards a binding agreement to end plastic pollution, Japan, Peru and Rwanda brought about a Resolution of the UN Environment Assembly in 2022 (United Nations Environment Programme, 2022[12]). The Netherlands specifically includes multilateral advocacy in its PCD action plan (Government of the Netherlands, 2022[8]).

More than half of Respondents (64%) identify the existence of a lead institution responsible for promoting policy coherence within their governments (Figure 2.1), although the type of institution reported varies considerably, along with the extent of their mandate for PCSD implementation. Amongst Respondents with a lead institution for promoting PCSD, some refer to institutions established before 2019, many of which have a more general role in co-ordinating the implementation of Agenda 2030. The extent to which the transboundary impacts of policies is considered within these bodies also varies considerably.

The majority of Respondents name institutions with broader roles related to sustainable development as leads on PCSD. In some cases, this falls under the work of specific ministries, such as in Lithuania, where the Ministry of Environment together with Ministry of Foreign Affairs are responsible for promoting PCSD, or Spain where the promotion of PCSD is led by two ministries: the Ministry of Foreign Affairs, European Union and Cooperation, and the Ministry of Social Rights, Consumer Affairs and Agenda 2030. Several Adherents refer to institutions responsible for the 2030 Agenda, for example, Chile's National Council for the Implementation of the 2030 Agenda for Sustainable Development. Korea's National Council on Sustainable Development has been assigned as the lead institution for PCSD, and the 2022 revision of the Framework Act elevated the National Council on Sustainable Development to a Presidential Council. The Council is mandated to evaluate national sustainability every two years. Previously under the Ministry of Environment, the National Council is to be under the direct oversight of the President's office, reflecting the willingness to attach greater importance to PCSD. If there is a dedicated mandate for transboundary impacts, it is generally assigned to foreign ministries such as in Canada and Lithuania.

Box 2.2. Good Practice Examples: Lead institutions responsible for PCSD

Japan: SDGs Promotion Headquarters

In May 2016, the Government of Japan established the SDGs Promotion Headquarters in order to effectively achieve the SDGs. Headed by the Prime Minister, the Headquarters act to ensure a whole-of government approach and aims to take a lead in implementing the SDGs both domestically and internationally.

The work of the SDG Promotion Headquarters includes: analysis of efforts to date; assessment of the current situation; identification of priority areas for action, including a strong focus on domestic actions; assignment of measures for ministries and agencies to implement; and follow-up and review.

In December 2016, the "SDGs Implementation Guiding Principles" were decided after the "SDGs Promotion Roundtable Meeting" that involved discussion between a wide range of stakeholders.

On March 17, 2023, Prime Minister Kishida held the 13th meeting of the Sustainable Development Goals (SDGs) Promotion Headquarters at the Prime Minister's Office. At the meeting, the participants discussed the "SDGs Action Plan 2023" and award winners of the sixth Japan SDGs Award.

Spain: The strategic role of two ministries in promoting policy coherence for sustainable development

In Spain, the promotion of PCSD is led by two ministries: the Ministry of Foreign Affairs, European Union and Cooperation, and the Ministry of Social Rights, Consumer Affairs and Agenda 2030.

The Ministry of Foreign affairs, European Union and Cooperation, as per article 17.b) of the Royal Decree 267/2022, of April 12, is tasked with fostering the coherence of international cooperation policies for sustainable development of all public administrations and other Spanish cooperation actors within the framework of the 2030 Agenda. This responsibility is carried out by the General Directorate of Sustainable Development Policies in close coordination with the Ministry of Social Rights, Consumer Affairs and Agenda 2030.

On the other hand, the General Directorate for Agenda 2030, which is part of the Ministry of Social Rights, Consumer Affairs and Agenda 2030, has a different set of responsibilities. As outlined in article 11.1 i) of the Royal Decree 209/2024, of February 27, this Directorate is responsible for promoting the implementation of actions to guarantee PCSD in Spain, as a fundamental principle for achieving the 2030 Agenda. In line with the recommendations of the UN and OECD, the Directorate's work is to integrate the international dimension of PCSD. This is done in close collaboration with the Ministry of Foreign Affairs, European Union and Co-operation.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development; (OECD, 2020[13]), OECD Development Co-operation Peer Reviews: Japan, https://doi.org/10.1787/b2229106-en (Government's Efforts | Japan SDGs Action Platform | Ministry of Foreign Affairs of Japan (mofa.go.jp))

In some cases, Respondents report that the institutions responsible for general co-ordination across government can also be considered their lead on PCSD. Examples include the General Secretariat of Coordination (GSCO) of the Presidency of the Government in Greece and Romania's Directorate for Coordinating Policies and Implementing Projects (DCPIP) within the General Secretariat of the Government (GSG), which works with the Department of Sustainable Development on PCSD. Finland's Prime Minister's Office, which is responsible for societal policy planning and issues that do not fall within the mandate of any other ministry, leads on PCSD in practice if not with legislative authority, for instance through planning and chairing the weekly meetings of permanent secretaries of state, and by supporting the Prime Minister in inter-ministerial co-ordination.

A few Respondents also report approaching PCSD and the SDGs through a whole-of-government or bottom-up approach, as opposed to through a single lead institution. Ireland has adopted a whole-of-government approach for implementation of the SDGs, with each Minister having specific responsibility for implementing individual SDG targets related to their Ministerial functions. In Austria, ministerial law does not define a lead institution. Instead, all ministries are involved and a bottom-up approach is used to manage synergies and trade-offs across different policy areas. Switzerland reports that it's federal and decentralised structure of government means that PCSD presents a significant challenge, but notes that mechanisms embedded within this structure can be used to address this. For example, the Federal Council ensures consistency in its own decision-making through systematic, formal, consultations across all federal department and offices, and consolidation of positions for every decision it takes.

The majority of Respondents (72%) report having defined priority areas and objectives for enhancing PCSD as called for by the Recommendation. Responses fall into two main groups: priority areas for PCSD progress (Box 2.3), or more general sustainable development objectives. Examples of the latter include objectives set in national sustainable development strategies.

Box 2.3. Good Practice Examples: Enhancing whole of government approaches to PCSD through priority areas and action plans

Finland: Report on the Implementation of Agenda 2030

Finland's Government Report on the Implementation of the 2030 Agenda sets out Government Programme objectives and actions to promote the achievement of SDG 17 (Government of Finland, 2020[14]). Under Policy coherence, partnerships and generation of data, the report states that:

"The Government will draft guidelines applicable across parliamentary terms for the various sectors in order to promote policy coherence and effectiveness supportive of development and will carry out reforms that will improve the results and effectiveness of development cooperation.

A strong partnership will be built between CSOs and central government with a view to reducing inequality. The practices in various administrative branches for granting discretionary government transfers to organisations will be examined and harmonised where appropriate. The principles governing this work will be respect for the autonomy of CSOs with a view to reducing bureaucracy and securing long-term sustainability and predictability, equal treatment of organisations, and openness and transparency."

Ireland: National Implementation Plan for the Sustainable Development Goals

Ireland's National Implementation Plan for the SDGs (2022 – 2024) sets out Ireland's whole-of-government approach to implementing Agenda 2030 (Government of Ireland, 2022[15]). Strategic Objective 1 outlines the ambition to embed the SDG framework into the work of Government Departments to achieve greater Policy Coherence for Sustainable Development. Implementation of the Plan benefits from cross-departmental co-ordination structures including the SDG Senior Officials Group, SDG Inter-departmental working group and the SDG policy map.

Italy: The National Action Plan on Policy Coherence for Sustainable Development

Italy's National Action Plan on Policy Coherence for Sustainable Development (PCSD NAP) was developed in accordance with the 2019 OECD Recommendation on Policy Coherence for Sustainable Development (PCSD). It forms part of the National Sustainable Development Strategy's (NSDS) approved by the Interministerial Committee on Ecological Transition in 2023 under the Italian Presidency of the Council of Ministers.

The NAP is strongly oriented toward enhancing co-ordination in the public administration, to more effectively and inclusively mainstream sustainable development across policy sectors and levels of government, while taking into account the impact of domestic policies on developing countries. It provides institutional co-ordination mechanisms and tools to enact the whole-of-government, multi-level and whole-of-society approach. Its implementation will allow for the reinforcement of the policy-cycle in terms of policy integration across sectors and programming processes (including National Recovery and Resilience Plan, Cohesion Funds, and development cooperation policies) as well as in terms of aligning different monitoring frameworks to facilitate more efficient and effective policy impact evaluation. It is also designed to allow for the empowerment of public officials by creating joint and shared modalities of work.

The PCSD Action Plan results from the project "Policy Coherence for Sustainable Development: mainstreaming SDGs in the Italian Decision Making" launched in 2020, funded by the Technical Support Instrument (TSI) of the European Commission, and implemented by the Ministry of Environment and Energy Security in close collaboration with the OECD. The actions included in the NAP are the result

of over forty multi-stakeholder consultations held since 2020 with central and territorial public administrations as well as the adherents to the National Forum for sustainable development.

The NAP contains the Italian long-term vision to implement the 2030 Agenda in the context of the NSDS.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development; (OECD, 2022[4]) Italy's National Action Plan for Policy Coherence for Sustainable Development, OECD Publishing, Paris, https://doi.org/10.1787/54226722-en.

Insufficient political commitment and the enforceability of PCSD measures were reported as notable challenges in promoting PCSD by Respondents. Limited enforceability of PCSD measures ranked as the 2nd[1] most identified challenge (45% of Respondents)[2], and insufficient political commitment for PCSD at the highest levels of government ranked 3rd (41% of Respondents)[2].

As a whole, principle one on political commitment and leadership is implemented to a relatively high level across Respondents. In the last five years, Respondents have implemented principle one to an overall level of 66%. The strongest of these are written statements of commitment and the definition of priority areas, and the weakest is the definition of specific commitments on PCD.

A wide variety of different examples have been submitted as evidence of implementation. In part, this reflects the strong link between political commitment and leadership and the different national legal, policy, and institutional frameworks of respective Adherents. However, this is also as a result of different interpretations of what constitutes a commitment to PCSD: some Adherents focus on explicit mention of PCSD, whilst others take this as a given within broader commitments to sustainable development.

However, insufficient political commitment to integrate transboundary impacts in policymaking is a particular concern. Such a commitment can be highly valuable in raising awareness and mobilising governmental and societal stakeholders, as transboundary impact often receives less attention in domestic policy making. Good practice from adherents provides useful examples for other adherents to ensure that they seize opportunities for anchoring such a commitment in the future, notably when developing new or updating existing sustainable development strategies as well as development co-operation legislation and policies.

Where the Ministry of Foreign Affairs (MFA) has a role in whole-of-government implementation, the transboundary dimensions of the Recommendation are more likely to be considered. In some contexts, situating responsibility for implementation of the SDGs and/or PCSD at the centre of government can support greater cross-government buy-in and co-ordination. At this same time, without a clear role for the MFA in this, it can also be more difficult for foreign policy considerations to influence central government decision making where trade-offs need to be worked through. In this regard, the Recommendation's principle on political commitment and leadership is clearly critical to ensuring that the mechanisms and institutional leadership arrangements selected by a country can function effectively.

Principle one on building political commitment and leadership is one of the more accessible principles of the Recommendation, in terms of the capacities and resources required for its implementation. However, there is room to build on good practice to strengthen meaningful and explicit leadership on and commitment to enhance policy coherence for sustainable development. In particular, this might concern the work of lead institutions as a key lever for the strengthening of PCSD.

Principle 2: Defining, implementing and communicating a strategic long-term vision that supports policy coherence.

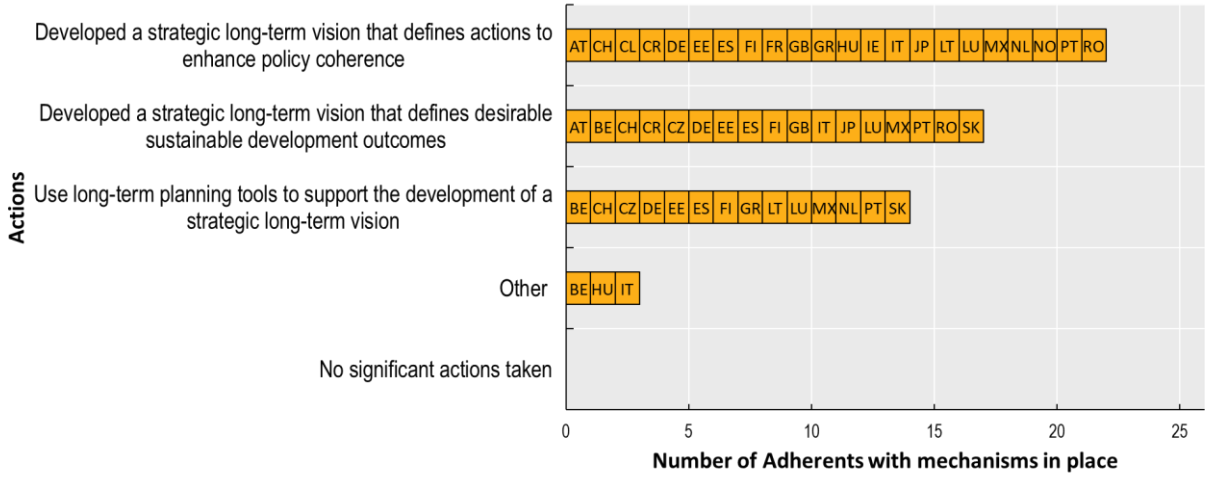
Principle two of the Recommendation highlights the importance of planning for the future to make informed policy choices, and for recognising the potential for interaction between external and domestic policies

Successfully achieving the SDGs will entail acknowledging that the well-being of future generations depends on the stock of assets left behind by the previous generations, including economic capital (physical, knowledge, financial), natural capital (energy and mineral resources, land and ecosystems, water, air quality and climate), human capital (labour, education, and health) and social capital (trust and institutions). A strategic long-term vision and planning horizons are essential to ensure that efforts on SDG implementation go beyond electoral cycles, government programmes and cabinet compositions. In this regard, PCSD also provides an important link between the SDGs and the protection of global public goods.

The Recommendation provides that Adherents should, as appropriate:

- Develop a strategic long-term vision that defines desired sustainable development outcomes, scenarios and actions to enhance coherence across sectors and government levels, and between external and domestic policies in areas that are likely to affect developing countries;
- Use existing tools such as strategic foresight, scenario development and systems thinking approaches in the formulation and implementation of policies, to identify, prevent and mitigate actual and potential adverse impacts on the wellbeing and sustainable development prospects of future generations.

Figure 2.2. Defining a long-term strategic vision that supports policy coherence: Implementation by Respondents



Note: 26 Respondents (The 25 original respondents plus the UK)
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

The majority of Respondents (85%) report having developed a strategic long-term vision within the past five years that defines actions to enhance policy coherence. These long-term visions are reflected in national sustainable development strategies, strategies for the implementation of the 2030 Agenda, or National Action Plans on different policy areas. For example, the Greek Government has endorsed a number of National Action Plans and Strategies that mainstream, in an integrated manner, the principle of leaving no one behind in public policies and reform measures, placing emphasis on targeted measures with an impact on future generations. Mexico's National Development Plan 2019-2024 is another example of policy planning as a tool for coherent policy making.

Some Respondents have defined long-term strategic visions or goals that extend to the 2050 timeframe. For example, Spain's National Office of Foresight and Strategy has produced a report on Spain

2050: Rationale and proposals for a National Long-Term Strategy. In general however, examples are more varied and tend to focus on more specific thematic areas than the 2030 sustainable development strategies noted above. As G20 president, Japan promoted efforts to reduce additional pollution by marine plastic litter to zero by 2050. Portugal's Roadmap to Carbon Neutrality has the objective of analysing alternative trajectories that will allow the Portuguese economy to reach carbon neutrality by 2050.

Just over half of Respondents (54%) report the use of long-term planning tools, and a number of these have submitted detailed good practice examples (Box 2.4). Examples of effective practices in the use of long-term planning tools, limited to a smaller number of countries, suggest that this is an area that could benefit strongly from the sharing of good country practices.

Box 2.4. Using long-term planning tools to enhance coherence in the formulation and implementation of policies

Spain: The National Office for Strategic Foresight

Spain's National Office of Foresight and Strategy aims to better understand the future through the analysis of empirical evidence and the study of megatrends such as climate change, digitalisation and demographic ageing.

The Office has produced 'Spain 2050', a collective intelligence and strategic foresight exercise that pursues two goals:

1. To improve understanding of the social, economic and environmental challenges and opportunities that Spain will face in the coming decades.
2. To generate, through a multi-stakeholder discussion, a shared vision of the country that guarantees the prosperity and well-being of citizens in the coming decades.

Finland: Tools for long-term planning

- Finland reports the use of a number of tools for long-term planning. For instance, strategic foresight, which is aa permanent function at the Prime Minister's Office (PMO).
- Scenario development is also used. For example, the Government prepares a report on the future to the Parliament each parliamentary term. This Report on the Future forms the basis for dialogue on the future between the Government and Parliament, and its task is to identify issues that are important for decision-making and require special attention in the future. The first part of the Report on the Future, scenario work for the next generations of Finland, charts social, technological, economic, environmental and political changes, related uncertainties and alternative development paths for the future both in Finland and in the international operating environment.

Greece: The Special Secretariat for Strategic Foresight

The Greek Government established in 2022, within the Presidency of the Government, the Special Secretariat for Strategic Foresight tasked with identifying and exploring potential future challenges, trends, risks and opportunities for the country. With a portfolio currently covering the environment and sustainable development, artificial intelligence and robotics, energy as well as international relations and geopolitics, the Special Secretariat for Strategic Foresight supports significantly and inform the long-term strategic planning and decision-making process of the Government through the provision of useful information and data on forward-looking issues closely related to sustainability and the economic, social and institutional resilience of the country.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Some Adherents also use foresight analysis to inform their policies towards developing countries. For instance, Agence Française de Développement, the French development agency, has drawn on foresight analysis to inform France's active engagement on financing for sustainable development, including through the Summit on a New Global Financing Pact in 2023. Similarly, the German Federal Ministry for Economic Cooperation and Development (BMZ) has used foresight analysis in preparing its new Africa strategy, and the Swedish International Development Cooperation Agency (Sida) has used it for adjusting its work in areas such as digitalisation, finance for sustainable development and future partnership with developing countries.

Principle two of the Recommendation is implemented to a relatively high level across Respondents. Respondents have implemented principle two to an overall level of 68%. This number is bolstered in large part by documents relating to the implementation of Agenda 2030 or more general sustainable development plans.

However, only 36%[3] of Respondents reported that adherence to the Recommendation had promoted noticeably greater consideration of impacts on future generations. These results suggest that the second Principle would benefit from greater focus within the OECD as in Adherents. This lack of specific focus is evidenced by the low number of strategic plans reported that go beyond the implementation of Agenda 2030, both in terms of subject matter and timeframe.

Results also suggest that more can be done to ensure a meaningful implementation of the Recommendation, despite the relatively high engagement with the individual actions set out under principle two. The aim is to promote a greater consideration of policy impacts on future generations, which would involve analysis and strategies more explicitly focused on inter-generational coherence, and set to timeframes that extend beyond 2030. This might be achieved through greater use of tools for long-term planning such as strategic foresight, building on the good practice examples submitted.

Principle 3: Improving policy integration to better incorporate sustainable development into policy and finance.

Principle three of the Recommendation focuses on the necessary mechanisms to steer policy integration across the government. A coherent approach to sustainable development demands sustained efforts to improve the alignment of policies towards common goals and integration of sustainable development across sectoral policies and levels of government, and to foster consistency in the choices made by the various stakeholders. Policy integration is central to balancing diverse economic, social and environmental priorities, to maximising synergies and managing trade-offs at all stages of policymaking, and to ensuring that national and sub-national goals are aligned to achieve the SDGs.

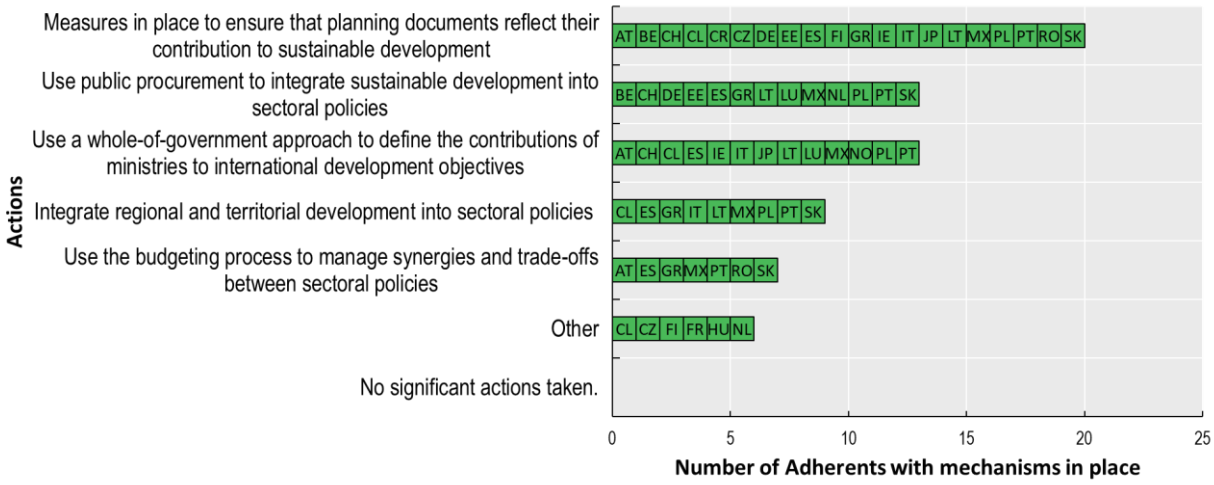
The Recommendation provides that Adherents should, as appropriate:

- Make strategic use of policy planning mechanisms and tools, including the budget process and public procurement, to manage synergies and trade-offs and integrate sustainable development into sectoral policies;
- Incorporate a PCSD lens, as appropriate, into national development plans, sustainable development strategies, and financing plans and develop supporting tools, such as guidelines or regulations, as well as co-ordination mechanisms for ministries and government agencies to align their mandates, policies and sectoral objectives with broader sustainable development goals;
- Integrate regional and territorial development into sectoral policies to achieve greater synergies with long-term strategic planning for the implementation of the SDGs;

- Take a whole-of-government approach to development policy and finance to diversify the resources and linkages beyond official development assistance that support sustainable development impact, including domestic resources, private investment, remittances and philanthropic flows as well as non-financial drivers of sustainable development such as trade and corporate business models.

The most common approach to policy integration applied by Respondents (80%) is ensuring that planning documents reflect their contribution to sustainable development. It must be noted however that evidence submitted reflects a range of approaches that integrate sustainable development more or less widely and systematically across planning documents.

Figure 2.3. Improving policy integration to better incorporate sustainable development into policy: Implementation by Respondents



Note: 25 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Just over a third of Respondents (36%) report the integration of regional and territorial development approaches into sectoral policies to enhance synergies between long-term planning and SDG implementation. Examples reported frequently (Box 2.5) relate to National Sustainable Development Strategies (NSDS) or Recovery Plans, that have been designed in co-ordination with or to include the work of Regional Authorities. For example, in Italy the alignment of EU cohesion policy investments with the NSDS has been prioritised. This has involved the integration of sustainable development strategic frameworks into the Evaluation Plans to be used by regions to assess their own EU funded programmes, a process that has been carried out in collaboration with the Department for Policy Cohesion and the South. In addition, a sustainability assessment model, valuing the contribution of the measures implemented under cohesion policy to the NSDS objectives and targets as well as demonstrating the cumulative impacts of funded programmes in achieving them, has recently been finalised and will be tested by regions in the coming months. In Chile, Regional Councils for Sustainable Development were established by the Chilean Strategy for the Implementation of the 2030 Agenda, and are expected to contribute to the dissemination of the 2030 Agenda in Chile's regions, promote social participation and establish regional commitments to sustainability.

Box 2.5. Good Practice Examples: Integration of sustainable development into planning

Belgium: Integration of the SDGs into the yearly policy brief

In Belgium, consideration of the SDGs has been introduced by the federal government into the yearly policy brief presented at the Parliament, which is used to inform the yearly budget process. Specific guidelines for the consideration of the SDGs were stared with federal ministerial cabinets and departments. The overall aim is to promote ownership of the SDGs and the alignment of policies with the SDGs.

Chile: Chile's 2022-2026 Government Program

Chile's 2022-26 Government Program was supported by work identifying links between public policy and the SDGs. This allowed sustainable development to be integrated into the Program which, by 2023, was complemented with artificial intelligence and extended to other public policy actions.

Italy: Policy Coherence Tools – Matrixes and Fiches

The Italian National Action Plan on PCSD (PCSD NAP) introduces a specific Expected Result (1.2) in connection with Principle 3 of the PCSD Recommendation envisaging the elaboration of Matrixes and Fiches. These operational tools are designed to map existing and future policies in relation to the National Sustainable Development Strategy's (NSDS) set of Strategic Choices. In doing so, sustainability priorities will be embedded as the principle for inspiring policy formulation and evaluation across the policy cycle.

Coherence Matrixes are living documents designed to enable the linking of each NSDS' Strategic Choices (SC) – and objectives/targets/indicators therein - to objectives/targets/indicators referenced in other national and territorial sectoral measures, including those of the NRRP.

Coherence Fiches are to be elaborated by the ministry or competent authority drafting new policies and other regulatory measure proposals, including public investments also relating to the National Recovery and Resilience Plan (NRRP), to identify the contribution of the new act to the NSDS, identifying synergies/trade-offs across existing sectorial actions as well as transboundary effects and devising possible mitigation strategies.

To enable the operationalization of such new model of joint work across sectors and administrations, the PCSD NAP provides for the organizations of Labs to co-create matrixes and fiches. The shared knowledge of policies' impact that the Labs will generate aim at increasing the number of cross-sectoral policies being designed and implemented with simultaneous positive impacts across different areas of sustainability and improve budget efficiency.

Ireland: National Implementation Plan

Action 11 (a) of Ireland's National Implementation Plan outlines the requirement for all Government ministries to state their commitment to Agenda 2030 and the SDGs in their Statements of Strategy, and Action 12 (a) details the commitment to include updates on SDG activities and progress, including at target levels where relevant in Departmental Annual Reports.

Action 23 (a) of the National Implementation Plan details the ambition for all new national policies to incorporate reference to relevant SDGs and targets and to reflect how the policy interacts with Agenda 2030.

To ensure individual Departments take ownership of the SDGs most relevant to their work, each of the 169 SDG targets has been assigned to a lead Government department.

Lithuania: Implementation of the National Progress Plan (NPP)

In 2021, Lithuania adopted a National Progress Plan (NPP) – a 10-year planning document that covers all areas of state activity. The Plan is now the main strategic planning document at the national level, and establishes links between the objectives of the NPP and the SDGs. The national horizontal sustainable development principle (HSDP) was enshrined to ensure SDGs integration and mainstreaming into all stages of the policy making process, from formulation to implementation and evaluation.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development; (OECD, 2022[4]), Italy's National Action Plan for Policy Coherence for Sustainable Development, OECD Publishing, Paris, https://doi.org/10.1787/54226722-en.

More than half of Respondents (52%) report the use of public procurement as a tool to integrate sustainable development into policy making. In Mexico, the "Law on Acquisitions, Leases and Services of the Public Sector" contains provisions to take into account the three dimensions of sustainability (Environmental, Social and Economic) for the contracting of services by the public sector. Further examples can be found in (Box 2.6).

Box 2.6. Good Practice Examples: Public procurement as a tool to integrate sustainable development into policies

Australia: Environmentally Sustainable Procurement Policy[4]

The Australian government has introduced the Environmentally Sustainable Procurement (ESP) Policy as a procurement-connected policy, commencing 1 July 2024. The ESP Policy supports the Government's commitment to a net zero and circular economy. It also promotes the important role that design and innovation play in advancing this endeavour.

As of 1 July 2024, central government will be required to apply the ESP Policy. The ESP Policy applies climate, environment and circularity principles to four high-impact procurement categories. These categories will be introduced in two stages:

- From 1 July 2024: procurement of construction services at or above $7.5 million in value;
- From 1 July 2025: procurement of furniture, fittings and equipment, ICT goods and textiles at or above $1 million in value.

It requires relevant entities and suppliers to undertake activities to optimise environmental sustainability in procurement, in line with the Policy's objectives.

Progress reporting will begin in August 2024, and it is expected that annual data will be publicly available from August 2025.

Estonia: Strategic principles for public procurement

In Estonia, strategic principles for public procurement were presented to the government at the end of 2023. The principles include among others environment and social sustainability. These principles will be implemented through concrete action plans put together by relevant ministries, with the aim of realising the potential of public procurement in contributing further to the Sustainable Development Goals.

The Netherlands: Sustainable Procurement

In 2022, the commitment of the central government and decentralised governments to sustainable procurement was strengthened by an ambitious manifesto for sustainable procurement 2022-2025. This manifesto was signed by 88 national, provincial and local governments and concerns over 85 billion in procurement spending at all levels of government. The SDGs are linked explicitly to the 6 main sustainability goals of the manifesto (circular economy, climate action, environment & biodiversity, social return, value chain responsibility, and inclusion & diversity). Signatories are encouraged to contribute to as many of the 6 goals as they can with each procurement process.

Portugal: Green public procurement

Following up on the National Strategy on Green Public Procurement (ENCPE 2020), the National Strategy on Green Public Procurement 2023 – ECO360, was approved through the Resolution of the Council of Ministers no.13/2023. The document presents four fundamental objectives, namely, to intensify the uptake of green public procurement and boost its role in transforming public administration and markets; to promote resource efficiency, the sustainable bioeconomy and the transition to the circular economy; to stimulate the Portuguese economy towards climate neutrality; and to encourage eco-innovation in industry and suppliers.

Switzerland: Public Procurement law

The updated public procurement law of Switzerland, which came into force on 1 January 2021, includes provisions that ensure greater sustainability in public procurement. The purpose of the new Act is to ensure the cost-efficient use of public funds in a manner that is economically, ecologically and socially sustainable. Contrary to the previous public procurement law, the award is now given to "the most advantageous tender", which enforces quality competition over price competition. Public sector procurers are called upon to formulate requirements for suppliers and the product in such a way that sustainable procurement is guaranteed (where possible and feasible).

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

At a lower level of implementation is the use of the budget process as a tool to integrate sustainable development into policy making, reported by only 28% of Respondents. Where this action is in place, implementation efforts include the use of laws, and linking budget processes to the SDGs (Box 2.7). Germany uses spending reviews, annually changing budget analyses that focus on a specific issue or cross-cutting topics relating to the federal budget. The Federal Government has been using this instrument since 2015 to supplement the top-down budget preparation process. Based on the SDGs such as peace, justice, strong institutions and sustainable public finances, as well as suitable indicators, it aims to strengthen the target and impact orientation of the federal budget.

Other Adherents have expressed interest in developing green or SDG related budgeting, for example through SDG tagging. Indeed, 55% of Respondents indicated that improving the integration of sustainable development into policy and finance is a priority area for making progress on enhancing PCSD[5]. For example, Ireland is currently considering the potential of integrating the SDGs into the budgetary process (See National Implementation Plan) and notes the importance of assessing the approaches taken by other EU Member States in this area. In addition, Czechia, Denmark, and Mexico have developed mechanisms to support the development of SDG-targeted public policies and their translation into budgets.

Box 2.7. Good Practice Examples: The budget process as a tool to integrate sustainable development into policies

The Netherlands: Wellbeing Factsheets

Statistics Netherlands, at the request of the government, provides 'Wellbeing Factsheets' for the annual budget proposals of each Ministry. In these factsheets, the Wellbeing and SDG indicators of Statistics Netherlands are shown for the priority policy areas of each ministry. Ministries also provide a short reflection on the data shown in the Factsheet.

Spain: General Budget Law

Article 37.2 d) of the General Budget Law, establishes that the Report on the alignment of the General State Budgets with the Sustainable Development Goals of the 2030 Agenda must accompany the draft Law on General State Budgets in its submission to the Spanish Parliament.

The Ministerial Order HFP/535/2022, of June 9, which dictates the rules for the preparation of the General State Budgets for 2023, commits to continue reinforcing the incorporation of transversal analysis of the Budget for which establishes, in article 7.8, that the reports sent by the ministerial departments analysing the contribution of spending programs to the Sustainable Development Goals, will constitute the basis for the formulation of the Report on the alignment of the General State Budgets with the Sustainable Development Goals of the 2030 Agenda.

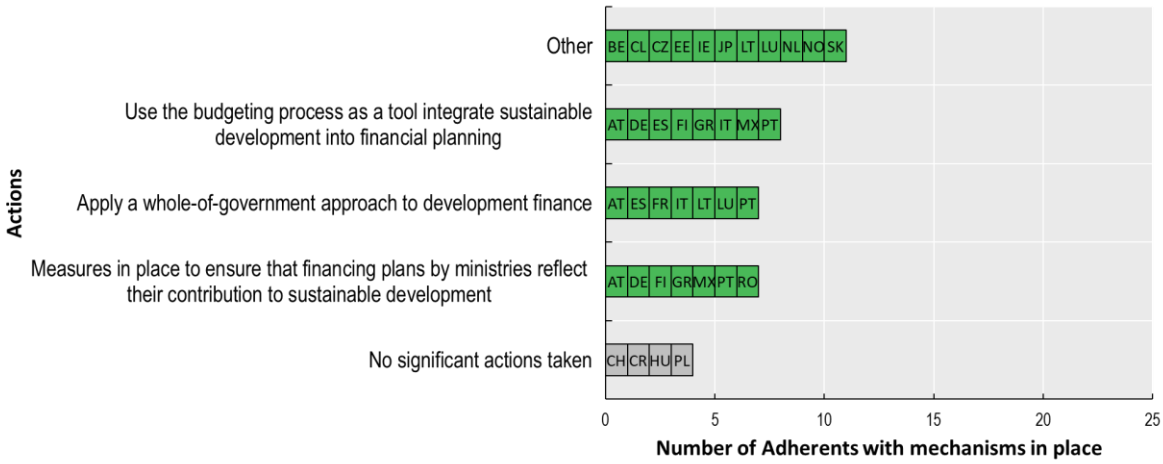
In 2023, the cross-cutting analysis of the General State Budget ii was also reinforced under different perspectives, adding for this fiscal year a new report on alignment with the ecological transition.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

52% of Respondents report that a whole-of-government approach has been applied to defining the contributions of ministries to international development objectives. Some Respondents have developed strategies for dedicated policy areas such as on global health or business and human rights. More frequently, they co-ordinate development co-operation activities across government. Portugal is a strong example, where mobilising the expertise of its ministries and institutions is at the heart of its approach to development co-operation (OECD, 2022[16]). Like Portugal, other Adherents such as New Zealand (OECD, 2023[17]) and the United States (OECD, 2022[18]) adopt whole-of-government bilateral country strategies. Italy's development co-operation strategies are also drafted in co-ordination with relevant central public administrations, as well as representatives from local administrations, CSOs and the private sector. Korea mobilises more than 40 public agencies, co-ordinated through the Committee for International Development Co-operation, led by the Prime Minister's Office (OECD, 2024[19]). Spain has dedicated mechanisms to co-ordinate and facilitate the mobilisation of its public sector expertise in development co-operation (OECD, 2022[16]). For quality assurance, Norway's Knowledge Bank supports the technical co-operation provided by 35 Norwegian institutions (OECD, 2021[20]).

For the integration of sustainable development into *policy*, the implementation of principle three is split significantly between its underlying actions. Respondents have implemented the actions of principle three that relate to policy to an overall level of 50%. This figure represents high reported use of planning documents for policy integration, but low use of tools such as the budget process and public procurement. This gap in tools for policy integration replicates the results found in the 2022 PCSD Survey on Institutional Capacities and Tools to enhance PCSD. The use of tools for the integration of sustainable development into finance is similarly low.

Figure 2.4. Improving policy integration to better incorporate sustainable development into finance: Implementation by Respondents



Note: 25 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Overall, reported implementation of actions relating to the integration of sustainable development into *finance* is low. Respondents have implemented the actions of principle three that relate to finance to an overall level of 29%, the lowest across all eight principles. Notably, the selection of 'Other' implementation mechanisms, outside of those detailed in the Recommendation, is greatest at 44%.

However, while few Adherents indicate a whole-of-government approach to development finance, in practice there is a clear trend of Adherents to expand efforts on financing for sustainable development that goes beyond official development assistance (ODA). Frequently, this relies on partnerships across government, notably between ministries of foreign affairs, finance and trade, also involving national banks and development finance institutions as well as the financial sector and private sector actors. The 2023 Summit on a New Global Financing Pact, spearheaded by France, is an illustration of this multi-stakeholder approach to global development finance, supporting the follow-up to the 2015 Addis Ababa Action Agenda (Élysée, 2023[21]).

Examples from Adherents cover all areas of the UN Addis Ababa Action Agenda: domestic revenue mobilisation, such as Norway's strategy for tax and development (Norad, 2020[22]), and the United Kingdom's engagement on illicit financial flows and the fight against corruption (Government of the United Kingdom, n.d.[23]); Italy's support to the public debt management network[6]; Canada's strategy to use development co-operation to leverage private sector contributions to the SDGs (Government of Canada, 2019[24]); New Zealand's engagement to reduce the cost of and mobilise remittances (OECD, 2023[25]); harnessing trade and investment for sustainable development (e.g. in Australia and New Zealand (Department of Foreign Affairs and Trade, n.d.[26]), and the Netherlands (OECD, n.d.[27]); promoting sustainable financing of public development banks through the Finance in Common[7] initiative launched by France; sustainable finance initiatives that also consider developing countries such as in Germany (Government of Germany, 2021[28]) and Luxembourg[8], where the Luxembourg Stock Exchange also works with emerging markets (OECD, 2020[29]) and Sweden's mobilisation of investors for sustainable development[9]. The vast majority of Adherents also report their Total Official Support for Sustainable Development[10], capturing resources beyond ODA.

However, reviews show ample room for progress. There is a sustainability boom in global finance, but it is not yet fully benefitting developing countries (OECD, 2022[30]). The level of mobilisation of private

finance is not increasing in line with initial expectations, and risk appetite and focus on impact remain challenging. Blended finance has become an established pillar of the financing for sustainable development architecture, but more needs to be done for it to live up to its potential. The volumes of official development assistance used as a lever for domestic resource mobilisation are stagnating. Aid for Trade is increasingly loan-financed in a context of debt pressure and its share for low income and lower-middle income countries has decreased since 2019 (OECD/WTO, 2022[31]). Innovative financial instruments like green, social, sustainability and sustainability-linked bonds need to be leveraged for more private finance mobilisation, especially in developing countries with the greatest financing needs (OECD, 2023[32]).

Improving the integration of sustainable development into policy and finance has been identified as a priority area by 55% of Respondents[11]. Indeed, this principle covers policy coherence at the level of policy making itself; strong mechanisms for the integration of sustainable development into policy and finance should be at the heart of a successful implementation of PCSD.

This is a principle that would benefit from focused support. It will be important both to identify effective methodologies for policy integration, and to assess the alignment between the actions set out in the recommendation and the priorities and scope of implementation efforts by Adherents. This latter point emerges due to the high number of 'Other' options selected in relation to implementation of the specific actions set out in the Recommendation.

Evaluating recent country projects in the area could be an option for strengthening support for the implementation of principle three, for example the coherence matrixes used in Italy. These methodologies could provide useful insights and inspiration for countries seeking to implement this principle, in particular those that identify obstacles related to the complexity of the links and interactions between different SDGs and the lack of methodologies to analyse policy trade-offs.

Crucially however, obstacles to managing synergies and trade-offs are often reported to be political and capacity based. A significant number of responses refer to obstacles including capacity in time and skill, and in diverging interests and priorities among ministries ("Policy coherence is a political issue rather than a technical issue"). This feedback links to the focus of other actions set out in the recommendation and emphasises the need for strong implementation across all eight principles in order to achieve successful policy coherence for sustainable development.

2.2. Pillar 2: Co-ordination mechanisms

The second pillar of the Recommendation focuses on the effective and inclusive institutional mechanisms:

2.2.1. III. RECOMMENDS that Adherents develop effective and inclusive institutional mechanisms to address policy interactions across sectors and align actions among levels of government […]

Pillar 2 is structured around three additional principles, that promote resolving divergences between policies, co-ordination at different levels of government, and engaging all relevant actors.

> *Principle 4: Ensuring whole-of-government co-ordination to identify and mitigate divergences between sectoral priorities and policies.*

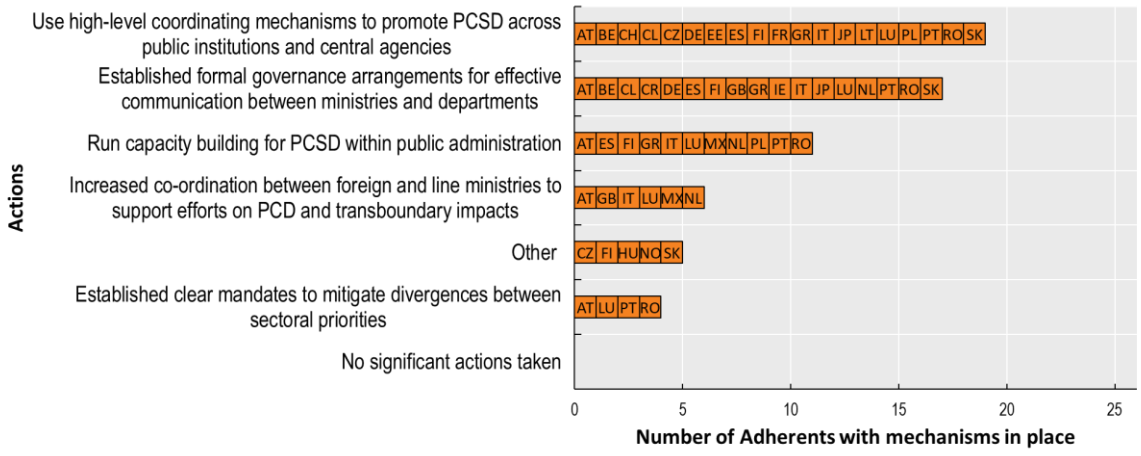
Principle four of the Recommendation emphasises the importance of strong co-ordination capacity to ensure coherence among policies for sustainable development. Whole-of-government co-ordination mechanisms are fundamental to the resolution of divergences between sectoral policies and the promotion of mutually supporting actions across sectors and institutions. The cross-cutting nature of the SDGs poses co-ordination challenges at each level and stage of the policy-making process. Having in place efficient

mechanisms and processes at appropriate levels for inter-ministerial co-ordination to resolve policy divergences and trade-offs between different sectors is essential to ensure an integrated implementation of the 2030 Agenda and the SDGs.

The Recommendation provides that Adherents should, as appropriate:

- Use high-level co-ordinating mechanisms, whether located within the Centre of Government or a lead line ministry as appropriate, to promote PCSD and the integration of sustainable development across central agencies, line ministries and other public institutions;
- Establish clear mandates, capacities and mobilise adequate resources, as appropriate, for PCSD to identify policy divergences and conflicts related to the implementation of the 2030 Agenda;
- Encourage formal governance arrangements and informal working methods that support effective communication between ministries and departments, and between ministries and other public sector bodies under their aegis; and
- Build capacity in public administrations for PCSD, and align training strategies and programmes for public actors with the principles and integrated nature of the SDGs.

Figure 2.5. Ensuring whole-of-government co-ordination to promote mutually supporting actions: Implementation by Respondents



Note: 26 Respondents (The 25 original Respondents plus the UK)
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development.

The majority of Respondents (73%) report the use of high-level co-ordinating mechanisms, located within the Centre of Government or a lead line ministry, to promote the integration of sustainable development across public institutions and central agencies. Many of the reported mechanisms overlap with the councils and interdepartmental committees and commissions that have been stated to support communication between ministries. In Spain, a whole-of-government approach is referred to directly in law. Spain's Law 1/2023, of February 20, on Cooperation for Sustainable Development and Global Solidarity. The Law contains an article devoted to PCSD, and states that PCSD will be addressed in "a coordinated manner" and "with a whole-of-government approach in all internal and external policies it implements that may have an impact on developing countries and global sustainable development".

Also highly reported is the establishment of formal governance arrangements that support effective communication between ministries (65% of Respondents). Practices include inter-ministerial working groups and networks, focal points, councils and interdepartmental commissions. Many of these are tasked

specifically to work on sustainable development or Agenda 2030, to ensure that these are kept at the forefront of each department's work.

However, few Respondents report the establishment of clear mandates for the arbitration of divergences between sectoral policies (15%). Indeed, 45%[12] of countries report that 'limited enforceability of PCSD measures' is an obstacle to PCSD implementation, ranking 2nd [13] highest of the overall obstacles identified.

Good lines of communication between ministries are essential to identify synergies and trade-offs of planned actions. For instance, to move beyond information sharing in strategy and working groups to a focus on the discussion of policy-oriented challenges. Mechanisms to produce meaningful communication and co-ordination are addressed in some good practice examples (Box 2.8).

Box 2.8. Good Practice Examples: PCSD co-ordination in federal and decentralised structures of government

The Recommendation recognises that that there is no one-size-fits-all approach to PCSD, that the actions taken by Adherents need to be adapted to different national realities, capacities, levels of development, territorial context, and other constraints through place-based policies and structures.

Switzerland: An organisational structure to co-ordinate and support the sectoral implementation of the 2030 Agenda

Switzerland's federal and decentralised structure of government means that PCSD presents a significant challenge. However, it has also led to embedded mechanisms within the policy process to address this challenge. The Federal Council ensures consistency in its own decision-making through systematic, formal, consultations across all federal department and offices, and consolidation of positions for every decision it takes.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Box 2.9. Good Practice Examples: Mechanisms for co-ordination and communication across government

United States: Executive Order on Tackling the Climate Crisis at Home and Abroad

In 2021, the US President adopted an Executive Order on Tackling the Climate Crisis at Home and Abroad (OECD, 2022[33]). Recognising the profound effects of climate change on the United States and other countries, the order instructs the full range of government agencies to take action at home and at the international level for mitigation of and adaptation to climate change. Actions range from climate diplomacy and international climate finance to support for sustainable infrastructure, industries and integrating climate in public procurement and property management. With leadership at the White House, it also creates dedicated co-ordination mechanisms across government. Building on the executive order, close engagement with Congress contributed to the adoption of the Inflation Reduction Act of 2022 that mobilises significant resources to reduce the US' climate footprint.

Luxembourg: The Inter-ministerial Committee for Development Cooperation and the Inter-Departmental Commission on Sustainable Development

Luxembourg has adopted new working methods to better integrate the national and international dimensions to the implementation of the 2030 Agenda and SDGs, and strengthen co-ordination between the Inter-Departmental Commission on Sustainable Development (CIDD), which is the central co-ordinator of domestic sustainable development policies, and the Inter-Ministerial Committee for Development Cooperation (CID), which discusses policies likely to have an impact on developing countries and formulates non-binding recommendations to government. A close link is established between the CID and the CIDD to ensure that the two approaches to PCSD are consistent and complimentary.

Lithuania: National horizontal sustainable development principle (HSDP)

During these last five years, Lithuania has established a national horizontal sustainable development principle (HSDP) that unites all the government institutions for better SDGs implementation and promotes PCSD in the country. The Ministry of Environment acts as the main co-ordinating institution for sustainable development and has been appointed to serve as co-ordinating institution for HSDP. The role of the Ministry of the Environment is to systematically co-ordinate the inclusion of the HSDP into national development programmes and progress measures as well as monitor progress indicators for the implementation of the HSDP, provide expert support to other ministries, and promote inter-institutional cooperation on the implementation of the HSDP.

Germany: State Secretaries' Committees

In order to strengthen policy coherence for sustainable development, the German government has introduced several formats for interministerial co-ordination. They include the State Secretaries' Committee for Sustainable Development and the working group at director level. Each ministry has appointed a co-ordinator for sustainable development. There is also regular involvement of civil society.

The State Secretaries' Committees have been established to co-ordinate on issues ranging from engagement with Africa to hydrogen and sustainable development, with the latter topic supported by a working group of directors.

Interministerial policy dialogue formats are used in particular in in cooperation with global development partners and emerging countries (e.g., South Africa, Mexico, Indonesia. These are sometimes carried out at the level of heads of state or government (so-called binational commissions). Furthermore, numerous formats at state secretary or director-general level are used for policy and operational co-ordination on topics such as Europe, Africa or international energy and climate policy.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Capacity building for PCSD is reported by fewer Respondents (42%). However, a number of good practice examples exist. For instance, Poland's Capacity Building Program for Public Administration to Support the Implementation of the SDGs and Sustainable Development, which was implemented by the Ministry of Economic Development and Technology with the support of the OECD. Another variation of capacity building is training on tools for PCSD, such as Luxembourg's training programme for public officials on the Sustainability Check.

Some Adherents have dedicated co-ordination mechanisms to discuss transboundary impacts but these are not sufficient to influence policymaking. For instance, committees and focal point networks that co-ordinate development cooperation across government also have a mandate to discuss effects of other

policies on developing countries. In addition, many co-ordination mechanisms beyond development cooperation provide ministries leading on development cooperation an opportunity to flag transboundary impacts, at working and senior level, especially if the minister leading on development has cabinet rank. An interesting example are Germany's transformation teams. These cross-ministerial working groups have a dedicated sustainability mission and include also foreign and development ministries, who bring an international perspective. However, only 23% of Respondents increased co-ordination between foreign and line ministries to address of transboundary impacts. DAC Peer Reviews also underlined that cross-government exchanges often do not influence policy-making. This underlines the importance of anchoring a transboundary perspective in the work of all ministries.

Dedicated cross-government strategies can be an important lever to strengthen the transboundary perspective in the policy work of line ministries. For example, National Action Plans on business and human rights steer cross-government efforts in this area of high relevance for developing countries. As a closely related topic, the 2020 EU Raw Material Action Plan aims to enhance the supply to the EU, but also includes actions to promote responsible mining practices and strategic international partnerships, including with developing countries (European Commission, 2020[34]). Sweden's strategy to combat anti-biotic resistance sets out the full range of Swedish One Health efforts at domestic and international level, implicating 25 different institutions (Government of Sweden, 2023[35]). Bilateral partnership strategies and agreements similarly offer an opportunity to consider how policies in different areas can contribute to development objectives. As an example, the United States Integrated Country Strategies set objectives across all policy areas of bilateral relations (OECD, 2022[18]).

Regulatory impact assessments and sustainability reporting can also provide useful prompts for line ministries to consider the transboundary impacts of their work. A growing number of Adherents introduce a consideration for developing countries in impact assessments that line ministries need to prepare for new regulation (see below). This builds on a positive dynamic to integrate the SDGs into regulatory impact assessments, for instance at EU level (Public Strategy for Sustainable Development, 2023[36]) To strengthen the quality of the transboundary dimension of impact assessments, the Dutch Ministry of Foreign Affairs will step up regular exchange with key ministries (Government of the Netherlands, 2022[8]). To strengthen their application by ministries, Germany made the completion of regulatory impact assessments mandatory. Embassies can play an important role in providing feedback on the impact of planned or actual policies at the service of all ministries. Finland requires all ministries to prepare an annual report on their contribution to the SDGs. Guidance stresses that this can include a global dimension, prompting ministries to consider the transboundary relevance of their work. Australia has a whole-of-government Office for the Pacific[14] where the Department of Foreign Affairs and Trade can raise issues of relevance to partner countries, such as labour mobility and trade (OECD, 2021[37]). Staff from other agencies and ministries are seconded to the Office to facilitate cross-policy collaboration.

The level of implementation of principle four is split across its underlying actions. Reported implementation of actions on co-ordination and communication across government is strong. Implementation of actions concerning capacity building, mandates to mitigate divergences between policies and co-ordination on transboundary impacts is considerably lower.

Strengthening the responsibility of line ministries to consider the impact of their policies on developing countries remains a key challenge. For instance, experience from Adherents on regulatory impact assessments shows that the quality of analysis of transboundary impacts much depends on awareness, resources and capacity within lead institutions and early involvement of development expertise. It will therefore be important to make explicit that ministry's sustainable development mandates incorporate a global dimension and provide necessary resources to strengthen staff capacity.

The gaps identified in these technical actions match challenges in overall PCSD implementation identified by Respondents (Table 3.1) These relate to insufficient technical capacities for PCSD, the limited enforceability of PCSD, and a lack of evidence for the assessment of transboundary impacts.

Going forward, it is efforts in these areas that will need to be strengthened in order to bolster the effectiveness of PCSD efforts. Discussion on the factors that limit capacity building and the establishment of mandates for resolving policy incoherence, and what might be done to priorities and address these challenges, would be a good starting point.

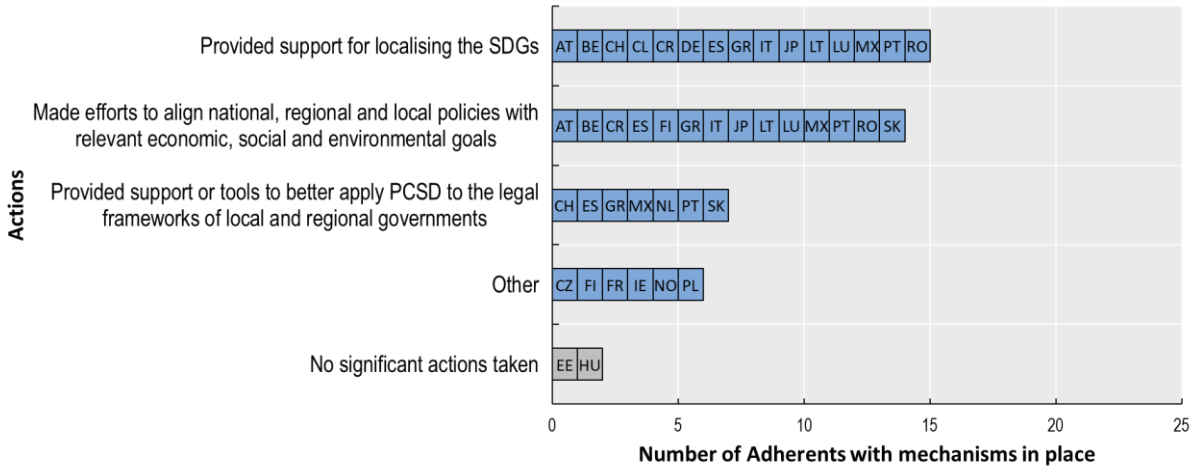
Principle 5: Engaging appropriately sub-national levels of government in areas where they have a role in policy co-ordination to promote co-ordinated actions.

Principle five of the Recommendation emphasises the need to enhance vertical coherence between national and subnational levels of government. **Working with regional and local authorities to align priorities is critical to ensure co-ordinated actions and enhance coherence across levels of government for sustainable development.** An integrated implementation of the SDGs requires high degrees of policy coherence across different levels of governments to identify and address potential trade-offs between international commitments, national priorities and local needs. It is estimated that 65% of the 169 targets underlying the 17 SDGs will not be reached without proper engagement of, and co-ordination with, local and subnational governments (OECD, 2020[38]). Vertical coherence aims to link local-to-national levels and national-to-global levels in delivering on the SDGs. Countries need to strike a reasonable balance between local autonomy and central steering capacities when implementing the SDGs.

The Recommendation provides that Adherents should, as appropriate:

- Promote PCSD at different levels of government and work with key stakeholders to develop tools that support local and regional governments in applying PCSD in their legal frameworks, plans and actions for localising the SDGs;
- Promote synergies among national, regional and local policies to better align with and contribute to relevant economic, social and environmental goals, including international commitments and international development co-operation objectives, within the scope of their responsibilities and in a balanced manner.

Figure 2.6. Engaging sub-national levels of government in areas where they have a role in policy co-ordination: Implementation by Respondents



Note: 25 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

More than half of Respondents (56%) report efforts to align national, regional and local policies with relevant economic, social and environmental goals (Figure 2.6). Examples include interterritorial commissions, the participation of local governments in National Councils for the 2030 Agenda, and focal points for the implementation of SDGs at the regional and local level. National Sustainable Development Strategies are also common tools for alignment, in some cases complemented by local indicators and monitoring systems on sustainable development objectives. Italy provides an example of such alignment. Italian regions are following and territorialising the National Action Plan on PCSD. The experience of Piemonte Region is quite relevant, in this respect, as it is working on a permanent Laboratory for PCSD, which is being established through a co-design process over one year involving regional departments and agencies, experts and professionals.

Over half of Respondents (60%) report supporting the development of plans and actions for localising the SDGs (Figure 2.6). The approaches reported are diverse (Box 2.10), which reflects the wide range of vertical governance arrangements between countries. Despite this wide variation, the completion of Voluntary Local Reviews (VLRs) does emerge as a common means of engagement with the SDGs at the local level. Similarly, there are examples of sub-national entities being given dedicated sections or chapters within VNRs, such as in Belgium (Government of Belgium, 2023[39])and the Netherlands (Government of the Netherlands, 2022[40]). Italy's 2022 VNR also has a dedicated Annex on localising the SDGs, illustrating how 12 Regions and 6 Metropolitan Cities have adopted sustainable strategies in line with the NSDS and are working on an integrated monitoring system (Government of Italy, 2022[41]).

A smaller proportion of Respondents (28%) indicate the provision of tools to enhance the application of PCSD to the legal frameworks of local and regional governments (Figure 2.6). This particular aspect forms an integral component of a comprehensive set of actions of the Recommendation, which may explain the limited number of Adherents with corresponding examples.

In response to identified challenges, many sub-national entities are strengthening the planning, implementation and monitoring of decentralised development co-operation, supported by central governments (OECD, 2023[42]). For example, in collaboration with the OECD, Germany invested in co-ordination of actors engaged in decentralised co-operation (OECD, 2023[43]), and the EU supported city partnerships to reflect on strengths and challenges. While the share of reported decentralised development co-operation of total official development assistance has not grown substantially (3.6% in 2021, compared to 3.3% in 2015), this figure likely does not include the full extent of co-operation activities, including knowledge transfer and non-financial partnerships.

Box 2.10. Good Practice Examples: Sub-national Engagement

Italy: Multilevel governance for aligning national and subnational implementation of the SDGs

In Italy, the law prescribes that Regions and Autonomous Provinces must elaborate sustainable development strategies in alignment with the National Sustainable Development Strategy (NSDS). The Ministry of Environment and Energy Security (MASE) accompanies each administration and facilitates territorial working groups. One of the main results is that, between 2020 and 2023, 16 Regions out of 19, the 2 Autonomous Provinces and 9 Metropolitan Cities out of 14 have approved own sustainable development strategies or agendas. The strategies are associated with the NSDS and can track their specific contribution to its implementation. In many cases, those sub-national strategies map, integrate and bring coherence with the National Recovery and Resilience Plan (NRRP) investments and Cohesion funds.

Luxembourg and Switzerland: Tools for the 2030 Agenda

In **Luxembourg**, the Ministry for the Environment, Climate and Sustainable Development developed a special tool for municipalities ("Communes 2030") to measure, evaluate and highlight their sustainable development initiatives. The tool aims to make it possible to assess the implementation of the 2030 Agenda and the National Plan for Sustainable development (PNDD) at local level, hence contributing to vertical PCSD.

In **Switzerland**, the federal government has developed a Toolbox Agenda 2030 for cantons and communes to support both cantons and local authorities in developing sustainable development strategies and defining sustainable development measures. This online resource provides information on sustainable development, highlights best practices and provides ideas for local/ cantonal implementation.

Germany: Joint Action for Sustainability

The Joint Action for Sustainability ("Gemeinschaftswerk Nachhaltigkeit"), initiated by federal and state governments and co-ordinated by the German Council for Sustainable Development, aims to pool social forces on a single platform. The Joint Action for Sustainability pursues three overarching goals: to visualise existing commitment to sustainable development throughout Germany, to further promote this commitment, scale up solutions and attract new organisations to get involved and to enable politics and society to jointly develop solutions to the challenges of the sustainability transformation. This joint endeavour deliberately builds on existing work and drives it forward. For example, through provision of a web platform offering organisations visibility for their sustainability activities and a place to network.

Japan: SDGs Future Cities

Since 2018, the government of Japan has been selecting municipalities that propose outstanding initiatives to achieve the SDGs, as "SDGs Future Cities", and selecting the initiatives of leading municipalities among the SDGs Future Cities as "Municipal SDGs Model Projects". The selected cities formulate action plans with key performance indicators (KPIs) to achieve the goals, while receiving advice from the Cabinet Office and the Task Force of Local Governments and Experts on SDGs. In setting KPIs, the cities are recommended to use the "List of SDGs Local Indicators for Local Development (August 2019 edition [1st version])" published by the government. In addition, the progress of the initiatives is reported every year, and progress is managed with follow-ups by experts and others. Based on this progress management, each city promotes its plan while reviewing its efforts, and thus aims to achieve its goals while effectively implementing the PDCA cycle.

SDGs model cases for local development formed through this cycle are disseminated through the government's website, etc., to promote the SDGs to other local governments, and thereby encourage the further localization of the SDGs.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development; Italy Governance Scan for Policy Coherence https://web-archive.oecd.org/2021-11-03/614046-italy-governance-scan-pcsd.pdf

The majority of Respondents (73%)[15] describe engaging sub-national levels of government in PCSD and promoting co-ordinated actions across levels across government as a priority area for advancing progress on PCSD implementation. Additionally, the intermediate levels of implementation of the fifth principle of the Recommendation (implemented by Respondents to an overall level of 48%) indicate that greater efforts and tools could be developed to support Adherents to enhance vertical coherence and alignment across levels of government. Respondents have implemented principle five to an overall level of 48%, highlighting the need for a greater focus on vertical coherence.

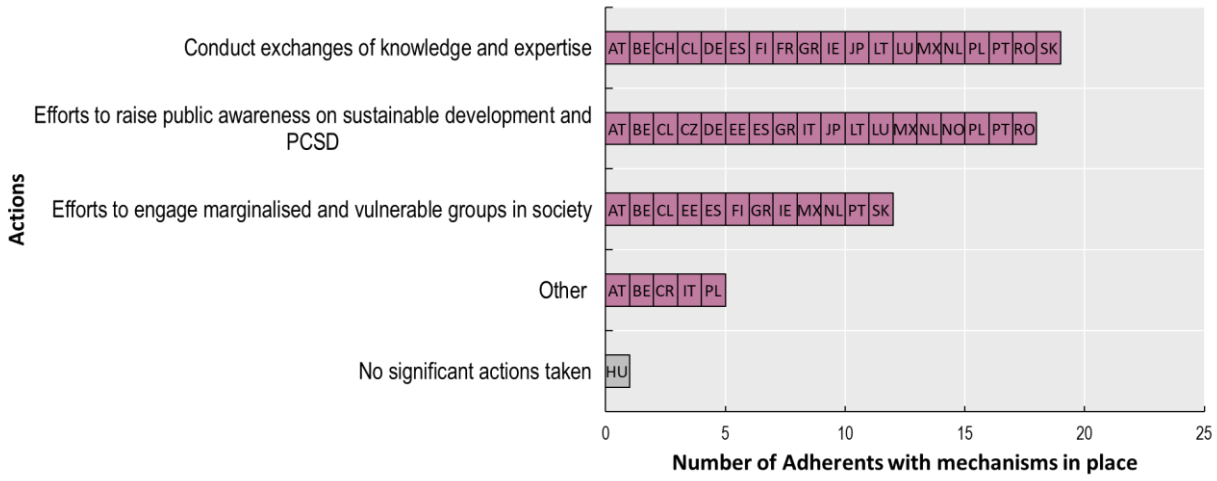
Principle 6: Engaging stakeholders effectively to sustain broader support for PCSD and its implementation.

Principle six of the Recommendation the importance to ensure that priorities for promoting policy coherence and policy change are understood and supported by stakeholders. Engaging stakeholders effectively at all stages of the policy-making process is essential to sustain broader support for PCSD and its implementation. Major barriers to policy coherence are strongly rooted in differing perceptions of stakeholders on the priorities and challenges in advancing sustainable development. A coherent implementation of the SDGs requires mechanisms for dialogue and engagement whereby governments and key stakeholders can come together to identify challenges, set priorities, contribute to the development of laws and regulations, align policies and actions, and mobilise resources for sustainable development.

The Recommendation provides that Adherents should, as appropriate:

- Engage proactively with stakeholders in different phases of the policy cycle, including through the exchange of knowledge and expertise, to develop and prioritise initiatives for enhancing PCSD, making specific efforts to reach out to the marginalised and vulnerable groups in society and to advance inclusive social and economic development, in line with the aspirations of the SDGs;
- Work with stakeholders to raise public awareness and mobilise support on sustainable development and government commitments supporting PCSD, through campaigns, policy dialogue, capacity building and information sharing.

Figure 2.7. Engaging stakeholders to sustain broader support for PCSD: Implementation by Respondents



Note: 25 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

76% of Respondents report exchanges on knowledge and expertise related to different policy areas with stakeholders. Responses submitted encompass a wide range of events and stakeholders.

72% of Respondents report efforts to raise public awareness and mobilise support for sustainable development (Figure 2.7). Investments in global citizenship education (GCE) remain a key pillar of these efforts, reaching broad audiences through both formal and non-formal education. Co-ordination across ministries of education and foreign affairs as well as with local authorities and civil society is an important factor in making the most of GCE's full potential. As a good example, in a participatory process Italy

developed a Global Citizenship Education Action Plan to support the engagement of a wide range of stakeholders and territories on sustainable development issues (AICS, 2023[44]). The Plan is considered a key tool for implementation of Italy's National Sustainable Development Strategy. Building on a multi-stakeholder review and consultative process, Japan has set up a dedicated SDG promotion headquarters[16] that has successfully raised awareness of the SDGs. Many Adherents also hold consultations with the public on national sustainable development strategies, actions plans, and voluntary national reviews, such as Chile for its development strategy (see Box 2.11). In some cases, this is also achieved through established consultation mechanisms such as working groups, national commissions for sustainable development, meetings of sustainable development councils, and fora on SDG implementation. Germany has a range of mechanisms to this effect (see Box 2.11). Adherents also use SDG platforms such Poland's Partnership for the Implementation of the SDGs, where signatories, mostly businesses, make dedicated SDG commitments.

Adherents also use stakeholder engagement around development cooperation to raise public awareness of how domestic and global sustainable development are connected. For example, the United Kingdom's recently published International Development white paper was developed following an extensive public national and international consultation process (OECD, 2024[45]). Finland's Development Policy Committee (KPT) – functioning since 2020 as a permanent committee with the support of a permanent secretariat – includes parliamentarians, experts, civil servants, civil society actors and researchers to cut across administrative boundaries and to broaden thinking. A specific aim of the Committee is to strengthen dialogue on development policy in Finland. Over its 2020-2023 term, the Committee sought to intensify its cooperation with the Finnish National Commission on Sustainable Development (OECD, 2021[46]).

Businesses and young people are among the stakeholders specifically engaged by Respondents. The Netherlands reports strong cooperation with the business sector through the active involvement in SDG Nederland[17] of major business organisations, including the financial sector. The government also supports several UN Youth Representatives elected by Dutch youth and facilitates their speaking at major international meetings. SDG Nederland is organising a wide-ranging youth consultation of the future (inspired by the UN Summit of the Future) in 2024 with a particular focus on young people who are not normally consulted, e.g., in practical education. In Poland, the Partnership for the Implementation of the SDGs was established in 2017 to strengthen co-operation with and integrate the perspectives of different societal groups to implement the 2030 Agenda effectively. The signatories to the Partnership are required to adopt a jointly agreed declaration of intent and make an individual commitment. Representatives of business constitute most of this multi-stakeholder platform, and to date over 150 organisations have joined the Partnership, committing to over 170 actions.

Drawing on stakeholders with development expertise can enhance the reflection on transboundary impacts. Most importantly, Adherents can use opportunities to include policy coherence considerations in their bilateral dialogue. For example, Luxembourg and Cabo Verde explicitly agreed to raise policy coherence concerns in their bilateral co-operation agreement (OECD, 2020[29]). The European Union holds public consultations on regulatory projects. For example, for a review of its trade preference scheme GSP started in 2020, out of the more than 500 submissions, more than one third came from countries in South Asia (European Commission, 2020[47]). Germany holds cross-government consultations with a number of emerging countries. Since 2021, New Zealand's four-year country plans draw on the Māori principle Turou Hawaiiki (Navigating together) and commit New Zealand to actively consider the implications of regional and national policies on Pacific Island countries (OECD, 2023[17]). The participation of line ministries in annual, formal High-Level Consultations with partner countries on New Zealand's development co-operation also increases understanding of some policy coherence trade-offs across key New Zealand government agencies.

SDG fora frequently associate (or are even jointly organised by) stakeholders that work on the SDGs at home and abroad. France's Economic and Social Council[18] and Germany's Council for

Sustainable Development[19] include experts from development co-operation, which is valuable in reflecting the transboundary dimensions in these bodies' advisory work. Multi-stakeholder coalitions on responsible business conduct in select value chains are another important example, bringing together business, trade unions, and civil society stakeholders (OECD, 2023[48]). The Netherlands (with a set of voluntary agreements), Belgium and Germany are investing in such approaches. For 2024, Switzerland plans dedicated multi-stakeholder conferences that will focus on transboundary impacts. The Spanish Cooperation Planning and Effectiveness Forum (PECE Forum) is another example. The Forum supports dialogue and consultation of the main actors of Spanish development co-operation in order to improve co-ordination and coherence of the Spanish international co-operation for sustainable development.

The Recommendation emphasises the need for Adherents to intensify their initiatives in engaging with marginalised and vulnerable groups in society to advance inclusive social and economic development. Almost half of Respondents (48%) have indeed undertaken such endeavours. Notably, amongst examples submitted, the principle of leaving no-one behind, as the 'central, transformative commitment put forth by the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs)' was specifically highlighted (Box 2.11).

Box 2.11 Good Practice Examples: Stakeholder Engagement

Chile: Participatory processes for the design of Chile's Strategy for the Implementation of the 2030 Agenda

A process of participatory dialogues was launched at the end of 2022 for the design of Chile's Strategy for the Implementation of the 2030 Agenda. The strategy defines the vision to advance into 2030 "towards sustainable and inclusive development, where the social, environmental and economic dimensions will be balanced, in a context of peace, justice and collaboration, generating better economic living conditions for current and future generations".

Greece: National Action Plans

The Greek Government has elaborated and adopted, in close consultation and dialogue with vulnerable groups, a number of National Action Plans and Strategies that mainstream, in an integrated manner, the principle of leaving no one behind in public policies and reform measures, placing emphasis on targeted measures which support those who are furthest behind and promote human rights, gender equality and social inclusion.

Illustrative examples, include: the National Action Plan for the Rights of Persons with Disabilities (2020), the National Plan for the Rights of the Child (2021), the National Action Plan for Gender Equality (2021), the National Youth Plan (2022), the National Strategy for LGBTQ+ Equality (2021), the National Strategy and Action Plan for the Social Inclusion of Roma (2021), and the National Plan against Child Sexual Abuse (2022).

Ireland: National Stakeholder Fora

Ireland's National Stakeholder Fora[20] provide an opportunity for Ireland to engage marginalised and vulnerable groups in society with a view to exchanging knowledge and building expertise on different policy areas. Inclusive dialogues were held with a broad representation of groups are held regularly to ensure incorporation of policy requirements into national SDG structures.

The Netherlands: Responsible Business Conduct

The Netherlands promotes Responsible Business Conduct through voluntary agreements with business, trade unions, and civil society stakeholders. In over a dozen sectors, the agreements have

raised awareness of standards, and encouraged dialogue and exchange on better business practice. The Netherlands is striving to further enhance the agreements based on evaluations, and supporting complementary action such as European due diligence legislation (OECD, 2023[43]).

Germany: Formats for including social stakeholders

Germany's formats for including social stakeholders include:

- Sustainability Forum: The annual Sustainability Forum is where the German Government consults with social stakeholders on progress with the implementation of the 2030 Agenda
- Dialogue Group: A group consisting of 15 institutions and organisations that represent the fields of business, environment, society and development/international affairs.
- Scientific Platform for Sustainability 2030.
- German Council of Sustainable Development: An independent body which advises the German government on all sustainability matters.
- Dialogue process: The process of the regular update of the German Sustainable Development Strategy is participatory and inclusive. It includes a set of dialogue conferences in different German cities with thematic workshops (dialogue conferences) as well as an online consultation.
- Joint Action for Sustainable Development: An open platform to promote sustainability engagement in Germany.

Mexico: Nodes for the Promotion of the Social and Solidarity Economy (NODESS)

Mexico reports undertaking various efforts for the inclusion of marginalized and vulnerable groups with the aim of promoting inclusive social and economic development. For example, the Nodes for the Promotion of the Social and Solidarity Economy (NODESS), which will involve the integration of a network of territorial alliances made up of at least three different actors: academic institutions, local governments and Organizations of the Social Sector of the Economy (OSSE). The objective of the NODESS is to develop social and solidarity economy ecosystems in their territories, through which territorial solutions to collective needs are proposed, designed and implemented.

Romania: The Centre of Excellence for Sustainable Development for Public Administration

In 2022, Department of Sustainable Development started designing the architecture of Centre of Excellence for Sustainable Development for Public Administration (initiative funded under the National Recovery and Resilience Plan (NRRP) an innovative institution for research, education and dialogue on sustainable development, to align public policies and decisions in support of sustainable development goals. The Centre will have the headquarters in Bucharest and branches in all eight development regions of Romania, which will operate as regional hubs made up of research institutes, universities, local public authorities, SMEs, NGOs and civil society, supporting advanced and strategic thinking for sustainable development. The Centre, including its hubs, will facilitate interdisciplinary cooperation, policy development and knowledge exchange between higher education institutions and researchers in fields related to sustainable development.

Norway: Executive Forum on the SDGs.

In 2017, Norway established a whole-of-government Policy Coherence Forum, led by the Deputy Minister for Development Co-operation and with the involvement also of academia, civil society and the private sector. The Policy Coherence Forum was replaced in 2021 by a new Executive Forum on the SDGs in 2021, led by the Minister of Local Government and Regional Development (OECD, 2022[49]).

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Overall, stakeholder engagement emerges as a principle of the Recommendation that Respondents appear well equipped to implement. Respondents implement principle six to an overall level of 65%. Moreover, Respondents report the use of well-established mechanisms for stakeholder engagement, specifically in relation to the domains of sustainable development and Agenda 2030. To ensure stakeholder engagement supports greater policy coherence, it is important that activities go beyond general SDG awareness and mobilise stakeholders around specific policy coherence challenges, and how they can engage.

Further efforts by Adherents will be essential in engaging marginalised and vulnerable segments of society in different phases of the policy cycle. This is a key factor for achieving the Recommendation's aim of advancing inclusive social and economic development. The strength of existing mechanisms for stakeholder engagement across Respondents demonstrates a solid foundation upon which these targeted engagement initiatives can be developed and expanded.

2.3. Pillar 3: Impact of policies to advance SDGs

The third and final pillar of the Recommendation focuses on the long-term impacts of policies to advance SDGs:

2.3.1. IV. RECOMMENDS that Adherents develop a set of responsive and adaptive tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies to advance SDGs […]

Pillar 3 is structured around the two final principles of the Recommendation, which encourage to systematically consider the effects of policies, and to inform decision-making.

Principle 7: Analysing and assessing policy and financing impacts.

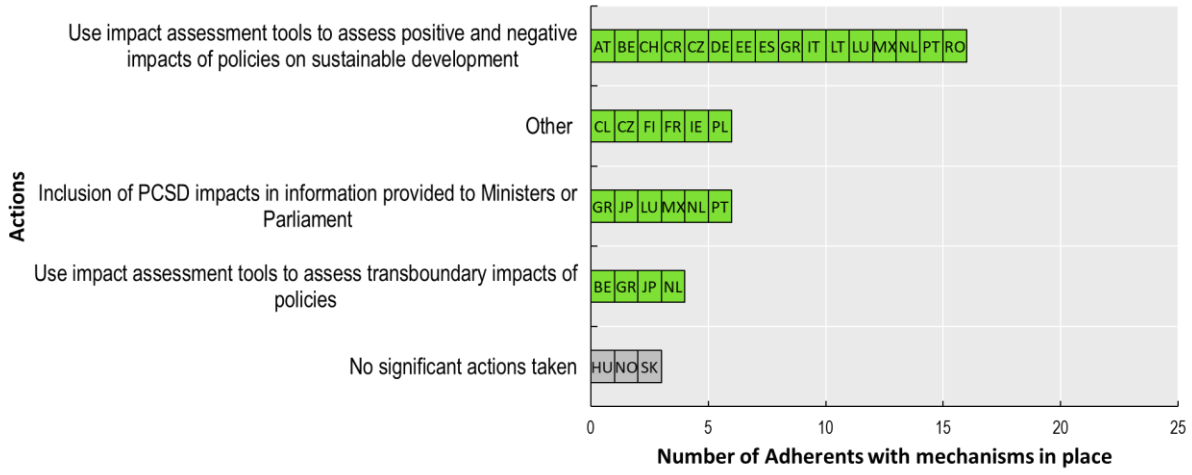
Principle seven of the Recommendation underscores the significance of examining the implications of policy and financial decisions on the well-being of people and the prospects for sustainable development outside of national boundaries. The analysis and assessment of the impacts of policy and financing is critical to inform decision-making, amplify positive outcomes and prevent negative repercussions on the sustainable development prospects of other countries, in particular on developing countries. Making effective and informed decisions concerning the policies required to achieve the SDGs in an integrated and balanced manner requires evidence on potential interactions (synergies and trade-offs) and impacts (both immediate and long-term; locally and globally). Governments have to give more careful consideration in assessing the cumulative and inter-related effects of policies and regulatory frameworks. Additionally, they need to assess the role and impact of both public and private investments while actively striving to mitigate adverse impacts not only domestically but also on other countries.

The Recommendation provides that Adherents should, as appropriate:

- Introduce, where possible, regular assessments to identify and assess potential positive and negative impacts on sustainable development, building on any existing tools such as Regulatory, Environmental, Gender and Social Impact and Strategic Assessments;

- Adopt ex-ante and ex-post impact assessment practices that take into account transboundary impacts, paying particular attention to the economic, social, gender and environmental impacts on developing countries as well as the promotion and protection of human rights.

Figure 2.8. Analysing and assessing policy and financing impacts to inform decision making: Implementation by Respondents



Note: 25 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

A considerable proportion of Respondents (64%) indicate the use of impact assessment tools to identify policy impacts on sustainable development. These practices can be broadly categorised into two major clusters: the implementation or adaptation of the Regulatory Impact Assessment (RIA) methodology, and the development of specific tools intended for evaluating impacts on sustainable development (Box 2.12). In Portugal for example, the RIA process implies an assessment through the standard cost mode model, but integrates specific concerns of ex ante impact in relation to a set of themes that has been progressively integrating the three dimensions of sustainable development also at the legislative level. In the Czech Republic (hereafter, "Czechia"), the Ministry of Environment has developed a methodology and guidance for the integration of a sustainable development perspective into regulatory impact assessment, including a list of questions on sustainability goals that incorporate transboundary impacts. Both Luxembourg and Germany have developed electronic tools to check new legislation and regulations against objectives for sustainable development (Box 2.12).

Many Respondents are in the process of strengthening and expanding their impact assessment methodologies. A significant number of Adherents report plans to develop methodology to fulfill identified needs, particularly in the area of transboundary impacts. In Belgium, discussions are underway on how their RIA can be adapted to improve the quality and integrate the SDGs. In December of 2022, Lithuania's Legislative Framework Law was amended by Seimas, to strengthen the assessment of impacts to environment, climate and equal opportunities. Similarly in Spain, as stated in the fifth additional provision of Law 27/2022, on the institutionalisation of the evaluation of public policies in the General State Administration, the preparation of the ex-ante assessment methodologies referring to the forecast impacts of the Regulatory Impact Analysis Report is foreseen.

Box 2.12. Good Practice Examples: Regulatory Impact Assessments

Greece: Manual and Template on Regulatory Impact Assessment

In 2020, the Presidency of the Government adopted a new comprehensive and redesigned Manual and Template on Regulatory Impact Assessment (RIA), accompanying all draft laws and secondary legislation of major socioeconomic importance. This new Manual and Template on RIA incorporates, for the first time, a distinctive index addressing the consistency and compatibility of the proposed regulatory measures with the three dimensions of sustainable development and the SDGs.

Czechia: Mechanisms for promoting of sustainable development in state administration

Between 2019 and 2023 Czechia developed a project for the promotion of sustainable development in state administration. This included integrating principles of sustainable development perspective into Regulatory Impact Assessment. RIA is mandatory for legislative proposals by ministries. A guidance document was developed for ministerial servants on the use of the principles of sustainable development (overlapping with PCSD) in RIAs. A further document was prepared to explain the importance of PCSD to policy makers, including recommendations on what policy makers can do to promote coherence.

Switzerland: The Regulatory Impact Assessment (RIA) quick-check

In Switzerland, new directives of the Federal Council on regulatory impact assessments (RIA) were introduced at the end of 2019. These directives included a preliminary RIA (a so-called RIA quick-check), mandatory for all regulations. It is used to provide a rough assessment of the need for regulatory action, expected impacts (including the dimensions economy, society and environment) and possible alternatives to the proposed regulatory measures at an early stage. It also serves to determine the necessity and scope of further RIA analyses.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Box 2.13. Good Practice Examples: Impact Assessment Tools

Luxembourg: Sustainability Check

The Sustainability Check, adopted by the Government in 2022, is a tool for self-assessing legislative acts in terms of their impact on Luxembourg's sustainable development priorities. The Check has been mandatory for all introduced draft bills since June 2023. It enables ministries and administrations to take greater ownership of the National Plan for Sustainable Development and will at the same time contribute to strengthen PCSD.

The European Union: Better Regulation Toolbox

The European Union has a comprehensive impact assessment guidance. As part of its Better Regulation Toolbox, updated in 2023, it provides general advice on conducting impact assessments as well as on specific areas of impact (European Commission, 2023[50]). It sets out clearly that impacts across all three dimensions of sustainable development are to be considered. A dedicated tool exists

for impact on the SDGs, use of strategic foresight (highly relevant for interests of future generations) as well as impacts on developing countries.

The guidance underlines the importance of a thorough assessment to ensure reflection of impacts on developing countries from the very start. Importantly, it recommends a proportionate approach, and in particular to conduct a qualitative analysis where detailed data is lacking or an in-depth assessment too cumbersome compared to the impact. A key source of information are EU delegations (the equivalent of embassies) that can provide feedback from developing countries. As an example, for a detailed impact assessment of a policy with high relevance for developing countries, the EU conducted an ex-ante impact assessment of its Generalised Scheme of Preferences that allows developing countries preferential access to EU markets (European Commission, 2021[51]).

Spain: Methodological Guide for the cross-cutting analysis of multiple impacts

In accordance with the commitment established in the 2022 Progress Report of the 2030 Sustainable Development Strategy, a first "Methodological Guide for the cross-cutting analysis of multiple impacts" has been developed. The guide contains and describes a methodological framework that enables the application of matrices for the identification, qualification and quantification of multidimensional, cross-sectoral, cross-border and intergenerational interactions of public policies. This methodology will be made available in different workspaces of the public administration with the aim of consolidating a new evaluation approach based on cross-impacts and their contribution to the Sustainable Development Goals.

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

However, many efforts reported in this category could become the foundational stage for more specific assessment of impacts on sustainable development. For example, Finland report that impact assessments are developed continuously, noting that although these assessments have not been explicitly developed for sustainable development goals many of the same factors are being analysed, for example income differences, gender, and environmental goals. In Poland, Regulatory Impact Assessment (RIA) are required for all laws and regulations except for those initiated by Sejm (lower chamber of parliament). The government developed guidelines on impact assessments and disseminated standardised RIA forms. The regulation template takes into account many elements. Some of them touch upon sustainable development prospects and could potentially anticipate, assess and address regulation impacts to advance SDGs. However, this tool's scope is limited and does not consider key sustainable development elements, such as transboundary impacts (OECD, 2023[52]).

Merely 16% of Respondents indicate efforts to adapt their impact assessment tools and practices to explicitly consider transboundary impacts of policies, particularly on developing countries. Belgium, Greece and Luxembourg all introduced in recent years a transboundary dimension in RIAs, notably to consider the SDG impact on developing countries. Spain is also exploring how to explicitly consider the transboundary impacts of policies in its RIAs. Building on a longer-standing practice, the EU (Box 2.13) and the Netherlands (Government of the Netherlands, n.d.[53]) have developed dedicated guidance to consider the impact on developing countries. Importantly, this includes a recommendation to consult stakeholders in developing countries through diplomatic missions, or commission studies.

Commissioning dedicated research on transboundary impacts is another useful approach to inform policy discussion. In the Netherlands, the MFA commissioned the Environmental Assessment Agency PBL to assess the impact of circular economy approaches on low- and middle-income countries (Lucas, Brink and Van Oorschot, 2022[54]). Belgium is working with the OECD to better assess the effects of biofuels on food security.

Assessing the transboundary impacts of policies remains a key challenge. A significant obstacle to advance policy coherence for sustainable development in many Adherents is the insufficient data and evidence-based information available for assessing the transboundary or global impacts of policies, as reported by 73%[21] of Respondents. In this regard, it is important to recall the EU's approach of conducting a qualitative analysis where data is not available. Such an analysis can already provide important insights into general effects on developing countries, drawing on existing research, and verify alignment with international standards and recommendations. Moreover, the assessment of transboundary impacts lends itself particularly well to joint or shared approaches. Adherents can jointly commission research institutions to provide analysis on impacts of proposed measures in developing countries, while complementing it with their analysis on impacts on the domestic environment. As experience from adherents shows that assessments of transboundary impacts vary in quality, it would also be important to set quality standards (proportionate to the expected impact) and budget adequate resources to conduct these assessments.

Assessments of transboundary impacts would be particularly relevant for multilateral engagement. Many multilateral frameworks aim precisely to establish common standards and a level playing field to minimise negative spillovers on other countries from diverging approaches. To inform their positions in these multilateral exchanges, Adherents would draw significant benefit from an analysis of the expected impacts not only on their domestic environment but also on third countries. It would therefore be useful to require information on transboundary impacts when ministries co-ordinate a government's position for multilateral negotiations, if where those do not fall under the scope of regulatory impact assessments.

Given the importance of addressing transboundary impacts to policy coherence at the international level, and in achieving the SDGs, this principle seven of the Recommendation would be an important focus for both advocacy and technical support from the OECD. At the same time however, addressing transboundary impacts of policies reported as a priority by only 41%[22] of Respondents. This could be an illustration for the challenge that transboundary impacts often receive less attention in policymaking.

The level of implementation of principle seven of the Recommendation varies depending on the specific action analysed, yet it remains relatively low on average. Whilst a notable 64% of Respondents report conducting impact assessments for sustainable development, the assessment of transboundary impacts and provision of information on PCSD impacts decision makers are particularly low. This accounts for an overall level of implementation of only 35% of by Respondents for principle seven.

Findings from responses to the questionnaire suggest that there is an ongoing transformation in the practices of impact assessment practices to address recognised requirements and priorities in this domain. In the pursuit of sustainable development impact assessments, many Adherents report adapting their RIAs or devising new tools for this purpose. While there are limited frameworks available for assessing transboundary impacts, a considerable number of Adherents have recognised this as an area that warrants further attention for future work.

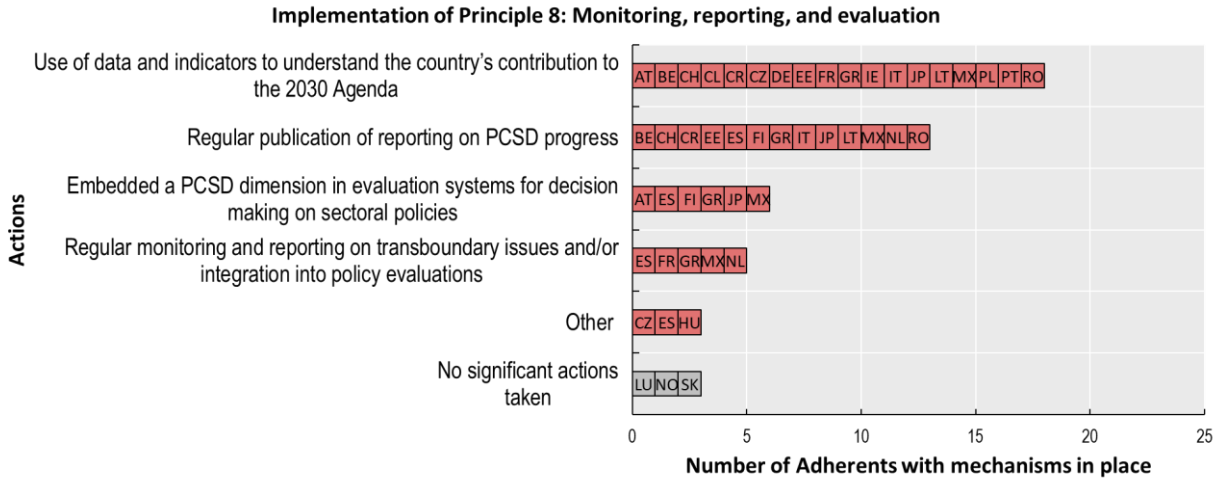
Principle 8: Strengthening monitoring, reporting and evaluation systems to collect qualitative and quantitative evidence on this impact of policies and financing, and report progress on PCSD.

Principle eight of the Recommendation underlines the importance of using existing monitoring systems more proactively to track and report progress on policy coherence. Strengthening monitoring, reporting and evaluation systems is essential to collect evidence on the impact of policies and financing, to inform decision-making and to report progress on PCSD. The use of data underpins the digital transformation of our societies and economies. Notably, data offers opportunities to better anticipate, forecast and plan for potential futures; monitor and respond to unexpected effects of designed policies; and to evaluate and draw insights from previous actions. Official statistics are an important starting point, but the need for data to support evidence-informed decision-making and ultimately the implementation of the SDGs goes far beyond conventional national statistics.

The Recommendation provides that Adherents should, as appropriate:

- Monitor and report back on policy and financing impacts drawing on national, regional and local sources, where available, and publish regular reports about progress on PCSD outlining progress made on addressing impacts on sustainable development at home and abroad;
- Identify existing reliable and timely data, indicators and information, disaggregated by sex and geographically and territorial level as well as other aspects such as income, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant that can help better capture economic, social and environmental externalities imposed beyond national borders (transboundary impacts); and understand the country's contribution towards global efforts for implementing Agenda 2030;
- Report regularly on PCSD and, where needed, build capacity and skills to strengthen data collection, management, storage, and reporting processes;
- Embed a policy coherence dimension in evaluation systems to inform decision-making regarding the linkages and potential trade-offs between sectoral policies as well as transboundary impacts.

Figure 2.9. Strengthening monitoring, reporting and evaluation systems: Implementation by Respondents



Note: 23 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development.

The majority of Respondents (72%) indicate that they use data and indicators to understand the country's progress in implementing the 2030 Agenda and achieving the SDGs (Box 2.14). For example, Statistics Lithuania, together with all respective ministries and other institutions has prepared a national list of sustainable development indicators in relation to the implementation of the Agenda 2030 for Sustainable Development. Statistics Poland provides reliable and timely SDG data disaggregated by sex, age, location, income, disability and other characteristics at its National Reporting Platform. Statistics Poland also applies alternative data sources and calculates experimental SDG statistics available for data users including policy makers via a dedicated tool Slovakia's Global Sustainable Development Report 2023 on SDG implementation contains recommendations, which also apply to PCSD, notably the need of integrated and scientific approach. In Portugal, the National Roadmap for Sustainable Development (NRSD), currently in the preparation phase and co-ordinated with the Competence Centre for Planning, Policy and Foresight in Public Administration (PlanAPP), considers the main challenges and gaps identified in VNR 2023. From

this basis the NRSD is intended to identify solutions and responses to promote the institutionalisation of the 2030 Agenda.

Despite ongoing efforts, OECD's work reveals important gaps in Member countries' statistical capacity to monitor progress towards SDG targets. Existing gaps include insufficient data and limited timeliness and granularity (OECD, 2022[55]). Addressing these issues is crucial not only for improving our understanding of the progress made on enhancing policy coherence, but also on how we are advancing towards the 2030 Agenda, and act accordingly.

Box 2.14. Good Practice Examples: Mechanisms for monitoring, reporting and evaluation

Italy: Monitoring system for the National Sustainable Development Strategy

The Italian National Sustainable Development Strategy sets out an integrated and multilevel monitoring system annually reporting on the capacity of achieving its sustainable development objectives as well as the SDGs. A sustainability dashboard has been defined including a framework for monitoring the PCSD at different territorial level. The framework, developed with the scientific support of the OECD, combines the Recommendation and the 17.14.1 indicator methodology set by UNEP to provide a shared questionnaire to track progress in implementing the National Action Plan on PCSD.

Switzerland: SDGital2030

Switzerland developed SDGital2030 as an online tool to co-ordinate stocktaking on the 2030 Agenda. The tool provides an in-depth stocktaking of the 169 targets, to which over 50 offices and 300 experts from within the federal government contributed. In an effort to increase policy coherence, the stocktaking was an open process where everyone has access to and the opportunity to contribute to all other goals. The information was then published in full, side-by-side on the Website SDGital2030. This process of reporting gave the opportunity to foster further collaboration and policy coherence. Switzerland will use this method again for its next VNR in 2026.

The Netherlands: Monitor Wellbeing & SDGs

In 2019, Statistics Netherlands integrated its annual SDG progress report (which existed since 2017) with the Wellbeing Monitor into the annual Monitor Wellbeing & SDGs (Monitor Brede Welvaart & SDGs) at the request of the government. In this report, Statistics Netherlands has integrated it wellbeing indicators (based on the CES framework for sustainable development) with the internationally agreed SDG indicators, adapted to indicators that are relevant for the Dutch starting position. Since then, the Monitor has continuously been strengthened to include more extensive information and a more integrated view of progress on the SDG's and wellbeing indicators. During the corona years, for instance, a dashboard was included to measure the degree to which essential systems are 'shockproof'.

In addition to the statistical progress report, the government also publishes the annual SDG report "Nederland Ontwikkelt Duurzaam" (the Netherlands' Sustainable Development) in which a more analytical reflection is given of progress to achieve the SDG's. The central government co-authors this report with all sectors in society. The report includes a joint analysis of progress, trends, successes, challenges and opportunities as well as separate chapters by each sector (central government, decentralized governments, business and the financial sector, NGO's, youth, knowledge institutions and the National Human Rights Institute)

Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development; Italy Governance Scan for Policy Coherence https://web-archive.oecd.org/2021-11-03/614046-italy-governance-scan-pcsd.pdf

Yet, only 20% of Respondents indicate regular monitoring and reporting on transboundary impacts and/or its integration into policy evaluations. Some Adherents have integrated spillover effects in their sustainable development monitoring frameworks. Switzerland (Box 2.15) and Germany aim to further improve their reporting frameworks. Through funding, Adherents also support civil society and research initiatives such as the Commitment to Development Index[23] and the Sustainable Development Spillover Index[24] that in turn inform domestic debate. For all Adherents, voluntary national reviews provide an opportunity to address their global contributions to the SDGs. Some explicitly go beyond development co-operation and consider positive and negative transboundary effects on the SDGs, such as the EU in its 2023 VNR (European Union, 2023[56]). In their survey responses, Switzerland (Box 2.15) and Germany indicate their objective to further improve their frameworks for monitoring transboundary impacts.

A few Adherents conduct evaluations and studies that provide information on the impact of policies other than development co-operation on developing countries. The Netherlands has been a leader in this respect, while Sweden, Norway and the EU had all evaluated their approach to policy coherence for development shortly before adoption of the Recommendation. Over the past years, the Dutch Foreign Ministry's evaluation institute IOB has led evaluations that examined policy coherence in the areas of trade, tax and climate (ongoing) as well as the policy coherence action plan itself (OECD, 2023[57]). Other valuable examples exist: New Zealand commissioned a study[25] on the impact of Regional Seasonal Employment scheme (Bedford, Bedford and Nunne, 2020[58]), while Global Affairs Canada evaluated the interlinkages between its trade, diplomacy and development efforts in Asia and the Americas (Box 2.15).

Box 2.15. Good Practices: Monitoring and reporting of transboundary impacts

Canada: Evaluations on Diplomacy, Trade and International Assistance Coherence

In 2021, Global Affairs Canada published two evaluations on Diplomacy, Trade and International Assistance Coherence in the Asia-Pacific and Latin American and Caribbean Regions (Global Affairs Canada, 2021[59]) (Global Affairs Canada, 2021[60]). The evaluations highlighted that opportunities for creating synergies frequently exist across the three streams, but are not systematically seized. They recommended strengthening collaboration, notably developing joint strategies, facilitating communication and knowledge sharing across workstreams and enhancing staff awareness and mobility. In its management responses, Global Affairs agreed with the recommendations and set out specific actions to follow up.

EU: PCSD Evaluation

The European Parliament takes an active role in EU policy-making that can affect developing countries, linked to the obligation set out in Article 208(1) of the Treaty on the Functioning of the European Union. In 2023, a dedicated report informed Parliamentarians about progress in the implementation of the EU's efforts. The report led to adoption of a resolution that provided strong support to policy coherence for development and sets out a path for action for all EU institutions (European Parliament, 2023[11]). These include investments in thorough impact assessments and relevant consultation by all Commission services, ex post evaluations and necessary capacity at DG INTPA; systematic monitoring and dialogue on PCD issues through EU delegations; more regular dialogue by Council and member states; and a reinforced engagement by the parliament itself.

Switzerland: MONET 2030

Since 2008, Switzerland has included spillover effects in its national sustainable development monitoring, called MONET 2030[1]. In close collaboration between the Federal Statistical Office and Swiss Development Co-operation, the system was developed and continuously adjusted, to currently include 14 indicators such as greenhouse emissions, remittances and the individual consumption

footprint. These indicators highlight Switzerland's positive and negative impact and responsibility linked to development prospects of other countries, and also provide a useful overview of trends. Defining indicators for complex phenomena and data availability have been important challenges. Switzerland therefore has the ambition to further improve the system under as part of its next SDG action plan, so that MONETGlobo's value for evidence-based policy-making can be further enhanced.

Australia: Reporting on the commitment to combatting modern slavery[2]

As part of the Government's commitment to combatting modern slavery, the Government reports annual progress on how it is combatting modern slavery in its procurement practices, in a Commonwealth Modern Slavery Statement (Attorney-General's Department, n.d.[61]). The statements are whole-of-government, capturing efforts by non-corporate Commonwealth entities, with the aim of highlighting "the true impact of the connections—in business, trade and industry, and as consumers— between [Australia] and the rest of the world." The fourth and latest statement was published in 2023. The requirement to work collaboratively across Commonwealth departments and agencies to combat modern slavery risks in Commonwealth procurement is included in the 2020-25 National Action Plan to Combat Modern Slavery (Government of Australia, 2020[62]). Additionally, the Government hosts a Modern Slavery Statements Register of published statements from entities reporting under the *Modern Slavery Act 2018* (Cth), which are headquartered in an estimated 60 countries worldwide. The Government also reports annually to the Australian Parliament on the implementation of the *Modern Slavery Act 2018*, which highlights the Government's continued efforts to engage with business and civil society to implement the Act and improve compliance.

Note 1 https://www.bfs.admin.ch/bfs/fr/home/statistiques/developpement-durable/monet-2030.html.
Note 2 The text used in this good practice example has been updated for use in this Publication and was not included in the version of the Report approved by the DAC and PGC.
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Reporting to parliament is an effective way to publicly share information on measures taken to address transboundary impacts of policies and inform political debate. The European Parliament has designated a member of Parliament as dedicated rapporteur for policy coherence for development (see Box 2.15) while in Belgium and the Netherlands, the government submits a report to Parliament.

Adherents still have work to do to fully implementing principle eight of the Recommendation. Respondents implement principle eight to an overall level of 42%. There are areas that need improvement, such as establishing regular monitoring and reporting on transboundary impacts and embedding a PCSD dimension in evaluation systems for decision making on sectoral policies. These mechanisms could be developed based on the solid frameworks of SDG and PCSD reporting that Adherents have already established.

Monitoring and evaluating of transboundary impacts remains too limited. Similar to impact assessments, quantitative monitoring is challenging due to conceptual definitions and data availability, although recent research that offers an expanding range of analytical possibilities (OECD/EC-JRC, 2021[63]). However, Adherents could significantly enhance the regular monitoring of their policies towards greater policy coherence and related outcomes and impacts, such as on public awareness, stakeholder dialogue, research and impact assessments, legislative initiatives, contributions to multilateral exchanges etc. (against action plans for policy coherence or dedicated policy fields). This would raise awareness for positive and negative transboundary impacts and e political debate on progress and further action. Public reports to Parliament can be particularly valuable in this regard.

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Notes

[1] Joint 2nd with insufficient technical capacity.

[2] Based on the responses of 22 countries. Three of the original 25 Respondents did not provide an answer to this question.

[3] Based on the responses of 22 countries. Three of the original 25 Respondents did not provide an answer to this question.

[4] The good practice example has been added for use in this Publication. It was not included in the version of the Report approved by the DAC and PGC.

[5] Based on the responses of 22 countries. Three of the original 25 Respondents did not answer this question.

[6] https://www.publicdebtnet.org/pdm/home.

[7] https://financeincommon.org/.

[8] https://lsfi.lu/.

[9] https://www.sida.se/en/for-partners/private-sector/swedish-investors-for-sustainable-development

[10] https://www.tossd.org/.

[11] 12 of 22 responding countries. Three of the original 25 Respondents did not answer this question.

[12] 10 of 22 responding countries. Three of the original 25 Respondents did not answer this question.

[13] Joint second with “Insufficient technical capacity”

[14] https://www.dfat.gov.au/geo/pacific/office-of-the-pacific.

[15] Based on the responses of 22 countries. Three of the original 25 Respondents did not answer this question.

[16] https://www.mofa.go.jp/policy/oda/sdgs/effort/index.html.

[17] https://www.sdgnederland.nl/.

[18] https://www.lecese.fr/.

[19] https://www.nachhaltigkeitsrat.de/.

[20] https://www.gov.ie/en/publication/208f7-january-2023-sustainable-development-goals-national-stakeholder-forum/.

[21] 16 of 22 responding countries. Three of the original 25 Respondents did not answer this question.

[22] 9 of 22 responding countries. Three of the original 25 Respondents did not answer this question.

[23] https://www.cgdev.org/cdi#/.

[24] https://dashboards.sdgindex.org/rankings/spillovers.

[25] https://www.immigration.govt.nz/documents/statistics/rse-impact-study-pacific-stream-report.pdf

3 Summary and conclusions

3.1. Implementation

Adherents' efforts to implement and disseminate the Recommendation over the past five years have taken place in an increasingly challenging context. During this time, there has been a significant rise in interconnected economic, environmental, social and geopolitical crises, all of which have had serious implications on countries' prospects to develop sustainably and in line with their international commitments such as the SDGs (OECD, 2022[1]). The 2023 UN Secretary-General's annual report on SDG progress, which was delivered during the 2023 SDG Summit at the mid-point towards 2030, warned that the SDGs are off track. Recognising this critical juncture, the UN Secretary-General's 2023 report outlined a Rescue Plan for People and Planet, which highlights areas for urgent action including the urgency of equipping governments and institutions for sustainable and inclusive transformation, and prioritising policies and investments that have multiplier effects across the SDGs.

The information gathered by the Secretariat, including the questionnaire responses, aligns with the findings of the 2023 report on SDG progress on the need for more urgent action. While Adherents have made clear efforts to implement the Recommendation at the domestic level and, in the context of collaborative work with the OECD, at international level, progress has been made at varying speeds. Different Adherents have also prioritised different actions of the Recommendation, reflecting the variety of institutional and political contexts in which the Recommendation is being implemented. The reported challenges in PCSD implementation (Table 3.1) must be addressed to support the urgent acceleration of efforts required to keep the SDGs on track for 2030.

The table below outline challenges identified by Respondents for making progress on PCSD. The main challenges identified relate to the availability of data and evidence relating to the transboundary or global impacts of policies, political commitment, technical capacity, and the limited enforceability of PCSD measures.

Table 3.1. Identified challenges to PCSD Implementation

Challenges to PCSD implementation reported by Respondents	Respondents (%)
Lack of sufficient data and evidence-based information to assess the transboundary or global impacts of policies	73%
Insufficient technical capacity on the topic	45%
Limited enforceability of PCSD measures	45%
Insufficient political commitment for PCSD at the highest levels of government	41%
Unclear allocation of roles and responsibilities for promoting, overseeing and implementing PCSD in the public administration	36%

Challenges to PCSD implementation reported by Respondents	Respondents (%)
Funding constraints	27%
Lack of clearly defined priority areas, time-bound actions or key performance indicators for marking progress on PCSD	27%
Difficulty in clearly communicating the benefits of PCSD across government	27%
Lack of long-term measures to ensure sustained commitment to PCSD beyond electoral cycles	23%
Unsupportive legal and political framework	18%

Note: 22 Respondents
Source: 2023 Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development

Considering the challenge of addressing transboundary impacts, Adherents have also expressed their wish for greater support by the OECD for their implementation efforts, and lead by example. The need for such support was underlined at a meeting of the OECD Network of National Focal Points for Policy Coherence, as well as a meeting of the Development Centre Governing Board including both OECD Members and non-Members, and subsequently at the Development Assistance Committee (DAC) meeting on 17 April 2024. Specific proposals included:

- Increased collaboration across OECD policy communities to enhance understanding of specific challenges related to the actions set out in the Recommendation on the transboundary impacts of policies.
- The development of analysis for Adherents on the transboundary impacts of policies within specific thematic areas, to better guide decision making in Adherents.
- Providing a platform for non-Members to more systematically share their views on the transboundary impacts of OECD policy recommendations and dedicated analysis, including through the Development Cluster, to support Adherents in assessing transboundary impacts in their implementation.
- Supporting communication that can better convey the relevance and importance of policy coherence to key decision makers, and supporting linkages between policy coherence, SDGs and well-being frameworks.

In particular, a number of DAC members suggested future work on analysing and unpacking issues relevant to transboundary impacts in select priority areas, as well as assessing more systematically the impact of OECD legal instruments particularly the positive and negative effects resulting from the implementation by Adherents for developing countries. Some DAC members also emphasised that an OECD-wide approach (including through the forthcoming revision of the OECD Strategy on Development) would be helpful to mainstream policy coherence more systemically across the Organisation.

3.2. Next steps

The OECD Secretariat will continue to support Adherents in their efforts to enhance Policy Coherence for Sustainable Development. To increase effectiveness, this work could focus on the gaps in implementation identified across the principles of the Recommendation, as well as the implementation challenges reported by Adherents (Table 3.1). This will include support on technical capacity and the availability of data,

methodologies and tools, particularly in the area of policy impact assessment and spillover effects. Efforts to foster understanding across policy actors – particularly in line ministries – of the importance and benefits of policy coherence, and potential costs of incoherence – backed up by clear, high-level political support, will also be important to inform meaningful action where trade-offs and negative impacts are identified. DAC Peer Reviews will continue monitoring efforts to address transboundary impacts, to support follow-up as well as the identification and discussion of good practice.

Dissemination efforts will also continue, both for the Recommendation and on good practices. The outcomes of national projects can feed into discussion in the OECD Network of National Focal Points for Policy Coherence to inspire and inform implementation efforts in other Adherents. In line with feedback from Adherents, dissemination efforts could include developing user-friendly communication tools such as shorter and more focused material, dedicated communication and awareness raising material targeted at specific policy areas and themes, as well as targeted communications for political decision makers.

The DAC and PGC could step-up their collaboration and co-ordination with other policy communities within the OECD, to further strengthen the implementation of the Recommendation and encourage reflection on the interaction of policy areas and provide more coherent policy advice to Members.

In light of calls by Adherents for greater support of the OECD to address the transboundary impacts, the DAC at its 2023 High-Level Meeting committed to seek “OECD wide collaborative solutions to better address the transboundary, social and environmental effects of other relevant policies and finance” (Development Assistance Committee, 2023[2]). Building on the example of OECD’s work on responsible business conduct, the DAC and the PGC could enhance collaboration with other OECD policy communities on a select set of priority themes, raise awareness of other policy communities of transboundary impacts of policies, and support the bridge building role of the OECD and key forum for multilateral dialogue on policy coherence challenges of high relevance to developing countries.

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Unleashing Policy Coherence to Achieve the SDGs

AN ASSESSMENT OF GOVERNANCE MECHANISMS

In an era of overlapping crises, achieving sustainable development is more challenging than ever. As we approach the 2030 deadline, the world is off track to meet most of the Sustainable Development Goals (SDGs). Urgent, transformative action is needed to reverse the setbacks. The OECD and its members have a central role to play in this global effort, guided by a shared commitment to global stability and progress.

The OECD Recommendation on Policy Coherence for Sustainable Development (PCSD) is a key tool in addressing these challenges. It provides policymakers with the necessary mechanisms to ensure that policies across sectors and levels of government are mutually reinforcing in the pursuit of sustainable development, both domestically and globally.

This report takes stock of the progress made in implementing the Recommendation over the past five years. It shows that many of the Parties to the Recommendation have laid a strong foundation for improving policy coherence. However, significant gaps remain, particularly in the capacity to assess the impact of policies on sustainable development and to integrate sustainable development into key governance processes.

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