

**Cancels & replaces the same document of 15 October 2018**

## **Updating the Recommendation on Policy Coherence for Development [C(2010)41]**

The present document contains a proposal for updating the Recommendation in line with the DAC Standard-Setting Action Plan [DCD/DAC(2017)8/FINAL], and is submitted for consideration by the Development Assistance Committee (DAC) at its meeting on 25 October 2018, by the Public Governance Committee (PGC) at its meeting on 12-13 November 2018 and by the Informal Network of Focal Points for Policy Coherence at its meeting on 14 November 2018. Members are requested to discuss the proposal set out in Annex A and consider the following:

- Do the eight building blocks fully cover the most challenging coherence challenges faced by governments in implementing the 2030 Agenda for Sustainable Development? What is missing?
- What specific recommendations should emerge from the building blocks that could have the greatest impact?

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## Background and introduction

1. The Recommendation of the Council on Good Institutional Practices in Promoting Policy Coherence for Development [[C\(2010\)41](#)] (hereafter the “Recommendation”) was adopted by the Council on 29 April 2010 on the proposal of the Development Assistance Committee (DAC). The guidance set out in the Annex of the Recommendation was developed in consultation with the Public Governance Committee (PGC).

2. In line with the DAC Standard-Setting Action Plan [[DCD/DAC\(2017\)8/FINAL](#)], the present document contains a proposal for updating the Recommendation taking into account the need for a horizontal approach consistent with the challenges identified for the OECD as a standard-setter [[C\(2017\)51](#)], with a view to strengthen the relevance and impact of the Recommendation.

3. The key elements proposed below draw on the work carried out since the Recommendation was agreed, identifying key lessons learnt for adapting policy coherence approaches to the emerging post 2015 framework<sup>1</sup> and include specifically the:

- Framework for an OECD Strategy on Development [[C/MIN\(2011\)8](#)];
- Green Growth Strategy “Towards Green Growth” [[C/MIN\(2011\)4](#)];
- OECD Strategy on Development [[C/MIN\(2012\)6](#)];
- 2013 Overview Paper on the Implementation of the OECD Strategy on Development [[C/MIN\(2014\)13](#)];
- 2014 Report on the Implementation of the OECD Strategy on Development [[C/MIN\(2014\)14](#)]; and
- OECD Action Plan on the Sustainable Development Goals [[C/MIN\(2016\)6](#)].

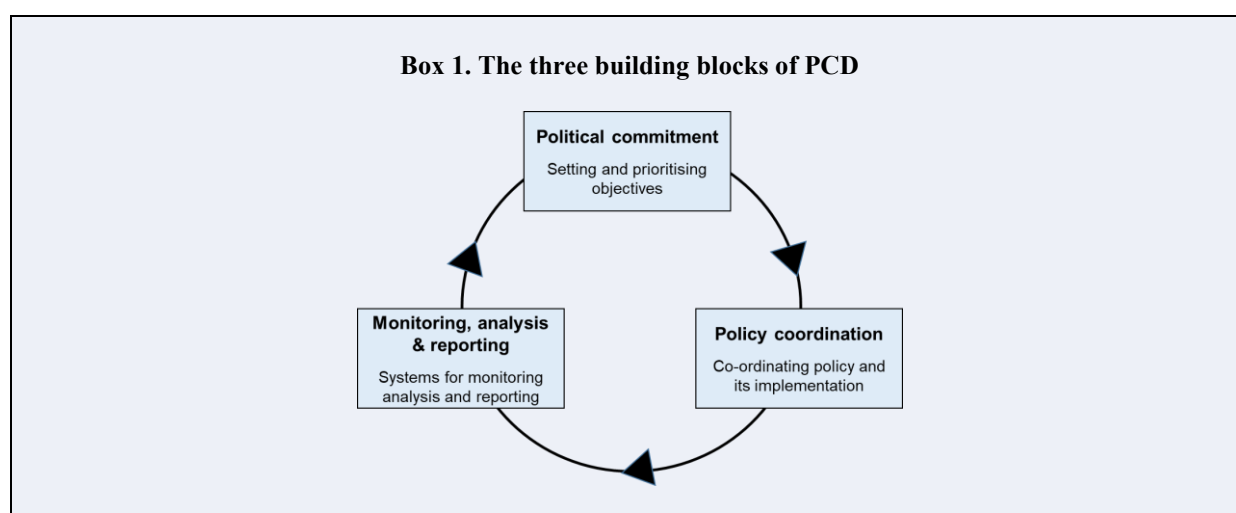
4. Based on more than a decade’s work on Policy Coherence for Development (PCD) as well as more recent work on sustainable development and the SDGs at the OECD, including the OECD’s SDG Action Plan, Annex A to this document summarizes the evidence-based analysis gathered through discussions in a number of OECD bodies. These bodies include in particular the Executive Committee and Council; including at Ministerial level; annual Meetings of the Members of the Council on Development and subsequent meetings of the Members of the Council on the Sustainable Development Goals. Country experiences and lessons learnt have also been discussed in the Informal Working Group on the Strategy on Development which met periodically from 2009 through 2015- 2016. This analysis underpins the main elements for the draft revised Recommendation based on the nature and principles of the 2030 Agenda. Further analysis is provided in the document [[SG/SD\(2017\)1](#)] on the Strategy on Development – Monitoring the implementation of annex projects and cross-cutting themes and the mainstreaming of development perspectives into the Organisation’s work. Annex B reproduces the key principles of the 2030 Agenda for Sustainable Development that need to be taken into account in the draft revised Recommendation.

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<sup>1</sup> Publications aligned to the theme of the HLPF in 2017 and 2018 include: OECD (2017), *Policy Coherence for Sustainable Development 2017: Eradicating Poverty and Promoting Prosperity*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264272576-6-en>, and OECD (2018), *Policy Coherence for Sustainable Development 2018: Towards Sustainable and Resilient Societies*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264301061-4-en>.

## Rationale for updating the Recommendation

5. The Recommendation gives guidance in promoting policy coherence for Development (PCD) along the lines of three building blocks (Box 1). Since 2010, the DAC peer reviews, and in particular the chapter dedicated to PCD, have considered the extent to which DAC Members have put in place the three PCD Building Blocks, and how they work in practice. Experience shows that these building blocks have been instrumental to raise awareness and build commitment, but are not sufficient to produce sustainable development outcomes. According to an assessment of recent DAC peer reviews, some of the factors that impede progress include: the weak understanding and ownership of the PCD concept within administrations, parliaments and the public; the lack of time-bound action plans with objectives shared by the whole government; the absence of clear mandates to arbitrate and balance divergent policy interests; and the lack of indicators and monitoring systems that capture the impact of policies.



6. While PCD building blocks are still relevant in the current context, they need to be reconfigured to respond effectively to the vision and needs of the new agenda, with additional mechanisms that: fully engage the whole government beyond foreign affairs, development ministries and aid agencies (Role of CoG); have the mandate and capacity to manage the diverse interactions – policy tensions and synergies – between sectoral policies and between domestic and international policies; ensure a more systematic consideration of the effects of policies ex-ante, during and ex-post; involve key stakeholders particularly from CSOs and the private sector as well as from subnational and local actors; and can mobilise the national installed capacity for strengthening monitoring and reporting systems.

7. As agreed by the DAC in its Standard-Setting Action Plan, the Recommendation (see in Box 2 the main key provisions of the Recommendation) needs to be updated to reflect the 2030 Agenda for Sustainable Development and other international agreements and to take into account the specific target SDG 17.14 on Policy Coherence for Sustainable Development (PCSD) as a means of implementation that applies to all SDGs. In addition, OECD's SDG Action Plan calls specifically for updating the tools and standards for PCSD [[C/MIN\(2016\)6](#)].

**Box 2. 2010 Recommendation of the Council on Good Institutional Practices in Promoting Policy Coherence for Development [[C\(2010\)41](#)]**

The Recommendation recommends that:

- (i) Adherents introduce and maintain within their existing governance structures for policy governance a clear and integrated framework for PCD (in accordance with the annexed Guidance)
- (ii) “the Secretariat and Committees deepen horizontal co-operation to examine opportunities for greater synergies.....including consideration of the existing comprehensive or “whole of government” reviews on voluntary basis, by the Public Governance Committee, as a complement to the DAC peer reviews, to better assist in improving mechanisms and structures for policy coherence for development.”. In addition the Recommendation instructs the DAC “to promote, assist and monitor the implementation of this Recommendation”, and invites non-Members to adhere to it.

8. The Recommendation needs to be updated to reflect ambitious new agreements at the international level. The 2030 Agenda, Paris Agreement on Climate Change, Addis Ababa Action Agenda, Sendai Framework for Disaster Risk Reduction, among others, have important implications for policy making and institutions at domestic and international level and require collective and integrated approaches by all. Key features of the 2030 Agenda are the call for a long-term and balanced approach to the economic, environmental, and social dimensions of sustainable development and the need to consider transboundary and inter-generational impacts of domestic actions. A revised Recommendation could help raise awareness of the implications of the new agenda, support Adherents in their efforts to make the necessary institutional and policy transformations, ensure greater impacts on sustainable development, and accelerate progress on the SDGs.

9. Updating the Recommendation would focus on the internationally agreed target SDG 17.14 on enhancing policy coherence for sustainable development (PCSD) as a key means of implementation, and provide practical guidance. The Recommendation aims to help governments meet the above-mentioned target and ensure that government policies are supportive of sustainable development goals. Each government is called on to translate such global targets into policy action at the national level. Given the integrated and indivisible nature of the SDGs and targets, there is growing understanding of the importance of PCSD to ensure that actions under one SDG reinforce progress on other SDGs and avoid undermining another. PCSD is considered by many countries a critical means to manage potential trade-offs, promote synergies, and address negative impacts. It can also help avoid contradictions, reduce inefficient spending and minimise negative effects and obstacles to achieving goals. However, guidance on what to do in practice<sup>2</sup> is limited.

10. A revised Recommendation could build on the collective wisdom of its Adherents’ experience and lessons learned in this area and address evidence and knowledge gaps. The OECD has long been in the forefront of international efforts to promote policy coherence and has a strong track record in monitoring policy coherence efforts through its peer reviews. It has been working to align its definition of, and approaches to PCSD to the 2030 Agenda and develop tools and guidance for implementation in collaboration with the

<sup>2</sup> For policy coherence related to economic and environmental aspects of sustainable development, the OECD Green Growth Strategy and its Toolkit (2011) provide initial guidance on mainstreaming environmental considerations into economic and sectoral policies. [[C/MIN\(2011\)4/ANN1](#)].

European Union, the United Nations (UN) family and a number of think tanks. It is also supporting the work of UN Environment and OECD Members to develop methodologies for tracking progress at the global and national levels.

11. The Recommendation needs to respond to the growing demand by Members and Partners to deal with the “how” of SDG implementation. Good Governance is an essential condition for the implementation of the SDGs. This includes a better understanding of the policy tools available to deal with the trade-offs and links between the different goals and targets. In this context, policy coherence has been identified as one of the most difficult challenges in implementing the SDGs at both domestic and international levels. This has been highlighted in international and regional forums by countries at all levels of development, and is reflected in the Voluntary National Reviews (VNRs) at the UN High Level Political Forum [UNDESA Synthesis of Voluntary National Reviews 2017, UNDESA]. The update of the Recommendation would draw on work carried out in the Development Assistance Committee (DAC); Public Governance Committee (PGC); Regulatory Policy Committee (RPC); Regional Development Policy Committee (RDPC); Environment Policy Committee (EPOC); Economic Policy Committee (EPC/WP1); Committee for Scientific and Technological Policy (CSTP); Committee on Industry, Innovation and Entrepreneurship (CIIE) and Committee on Statistics and Statistical Policy. This would include considerations of how to assess horizontal and vertical coherence, adapt institutional mechanisms and practices to break out of policy and institutional silos, better identify and address synergies, trade-offs, and policy impacts – both transboundary and intergenerational, and develop monitoring and evaluation systems. Combined with peer learning and peer review processes such as in the DAC, EPOC, EDRC, and various OECD Forums, it could help strengthen sustained government commitment to policy coherence and have considerable impact in fostering reforms in policy and institutional processes.

12. The Recommendation should provide an updated framework for Members and Partners who wish to align their approaches to the OECD in a manner consistent with recent international agreements. An updated Recommendation could help ensure that policy and institutional coherence for implementing the SDGs applies to both domestic policies (identifying and addressing interlinkages across sectors) and international policies (identifying and addressing transboundary impacts, particularly on poor countries and poor people) and that there is an effective interface between the two. Institutional mechanisms should be adapted so that the two processes are interlinked and mutually supportive in favour of sustainable development at all levels, rather than proceeding on separate tracks.

13. The Recommendation should foster internal coherence and strengthen OECD impact by reflecting the growing range of OECD standards that aim to strengthen integrated and coherent approaches. Updating the Recommendation could enhance awareness and accessibility of other relevant OECD initiatives with potential impact on the 2030 Agenda through cross-references and links. This could help to ensure mutually reinforcing efforts, avoid duplication and ultimately have greater impact on implementing country reforms.

**Box 3. Selective Committee work relevant to SDG 17.14 on PCSD**

In addition to the work of the NAEC, Strategic Foresight and the Inclusive Growth Units, relevant work is underway in:

- DAC (development finance, governance and peer reviews);
- PGC (sound public governance);
- RDPC (territorial, regional and local development, Territorial Approach to the SDGs);
- IC (PFI, RBC, MNE Guidelines);
- EPOC (water/food/energy nexus, Green Growth indicators and mainstreaming biodiversity for sustainable development);
- ECO (EPC's green growth and inclusive growth workstreams, EDRC's Economic Surveys address coherence among economic, social and environmental aspects of sustainable development);
- STAT (monitoring, particularly on measuring transboundary effects within the SDGs);
- STI (CSTP and CIIE's work addressing green innovation, greening of industry);
- TC/AgC (access to markets, trade facilitation).

#### Box 4. Key principles for effective implementation of the 2030 Agenda

A number of key principles set out in the text of the 2030 Agenda [A/RES/70/1], which are considered essential for the effective implementation of the 2030 Agenda at home and abroad, will guide the application and monitoring of the revised instrument. They are outlined in more detail in Annex B and include:

- Leaving no one behind - “As we embark on this great collective journey, we pledge that no one will be left behind. Recognizing that the dignity of the human person is fundamental, we wish to see the Goals and targets met for all nations and peoples and for all segments of society. And we will endeavour to reach the furthest behind first.” (Paragraph 4)
- A human rights based approach - “The new Agenda is guided by the purposes and principles of the Charter of the United Nations, including full respect for international law. It is grounded in the Universal Declaration of Human Rights, international human rights treaties, the Millennium Declaration and the 2005 World Summit Outcome Document. It is informed by other instruments such as the Declaration on the Right to Development.” (Paragraph 10)
- National ownership - “Targets are defined as aspirational global targets, with each government setting its own national targets guided by the global level of ambition but taking into account national circumstances” (Paragraph 55)

### Objective and scope of a revised Recommendation

14. The objectives of an updated Recommendation are to provide guidance, and strengthen capacity of governments at all levels and other stakeholders to design, implement and monitor coherent policies in pursuing the Sustainable Development Goals at home and abroad, in line with SDG target 17.14. It would focus on institutional mechanisms based on the notion that the processes and structures by which policies are designed, implemented and evaluated have a determining effect on policy outcomes in the implementation of the SDGs. It would also take into account the fundamental governance practices at every stage of the policy-making process that can be relevant for advancing policy coherence for sustainable development in governments from different political and administrative traditions as well as at different levels of government: national, regional and local. The draft revised Recommendation would build on the experience over many years and lessons learnt in promoting policy coherence for development in OECD Members and Partners, including from the:

- Horizontal Programme on Policy Coherence for Development- Specific PCD standards were first developed in 2008 with the now abrogated Ministerial Declaration on Policy Coherence for Development and subsequently reassessed in the OECD Framework for a Development Strategy [[C/MIN\(2011\)8](#)]; the OECD Strategy on Development [[C/MIN\(2012\)6](#)]; progress reports presented to the MCM [[C/MIN\(2013\)10](#) and [C/MIN\(2014\)14](#)]; and the SDG Action Plan [[C/MIN\(2016\)6](#)]. Other relevant work includes the PCSD Framework



[[SG/PCD\(2016\)1](#)] (see below) and its thematic modules on food security, illicit financial flows and green growth.<sup>3</sup>

- Development Assistance Committee – The DAC Peer Reviews have included a dedicated chapter on PCD since 2002 guided by the DAC Peer Review Reference Guide which is regularly updated [[DCD/DAC\(2018\)37](#)] forthcoming. Other important DAC milestones which highlight the importance of policy coherence include the Busan Outcome Document [[DCD/DAC/EFF\(2011\)19](#)]; the DAC High Level Meeting Communique 2017 [[DCD/DAC\(2017\)37](#)]; and the revised DAC Mandate [[C\(2017\)134](#)].
- Green Growth and Sustainable Development – A significant body of OECD work has been carried out in the context of sustainable development and Local Agenda 21 Action Plans that emerged from the Rio Earth Summit of 1992 and beyond, specifically on “Governance for Sustainable Development” (2002) and “Good Practices in the National Sustainable Development Strategies of OECD Countries” (2006). The 2009 Declaration on Green Growth [[C/MIN\(2009\)5/ADD1/FINAL](#)] called on the OECD to develop a Green Growth Strategy and Committees to prioritise their work within their areas of expertise to address green growth. The 2011 OECD Green Growth Strategy [[C/MIN\(2011\)4](#)] provided initial guidance to achieve economic growth and development, while preventing costly environmental damage and inefficient resource use. Since 2011, progress has been made in aligning economic and environmental priorities, and Green Growth Indicators have been designed to help countries assess and compare their progress. In 2012, Council established the Green Growth and Sustainable Development (GGSD) Forum<sup>4</sup> [[C\(2012\)74/REV2](#)] as a vehicle to facilitate multidisciplinary dialogue and synergies across OECD Committees (i.e. policy coherence) on key issues relating to sustainable development and green growth policies. This complements other platforms supported by the OECD, such as the Green Growth Knowledge Platform (paragraph 7), which disseminates the OECD and international partners’ work (e.g. UNEP, the World Bank) to advance many of the SDGs.
- Public Governance - It can build on a decade’s worth of work by the OECD in the area of Public Governance and Regulatory Policy, in which it has accumulated a body of evidence in areas that are all pivotal to effectively address complex multidimensional policy challenges, such as whole-of-government co-ordination led by the Centre of Government; equitable and evidence-informed policy making; budgetary governance; regulatory policy; public sector integrity; open government; public sector innovation; digital government; performance management and policy evaluation. Of particular importance are the Recommendations of the Council in

<sup>3</sup> OECD (2016), *Better Policies for Sustainable Development 2016: A New Framework for Policy Coherence*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264256996-6-en>.

<sup>4</sup> The GGSD Forum is overseen by: Working Party No.1 of the Economic Policy Committee; the Environment Policy Committee; Committee on Industry, Innovation and Entrepreneurship; Employment; Labour and Social Affairs Committee; Committee on Statistics; Committee on Scientific and Technological Policy; Development Assistance Committee; and the Executive Committee [[C\(2012\)74/REV2](#), paragraph 17].



the area of Public Governance and Regulatory Policy<sup>5</sup> and the Policy Framework on Sound Public Governance<sup>6</sup>.

- Territorial and urban development - The OECD is developing a territorial approach to the SDGs to support cities and regions to develop, implement and monitor strategies to achieve the SDGs by measuring where they stand vis-à-vis the national average and their peers; engaging a multi-level dialogue with their lower and upper levels of government to build consensus on who can do what, at what scale and how; and sharing best practice and lessons from international experience. The work on water governance is also relevant, in particular the OECD Principles on water governance and related indicator framework as a self-assessment tool to analyse the performance of water governance systems.
  - Informal Network of Policy Coherence Focal Points- It will draw on the observations of national efforts to implement SDG 17.14 to enhance policy coherence for sustainable development as reflected in the Voluntary National Reviews presented at the UN High Level Political Forum (HLPF) in 2016 – 2018 and in the responses by the Network focal points to a Survey on PCSD carried out in 2017-18. The lessons learned from these exercises were captured most recently as “eight building blocks” in the publication 2018 Policy Coherence for Sustainable Development – towards sustainable and resilient societies and will provide a key input to the Recommendation.<sup>7</sup>
15. On that basis, Annex A presents the main elements to be included in the draft revised Recommendation.

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<sup>5</sup> Recommendation of the Council on Open Government [[C\(2017\)140](#)]; Recommendation of the Council on Public Integrity [[C\(2017\)5](#)]; Recommendation of the Council on Gender Equality in Public Life [[C\(2015\)164](#)]; Recommendation of the Council on Public Procurement [[C\(2015\)2](#)]; Recommendation of the Council on Budgetary Governance [[C\(2015\)1](#)]; Recommendation of the Council on Digital Government Strategies [[C\(2014\)88](#)]; Recommendation of the Council on Principles for Independent Fiscal Institutions [[C\(2014\)17](#)]; Recommendation of the Council on the Governance of Critical Risks [[C/MIN\(2014\)8/FINAL](#)]; Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships [[C\(2012\)86](#)]; Recommendation of the Council on Regulatory Policy and Governance [[C\(2012\)37](#) and [C/M\(2012\)3](#)]; Recommendation of the Council on Principles for Transparency and Integrity in Lobbying [[C\(2010\)16](#)]; Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in the Public Service [[C\(2003\)107](#)]; Recommendation of the Council on Improving the Quality of Government Regulation [[C\(95\)21/FINAL](#)]

<sup>6</sup> The preparation of a draft Policy Framework on Sound Public Governance was mandated by the Public Governance Committee (PGC) in April 2017 at the 55th session, [[GOV/PGC/M\(2017\)1](#)]. Delegates approved a draft annotated outline of the Policy Framework in November 2017 at the 56<sup>th</sup> session. To be noted that the Policy Framework is a work in progress in the PGC. The first draft of the Policy Framework will be presented to the PGC in November 2018, at the 58<sup>th</sup> session.

<sup>7</sup> OECD (2018), "Eight building blocks for coherent implementation of the SDGs", in *Policy Coherence for Sustainable Development 2018: Towards Sustainable and Resilient Societies*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264301061-5-en>.

## Monitoring the implementation of the draft Recommendation and dissemination

16. As part of the Standard-Setting Review, Members expressed a strong interest in strengthening the implementation and dissemination of OECD standards. In line with the current practice, the new consolidated Recommendation would include a provision where the Council invites Adherents and the Secretary-General to disseminate the new Recommendation and instructs the relevant committees to monitor its implementation and report back within five years of its adoption.

17. During the process of developing the revised draft Recommendation, Members will be invited to propose and discuss ways in which the Organisation could help Adherents disseminate and implement it as appropriate, building on existing tools such as peer reviews and other monitoring tools such as developed for the Strategy on Development [[SG/SD\(2017\)1](#)] or other horizontal programmes. A proposal will be forthcoming as consultations proceed.

## An inclusive and horizontal process to develop the draft Recommendation: timeframe and roadmap

18. For the consultations with committees/bodies, it is proposed to start with a discussion on the draft in the DAC at its next meeting on 25 October, followed by discussions in the Public Governance Committee on 13 November and the Informal Network of Focal Points for Policy Coherence on 14 November. Following this initial consultation of the proposal, a first revised draft of the Recommendation will be prepared and shared with other relevant committees for discussion at upcoming meetings or by written procedure.

19. Consistent with the inclusive spirit of the 2030 Agenda, a very important step in the process will be the open consultation with civil society and PCSD Partners (including the 40 Partners – think tanks, NGOs, governments, private sector – registered under the UN Partnership for the SDGs Platform as well as the Expert Group for the development of the Methodology for SDG indicator 17.14.1 chaired by UN Environment).

20. It is proposed to start the consultation process in the Autumn of 2018 with a view to an adoption of the revised Recommendation by the MCM 2019 according to the following timeframe:

- 12 October 2018: proposal posted on ONE for consideration by Members;
- 25 October 2018 – discussion of the proposal at the DAC meeting;
- 13 November 2018 – discussion of the proposal at the PGC meeting;
- 14 November 2018 – discussion of the proposal at the Informal Network of Policy Coherence Focal Points;
- End-November 2018 – revised proposal posted on ONE, including a first draft of the revised Recommendation for consultation and comments by all relevant committees/bodies (DAC, PGC, RDG, IC, TC, RDPC, STAT, EPC/WP1, EPOC, CSTP and CIIE);
- December 2018 – January 2019 – committees/bodies consultation at meetings or in writing;

- February 2019 – March 2019 – second draft revised Recommendation posted on ONE for consultation and comments by all relevant committees/bodies and public online consultations.
- DATE – third revised draft Recommendation posted on ONE for discussion at the Executive Committee and at the SDG Council meeting;
- June 2019 – Adoption of the draft revised Recommendation by the Council meeting at Ministerial level.

## *Annex A. Main elements of the draft revised Recommendation*

### **1. Definition and Framework**

#### *1.1.1. An updated definition of Policy Coherence for Sustainable Development*

21. Previous OECD documents on policy coherence for development (PCD) including DAC Peer Review Methodology, the now abrogated 2008 OECD Ministerial Declaration on Policy Coherence for Development [[C/MIN\(2008\)2/FINAL](#)] and the 2010 Recommendation, provide a general idea of the concept but no clear definition that is used consistently, nor one that has been examined for alignment with the 2030 Agenda.

22. The 2008 document refers to commitments “to ensure that development concerns are taken into account across relevant policy areas inter alia through improved impact analyses and better policy coordination both at country level and within the OECD, taking into account in particular the impact on international development objectives of our environmental, agricultural, fisheries, economic and financial policies, as well as our policies in the areas of trade, migration, security, energy, science and technology.”

23. The 2010 Recommendation builds on this approach and highlights that “The process of working towards greater policy coherence for development ensures that all relevant policies are working together in pursuit of development objectives.” The instrument further refers to the importance of three building blocks: political commitment, policy coordination and monitoring, analysis and reporting. A key finding of this work is that well-designed institutional frameworks are fundamental to ensure that the development dimension is taken into account at all stages of policy-making, and to promote coherent, whole-of-government approaches to development. It also recognises, however, that there is no “one size fits all” recipe for promoting PCD and no one uniform model exists at national level.

24. These elements continue to be important. In light of the universal and integrated nature of the 2030 Agenda, however, there is a need to bring in sustainability considerations more systematically in policy-making at all levels of government. There is an increasing recognition of the need to:

- take into account the role of different actors, beyond the government and at all levels, national, regional and local;
- address economic, social and environmental priorities in a more balanced manner;
- consider more systematically the potential transboundary and long-term effects of domestic and foreign policies; and
- adopt a long-term perspective for transformation.

25. A number of consultations have been held in recent years to provide a more precise definition aligned to the special nature and principles of the 2030 Agenda. Against this background, a working definition for PCSD has been developed and is rapidly being applied by a wide variety of countries and stakeholders.

#### **Box 4 - Definition of Policy Coherence for Sustainable Development**

PCSD can be defined as an approach and policy tool to integrate the economic, social, environmental dimensions of sustainable development *at all stages of domestic and international policy making*. Its objectives in the new agenda are to build the capacities of governments and stakeholders to implement the SDGs by:

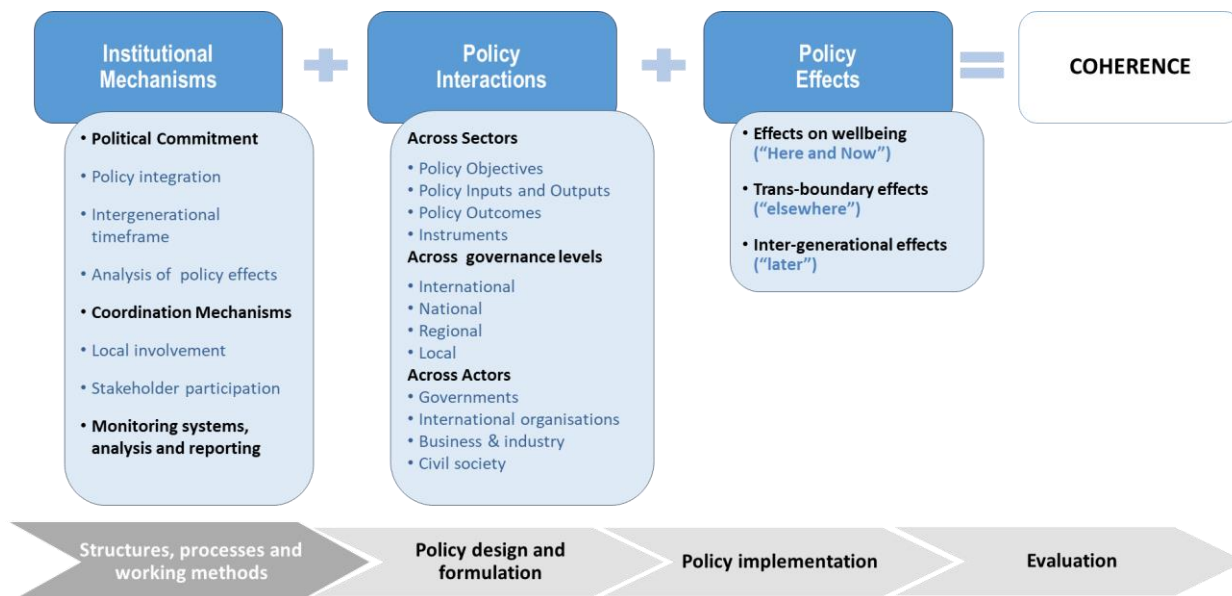
- Fostering synergies and minimising trade-offs across economic, social and environmental policy areas;
- Reconciling domestic policy objectives with internationally agreed objectives; and
- Addressing the transboundary and long-term effects of policies.

#### ***1.1.2. A conceptual framework for Policy Coherence for Sustainable Development***

26. According to the definition above, advancing PCSD entails considering three key inter-related elements of policy making: (i) institutional mechanisms i.e. structures, processes and working methods conducive to pursue PCSD; (ii) policy interactions, i.e. ability to manage different layers of policy interactions (synergies and trade-offs between economic, environmental and social policies) and guide the process towards coherent results in achieving sustainable development outcomes; and (iii) policy effects, capacity to anticipate and address the potential negative effects of policies on sustainable development “here and now”, “elsewhere” and “later”, all with a view to respect the 2030 Agenda’s cardinal principle “to leave no one behind” (see Figure 1).

27. Figure 1 below highlights eight institutional mechanisms. Those in bold were identified in the 2010 Recommendation as the three key building blocks emerging as best practice for PCD based on the lessons learned from several years of a dedicated chapter on PCD in the DAC Peer Reviews. As will be shown in the next section, experience has shown that while these institutional mechanisms have been instrumental to raise awareness and build commitment, they are not sufficient to achieve results.

**Figure 1. The three key elements of policy coherence for sustainable development**



Source: OECD (2018), *Policy Coherence for Sustainable Development 2018: Towards Sustainable and Resilient Societies*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264301061-en>.

28. PCSD can thus inform policy making at national, sub-national and international levels. It does so by helping to identify synergies and address trade-offs and conflicts across the SDGs and three dimensions of sustainable development; and across policy communities used to working in silos. It can also help identify synergies and trade-offs between short and long term interests where politics can sometimes be an obstacle to good policies; and between domestic and international objectives in the context of a highly interdependent world.

## 2. Eight Building Blocks for Sustainable Development

### 2.1. Introduction

29. The universal, integrated and transformative nature of the new agenda requires governments to be able to work across policy domains, actors, governance levels and timeframes. It involves a significant shift in the way policy coherence and governance is approached. Sustainable development has become a key purpose and a key output of sound public governance. There is no one-size-fits-all approach, and the actions by governments, international institutions, private sector, and civil society to achieve the SDGs and targets need to be adapted to the specific context, capacities and needs of each country.

30. Policy coherence for sustainable development (PCSD) – embodied in SDG Target 17.14 – is an integral part of the means of implementation for all SDGs. It can help identify critical interlinkages among goal areas, manage potential trade-offs, promote synergies, and address negative impacts with implications for the well-being of people “here and now”, “elsewhere” and “later”. The implementation of the SDGs goes beyond the responsibility of any one line ministry or policy community. It will require the active involvement of all policy communities at various levels of government and a wide range of stakeholders that allow for a holistic (whole-of-government, whole-of-society) perspective of the challenges at stake.

31. The experience of OECD Members in promoting policy coherence for development (PCD) over the past two decades in the context of aid effectiveness, as well as in implementing national sustainable development strategies (NSDS) in accordance with Local Agenda 21 emerging from the Rio Earth Summit has led the OECD to identify eight building blocks essential for coherent SDG implementation. These should permeate the structures, processes and working methods that can facilitate improvements in policy coherence, regardless of countries’ administrative and political traditions. They align with the key governance components in the draft OECD Policy Framework on Sound Public Governance, which aims to accompany governments at all levels in their efforts to strengthen capacity to improve policy and service design and delivery and the performance of public institutions in meeting the needs of citizens and businesses.

32. These building blocks illustrate how different institutional mechanisms fit together and can contribute towards higher degrees of policy coherence in terms of:

- Mobilising whole-of-government action;
- Balancing economic, environmental, and social concerns;
- Reconciling short- and long term priorities;
- Addressing potential negative impacts of domestic policies beyond borders;
- Ensuring co-ordinated and mutually supporting efforts across sectors;
- Involving regional and local levels of government;
- Engaging key stakeholders beyond government; and
- Using monitoring and reporting systems to inform coherent policy making



## *2.2. Political Commitment: Setting, Prioritising and Articulating Objectives*

33. Achieving policy coherence for sustainable development must start with strong political commitment and leadership. Political commitment, clearly and publicly expressed at the highest level, is an essential foundation for prioritising policy objectives and an enabler for sound public governance, structured around the common and interconnected values of transparency, integrity, accountability and inclusiveness. Having PCSD inscribed in national legislation or setting out a vision or strategic framework document in itself is not sufficient to advance policy coherence. It must be backed by broad consensus among parties and parliamentary, time-bound action plans, clear priorities and objectives, and incentives [SG/PCD(2016)1]. Strong political leadership is needed to shape national debate on how to shift towards a sustainable path and achieve the SDGs locally, nationally and internationally, guide whole-of-government action and build ownership across institutions and stakeholders. It is critical to orient policy development in line ministries and translate commitments into concrete measures at local, national and international levels.

## *2.3. Ensuring Effective Policy Integration*

34. In adopting the 2030 Agenda, governments committed to “achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner” and to “implement the Agenda within [their] own countries and at the regional and global levels” (2030 Agenda [A/RES/70/1]). Policy integration is central to balancing the often divergent dimensions of sustainable development, to maximising synergies and managing trade-offs at all stages of policy-making, and to ensuring that national and sub-national goals are aligned to the overarching goals at international level embodied in international agreements and frameworks.

35. Policy coherence is a key facilitator of integration. It is essential in ensuring that policies aimed at achieving one SDG contribute to progress in others – for example, that policies for improving energy efficiency (SDG 7) are designed in a way that contribute to achieving sustainable economic growth (SDG 8), building sustainable cities (SDG 11), ensuring sustainable consumption and production patterns (SDG 12) and combating climate change (SDG 13). It is equally important to avoid the risk that progress on one goal occurs at the expense of another – for example, when actions towards ensuring universal access to electricity and clean cooking (SDG 7) threaten achievement of the climate goal (SDG 13) or worsen air pollution, with negative consequences for health and life expectancy (SDG 3).

36. Policy integration requires strategic frameworks and mandates to ensure that policies and institutions: (i) work under a new logic of cross-sectoral collaboration, based on shared priorities, and (ii) align sectoral objectives to overarching or higher level goals (such as the SDGs, the Paris Agreement on Climate Change and the Addis Ababa Action Agenda). Budgetary governance is a core tool through which these objectives can be put into action. The OECD Recommendation of the Council on Budgetary Governance characterises the public budget as the central policy document unfolding how government objectives will be prioritised and achieved. Adopting a green budgeting approach helps assess and drive improvements in the alignment of national policy frameworks and expenditure and revenue processes with climate and other environmental goals. Similarly, planning the budget with the promotion of gender equality in mind has the potential to help policy-makers address a range of inequalities that have become embedded in public policies and the allocation of resources.

37. A strategic use of public procurement is yet another important way to ensure effective policy integration. Public procurement can be a crucial pillar of services delivery for governments and a strategic tool for achieving key policy objectives: from budget accountability, to spending efficiency, to buying green and improving outcomes in health, to tackling global challenges such as climate change, and promoting socially responsible suppliers into the global value chain.

38. Aligning sectoral objectives to overarching shared priorities also requires adherence to shared ethical values, principles and norms for upholding and prioritising the public interest over private-interests in public-sector behaviour and decision-making. Building coherent integrity systems integrated into wider governance frameworks is vital to govern in the public interest. The OECD Recommendation of the Council on Public Integrity emphasises a whole-of-government and whole-of-society approach to public integrity and promotes coherence with other key elements of public governance.

39. It also requires an open, equitable and evidence-informed decision-making process (inter-ministerial, multi-stakeholder) with the capacity to take strategic decisions and influence planning, budgeting, legislation and sectoral programmes and policies<sup>8</sup>. Policy priorities must take into account the fulfilment of international obligations. Integration should take place both vertically (across international, national, regional and local levels of government) and horizontally (across policy communities and government entities)<sup>9</sup>.

40. Policy integration also requires an administrative culture within the public service that promotes cross-sectoral collaboration and supports coherence. Building competences and skills of civil servants at the national and local levels to innovate and address policy interlinkages can be a way to foster a more collaborative administrative culture, develop shared frameworks of understanding on sustainable development issues, and manage policy change. The OECD draft Recommendation of the Council on Service Leadership and Capability can provide specific guidance on that.

#### ***2.4. Adopting Long-term Planning Horizons***

41. Adopters to the 2030 Agenda committed to “implement the Agenda for the full benefit of all, for today’s generation and for future generations” (2030 Agenda [A/RES/70/1]). The intergenerational nature of the SDGs calls for a long-term perspective and vision that includes precautionary decisions and mechanisms to maintain commitment over time. It entails planning for the future to make informed choices, and to support present needs and those of future generations in a balanced manner. Policy makers need to anticipate and address complex interconnected issues, identify and understand the shifts they can bring about in economic, social and environmental conditions, and adapt the design and implementation of reforms accordingly.

42. Government decision-making rarely goes beyond the electoral cycle of four to six years – insufficient time to take intergenerational and long-term considerations into account. A key challenge is ensuring that sustained efforts on SDG implementation outlive electoral cycles, government programmes or cabinet compositions, that there are provisions to ensure that future government national and local plans, sectoral programmes and budgets

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<sup>8</sup> Chapters 1 and 2 of the draft Policy Framework on Sound Public Governance provide specific guidance on these issues.

<sup>9</sup> OECD (2002), *Governance for Sustainable Development: Five OECD Case Studies*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264194748-en>.

include PCSD considerations, and that they are balanced with short-term priorities. Long-term budgeting and infrastructure investment planning can be effectively mobilised in that respect (cf. OECD Framework for the Governance of Infrastructure).

### *2.5. Systematically Considering Policy effects*

43. In adopting the 2030 Agenda, countries affirmed that they were “setting out together on the path towards sustainable development, devoting [themselves] collectively to the pursuit of global development” (2030 Agenda [A/RES/70/1]). This highlights the international dimension of sustainable development as well as the common goal of poverty eradication, particularly in developing countries. SDG implementation calls for consideration of how countries’ development paths can impact one another, and how domestic policies may affect the well-being of citizens in other countries.

44. With increasing global interconnectedness, transmission channels are numerous and countries necessarily impact on one another. Transmission channels include: financial flows or income transfers (ODA, remittances, loans); imports or exports of goods and services (economic activities “here” will impact on natural resources “elsewhere”); migration (“brain-drain”); and knowledge transfers. Building capacity to measure policy impacts is essential to enhance policy coherence. PCSD can help identify transboundary impacts of consumption and production patterns and inform decision-making by refining or re-prioritising policy objectives. Addressing and minimising potential negative transboundary effects is a key building block for enhancing PCSD. As part of the OECD study on Measuring Distance to SDG targets, work is underway to develop a framework for measuring transboundary effects within the SDGs, based on available indicators.

### *2.6. Ensuring Effective Policy and Institutional Coordination*

45. The cross-cutting nature of the SDGs poses co-ordination challenges at each level and stage of the policy-making process. It requires that governments strengthen existing mechanisms for horizontal co-ordination (between entities of a particular tier) and vertical co-ordination (between national, regional and local levels). Appropriate co-ordination mechanisms allow ministries, public sector agencies and other key stakeholders to share information, define and distribute responsibilities and efficiently allocate resources for SDG implementation. Involving a wide range of government departments and other stakeholders helps to ensure a holistic perspective on issues, give voice to diverse interests, address potential trade-offs, raise public awareness and create ownership. It is also important to ensure that coordination takes place at different stages in the policy making process – before (to identify and anticipate any potential conflicts or unintended consequences), during (to change course based on observations in case of potentially negative impacts), and after (to draw lessons with a view to change policy). Whole-of-government co-ordination is a particularly relevant governance tool and is addressed in chapter 2 of the Policy Framework on Sound Public Governance.

46. Most countries have coordination mechanisms in place. Some rely on the centres of government, to steer and co-ordinate SDG implementation either on its own or supported by line ministries.<sup>10</sup> In other countries, co-ordination responsibility is assigned to line ministries with cross-cutting influence. Both approaches can be effective, provided they go beyond information sharing and have clear mandates to resolve policy divergences and

<sup>10</sup> OECD Survey on Planning and Co-ordinating the Implementation of the SDGs: First results and key issues: <https://www.oecd.org/gov/cob-sdg-survey-overview-of-results.pdf>

tensions arising from different sectoral interests and, importantly, the ability to influence policy as a result of the coordination. Specific elements to consider include: (i) the neutrality and convening power of the body responsible for co-ordination functions throughout the administration; (ii) mandates of the co-ordinating body to deal specifically with policy divergences and resolve conflicts of interest; (iii) capacity and resources (both human and financial) to influence changes in policy making, and (iv) involvement of outside actors as a way to identify common challenges and build ownership of new agendas.

### ***2.7. Involving Regional and Local Authorities***

47. The 2030 Agenda emphasises that “government and public institutions will work closely on implementation with regional and local authorities” (2030 Agenda [A/RES/70/1]). Subnational and local governments are essential for delivering a wide range of public services as well as the economic, social and environmental transformations needed to achieve the SDGs.

48. As the level of government closest to the people, local governments are in a unique position to identify and respond to sustainable development needs and gaps. Indeed, most underlying policies and investments are a shared responsibility across levels of government; 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 (SDSN, 2016). Subnational governments were responsible for 59.3% of total public investment in 2015 throughout the OECD area and for almost 40% worldwide (OECD/UCLG, 2016). Most investments were related to infrastructure for basic services for which cities and/or regions have core competences, and correspond to dedicated SDGs (e.g. education, health, social infrastructure, drinking water, sanitation, solid waste management, transport, and housing). The OECD Programme on *A Territorial Approach to the SDGs. A Role for Cities and Regions to leave no one behind* is supporting cities and regions in OECD and partner countries in achieving the SDGs through: i) measuring where they stand vis-à-vis the national average and their peers, ii) engaging a multi-level dialogue with their lower and upper levels of government to build consensus on who can do what, at what scale and how, and iii) sharing best practice and lessons from international experience.

### ***2.8. Effectively Engaging Key Stakeholders***

49. The 2030 Agenda emphasises that “all countries and all stakeholders, acting in collaborative partnership, will implement this plan” (2030 Agenda [A/RES/70/1]). Major barriers to policy coherence are strongly rooted in differing perceptions of the issues involved. Coherent implementation of the SDGs requires mechanisms for dialogue and engagement whereby governments and key stakeholders can come together to identify common challenges, set priorities, contribute to the development of laws and regulations, align policies and actions, and mobilise resources for sustainable development. This is the spirit of SDG target 16.7, which calls for “responsive, inclusive, participatory and representative decision-making at all levels” (2030 Agenda [A/RES/70/1]).

50. The Recommendation of the Council on Open Government [C(2017)140] provides specific guidance to develop Open government strategies and initiatives “that promote the principles of transparency, integrity, accountability and stakeholder participation in designing and delivering public policies and services”. Furthermore, OECD indicators of Regulatory Policy and Governance (iREG) include an index of stakeholder engagement for

developing regulations which could be explored. Such an indicator measures four aspects of stakeholder engagement in the development of legislation, namely (i) systematic adoption by public agencies of formal stakeholder engagement requirements; (ii) existence of methodology for consultation and stakeholder engagements; (iii) transparency of public consultation processes and open government practices; and (iv) oversight and quality control (i.e. existence of oversight bodies and publicly available information on the results of stakeholder engagement).

51. Diverse stakeholders – including business and industry, civil society, science and academia – have important roles to play in SDG implementation. These range from resource mobilisation, provision of solutions and innovations, change in production and consumption patterns and lifestyles, and advocacy and accountability to giving voice to the concerns and needs of under-represented communities and regions. They also help to ensure long term approaches that go beyond electoral cycles. Stakeholder consultation in the formulation, implementation and monitoring of national SDG plans and strategies is now an inherent feature of many national process.

52. Enabling effective accountability and stakeholder participation also implies that all stakeholders should have fair and equitable access to the decision-making process in order to balance policy debates and avoid capture of public policies by narrow interest groups. The OECD Principles for Transparency and Integrity in Lobbying and the OECD guidelines for managing conflict-of-interest in the public service provide clear roadmaps to address the issues of conflict-of-interest and integrity of lobbying activities. In addition, the OECD Recommendation on Public Integrity [[C\(2017\)5](#)] provides guidance on how to promote a whole-of-society culture of public integrity and encourage stakeholder engagement at all stages of the policy cycle.

### ***2.9. Strengthening Monitoring, Reporting and Evaluation Systems***

53. Evidence-informed decision-making is a critical element of enhancing policy coherence for sustainable development. Coherent implementation of the SDGs requires mechanisms to monitor progress, report to governing bodies and the public, and provide feedback so that actions and sectoral policies can be adjusted in light of potential negative or unintended effects. Monitoring and reporting systems can be used to collect evidence on (i) the performance of institutional mechanisms to coordinate policy and foster more integrated approaches for implementation; (ii) critical trade-offs and synergies between policies in different domains; and (iii) transboundary and long-term impacts of domestic actions. Chapter 4 of the draft Policy Framework on Sound Public Governance provides specific evidence of practice on monitoring performance as a key tool for effective policymaking.

54. It is important that there is regular reporting to the parliament and the wider public about progress on PCSD, outlining progress made on the achievement of the SDGs and targets, and on how policies are being implemented in addressing trade-offs, minimising negative transboundary impacts and fostering synergies across sectors. But it is also important to have mechanisms in place for harmonised and coherent reporting on international commitments. Regular independent reviews of policy performance on SDGs can also complement government supported reviews. Supreme Audit Institutions can also play an important role here by assessing the preparedness of national governments to implement the SDGs in a coherent and integrated manner, and by undertaking performance audits that include PCSD as key component.

55. In addition to regular monitoring and reporting, there is scope for developing evaluation capacity and good practice material that is tailored to the SDGs. Evaluation can support and improve decision making, accountability and learning, impacts, regulatory policy and budgeting as well as other pillars of development co-operation and sound public governance. To develop this, one might draw on evidence of practice collected through the work of the DAC and the upcoming results of the GOV Survey on Policy Evaluation [[GOV/PGC\(2017\)29](#)].

## Annex B. Core principles highlighted in the 2030 Agenda that guide SDG implementation

<b>Principle</b>	<b>Reference in the text of the 2030 Agenda [A/RES/70/1]</b>
<i>Participatory approach</i>	“All countries and all stakeholders, acting in collaborative partnership, will implement this plan” (Preamble)
<i>Transformative approach</i>	We are determined to take the bold and transformative steps which are urgently needed to shift the world onto a sustainable and resilient path.” (Preamble)
<i>People-centered approach</i>	On behalf of the peoples we serve, we have adopted a historic decision on a comprehensive, far-reaching and people-centred set of universal and transformative Goals and targets (Paragraph 2)
<i>Integrated approach to sustainable development</i>	“We are committed to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner.” (Paragraph 2)
<i>Leaving No One Behind</i>	“As we embark on this great collective journey, we pledge that no one will be left behind. Recognizing that the dignity of the human person is fundamental, we wish to see the Goals and targets met for all nations and peoples and for all segments of society. And we will endeavour to reach the furthest behind first.” (Paragraph 4)
<i>Universality</i>	“These are universal goals and targets which involve the entire world, developed and developing countries alike.” (Paragraph 5)
<i>Human Rights-based Approach</i>	“The new Agenda is guided by the purposes and principles of the Charter of the United Nations, including full respect for international law. It is grounded in the Universal Declaration of Human Rights, international human rights treaties, the Millennium Declaration and the 2005 World Summit Outcome Document. It is informed by other instruments such as the Declaration on the Right to Development.” (Paragraph 10)
<i>National ownership</i>	“Targets are defined as aspirational global targets, with each government setting its own national targets guided by the global level of ambition but taking into account national circumstances” (Paragraph 55)
<i>Vertical integration</i>	“Governments and public institutions will also work closely on implementation with regional and local authorities, sub-regional institutions, international institutions...” (Paragraph 45)