

## Discussion note

### Building greater political support for policy coherence for development

**Although policies in developed countries can have significant effects on developing countries,** there are concerns at the lack of progress in ensuring coherence between domestic and development objectives. This note argues that one important reason is insufficient political support: political decisions are influenced by the attitude of those in the political system who are directly or indirectly affected by them (stakeholders), but many stakeholders with influence are not supportive of policies that are more coherent. On this basis, the note suggests five building blocks that can facilitate progress on policies that better reflect developing countries' concerns. The note aims to inform discussion in order to test whether its assumptions are borne out by the experience of OECD and DAC members, and obtain insights into what worked and why.

#### ***Policy coherence for development is a political undertaking***

**For more than 25 years, developed countries have taken action to manage the negative and positive spillover effects of their policies on developing countries.** Under the heading of policy coherence for development (PCD),<sup>1</sup> the development co-operation community increased its engagement on trade, environment, migration, security, finance and other policy areas. The 2030 Agenda has reinforced and expanded the concept of policy coherence. Many Sustainable Development Goals (SDGs) explicitly (e.g. trade) and implicitly (e.g. sustainable consumption) address effects on developing countries. Beyond the transboundary dimension, the 2030 Agenda also acknowledges the interlinkages between different SDGs, and between the interests of current and future generations. Policy Coherence for Sustainable Development (PCSD, set out in SDG target 17.14) requires countries to pursue all these dimensions. PCD is thus part and parcel of PCSD, as recognised in the 2019 OECD Recommendation of the Council on Policy Coherence for Sustainable Development.

**Policy coherence for development remains a significant challenge for DAC members.** OECD DAC peer reviews regularly identify DAC member domestic policies that do not adequately reflect the objectives of development co-operation. While the reviews acknowledge good practices in some areas, they also document slow or no progress in others. The reviews therefore regularly recommend that DAC members step up their efforts to identify, discuss and arbitrate coherence issues. This echoes findings from evaluations and studies on PCD in the EU, Norway and Sweden: despite substantial efforts and attention, they all identified room for improvement. Civil society organisations similarly point out persistent coherence challenges, and regularly flag policy coherence as an important concern in the course of DAC peer reviews.

**To make progress on PCD, it is important to appreciate the political nature of the challenge.** An important part of DAC member efforts to promote PCD has been the creation of institutional mechanisms and tools. However, as peer reviews have shown, having mechanisms in place does not alone guarantee their effective application or influence on policy. This is because a mechanistic expectation (issue in – coherent policy out) underestimates the political nature of policy coherence challenges. They involve numerous and often politically influential stakeholders with significant interests at stake, often facing complex causalities of gains and losses, synergies and trade-offs that might arise from policy adjustments.

**Insufficient political will and support across stakeholders is therefore a key obstacle to coherent policies when these involve sizeable trade-offs.** An evaluation from Norway found that the most difficult coherence dilemmas occur “when national sector interests are in opposition to global development objectives and the assumed domestic costs of a given policy change are high and immediate.” Conflicts of interests were indicated as the most important reason for a lack of motivation to pursue coherent policies in a Swedish study. An earlier ECDPM study of multiple EU members stressed: “The key dilemma for

countries is how to develop and sustain the level of political interest in and support for PCD.” As a result, promoting PCD is often a long-term effort of incremental improvements, where crises can spark sudden change. Rather than the solution to coherence challenges, strategies, mechanisms and tools should better be understood as instruments that inform and enable political debate necessary to build support for PCD.

### ***Making greater progress towards coherent policies therefore requires building stakeholder support for such policies***

**This paper makes the following assumption:** IF relevant stakeholders support a political decision that is coherent with sustainable development in developing countries, THEN the likelihood that decision-makers will pursue and adopt such a decision significantly increases.

**The particular challenge lies in the transboundary nature of PCD issues.** They appear less relevant for decision-makers and wider stakeholders in the political system, compounded by the fact that relations with developing countries are often less significant than with other bilateral partners. Three challenges can explain this:

1. **Lack of understanding:** Domestic stakeholders are not fully aware and do not sufficiently understand the potential positive and negative effects on developing countries.
2. **Less space for debate:** Matters that affect developing countries are lower on the domestic agenda, and stakeholders that promote sustainable development in developing countries have less voice in debates on national policies beyond development co-operation.
3. **Skewed costs and benefits:** Negative effects on developing countries are generally externalities, while changes to national policy affect domestic stakeholders directly.

**DAC members have taken diverse actions to tackle each challenge.** The table at the end of this paper provides an overview that integrates these actions and challenges into an overall theory of change.

### ***Building blocks for success***

Building on this assumption, this section draws on learning from OECD DAC peer reviews and DAC member practice to suggest five building blocks that can jointly enable and drive the political debate needed to arbitrate trade-offs and identify synergies in adjusting national policies with a view to foster sustainable development in developing countries.



## **1. Make your global contribution to the SDGs a domestic priority**

**To provide an impulse for coherent policies, DAC members should put the link between national policies and developing countries on the political agenda.** A high-level policy commitment can clarify that contributing to the SDGs globally, including through national policies, is part and parcel of the national policy agenda. For instance, Luxembourg has integrated poverty eradication in developing countries and policy coherence for development as one of ten priorities in its third sustainable development plan. In the European Union, the commitment to policy coherence for development is enshrined at the highest level, the Treaty on the Functioning of the European Union.

**By sensitising the public to policy coherence challenges, DAC members ensure that citizens expect political actors, private sector and civil society to find solutions.** Many DAC members invest in global education to inform citizens about their role in global development, as political actors, consumers and members of civil society. The societal transformations regarding the protection of the environment and respect for human rights illustrate the power of global education, but also make clear that this is a longer-term investment. An important element is the integration of sustainable development in school curricula at

all levels, such as in Korea and Portugal. In Ireland, partnerships, in particular with civil society play a critical role in building public awareness. Targeted campaigns on specific policy coherence issues might lead to faster changes in citizens' attitudes. For instance, Germany's BMZ has led a campaign on responsible business conduct in the textile sector and introduced a label to better inform the public – one year after its introduction, a third of Germans know the label and a growing number of companies adopt it.



## 2. Enable continuous debate with all stakeholders

**Mechanisms should allow all relevant stakeholders to regularly exchange views**, foster mutual understanding and help identify ways to address stakeholder concerns. Many DAC members have PCD consultation mechanisms. However, often they do not include the full range of stakeholders (e.g. only foreign ministry and CSOs, but not technical ministries and “their” stakeholders), do not debate an issue on a regular basis (e.g. bodies with changing agendas) or discussion is far removed from policy-making (bodies with unclear follow-up to suggestions).

**Multi-stakeholder coalitions could be a promising avenue.** Such platforms have also been helpful in advancing responsible business conduct in specific value chains, as examples from the Netherlands and Germany show. The advantages of multi-stakeholder platforms are three-fold: they bring all relevant stakeholders for a specific topic area together, they focus on solving a specific problem, and they provide a safe environment for regular debate, allowing the continuous reflection of progress and jointly identifying solutions for challenges identified along the way.

**Stakeholders need to have quality information to debate policy alternatives.** DAC members often face difficulties in assessing the impact of their policies on developing countries. However, a general understanding of the causes and magnitude of effects on developing countries will often suffice. As a good practice, the EU and Sweden systematically consult their embassies on policy coherence. In many instances, civil society also provides useful analysis on challenging issues. At the same time, domestic stakeholders will also be very interested in knowing how a policy change will affect them. Where information is missing, DAC members should therefore consider commissioning dedicated analysis.<sup>2</sup> Such research should identify whether direct effects of domestic policies are significant, how national policies influence collective efforts, and critically, which costs and benefits options for adjustments would entail for domestic stakeholders.

**Progress reporting should aim to sustain political debate.** It is therefore essential that reporting is sufficiently regular, public and used for a discussion with important stakeholders. Reporting should reflect the incremental nature of progress and therefore include actions taken, progress in the political debate and attitude of stakeholders, and effects of adjusted policies. The dedicated reporting to parliaments on both actions and progress on PCD is therefore good practice,<sup>3</sup> as is reporting against action plans on specific issues. Evaluations of PCD efforts as in the EU<sup>4</sup>, Norway and Sweden can also provide important momentum to consider adjustments.

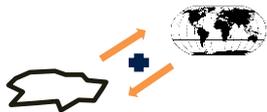


## 3. Make technical ministries responsible

**DAC members should mandate technical ministries to reflect the effects on developing countries in their work.** For instance, Sweden requires each ministry to articulate its global SDG contribution. The significant advantage of this approach is that technical ministries can mobilise their expertise to consider alternatives and consult concerned stakeholders and foreign ministries early on. Vis-à-vis their constituencies, technical ministries also have better access and greater credibility so that their suggestions for more coherent policies are more likely to convince stakeholders. A growing number of DAC members also require ministries to integrate a development dimension in their regulatory impact assessments, and

the EU and the Netherlands have developed dedicated guidance to do so. However, an EU evaluation found that services that are already PCD sensitive integrate developing countries well in their analysis. This underlines the need for mandating and sensitising ministries upfront.

**Ministries require resources and capacity to integrate PCD into their work.** Having a focal point as Poland and Portugal, raising awareness of development issues, undertaking impact assessments and leading stakeholder dialogue all require time, knowledge, skills and financial resources. Evaluations and studies have therefore underlined the need for dedicated resources for PCD. Portugal provided specific training to technical ministries, while the United Kingdom seconded DFID staff to other departments.



#### 4. Use the multilateral lever

**Multilateral frameworks can help advance coherent policies by establishing a level playing field.**

Many domestic stakeholders oppose coherent policies because they fear stakeholders in other countries will not abide by the same standards and obtain an undue advantage. Multilateral agreements help address these concerns as they create rules that apply to all. DAC members have been active to create, improve and implement such frameworks. Prominent examples from the OECD are the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting in the area of taxation, and the Guidelines for Multinational Enterprises in the area of responsible business conduct. Peer reviews regularly highlight that DAC members succeed in getting issues on the international agenda, building coalitions with developing countries and facilitating global agreements, such as the Paris Agreement or the UN Arms Trade Treaty. Multilateral frameworks not only help build domestic support for coherent policies, through monitoring and follow-up they also increase the likelihood of their effective implementation.

**Multilateral frameworks are also an important lever to increase the influence of coherent national policies.** In many instances, a country's policies seen in isolation have no strong direct effect on developing countries. However, collective action would make a significant difference to developing countries. Using multilateral frameworks, DAC members can lead by example, generate evidence and build coalitions to encourage other countries to adopt coherent policies. In addition, multilateral dialogue also enables developing countries to voice their concerns and make proposals. Peer reviews regularly highlight leadership of DAC members, building on their domestic expertise and good practice. To promote effective international action against antibiotic resistance, Sweden actively engages with a range of multilateral agencies, building on a whole of government strategy and significant domestic efforts. The Netherlands advocated in the EU to enable an agreement to exempt pharmaceuticals from certain intellectual property rules under TRIPS agreements.



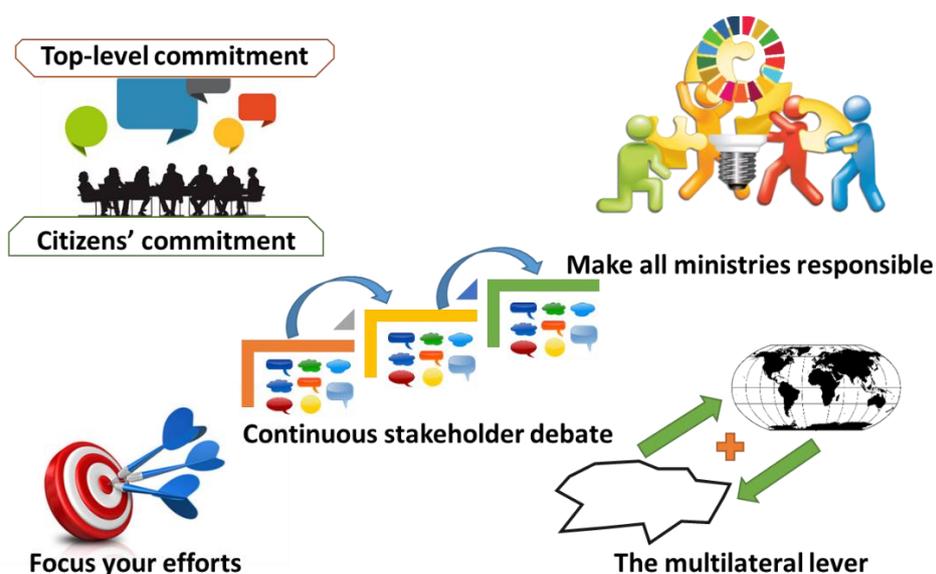
#### 5. Focus your efforts

**DAC members should focus on issues where they can have significant effects on developing countries, either directly or through international influencing.** As an example, the Netherlands has prioritised two sets of issues in its PCD action plan: 1) those where it has significant direct influence, such as in the area of tax or as an important market for specific value chains; and 2) those where it wants to make a positive difference in international frameworks, such as on trade or climate change. On their priority issues, DAC members should invest in all building blocks: high level commitments, such as through specific action plans, and informing citizens; having dedicated analysis and monitoring capacity and ways for stakeholders to engage on a regular basis; making sure all relevant line ministries are on board and have the resources to advance work: and working through relevant multilateral frameworks. Such a concerted effort increases the likelihood that the member's efforts will ultimately bear fruit, also readying them to seize opportunities should they arise.

## Suggested key messages

- **PCD is a political undertaking:** Coherence issues affect many diverse stakeholders and require political decisions on trade-offs. Progress often requires long-term efforts incrementally adjusting policies and building further support.
- **Put PCD on the political agenda:** A top-level commitment to coherent policies and public awareness of coherence issues incentivise political debate.
- **Key stakeholders need to debate:** Provide the evidence and the space for informed debate among relevant stakeholders so that they can explore options for adjustments.
- **Technical ministries should also be responsible:** Provided with a mandate and resources, they can mobilise their expertise and stakeholder networks and identify issues early on.
- **Use the multilateral lever:** Encourage others to implement key multilateral frameworks by leading by example, and promote multilateral action to fairly share the costs of coherent policies.
- **Focus your efforts:** Identify issues where you can make a difference for developing countries, and combine your efforts across all of the above dimensions.

Figure 1. Building blocks for policies that support global sustainable development



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## Questions for discussion

- How important is stakeholder debate and support for advancing more coherent policies?
- What type of information can convince which stakeholders, and how to best communicate it?
- How can stakeholder debate be designed to make progress on identifying ways forward?
- Which (dis-)incentives help build stakeholder support or reduce opposition for coherent policies?

## A theory of change to build political support for policy coherence for development

**IF relevant stakeholders support a political decision that is coherent with sustainable development in developing countries,**

**THEN the likelihood that decision-makers will pursue and adopt such a decision significantly increases.**



Approach	Main condition (IF)	Drivers of behaviour (AND)	Effect (THEN)
<b>1. Understanding</b>	IF stakeholders have more information on the effects of national policies on developing countries	AND stakeholders want to be coherent with their values AND their values are in support of global sustainable development	THEN stakeholders are more likely to support those policies that are coherent with sustainable development in developing countries
<b>2. Space for debate</b>	IF stakeholders see that sustainable development in developing countries features more significantly on the political agenda	AND stakeholders want to identify solutions that respond to concerns voiced in political debate	
<b>3. Cost and benefit</b>	IF stakeholders' perception of the cost/benefit ratio of coherent policies improves	AND stakeholders want to maximise their benefit and minimise their costs	



1. Understanding	2. Space for debate	3. Cost and benefit
<ul style="list-style-type: none"> <li>Information from dedicated assessments (research, regulatory impact)</li> <li>Progress reporting and evaluations</li> <li>Dedicated dissemination, e.g. campaigns or trainings of key stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Political agenda setting (e.g. political commitments, mandating technical ministries)</li> <li>Space for stakeholders with development expertise (e.g. consultation mechanisms)</li> <li>Space for policy coherence debate (e.g. multi-stakeholder platforms, SDG dialogues)</li> </ul>	<ul style="list-style-type: none"> <li>Decreasing the cost of coherent policies (e.g. level playing field through multilateral frameworks, compensation, public pressure...)</li> <li>Increasing benefits of coherent policies, including synergies (e.g. financial rewards, reputational gain, public expectation)</li> <li>Identifying new solutions</li> </ul>
<p><i>Linkages</i></p> <ul style="list-style-type: none"> <li><i>Understanding informs debate</i></li> <li><i>Understanding informs appreciation of costs and benefits</i></li> <li><i>Understanding enables identification of synergies</i></li> </ul>	<p><i>Linkages</i></p> <ul style="list-style-type: none"> <li><i>Debate enhances understanding</i></li> <li><i>Debate enables identification of synergies</i></li> <li><i>Debate drives appreciation of social cost</i></li> </ul>	<p><i>Linkages</i></p> <ul style="list-style-type: none"> <li><i>Measures for costs and benefits drive debate</i></li> <li><i>Measures for costs and benefits improve understanding through monitoring</i></li> </ul>

## Main references

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## Notes

<sup>1</sup> The 2019 OECD Recommendation of the Council on Policy Coherence for Sustainable Development defines PCD as “a principle of International Development policy that aims to take into account the objectives of development co-operation in external and domestic policies in areas which are likely to affect developing countries”.

<sup>2</sup> For instance, New Zealand commissioned a study to identify opportunities for making its policies more coherent with development in partner countries, while Finland and the Netherlands commissioned country-specific assessments. Norway, Ireland and the Netherlands published studies on their tax policies.

<sup>3</sup> This includes the European Union that also publishes reporting from its member states, the Netherlands, Norway and Sweden.

<sup>4</sup> The EU has also evaluated its system of trade preferences.