

Implementing the OECD Recommendation on Policy Coherence for Sustainable Development

A Zero Draft Guidance Note

20th Meeting of the Informal Network of National Focal Points for Policy Coherence, 25-26 November 2020.

The Purpose of this Zero Draft Guidance Note is to help Adherents and stakeholders conceptualise how to translate the guiding principles of the OECD Recommendation on PCSD into practice.

This draft is submitted for information and discussion at the 20th Meeting of the Informal Network of National Focal Points for Policy Coherence to be held virtually on 25-26 November 2020. Focal Points are invited to provide written comments as well as suggest additional good practice examples and references to tools to be included in the next draft. Inputs and written comments are welcomed from Focal Points until COB 15 December 2020.

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Introduction

Purpose

1. This document presents a Zero Draft of the accompanying guidance note that aims to help Adherents and interested stakeholders in implementing the [OECD Recommendation on Policy Coherence for Sustainable Development \[OECD/LEGAL/0381\]](#) (PCSD Recommendation). The draft guidance is structured according to the three pillars and eight guiding principles of the PCSD Recommendation (Box 1). It builds on OECD as well as international experience and international efforts in advancing the global SDG Target 17.14 on enhancing policy coherence for sustainable development for the implementation of the 2030 Agenda and the SDGs.

Box 1. Guiding principles of the PCSD Recommendation

- I. **A strategic vision** for achieving the 2030 Agenda and SDGs in an integrated and coherent manner”
 1. **Political Commitment and Leadership** - Mobilise whole-of-government action and orient policy development towards sustainable development
 2. **Strategic Long-term Vision** - Support present needs and those of future generations in a balanced manner
 3. **Policy Integration** - Capitalise on synergies and address trade-offs between economic, social and environmental policies
- II. Effective and **inclusive institutional and governance mechanisms** to address policy interactions
 4. **Whole-of-Government Coordination** - Resolve divergences between policies, including between domestic and external policies
 5. **Subnational Engagement** - Align priorities and promote coordinated action at different levels of government
 6. **Stakeholder Engagement** - Engage all relevant actors to identify challenges, set priorities, align actions and mobilise resources.
- III. A set of responsive and adaptive **tools to anticipate, assess and address impacts** of policies
 7. **Policy and Financing Impacts** - Systematically consider the effects of policies on people’s well-being “here and now”, “elsewhere” and “later”.
 8. **Monitoring, Reporting and Evaluation** - Inform decision-making, and adjust policies in light of potential negative effects.

2. The purpose of this Zero Draft Guidance Note is to help Adherents and stakeholders conceptualise how to translate the guiding principles of the OECD Recommendation on PCSD into practice. It provides the rationale for the three pillars and related guiding principles; suggests actions and provides good practice examples. It also

highlights links with the global indicator for measuring progress on SDG target 17.14 on enhancing policy coherence for sustainable development.

Background

3. The PCSD Recommendation adopted by the Council in December 2019, includes a provision where the Council instructs the OECD to: “develop through an inclusive process an implementation toolkit, which would include an accompanying guidance note with good practice examples, to help Adherents design their own policy coherence strategies and implement this Recommendation according to their specific national circumstances”. [...]. This Zero Draft Guidance Note is a first step to respond to this mandate.

4. This Zero Draft is not exhaustive; it seeks to initiate a participatory process to develop further the specific content with the active collaboration of national focal points. Next steps will include:

- integrate comments received from Focal Points into a consolidated draft, which will be used to consult relevant OECD Committees, as well as experts across the OECD, as mandated by Council;
- publish the practical guidance note for policymakers, practitioners and stakeholders;
- develop a web-based version, and
- identify thematic priorities with a view to develop in-depth thematic guidance notes as well as an analytical report on institutional capacity to enhance policy coherence and a monitoring methodological framework, as reflected in the 2021-22 Programme of Work and Budget.

I. A strategic vision for achieving the 2030 agenda in a coherent manner

5. Effectively achieving the 2030 Agenda and the SDGs requires a strategic vision for transformation, supported by a professional and capable public service that is responsive to today's fast-changing world. However, putting such a strategic vision into practice and communicating it with the public, across the public administration and with key stakeholders is not a simple matter. Governments need to strengthen their mechanisms and develop leadership and strategic capacity throughout public sector organisations to enable them to integrate in a balanced manner economic, social and environmental priorities into decision-making processes and policy implementation. Policy makers also need a strategic vision, capacities and tools to anticipate future trends and interactions; understand the transformational shifts they can bring about in economic, social and environmental conditions; and adapt the design and implementation of reforms accordingly.

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

Why is this important?

6. Progress towards policy coherence for sustainable development starts with strong leadership and explicit commitment at the highest political level. 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 on how to shift towards a sustainable path and pursue a common whole-of-government agenda. Political commitment and leadership are essential to orient policy development in line ministries and translate commitments into concrete and measurable actions at local, national and international levels. Commitment to policy coherence also involves working with parliaments and civil society. It entails translating political commitment into concrete and measurable actions and ensuring that such commitment to PCSD outlives electoral cycles, government programmes or cabinet compositions.

Overview of trends

7. The vast majority of OECD countries have made an explicit commitment to PCSD either as part of their SDG implementation plans or their development co-operation policy (OECD, 2019^[11]). Translating these commitments into action requires them being backed by strategies, action plans, policies and legislation, as well as incentives to take action across and at different levels of government.

8. Clear government commitment to the SDGs and to policy coherence, and effective communication of these commitments, can also contribute to steering integrated and long-term policy responses to the COVID-19 pandemic. In terms of designing recovery strategies, the processes for prioritising action to “build forward” better and improve resilience through stimulus packages can build on existing leadership structures already established for SDG implementation in many countries (COVID Brief).

9. At the international level, adhering to the PCSD Recommendation signals important commitment to policy coherence and the Recommendation is open to adherence

by OECD members and partner countries alike. Four provisions in particular seek to guide Adherents to strengthen and implement this commitment at the national level (Box 2).

Box 2. Principle 1

Building a strong, inclusive political commitment and leadership at the highest political level to foster whole-of-government action for PCSD.

- a)* 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;
- b)* 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;
- c)* 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;
- d)* Build leadership capacity in the public service to consistently formulate, implement, and monitor policies coherent with sustainable development in across sectors.

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>

Actions to consider

- a) Define priority areas, time-bound action plans and key performance indicators*
 - Include commitment to PCSD into e.g. national sustainable development strategies and/or development co-operation strategies, and reiterate this commitment in a range of other policy documents with different target audiences.
 - Identify policies that target the priorities and trigger progress across as many SDGs as possible.
 - Prepare an actionable plan that is compatible with available resources.
 - Use the budget process to set priorities and ensure that available resources achieve maximum impact.
 - Make use of parliamentary oversight when developing legislation, the budget and other policy documents.
 - Engage with Supreme Audit Institutions (SAIs), or – as in some countries (e.g. Argentina) – Internal Audit Institutions, to ensure monitoring and reporting that goes beyond electoral cycles and that public finances are managed appropriately.

Good practice examples

Box 3. Explicit commitment to PCSD in national strategic documents

The majority of OECD countries have made an explicit commitment to PCSD either as part of their SDG implementation plans or their development co-operation policy.

In **Mexico**, for example, the National Strategy for the Implementation of the 2030 Agenda, launched in November 2018, underscores PCSD as a national target for SDG implementation, and emphasises the need to promote the necessary legislative initiatives with a view to create the enabling environment to enhance PCSD (Mexico, 2018^[5]). In **Poland**, the principle of policy coherence was incorporated in the Multiannual Development Cooperation Programme 2016 -2020 adopted by the Council of Ministers with an explicit link to support SDG implementation and ensure consistency with the global goals. The **German** National Sustainable Development Strategy contains the Federal Government's concrete ambition to use the 2030 Agenda as an opportunity to increase its efforts for policy coherence, with particular reference to SDG 17.14. Various policy areas are bundled to achieve greater coherence in light of the large number of systemic interdependencies. Ministry Coordinators for Sustainable Development have been appointed in all Ministries.

Box 4. Political commitment reflecting developing countries

Governments need to frame political commitments in a way to encourage all stakeholders to reflect the transboundary dimension of policy coherence for sustainable development, in particular the effects of domestic policies on developing countries.

Many OECD and DAC members have an explicit commitment at highest policy level to ensure the coherence of their policies with sustainable development in developing countries. The different options, which are not mutually exclusive, include:

- In the case of the European Union, this commitment is set out in its founding Treaty.
- A number of OECD members have included a commitment in their national legislation on development co-operation.
- A number of OECD members include a commitment in the national sustainable development plan.
- Many OECD members include a commitment in their development co-operation strategies, some also in foreign policy strategies.

In these countries, stakeholders regularly use high-level commitments to advocate for more coherent policies, build coalitions and ensure accountability. The EU commitment at highest level has translated into efforts to ensure coherent policies in the interest of developing countries and ensuring that such an approach is part and parcel of policy coherence for sustainable development.

Reiterating a commitment in a range of policy documents is useful, as different policies have different target audiences. National sustainable development plans in particular speak to wide domestic audiences and are thus an important complement to development co-operation strategies.

Box 5. Promoting political commitments at international level

Transboundary issues often concern more than just two states. Agreeing to a policy coherence commitment at national level therefore often depends on establishing and adjusting commitments at international level. Creating multilateral frameworks can help establish a level playing field, i.e. ensuring that competitors from other countries abide by the same development-friendly rules. Once adopted, multilateral frameworks lead to monitoring and follow-up, increasing the likelihood for effective implementation.

OECD DAC members actively contribute to the creation of new and the adjustment of existing international commitments that promote better coherence with sustainable development in developing countries. They champion causes of relevance to developing countries; support developing country stakeholders to voice their views; co-facilitate international agreements; and build decisive coalitions, including with developing countries.

International commitments often lead to national commitments and action plans. Some examples are:

- Action plans for climate objectives under the Paris agreement.
- Actions plans for responsible business conduct following the UN Guiding Principles on Business and Human Rights and the OECD Action Plan to Strengthen National Contact Points.
- Action plans to implement the UN Arms Trade Treaty.
- Action plans to reduce the cost of sending remittances, following an international commitment by G20 members within the work of the Global Partnership for Financial Inclusion.

The power of an international commitment depends on the extent of its implementation by individual states. It is therefore important that as many States as possible adhere to the commitment, participate in follow-up processes and ideally lead by example in the implementation..

Box 6. Action plans for policies that take into account developing countries

Translating a political commitment into practice requires defining specific objectives and actions. This is particularly important where the commitment requires a change of approach, as is often the case for policies that are more coherent with sustainable development in developing countries.

The **Netherlands** and **Sweden** have a general action plan that identifies priorities, objectives and actions for adjusting policies to enhance their positive impact and avoid negative impact on developing countries (Government of the Netherlands, 2018[6]) (Government of Sweden, 2017[7]).

OECD members have also adopted numerous issue-based action plans, often within specific multilateral frameworks, and take measures to implement action plans and publicly report on progress. Public reporting is important useful to spark debate on the level and direction of implementation with all stakeholders.

b) Apply a poverty, gender and human rights perspective

- Promote an intersectional governance approach to gender equality, while addressing economic, social, political and environmental aspects of gender gaps at the global, national and local levels.
- Introduce gender equality provisions in strategies, action plans and reporting requirements for PCSD.
- Map the interactions between gender equality and other goals to promote synergies and limit trade-offs when designing and implementing policies.
- Apply a gender lens to SDG interactions analysis more broadly to understand if/how these interactions impact on men and women differently.
- Identify and address the effects of domestic policies on broader international policies and gender equality objectives.
- Consider the long-term effects of joint action on sustainability and gender equality.
- Assess national youth strategies against the specific needs of women and men from diverse backgrounds to ensure inclusive policy outcomes and intergenerational justice.
- Mainstream gender equality into public awareness-raising campaigns for PCSD.

Good practice examples

Box 7. Integrating national gender equality strategies into SDG agendas

As part of its Policy for Global Development, **Sweden** has made gender equality a core priority of its national strategy, identifying gender equality budgeting as a strategic tool to meet Goal 5 and thus ensure the implementation of the 2030 Agenda. In **Mexico**, gender mainstreaming has been incorporated as a transversal requirement in the realisation of the National Development Plan.

In the context of its Gender and LGBTI Equality Policy Plan 2018-2021, the **Netherlands** is currently working on implementing SDG 5 through the introduction of a quality requirement 'Effects on gender equality'. Part of the government-wide Integral Assessment Framework (IAK), this requirement intends to map out the nature and scope of the

consequences of intended policy and regulations for gender equality in the Netherlands. The elaboration of the quality requirement ‘Effects on gender equality’ is available online since January 2019.

Similar initiatives also take place outside of OECD countries. **Paraguay** targeted gender mainstreaming in SDG implementation through establishing gender equality as a crosscutting priority in its National Development Plan Paraguay 2030 (PND 2030). **Kenya** identified gender mainstreaming as a central strategy for development policies. As a result, Kenya made progress in developing and enhancing methodologies for measuring different forms of gender-based discrimination, including on unpaid care work, notably through time-use surveys.

Source: (OECD, 2019^[4])

c) Introduce measures to ensure commitment beyond electoral cycles

- Incorporate, as appropriate, the SDGs into the budget process to help maintain continuity of policy objectives beyond electoral cycles. Coherent budgeting decisions will also allow administrations to have greater coherence in relation to key national priorities regardless of election results (OECD, 2019^[2]).
- Promote that the tasks of the bodies supporting the implementation and follow up of the SDGs, such as the national commissions for sustainable development, overlap rather than follow electoral cycles.
- Use more proactively existing tools such as strategic foresight and visioning to engage in scenario planning consistent with the time horizon of different goals to involve different stakeholders. This contributes to achieving a level of endorsement and legitimacy by society that could facilitate political commitments’ continuity beyond electoral cycles.

Good practice examples

Box 8. Finland: National Commission on Sustainable Development

In **Finland**, the term of the National Commission on Sustainable Development has been changed explicitly to overlap rather than follow the four-year electoral cycle. The purpose is to ensure that the Commission’s tasks are not excessively tied to Government programmes and that it can consider key long-term sustainable development issues.

Source: (OECD, 2017^[5])

d) Build leadership capacity in the public sector

- Empower political leaders to lead the civil service and create an environment that allows for interaction among a diversity of stakeholders throughout society in a constructive and results-oriented manner.
- Clarify the expectations incumbent upon senior-level public servants to be politically impartial leaders of public organisations, trusted to deliver on the priorities of the government and internationally agreed goals, such as the SDGs.

- Ensure senior-level public servants have the mandate, competencies, and conditions necessary to provide impartial advice based on research and evidence on SDG governance and policy coherence.
- Develop leadership styles that encourage collaboration across ministries and agencies to meet the integrated challenges posed by the SDGs.
- Use performance management methods for incentivising, acknowledging and rewarding contributions to collective and cross-sectoral goals (OECD, 2019[3]).

Links with the global methodology for SDG indicator 17.14.1

10. Sustainable Development Goal 17 focuses on partnerships and means of implementation to achieve all the SDGs. In this respect, mechanisms for policy coherence are identified as an important aspect of means of implementation with Indicator 17.14.1 measuring the “number of countries with mechanisms in place to enhance policy coherence of sustainable development”.

11. The commitment to enhance policy coherence is a subindicator of SDG 17.14.1, which is captured as follows: “The country has institutionalized its commitment towards policy coherence for sustainable development at the highest political central/federal level.”

12. Government contributions towards enhancing PCSD are monitored on the basis of political commitment towards PCSD expressed by the highest level of the central/federal government at national level applying to the whole government, reinforced by:

- Set timelines for the achievement of policy coherence objectives;
- A dedicated budget;
- Defined roles and responsibilities;
- A requirement for a regular reporting mechanism on policy coherence for sustainable development;
- Explicit consideration of international commitments and/or transboundary effects;
- Other nationally relevant mechanism.

Principle 2. Define, implement and communicate a strategic long-term vision that supports policy coherence

Why is this important?

13. Successfully achieving the SDGs demands a long-term perspective about the consequences of today’s activities, as well as planning for the future to support present needs and those of future generations. It entails acknowledging that the well-being of future generations depends on the stock of assets left behind by the current generation, 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). Long-term vision and planning horizons are also essential to ensure that efforts on SDG implementation go beyond electoral cycles, government programmes or cabinet compositions.

Overview of trends

14. However, governments often struggle to balance the long-term and transformative nature of the SDGs with more pressing short-term priorities. The repercussions of the global financial crisis in the late 2000s, the COVID-19 pandemic and global transformations such as population ageing, digitalisation, and rising inequalities have created uncertainties about the future young people and unborn generations face (Governance for Youth, Trust and Intergenerational Justice, OECD, 2020). Moreover, commitments to intergenerational justice tend to be scattered across various policy documents and strategies (e.g. youth/elderly strategies, SDG strategies, etc.), which risks impeding policy coherence and coordinated action across government.

15. OECD analysis also shows that environmental pressures and material consumption remain high and the material footprint is rising: the amount of materials extracted globally doubled between 1980 and 2010, and is projected to double again by 2060 (OECD, 2020^[5]). Stronger and more predictable policies could help countries to effectively decouple environmental pressures from economic growth and establish a resource efficient and circular economy. The performance of OECD countries regarding human and economic capital is mixed and large, sometimes widening disparities exist between countries (OECD, 2020^[6]).

16. Two provisions in the PCSD Recommendation aim at supporting governments to define, implement and communicate a strategic long-term vision

Box 9. Principle 2

Defining, implementing and communicating a strategic long-term vision that supports policy coherence and orients the government and stakeholders towards common sustainable development goals.

a) 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;

b) 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.

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>

Actions to consider

a) Develop a strategic long-term vision that defines sustainable development outcomes

- Adopt long-term timeframes and include inter-generational principles and indicators.

- Integrate a wellbeing perspective into broader sustainable development frameworks and strategies
- Apply good governance principles for intergenerational justice, e.g. formulate and invest in the quality of integrated youth strategies, at the appropriate level(s) of government, to ensure they are evidence-based, participatory and cross-sectoral, supported by political commitment, adequate resources, and effective monitoring and evaluation mechanisms.
- Systematically gather age-disaggregated data, and apply regulatory and budgetary impact assessments to address inequalities within and across different age cohorts.
- Use government-established oversight institutions to monitor the implementation of intergenerational justice commitments.
- Ensure a communication strategy and initiatives across multiple channels to keep both citizens and the whole government informed and aligned with the government's strategic view and expected outcomes of a policy area.
- Use digital tools for implementing and communicating a strategic long-term vision.
- Include references to the National Sustainable Development Strategy (NSDS) in the National Digital Government Strategy (NDGS).
- Use formal co-ordination mechanisms (e.g. steering groups, regular reporting on implementation and results), cross-cutting projects and goals between sustainable development and digital government policy to set a long-term strategic vision malleable to new contexts and governments' priorities, which are embedded through them throughout the whole government's policy agenda, and make them viable for the long-run.

Good practice examples

Box 10. Long-term timeframes

A number of OECD countries have adopted a long-term perspective in developing strategies and implementation plans for SDGs. Some countries such as **Slovenia, Finland** and **Belgium** have developed long-term visions with a timeline up to 2050 through inclusive processes and used them as a basis for designing their national sustainable development strategies. For example, the Finland we want by 2050 - Society's Commitment to Sustainable Development, provide a long-term framework for sustainability. The plan defines several key actions, such as more closely aligning foresight activities with SDG implementation, developing competence among government officials, and creating conditions for long-term work., In **Germany**, the first Management Rule of the German Sustainable Development Strategy emphasises that "Each generation is required to solve the challenges facing it and must not unload them onto future generations. It must also make provisions for foreseeable future problems." Long-term effects of particular regulations are explicitly considered in the Sustainable Impact Assessment.

Source: (OECD, 2018^[8]); (OECD, 2017^[5])

b) Use existing tools to identify, prevent and mitigate adverse impacts

- Combine strategic foresight efforts at both the broad contextual and sector-specific levels to interlink and reinforce each other as part of an ongoing system of integrating futures thinking into policy-making.

Good practice examples

Box 11. Strategic foresight for the engagement with developing countries

Designing policies that promote sustainable development at home and in developing countries requires having a sense of the trajectories developing countries could take in the longer term. This enables anticipating and preparing for changes, identifying innovations and assessing to what extent the current engagement strategies with developing countries are reflective of future scenarios.

In a number of countries, Ministries of Foreign Affairs and development co-operation agencies undertake foresight research for different aspects of their engagement with developing countries, e.g.:

- **France's** AFD has taken a 10-15 year lens to reflect which adaptations possible futures might require from development co-operation agencies. It is also leading efforts to promote collaboration of public development banks on strategic foresight.
- **Germany's** BMZ studies the future of European-African relations with a view to inform policy making.
- **USAID** missions develop scenarios to test their development assumptions in partner countries.
- **Finland's** Ministry of Foreign Affairs and Development Co-operation contributes significantly to regular foresight exercises for critical challenges the Finnish government has identified.

Results of these efforts include e.g.:

- **USAID** uses foresight to inform decision-making, such as the focus of interventions and budgetary allocations in partner countries.
- **Finland's** Ministry of Foreign Affairs and Development Co-operation has used foresight to inform its engagement on multilateral co-operation and civic space.

Some lessons learned are:

- Operational constraints (planning horizons, staff rotation, training etc.) limit decision-makers' capacity to think beyond a medium-term horizon. Dedicated resources or spaces for strategic foresight can enable them to take a step back and assess possible longer-term developments.
- The "Now what?" needs to be clear to link insights from foresight research to decision-making.

Links with the global methodology for SDG indicator 17.14.1

17. Sustainable Development Goal 17 focuses on partnerships and means of implementation to achieve all the SDGs. In this respect, mechanisms for policy coherence are identified as an important aspect of means of implementation with Indicator 17.14.1 measuring the “number of countries with mechanisms in place to enhance policy coherence of sustainable development”.

18. The long-term perspective is considered by the global indicator 17.14.1. It is captured as follows: “The country has mechanisms in place to ensure that long-term considerations are integrated in policies, plans, programmes and projects. decision-making, policy development and planning.”

19. Government contributions towards enhancing PCSD are monitored on the basis of the existence of long-term objectives going beyond the current electoral cycle, and the interests of future generations embedded in the national sustainable development strategy or policy framework, reinforced by:

- A commissioner, council, fund or ombudsperson for future generations;
- Other mechanisms of scrutiny or oversight over the possible effects on future generations of policies or legislation (e.g. auditing mechanisms);
- Mechanisms for regular appraisal of policies to ensure that unanticipated effects are integrated over time;
- Impact assessment mechanisms that take into account intergenerational effects of major infrastructural developments (not limited to an environmental perspective)
- Other nationally relevant mechanism.

Principle 3. Improve policy integration to capitalise on synergies across economic, social and environmental policy areas

Why is this important?

20. A coherent implementation of the SDGs requires specific institutional mechanisms to steer policy integration. It requires specific initiatives by government to better integrate economic, environmental and social goals within the mandate of each existing institution. It demands sustained efforts to improve the integration of sectoral - and often fragmented - policies, to enhance policy integration across levels of government, and to foster consistency in the choices made by the various stakeholders. Policy integration is central to balancing the 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 achieve the SDGs.

Overview of trends

21. Countries have put (are putting) in place mechanisms to incorporate sustainable development into the work of national institutions and to align sectoral objectives with the multi-dimensional SDGs. In a majority of countries, an overarching national strategy or action plan for 2030 Agenda implementation serves as a common framework for integrating the SDGs into sectoral programmes. Governments also have at their disposal a number of strategic tools that can serve to integrate the SDGs into the policy making

process more systematically, including budgets, laws, regulatory policies and public procurement systems.

22. Indeed, an emerging practice in many countries is to use the budget as a mechanism for policy integration and coherence. The integrated nature of the SDGs and the fact that they call for a medium-term vision means that incorporating the SDGs into the budget process can promote policy coherence across various policy goals and ensure the continuity of policy objectives beyond electoral cycles.

23. Some countries are also using procurement as a strategic lever for achieving broader policy objectives and outcomes, from environmental protection to SME development and innovation, while the interlinked challenges caused by the COVID-19 measures have triggered a need for new regulatory and institutional mechanisms to support policy integration (COVID-19 brief).

24. Four provisions in the PCSD Recommendation aim at supporting governments and stakeholders improving policy integration

Box 12. Principle 3

Improving Policy Integration to better incorporate sustainable development into policy and finance, and in that respect capitalise on synergies and benefits across economic, social and environmental policy areas as well as between domestic and internationally-recognised Sustainable Development Goals.

a) 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;

b) 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 coordination mechanisms for ministries and government agencies to align their mandates, policies and sectoral objectives with broader sustainable development goals;

c) Integrate regional and territorial development into sectoral policies to achieve greater synergies with long-term strategic planning for the implementation of the SDGs;

d) 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.

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>

Actions to consider

a) Make strategic use of policy mechanisms and tools to integrate sustainable development into sectoral policies

- Strengthen the link between planning, budgeting and outcomes.

- Maintain a balance between accountability, central steering capacity, local autonomy and integration.
- Apply SDGs budgeting (i.e. tagging budget measures, etc.) to support a prudent assessment of costs and benefits of capital investments in terms of sustainability, affordability, relative priority among various projects, and the impact on future generations.
- Use procurement processes to help highlight where public expenditures might be in contradiction with sustainability principle and shift the public budget towards environmentally sustainable business actors, goods and services.
- Make use of digital government policy levers, such as business cases, agile project management and digital procurement and commissioning approaches to integrate planning, budgeting and implementation to advance PCSD. Business cases are the first step of justifying the need and value of a project. Agile project management covers the management methodology and the agile and innovative practices in the design and implementation process. Digital procurement and commissioning approaches enable the last mile of the project delivery by integrating the research, policy design, business cases and acquisition of the necessary resources based on the policy goals. This requires a design thinking process that is centered on policy integration (OIG).

Good practice examples

Box 13. Finland – State budget planning as a tool for policy integration

In September 2018, the Finnish Ministry of Finance presented a proposal for the 2019 State Budget to the Parliament with a comprehensive consideration of sustainable development. The budget focused in particular on carbon-neutrality, sustainable resource consumption and production. The proposal took the budgetary impacts on climate action, bio-economy, circular economy, clean-tech innovations and sustainable public procurement into account, and bore international environmental agreements, development cooperation policy and climate investments in mind. This was an important step in mainstreaming sustainable development into all sectoral policies and financial instruments. In addition, the government launched work on a phenomenon-based approach to budgeting that will allow for more tailored solutions that consider cross-sectoral, transboundary and intergenerational policy impacts.

Source: (PMO Finland, 2018^[13]); (PMO Finland, 2020^[9])

b) Incorporate a PCSD lens into national plans and strategies and develop supporting tools and co-ordination mechanisms

- Link the sustainable development strategy to other national strategies (for instance, by referring to green growth strategies, digital government agendas etc. in the sustainable development strategy, and vice-versa). This approach frames the sustainable development policies as part of the government's broader agenda.

c) Integrate regional and territorial development into sectoral policies

- Use the SDGs to promote synergies and manage trade-offs across levels of government in order to overcome fragmentation, linking social, economic and environmental dimensions either at the goal or target level.
- Allocate financial resources based on the identified place-based policy priorities and key local challenges, and use the SDGs framework as a means to foster integrated multi-sectoral programmes and priorities..

Good practice examples

Box 14. Japan: supporting the localisation of the SDGs

Japan has expanded its SDGs Action Plan 2018 to increase national support to local governments. The second pillar of the Action Plan on “regional revitalisation” focuses mainly on the localisation of the SDGs through its Future Cities initiative comprising 29 local governments, 10 of which have been selected as SDG Model Cities and are receiving financial support by the national government to implement their SDG strategies. The initiative also promotes the establishment of SDG local governance structures following the national “SDGs Promotion Headquarters” headed by the Prime Minister within the Cabinet Office.

Source: (OECD, 2020^[10])

d) Take a whole-of-government approach to development policy and finance

- Ensure complementarity and promote SDG alignment across existing sources of finance
- Increase the efficiency of financing frameworks, while recognising the full cost of environmental, social and economic factors in financing sustainable development.

Good practice examples

Box 15. Mobilising private finance for sustainable development in developing countries

The issue: Large amounts of capital for financial investments are available, but do not target developing countries, often for reasons of risk, or promote sustainable development. Mobilising additional capital for investments in developing countries is critical to complement domestic resources and official development assistance and leverage sufficient resources for sustainable development.

Good practices: OECD DAC members engage in several ways to promote private sector investment for sustainable development:

- They enable blended finance, i.e. use public resources to leverage private funding, by sharing the risk with private investors (e.g. through guarantees to cover first loss tranches) or decreasing investment costs (e.g. through lending at low rates) so that private investors consider engaging in challenging contexts. Funding is conditional on respect for sustainability criteria and demonstrating a development impact.

- They encourage private sector actors to engage in developing countries, providing advisory services to companies and development co-operation to improve the business environment in developing countries.
- They push for greater reflection of ecological, social and governance criteria in private investments.

Results:

- Private investments in developing countries continue to grow, but the exodus of private capital after the COVID-19 crisis has illustrated the fragility of investments.
- Private investment funds increasingly include ecological, social and governance criteria in their investment assessments.

Lessons learned:

- Private investors prefer investments in lower risk contexts and sectors, therefore concentrating on middle-income countries and the energy sector. Additional work is needed to encourage greater investments in challenging contexts and notably least developed countries.
- A focus on the development impact of private investments is necessary to justify the use of public resources.

II. Effective and inclusive institutional and governance mechanisms to address policy interactions

Principle 4. Ensure whole-of-government coordination to promote mutually supporting actions across sectors

Why is this important?

25. The cross-cutting nature of the SDGs poses co-ordination challenges at each level and stage of the policy-making process. It requires governments to strengthen existing mechanisms for horizontal co-ordination (between entities of a particular tier) and vertical co-ordination (between international, national and subnational levels). Having in place efficient mechanisms and processes at appropriate levels for inter-ministerial co-ordination to resolve policy divergences and conflicts between different sectors is essential to ensure an integrated implementation of the 2030 Agenda and the SDGs.

Overview of trends

26. There is no one-size-fits-all approach for ensuring efficient high-level co-ordination conducive to improving policy coherence. Countries are using different mechanisms and processes to address specific national and local contexts and respond to existing cultural, institutional and political conditions (OECD, 2019^[1]).

27. In recent years, an increasing number of countries have strengthened the institutional and financial capacity of their Centres of Government (CoG) – the body or group of bodies that report directly to the Head of Government and the Council of Ministries – to support SDG implementation (OECD, 2016^[2]). In other countries, the co-ordination responsibility is often assigned to line ministries with cross-cutting influence (e.g. Ministry of Foreign Affairs, Ministry of Finance). A number of countries have also established informal working groups or networks that meet on a regular or ad hoc basis to discuss pressing issues.

28. Five years into the implementation of the 2030 Agenda, it is clear that each approach has its pros and cons. For example, having the Ministry of Foreign Affairs as the co-ordinating body helps to ensure that developing country interests are taken into account and adverse transboundary impacts limited, but also risks leading to a separation between the internal and external dimension of SDG implementation. The Ministry of Environment is likely to put sustainability aspects first, but must also ensure that the SDGs do not simply become an extension of the Rio process but rather reflect the multi-dimensional nature of the SDGs. Creating a new body allows for an administration that is specifically aligned with the SDGs, but the question is if it adds value or just another layer of bureaucracy.

29. With the outbreak of COVID-19, the value of whole-of-government co-ordination has become even more evident and in some cases countries have relied on their SDG co-ordination mechanisms to manage the economic, social and environmental consequences of the crisis. This is a strong testament to these structures' importance and usefulness for addressing global challenges. Specifically, the Recommendation outlines four provisions that aim at helping countries to ensure whole-of-government co-ordination

Box 16. Principle 4.

Ensuring whole-of-government coordination to identify and mitigate divergences between sectoral priorities and policies, including external and domestic policies, and promote mutually supporting actions across sectors and institutions.

- a)* 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;
- b)* 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;
- c)* 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;
- d)* 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

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>

Actions to consider

a) Use of high-level co-ordinating mechanisms

- Build on existing coordinating structures and inter-ministerial mechanisms to enhance policy coherence for sustainable development.
- Ensure the involvement of the Government Office/Centre of Government in efforts to promote policy coherence across line ministries and other public institutions
- Ensure neutrality and convening power of the body responsible for co-ordination functions throughout the administration;

Good practice examples

Box 17. Central co-ordination mechanisms at the highest level

Finland - Co-ordination for national implementation of the SDGs is led by the Prime Minister's Office (PMO). The co-ordinating secretariat of the Commission on Sustainable Development was transferred from the Ministry of the Environment to the PMO in 2016, along with responsibility for planning, preparing, co-ordinating and ensuring implementation. An Interministerial Coordination Network consisting of sustainable development focal points from each line ministry supports the PMO.

Germany - Chaired by the Head of the Federal Chancellery, the State Secretaries' Committee serves as the central co-ordinator for the Sustainable Development Strategy. Its role is to ensure that the Strategy is applied to all policy areas. All ministries retain primary responsibility for contributions to the SDGs and 2030 Agenda in their respective policy areas. A directors' working group for sustainable development (UAL-AG) with representatives from all ministries, and led by the Federal Chancellery, deals with all questions of sustainable development relevant to the ministries.

Japan - In 2016 Japan created a new cabinet body, "SDGs Promotion Headquarters", headed by the Prime Minister and comprising all ministries to lead co-operation among ministries and government agencies in implementing the SDGs.

Mexico - The President established the National Council for the 2030 Agenda for Sustainable Development as a bonding mechanism between the Federal and local governments, civil society, the private sector and academia. It is chaired by the President and composed of state secretaries. The National Council is tasked with co-ordinating actions for the design, implementation and evaluation of policies to comply with the 2030 Agenda. The work of the Council is supported by an Executive Secretary located within the Office of the President.

Source: (OECD, 2018^[8])

Box 18. Mandates and co-ordination across government on the effects in developing countries

The issue: Understanding and addressing effects of policies on developing countries requires technical expertise on both the issue and on developing countries. Within governments, this means that foreign ministries, development co-operation agencies and other ministries need to work together to mobilise their respective expertise and stakeholder networks.

Good practices: An analysis of DAC members' co-ordination mechanisms identifies a number of good practices, e.g.;

- ***Making all ministries responsible for the effects of their policies on developing countries.*** For instance, **Sweden** is requiring all ministries to develop action plans on how they contribute to the SDGs globally. **Poland** has established a network of focal points in ministries. The **EU** and the **Netherlands** oblige ministries to undertake regulatory impact assessments that cover effects on developing countries.
- ***Providing necessary resources and strengthening capacity.*** A number of DAC members have dedicated staff in foreign ministries to support work across government on the coherence of policies with developing countries' development. To strengthen the understanding of effects on developing countries, the **United Kingdom's** development agency DFID had seconded staff with development expertise to other line ministries and **Portugal** provided training on policy coherence with a perspective on developing countries. The **EU** draws on its delegations in developing countries to provide insights into coherence issues.

- ***Establishing government co-ordination mechanisms to discuss and arbitrate effects on developing countries.*** At working level, many DAC members have thematic ministerial working groups, e.g. on climate change or migration, and ministries co-ordinate the preparation of new strategies or action plans. The **EU** Inter-Service Consultation draws in expertise across the Commission, building on regulatory impact assessments that also cover effects on developing countries. Some DAC members have dedicated ministerial committees to discuss policies' effects on developing countries, such as **Italy** or **Luxembourg**. Some DAC members' top development co-operation officials have cabinet rank, allowing them to flag coherence issues at highest political level.
- **Results:** Numerous DAC member initiatives build on effective co-ordination elsewhere across the government. A typical example are action plans on business and human rights that involve ministries of foreign affairs, economy and labour.
- **Insights and lessons learned:** Evaluations have underlined that the existence of mechanisms does not guarantee their use. Political will at high level, mandates, awareness and resources are all required to enable effective government co-ordination. Early co-ordination at government level is often more effective in promoting policy adjustments, since it avoids considering adjustments at a stage where policies are well advanced.

b) Establishment of clear mandates, capacities and mobilisation of adequate resources

- Provide the co-ordination mechanism with a clear mandate to anticipate and resolve policy divergences and tensions arising from diverging priorities and different sectoral interests related to the implementation of the 2030 Agenda.
- Ensure that the co-ordination mechanism goes beyond information sharing. Even if the political mandate is clear in government resolutions, it does not necessarily translate into the ability to shepherd the issues across ministerial lines and silos and arbitrate solutions in the case of disagreement.
- Communicate the existing mandate of the co-ordination body to all actors.
- Couple the mandate to co-ordinate with the financial and human resources needed to do so effectively. Government bodies often have only a marginal interest in issues that go beyond traditional electoral cycles and likely less willing to engage time and resources into them.

c) Encouragement of formal governance arrangements and informal working methods

- Combine formal governance arrangements and clear mandates for coherent SDG implementation with informal working methods to bringing about positive cultural change in public administrations. Meetings and conversations that are not dictated by formalities, seniority or protocol stimulate a more open exchange of ideas and innovative thinking that can be conducive for addressing cross-cutting policy objectives and develop integrated solutions

*Good practice examples***Box 19. Switzerland: '2030 Agenda Steering Committee' and coordination mechanisms at different levels**

In 2018, a new committee at the level of senior management composed of representatives of the government offices that are most relevant for the 2030 Agenda, from all seven ministries, has been set up by the Federal Council ('2030 Agenda Steering Committee'). It coordinates and provides strategic support for overall matters relating to the 2030 Agenda at federal/national level. The committee is specifically responsible for identifying conflicting goals at a broad level.

While the coordination with the sub-national level is taking place via the Network of Cantonal Sustainability Offices, effective cooperation with non-state actors is ensured through an Advisory Group comprising representatives from central coordinating bodies of different sectors of society (academia, civil society, business, and youth).

Further general mechanisms include:

- The Federal Administration has various other bodies, which are made up of different members of various government offices depending on the topic in question, that ensure coherence in a specific policy area as far as possible (e.g. international cooperation, climate).
- All decisions within the Federal Administration are consulted between all the federal offices concerned.
- In addition, for new laws and ordinances, there is a consultation procedure (ger: "Vernehmlassungsverfahren" / fre: "procédure de consultation") in which all the players concerned (political parties, civil society, cantons, associations, etc.) can express their views on the content of a planned legislative package.
- At the sub-national level, the cantons coordinate in thematic conferences and thus establish sub-national coherence where necessary.
- At the international level, Switzerland also coordinates with other countries in order to reinforce policy coherence within the framework of multilateral institutions and weighs up conflicting objectives together with international partners.

d) Building of capacity in public administrations for PCSD

- As part of government SDG strategies, adjust management practices to an increasingly complex economic, social and environmental reality and deploy human resources and capabilities in the most effective way.
- Build capacity and skills that take civil servants beyond their traditional operating environment and challenge them to think and act in new, cross-disciplinary ways.
- Promote the application of new tools and methods in systems thinking and experimental policy design.

- Develop competency frameworks, which identify and strengthen the right skills of public servants, to make civil servants fit to deliver on national objectives such as the SDGs (OECD, 2017[4]).
- Encourage digital skills to strategically shape public governance outcomes beyond using them simply to improve government processes or reducing costs in the public sector. They could be essential, for example, for taking to a new level engagement with citizens and other stakeholders, which is at the heart of achieving the SDGs (OECD, 2019[3]).
- Engage the National Schools of Public Administration (NPA) to infuse the SDGs into the civil service more systematically.

Good practice examples

Box 20. Engagement of National Schools of Public Administration

Ireland's Institute of Public Administration is investing heavily on project management as a skill central to SDG implementation. Many other schools too have programmes or courses about the SDGs and/or on sustainability management, e.g.; the **Netherlands** School of Public Administration, **Dubai's** Mohammed Bin Rashid School of Government, and **Bahrain's** Institute of Public Administration are all including the SDGs in their education curriculum. However, as highlighted at recent meetings of the OECD Global Network of Schools of Government, the challenge is not only to provide appropriate development opportunities for the SDGs, but to also convince governments to prioritise this training for their civil servants. Many suggested that their governments were not yet approaching the SDGs as a domestic policy challenge.

Links with the global methodology for SDG indicator 17.14.1

30. Sustainable Development Goal 17 focuses on partnerships and means of implementation to achieve all the SDGs. In this respect, mechanisms for policy coherence are identified as an important aspect of means of implementation with Indicator 17.14.1 measuring the “number of countries with mechanisms in place to enhance policy coherence of sustainable development”.

31. The principle of whole-of-government co-ordination is captured by the global indicator 17.14.1 as follows: “The country has an institutional mechanism in place that periodically brings together relevant ministries and governmental entities to enhance policy coherence for sustainable development.”

32. Government contributions towards enhancing PCSD are monitored on the basis of:

- A mechanism for regular coordination established at the national level and bringing together ministries (and other governmental entities) to facilitate information sharing and consultation among different ministries/sectors most relevant to sustainable development, reinforced by:
- A mandate to make decisions regarding trade-offs and other unintended negative impacts;

- Convened by a centralized government body such as the Office of the Prime Minister or President or other central national governmental entity (ex. Ministry of Planning);
- Representation and coordination at both political/strategic level and technical level, to ensure political commitment as well as its translation into action and alignment between the two levels;
- Explicit mandate to consider transboundary issues and enhance coherence of internal and external policies including through the involvement of the Ministry of Foreign Affairs (or equivalent bodies);
- Other nationally relevant mechanism.

Principle 5. Engage appropriately sub-national levels of government to promote coordinated actions

Why is this important?

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 (SDSN, 2016). 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.

Overview of trends

33. Many cities and communities have already taken steps to implement the SDGs. Notably, an increasing number of local and regional governments are producing SDG Voluntary Local Reviews (VLRs). Similar to VNRs, these reviews provide a tool for local and regional governments to periodically follow-up and review their progress in SDG implementation. While the VLRs hold no official status, the process of preparing them is often as important as the final report, and also reinforces vertical coherence and complements SDG implementation at the national level. As of February 2020, 15 sub-national governments (SNGs) had conducted their own VLR, the findings of which suggest two key aspects that require further consideration: (i) the inadequacy of many targets to be tackled at the local level; and (ii) the lack of a guiding framework for subnational levels of government (IGES, 2020).

34. The OECD Programme on a Territorial Approach to the SDGs specifically focus on supporting SNGs to implement the SDGs. The Programme recently developed an OECD localised indicator framework for the SDGs, which measures the distance towards the SDGs for more than 600 regions and more than 600 cities in OECD and partner countries, comparing them to their national averages and their peers. With its 135 indicators available up to now, the OECD localised indicator framework already covers all the 17 goals, both at regional and city level (OECD, 2020_[10]).

35. The data collected thus far show that cities and regions in OECD countries are far from achieving the SDGs: at least 80% of OECD regions have not achieved the end values proposed by the OECD for 2030 in any of the 17 SDGs, and at least 70% of cities have not

achieved the suggested objectives for 15 out of the 17 SDGs. The goals where most of the regions and cities are lagging behind are SDG 13 on “Climate action” and SDG 5 on “Gender equality”. On the other hand, the goal where most regions and cities are performing relatively well is SDG 16 about “Peace and institutions” (OECD Urban Policy Reviews: A Territorial Approach to the Sustainable Development Goals, OECD 2020).

36. A recent survey conducted by the OECD and the European Committee of Regions (CoR) in European countries show that most cities and regions work with the SDGs because they consider them a valuable tool to strengthen regional and local development. The most common actions put in place to implement the SDGs are awareness-raising campaigns (62% of respondents), establishing a dedicated body (57%) and – at a more advanced stage of implementation – having a dedicated strategy/action plan (44%); and establishing indicators (34%). The survey results also indicate a higher level of co-operation for SDG implementation between different national levels (60%) than between the local and national level (only 23% have joint projects with the national level to implement the SDGs). (<https://cor.europa.eu/en/events/Documents/ECON/CoR-OECD-SDGs-Survey-Results-Note.pdf>)

37. Two provisions in the PCSD Recommendation focus on the engagement of sub-national levels of government to promote coordinated and coherent action for SDG implementation (Box 21).

Box 21. Principle 5

Engaging appropriately sub-national levels of government in areas where they have a role in policy coordination to promote coordinated actions and enhance coherence across levels of governments for sustainable development.

- a) Promote PCSD at different levels of government and work with key stakeholders to develop tools that support local regional governments in applying PCSD in their legal frameworks, plans and actions for localising the SDGs.
- b) 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.

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>

Actions to consider

a) Promote PCSD at different levels of government

- Develop capacity-building programmes across government levels on policy coherence for the implementation of the 2030 Agenda and SDGs.
- Use the SDGs as a framework to align policy priorities, incentives, objectives across national, regional and local governments. Facilitate multi-level dialogue around success stories and persistent challenges, and encourage the SDG monitoring at the subnational level to unpack regional disparities and go beyond national average.

*Good practice examples***Box 22. Luxembourg – Taking inventory of local initiative to foster vertical coherence**

In **Luxembourg**, many parliamentarians exchange regularly with the country's mayors. Local concerns can be raised in parliament, and mutual exchange of knowledge between the local and national level is a common occurrence. Furthermore, local communities have an opportunity to influence legislation via regular consultation processes. To foster vertical coherence, the Government has taken inventory of SDG-related local initiatives to ensure that priorities and policies are well aligned. It has provided a reference guide for local communities based on ISO 37120:2018 on 'Sustainable cities and communities: Indicators for city services and quality of life' and the Reporting Standards of the Global Reporting Initiative.

Source: (OECD, 2019^[1])

b) Promote synergies among national, regional and local policies

- Use the SDGs as a framework to align policy priorities, incentives, objectives across national, regional and local governments.
- Ensure effective processes for engaging appropriately sub-national levels of government and promoting coordinated sub-national, national and international actions for achieving the SDGs.
- Mainstream the SDGs in the design and implementation of international co-operation activities, including decentralised development co-operation programmes.

*Good practice examples***Box 23. Decentralised development co-operation**

The issue: Almost 60% of SDG targets can only be achieved by subnational governments providing essential public services. Cities and regions in OECD DAC countries are well placed to provide assistance to their peers in developing countries. However, the potential for decentralised development co-operation between subnational entities is still largely untapped.

Good practices: DAC member governments subnational entities take a range of action to promote subnational engagement for sustainable development in developing countries

Providing stable funding: In **France**, a law enabled municipalities to use 1% of their water and sanitation budget for international co-operation in the sector.

Mobilising the full range of expertise at subnational level: The **Italian** region of Tuscany mobilises a public and private sector actors from Tuscany on the basis of their specific competences and expertise, with networks in Tuscany and partner countries.

Dedicated institutional arrangements: The **Belgian** region of Flanders has made development co-operation a policy priority, with a long-term focus on few countries and sectors. Most Flemish municipalities have a councillor, budget and advisory board for development co-operation activities.

Institutional support: **Germany** has a national agency that provides advisory services and networks for subnational entities engaging in development co-operation. The European Union has set up a portal to facilitate match-making between subnational entities.

Results: The financial volume of decentralised development co-operation is growing, but still at low levels. Decentralised development co-operation is moving towards more systematic reciprocity, partnership and mutual learning, away from traditional donor-driven and project-based approaches.

Lessons learned: Multi-level and multi-stakeholder partnerships can connect actors and help exchange best practices. This is important since decentralised development co-operation is often small scale, increasing risks of comparatively high costs and fragmentation. Support should be well matched to demand and local context.

Transparency and more comprehensive reporting on decentralised development co-operation remain a challenge.

Targeting should avoid that only more competitive cities and regions benefit, as this could exacerbate inequalities in developing countries.

Links with the global methodology for SDG indicator 17.14.1

38. Sustainable Development Goal 17 focuses on partnerships and means of implementation to achieve all the SDGs. In this respect, mechanisms for policy coherence are identified as an important aspect of means of implementation with Indicator 17.14.1 measuring the “number of countries with mechanisms in place to enhance policy coherence of sustainable development”.

39. Vertical coherence is included in the global indicator 17.14.1 as follows: “The country has mechanisms in place for aligning priorities, policies and plans between various levels of government.” Government contributions towards enhancing PCSD are monitored on the basis of:

- Consultation and coordination mechanisms to systematically collect the inputs of sub-national government entities and the consideration of their priorities in national policy, strategy formulation and planning processes and to integrate national priorities into the subnational policies, plans and programmes;
- Contractual or other institutional arrangements for regular formal exchange between central government and subnational levels of government for systematic consultation, collaboration, and alignment of efforts;
- Tools to enhance substantive coherence such as policy or planning and budgeting templates or checklists that require demonstration of alignment between sub-national and national level policies before validation and budget allocation;
- Planning cycle timeframes that facilitate the alignment of national and sub-national plans, or systems that allow for the regular review of plans, policies, regulations and programmes to facilitate such alignment.

Principle 6. Engage stakeholders effectively to sustain broader support for policy coherence

Why is this important?

40. 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.

41. Engaging proactively with stakeholders in all phases of the policy cycle, including through the exchange of knowledge and expertise, helps to ensure a holistic perspective on sustainable development issues, give voice to diverse interests, identify potential trade-offs, raise public awareness and create ownership.

Overview of trends

42. Most OECD countries have involved multiple stakeholders in the process of identifying national priorities, preparing VNRs and developing strategies or action plans for SDG implementation. Two provisions in the PCSD Recommendation encourages countries to work towards more effective stakeholder engagement (Box 24)

Box 24. Principle 6

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

a) 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.

b) 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.

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>.

Actions to consider

a) Engage proactively with stakeholders in different phases of the policy cycle

- Ensure that stakeholder engagement is purposeful (e.g. by clearly defining what the desired outcomes of the engagement are); inclusive (e.g. by mapping and analysing stakeholders); transformative (e.g. by choosing methods that build collaboration

across different groups of society): and proactive (e.g. by building engagement planning into implementation).

- Promote co-production, whereby citizens engage in partnerships with the government in the design and delivery of a public service, to ensure stakeholder engagement that goes beyond information sharing and consultation.
- Engage in citizen participation to strengthen monitoring, evaluation and reporting quality to allow governments to understand the extent to which their policies were successful and helping them improve the design of new policies.
- Link open government principles (e.g. the OECD Council Recommendation on Open Government) with SDG implementation. The two agendas are mutually reinforcing.

Good practice examples

Box 25. Norway - Establishing a Policy Coherence Forum for broad stakeholder participation

The Norwegian Policy Coherence Forum develops recommendations for enhancing policy coherence and plays a central role in preparing the annual report on Policy Coherence to Parliament. The Forum is comprised of representatives from civil society, academia, the private sector and trade- and employers' unions and chaired by the state secretary for international cooperation at the Ministry of Foreign Affairs, in cooperation with the Ministry of Finance and other line ministries. The Norwegian Forum for Development and Environment, a second important forum for national dialogue on SDG implementation that brings together more than 50 civil society organisations, provides analytical and strategic input on sustainable development in the form of reports and road maps.

Source: (OECD, 2019^[1])

Box 26. Consulting stakeholders with development expertise

The issue: Domestic stakeholders are independent actors for sustainable development, implementing partners, and advocates in public debate. Their advice and participation is therefore critical to increase the likelihood of successful policy shifts.

Good practices: OECD DAC member have established diverse institutional mechanisms that allow a broad range of stakeholders to discuss transboundary effects of national policies. Development NGOs and research institutions are represented in many of these. Diaspora organisations and business associations with a focus on developing countries are also important stakeholders. Specific examples include:

- **Specific policy coherence mechanisms:** A number of DAC members have given multi-stakeholder committees a mandate to advise on the effects of national policies on developing countries or associate stakeholders in these debates. In **France**, the

committee also includes foreign experts, in Italy representatives of the diaspora from developing countries.

- **Associating stakeholders with developing country expertise in policy-making:** For instance, Ireland regularly organises an SDG stakeholder forum, where civil society organisations that engage in development co-operation also participate.
- **Building stakeholder coalitions:** Prime examples relate to responsible business conduct with initiatives such as Beyond Chocolate in **Belgium** or the Partnership for Sustainable Textiles in **Germany**.

Results: Suggestions to improve the coherence of national policies with sustainable development in developing countries become part of political debate.

Stakeholder coalitions have increased buy-in and engagement in implementation, as all partners bear responsibility for the outcome of the initiative.

Lessons learned: It is important to clarify when stakeholders will be consulted and which follow-up will be given to suggestions or recommendations proposed by stakeholders (e.g. management response, debate in Parliament...). Where possible, consultation with stakeholders from developing countries should also take place.

Box 27. Consulting with governments and key stakeholders in developing countries

The issue: Developing countries have limited capacity to voice concerns as part of OECD country policy-making. Proactively discussing policy coherence issues with governments and other stakeholders from developing countries can therefore enhance the understanding of the issue and contribute to more coherent policy design. Bilateral dialogue on policy coherence for development (PCD) is particularly important where the issue at hand can be addressed through bilateral agreement (e.g. migration, tax or trade agreements) and where it has a major impact on the country (e.g. trade policies of a top trading partner).

Good practices: DAC members discuss policy coherence issues with developing countries through:

- Embassy reporting: **The European Union** requires its delegations to regularly report on policy coherence issues, which in turn requires embassies to enter into dialogue with local stakeholders.
- Regulatory impact assessments: The **Netherlands** encourage the consultation of stakeholders in developing countries as part of the regulatory impact assessment.
- Issues-based dialogue: **Switzerland** discussed the return of illicitly acquired assets to Nigeria, Ireland challenges and opportunities from health worker migration to Ireland with Pakistan and Sudan, and Korea dialogued with Cambodia to enhance trade opportunities for Cambodia. The European Union's Cotonou Agreement with 79 African, Caribbean and Pacific (ACP) States obliges the EU to inform ACP countries of measures that might affect their interests. It also allows ACP countries to request a consultation before a final decision, although the mechanism has been rarely used.

Results: Dialogue has enabled finding development-friendly agreements:

- **Switzerland** signed a Memorandum of Understanding with Nigeria that enabled the development-friendly return of USD 321 million.
- **Ireland** put in place specific partnership programmes with Pakistan and Sudan to increase the mutual benefits from health worker migration.
- **Korea** and Cambodia signed a memorandum of understanding for a plan to support export of Cambodian mangoes to Korea in 2016, and actual exports started in 2020.

Lessons learned: In order to raise concerns and make a convincing case, developing countries need access to quality data and research. Dedicated support, for instance by building statistical capacity and commissioning targeted studies, can provide a better basis for dialogue.

Transparency in negotiations can help all stakeholders to assess whether concerns are addressed.

b) Raise public awareness and mobilise support on sustainable development

- Incentivise stakeholder participation via digital challenge platforms to re-use open government data and generate innovative solutions that can assist in achieving the SDGs. The combination of purpose-oriented challenges and easily accessible government data creates a strong environment for new innovative solutions to be created by citizens and businesses and assist governments in their policies supporting sustainable development.
- Promote and facilitate stakeholder access to relevant online learning material, such as the UNSSC-OECD online course on Policy Coherence for Sustainable Development.
- Use practical ways for designing specific campaigns, and promoting policy dialogue, capacity building and information sharing to build consensus on priorities for enhancing policy coherence for sustainable development.

Good practice examples

Box 28. Engaging the public to become development-aware citizens

The issue: Ultimately, taking policy decisions that constitute a significant departure from the status quo require public support. When the reason for such an adjustment stems from the effects in developing countries, it is critical that the public is sufficiently sensitive to such effects although they feature less in domestic debate. Public support for such policies builds on acknowledging the underlying rationale of shared prosperity that underpins the 2030 Agenda, combining self-interest and solidarity.

Good practices:

- Investing in future generations of development-aware citizens, OECD members such as **Portugal** and **Korea** integrate global citizenship and “development” into school curricula.
- The peer review of **Ireland** has praised its approach to development education, notably building on strong partnerships.
- Development co-operation actors boast numerous good practices and insights in communicating effectively with their publics. To raise awareness of the SDGs, the **Italian** multi-stakeholder alliance ASviS runs an annual sustainable development festival, while Japanese character Hello Kitty partners with the United Nations.

Results: Forthcoming results from the Global Competence segment of the 2018 PISA exercise will highlight where schools are particularly successful in Global Citizenship education.

Surveys across DAC members show high levels of support for development co-operation, but less and more mixed readiness to engage as an individual for sustainable development in developing countries, through donations, volunteering or consumer behaviour.

Lessons learned:

In order to raise concerns and make a convincing case, developing countries need to access to quality data and research. Dedicated support, for instance by building statistical capacity and commissioning targeted studies, can provide a better basis for dialogue.

Transparency in negotiations can help all stakeholders to assess whether concerns are addressed.

Links with the global methodology for SDG indicator 17.14.1

43. Sustainable Development Goal 17 focuses on partnerships and means of implementation to achieve all the SDGs. In this respect, mechanisms for policy coherence are identified as an important aspect of means of implementation with Indicator 17.14.1 measuring the “number of countries with mechanisms in place to enhance policy coherence of sustainable development”.

44. Stakeholder engagement is captured by the global indicator 17.14.1 as follows: “The country has mechanisms in place to ensure that laws, policies, plans, programmes and major development projects at different levels of government are developed through participatory processes that engage relevant stakeholders in a comprehensive manner.” Government contributions towards enhancing PCSD are monitored on the basis of:

- A requirement that relevant stakeholders are consulted at the early stages of development of laws, policies, plans, programmes and major development projects at different levels of government, accompanied with the requirement for a reasonable timeframe for information and participation of relevant stakeholders and other procedural standards to make participation effective, reinforced by:
- Consultations mandated to take place in a comprehensive manner at various stages of the policy cycle, i.e. not only during policy development but also at implementation, evaluation, and revision stages;

- Institutions are required to disclose the rationale for taking or not taking into account inputs from consultations;
- An accountability mechanism that allows public intervention by citizens such as petitioning and subsequent review of policies.

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

Principle 7. Analyse and assess policy and financing impacts to avoid negative impacts, in particular on developing countries.

Why is this important?

45. Taking effective and informed decisions on the policies needed to achieve the SDGs in an integrated and balanced manner requires evidence on potential interactions (synergies and trade-offs) and impacts (here and now, elsewhere and tomorrow). For example: governments have to give more careful consideration to the cumulative and inter-related impacts of policies and regulatory regimes; they need to analyse the role and impact of both public and private investments; and they must strive to limit adverse policy impacts not only at home but also on other countries.

46. Monitoring and impact assessments are an integral part of the governance process, ensuring that public value and intended outcomes are achieved according to initial goals and objectives. According to the 2019 OECD report on “The Path to Becoming a Data-Driven Public Sector”, the insights harvested from data and information can inform policy makers to design smarter, more agile, responsive and strategic policies that can hedge against unforeseen changes in the long-run.

47. In today’s global and interconnected world, the transmission channels for transboundary impacts are numerous and include e.g. financial flows, imports and exports of goods and services, migration or knowledge transfers. Recent OECD analysis finds that as many as 97 SDG targets can be described as having transboundary elements (57% of all 169 targets); 50 of these are “means of implementation” targets, most of which relate to financing and supporting developing countries in achieving the SDGs. Transboundary targets are heavily concentrated in the Planet goals, where they account for 76% of the total, and in the Implementation goal (95%) (Measuring Distance to the SDG Targets, OECD 2019).

48. Moreover, since the onset of COVID-19, disruptions of global supply chains and limited movement of people across borders have triggered a host of negative transboundary impacts, in particular on countries that are heavily dependent on tourism, such as small island developing states (SIDS); inflows of remittances; or official development assistance, with a risk of reversing these countries’ progress in implementing the SDGs.

Overview of trends

A number of OECD countries are working towards adopting broader forms of impact assessment to ensure the sustainability of policies. Some countries have taken steps to ensure an effective interface between the domestic and international dimensions of sustainable development as part of their SDG implementation process. Working towards adopting measures to systematically assess impacts can help enhance policy coherence for sustainable development. The PCSD Recommendation includes two provisions to this end (Box 29).

Box 29. Principle 7

Analysing and assessing policy and financing impacts to inform decision-making, increase positive impacts and avoid potential negative impacts on the sustainable development prospects of other countries, in particular on developing countries.

a) 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.

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

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>.

Actions to consider

a) Introduce, where possible, regular assessments to identify and assess potential positive and negative impacts on sustainable development,

- Approaches for identifying and assessing transboundary impacts (environmental, social and economic)
- Use available data to measure outputs, outcomes and impact; auditing of the decision process and monitoring of performance, in order to make informed decisions on resource allocation, performance improvement, incentive changes and cost reductions: this leads to an important feedback loop for the policy design and delivery phases.
- Draw on years of lessons learned from using RIAs, EIAs and GIAs to develop a new generation of impact assessments (ex-ante and ex-post), to allow for a screening of the impacts (both positive and negative, intended and unintended) on all the SDGs for each new policy initiative.
- Build technical capacity and methodological skills to facilitate the use of “new generation” impact assessment tools.
- Make use of existing methodologies for mapping out critical interactions (synergies and trade-offs) across policies in the implementation of the SDGs.
- In the area of performance management, use real-time data to provide feedback on the policy design features and delivery process – whether the benchmarks and KPIs are attained or there are gaps to improve.

*Good practice examples***Box 30. Germany: Electronic Sustainability Impact Assessment (eNAP)**

In March 2018, an “electronic sustainability impact assessment” (eNAP) was launched and is now used for sustainability impact assessments in the ministries. The new programme is intended to help improve the quality of the sustainability impact assessment while making it easier to perform. The user is systematically guided through the content of the Sustainable Development Strategy relevant to the assessment. All indicators, goals and management rules are queried, which means that no area is overlooked. Other connections to the individual SDGs are also assessed. The application is freely available to all societal stakeholders at www.enap.bund.de.

b) Take into account transboundary impacts, in particular on developing countries

- To the extent possible, integrate the transboundary dimension into existing ex ante and ex post impact assessment.
- Complement domestic-level indicators used in nationally-based approaches to sustainable development with measures of economic, social and environmental externalities imposed beyond national borders.

*Good practice examples***Box 31. Impact assessments of effects in developing countries**

The issue: Transboundary policy coherence issues often involve complex causalities and interlinkages that affect multiple groups of stakeholders both at home and in many, diverse developing countries. Assessments of regulation projects can therefore help OECD DAC members to better understand the potential impact of a policy on developing countries and consider appropriate adjustments.

Good practices: A growing number of OECD members are integrating a development-dimension in their regulatory impact assessments. Specific guidance helps undertake the assessments. The EU’s better regulation toolbox #34 provides an overview of key links between EU policies and developing countries, a typology of possible effects, and examples that illustrate how to conduct assessments and design mitigating measures. Guidance in the **Netherlands** also suggests focusing on the effects on the most vulnerable and recommends consulting civil society in the Netherlands and in developing countries.

Results: Quality assessments have translated into more development-friendly EU policies.

Lessons learned: Given the complexity of issues, drafting assessments is challenging and requires resources.

Assessing the alignment with international standards and recommendations can be a pragmatic approach for less relevant issues, while reserving resources for more in-depth assessments for issues of high political relevance.

Box 32. Access to medicine in developing countries

Policy issue: Intellectual property rights on pharmaceutical products delay the development and marketing of generic products in developing countries, increasing the cost of access to medication. Trade policies can be adjusted to facilitate access to medication in developing countries.

Good practices: The Netherlands has advocated within the EU for granting least developed countries exemptions under the Trade-related intellectual property rights (TRIPS) agreement, and for not applying provisions that go beyond this framework (so-called TRIPS+, in particular longer patent duration and test data exclusivity) in its agreements with Indonesia, the Philippines, the MERCOSUR and Mexico. The Netherlands is also advocating for fair pricing of medication in the World Health Assembly and the UN Secretary-General's High Level Panel on Access to Medicines. Finally, together with other DAC members and partners, including from developing countries, the Netherlands supports product development partnerships, where pricing and patents are discussed upfront to enable access also in developing countries. It also supports the Access to Medicine Foundation on Antimicrobial Resistance.

Results:

- The EU agreed in the WTO Council to renewing the exemption for least developed countries to respect pharmaceutical patents until 2033.
- The EU-Mercosur agreement confirms TRIPS standards, while the agreement with Mexico and EU proposals for Philippines and Indonesia include TRIPS+ provisions
- Product development partnerships resulted in a new drug for childhood tuberculosis, a malaria medicine for pregnant women, and a vaginal ring to prevent HIV infection.
- An Antimicrobial Resistance Benchmark assesses the engagement of pharmaceutical companies in research and development of new drugs.

Insights and lessons learnt: Other EU member states do not support the Netherlands' position to not include TRIPS+ provisions in its trade agreements. This could warrant further reflection how to build awareness and political will. For instance, the CSO network Concord Europe does not flag access to medication as an issue in proposed EU trade agreements in its recent reports on policy coherence.

Box 33. Switzerland: Return of illegal assets to developing countries

The issue: As a financial centre, Switzerland attracts assets from across the globe, but this also includes stolen assets from developing countries, resources that could support local development.

Good practices: In 2016, Switzerland enacted a comprehensive Foreign Illicit Assets Act (FIAA), which further facilitated the return of stolen assets compared to previous legislation. Assets are returning to the countries of origin through public-interest programmes aiming to improve living conditions or the rule of law. These programmes are typically agreed with the countries of origin; where possible, the approach seeks to include NGOs. As part of its global engagement, Switzerland helped formulate voluntary Guidelines for the Efficient Recovery of Stolen Assets, together with the World Bank-United Nations Office on Drugs and Crime (UNODC) Stolen Assets Recovery initiative, the International Centre for Asset Recovery and the 2014 Lausanne process.

Results: In 2018, Switzerland and Nigeria signed a memorandum of understanding to return illicitly acquired assets worth USD 321 million. Switzerland also rapidly froze assets of the deposed President of Ukraine Viktor Yanukovich and his inner circle. A 2019 French legislative proposal for the return of assets referred to the Swiss approach as an important example.

Lessons learned: In addition to more development-friendly policies, key objectives for Switzerland were to proactively protect the reputation of its banking sector and respond to increased international scrutiny. A CSO study suggests further possibilities to the enhance application of the law, including by applying stricter sanctions against legal persons.

Box 34. European Union: Trade facilitation

The issue: Trade barriers and agricultural subsidies can create negative spillovers for developing countries, by affecting market access and competitiveness of products from developing countries.

Good practices: In 2012, the EU revised its Generalized Scheme of Preferences (GSP) to reduce duties on 66% of all EU tariff lines for imports from low income and lower-middle income countries, with zero tariffs on these imports from countries that implement core human rights, labour rights and other sustainable development conventions (GSP+). Since 2001, the already EU applies the Everything But Arms (EBA) scheme, that enables duty-free import for products from least development countries on all products with the exception of armament.

The EU signed nine economic partnership agreements with 50 African, Caribbean and Pacific (ACP) countries that offer provisions to help developing countries trade with EU member states, including: long transition periods or exclusions from market opening while EU markets are opened up; special safeguards for the development of infant industry and on food security; and voluntary EU restraint on World Trade Organization safeguards and the use of dispute settlement.

In 2015, the EU agreed to remove all agricultural export subsidies. It reformed the Common Agricultural Policy to reduce market-distorting effects by removing production constraints and ending export subsidies.

Results: An independent mid-term evaluation of the GSP schemes found overall positive results in terms of export growth and diversification, and social and human rights, with significant differences among countries. The environmental impact are difficult to determine.

The share of LDC imports in the EU was 2.2% in 2018, compared to 0.98% in world imports in 2017

The trade and production distortions of support to agriculture have been reduced. However, many EU member states continue to pay significant levels of so-called voluntary coupled support (VCS) to their farmers.

Lessons learned: Substantial criticism over many years regarding the development impacts of EU trade and agricultural policies has helped build political will to further adapt these policies

The mid-term evaluation recommended amongst other greater transparency of the governance monitoring under GSP+, raising awareness of the schemes, strengthening coherence between schemes, and consider the inclusion of trade in services..

Links with the global methodology for SDG indicator 17.14.1

49. Sustainable Development Goal 17 focuses on partnerships and means of implementation to achieve all the SDGs. In this respect, mechanisms for policy coherence are identified as an important aspect of means of implementation with Indicator 17.14.1 measuring the “number of countries with mechanisms in place to enhance policy coherence of sustainable development”.

50. The assessment of policy effects is captured by the global indicator 17.14.1 as follows: “The country has mechanisms in place that allow relevant public institutions systematically assess the policy effects and cross-sectoral linkages throughout the policy and planning processes in the spirit of the integrated approach of the SDGs.” Government contributions towards enhancing PCSD are monitored on the basis of:

- A mechanism for assessing cross-sectoral effects and policy linkages of a policy (new or existing), including transboundary elements, reinforced by:
- The application of the above mechanisms at all levels of government (i.e. national and subnational);
- An indicator framework for tracking policy effectiveness towards sustainable development;
- A cost-benefit analysis of policy impacts across all sectors;
- The identification of measures to mitigate potentially negative effects and to optimize synergies as part of policy and planning;
- The specific consideration of international spill-overs, such as cross-border and international impacts in the basic component of this sub-indicator.
- Other nationally relevant mechanisms.

Principle 8. Strengthen monitoring, reporting and evaluation systems to collect evidence on the impact of policies and report progress on policy coherence.

Why is this important?

51. 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. The need for data to support evidence-informed decision-making and ultimately the implementation of the SDGs goes far beyond conventional national statistics. Governments generate, collect and store massive volumes of digital data, including administrative records, and are also increasingly experimenting with the use of external data sources to fill critical data gaps.

Overview of trends

52. Most OECD countries are aligning their monitoring and reporting systems with the 2030 Agenda and the SDGs, and expanding their monitoring and reporting systems to consider the international and transboundary dimension of sustainable development. Four provisions in the PCSD Recommendation encourage countries to work towards strengthening monitoring, reporting and evaluation systems and report on PCSD (Box 35).

Box 35. Principle 8

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

- a)* 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.
- b)* 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.
- c)* Report regularly on PCSD and, where needed, build capacity and skills to strengthen data collection, management, storage, and reporting processes.
- d)* 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.

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>

Actions to consider

a) Monitor and report back on policy and financing impacts

- Establish a specific action plan or framework for policy coherence to make progress on relevant areas of sustainable development.
- Consider regular independent reviews of policy performance on high priority issues with a substantial impact on sustainable development.

b) Identify existing data, indicators and information to capture transboundary impacts

Good practice examples

Box 36. Strengthening capacity for data production and use

The issue: Developing countries, especially low-income countries and countries affected by state fragility, often lack foundational statistical systems and data use in policy debates often remains limited. Better data and capacity to use data would allow developing countries to engage in international policy debates on PCSD more actively. DAC members actively support their partner countries in developing statistical capacity, some with the explicit objective to ensure openness, transparency and participation in debates in relation to the 2030 Agenda (e.g. Sweden).

Good practices:

- Enabling actors in partner countries to implement, follow-up and participate in global dialogue on the 2030 Agenda. Key data on development, on everything from vital statistics to economic data, are lacking in developing countries or of poor quality, preventing these countries from implementing better policies and from participating in global debates. Working towards openness and transparency in relation to the 2030 Agenda, for instance, **Swedish** development co-operation explicitly aims to help improve countries' own statistical systems, putting partners into a position to strengthen their ability to actively contribute to policy debates.
- Understanding cross-border financial flows. Remittances from DAC member countries represent a significant portion of GDP in some countries, often surpassing official development assistance and helping families in recipient countries to pay for essential goods and services, especially in time of need. Global Affairs **Canada**, in co-operation with Statistics Canada, administered a survey to people who send remittances from Canada to developing countries to better understand these important financial lifelines.
- Helping partner countries to reap the benefits of technology. New technologies gives rise to large economies of scale in monitoring the environmental impacts of climate change. In 2018, **Australian** agencies, including the Department for Foreign Affairs and Trade, the Australian Centre for International Agricultural Research and Geoscience Australia, have been partnering with others for the Digital Earth (DE) Africa initiative, contributing technical and operational expertise in using satellite data to address sustainable development challenges. DE Africa aims to provide a routine, reliable and operational service, using Earth observations to

deliver decision-ready products enabling policy makers, scientists, the private sector and civil society to address social, environmental and economic changes on the continent.

Results:

- The Canadian study indicates that despite technological innovation in financial services, many remitters still use traditional channels which tend to be more costly.
- The use of satellite data produced by the DE Africa initiative in Zanzibar has, for instance, helped identify areas that are prone to disasters such as flooding or have experienced overexploitation of mangrove resources as a result of salt production and wood for fires and housing.

Lessons learned: Helping partner countries to develop data, statistics and statistical capacity faces many challenges (reference policy paper). The benefits of data and statistics cannot easily be measured; there is an increasing number of providers, often with incompatible priorities; and the political economy of data and statistics can be challenging. To ensure that statistical capacity becomes sustainable, alignment to partner countries' priorities and better co-ordination between providers is paramount.

c) Report regularly on PCSD

- Publish regular reports for the parliament and the wider public about progress on PCSD outlining progress made on the achievement of policy priorities and on how policies are being implemented regarding sustainable developmental issues. These reports could be included in VNRs and in reporting on development co-operation activities.

Good practice examples

Box 37. Monitoring and reporting on action and effects in developing countries

The issue: Monitoring allows OECD DAC members to verify if their actions towards more coherent policies are successful, while public reporting is critical for accountability and engaging stakeholders on policy coherence.

Good practices: At national level, a number of DAC members provide dedicated PCD reports on both actions and results to their parliaments and the public (Netherlands, Sweden, Norway, EU). EU includes PCD in its reporting to parliament, though only every four years.

Germany and Sweden have used their voluntary national reviews (VNRs) to illustrate their action on PCD. Germany's VNR distinguished domestic action, global responsibility (PCD) and third-country support (ODA). Sweden provided a detailed discussion of two challenges in the coherence of domestic policies.

Results: Quality assessments have translated into more development-friendly EU policies.

Lessons learned:

- **Sweden:** An RBM approach to PCD is challenging, see the dedicated discussion in a study on the Swedish approach (pp. 46 ff). Shifting political support of stakeholders does not lend itself as much to precise baselines and indicators. “If we apply a strict results-based approach, the lack of precision is problematic. But, if coherence work is viewed more as a process than an outcome, this reporting on the on-going work to promote a Swedish policy position internationally may be viewed differently, probably making it more relevant. The reporting could be seen more as an instrument to produce a common understanding of what is necessary for coherency with development objectives in different fields; assessing precise outcomes in a precise moment is less relevant.”
- **Norway:** Highlighting divergent opinions within government cannot necessarily be expected in public reports.
- **Switzerland:** Reporting against status indicators only does not enable strategic decision-making, since it is not clear which actions have been implemented and successful.
- Discussions in Parliament do not directly lead do reform, but are only part of a long-term process of shifting political views.

c) Embed a policy coherence dimension in evaluation systems

Good practice examples

Box 38. Evaluation of actions that have effects in developing countries

The issue: Ex-ante assessments may not be accurate, especially where effects are difficult to estimate or data is not available. Evaluations assess the impact of an intervention based on clearly defined criteria. They thus serve an accountability and learning function, providing (publicly available) information on success and recommendations for future adjustment.

Good practices:

- The EU, Norway and Sweden have recently evaluated their overall approach to policy coherence for development. In addition, an independent study assessed the implementation of Sweden’s Policy for Global Development in 2016 (Fellsson and Román, 2016[19]). The EU has also evaluated its system of trade preferences.
- Some DAC members already use the new DAC evaluation criterion of “coherence” to discuss how other policies interact with development co-operation objectives, for instance in country strategy or thematic evaluations.

Results: The European Union, Norway and Sweden have considered the findings of their respective evaluations and taken action to implement some of the recommendations.

Lessons learned:

Conducting evaluations in the area of policy coherence is challenging when objectives, indicators and targets have not been clearly defined. It is therefore important to think of evaluability already when actions for greater policy coherence are defined.

Links with the global methodology for SDG indicator 17.14.1

53. Sustainable Development Goal 17 focuses on partnerships and means of implementation to achieve all the SDGs. In this respect, mechanisms for policy coherence are identified as an important aspect of means of implementation with Indicator 17.14.1 measuring the “number of countries with mechanisms in place to enhance policy coherence of sustainable development”.

54. Monitoring, evaluation and reporting are considered in the global indicator 17.14.1 as follows: “The country has mechanisms in place to systematically monitor and evaluate the effects of policies on the various dimensions of sustainable development and cross-sectoral impacts, and to report and inform adaptive action.” Government contributions towards enhancing PCSD are monitored on the basis of:

- An institutional or regulatory framework ensuring that the effects of policies on the various dimensions of sustainable development and cross-sectoral impacts are monitored and evaluated on a regular basis using specific indicators and that the findings are used to inform adaptive action to ensure that such action is coherent;
- Requirement that aspects of policy coherence for sustainable development are integrated into reporting of government entities;
- Existence and usage of tools and information management systems that facilitate availability, accessibility and comparability of centralized and harmonized data on sustainable development.

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