The importance of a policy coherence lens for implementing the Sustainable Development Goals

by

Ebba Dohlman,
Senior Advisor, Policy Coherence for Development, OECD
The 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda call upon all countries to “pursue policy coherence and an enabling environment for sustainable development at all levels”. Sustainable Development Goal 17 – on the means of implementation – includes a Target to “enhance policy coherence for sustainable development” (PCSD). The OECD defines PCSD as an approach and policy tool to integrate the economic, social, environmental, and governance dimensions of sustainable development at all stages of domestic and international policy making. PCSD aims to increase governments’ capacities to foster synergies across economic, social and environmental policy areas; identify trade-offs; reconcile domestic policy objectives with internationally agreed objectives; and address the spillovers of domestic policies.

Policy coherence for sustainable development is fundamental to ensure that progress achieved in one SDG contributes to progress in other SDGs, and to avoid the risk of progress in one goal at the expense of another. PCSD is critical to:

➤ Consider the economic, social and environmental costs and unintended consequences of policy decisions. For example, the USD 55-90 billion annual support for fossil fuels in OECD countries incentivise further CO2 emitting fossil fuels rather than investment in renewables; contribute to climate change; aggravate pollution and health risks; and waste money that could be reallocated for more targeted spending on the poor while contributing to global climate objectives.

➤ Identify effective uses of diverse sources of finance other than official development assistance (ODA). While ODA remains crucial for the least developed countries and most vulnerable populations, it now represents only 20% of the developed world’s financial engagement with developing countries. PCSD can help to make best use of existing resources, including more effective fiscal administrations, higher tax income; remittances; trade and investment; more direct access to capital markets; low interest debt; and addressing illicit flows.

➤ Shed light on critical sectoral interactions to achieve SDGs and Targets. PCSD can help to inform how efforts to attain a goal in
one sector would affect (or be affected by) efforts in another sector, for example between water (SDG6), food (SDG2), and energy (SDG7). Agriculture is the largest user of water at the global level; energy is needed to produce and distribute both water and food; and the food production and supply chain accounts for almost one third of total global energy consumption. Policy decisions made in these sectors can have significant impacts on each other and tensions may arise from real or perceived trade-offs between various objectives. Improved water and energy services reduce the burden on women and young girls who often spend several hours each day collecting water and gathering biomass for cooking, thus freeing up time for their participation in education and income generating activities. The provision of cleaner water and energy services is also linked to improvements in the health, micro-enterprise activity, and agricultural productivity of women, thereby spurring overall national economic development.

➤ Deal with systemic conditions and disablers that hamper sustainable development. Illicit financial flows for example are a major disabler for sustainable development. In many countries of origin, they are a symptom of governance failures, weak institutions, and corruption, but also of other systemic conditions in recipient countries that allow illicit financial flows (IFFs) to thrive, such as tax havens and secrecy jurisdictions. A PCSD lens can inform actions at international level to support a fairer and more transparent global tax system; and curb tax avoidance strategies which in most cases are legal but unfairly take advantage of the interaction between tax rules of different countries. At the national level, success will depend on the quality of domestic regulations, institutions and capabilities to identify, track, and fight tax evasion, money laundering and corruption.

The multi-sectoral and transformative nature of the 2030 Agenda for Sustainable Development will require institutions to be able to work across policy domains (horizontal coherence) and governance levels from local to global (vertical coherence). It requires policies that systematically consider sectoral inter-linkages (synergies and trade-offs) and effects (here and now, elsewhere, and tomorrow). The OECD’s analytical framework can help inform
decision making and support policy makers and stakeholders to design policies that systematically consider:

➤ The roles and responsibilities of different actors as well as the diverse sources of finance – public and private, domestic and international – for achieving sustainable development outcomes.

➤ The policy inter-linkages across economic, social and environmental areas, including the identification of synergies, contradictions and trade-offs, as well as the interactions between domestic and international policies.

➤ The non-policy drivers, i.e. the enablers (that contribute to) and disablers (that hamper) sustainable development outcomes at the global, national, local and regional levels.

➤ The policy effects “here and now”, “elsewhere”, and “later”. This captures ways in which the pursuit of well-being today in one particular country may affect the well-being in other countries or of future generations (the long-term impact of policies at national and global levels).

Against this background, the OECD is developing PCSD Framework, a self-assessment policy toolkit, aimed at providing policy makers with practical guidance on: setting up institutional mechanisms for coherence, including political commitment and leadership, co-ordination capacity and monitoring systems; managing policy interactions at different levels to detect and resolve policy conflicts; addressing contextual factors that enable or impede coherence for sustainable development; and anticipating the unintended consequences of policy decisions. It includes thematic modules on Food Security, Illicit Financial Flows and Green Growth.

**Useful links**


OECD work on policy coherence for development: www.oecd.org/Pcd