Operational approaches and tools for SDG policy integration

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I Visions and values of current approaches to policy integration in government administration

With the discussion on the substance of the Sustainable Development Goals (SDGs) coming to a conclusion in September 2015, the question of how to facilitate the implementation and monitoring of global, sustainable development goals now moves to the centre of the debate. The new framework will most likely contain 17 highly inter-related economic, social and environmental goals.

The draft SDGs represent a broader and more ambitious agenda than the MDGs. The 17 SDGs cover poverty eradication, food security, health, education, gender – all areas that were already covered in the MDGs – as well as sustainable consumption and production, economic growth and employment, inequality, climate change, water, sustainable energy, sustainable industrialisation, sustainable and inclusive cities, the protection of oceans and terrestrial ecosystems as well as peace, justice and institutions. Furthermore, the draft SDGs
are underpinned by a specific goal for “Means of Implementation”, as well as implementation targets in each thematic goal.

Key ambitions of this new emerging agenda are:

- **To be universal**: This implies moving from goals applied largely to (low income) developing countries in the MDGs to global goals applicable to all countries regardless of their level of development and involving a much wider set of policy communities, ministries and agencies. Universality will require each government to set its own national targets adapted to differing national circumstances, capacities and priorities, and guided by the global ambition in the SDGs. These commitments, translated into national strategies or action plans for implementing them, will potentially require significant adjustments in national policies and practices.

- **To be transformational**, i.e. facilitating fundamental change in the way economies and societies interact with each other and with the natural environment – sustainable development in all its dimensions. Transformation can only be achieved if the focus shifts from symptoms to addressing the underlying causes of challenges. This means, for example, focusing on access to resources (e.g. water, energy, food, finance), but also on efficiency in the use of resources and ensuring their long-term sustainability. It means fostering enabling environments that support the transformation towards more sustainable paths for economic growth, production and consumption (e.g. a more equitable multilateral trading system, actions on climate change and global public goods), and mobilising a wide range of key stakeholders at different levels, including the private sector.

- **To be integrated**: A key lesson from the MDGs was that sustained change cannot be achieved through one-dimensional or single sector goals. The new agenda aims to overcome silo approaches in policy-making and capitalise on inter-linkages and synergies among economic, social, and environmental policies. Progress in one area must not compromise progress in another but instead should contribute to it. It has, for instance been shown that promoting education is a formidable means to reduce poverty. Similarly, achieving gender equality in many countries is linked to higher levels of economic prosperity. The new agenda does not only encourage all actors to better exploit the interrelations among the social, economic and environmental dimensions of sustainable development, looking beyond silos, but also between the global, national and sub-national levels of decision-making. Such an approach should recognise and leverage upon the diversity and richness of transformation experiences and trajectories in all sectors and countries and the emergence of new actors on the global scene.

Co-operation in the post-2015 world therefore requires more comprehensive and integrated approaches (“policy integration”) and improved governance with more (and more diverse) actors at different levels.

II Approaches and tools available and needed in pursuit of the SDGs
Existing approaches and tools are not commensurate with the magnitude and complexity of global challenges as expressed by the draft SDGs. A change of institutional structures, mindsets and ways of working will be required at all levels and among all stakeholders. Approaches and tools that could and should be used in pursuit of the SDGs include fit-for-purpose structures and institutional mechanisms (including internal rules and procedures / business modalities), multidisciplinary knowledge, analytical frameworks and tools (such as strategic foresight and scenario work), new ways of working horizontally and of sharing knowledge, building of new policy communities and making better use of the data revolution.¹ Some concrete examples of how to cater for more complex policy linkages and identify and address policy synergies across all dimensions of sustainable development from the OECD are presented in this paper, including: horizontal work at the OECD, the OECD Strategy on Development, the Global Partnership for Effective Development Cooperation (GPEDC), OECD work on Policy Coherence for Sustainable Development, OECD Post-2015 work and OECD work on Financing for Sustainable Development. There are, however, many more horizontal OECD initiatives (to name a few: New Approaches to Economic Challenges, Green Growth, Inclusive Growth, Well-being) and global fora and platforms open not only to OECD members, but to a much wider range of countries and actors (such as on tax, investment, MNEs etc.).

1 Horizontal work at the OECD

For the OECD, horizontal work is progressively the “new normal”. The broad range of areas covered by the OECD makes it an ideal forum to explore cross-cutting issues, analyse policy synergies and inter-linkages. The work of the OECD increasingly incorporates a horizontal ‘whole-of-OECD’ approach moving away from an expert silo approach to addressing complex policy issues in a cross-cutting and collaborative manner. This does not only include more and more joint work across OECD Directorates (including explicit horizontal projects), but also joint meetings of Committees and Bureaus including new ways of working (increased interconnectivity via shared internet platforms and tools, community portals) and decision making (majoritarian process and qualified majority voting instead of consensus).

2 OECD Strategy on Development (SoD)

The OECD Strategy on Development (see also http://www.oecd.org/development/oecd-strategy-on-development.htm) is a corporate framework that guides the OECD’s work on development. Its overall objective is to strengthen OECD’s contributions to sustainable development in the widest array of countries, making full use of evidence-based

¹ Interesting insights and ideas how to address these challenges can be found inter alia in the New Public Management debate which started in the 90s already as well as in behavioural economics (see Richard H. Thaler and Cass R. Sunstein: “Nudge: Improving Decisions about Health, Wealth, and Happiness” 2008 and the World Development Report 2015: “Mind, Society and Behavior”.)
approaches, policy dialogue and knowledge sharing to improve policy making and economic reform in all countries.

The OECD SoD was developed by bodies of the OECD development cluster, but aims to mainstream throughout all Committees and Directorates.

Through inclusive partnerships for development, the Development Assistance Committee (DAC) helps ensure better lives for people in the developing world by monitoring and analysing development finance and strengthening effective development co-operation.

- The Development Centre (DEV) serves as a platform for policy dialogue between OECD members and partner countries, building on its multi-sectoral approach.
- The Sahel and West Africa Club (SWAC) acts as a bridge between West Africa and OECD by promoting policy dialogue on regional issues.
- The Africa Global Partnership Forum (AGPP) is a new partnership and dialogue mechanism comprising African Union member states and approximately 23 of their major trade, investment and development partners which grew out of the Africa Partnership Forum Support Unit, (APF). Hosted by the OECD, it supports the dialogue between the G8, the African Union and the New Partnership for Africa’s Development (NEPAD) on Africa’s development priorities.
- Many other OECD bodies (Committees and Directorates), too, have accumulated expert knowledge and possess a rich policy experience in a wide range of areas relevant to sustainable development. They have an interest in broadening their work and in sharing their expertise beyond OECD membership to contribute to SDG challenges.

The OECD Strategy on Development identifies several interlinked thematic areas where OECD has core competence, adds value to other international efforts, and responds to the demands of global goals.

The OECD Strategy on Development is evolutionary in nature, recognising the need for the OECD’s work to be more responsive to complex global realities and to contribute to international processes and frameworks (such as the SDGs). A more comprehensive approach will help to better understand the magnitude and the inter-linkages of economic, social, environmental and governance challenges, and to enhance the resilience of economies and societies. By enhancing opportunities for mutual learning and policy coherence, by hosting and strengthening partnerships and by leveraging the wide range of expertise across the OECD, the Strategy on Development aims to support members and partners to identify and devise effective solutions for sustainable development.

The initial period of implementation has generated important lessons. Innovative initiatives are emerging based on growing knowledge sharing and engagement with partner countries and organisations, as well as on improved horizontal work.

Experience has shown that knowledge sharing is most effective when the following conditions are met:
• Ensuring demand-driven processes by adapting to specific needs of partner countries (example: the Multi-dimensional Country Reviews address multiple policy objectives to improve citizens’ well-being)

• Emphasising value-added by focusing on complementarities, comparative advantage and fostering participation on an equal footing (example: the policy dialogue initiative on Natural Resource based Development among countries at different levels of development has highlighted the importance of participation as both a knowledge holder and a knowledge recipient)

• Creating spaces for multi-dimensional or cross-sectoral discussions rather than working in “silos” (example: the Policy Dialogue on Global Value Chains (GVC Network) has underlined the importance of policy co-ordination among diverse governmental agencies)

• Ensuring feedback and creating “learning cycles” (example: The experience with the Knowledge Sharing Alliance (KSA) has highlighted the importance of better integrating feedback ‘from the field’)

• Taking heed of country needs and contexts (examples: Implementing the New Deal engagement in commitments to fragile states demonstrates the need to integrate political economy analysis into co-operation efforts in order to address the challenges of fragile contexts and build peaceful states and societies. The Effective Institutions Platform shows how knowledge sharing in this area can help to strengthen the public sector).

A broader approach to sustainable development is becoming embedded in the OECD’s work. Three examples:

• The Policy Framework for Investment (PFI), which covers over ten policy areas, allows for an integrated treatment of investment climate challenges. It has often led to setting up national task forces (gathering 17 different agencies in Burkina Faso and Myanmar), ensuring a coherent and whole-of-government approach to investment reform.

• The OECD’s Task Force on Tax and Development (comprising OECD and developing countries, international and regional organisations, civil society and business) involves different policy communities (development and aid officials; finance officials; tax administration officials) providing a setting to discuss and resolve policy coherence issues.

• The Multi-dimensional Country Reviews and policy dialogue initiatives have also helped to identify policy trade-offs and policy inter-linkages.

3 Policy Coherence for Sustainable Development (PCSD)

One of the primary objectives of the OECD Strategy on Development is to support work on policy coherence for sustainable development (PCSD), i.e. ensuring that broader policies pursued by countries are coherent with the goal to promote worldwide development.
The OECD sees PCSD as a process for integrating the multiple dimensions of development at all stages of policy making. Its main objectives are to:

- exploit the potential of positive synergies across policies to support development, pursuing win-win situations and mutual benefits
- increase governments’ capacities to balance divergent policy objectives, and help them to reconcile domestic policy objectives with broader international or global objectives
- avoid or minimise the negative side-effects and impacts of policies on development.

PCSD entails:

- ensuring that the interactions among various policies in the economic, social, environmental, legal and political domains support countries on their pathway towards inclusive sustainable growth
- putting in place institutional mechanisms, processes, and tools to produce effective efficient, sustainable and coherent policies in all sectors
- developing evidence-based analysis, sound data and reliable indicators to inform decision making and help translate political commitments into practice
- fostering multi-stakeholder policy dialogue to identify the barriers to, and the catalysts for, change.

The new definition of policy coherence for sustainable development (PCSD) aims to support countries to design policies that systematically consider: (i) the enablers and disablers at global, national, local and regional levels for sustainable development outcomes; (ii) sectoral interlinkages; (iii) temporal and transboundary impacts; and (iv) the diversity, roles and responsibilities of different actors.

4 OECD Post-2015 work

OECD work contributing to the post-2015 process and framework is another implementation project of the OECD Strategy on Development. The cross-OECD task team has highlighted the need to engage better different policy communities to improve relevance, add value and contribute to major international processes. Main features of its work include the following:

- The cross-directorate OECD Post-2015 Task Team served as a forum for experts exchange across different OECD directorates, linked the OECD into the overall post-2015 debate published a paper series called OECD & Post-2015 Reflections. The papers present OECD work relevant for the post-2015 SDGs. Undertaken by teams from different directorates, these papers bridge different communities, mainstream what used to be development co-operation concerns only and achieve a multiplier effect by speaking to different communities.
- The OECD contributed directly to the international consultations and negotiations leading to the post-2015 agenda on a number of occasions and managed to impact by
proposing meaningful and measurable goals, targets and indicators as well as Means of Implementation to achieve them.

- The OECD is now identifying ways in which it can help its member and partner countries to achieve the SDGs. The Organisation as a whole aims to provide indicators, policy tools and policy dialogue platforms to support the successful implementation and monitoring of the post-2015 agenda by means of an integrated “all-of-OECD” approach to be addressed at the OECD Ministerial Council Meeting in June 2015.

5 OECD work on Financing for Sustaining Development (FfSD)

The SDGs will require serious commitments for financing and other means of implementation. While it is impossible to estimate the precise financing requirements of the SDGs, it is clear that the needs will be high for all countries. However this will not all be in the form of ODA (for modernisation of ODA and the development of new financial measures please see here: [http://www.oecd.org/dac/financing-development.htm](http://www.oecd.org/dac/financing-development.htm)) analysis carried out in the Development Co-operation Report 2014 (“Mobilising Resources for Sustainable Development” [http://www.oecd.org/dac/development-co-operation-report-20747721.htm](http://www.oecd.org/dac/development-co-operation-report-20747721.htm)) demonstrates that there are many different resources available that could and should be tapped, leveraged, and channelled to finance sustainable development by providing appropriate incentives and risk-sharing.

Among the most important sources available for developing countries are foreign direct investment and domestic resources, the latter including both public resources (e.g. raised through greater efforts at collecting taxes and stemming illicit financial outflows) and private investment.

The mobilisation of sufficient resources for the agenda and the delivery of adequate means of implementation (MoI) represent a major challenge. A more effective mobilisation and reallocation of existing flows including public, private, international and domestic as well as raising new and additional resources and creating a supportive enabling environment will be critical to match the ambitions of the new agenda.

On top of this, effective and adequate finance to support climate action in a manner consistent with sustainable development needs to be ensured. COP21 in Paris is expected to deliver a new climate change agreement in 2015 to take hold from 2020 onwards so as to limit dangerous global climate change. Climate finance will be a cornerstone of the agreement. To achieve sustainable development and climate goals, finance must be channelled away from fossil fuel-intensive systems (energy, transport, industry and agriculture) towards low-carbon and climate-resilient investments. This means scaling-up “green” finance and aligning domestic policies to integrate climate considerations into all relevant government activities and investments (public and private).

6 The Global Partnership for Effective Development Cooperation (GPEDC)
The global forum intended to bring all actors and issue together is the so called Busan Global Partnership. The Global Partnership for Effective Development Co-operation (GPEDC) was established during the Fourth High Level Forum (HLF4) in Busan (2011) to ensure that development co-operation has the maximum possible impact on development results (http://www.oecd.org/dac/effectiveness/globalpartnership.htm and http://effectivecooperation.org/). This new and inclusive forum works to maintain political support for the commitments reached in Busan and brings together a wide range of countries and organisations (160 countries and more than 45 organisations) to foster engagement, communication and knowledge sharing.

The Global Partnership provides:

- a platform where all stakeholders can come together voluntarily to track progress, hold each other to account and learn lessons for improving the way they work at the country level,
- a mechanism for monitoring implementation of commitments, using developing countries’ own data and processes to track progress at the global level,
- a business model focused on ensuring sustained political focus on high-quality development partnerships, ensuring that co-operation is based on developing countries’ ownership, transparency and accountability to deliver tangible results,
- a light-touch organisational structure for brokering and cultivating individual member-led initiatives to improve development co-operation on the ground.

Jointly supported by the OECD and UNDP, the post-Busan Global Partnership offers a new model that can contribute to the post-2015 framework and its implementation – particularly through its focus on effective development co-operation as an enabler. The Partnership encourages leadership through active coalitions, benefiting from the support of key international organisations, and bringing together politicians and decision makers to take action on pressing issues.

It has also built international consensus around a global set of indicators to monitor performance against commitments: five quality principles and ten indicators for development co-operation which represent the recipe for effective co-operation.

The five principles are the following:

- ownership by developing countries of development strategies, together with a recognition of the importance of improving national institutions for their implementation
- alignment by development assistance providers behind those strategies and institutions
- harmonisation among providers, implying a commitment to co-ordinate, simplify procedures and share information
- a focus on development results
- the pledge to be held mutually accountable for delivering commitments.
The ten indicators of the GP Monitoring Framework are the following:

1. Development co-operation is focused on results that meet developing countries’ priorities
2. Civil society operates within an environment which maximises its engagement in and contribution to development
3. Engagement and contribution of the private sector to development
4. Transparency: information on development co-operation is publicly available
5. Development co-operation is more predictable
6. Aid is on budgets which are subject to parliamentary scrutiny
7. Mutual accountability among development co-operation actors is strengthened through inclusive reviews
8. Gender equality and women’s empowerment
9. Effective institutions: developing countries’ systems are strengthened and used
10. Aid is untied

The potential of the Global Partnership lies in its ability to address – through its wide and diverse mandate and membership – the reality of today’s world.

• Development co-operation is no longer seen as an issue of rich countries providing assistance to poorer ones to help them meet their development challenges. Instead many of today’s challenges are global in nature and require global responses to which all countries contribute as partners. Furthermore, the SDGs concern and require action and accountability on all sides not only national governments, but civil society and the private sector as well. Creating a political space where all can interact is an important step towards effective development co-operation.

• At the same time, the Global Partnership can play a key role in ensuring that core development co-operation resources – not only funds, but also the knowledge that has been built up over more than 50 years – are used in the “smartest” way possible to address the particular challenges many developing countries face – for example improving tax systems, curtailing illicit financial flows, addressing corruption or strengthening fragile governance structures.

III Conclusion: Key challenges that need to be addressed in the post-2015 era

Key challenges that need to be addressed in the post-2015 era include:

• **Universality:** The SDGs will apply to all countries at all levels of development. All countries will need to assess bottlenecks to achieving the SDGs at home, as well as globally, and design or adjust policies accordingly. As the SDGs are finalised, OECD members will need to take stock of where they stand in relation to a whole range of SDG targets – many of which could be as relevant to OECD members as they are to developing and emerging economies (e.g. income inequality, gender, youth unemployment, sustainable consumption patterns – to name only a few).
• **Creating a global enabling environment**: Achieving the SDGs will require supporting systems and enabling conditions at the local, national and international levels that allow countries to pursue national sustainable development strategies. This includes a rules-based trading and investment system; a fairer and more transparent tax system; the sustainable conservation and use of natural resources; access to innovation and technology; and stable and more transparent financial systems. Coherent international action will also be essential to address the systemic conditions that constrain sustainable development, including barriers to trade, markets and knowledge; transnational corruption, illicit financial flows; and resource scarcity and environmental risk.

• **Establishing adequate mechanisms for diagnosing needs, prioritising action and monitoring progress**: the shift from a pure focus on economic growth to inclusive and green growth, well-being and sustainable development embodied in the SDGs has implications for the design and implementation of development strategies. The design of SDG national action plans will require countries to better diagnose the interrelated, multi-dimensional bottlenecks to sustainable development and to inform a well-sequenced mix of policies.

• **Moving away from “silo” to more integrated and coherent policy making**: Achieving the SDGs will entail a process of transformation requiring an aggregated and coherent set of actions by governments, international institutions, private sector, and civil society at the local, national, regional and global levels. It will involve changes in the way policy-making is approached.

• **New policy tools and approaches needed**: New policy tools will be needed that take account of more complex inter-linkages (such as the water-energy-food nexus), transboundary impacts and trade-offs at different policy levels, and that promote synergies and complementarities between economic, social and environmental policies. New policy approaches including institutional mechanisms and institutional re-arrangements, may be necessary at the national and international level to become “fit for purpose” to support the implementation of the SDGs.

• **Building on inclusive partnerships**: Global partnerships will be the main vehicles for implementing, monitoring and providing accountability for the post-2015 SDG framework. The Global Partnership for Effective Development Co-operation brings unique value to support the post-2015 agenda and its means of implementation. It offers a voluntary and dynamic platform for dialogue on policy and practice; provides an evidence-based approach to accountability, geared towards multi-stakeholder learning and sharing of lessons; and helps sustain political focus on high-quality development partnerships, based on developing countries’ ownership, transparency and accountability.

• **Addressing data gaps**: Data availability and statistical capacities are currently inadequate, and particularly limited in developing countries. The challenge is compounded by the need to develop new metrics in some of the areas covered by the SDGs and to mobilise additional data sources beyond those produced by official
statistics (e.g. administrative records, geospatial information, statistics produced by academic and private networks, big data). Enhancing statistical capacity in developing countries will be a key success factor, but data frameworks will have to be adjusted everywhere.

IV Success factors

With regard to policy integration it is much easier to enumerate difficulties that need to be addressed than to assess success and identify success factors. Of course numerous challenges - work in silos, vertical management and performance evaluation structures, limited resources, complex structures, confusion regarding roles and responsibilities, difficult co-ordination and approval procedures and processes, increasing transaction costs, difficulties to implement a results-oriented approach and to establish results-chains – must be overcome in the pursuit of the SDGs. Nevertheless there are some guiding principles in order to make such efforts successful:

• **All actors should come on board:** Although governments will remain responsible for the implementation of the post-2015 goals framework, the role of non-state actors such as the private sector, foundations and civil society is growing. They all need to contribute to achieve global SDGs. Multi-stakeholder partnerships are the way to get them on board and more involved.

• **Networks and partnerships offer new ways of moving ahead:** Networks and partnerships have become important elements of global governance and have been praised for their ability to bring together a variety of different actors from the public and private sector that are committed to achieving (specific) goals and are willing to pool resources. By offering feasible, flexible and fast ways to bring different actors together, partnerships provide platforms for open dialogue on what works and what is needed to achieve results (sharing of knowledge and experience). They represent innovative and practical ways and means of collective action to deliver global goals and can be set up for different purposes with different actors at different levels.

• **“Coalitions for action” are needed:** In order to function and deliver as needed partnerships have to be action oriented. In order to become “coalitions for action” multi-stakeholder partnerships should consider are range of success factors. The OECD Development Cooperation Report 2015 (to be published in September 2015) will present some of them based on empirical evidence of 11 case stories.