Chapter 5. Aligning domestic and international agendas for Agenda 2030

National governments are ultimately accountable to their citizens for delivering on their international commitments. Effective implementation of the 2030 Agenda, however, requires collective action and policy coherence at multiple levels. The SDGs, and SDG 17.14 on PCSD in particular, recognise the importance of a balanced approach between the economic, social and environmental dimensions of sustainable development. They also call for an effective interface between the national and international dimensions of implementation, consistency among the different international agreements globally, and alignment of the different sources of finance where fragmentation can undermine effectiveness. This chapter comprises external contributions, including from six member institutions of the PCSD Partnership, which look at these broader dimensions of PCSD.

Introduction

Effective implementation of a universal, integrated and transformative 2030 Agenda calls for enhancing policy coherence for sustainable development at multiple levels. While governmental action at the national level will remain the key driver, progress cannot be achieved without stakeholder engagement, collective action across national boundaries and collaboration among international processes and institutions. Collective efforts are at the heart of SDG 17 to strengthen the means of implementation and revitalise the global partnership for sustainable development.

There are a number of ways in which the OECD is fostering partnerships and raising awareness of the importance of policy coherence at the international as well as national and sub-national level. One is through the Multi-stakeholder Partnership for Enhancing Policy Coherence for Sustainable Development (The PCSD Partnership), launched as part of the United Nations Partnerships for the SDGs Platform and hosted by the OECD. The Partnership, now with 33 members, provides a forum for exchange of knowledge and expertise among governments, international organisations, civil society, think tanks and the private sector on the policy implications of SDG implementation. It aims to help governments and stakeholders to strengthen their capacities for analysing policy coherence challenges; adapt institutional mechanisms, policy making processes, and policy coherence monitoring and reporting systems to the needs and vision of the 2030 Agenda and the SDGs; and support national efforts for reporting progress on the SDG Target 17.14 to "enhance policy coherence for sustainable development". Importantly, it also serves to inform coherence among international frameworks including the Addis Ababa Action Agenda, the Paris Climate Agreement, G20 and T20, the Samoa Pathway, Sendai and others. Coherence at this level of international institutions and processes is particularly important for developing countries who receive financial support and/or capacity building. They have to manage a number of different international frameworks, interlocutors, sources of (sometimes fragmented) finance and reporting requirements, often with very limited capacities. Against this background, we have asked our PCSD Partners, as in previous years, to contribute a number of insights and opinion pieces. These pieces are been included throughout this publication. In this chapter, we have included those which highlight some of the challenges and tensions in addressing policy coherence at the international level.

Another way in which the OECD helps to inform policy at the international level is to foster policy dialogue with a wide range of stakeholders. One such opportunity arose to organise an OECD conference (PCD Unit with the Economics Department) jointly with the Agence Française de Développement on 27 October 2017, on the topic "Policy coherence, the SDGs and the UN 2030 Agenda: Grappling with policy interactions and transboundary spill-overs in the global economy". This conference sought to identify a series of systemic issues that relate to the global partnerships tasked with implementing the 2030 Agenda.

The SDG framework brings together global macroeconomic policy co-ordination and coherence (SDG 17.13), enhancing policy coherence for sustainable development (SDG 17.14) and the need to create policy space (SDG 17.15), taking into account different national realities, capacities and levels of development. These SDG Targets recognise the importance of an enabling international environment and global governance framework as essential conditions for "working in partnership" to achieve the Goals. The conference sought to identify the tensions between the national and international levels of

SDG implementation and consider how the system of global institutions can respond to the primacy of domestic politics over global co-operation.

Policy makers have numerous constraints to grapple with, as a result of factors linked to national politics but also to global trends such as geo-economic change, the emergence of global value chains and global warming. In this respect, it is important to consider what paths of implementation are possible, as opposed to simply desirable, and how they are affected by global-domestic linkages.

We have followed up with some of the presenters to the conference to continue the dialogue and asked for guest contributions. The first such contribution, by Colin I. Bradford, Non-Resident Senior Fellow at The Brookings Institution, is presented below in a piece entitled "Long Term Visioning of Systemic Transformation in Agenda 2030 in the Context of Resurgent Primacy of Domestic Politics".

A second contribution, by Jorge Moreira da Silva, Director of the OECD Development Co-operation Directorate, considers policy coherence from the perspective of the sources of finance, entitled "Targeting the Trillions: The Need for a Common Compass to Implement the 2030 Agenda". This highlights some of the challenges raised at a DAC Roundtable discussion on "Bridging international and domestic agendas to achieve the SDGs" held on 13 March 2018.

The chapter also includes a number of shorter pieces by our PCSD Partners, all written in the context of the theme, aligning domestic and international agendas for Agenda 2030 – challenges for global governance.

Figure 5.1. Five complementary levels of coherence
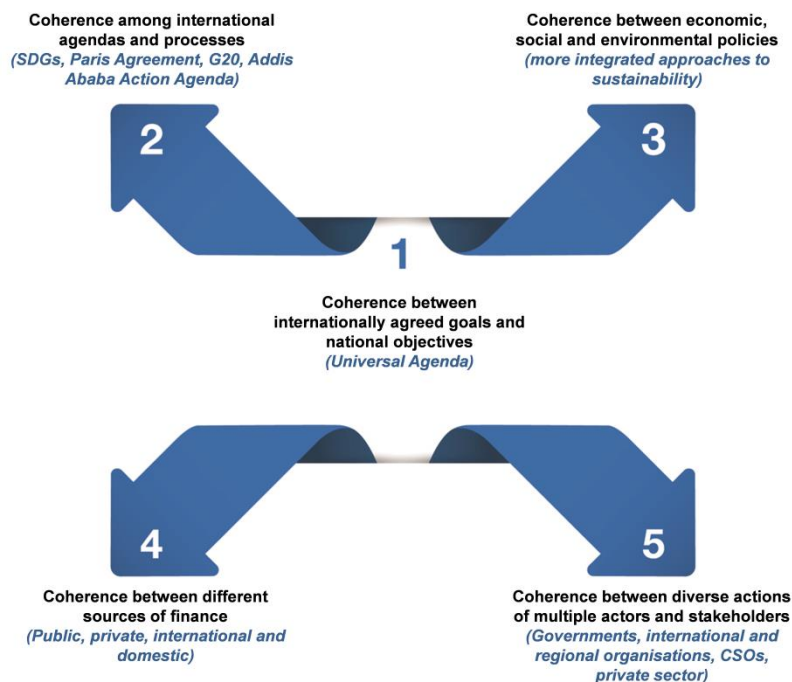
Source: Adapted from OECD (2014), Better Policies for Development 2014: Policy Coherence and Illicit Financial Flows, OECD Publishing. doi: http://dx.doi.org/10.1787/9789264210325-en.

Long-term visioning of systemic transformation in Agenda 2030 in the context of resurgent primacy of domestic politics

Colin I. Bradford, Non-Resident Senior Fellow, The Brookings Institution

The world is now facing increasing friction between internal political primacy for domestic issues and increasing global interconnectivity and interpenetration that transcend national boundaries. Global awareness and linkages are ascendant along with resurgent nationalism. These conflicting force fields raise new questions about how to manage the global-domestic interface and how the global system of international institutions can respond to the primacy of domestic politics over global co-operation.

This conjuncture is occurring at the same moment that there is increasing awareness of the limits of conventional macroeconomic policy management, the core policies at the centre of global co-ordination since the formation of the G5-7 summits in the 1970s, to achieve social inclusion, economic security and a sense of the economy working for the many rather than the few. The systemic transformation necessary for achieving a better balance and more coherence between economic, social and environmental outcomes forces the policy community to reach beyond conventional economic policies to broader, more eclectic and more integrated policies and processes.

The global system of institutions needs to respond to the exigencies of the need for holistic policy and institutional approaches to generate systemic change. Better social and environmental outcomes will only be achieved by integrating across a broad array of sectors, policy tools and institutional processes and by working horizontally across domains, highlighting linkages and externalities. International institutions can help force forward new integrated approaches beyond the conventional economic policy tool box.

The long-term challenges are now clearly evident. It is urgent now to give priority attention to social coherence issues rising on national agendas due to the globalisation backlash, to the surge in urbanisation anticipated over the next twenty years, and to threats to planetary survival due to convulsive climate change and to economic security due to digitalisation by mid-century. Economic, social, political and environmental sustainability are at risk. Systemic transformation to address these long-term challenges is required to manage systemic sustainability domestically and globally. Whereas much of the political initiative and policy innovation must come from internal processes, international institutions have a crucial role to play in stimulating, encouraging and spreading new integrated approaches to systemic transformation.

Politics is a forbidden subject in the international arena. Economics has masqueraded as a technical discipline, devoid of political content. As a result, economics as a discourse has been widely accepted as a professional mode of communications in global policy forums and international institutions. The question is, now that domestic politics has risen in urgency and primacy, can international institutions forge new roles for themselves in relating to domestic political debates and adapt their international functional responsibilities to the new domestically driven context.

"To bridge challenging divides in our economies and societies" (OECD, 2017[1]), international institutions will now have to wrestle with tough political questions in response to the fact that most countries now face systemic risks to their institutional foundations. Governments appear dysfunctional, and markets seem to have failed to generate social outcomes that are politically sustainable. To overcome polarisation of politics and paralysis in policy making, the large political questions are:

- Can centrists politics produce progressive results? Specifically, can governments with strong support from business and the private sector make markets work for all and produce progressive results by achieving greater inclusion and social cohesion? Another way to put this is: can those with the greatest stake in restoring public confidence in markets put in place policies that deliver better social outcomes?

- Can progressive politics respect conservative values and principles? In other words, can leaders with progressive values be inventive in proposing reforms and policies which also enhance core conservative values of individual liberty, property rights, competition, and freedom?

- Can decentralisation, dispersion and subsidiarity produce solidarity? That is, can progressive and conservative leaders frame policy initiatives which can be implemented in ways that involve civil society and the private sector rather than relying entirely on government actions?

- Can the global system of international institutions absorb, translate, formulate and contribute to domestic political debates on values-discourses-politics-policy dynamics without appearing to be technocratic and elitist, distancing themselves from the people and the public arena? Can international institutions adjust to the primacy of domestic politics with new language, style and modalities which are effective in providing knowledge-based innovations without seeming to insist on converting public discourses to global policy technical jargon?

To advance ways toward global institutional adaptation to the new political context, it is first necessary to examine the importance of values in driving domestic politics and determining the foundations of the global order.

Values – domestic discontent and the global order

Most domestic political struggles pivot around the inherent tensions between individualism and community. This tension is also reflected in basic (oversimplified but still relevant) cultural differences between the West, committed to individual freedoms and liberty, and the East, with long civilisational adherence to community (Allison, 2017[2]). Also, many of the global tensions today pivot around geopolitical competition and global co-operation and co-ordination.

The assumption of neoclassical economics is that atomised units compete with each other in a *laissez faire*, hands-off context of a market economy in which individual liberty is the primary value. These *laissez faire* values define the space where individualism and competition intersect.

After the Second World War, the notion of market economies competing with each other yielded to the need to increase international co-operation among market economies to co-ordinate overlapping policies and manage shocks and spillover effects. The Bretton Woods era was founded on adherence to market economics extended to new understandings of interdependence. This shift toward co-ordination after the Second World War defines the space where co-operation and individualism overlap. Market economies can achieve better economic outcomes by engaging in international economic co-ordination than by relying solely on competition between them.

The rise of the emerging market economies, first in East Asia, then elsewhere, brought to the fore experiments in mixed economy formulations of public-private sector interactions

which modified the "ideal type" of the market economy based on individualism and competition. This emergence of mixed economies based on combinations of market and state rather than choices between them defines the space where community and co-operation converge.

The gaping hole in the world political economy landscape is precisely where the force fields of the competitive market economy and community meet, in which social responsibility is built into the political economy of the market. The current crisis of confidence in the market economy is its failure to produce social outcomes which are politically sustainable This hole clarifies the degree to which there is a void in the political centre and an empty box in the political economy landscape, domestically and globally. The policy tool box in this space is empty because there are very few economic tools for achieving social equilibrium necessary for systemic sustainability and because the failure so far of most economies to achieve social inclusion despite successful periods of economic growth.

The current political tensions between domestic and global issues are exacerbated by the fact that the overwhelming response to public discontent has not been from the left, centre-left or the political centre, but from the extreme right. *The political crisis of today is that there has as yet not been an adequate policy or political response from the political centre.*

Toward 21st-century values

The central challenge facing most societies today is that the market economy is not generating social outcomes that are politically sustainable. One pathway to achieving better social outcomes for greater social cohesion is to formulate a new set of values as the basis for developing political discourses that can be used to formulate innovative policies and a new politics for mobilising support.

The foundations of the post war global order were based on faith that individual liberty for persons, property rights, and competition among economic entities would lead to market-driven socially optimal outcomes. Freedom manifested itself in the institutionalisation of democracy. Confidence in competitive markets and the legitimacy of democratic government were based on these values. The international system is based on sovereignty being vested in the nation states.

The set of post-war values – liberty, property rights, freedom and sovereignty – buttressed competition, the market economy, democracy and the nation-state as normative contexts for action during the last half of the twentieth century.

To achieve greater social cohesion requires a comprehensive approach to stimulate transformational systemic change. For this to occur, there need to be processes for envisioning the future, social engagement, new politics, innovative policies, and co-ordination, none of which were important when the market by itself seemed to promise *deus ex machina* results. These new processes embody means by which humanity can assert social responsibility for better outcomes.

Liberty, property rights, freedom and sovereignty are important, but not sufficient by themselves. The ascendant social values that need to play stronger roles in the future are *fairness*, *respect*, *trust* and *responsibility*. These values lead in turn to core operational instrumentation which can facilitate actions to achieve social cohesion, such as public access, social mobility, economic security and sustainability.

Fairness, for example, implies equal access for all to education, health, nutrition, energy, water and sanitation, and justice. These are basic elements for human development which provide the capacitation of persons for modern life. Social inclusion requires that all people have access to these ingredients for being flexible, useful, productive and capable of contributing to society and the economy, understanding the nature of the civic life and how to manage the fluidity, rapidity and connectivity of living in a globalised world. Fairness is also the right to non-discrimination and equal treatment in social and economic relations. Access is the prerequisite for social mobility and economic security, two of the other operational instruments needed to advance social cohesion.

Respect can have economic meaning by signifying respect for the value of workers by ensuring that their real wages rise as labour productivity increases, breaking the recent patterns wherein rising productivity gains have been accompanied by declining returns to labour as a share of GDP (Trapp, 2014[3]). Reversing these recent patterns is absolutely essential. Social mobility for workers can be achieved through increasing skills development, technical training and bargaining processes to achieve commensurate returns to the increasing value of labour. Mutual respect is also critical within contemporary societies where "difference" is the basis for realising complementarities and understanding rather than the basis of frictions and defensive claims for the upper hand.

Trust means deepening respect to a sufficient level of understanding to enter into economic and strategic commitments in which there is predictability, stability and continuity. Trust is the fundamental glue in economic, trade and investment agreements within and between nations. Individuals in a cohesive society need to trust that there will be economic security in their old age from inter-generational pension systems that are forged on a sound basis. And trust among individuals from very different cultures and backgrounds enables complementarities to be realised which otherwise are foregone by sticking to like-minded participants. Chinese and American policy thinkers and officials agree that strategic trust between the two countries is the most crucial attribute for their relationship to function effectively as a contribution to the global order (Lieberthal and Jisi, 2012[4]).

Responsibility is perhaps the most important public aspect of the new social values. The 20th-century value system relied on confidence in the market to produce equilibrium outcomes, thereby removing the need to assert public responsibility. Responsibility follows from the recognition of interconnectedness and the awareness that social fractures and failures threaten the market economy itself and the governability of societies. Cultivating leadership at all levels of society from both the private and public sector is required to take public responsibility for better social outcomes as the basis for systemic sustainability. Economic, financial, social, environmental and political sustainability depend upon multiple actors taking social responsibility for public outcomes that lend credibility to national institutional arrangements and the governability of nation-states.

Restoring trust and confidence in markets, institutions, governments and leaders could be accelerated by the formulation of a new set of 21st-century values which translate into new political discourses and policy innovations for achieving social cohesion, inclusive markets, and legitimate forms of governance.

The SDGs as embodiments of new values and as supportive frameworks for domestic initiatives to achieve social cohesion

The SDGs taken together can be seen to embody a new set of values which are shared across a wide variety of different cultures. The SDGs are fundamentally a strategy for greater benefits for the many over the few. This strategy implies rectifying the disequalising distributional results from excessive reliance on the supposedly optimal outcomes of free market forces and addressing frontally the failure of economies to be sufficiently inclusive.

The fundamental values embodied in the SDGS for achieving more overall **fairness** through greater social cohesion are:

- **Access** (i.e. infrastructure investment and provisioning of social services): SDG 1 (No Poverty); SDG 2 (Zero Hunger); SDG 3 (Good Health and Well-Being); SDG 4 (Quality Education); SDG 6 (Clean Water and Sanitation); SDG 7 (Affordable and Clean Energy).

- **Social mobility** (i.e. investment in human capital for social mobility and fairness in the workplace*)*: SDG 8 (Decent Work and Economic Growth); SDG 9 (Industry, Innovation and Infrastructure) SDG 3 (Good Health and Well-Being); SDG 4 (Quality Education); SGD 5 (Gender Equality).

- **Economic security** (i.e. deep rooted reforms for systemic transformation): SGD 5 (Gender Equality); SDG 8 (Decent Work and Economic Growth); SDG 10 (Reduced Inequalities); SDG 16 (Peace, Justice and Strong Institutions).

- **Sustainability** (i.e. investment in natural capital for planetary sustainability): SDG 11 (Sustainable Cities and Communities); SDG 12 (Responsible Consumption and Production); SDG 13 (Climate Action); SDG 14 (Life below Water); SDG 15 (Life on Land).

The core values of *access, social mobility, economic security, and sustainability* lie at the centre of the policy space, defining a sweet spot where domestic political norms of individualism and community and global competition and international co-operation meet. New values for achieving social coherence define a policy space in which a variety of mixed economy modalities can position themselves, avoiding the ideological tension in the 20th century between free markets and state-run economies. As Martin Albrow has pointed out, "a world of harmonious societies each base around different core values" is fundamentally different from universal values articulated by the West (Albrow, 2017[5]).

Note, too, that each of the four clusters of SDGs that are most closely aligned with each of the four core values imply four different types of policies for achieving them, namely investment in infrastructure and social services to achieve access, investment in human capital for achieving fairness in the workplace by increasing social mobility, deeply rooted reforms to achieve institutional change and systemic transformation and economic security, and investment in natural capital for planetary sustainability, Infrastructure investment is the essential driver of systemic transformation.

These are values that expand opportunities and benefits for individuals and at the same time strengthen the social fabric in which individuals have their livelihoods. They are both individualistic and communitarian goals, unencumbered by ideological content. They promise "better futures" and better social *and* environmental outcomes. They fill in the gaps and missing elements that the market economy on its own has left behind. There

is every reason why all societies would benefit from using the SDGs as a framework for national conversations about how to improve the social and environmental benefits of the market economy.

Taken together, the SDGs do constitute a "shared strategic vision" which could fill in the empty political space left by modern experience in managing the tensions between individualism and community, on the one hand, and competition and co-operation/co-ordination, on the other. They are *an* answer to disenchanted publics who feel left out or left behind, but they cannot be *the* answer, which must come from domestically driven political processes.

The supportive work of the global system of international institutions with officials from national governments to advance Agenda 2030 and the SDGs is now largely a technocratic conversation about monitoring and evaluation, targets and indicators, and key areas for action. It reflects the political process, but is separate from it. It is easier to grasp how domestic political forces would re-shape the global order than it is to see how global goals could enter domestic political processes overtly as the principal drivers of internal politics.

The result is that in the international arena, politics is not the accepted discourse, whereas economics with the cloak of apparent neutrality bestowed by economic jargon passes as a technical discourse, which is patently not the case. Faith in market prices as reflecting true value (shadow prices), the assumption that market forces generate equilibrium outcomes and beliefs that financial markets are self-regulating have brought the world to the place it is in today, which is that carbon has been seriously under-priced (exacerbating climate change to the level of planetary risk), that social outcomes are inadequate to sustain political stability and that financial risk is under-regulated putting the world economy at risk once again.

This current situation exceeds the boundaries of economic technicity and is now the political challenge of our time: how to manage market economies for the benefit of the planet, people and societies as a whole and not advantage the few over the many. The role of global institutions now is how to provide knowledge, research, innovative ideas and fresh thinking for publics and policy makers, including political leaders, to chart pathways toward systemic sustainability from the current context of tension, disruption and disequilibrium. International institutions need to be sounding boards, creative caldrons and sources of innovation for national leaders seeking new pathways forward toward "better futures". International institutions also provide "walkways" between domains which make clear the interconnectedness of the social, environmental and economic issues in peoples' lives and in policy practice.

Perhaps new co-ordination mechanisms are needed to intensify co-operation among international institutions. More important is that all actors have a mindset of broad engagement, horizontal integration, collaboration and co-operation driven by a keen awareness of the conjunctural nature of these challenges globally, nationally and locally.

Implications of prioritising social cohesion for global governance and the global order

Policy coherence in the practice of governance is a high aspirational goal that competitive politics and bureaucratic manoeuvring tend to overwhelm. The co-ordination of diverse national governmental bodies to achieve policy coherence requires first and foremost a common vision to mobilise domestic public and private sector efforts. Without filling the

void in the policy and political space left by inadequate social outcomes with a shared strategic vision, it is hard to see how national societies can regain confidence in the market economy and mobilise the internal policy coherence within governments to achieve politically sustainable social outcomes.

Sergio Bitar has written that effective global "governability" depends on effective national governments capacity to govern effectively (national "governability"). As a result, filling the empty box for the global order depends first and foremost on filling the empty box for national societies (Bitar, 2018[6]). For the global order to function effectively, national governments will have to bring new national experiences and new values into global governance as foundations for a new global order. Without national foundations of common values and shared visions, a fractured global order based on geopolitical conflict, national advantage and competing doctrines will be the result.

Prioritising domestic social cohesion based on shared core values of access, social mobility, access, economic security and sustainability could provide a new foundation for the global order that would still be based on the market economy, expanded international trade and open societies, but does not enshrine competition, free markets and free enterprise as mechanisms for optimising social and environmental outcomes. The social content generated by new values, new politics and new policies could fill the empty box where market competition meets social imperatives for communitarian and co-operative behaviours and better social outcomes.

Whereas more attention by G20 leaders to the SDGs as domestic priorities is a political necessity and would also strengthen the global order, highlighting the SDGs as an entry point into domestic debates on social cohesion could appear to be an outside-inward process which risks being perceived as the global imposing priorities on national societies. Therefore, the important role for the SDGs would be more as a frame of reference with which national officials can communicate among themselves in global platforms such as the G20, UN, OECD, IMF, World Bank and others. This global architecture already provides important opportunities to compare experiences, engage in peer reviews, selectively borrow from each other policy innovations that can be adapted to differing domestic contexts, and, with the support of international organisations and think tanks, develop and consider alternative pathways to sustainability and social cohesion.

The essential ingredients for the new global order are new values, new political discourses and new politics from which emerge new policies for generating better social outcomes for the many rather than the few. The impetus must come from domestic political processes for visioning the future, engaging society, developing policy innovations, creating new politics and co-ordinating national efforts. The political primacy of domestic hurt requires that the responses to it originate from the domestic sources of public pain. Nation-state domestic politics and value articulation will need to drive new politics and new policies which in turn would form the basis for a new global order.

Policy coherence is an attribute of visioning the future in a coherent way such that the key elements move from menu to vision. But strategic vision, once adopted, then becomes the driver of the internal policy co-ordination and coherence needed to implement the vision to achieve systemic transformation. Politics is the public process between leaders and societies needed to create the vision and to mobilise support for its implementation. Governmental processes kick in once the politics of national visioning and mobilisation have been successful, at which point international institutions once again can be helpful

in guiding internal co-ordination efforts based on the policy coherence embedded in the strategic vision. These are institutional processes of governance involving governments, rather than political dynamics involving relations between leaders and publics, in which international institutions have important roles to play. The OECD's work on policy coherence over the last twenty years has come a long way and provides very useful resources for strengthening national government practice.

This sequence from SDGs to domestic politics to international institutional support can be extended to the three major strategic challenges before the global community: social cohesion, urbanisation and climate change. Each of these challenges is being managed globally by a peak level informal network of senior officials under the umbrella of the United Nations: the UN High-level Political Forum on Sustainable Development (UN HLPF) to assess global progress toward achieving the SDGs and fulfilling the promise of Agenda 2030; the UN Special Envoy on Cities and Climate Change headed by Michael Bloomberg; and the United Nations Framework Convention on Climate Change (UNFCCC) in charge now of following up on the Paris Agreement.

But in each of these major arenas there are multiple actors and platforms for co-ordination, with the OECD, the World Bank and the regional multilateral development banks playing significant substantive, financial and co-ordination roles on social cohesion, cities and climate change. The G20 Summits and other G20 ministerial groupings and engagement groups are also continuously involved in issue development, implementation assessment and oversight on these three global challenges, among others. Infrastructure investment and investments in human, natural and social capital on a massive scale are crucial for the transformational change necessary to achieve systemic sustainability which requires co-ordination among international institutions as well as engagement with private sector businesses and financial institutions.

The effort to orchestrate the myriad of players at different levels within and between these three major domains must be a constant preoccupation for success, which means that the mindset of broad engagement, horizontal integration, collaboration and global co-operation must be continuously on high alert. The global system of international institutions and global governance mechanisms like the G20 are indeed at the centre of meeting these three global challenges even as other major players are significant and even primary on the ground in cities and countries around the world.

Targeting the Trillions: The need for a common compass to implement the 2030 Agenda

Jorge Moreira da Silva, Director, OECD Development Co-operation Directorate

Remarkably, in crafting the 2030 Agenda, the international community was able to set a consistent, ambitious, and coherent set of objectives to address three of our most pressing global challenges – climate change, universal sustainable development, and finance for development. To implement this set of agreements and in response to the USD trillion dollar annual funding shortfall for the SDGs alone, an international call was issued to transform assistance from "billions into trillions."

In part, the appeal was practical: doubling since 2000, Official Development Assistance (ODA) remains a strong funding pillar for the SDGs, standing at USD 146.6 billion in 2017, and a backbone for least developed country partners – where it represents over 70% of total external finance (OECD, 2017[7]). However, as strong as ODA is, it cannot fully

address the objectives set forth in the 2030 Agenda. New financial sources must be harnessed.

But the call to mobilise new partners is broader than funding alone. Global challenges such as climate-related natural disasters, forced migration, and the financial crisis have made us increasingly interconnected. Pressure for a coherent strategy to help developing countries build resilience has crossed all borders. The invitation for new resources is also an expression of the shared responsibility of the global goals, including among national governments, multinational companies, philanthropy, and citizens. Inherent in the 2030 Agenda is the acknowledgement that achieving inclusive growth in all countries requires leaving no one behind, especially in countries most in need.[1]

Action followed the call: today, there is an understanding that the trillions exist for sustainable development. We have identified significant sources of finance for development beyond ODA, with new tools to track providers outside OECD Development Assistance Committee (DAC) countries – such as through the TOSSD measurement framework – and to estimate South-South co-operation and triangular co-operation activity. These estimates show how even small amounts of funding can drive co-created solutions to overcome today's toughest environmental, economic and social barriers to development. Also, OECD DAC countries are using ODA in new ways to mobilise additional resources, such as through blended finance, social impact investing, and green finance. An OECD survey showed that ODA was used to drive USD 81 billion in additional private finance to developing country partners over four years.[2]

Now, we need to ensure that the trillions are targeted most effectively. How will we use additional finance for sustainable development to drive coherence, versus fragmentation? For example, only a small share of investments mobilised from the private sector by development finance providers has yet been applied to LDCs. Answering this question, we face a race against the clock: will need to double the pace of poverty reduction – from 48 to 96 people a minute – to eliminate poverty by 2030 (OECD, 2017[8]). Three years after Addis, we have an urgent need to co-ordinate the diverse finance flows and actors by implementing holistic finance for sustainable development policies.

To direct additional finance to support coherent programmes and achieve development results, we need a common compass for implementing the 2030 Agenda. To advance this, we call for three paradigm shifts: on data, on policies, and on actions, which the OECD is supporting through a forthcoming *Global Outlook for Financing for Development*.

Data is central to our ability to measure impact and results and gather better evidence on what works. We need coherent polices to map partner countries' needs that is aligned with SDG financing gaps to make sure that additional finance actually responds to national needs. Essential to this effort, we need to invest in stronger national data systems in developing countries. The OECD *Development Co-operation Report 2017* exposed alarming data breaches: 51 countries do not have the capacity to produce core, basic statistics (OECD, 2017[9]). We also need to better capture the "development footprint" of the different implementing actors of the global goals. One dollar of Foreign Direct Investment (FDI) spent on child labour or polluting activities currently equates to one dollar spent on clean energy. In this context, how will we be able to make aid 100% Paris compatible?

On policies, we need to better understand interactions of all finance flows, and the catalytic effects of new sources of finance for development. This means investing in the enablers, from aid for trade, to domestic resource mobilisation, ICT and infrastructure.

Development co-operation approaches must prioritise helping developing countries improve their domestic policies to use all finance for development most strategically. This extends to the OECD's work to improve tax collection, track illicit financial flows, improve business and competition environments and promoting due diligence in the extractive sector, among others. We also need to support the provider behaviour, for example, by better equipping them to measure development results of programmes involving multiple sources of finance, and with policy frameworks like the *OECD DAC Blended Finance Principles* (OECD, 2018[10]) and through the Global Partnership for Effective Development Co-operation. The forthcoming Global Outlook will review a number of OECD countries' domestic policies in light of the Addis Agenda and their impact on finance for development and development effectiveness. The Global Partnership's 2018 Monitoring Report will, building on a strengthened and updated framework, provide new evidence on the effectiveness of development co-operation, looking at governments and beyond. It also works towards forming new principles on the effectiveness of private sector engagement through development co-operation.

Finally, on action, we need to bring holistic approaches to the field and operationalise Addis, though a three-pronged approach: first, by promoting finance for sustainable development approaches at all levels through better leadership; second, by better aligning finance strategies with country development strategies through improved diagnostic and co-ordination tools; and, third, by better grasping the specificity of each SDG sector and how it affects the roles of various actors and the choice of instruments for development finance strategies.

With the international community taking stock of the 2030 Agenda in 2019, the successful implementation of the 2030 Agenda will ultimately depend on our ability to preserve the coherence and consistency of the three agreements, both at the level of national implementation and in the context of the ongoing international negotiations and follow-up discussions.

Contributions by Policy Coherence for Sustainable Development Partners

The opinions expressed and arguments employed in the contributions below are those of the author(s) and do not necessarily reflect the official views of the OECD or of the governments of its member countries

Strengthening integrated approaches for promoting the SDGs: What role for the High-level Political Forum?[3]

Hannah Janetschek, Imme Scholz, Niels Keijzer
German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)

There is no Planet B. Humanity needs to acknowledge this and work together to implement the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) in a relatively short time.

The 2030 Agenda lays out a unique vision for the future of humanity. Its central challenge lies in combining climate change mitigation and environmental protection with social and economic development to ensure human prosperity. Finding this balance requires fundamental change in the substance and implementation of public policy, but equally so for the process through which such policies are determined. The inclusion of a dedicated target for promoting policy coherence for sustainable development (PCSD) in

the 17 SDGs emphasises the need for integrated approaches to promoting global sustainable development. Doing so involves synergies and trade-offs, with dialogue at an early stage across policy areas being essential, as well as adequate assessment of the potential impact of various policy options.

As the term implies, integrated approaches require bringing together various policy communities and domains which have until now lived rather separated lives. Most of us have long held the idea that distinct policy domains serve distinct target groups, to the extent that in some countries the minister for agriculture may be colloquially referred to as the "minister of the farmers". Moving towards a setting in which there is broad-based ownership within a society – as well as beyond, by considering cross-border effects – entails rebalancing such policies while retaining the identities that sustain them.

Learning trajectories towards integrated policies differ strongly from one country to the next, as well as in the regional and international organisations through which they operate. For some countries, promoting integrated approaches requires reconsidering policy hierarchies and arbitration processes. For others, it necessitates further investment in promoting dialogue across departments and stakeholder groups. For all, it requires new, more and better information and research as the need to identify interactions across policy areas – whether intended or actual – increases exponentially.

Given this shared learning trajectory, the annual UN High-level Political Forum (HLPF) provides a key platform for discussing progress and current challenges in implementing the 2030 Agenda. In 2017, the second HLPF saw the number of participating countries' national progress reports doubling to 44. This increasing interest was also reflected in the joint statement by all the G20 states at the Hamburg summit that reiterated the importance of the United Nations and the HLPF for implementation of the 2030 Agenda.

The two weeks of reporting in New York are the conclusion to an intensive preparatory phase at national level involving supporting publications, multi-stakeholder dialogue and panels of civil society experts. These preparations represent countries' actual contributions to implementing the 2030 Agenda in that year.

The 2017 HLPF was the first time that national reporting was supplemented by "thematic reviews" of selected SDGs. Under the heading of "Eradicating poverty and promoting prosperity", the HLPF took an in-depth look at the topics of poverty (SDG 1), hunger (SDG 2), health (SDG 3), gender equality (SDG 5), infrastructure (SDG 9), marine ecosystems (SDG 14) and global partnerships (SDG 17). Less-developed countries could set their own priorities in their reports or concentrate on the seven selected SDGs. Because of this narrower thematic approach, the discussions developed a strong focus on the social and economic dimensions of the 2030 Agenda, with the environmental dimension fading into the background.

Narrowing the discussion to a smaller range of topics proved helpful from a practical perspective. It enabled the poorest nations and those with lack of capacity in particular to share the reporting burden and, where relevant, form thematic partnerships with other countries. It also allowed discussions to reach beyond the level of generalities and touch upon the actual policy substance promoted under the selected SDGs, even though they still covered very large areas.

Thematic reviews could be a very useful way of moving the discussion towards a focus on critical interdependencies between sector policies. For instance, increased evidence on cross-sector impacts could inform reconsidering market-distorting or environmentally unsustainable subsidy schemes. As such, thematic reviews have the potential to identify

particularly critical trade-offs among development, growth and environmental protection and to facilitate information sharing on experiences and challenges in systemic change processes. This potential did not come to fruition at the 2017 HLPF, however; the thematic reviews rather lost sight of the interactions between individual policy areas.

Future thematic reviews should therefore be redesigned to take account of the integrated nature of the 2030 Agenda. Instead of looking for isolated approaches in individual policy areas, we need to find mechanisms that forge links among social, economic, environmental and political matters. Only then can we talk about trade-offs and synergies, winners and losers, and the sticking points in the implementation of the 2030 Agenda.

Knowing that the transition towards sustainable development implies increased and competing demands for natural resources, we see strong potential for thematic reviews that look at a subset of interlinked SDGs. From one year to the next, a given set of selected social and economic SDGs could be connected with its environmental foundation (i.e. SDG 6 and SDG 15). This approach would facilitate informed debate as to what has been achieved in various sectors and how it relates to a country's or region's biophysical condition, directly contributing to the aforementioned process of dialogue and learning across policy sectors at the global level. In this context, the agreements concluded by the G20 states in Hamburg on setting up a voluntary learning mechanism for the 2030 Agenda in which countries outside of the G20 can also participate, and on consolidating dialogue with non-state actors, are also a positive step.

It is now necessary to push ahead with dialogue on improving the design of thematic reviews. Progress must be measured against individual countries' complex challenges and the aspiration of gaining systemic knowledge and translating it into recommendations for policy action. Thematic reviews which take on the cross-cutting character of the SDGs can encourage recommendations for systemic action and promote understanding across policy sectors.

National reviews stand to complement thematic reviews by providing grounded reality checks. The open and diplomatic setting of the HLPF will probably not encourage many countries to openly admit political hurdles and other stumbling blocks towards implementing an Agenda all signed up to. Still, reporting countries may enrich the discussion on integrated approaches by presenting good practices and detailing processes through which broad-based and long-term sustainable development solutions have been found.

Multi-level SDG policy coherence:
Aligning intergovernmental agendas with the 2030 Agenda

Lynn Wagner, International Institute for Sustainable Development

Policy coherence at the national level requires political commitment, backed by action plans, to pursue a particular policy direction. National governments are also responsible for ensuring policy coherence at the intergovernmental level. In this space, states party to multilateral environmental agreements (MEAs) and other international treaties and organisations are the principals – essentially board members – for the respective agreement bodies or organisations. The secretariats and work streams adopted and pursued under the intergovernmental arrangement are agents of the principal, and must follow the mandates set by the parties.

The mandates of many MEAs overlap with targets and goals in the Sustainable Development Goal (SDG) framework. In some cases, these overlaps were intentionally built into the SDGs, such as targets under Goal 15 (Life on Land) that incorporate the year 2020 for achieving similar action on the Aichi Biodiversity Targets under the Convention on Biological Diversity. In other cases, overlaps between the SDGs and existing MEA work streams may be (and in most cases have been) mapped according to the SDGs, showing the extent to which the work streams and 2030 Agenda align. While such an effort is a start towards bringing the work under an MEA in line with the SDG framework, true policy coherence will require agendas and mandates to be specifically aligned so that principals can clearly articulate their SDG-related mandates, specific linkages and challenges related to the SDGs can be identified, and the agents can truly transform their approach to SDG implementation.

We are following efforts to align agendas that are underway, and note that decision making processes on this scale of participation and action take time, to ensure that the voices of relevant actors are heard and proposals for new mandates are carefully constructed. A prime example is the current consideration by the highest decision making body in the United Nations to align its own development system with the 2030 Agenda for Sustainable Development.

In December 2016, the UN General Assembly adopted the Quadrennial Comprehensive Policy Review (QCPR), a periodic policy instrument that was used to align the UN development system with the 2030 Agenda. In line with a mandate from the 2016 QCPR resolution, the UN Secretary-General developed proposals for reforms to the UN development system, which UN Member States are now discussing. As host of the negotiations to adopt the SDGs in the first place, it is highly symbolic and critical for the United Nations to model a coherent policy approach to implementing the SDGs.

Many MEA Conferences of the Parties (COPs) meet only every two or three years, so it has taken time to place the 2030 Agenda on the COP agenda, to explore linkages and options under the Convention and move forward with actionable decisions. An example of one MEA's efforts is the process organised by the UN Convention to Combat Desertification (UNCCD), which has led the way to develop a scientific basis for assessing and measuring land degradation neutrality (LDN) – the subject of SDG target 15.3. The UNCCD began organising discussions on the concept of LDN in the lead-up to the 2012 UN Conference for Sustainable Development (Rio+20), which considered and ultimately agreed to call for achieving a "land degradation neutral world". The UNCCD facilitated a scientific evaluation of the concept and what it would mean to achieve LDN on the ground, followed by pilot projects in several countries to provide a proof of concept, before expanding the effort to more countries on a voluntary basis.

In October 2015, at UNCCD COP 12, one month after the SDGs were adopted, the Parties agreed that striving to achieve SDG target 15.3 "is a strong vehicle for driving implementation of the UNCCD." However, reaching this alignment was several years in the making. This multi-year process demonstrates that many actors pulling in the same direction can move policy forward, but also points to the time necessary to align agendas.

As with the eight building blocks for policy coherence for sustainable development, engaging stakeholders, learning through an iterative process of policy development, implementation, monitoring and reporting, and renewing commitments to pursue new paths will be a continuous process. At its centre is the requirement that national-level policies and commitment are consistent with regard to the SDGs, to ensure that the SDGs, which were adopted at the intergovernmental level and then translated into consistent

national approaches, are guided by consistent national approaches to intergovernmental engagement.

Thematic connections of the Paris Climate Agreement and the 2030 Agenda

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The adoption of the 2030 Agenda for Sustainable Development and the conclusion of the Paris Agreement in the closing months of 2015 represented a significant moment in the global movement towards sustainable development. There is enormous potential for co-benefits to arise from the mutually supportive implementation processes of the 17 Sustainable Development Goals (SDGs) elaborated in the 2030 Agenda and the Nationally Determined Contributions (NDCs) underpinning the legally binding Paris Agreement.

Contrary to what the name implies, countries' NDCs often go far beyond presenting their intended contributions to mitigating greenhouse gas emissions to address many other actions relevant to sustainable development. Despite many thematic overlaps and common areas promoted under the NDCs and the SDGs, these two processes are kept separate, the shared objective of achieving sustainable development as a global common good notwithstanding.

A structured analysis of over 160 NDCs informs an overview as to how climate activities in the NDCs contribute to the SDGs and their targets. Climate activities in the NDCs support the achievement of a multitude of SDGs and their targets, going far beyond "climate action" (SDG 13) and "affordable and clean energy" (SDG 7) to cover many other important fields of sustainable development. NDC climate activities also underline the interlinked character of the SDGs.

Our analysis mapped over 7000 climate activities contained in 161 NDCs through the lens of the 17 SDGs, and is visualised in the interactive tool *NDC-SDG Connections* (www.ndc-sdg.info). The tool shows to what extent, where and how these NDC activities can contribute to reaching SDGs and their targets. The findings are based on highly disaggregated NDC analyses that allow users to go beyond the target level and explore which SDG-relevant climate measures are contained in the NDCs. NDCs cover – and thus have the potential to contribute to – all 17 SDGs.

**Figure 5.2. How NDC climate activities correspond to each SDG**

Source: DIE, 2018.

Moreover, *NDC-SDG Connections* allows users to investigate the networked character of the SDGs in the context of the NDCs. The website not only provides an overview of SDG coverage in the NDCs at the global level, but also enables users to zoom in to individual countries to explore to what extent and how their NDC activities are connected to the SDGs. This network analysis demonstrates how numerous NDC activities entail synergies that may promote several SDGs at once. It shows that SDG themes such as energy, agriculture and water are particularly relevant in this context, representing the most important cross-cutting themes.

While detecting synergies will inform planning and interconnected implementation, our analysis does not allow for identifying trade-offs, since these are not referred to in the policy documents from which it derives. For successfully promoting PCSD, increased evidence and consideration of these trade-offs is equally important in decision making. The trade-offs between different goals must be understood in order to mediate them over time horizons, at all levels of implementation and across regions. Analysis of both synergies and trade-offs will facilitate political mediation and contribute to managing expectations, as promoting PCSD may be beneficial for all in the long term, yet in the short term may produce both winners and losers among different interest groups.

Figure 5.3. Synergies and trade-offs between the NDCs and SDGs
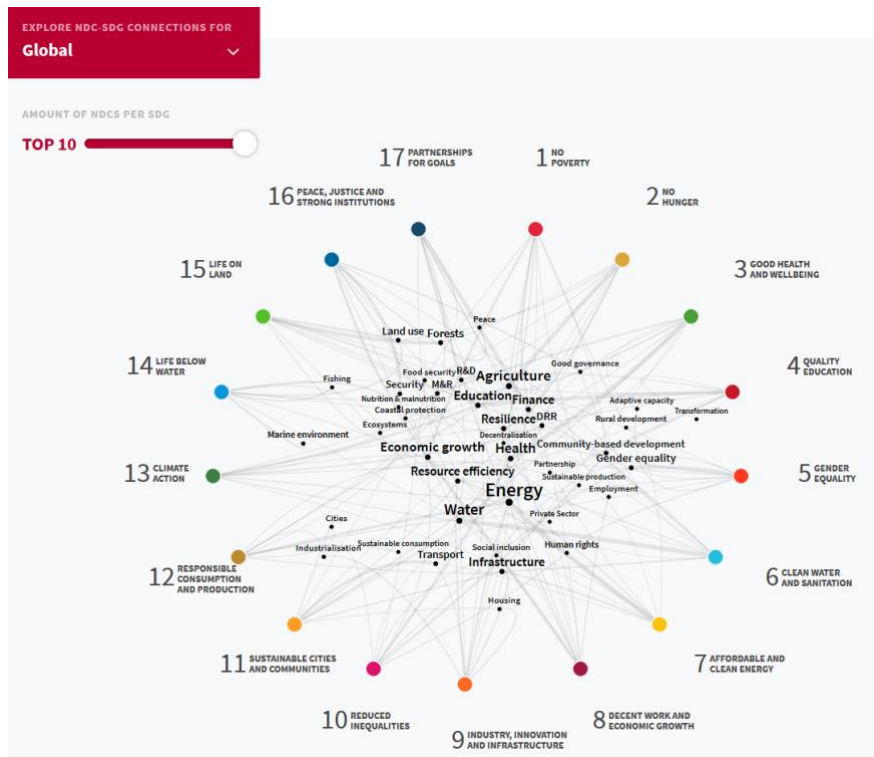
Source: DIE, 2018.

To generate co-benefits, NDC and SDG implementation processes should be co-ordinated to 1) prevent duplication, thereby reducing costs, and 2) achieve a more systematic implementation of the 2030 Agenda at country level that utilises already committed activities in NDCs to leverage synergies between both agendas.

Moving forward, the opportunity to connect the Paris Agreement and the 2030 Agenda should be exploited to promote policy coherence by maximising co-benefits and systematically mediating trade-offs for a more efficient implementation.

- In the context of the Paris Agreement, countries should use future NDC updates to more closely align their climate activities with the SDGs.

- In the context of the 2030 Agenda, sustainable development strategies should meaningfully complement NDCs.

- Co-benefits have the potential to increase countries' motivation to fulfil commitments, but trade-offs should be anticipated early on in order to implement both agendas more effectively.

In short, the Paris Agreement and the 2030 Agenda review processes provide important instruments to monitor and advance the alignment of policies related to NDCs and the SDGs. Connecting the thematic implementation of both agendas holds the potential to identify and support leverage points, identify critical gaps and shortcomings and foster a truly integrative implementation of their social, economic and ecological dimensions. Ultimately, the analysis of interconnections between both agendas reaffirms that climate

policy is crucial for human development, and that a sustainable development lens is indispensable for a climate policy with a human face.

Successful financing of the SDGs through PPPs requires building capacities for a PCSD approach[4]

Raymond Saner, Director of Diplomacy Dialogue, CSEND

To achieve the 17 goals of the 2030 Agenda, very substantial financial investment will be required. According to the 2014 World Investment Report by the United Nations Conference on Trade and Development (UNCTAD), approximately USD 4 trillion will be needed every year in developing countries alone for the SDGs to be achieved by 2030. Given current levels of investment in all SDG-related sectors by both public and private bodies, developing countries face a funding gap of USD 2.5 trillion per year.

It is unlikely that government budgets and official development aid will be able to fully compensate for this funding gap. Many developing countries face fiscal constraints due to high levels of debt or inability to collect taxes, and most donor aid is channelled towards current traditional spending needs. Therefore, private sector investment will be crucial in assisting the realisation of the SDGs.

However, the UNCTAD report also states that private sector involvement is not without its difficulties. First, the lack of an adequate risk-return profile in many developing countries makes it difficult to garner additional private sector investment. This can arise from factors that increase investment risk: at country level, the presence of weak institutions and, at market level, the degree of demand uncertainty.

Second is the nature of the SDGs themselves. As many of the SDGs involve the provision of quality services that are both accessible and affordable to others, the risk-return ratio is further eroded. In addition, dilemmas still exist about the acceptable level of private ownership of public assets, as governments have the ultimate responsibility for providing basic services.

SDG 17.17- Partnerships

It is important to acknowledge the need to ensure availability of sufficient financial resources to implement the SDGs – be this through better tax collection or other forms of project financing such as public procurement, privatisations, concessions or public-private partnerships (PPP).

SDG Goal and Target 17.17, "Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships", expands the traditional notion of PPP from public and private actors to include civil service organisations (for the sake of abbreviation, PPP+). The related weak indicator 17.17.1 suggests measuring PPP+s by the "the amount of US dollars committed to public-private and civil society partnerships". In reality, achieving successful PPP+s is very much linked to co-ordination among government entities and on governments' ability to consult private sector and CSO stakeholders, hence the importance of capacity building among key stakeholders for achieving policy coherence.

Many developing country governments are not aware of the legal implications of PPP+s, the potential risk in regard to financial liabilities nor of the potential alternative financing instruments available to finance SDG-related physical and social infrastructure projects.

A case in point is the diversity of PPP+ instruments at their disposal, such as Build & transfer (BT), Build-lease & transfer (BLT), Build-operate & transfer (BOT), Build-own & operate (BOO), Build-transfer & operate (BTO), Contract-add & operate (CAO), Develop-operate & transfer (DOT), Rehabilitate-operate & transfer (ROT) and Rehabilitate-own & operate (ROO), to name the most common PPP+ financing options.

Without mastery of institutional knowledge of the various financing instruments and modalities, governments remain vulnerable to potential further debt and possible collusion of interest by public and private parties.

PPP+ and the importance of PCSD

To give an example in the field of social infrastructure, PPP+s in the health field normally consist of close policy co-ordination between the ministry of health and other governmental stakeholders such as the state planning authority (macroeconomic planning), ministry of finance (budgetary issues), public procurement agency (supervising tenders), privatisation agency (implementation, TOR, concessions), administration, line ministries (BTO, BOO, BLT etc.) and municipalities (implementation).

The MoH often lacks the necessary PPP+ unit to implement project cycles, approve feasibility studies and contracts. Thus, the bidding process for the first PPPH contract can lead to misunderstandings about the PPP+ project, unpredictability, allegations of bias concerning pre-requirements and lack of transparency. It is unclear who will implement the monitoring and evaluation and which performance indicators will be assessed to keep a PPP+ in the health sector on course financially, equitably, and professionally. Equally important is the government's ability to consult concerned stakeholders such as the medical profession, health sector labour unions, patient organisations and pharmaceutical companies.

Multi-actor partnerships further deepen PCSD challenges

To continue with the health sector, SDGs and multi-party partnerships, PPP+s exist that include local partnerships (government, local NGOs) + international aid agencies involved in the health sector (USAID, DFID, SDC etc.) + academic research institutions developing new vaccines or diagnostics (to combat malaria, polio, aids etc.) + philanthropic organisations (Bill Gates Foundation, Aga Khan Foundation, Hewlett Packard Foundation) + international organisations (WHO, UNICEF, World Bank) + intermediary PPPs (GAVI, Global Fund, MMV) + multinational or local companies.

The challenge of co-ordinating in order to avoid duplication of efforts, contradictory policy initiatives, high transaction costs, favouritism in patient treatment based on economic, social or ethnic background and cherry picking by the various donors and partner organisations is very high and requires competent policy making and PPP+ policy management and evaluation.

Developing countries without government staff that understand the complexities of PPP+ often become dependent on what is being offered by partner organisations. An option is to create sufficient indigenous know-how and sound legal institutions or, in the absence of this, to agree at an international level to create a PPP+ observatory which could provide information about modalities and serve as a centre of training and advice. Such an observatory could go far to identify coherence gaps, strengthen capacities for co-ordination and consultations, monitor progress and achieve more coherent outcomes, all with a view to leaving no one behind.

Good Enough Coherence

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> *"Complex systems comprise many moving parts that interact with one another and change together, triggering outcomes that cannot be precisely controlled or predicted." Yuen Yuen Ang, How China Escaped the Poverty Trap*

Policy Coherence for Sustainable Development (PCSD) has made it into the architecture of the Sustainable Development Goals. It is not an objective as such, but rather a conduit to achieve this comprehensive set of goals. Countries and stakeholders committed to the 2030 Agenda who seek to operationalise PCSD are struck by the sheer complexity and extreme level of ambition. In this sense, a parallel can be drawn between PCSD and an earlier experience with another ambitious development proposition, the good governance agenda. Good governance (GG) resonated strongly within the donor community, but was soon criticised for its unwieldy ambitions, poor development theory and for being detached from country realities such as the deeply political nature of needed reforms. This piece draws six relevant lessons for PCSD from the shift from good governance to the more politically grounded and actionable agenda of good enough governance.

Background

The good governance paradigm of the nineties focussed on institutional preconditions to underpin economic and political development. It presupposed a range of essential and ambitious public sector reforms for development and poverty reduction. This "essentialist" agenda included a comprehensive list of all positive public sector features "from institutions that set the rules of the game for economic and political interaction, to decision making structures that determine priorities among public problems and allocate resources to respond to them, to organisations that manage administrative systems and deliver goods and services to citizens" (Grindle, 2004[11]).

With her 2004 paper "Good Enough Governance: Poverty Reduction and Reform in Developing Countries", Harvard international development professor Merilee Grindle stirred up debate around the consensus on good governance. Grindle criticised GG for mistaking ends for means and saddling reformers and their external supporters with an impossible reform agenda. Her "good enough" approach squarely dismissed the idea that GG is a precondition for development, economic growth, democratisation etc.

The GG agenda, moreover, was deemed to be over-designed and unrealistic, failing to answer the basic question: "Given limited resources of money, time, knowledge, and human and organisational capacity, what are the best ways to move towards better governance in a particular country context?" (Grindle, 2004[11]).

Moving from good governance to good enough governance

Since 2004, the body of evidence and the good enough governance (GEG) agenda have expanded and brought about some major shifts away from GG assumptions about development. Two major shifts are:

Shift 1: From good governance to good fit

The emphasis shifted from blueprint, ideal-type governance solutions to analysing *why* things are the way they are. Various academic disciplines were purposefully combined to

understand *where a country is,* rather than imagine where it *ought to be.* The resulting political economy analysis focused more sharply on power, politics, ideas, institutions and incentives, as well as on foundational factors in specific country contexts and particular sectors, and in relation to solving policy issues or development puzzles.

Shift 2: From technically feasible to politically grounded

There is increased recognition that policy effectiveness comes about when the technically feasible is aligned with the politically grounded. This implies a greater sensitivity as to what brings about political traction for particular policies and implementation arrangements. More attention is also devoted to analysing and understanding what accounts for administrative pockets of effectiveness, as these help develop policy effectiveness. One of the findings is that, even in the absence of comprehensive public sector reforms, there is potential in weak governance systems for incremental, step-by-step reforms.

The World Bank's landmark World Development Report 2017 on *Governance and Law* (World Bank, 2017[12]) presents a valuable synthesis of "post good governance" thinking. It stresses that effective policies are driven by key institutional functions shaped by context-specific bargaining, power plays, coalition building and trade-offs between ruling elites, state bureaucrats and sector actors. These domestically shaped policy arenas evolve over time and are further influenced by globalisation and other external factors. Comprehensive, best-practice institutional blueprints have lost some of their attractive glow, as they have failed to grow capabilities through policy experimentation, self-correction and incremental learning for policy effectiveness – and potentially policy coherence (Booth and Cammack, 2013[13]) (ESID, 2017[14]) .

From policy coherence to good enough coherence

Why is this relevant for PCSD?

A concern with policy coherence in the development discourse has existed for some time. The concept rose to new prominence in the SDG debate as PCSD, where it is seen as a "means of implementation" and a target (17.14) of the 2030 Agenda. The multi-faceted and integrated nature of the SDG agenda, however, makes PCSD more complex than its uni-directional precursor, policy coherence for development (PCD) (Mackie, Ronceray and Spierings, 2017[15]). The findings and lessons emerging from the GEG agenda and its criticism of good governance can be useful for the PCSD agenda.

First, Grindle recognised that good governance is a powerful idea. Who does not want institutions that are fair, judicious, transparent, accountable, participatory, responsive, and effectively and efficiently managed (Grindle, 2010[16])? In a similar way as GG was seen as a "mighty beacon of what ought to be", PCSD is also a powerful and seductive idea, suggesting that all policies should be coherent with each other. But projecting a need for ideal-type good governance institutions and ideal types of policy coherence does not show the way to reaching them. Good governance created high expectations and an unwieldy agenda, without offering guidance on the steps required for a country to become like "Sweden or Denmark on a good day".[6]

Grindle's critique of overly elastic and aspirational concepts "that grow in inclusiveness as they become popular" (Grindle, 2010[16]) can also be applied to PCSD. Rather than getting stuck on what ought to happen, GEG pushes for answers to the question of which policy measures deserve priority in a particular context. Both GEG and the generation of

political economy approaches to context analysis that followed in its wake unashamedly embrace complexity. In analysing the interactions between structural factors, institutions, incentives, political power games, agency and external variables affecting domestic change trajectories, context analysis provides clues to gauge the technical and political feasibility of change and reform trajectories.[7] This approach recognises that not all governance deficits and reforms can or need to be tackled at once, and takes into account that achievements can also be reversed.

Implications for Good Enough Coherence

There are thus six lessons from the good enough governance proposition that can be useful in promoting policy coherence and tackling the PCSD target of the 2030 Agenda.

First and foremost, **do not allow visions of ideal end states to cloud realism about feasible pathways** to improving policies and policy implementation. This is the main lesson that promoting policy coherence can learn from the shift from GG to GEG. As with the GEG approach, explicitly prioritising good enough coherence may help policy makers practice the art of the possible and reach "the sweet spot between what is technically sound and what is politically feasible" (Kossoff, 2015[17]). In other words, policy makers tackling the integrated policy world of the SDGs should not be blinded by the sheer impossibility of making all policies coherent with each other, but rather focus on two or three other key sectoral policies where good enough coherence with their own policy area can make a real difference.

A second lesson is the importance of **recognising that context matters**, however attractive best-practice models for institutional reforms or policy coherence may seem. Good enough coherence could shift the focus from blueprint models to context-specific conditions in which certain degrees of policy coherence are feasible, but a more ambitious alternative may not be.

The third and fourth lessons relate to **the importance of understanding two basic dimensions that shape the contextual conditions for policy effectiveness and policy coherence**. One dimension relates to how patterns of power, incentives and bargaining between ruling elites and society influence public authority and the ability of institutions to deliver credible outcomes (World Bank, 2017[12]). In other words, **do core state institutions have both the capability and the authority** to provide public goods, or to engage in the incremental processes of developing pockets of coherent policies which are often the product of deeply political processes (Andrews, Pritchett and Woolcock, 2017[18]).

Another basic dimension that sets boundaries for or influences the course of the bargaining process and the decision logics of ruling elites is **structural factors and external variables beyond the control of domestic actors**. These include, for example, natural endowments, climate change, the effects of globalisation, etc. Deepening insights into these interacting dimensions may help identify the margins of manoeuvre, the agency of relevant stakeholders, potential coalitions and pockets of bureaucratic capabilities that can support policy coherence in particular policy arenas.

A fifth implication relates to the reality that **all policy choices involve stakeholders and aim to encourage or block change to a greater or lesser extent.** They therefore inevitably create winners and losers and generate contestation. Only rarely can solutions be found whereby everyone gets what they want. Thus, rather than achieving "perfect" coherence, compromises need to be made, synergies found and optimal balances crafted.

Policy solutions that emerge are therefore clearly in the domain of "good enough coherence".

The last insight in line with GEG thinking is that dynamics shift and change over time in unpredictable or contingent ways. This implies that **good enough coherence should be adaptive and flexible over time**. Current conditions may allow for a certain level of GEC now, but in a couple of years or even just a few months, conditions may change and a more effective or higher level of good enough coherence may be become feasible.

The daily realities of managing the Sustainable Development Goals

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Philip Morris International

Background

Philip Morris International joined the sustainability movement to ensure the highest standards of corporate social responsibility and to be able to operate under a recognised sustainability framework that helps businesses regardless of their size, complexity, and societal challenges. Smoking cigarettes causes serious disease, and the best way to avoid the harms of smoking is never to start, or to quit. But much more can be done to reduce the health risks for the world's 1.1 billion smokers. In 2014, after a decade of scientific studies and a cumulative investment of US$ 3 billion in R&D, Philip Morris International released its first smoke-free product. This is the biggest shift in the company's history and unprecedented in the sector.

Despite past isolation and perceived opacity, it is now important to rebuild institutional trust and engage all key stakeholders in the sector's effort towards sustainability. A clearly articulated approach to policy coherence for sustainable development is essential to better inform public policies across all sectors. Traditional approaches to tackling complex problems have been based on goal seeking and viability. While the SDG framework offers a systematic thinking tool that is very compelling for public engagement, it may not fully cater to the needs of extremely complex problems that private sector companies face as their *raison d'être* changes in a profound manner.

One of the areas most critical to Philip Morris International's business strategy that requires a strong policy coherence lens is that of sustainable consumption and production patterns (SDG 12). The approach now being tested and briefly illustrated here is to tackle the complex nexus of sustainable and resilient societies using policy coherence analysis and systemic thinking (Hester and Adams, 2014[19]).

Challenges and opportunities

While the demand for tobacco has declined over the years, Philip Morris International is cognizant that over two million people live or work on 380 000 farms it sources from. As a smoke-free future becomes a reality, so does the anticipation of a decline in tobacco leaf demand compared with its current level over the course of the next 10 to 15 years, which will have an impact on farmers' income and livelihoods and affect ancillary industries.

For several years the company has been supporting smallholder farmers to grow food crops alongside tobacco. For example, in Mozambique, Malawi and Tanzania, this support includes technical assistance and financing for food crop inputs (fertiliser and seeds for mainly maize). In 2016 the total amount of food production supported by Philip

Morris International in these countries (over 260 000 tons) already surpassed the production of tobacco, with the programme reaching 60 000 farmers. In 2017, it is expected that direct support for food crop production would have reached approximately 150 000 smallholder farmers across the three countries.

The company has witnessed a significant improvement in food crop yields, up by nearly fourfold in the case of maize, which is strengthening food security and oftentimes generates a surplus for sale at local markets. Together with selected suppliers, Philip Morris International is currently exploring with other international food crop buyers possibilities to create a route to market for surplus food crops produced by tobacco growers in these countries, leveraging on the infrastructure and logistics already in place.

This joint effort is of paramount importance in ensuring that these rural communities are resilient to the impact of tobacco crop replacement and that it does not trigger economic migration to urban areas. This vision should help mobilise all key stakeholders to collectively think through the balancing of challenges and opportunities to transform the market and achieve positive economic, societal and environmental impact.

Moving towards more sustainable systems and successfully replacing tobacco crops requires connectability (Simons, 2015[20]) – in other words, that key stakeholders make an effort to work together to deal with economic, societal and environmental complexities that individual actors would not be capable of. Philip Morris International is committing to mobilising financial resources and capabilities for a number of projects. It is well understood that only in joint collaboration with farmers' communities will it be possible to secure a transition to sustainable livelihoods currently dependent on tobacco crops.

Agricultural transformation in low and middle-income countries, particularly as described by the African Union Agenda 2063, foresees a relatively rapid transition from subsistence agricultural practices led by smallholder farmers to a highly efficient, intensive, value added sector. This transition could be severely hindered due to a number of policy constraints, including basic infrastructure investment (transportation, irrigation, and power generation) and the development of new commodity demand profiles. However, achieving a sustainable and resilient society undergoing deep transformation requires pivoting the public interest and the nature of social interaction from a market model to a polis model of the society (what is good for the community) (Stone, 2013[21]) and hence that of sustainable consumption and its production patterns.

Systemic thinking and policy coherence

Systemic thinking and Markov models (Howard, 2007[22]) could be extremely powerful tools to analyse complex problems in the field of policy coherence for sustainable development. It is known that the behaviour of systems of problems depends more on how the various solutions interact with one another than on individual solutions to a given SDG. Philip Morris International's approach to policy coherence for sustainable development is, in the sense of systemic thinking, exploratory rather than prescriptive.

Philip Morris International strives to consider a timely balancing of challenges and opportunities that each individual SDG poses and the range of rational choices available within a severely constrained environment. This timely balancing is known as a satisficing mechanism or, simply put, making rational choices that can satisfy and suffice the overall SDGs objectives. Given the specificities of individual SDGs, government, private sector and civil society have a natural preference to work on problems in parallel or in sequence but restricted to their subject matter expertise, or with limited overlap. It is

therefore necessary to articulate policy coherence for sustainable development through a transdisciplinary lens and carefully avoid the phenomenon of being trapped in a single SDG – for example, poverty eradication as a goal in itself without understanding the necessary effort and cost in land use and irrigation infrastructure.

The way forward

The SDGs are not mutually exclusive, and they should not be treated in isolation. Achieving progress in one could have unintentional negative consequences for another, which is why a systemic approach is needed when managing the program as a whole. We must never lose sight of the bigger picture. For instance, tobacco accounts for 7.2 million deaths every year, according to the World Health Organization's factsheet of June 2017. SDG 3 is the only goal with a tobacco target; overall, non-communicable diseases kill 40 million people each year. However, achieving a smoke-free future does not only depend on cigarette manufacturing companies and requires systemic thinking and collaboration with all key stakeholders. At the same time, new products must be marketed in a responsible way and should not be offered to people who have quit smoking or never smoked.

Philip Morris International is committed to catalyse pre-competitive collective action and preparing a comprehensive case study on sustainable agricultural transformation through policy coherence analysis and systemic thinking, and outlining the sectoral implications in terms of long-term economic development (2030-2063). The case study will identify the key barriers to this transition, document leading practices and illustrate the most likely economic development scenarios in the years 2030 and 2063. It will emphasise the unique strength of policy coherence analysis and systemic thinking to address the nexus of sustainable and resilient societies, and its societal impact on good health and well-being.

SDGs 6, 7, 11, 12, 15 and Cultural and Creative Industries: Building cultural landscapes for the Sustainable Development Goals

Lady Lawyer Foundation

Culture and its diverse manifestations have the power to transform societies. Heritage constitutes a source of identity and cohesion for communities facing challenges such as climate change, the financial crisis, growing inequalities and globally increasing urban populations. Creativity contributes to building open, inclusive and pluralistic societies (UNESCO, 2018[23]).

On the basis that policies responsive to cultural contexts can yield better, sustainable, inclusive and equitable development outcomes, and that both the economic and social dimensions of poverty can be addressed through cultural heritage and the cultural and creative industries (CCIs), UN Resolution 70/214 on "Culture and Sustainable Development" – adopted by General Assembly in December 2015 – reaffirms the role of culture as an enabler of sustainable development, encouraging all Member States and other relevant stakeholders to raise awareness on the importance of culture in sustainable development and to ensure its integration into development policies (UNESCO, 2018[23]).

The importance of culture and heritage is explicitly mentioned in SDG Target 11.4: "Strengthen efforts to protect and safeguard the world's cultural and natural heritage".

Innovative approaches are needed and the 2016-2020 phase is a decisive period in the SDGs context, representing a window onto a broader approach to PCD that cannot be missed. Within the track of the outcomes of *Law for Creativity* study and its comprehensive approach to address all aspects of Cultural and Creative Industries (CCI) sector within the 2030 Agenda, since 2017, focusing on fashion and heritage, the Lady Lawyer Foundation has put in place the assessment of the fashion collection named Lady Lawyer Fashion Archive (https://ladylawyerfashionarchive.wordpress.com) that has brought to the 2018-2020 *Lady Lawyer Village Fun Plan* (https://ladylawyerfashionarchive.wordpress.com/2018/02/28/lady-lawyer-village-fun-plan-launch-en-soufflant-le-chaud/), which – among the deliverables – lays out an updated instrument on PCSD taking into account the 2017 analysis of the results of the internal '*War and Fashion*' consultation (http://war-and-fashion.tumblr.com/), launched in 2015 in the perspective of a cultural-natural-social-economic model that is alternative to the linear one.

Notes

[1] The OECD defines countries most in need as either Least Developed Countries (LDCs), Land-Locked Developing Countries (LLDCs), Small Island Developing States (SIDS) or fragile and conflict-affected states.

[2] OECD Mobilisation Survey: http://www.oecd.org/dac/stats/mobilisation.htm.

[3] This contribution concerns an adapted and extended version of an op-ed originally published on DIE's website on 24 July 2017: Janetschek, Hannah / Imme Scholz (2017), "Taking stock of 2030 Agenda: are we making progress with integrated implementation?" Bonn: German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) (The Current Column of 24 July 2017).

[4] This contribution has been adapted from the following policy brief Brandi/Dzebo/Janetschek (2017), "The case for connecting the implementation of the Paris Climate Agreement and the 2030 Agenda for Sustainable Development", Bonn: German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE). https://www.die-gdi.de/en/briefing-paper/article/the-case-for-connecting-the-implementation-of-the-paris-climate-agreement-and-the-2030-agenda-for-sustainable-development/.

[5] ECDPM - European Centre for Development Policy Management - www.ecdpm.org.

[6] Matt Andrews, a student of Grindle, provided this analogy of Good Governance: *Sweden or Denmark on a good day.* In: Andres. M. 2008, *The Good Governance Agenda: Beyond Indicators without Theory.* Oxford Development Studies, Volume 36, 2008 - issue 4 (pages 379-407).

[7] See among others: Levy, B. (2014), *Working with the Grain: Integrating Governance and Growth in Development Strategies;* Levy, B. and Fukuyama, F. (2010), *Development Strategies: integrating Governance and Growth,* Policy Research Working Paper No. 5196, World Bank.

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