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**MEETING OF THE NATIONAL FOCAL POINTS FOR POLICY COHERENCE FOR
DEVELOPMENT**

SUMMARY RECORD

12-13 June 2013

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SUMMARY RECORD

Sixth Meeting of the National Focal Points for Policy Coherence for Development (PCD)

12-13 June 2013

WELCOME DINNER:

EXPLORING BROADER APPROACHES TO PCD IN A CHANGING GLOBAL CONTEXT

1. A welcome dinner was organised in the evening of 12 June to provide for an informal exchange of views on the implications of a changing global context for our approaches in promoting PCD.

2. At the dinner **Ernesto Soria Morales**, Senior Policy Analyst, OECD-PCD Unit, presented a proposal for an updated definition of the PCD concept. He highlighted that the idea of exploring broader approaches to PCD responded to the need to adapt our analytical frameworks and tools to a new global reality, as recognised by the OECD Strategy on Development. This is particularly relevant as we all think ahead to the role of PCD in a post-2015 setting. He recalled that the notion of PCD emerged in early 1990s in a completely different international context defined by a clear North-South divide (donor-recipient paradigm). Hence, PCD efforts were strongly linked to aid policies and donors' responsibilities. He conveyed three key messages as he elaborated on how to shape coherent and collective action in a global shifting context:

- First, greater policy coherence for development at multiple levels (national, regional and global) is needed to: (i) deal with the multidimensionality of increasingly complex development challenges, and (ii) ensure the attainment of existing and future global development goals;
- Second, an updated and broader approach to PCD should be based on collective action, shared responsibilities and mutual benefits. This is critical to deal with systemic conditions that constrain development and growth.
- Third, a more proactive PCD approach could facilitate collective action and political will. It should be based on greater synergies between different policies in the economic, social, environmental, legal and political domains to create enabling environment conducive to development and inclusive sustainable growth.

3. There is also a need to communicate differently and more widely on PCD to involve all policy communities and build strong commitment, focusing on an issues-based and outcome-oriented PCD that is underpinned by evidence. Finally, Centres of Government could be a mobilising factor for PCD.

4. Dinner guests were invited to discuss the proposal for a broader PCD approach and other issues freely around their respective tables.

**SESSION 1:
THE CHALLENGES OF SHAPING COHERENT POLICIES CONDUCTIVE TO DEVELOPMENT**

5. The meeting was opened by **Ebba Dohlman**, OECD Senior Advisor on PCD. She reminded participants about the strong mandate for PCD in the OECD Strategy on Development, which asks the Organisation to:

- Develop more systematic approaches to PCD – both costs and benefits.
- Develop indicators to monitor progress working with partner institutions.
- Focus on three priority areas – food security, illicit financial flows, and green growth.
- Provide a platform for dialogue with developing countries and key stakeholders.

6. She informed about the recent release of the second edition of the PCD Flagship, *Better Policies for Development*. The report puts the spotlight on global food security; outlines preliminary thinking on the PCD measurement agenda; provides self-assessment inputs from a large number of members; and presents some ideas on the challenges for PCD in a new global environment. Participants were encouraged to provide feedback on the report.

7. The Chair of the session, **Karen Jorgensen**, Head of the Review, Evaluation and Engagement Division in the Development Co-operation Directorate, referred briefly to the DAC Peer Reviews and the chapter on institutional mechanisms before handing the floor over to the morning's first speaker.

8. **Paul Engel**, Director, European Centre for Development Policy Management, presented the findings of their paper *Insights from Developments in National Policy Coherence for Development Systems: Key Cross Cutting Issues and Dilemmas*. He noted that PCD goes beyond simple cause and effect chains: it is a political, systemic and knowledge intensive issue. The objective for establishing PCD systems should therefore be to make PCD part of the daily business of government.

9. The study, which was commissioned by Denmark, concentrates on six countries (Belgium, Finland, Germany, Ireland, the Netherlands and Sweden) and notes that “not much has changed” in recent years. There is still widespread confusion between policy coherence for development on the one hand and policy coherence on the other, and also between coherence and coordination. Out of the three PCD components (explicit political and policy commitments; administrative and institutional mechanisms for policy coordination; and knowledge input and knowledge assessment mechanisms for analyses and assessing impact), the knowledge factor is the least developed aspect of the PCD systems. The study underlines the importance of building an evidence base, including through impact assessments.

10. There is a need to ensure a common understanding and agree on policy coherence for *what*, i.e. to be more specific on which development objectives exactly need to be served. It helps to have a list of criteria (“scrutiny cannot be done without a clear list of standards”) and ensure that PCD is a shared responsibility. Common thematic priorities, such as trade, food security, illicit financial flows and migration, have relevance for national debates and serve PCD better if clear objectives are set.

11. The **Tour de Table** showed that there is broad agreement on the importance of research and evidence-building, including in developing countries, for advancing the PCD agenda. Currently, the large majority of PCD studies are undertaken by NGOs. In addition to new research, it is important to harvest existing “silent” knowledge, for example at the OECD. PCD must be based on shared responsibilities and Focal Points’ dialogue with line ministries can be facilitated by focusing on specific issues.

12. In her closing remarks, the Chair noted that the findings in the DAC Peer Reviews point to stronger political commitment, but that this not necessarily leads to political will. For this we need specific evidence. The reviews also suggest that informal ad hoc institutional arrangements can be more efficient than formal ones. In order to monitor progress, it is necessary to have a plan for what it is we want to achieve. Sustainable and national development strategies of developing countries can also be a good point of reference.

SESSION 2: FOSTERING PCD THROUGH KEY ISSUES – ILLICIT FINANCIAL FLOWS

13. The second session provided the participants with an opportunity to explore ways in which PCD systems could be strengthened to contribute to fighting illicit financial flows (IFFs). It highlighted policy areas important for (il)licit flows and aimed at identifying areas where the OECD can best support members' and partners' efforts in curbing IFFs.

14. **Ben Dickinson**, Head of Division, Tax and Development Programme in the Centre for Tax Policy and Administration, chaired the session and stressed the importance of having IFFs high on the political agenda in order to best fight issues such as profit shifting, tax havens, and the illegal transfer of money. He noted that illicit financial flows are often cited as outstripping ODA and inward investments. The most immediate impact of such illicit flows is a reduction in domestic public and private expenditure and investment, which means fewer jobs, hospitals, schools and less infrastructure – and ultimately less development. Since some of these illicit funds find their way into OECD countries, the strength of OECD systems to prevent, detect and return funds is an important element of fighting illicit flows.

15. **Kjetil Hansen**, Policy Analyst, Development Co-operation Directorate, presented how OECD responses to illicit financial flows can be measured. The analysis (publication forthcoming) examines the institutional, regulatory and legal arrangements in OECD countries to identify policy and practice effort in addressing illicit flows originating from the developing world. It focuses on open source data in the areas of money laundering, tax evasion, bribery, the recovery of stolen assets, and development co-operation. Mr. Hansen stressed the role of both developed and developing countries in fighting IFFs, as illicit flows both in and out of developing countries pose a big development challenge and a loss in assets. A successful IFFs agenda needs to be pushed at the national level, although facts are often interrelated and cross-national.

16. During the **discussion** participants stressed the OECD's role in providing policy makers with evidence-based examples and data, and highlighted that the fight against illicit flows could yield high returns for both OECD and developing countries. They noted that the discussion around IFFs is very timely as it is one of the core priorities in the Global Partnership. Strong policy dialogue between OECD and partner countries is necessary in order to fight IFFs and there is also a need for more capacity building and research.

17. The Chair closed the session by underlining that there was a wide recognition of the OECD's legitimacy to track illicit financial flows. The OECD works in close co-operation with the BRICS and also involves both LICs and MICs in the debate and research. The role of the OECD was put forth as that of "best supporting actor" with the aim to provide solid facts to support the debate.

SESSION 3: PCD IN A POST-2015 SETTING: DEFINING KEY OBJECTIVES FOR PCD

18. The session on the Post-2015 MDGs started with a live audio link to **Shamshad Akhtar**, Assistant Secretary-General for Economic Development from UNDESA in New York. She emphasised

that PCD can play a key role in reinforcing the emerging post-2015 development agenda and that a coherent global system can help create an international enabling environment for sustainable development.

19. Ms. Akhtar stressed that in a post-2015 framework the PCD agenda needs to (i) adopt an integrated approach, rather than focusing on sectors; (ii) be inclusive enough and involve all countries; and (iii) strengthen the accountability mechanisms at the national and global levels based on shared responsibilities and a common workable development agenda. National accountability mechanisms for PCD are in place, but also need to be seized. There is also a need for taking advantage of the revolution in information and technology to strengthen data for accountability and decision-making.

20. The importance of local, inclusive governance and the role of foundations, CSOs and the private sector in furthering development was stressed. The Global Partnership (MDG8), Ms. Akhtar claimed, has only shown weak results and the post-2015 goals need to present clearer commitments, especially in the areas of technology, global public goods, IFFs, green growth, taxation, subsidies, and good corporate governance. To reach a global coherence agenda, Ms. Akhtar proposed to integrate regional fora, development banks, UN and G20 summits, and corporations into the process and to further a real policy debate in the next years.

21. **Guido Ashoff**, Head of Department at the German Development Institute, discussed how to best approach the post-2015 agenda from a PCD lens. He took the Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (released on 30 May 2013) as a starting point. According to the Report, the post-2015 agenda needs to be universal, specific, and based on an independent and rigorous monitoring system. Mr. Ashoff stated that enhancing PCD will become easier and more complicated alike going forward – at the political, conceptual, analytical and monitoring levels.

22. PCD, he claimed, is no longer confined to promoting development far away in poor countries, and cannot be regarded as a positive or negative external effect of rich countries' policies. Instead, in the framework of global sustainability, PCD needs to be internalised as a dimension of, and requirement for, all domestic and foreign policies. Mr. Ashoff sees upcoming challenges in the post-2015 framework in integrating the different, yet interlinked dimensions of sustainable development in political agendas, which is a precondition to receive support from different political constituencies at different levels (international, national, regional and local). Furthermore, policy-makers need to strike the balance between short-term and long-term goals, and clearly define the government's and ministries' role in the PCD process. Mr. Ashoff concluded that for the OECD and its members, the importance of PCD will increase in coming years. It will be imperative to clearly define and operationalise expected targets and efforts in a post-2015 PCD agenda and to develop evidence-based, results-oriented PCD analysis to underpin PCD efforts.

23. **Angela Wilkinson**, OECD Counsellor for Strategic Foresight in the Office of the Secretary-General, chaired the session and highlighted that the development community is likely to play a more important role as a connector in the future rather than being considered as a specific sector. She underscored that PCD objectives will have to be very specific and based on a clear monitoring and assessment scheme, which is results-oriented and foreseeing a burden-sharing for all partners. Ms. Wilkinson also put forth the question of how effective public-private partnerships have been in progressing development, noting that the meeting had not addressed the UN point on the information revolution and how to possibly link this to the OECD questions on impact through partnership.

24. The **discussion** elaborated on how to achieve greater coherence – both within OECD countries and in a broader post-2015 agenda. Countries and NGOs discussed how to best tackle problems such as corruption, IFFs, and food security, while at the same time achieving coherence. Some voiced the need to sharpen the PCD narrative, with a discussion about the “D”, i.e. the *what* and the expected goals.

25. The Focal Points stressed the need to keep in mind that the UN High Level Panel report was only the first step in a long post-2015 process. The PCD issue already stands out very prominently, but needs to be distilled into a concrete, measurable, and communicable new framework. Participants voiced the importance of agreeing on *who* in governments have the capacity to deal with a more complex PCD agenda, i.e. how other line ministries, beyond the development ministries, could be incentivised to promote PCD. The discussion also touched upon the role of Centres of Government as key decision-making bodies, and the need to partner with developing countries, CSOs and the private sector to more prominently foster PCD.

26. The Chair closed the debate stressing the need to create synergies between the OECD and the UN, in a manner that the OECD can demonstrate its strengths and offer them to the UN and partners. She concluded that it was important to develop a clearer narrative on PCD, one that goes beyond aid agencies and highlights shared responsibilities.

SESSION 4: NEXT STEPS

27. This session provided insights to upcoming work of the OECD-PCD Unit, with a particular focus on the PCD measurement agenda. It was chaired by **Ebba Dohlman** and she encouraged participants to comment on how the Secretariat can best support national efforts to promote PCD

28. Discussions at the most recent Focal Points meeting in November 2012 agreed that robust evidence on the cause and effect chains between policies and impacts is very difficult to obtain. An alternative way to assess PCD could therefore be to consider the factors that may contribute to or hinder a certain development outcome. To this end, **Carina Lindberg**, Policy Analyst, introduced a proposal for using existing OECD indicators of policy effort to assess progress in PCD (section 3 of the 2013 PCD Flagship). This would complement impact assessments which are often carried out on a more ad hoc and case-by-case basis.

29. As a first step, this will involve a mapping of existing indicators for OECD countries in the three priority areas of the OECD Strategy on Development, i.e. global food security, illicit financial flows and green growth. A parallel, more long-term objective would be to develop a monitoring framework for providing a regular update of countries' efforts to implement policies that are conducive to development, potentially also feeding this information into an index. Illustrations were used to show how this information could be presented by means of an interactive website. The idea would be that visitors to the website could choose either a country to see the evolution of a policy measure over time, or a specific PCD challenge to see cross-country comparisons.

30. This kind of PCD monitoring matrix could be used to support dialogue in capitals, raise public awareness, and help identify countries' strengths and weaknesses. The OECD-PCD Unit will discuss different options for developing a matrix with OECD statisticians and hope to have a more detailed proposal available later this year.

31. **Dorothee Georg**, Junior Policy Analyst, highlighted the importance of developing the PCD monitoring framework based on an inclusive and participatory process. She proposed to exploit the PCD Platform to launch an interactive dialogue to provide Focal Points with the opportunity to work collectively and provide feedback on the proposed matrix. She informed about the plan to launch this dialogue during the week of 30 September – 4 October 2013. The purpose would be to exchange views and expectations for the next steps forward with the matrix in general and to have a more in-depth discussion on the three priority topics. Participants could include PCD experts, officials from line ministries, civil society representatives and researchers.

32. The Focal Points were inquired about their possibilities to ensure participation in the online dialogue by their line ministries; what other policy areas they would like to see included in the matrix; and if this kind of monitoring framework and indicators would be useful to inform the debate in their capitals.

33. During the discussion, participants expressed general support for the idea of an online discussion on PCD measurement and expressed support for focusing on specific issues or key challenges. Yet, they thought it would be difficult to involve line ministries and get them to comment informally on the issue at hand. Several countries also indicated that the time period proposed to hold the dialogue is not ideal due to other engagements. It was suggested that the OECD seek feedback on its proposal via a survey among Focal Points and that the online dialogue targets civil society and other non-governmental stakeholders.

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Action Points

- Work towards a clear narrative and definition for PCD that is adapted to new global realities and responds to increasingly complex development challenges and goals.
- Develop a framework for monitoring progress in PCD focused on the three priority areas of global food security, illicit financial flows, and green growth.
- Undertake a survey among the National PCD Focal Points to get their feedback about the proposed monitoring framework, their own work undertaken in the three priority areas, and possible next steps.
- Launch an online dialogue to engage other key stakeholder (CSOs, academia etc.) in the debate on PCD measurement.

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