



Recommendation of the Council on  
Good Institutional Practices in  
Promoting Policy Coherence for  
Development

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## **Date(s)**

Adopted on 29/04/2010

## **Background Information**

The Recommendation on Good Institutional Practices in Promoting Coherence for Development was adopted by the OECD Council on 29 April 2010 on the proposal of the Development Assistance Committee. Recognising that policy coherence for development (PCD) is imperative to achieve the Millennium Development Goals and in keeping with the 2008 OECD Ministerial Declaration on PCD, the Recommendation aims to ensure that government policies are supportive of developing countries' development goals. The Recommendation develops guidance on good institutional practices to support policy coherence. Drawing on the OECD's experiences and lessons learned, it offers a new tool to help governments promote PCD at the national level. A key finding of this work is that well-designed institutional frameworks are fundamental to ensure that the development dimension is taken into account at all stages of policy-making, and to promote coherent, whole-of-government approaches to development.

## **THE COUNCIL,**

**HAVING REGARD** to the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960, in particular, Article 5 b) thereof;

**HAVING REGARD** to the OECD Ministerial Declaration on Policy Coherence for Development [C/MIN(2008)2/FINAL]; which reinforced the commitment that policy coherence for development is a key driver for promoting development and responding to global development challenges;

**RECOGNISING** that all countries have a common interest in developing countries achieving sustainable and inclusive development;

**RECOGNISING** in the spirit of mutual accountability and partnership, the importance of strengthening the dialogue between OECD countries, partner countries and the emerging donors in sharing experiences on the effects of policies on development as well as on the increased relevance of PCD in relation to the policies of developing countries;

**RECOGNISING** that while aid remains an important driver of poverty reduction, mutually supportive policies across a wide range of economic, social and environmental issues are required to accelerate progress towards achieving international development goals;

**RECOGNISING** that the increasingly complex environment in which policies generally are formulated creates challenges for all governments and governance systems to ensure policy coherence for development and that policy makers increasingly need to be aware of the impact that policies developed at times in seemingly unrelated areas may have on development issues;

**RECOGNISING** our commitment to work for greater public awareness of development and human security dimensions and strengthen the dialogue with civil society for increased support for PCD;

**RECOGNISING** that coherent policies in support of development can enhance development results by maximising the impact of aid, while incoherent policies may render aid efforts inefficient;

**RECOGNISING** the experience gained by Members in promoting coherency through improved organisational mechanisms, co-ordination, analytical capacity and monitoring of results;

**RECOGNISING** that, despite the diversity of governance structures and regulatory traditions that exist in Members, a consensus exists on the need for institutional frameworks with necessary “building blocks” for the effective promotion of policy coherence for development.

### **On the proposal of the Development Assistance Committee:**

#### **I. RECOMMENDS that:**

- i) Members, in accordance with the Guidance set out in the Annex, which forms an integral part of this Recommendation, introduce and maintain within their existing governance structures for policy coherence, a clear and integrated framework to:
  - promote policy coherence for development and translate political commitment on policy coherence for development into practice;
  - work towards assessment of the impacts that domestic policies may have on wider development efforts.
- ii) The Secretariat and committees deepen horizontal co-operation to examine opportunities for greater synergies in advancing work on policy coherence for development, including consideration of the existing comprehensive or ‘whole-of-government’ reviews on voluntary basis, by the Public Governance Committee, as a complement to the DAC peer reviews, to better assist in improving mechanisms and structures for policy coherence for development.

**II. INVITES** non-members to adhere to this Recommendation.

**III. INSTRUCTS** the OECD Development Assistance Committee to promote, assist and monitor the implementation of this Recommendation, to exchange information on progress and experiences with respect to its implementation, including through peer reviews, and to foster international co-operation including with non-Members on issues relating to the promotion of policy coherence for development.

## ANNEX

### **GUIDANCE ON GOOD INSTITUTIONAL PRACTICES IN PROMOTING POLICY COHERENCE FOR DEVELOPMENT (PCD)**

1. The process of working towards greater policy coherence for development ensures that all relevant policies are working together in pursuit of development objectives. Clear and integrated policy frameworks can translate political commitments on policy coherence for development (PCD) into practice.

2. Governments have to give more careful consideration to the cumulative and inter-related impacts of policies and regulatory regimes. From a governance perspective, there is the need to ensure that in any given sectoral area of interest as noted in the 2008 OECD PCD Declaration policies are both vertically and horizontally coherent. Embedding a more coherent approach to policy making must also address the whole life cycle of a policy across all fields of public policy. A piecemeal approach risks being ineffective – an overall strategic approach is essential.

3. The ability of a government and public service to consistently produce effective, efficient, sustainable and coherent policies in all sectoral areas is dependent on the mechanisms, tools and processes used by the administration to manage and co-ordinate policy, budgeting and regulatory development. The experience of OECD countries has led to the identification of the basic tools of general policy coherence<sup>1</sup>. These tools are mutually supportive and do not represent a suite of options where some can be advanced more than others: each is important and efforts must be made in each area in order to achieve policy coherence.

4. The general policy coherence tools and processes are a good basis to promote policy coherence for development, but they are not sufficient. The PCD institutional framework requires: political commitment, co-ordination, analysis and monitoring. All three phases or “building blocks” need to be in place for a country to make good and sustained progress towards policy coherence. The main difference and additional element needed to general coherence tools is that PCD requires that sufficient weight be given to development perspectives and possible impacts within each of the three “building blocks”. These three “building blocks” provide a framework for considering and promoting approaches towards greater policy coherence for development. In establishing them, governments may also have to adopt measures to improve policy making processes, foster cultural changes in the public service and reconcile policy priorities and budgeting imperatives.

5. There is no “one size fits all” recipe for promoting PCD and no one-uniform model exists at national level. Moreover, the three “building blocks” do not have to proceed at the same speed. In some countries, for example, co-ordination may well be more advanced than one would expect from the level of political commitment to PCD.

#### **I. Political Commitment: Setting, Prioritising and Articulating Objectives**

6. Progress towards greater policy coherence for development starts with strong leadership at the political level to ensure coherence between policies focused on development and policies focused on other priority areas. Political commitment, clearly stated and articulated at the highest political level, is an essential foundation for setting and prioritising policy objectives. Establishing and publishing a comprehensive set of high level goals and priorities, better enables the political leadership to pursue a common agenda more coherently. Political commitment needs to be expressed at the highest levels and backed by policies, instructions and incentives that translate commitment into action. Commitment to PCD also entails working with civil society and parliaments to raise public awareness for PCD to sustain broader support.

7. Establishing or setting out a vision document in itself is not sufficient to ensure policy coherence for development. Policy priority areas need to be monitored transparently to identify any inconsistency of approach or possible incoherence where additional co-operation or co-ordination arrangements may need to be developed. This promotes accountability and allows amending or revising priority policy areas and development policies so that they are in line with changing economic or social needs.

## **Box I. Political Commitment for PCD**

**Members should take measures to promote political commitment for PCD such as:**

- a) Make public the government's political commitment regarding objectives and policy priorities on policy coherence for development, clearly outlining how these relate to development results and internationally-agreed development goals.
- b) Publish plans for making progress on policy coherence for development in the relevant areas.
- c) Educate and engage the public, working with civil society, research organisations and partner countries, to raise awareness of government commitments supporting policy coherence for development.

## **II. Ensuring Effective Policy Co-ordination**

8. As the governance structures and arrangements will differ across countries, the following paragraphs and recommendations should be read in light of the particular organisational systems that exist at national level. The general policy coherence processes for efficient co-ordination have proven to be practical - albeit not sufficient - approaches, to promote policy coherence for development. They can be helpful as guidance for PCD promotion where they are compatible with the general national institutional context. Thus, the aim of the Recommendation is not to propose new governance structures, but rather promote the use of the existing structures to enhance policy coherence for development.

### **a. National Practices at Central Level**

9. The complexity of modern government requires the usage of effective co-ordination mechanisms within the administration. This better enables the various component parts of a government to consult and co-ordinate on policies, and to resolve any conflicts or inconsistencies in either their development or implementation. This involves working out how policies are formulated and developed, how they are implemented, how they are monitored and reviewed, to maximise synergies and minimise incoherence.

10. Most OECD countries have established some central co-ordination system to ensure policy coherence. Most usually, such a role is taken by the Government Office<sup>2</sup>. As the main body providing daily support to the Head of Government and the Council of Ministers, the Government Office acts as the Centre of Government where all pertinent information is pulled together in order to provide composite oversight and advice on developments. This central oversight or "whole-of-government" perspective on the development, implementation and impact of policy and regulations, can also help to ensure policy coherence for development.

11. In some countries, inter-ministerial co-ordination is the mainstay of a less centralised approach to policy coherence. There, policy coherence for development is promoted in the first instance by development ministries or agencies which have the mandate to promote consideration of development issues in the policy making process.

### **b. National Practices at Line Ministry Level (including with public sector agencies)**

12. Establishing Cabinet Sub-Committees or Cabinet Committees has been the practice for many OECD countries. They provide an opportunity for coherence at a political level, and an opportunity for the Centre of Government and/or the Development Ministry, to be aware of what is happening across the civil service in key strategic or politically sensitive issues, and to bring development considerations to bear.

13. The "shadowing" of such Cabinet or sub-Cabinet Committees by inter-ministerial committees and working groups of high-level civil servants (at Secretary-General or Deputy Secretary-General level) as well as at a lower management level, particularly in priority policy areas, offers opportunities

both for preparing the groundwork for forthcoming meetings of the political administration, and for better sharing of information across ministries. This plays a significant role in developing and embedding a more cohesive, “whole-of-government” approach to policy and regulatory formulation, particularly in small administrations.

14. Similar networks or team-based approaches to working within line ministries, which offer the opportunity for public sector agencies, under the aegis of the ministry, to be included, have proven to help ensure that appropriate internal dialogue and co-operation take place and that messages and policy priorities are internally coherent.

### **c. National Practices at Sub-national Levels of Government**

15. In some countries sub-national levels of government (regions, municipalities, local government), have a role in setting or developing policy priorities, and can play a significant role in policy implementation and in monitoring the coherency of policies for development. In these cases, they are uniquely placed to observe at first hand where inconsistencies and incoherent approaches occur.

## **Box II. Policy Co-ordination for PCD**

**Members should take measures to promote effective policy co-ordination for PCD, such as:**

- a) Use the Government Office/Centre of Government as mandated for the central co-ordination of high-level policy priority issues to ensure general coherence and consistency of approach across line ministries.
- b) Encourage and mandate the national development ministry or agency, as appropriate, to play a pro-active role in promoting the development dimension in policy co-ordination at the cabinet level, in accordance with the particular organisational systems that exist at national level.
- c) Establish efficient processes at appropriate levels for inter-ministerial co-ordination to resolve policy conflicts, while ensuring that mandates and responsibilities are clear, fully involving ministries beyond development and foreign affairs.
- d) Ensure that both formal governance arrangements and informal working practices support effective communication between ministries and departments, and between ministries and public sector bodies under their aegis.
- e) Consult appropriately the sub-national levels of government in both policy development and the monitoring of policy implementation, when they have a role in this area.

## **III. Improving Implementation, Monitoring, Analysis and Reporting**

16. Effective procedures and mechanisms must be in place to ensure that policies can be effectively implemented and adjusted as needed to maintain their coherence over time.

### **a. Practices in Effective Regulations for Greater Coherence in the Policy Development and Decision-making Process**

17. The OECD Indicators of Regulatory Management Systems (2007) indicate that almost all OECD countries have now adopted, at the political level, broad regulatory management and reform programmes, which also establish clear objectives and frameworks for implementation. These programmes, together with the use of models and evidence-based policy-making tools such as the Regulatory Impact Analysis (RIA), can greatly help to increase the consistency of inputs to the decision and regulatory-making process, and also to enhance the level of coherence of both processes and policies. Vertical and horizontal coherence can thus be ensured; risks of regulatory failure avoided; and potential policy conflicts or cross-policy impacts and effects recognised and addressed. Structured approaches may also have potential to contribute to enhancing understanding



of the impact of countries' domestic sectoral policies on their development efforts. For policy coherence for development purposes some specific tools exist to support impact assessment, such as cost benefit analysis, logical framework analysis, and Trade Sustainability Impact Assessment.

18. In further support of such tools, efforts need to be made at the central level to ensure that the evidence utilised and referred to during the policy development phase is made available to the political level in order to inform their decision-making process.

**b. Practices in using the Budget as a Tool for Better Coherence**

19. The budget is the government's key policy and priority setting document, where policy objectives are reconciled and implemented in concrete terms. As such it has proven to have a very important role also in ensuring policy coherence for development.

20. A country's overall budgeting system seeks to promote fiscal discipline, (re-) allocate resources to government priorities, and achieve greater efficiency and effectiveness in government operations. Members are continuously reforming their budgeting institutions and systems in order to achieve better outcomes and ensure coherent decisions.

**c. Practices in Measuring, Monitoring and Reporting on Policies, Progress and Impacts**

21. Working towards adopting measures to assess impacts can help ensure policy coherence for development.

22. Appropriate supports and mechanisms must be in place between all stakeholders to facilitate the shared understanding at the outset of the government's overall aims and objectives, and on how they should be implemented. This will help exploit synergies, and avoid obvious policy conflicts between domestic policies and development objectives. However, it is clear that not all impacts, in particular unintended ones, can be measured ex-ante.

23. The ability to easily access and utilise up-to-date quantitative information on the performance and effectiveness of policies - both generally and in the area of development is crucial for accountability and learning as well as for evidence-based policy-making. This involves collecting and analysing evidence about the impacts of different policies on development, and reporting to government, parliament and the public. Not only is such information important to assessing how policies are performing, but it is also critically important to policy-makers in refining or re-prioritising policy instruments and objectives. The OECD work on PCD has highlighted the importance of collecting relevant data and building capacity to measure development impacts. At the same time there remains a fundamental challenge to specify the results chains of different country policies at global level to track the impacts on developing countries.

**Box III. Monitoring, Analysis and Reporting for PCD**

**Members should take measures to promote effective implementation, monitoring, analysis and reporting for PCD, such as:**

- a) Embed an evidence-based approach to policy making across the public service, making use of appropriate assessment tools for policy coherence for development in support of this.
- b) Ensure that structures are in place, including the allocation of sufficient and appropriate resources, to ascertain effective co-ordination for policy coherence for development.
- c) Consider the data indicators and information that will be gathered and used to report back on performance, prior to the roll-out or implementation of new policies.
- d) Monitor and report back on policy impacts by using local, sub-national and field-level resources, which in the area of development include aid agencies and embassies, and by strengthening local capacities and international partnerships.

- e) Ensure that in examining information on policy performance, including information gathered by field officials / local government officers, efforts be made to also draw on evidence available through other reliable and impartial sources, such as academia, independent domestic and international think-tanks etc.
- f) Publish regular reports for the parliament and the wider public about progress on PCD outlining progress made on the achievement of policy priorities and on how policies are being implemented regarding developmental issues. These reports would enhance transparency and accountability and they could be included in reporting on development co-operation activities and progress made towards meeting the Millennium Development Goals.
- g) Consider regular independent reviews of policy performance on high priority issues with a substantial impact on development objectives.

#### **IV. Embedding Culture Change in the Public Service in Support of Coherence**

24. Fostering cultural change within the public service may be critical in order to sustain the establishment of the main “building blocks” for PCD and should be promoted accordingly.

25. The capacity of the public service to appropriately use evidence-based policy making tools, to gather data and measure policy performance, to consult effectively with both internal and external stakeholders on policy formulation must be addressed. Staff with the appropriate skill-mix may not be appropriately deployed at present within, or across, ministries. Consideration should be given how mobility policies, secondment opportunities, the use of contract or temporary staff, and the availability of training, can help to address skill deficits.

26. The existence of high-level strategy documents that provide clarity on long-term political objectives can help staff to think more about their role within a system and provide greater clarity on how the system works and operates. They can also raise awareness across the public service and broader society on the direction a government is taking regarding policy development and priority areas to be addressed.

27. In conjunction with such publications, efforts should be made to communicate how revised ways of working (e.g. through networks, inter-ministerial dialogue, committees, the use of evidence-based policy-making tools etc.) are intended to support and supplement existing ways of working rather than replace them. Performance management, incentives and development systems that help to better link the work and contribution of the individual to the achievement of a broader department, ministry or long-term vision of an improved society, can also play a role.

#### **Box IV. Embedding Culture Change in the Public Service in Support of PCD**

**Members should take measures to promote the sustainable establishment of the three “building blocks” essential for progress, such as:**

- a) Ensure that staff with the relevant skills and competencies to support effective and coherent policy-making, are appropriately deployed across the public service.
- b) Ensure that appropriate internal communication is undertaken to explain to staff how and why revised ways of working are being implemented.
- c) Ensure that appropriate measures are taken to raise awareness across the broader society about the direction a government is taking with regard to policy development and priorities for development.

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<sup>1</sup> OECD 1996 (Occasional Papers No. 12 *Building Policy Coherence, Tools and Tensions*)

<sup>2</sup> The administrative body that serves the head of the government (normally the Prime Minister) and the Council of Ministers. The actual term used varies from country to country, for example, General Secretariat, Government Office, Government Secretariat, Chancellery, Cabinet Office, etc.

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