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English text only

12 April 2023

PUBLIC GOVERNANCE DIRECTORATE

Luxembourg Policy Coherence for Sustainable Development (PCSD)

Light-touch institutional scan

This Policy Coherence for Sustainable Development (PCSD) Light-touch institutional scan examines the institutional framework in place to implement the 2030 Agenda and SDGs in Luxembourg, with a view to assessing how the current mechanisms, processes and systems could be strengthened to systematically promote and enhance policy coherence for sustainable development. This PCSD Light-touch institutional scan has been prepared by the OECD as an output for the project on “Strengthening existing institutional mechanisms and capacities for policy coherence in Luxembourg to deliver on the Sustainable Development Goals (SDGs) at home and abroad”.

This document is available in pdf format only

Anna Piccinni, anna.piccinni@oecd.org

Ernesto Soria Morales, ernesto.soriamorales@oecd.org

JT03516549

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Light-touch institutional scan



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Environment, Climate
and Sustainable Development



GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign Affairs

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1 Introduction

The Government of Luxembourg has engaged in a process to strengthen its existing mechanisms for implementing the Sustainable Development Goals (SDGs). Among other initiatives, the government has taken key steps to effectively use the National Plan for Sustainable Development (PNDD) as an instrument to promote policies that have a positive impact on the economic, social and environmental dimensions of sustainable development. It has also adopted new working methods to better integrate the national and international dimensions to the implementation of the 2030 Agenda and SDGs, and strengthen coordination between the Inter-Departmental Commission on Sustainable Development (onwards CIDD), which is the central coordinator of domestic sustainable development policies, and the Inter-Ministerial Committee for Development Cooperation (onwards CID), which discusses policies likely to have an impact on developing countries and formulates non-binding recommendations to government. Similarly, it has developed a sustainability check to enhance policy coherence and better understand potential national and transboundary effects of national policy initiatives on sustainable development.

Luxembourg's efforts to strengthen its co-ordination and analysis mechanisms for sustainable development as well as the whole-of-government approach envisioned in the National Plan for Sustainable Development, provide a key foundation for enhancing coherence between domestic and international policies for effectively delivering on the 2030 Agenda and SDGs. A key question is how these mechanisms can be used more systematically in practice for maximising synergies across sectors and managing trade-offs and potential negative impacts beyond borders.

Against this background, this Policy Coherence for Sustainable Development (PCSD) Light-touch institutional scan examines the institutional framework in place to implement the 2030 Agenda and SDGs in Luxembourg, with a view to assessing how the current mechanisms, processes and systems could be strengthened to systematically promote and enhance policy coherence for sustainable development. This PCSD Light-touch institutional scan has been prepared by the OECD as an output for the project on "Strengthening existing institutional mechanisms and capacities for policy coherence in Luxembourg to deliver on the Sustainable Development Goals (SDGs) at home and abroad".

The scan is structured according to the three pillars and eight guiding principles of the OECD Recommendation on Policy Coherence for Sustainable Development (OECD, 2019^[1]). The PCSD Recommendation provides a comprehensive standard to help countries equip policy-makers and key stakeholders with the necessary institutional mechanisms and policy tools to address economic, social and environmental priorities in an integrated manner and enhance PCSD throughout the policy cycle. Each section of the scan includes an overview of the existing mechanisms and initiatives in Luxembourg relevant to the eight guiding principles for PCSD, as based on desk research, questionnaires, interviews and self-assessment exercises with relevant stakeholders and experts undertaken between June 2020 and April 2022.

This analysis has supported and informed the development of the 2022 Voluntary National Review of Luxembourg on the implementation of the 2030 Agenda. It also aims to support the preparation of reports on policy coherence to the parliament and the public and OECD reviews, including DAC peer reviews. This analysis puts particular emphasis on the role of the recently approved (March 2022) Sustainability Check tool in strengthening PCSD.

This PCSD light-touch Scan was prepared by the Policy Coherence for Sustainable Development Goals Division in the OECD Public Governance Directorate under the overall supervision of Tatyana Teplova and with analytical inputs from Anna Piccinni, Elise Desplanques and Ernesto Soria Morales. The OECD PCSD Team gratefully acknowledges the collaboration and valuable contributions to this analysis of the Interdepartmental Commission on Sustainable Development (CIDD) and the Inter-ministerial Committee for Development Co-operation (CID) and respondents in Luxembourg in providing extensive information for the development of this scan.

1.1. Methodology

This analysis is based on the findings from questionnaires, interviews and multi-stakeholder workshops conducted between June 2020 and April 2022 with key Luxembourg central institutions as well as representatives of civil society organizations. Table 1.1 below provides a list of the institutions interviewed:

Table 1.1. Institutions interviewed

Institutions
Secrétariat général du Conseil de Gouvernement Coordination / Ministère d'Etat
Ministère de l'Environnement, du Climat et du Développement durable - Coordination générale
Ministère des Affaires étrangères et européennes
Ministry of Equality between Women and Men
Ministry of the Interior
Ministry of Agriculture
Ministry of Consumer Protection
Ministry for Digitalisation
Ministry of the Economy
INDR - Institut National pour le Développement durable et la Responsabilité sociale des entreprises
Cercle de coopération des ONGD du Luxembourg
IMS LUX - Inspiring more sustainability
Mouvement Écologique (OEKO NGO)
Interdepartmental Commission on Sustainable Development (CIDD)
Inter-ministerial Committee for Development Co-operation (CID)

These findings were supplemented by discussions held between stakeholders during the three project workshops, details of which may be found in the Annex. Finally, this scan draws upon the preliminary findings of the 2022 OECD survey on institutional capacities and tools to enhance policy coherence for sustainable development.

Box .1.1. Main Findings and Recommendations

Commitment, vision and leadership

- Luxembourg benefits from high political commitment to SDGs and policy coherence beyond electoral cycles. Most ministerial strategies links to the Sustainable Development Goals (SDGs) and some Ministries have in place a sustainable development department (i.e. Ministry of Education)
- Two inter-ministerial coordination mechanisms -CIDD and CID- have been in place since 2004 and 1996 respectively to ensure the implementation of the National Sustainable Development Plan (PNDD) domestically and at international level. They built and ensured commitment to

PCSD across line ministries over time and provided an institutionalised exchange platform allowing to bridge thematic areas, such as finance and development co-operation.

- The upcoming Sustainability Check will provide numerous opportunities for enhancing political commitment and leadership for PCSD as it will raise systematic consideration of long-term policies' impact on the PNDD's priorities. To ensure its systematic use and thorough implementation across the government **Luxembourg could invest on compulsory whole of government capacity building** on how to apply the Check to identify the most sustainable and efficient options, until its **formal endorsement as mandatory tool**.

Policy interaction across sectors, actors and government levels

- **The mandates** of the coordination mechanisms for Sustainable Development (CIDD and CID) could be reinforced in order to further integrate sustainability across ministries. For instance, in terms of monitoring ex-ante policies' impact, these groups could support the government in using the ex-ante data provided by the sustainability check during policy development, integration and implementation. Another area where CIDD and CID could be instrumental is strengthening public budget efficiency, for instance by comparing data on the sustainability of different public financial instruments (i.e. EU Agricultural funding PAC, Horizon 2020, etc). Finally, they could play a more crucial role in strengthening public officers' capacities and resolution mechanisms for PCSD.
- The existing interactions between the two inter-ministerial mechanisms for Sustainable Development (the CID and the CIDD) could be capitalised, in view of further breaking ministerial silos. The agenda of their joint meetings could prioritise concrete policy areas where the synergies between domestic and foreign policies could lead to tangible results and multiplying effects for sustainable development. In particular, in those areas where insufficient policy co-ordination is more evident, as previously highlighted in 2020 OECD Environmental Performance Review, such as transport, housing, agriculture and fiscal policy. Other policies areas could emerge from the civil society or from the Sustainability Check. For example, the Sustainability check could include an option for the author of a draft bill to ask for the opinion of both committees, which would provide the topics for discussion for the joint meetings of the CID and CIDD.
- Creating **cross-governmental learning** opportunities to apply systems thinking to cross-cutting issues or priorities (i.e. food system, responsible consumption) and formulate integrated strategies involving all relevant stakeholders and sectors to address policy challenges. This could foster more proactive engagement for PCSD and the practice of working across silos.
- The potential role of the Pre-Conseil meetings to enhance policy coherence for sustainable development could be further explored. For example, the **Pre-conseil could systematically verify the alignment of policies with the SDGs**, as informed by findings from the Sustainability Check. The CID and CIDD could also jointly provide support to the Pre-Conseil on issues or key policy areas where PCSD needs to be enhanced, further increasing coordination and collaboration.
- Luxembourg uses a number of participatory processes to engage citizens to better design laws, policies and results, yield diverse ideas and enhance trust such as the spatial planning exercise 'Luxembourg in Transition' (Biergerkomitee Lëtzebuerg 2050) as well as Klima-Biergerrot (Klima-Biergerrot, 2022^[2]). PCSD tools provide opportunities for further embedding citizens' engagement for instance by increasing public awareness of the results of the Sustainability Check and using that data for constructive debate on governmental plans' alignment to the PNDD, during existing participatory processes.
- A **guidance** could be **developed for strengthening civil society's capacities to apply the PNDD as overarching framework and to use the information available on-line on the**

results of the Sustainability Check and other coherence tools during citizen panels, public consultations, participatory budgeting, digital platforms etc. Dissemination of PCSD tools across the public could be accelerated by launching calls for civil society's contributions for promoting a sustained commitment to PCSD beyond electoral cycles.

- The Sustainability Check could **strengthen partnerships with the private sector**, for instance by providing businesses with data on the interactions they can anticipate related to sustainable production and consumption.
- The inventory of local initiatives implementing SDGs as well as the reference framework to report and evaluate local projects/initiatives/policies contributing to the implementation of the PNDD, currently being developed by the Ministry of the Environment, Climate and Sustainable Development, could be strategic in aligning different levels of government around the PNDD. A more structured platform for multi-level dialogue around results and challenges in implementing the SDGs could be considered. For instance, the Italian government established since 2021 a multi-level mechanism for implementing the national sustainable development strategy, built around partnership agreements between the national and sub-national level and developing a shared set of 55 indicators that could track the implementation of the strategy across level of government.

Tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies

- The training for public servants foreseen to take place from December 2022 to promote and facilitate the use of the Sustainability Check is a timely response to the need identified in the PCSD survey and workshops to strengthen capacities of the public service to appropriately apply PCSD and use evidence-based policy-making tools. This course for using the Sustainability Check could include training on: tracking and using sustainability indicators that capture draft legislations' impact on SDGs, understanding policy interactions, capacities for effective engagement with non-state actors, the use of foresight projections, etc .
- According to the law on public procurement (2018) the contracting entities should take into account “aspects and problems relating to the environment and the promotion of sustainable development” a full integration of these aspects along the procurement project management cycle could be put in place. The indicators of the Sustainability Check could be relevant also for the procurement processes.
- There is scope to expand collaboration with universities to wider expertise on sustainability issues and increase capacity for effective PCSD initiatives across different actors. For instance, partnerships with universities could increase capacity and expertise for developing indicators related to strengthening PCSD including to measure engagement modalities, indicators on transboundary issues, and assessing SDGs implementation across levels of government.
- The creation of an online sustainability dashboard to track SDGs using data from different stakeholders involved in the implementation of key strategies, as foreseen in the PNDD (Annex C. p. 134), would be relevant as the Sustainability check is rolled out, and could help improve policy coherence. Such dashboard will highlight what policies are doing in the field shifting from compliance to result based modelling in ex-post evaluation practices.
- The quantitative assessment indicating if the policy measure being assessed will have an impact on the indicators included in the PNDD should be made obligatory as it will respond to the need highlighted by OECD workshops' participants, for obtaining more precise information about trade-offs and synergies, to orient them in their decision-making and to help informing the Pre Conseil meetings.
- Special consideration should be given for how the Sustainability Check will complement current regulatory tools with regards to sustainable development. Opportunities for synergies between

these mechanisms can be sought in order to strengthen ex-ante impact analysis and assessment.

- Strengthened enforceability of PCSD measures may be explored through the use of a monitoring and evaluation framework measuring PCSD implementation connected to public service key performance indicators. In this sense, it could be of interest exploring the experiences from other countries, including Italy that is developing the M&E framework to assess the implementation of the PCSD Action Plan.
- Agenda setting and future policy making can be further informed by evaluations related to sustainability outcomes. For example, the Parliament, the Inter-ministerial committees, the Pré-conseil and the CID and CIDD could systematically review and discuss the evidence produced in the VNR, the CIDD report on the implementation of the PNDD, and going forward, data on policies impacts as produced through the Sustainability Check and compiled in the potential sustainability Dashboard.
- Evidence suggests that greater use could be made of external and independent audit institutions to assess progress made in PCSD. Finland's Supreme Audit Institution's approach to Sustainable Development could provide inspiration as an existing practice.

Note: A public consultation was conducted from January 2022 with 100 citizens and 21 experts for grounding the Energy and Climate Plan into everyday citizens' life. The final report, including 56 propositions to accelerate and intensify climate warming in Luxembourg, has been presented in September 2022 to the parliament. The government will include the most relevant ones in the National Plan for Energy and Climate to be reviewed by February 2023.

Source: (Klima-Biergerrot, 2022^[2]), Rapport final,

2 Commitment, Vision and Leadership

According to the OECD Recommendation on PCSD, advancing towards sustainable development requires a strategic vision for transformation, supported by strong political commitment, dedicated institutional mechanisms and a public service with the capacity to respond to today's increasingly interconnected challenges. Commitment, vision and leadership are essential for policy-makers to anticipate future trends; understand the transformational shifts they can bring about in economic, social and environmental conditions; and adapt the design and implementation of reforms accordingly.

2.1. Political Commitment and Leadership

2.1.1. Mechanisms and initiatives currently in place

Luxembourg has clearly stated the commitment to enhance policy coherence for sustainable development (PCSD) through laws and strategic documents. This commitment has been consistent beyond changes in the government. The **law of 25 June 2004** put in place two instruments which are now essential for the coordinated implementation of the 2030 Agenda in Luxembourg: the **National Plan for Sustainable development (PNDD)** and the Interdepartmental Commission for Sustainable Development (CIDD/ICSD). It also sets indicators for the implementation of the PNDD.

Equally, Luxembourg has expressed its commitment to consider more systematically the transboundary impacts of domestic policies on developing countries. In this sense strategic documents reference Luxembourg's commitment to both Policy Coherence for Sustainable Development (PCSD) as well as Policy Coherence for Development (PCD).

The **law on Development Cooperation of 9 May 2012** as well as the **2013-2018 Luxembourg Development Cooperation Programme (p.197)** and the most updated **Development Cooperation Strategy "The road to 2030"** (Luxembourg Government, 2018^[3]) (p.20) state that Luxembourg will ensure that national policies are in line with the 2030 Agenda pursuing a whole-of-government approach on development action. The Road to 2030 clarifies the purpose of Policy Coherence for Development (PCD), meaning assessing through systematic impact measurement, trade-offs between national policies and the ultimate goals and objectives for sustainable development at the global level. It also makes reference to the instruments that government is adopting to ensure policy coherence: the 3Ds approach to foreign policy (diplomacy, development and defence) as well as moving towards "integrated country programmes" that encompass all areas of Luxembourg's engagement and clarifies division of labour between Ministries involved in activities related to development cooperation. The document also clarifies the difference between PCD and PCSD and the bodies in charge of their implementation, respectively the Inter-ministerial Committee for Development Cooperation (CID/IDC) and the Inter-Departmental commission on sustainable Development (CIDD/ICSD).

The **third national plan for sustainable development (PNDD)** adopted in 2018, integrates global poverty reduction and policy coherence for development as one of 10 policy priorities (see 2.1). The PNDD's chapter dedicated to governance and supporting tools for sustainable development makes specific reference to PCSD under the subchapter "Ensure coherence and setting up co-working processes". In line

with SDG target 17.14, Objective 9 of the PNDD states that Luxembourg should frame development cooperation through a “shared and strengthened effort” to seek policy coherence in national policies for sustainable development and should count on the mechanism and tools to limit potential negative impact of national policies on the development of developing countries. The PNDD further states that Luxembourg will systematically seek synergies between economic, social and environmental policies, identifying solutions and compromises that reconcile domestic objectives with SDGs achievement globally in the area of development co-operation.

The **Coalition agreement 2018-2023** (Government of Luxembourg, 2018^[4]) envisages introducing the Sustainability check and the financial fiche for the budget dimension of the legislative acts. It announces the introduction of “the Nachhaltigkeitscheck (NHC) as internal evaluation tool of legislative acts for their impact on sustainable development at an early stage of their elaboration”. It equally announces the whole-of-government approach in programming of development cooperation in Luxembourg’s partner countries.

To give effect to this commitment, two institutional mechanisms are in place for fostering policy coherence for sustainable development across the administration:

- *The Inter-Departmental Commission on Sustainable Development (Commission interdépartementale du développement durable, CIDD) :*

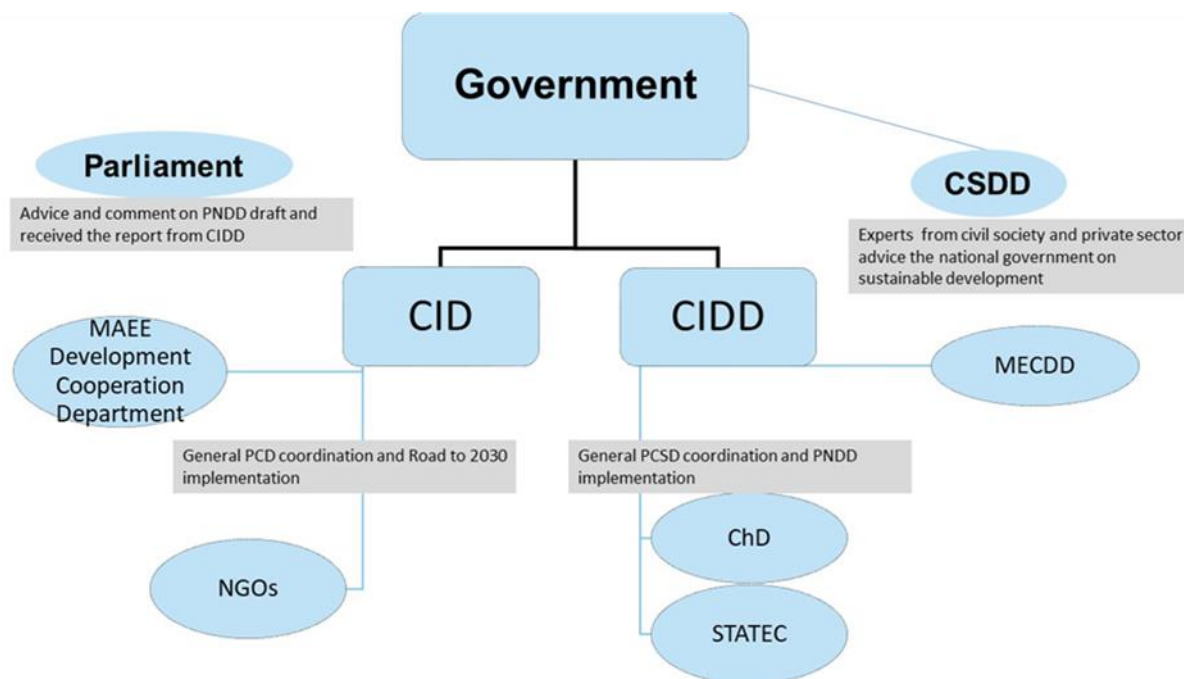
(est. Article 7 of the 2004 law) In charge of coordinating the actions of all ministries to integrate sustainable development in sectoral policies. The Ministry for Environment, Climate and Sustainable Development (MECDD) chairs the CIDD and is responsible for the PNDD. The CIDD is responsible for the implementation of the PNDD and the Policy Coherence for Sustainable Development (PCSD) at domestic level. It is equally responsible for preparing the draft PNDD and the national report on the implementation of sustainable development, which is adopted by the Government, communicated for advice to the Parliament and the High Council for Sustainable Development. This exercise is to be undertaken every four years, the next report foreseen in 2023 and the following in 2027.

- *The Inter-ministerial Committee for Development Cooperation (Comité interministériel pour la coopération au développement, CID):*

(est. law of 6 January 1996), Whose focus was extended from policy coherence for development (PCD) to being in charge of policy coherence for sustainable development (PCSD) with regards development cooperation, specifically in least developed countries (LDC) (Art. 50). The Ministry for European and Foreign Affairs (MAEE), and its Development cooperation and humanitarian action Direction chairs the CID and are responsible for the implementation of the Luxembourg Global Development Strategy (The road to 2030). The CID meets several times a year to discuss policy areas with potential impact on developing countries, and to formulate non-binding recommendations to the government. The CID includes representatives of civil society organisations.

A close link is established between the CID and the CIDD to ensure that the two approaches to PCSD are consistent and complimentary (The Government of the Grand Duchy of Luxembourg, 2017^[5]). The MECDD co-chairs the CID and the Director for development Cooperation and humanitarian action co-chairs the CIDD. A visualisation of this governance structure is shown in Figure 2.1 below.

Figure 2.1. Governance of the PNDD



Note:

- CID: The Interministerial Committee for Development Co-operation
- CIDD: Commission on Sustainable Development
- CSDD: High Council for Sustainable Development
- ChD: House of Representatives
- MAEE: Ministry of European and Foreign Affairs
- MECDD: Ministry for Environment, Climate and Sustainable Development
- PNDD: National Sustainable Development Plan

Source: Authors' elaboration

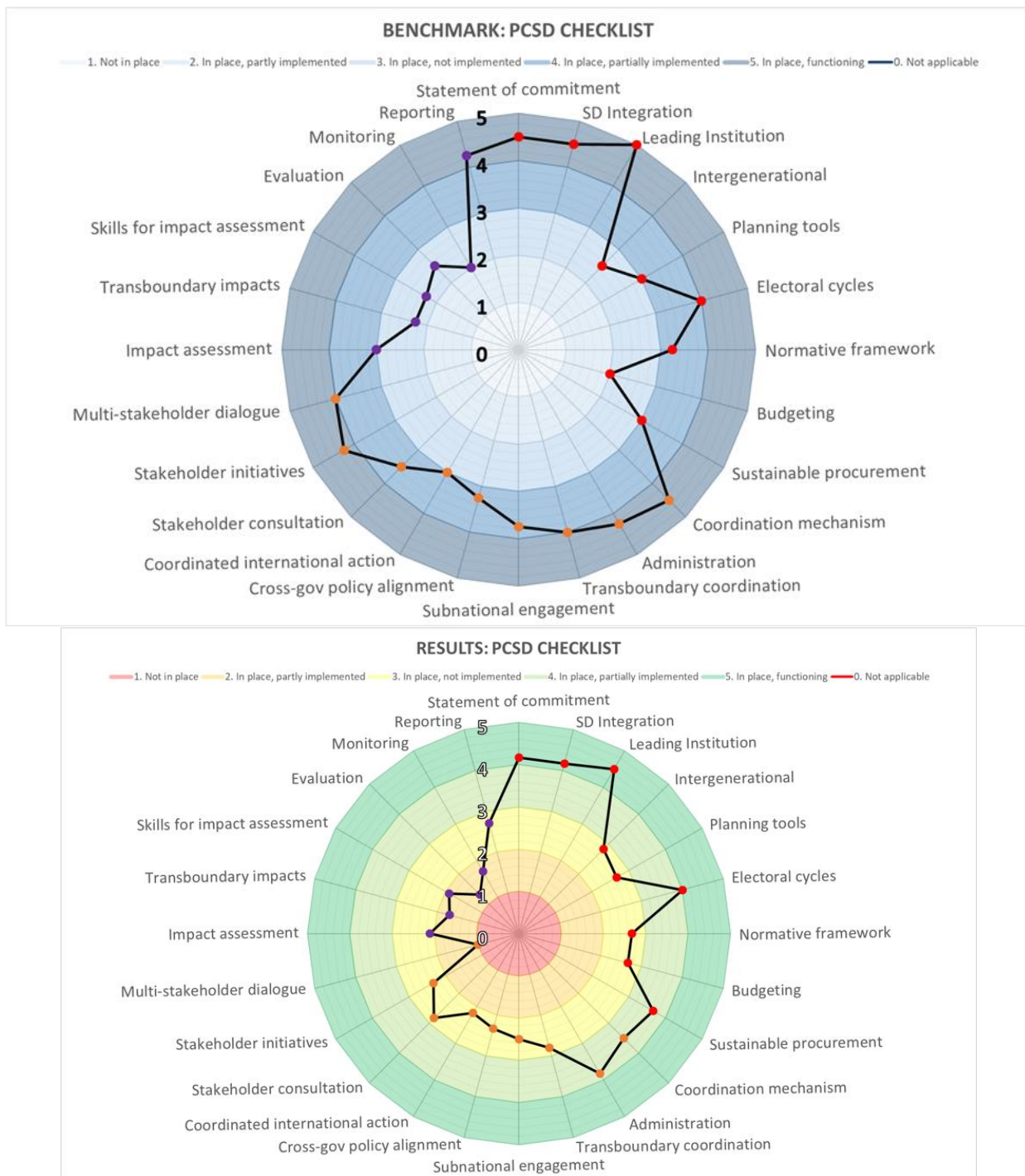
In addition to these bodies, the **Parliament** and the **High Council for Sustainable Development (CSDD)** advise and comment on the draft PNDD and take note of the national report on the implementation of sustainable development. Their comments are integrated in the final version of PNDD. The Parliament can also call for action upon the recommendations expressed by the CID.

The High Council for Sustainable Development (est. Article 7 of the 2004 law), a body comprised of representatives of civil society and the private sector as private persons, is responsible for advising the government on its actions. The chair of the CIDD sits as chair of the CSDD.

2.1.2. Remaining challenges

While the Government made strong commitments to enhancing PCSD in key documents and has assigned the leadership to a lead institution (CIDD) for promoting PCSD, it emerges from the PCSD 2022 survey that the country is still facing 'extremely important' obstacles when it comes to PCSD implementation. In particular, according to the survey and the self-assessment exercise conducted by Luxembourg officers on March 26th 2021 (see Figure 2.2), sustained commitment for PCSD beyond electoral cycles is undermined by: lack of long-term PCSD measures, limited enforceability, challenges in clearly communicating the benefits of PCSD across government, insufficient expertise of policy makers on the topic, legal and political framework as well as capacity of human resources.

Figure 2.2. Results of the PCSD self-assessment undertaken by Luxembourg during the OECD workshop on March 26th 2021



Note: The first graph illustrates the average of the responses received from OECD members to the online self-assessment, the second graph illustrates answers provided by the participants to the workshop in Luxembourg in March 2021 on the PCSD self-assessment
 Source: Authors' elaboration

2.1.3. Opportunities and initial actions to strengthen political commitment and leadership for PCSD

Raising public awareness

Raising public awareness of government commitments supporting PCSD will be essential to promote sustained commitment beyond election cycles. For this a further reinforcement of the collaboration with civil society organisations research institutions and key stakeholders should be considered:

- The interdepartmental commission on sustainable development (CIDD) could consider issuing annual calls for proposal for projects that disseminate awareness around policy coherence in the public opinion. For example, Italy included among the actions of its PCSD National Action Plan to issue annually a call for public contributions to the implementation of PCSD approach (OECD, 2022^[6]).
- Embed participative processes in the policy-making cycle to promote commitment to policy coherence and participation beyond the electoral cycle. Several recent processes could provide lessons on raising public awareness around PCSD and how to increase it, such as the 2022 participative process to produce the 2022 VNR (Voluntary National Review) (Luxembourg, 2022^[7]), Luxembourg in Transition, as well as Klima-Biergerrot¹ (Klima-Biergerrot, 2022^[2]), etc. Both the civil society and the government learned from these initiatives how to systematically involve citizens in decision-making. Based on the lessons learned, Guidance could formalise the steps for a policy coherence and participative process during the formulation or revisions of key national strategies and embed them under the overarching PNDD's framework and the more than 100 indicators and short-term and long-term targets included within. These steps could ensure that cross-governmental actions as well as key stakeholders' views are included in key documents. Such guidance could be endorsed by the Cabinet and House of Representatives.

2.2. Long-term Vision

Mechanisms and initiatives currently in place

Luxembourg adopted its first **National Plan for Sustainable Development** (*Plan National pour un Développement Durable*, PNDD) in 1999. This plan is a political document for which the government assumes the final responsibility, and provides a framework to guide government's action towards sustainable development. This plan was renewed in 2010, and the 3rd National Plan for Sustainable Development was adopted on December 11, 2018, replacing the previous plan. The 3rd PNDD sets out 10 priority areas of action, as well as concrete objectives, and measures for the country's sustainable development with regard to the sustainable development goals of the 2030 Agenda (Table 2.1).

¹ A public consultation was conducted from January 2022 with 100 citizens and 21 experts for grounding the Energy and Climate Plan into everyday citizens' life. The final report, including 56 propositions to accelerate and intensify climate warming in Luxembourg, has been presented in September 2022 to the parliament. The government will include the most relevant ones in the National Plan for Energy and Climate to be reviewed by February 2023.

Table 2.1. Third National Plan for Sustainable Development. Priority areas of action

1) Ensure social inclusion and education for all, including sustainable housing	2) Ensure conditions for a healthy population	3) Promote sustainable consumption and production
4) Diversify and ensure inclusive and future-oriented economy	5) Plan and coordinate land use	6) Ensure sustainable mobility
7) Stop environmental degradation and respect natural resources' capacity	8) Protect the climate, adapt to climate change and ensure sustainable energy 7	9) Contribute, globally, to eradicate poverty and to policy coherence for sustainable development
10) Ensure sustainable finance		

The Plan includes elements of a strategic long-term vision that supports policy coherence for sustainable development and it uses more than 100 indicators and short-term and long-term targets. These indicators were developed to assess the implementation of the SDGs in alignment with Luxembourg's national targets for sustainable development.

The government plans to develop a **strategic long-term vision** that considers potential impacts on future generations (PCSD 2022 Survey). The Government uses several tools to identify potential long-term impacts of policies on sustainable development. For instance, to identify policies' long-term environmental impact the government conducts environmental impact assessments (the Environmental Implementation Review, EIR) as well as strategic environmental planning which includes strategic foresight projections. The Council for sustainable development developed a scenario-development tool that is currently used to assess some projects implemented by the Ministry for Education, Youth and Childhood. Further, Geoportal of Luxembourg (Government of Luxembourg, 2007^[8]), the official national platform for governmental geodata and services, provides big data, geocoding, data extraction tools, and satellite imagery that could be used to strengthen overall public government's capacities to take into account future trends in their daily work.

While no mechanism that identifies and advocates for the interests of future generations in policy-making has been so far inventoried, the Council for Sustainable Development organized a workshop in 2017 with young people aged 16-26 as part of initiatives to engage a range of stakeholders in reflections on the challenges to be met by 2030, priority areas for government action, and Luxembourg's long-term vision for sustainability.

Remaining challenges

It is recognised that the national statistical system of information for SD indicators could be improved and analysis could be more dynamic to include foresight elements. Further integrating existing tools such as strategic foresight, scenario development and systems thinking approaches in the formulation and implementation of policies, to identify, prevent and mitigate actual and potential adverse impacts on the wellbeing and sustainable development prospects of future generations can be an effective approach in strengthening the principle of long-term vision.

Similarly, the capacity to anticipate and address the resulting effects of policies on future generations is a key element of PCSD (ensuring coherence 'elsewhere and later' as well as 'here and now'). It would therefore be important to consider gaps in mechanisms to identify and advocate for the interests of future generations, and how these might be addressed.

Opportunities and initial actions to strengthen long term vision

The Sustainability Check

The Sustainability Check could prove effective for more systematically taking into account long-term impacts of draft laws and regulations as well as policy proposals as the policy officers filling the Sustainability Check would have to assess also short-term and long-term perspectives (see sections 3.1 and 3.2 for further information). On the basis of this information officers could consider different policy options.

Training for public servants

Training could be considered for public servants and other users to identify new indicators and data sources (such as the ones provided in the Geoportal of Luxembourg) that better capture future trends and use them for anticipating the impact of different policy options being designed and implemented.

Luxembourg Stratégie

A further opportunity includes the recent creation of the Luxembourg Stratégie unit within the Ministry of Economy, to provide horizontal guidance on long term projections.

Luxembourg Stratégie is the directorate in charge of strategic foresight. It produces foresight studies for economic strategies. This involves the participatory development of transition scenarios for Luxembourg's 2050 economy. This cross-sectoral coordination mechanism can facilitate coherence between the Ministry of the Economy, and the other sectoral ministries in view of supporting the economic transformation of the country towards greater competitiveness and resilience for the coming decades be important to extent the collaboration of the CIDD and CID with this foresight body in order to ensure the PNDD is used as framework when identifying transition scenarios and, vice-versa the Luxembourg Stratégie contributes to updating the PNDD objectives and indicators beyond 2030.

2.3. Policy Integration

2.3.1. Mechanisms and initiatives currently in place

Public procurement:

The OECD Recommendation on PCSD calls on countries to make strategic use of public procurement to strengthen policy coherence. Equally, the OECD Recommendation on Public Procurement (OECD, 2015^[9]) promotes a strategic and holistic approach to public procurement for achieving broader outcomes and strategic policy goals. Public procurement is used frequently in Luxembourg to integrate sustainable development into sectoral policies (PCSD 2022 survey). The EU recommendations to the Public Procurement Directorate, which is Luxembourg primary policy body for public procurement, formally encourages 'powerful purchasing' by establishing objectives for contracting authorities to ensure that *environmental, social and innovation* goals are included in tender procedures, producing authoritative and accessible guidance to implement this criteria, including an inventory of environmental, social, and innovative criteria for different product groups (European Commission, 2016^[10]). Some steps have been undertaken, to significantly promote sustainable development and social objectives in the use of tender procedures. For instance, the Law on public procurement of 8th of April 2018 specifies that Contracting entities shall ensure that, in the award of contracts, account is taken of aspects and problems relating to the environment and the promotion of sustainable development.

Budget process:

The budget process is another mechanism for policy integration and coherence recognised in the OECD Recommendation on PCSD. The alignment of the budget with SDGs has not been established yet in Luxembourg, but a close cooperation between the Ministry of Foreign and European Affairs, the Ministry of the Environment, Climate and Sustainable Development and the Ministry of Finance, the three main actors in the area of SDG financing, is in place. In addition, while Luxembourg does not have an overarching green budget process in place yet, individual ministries integrate climate change into their budget centers (OECD, 2019^[11]).

The Sustainability Check:

As a part of the implementation of the government programme 2018-2023, the Council of Government approved, during its meeting on the 18th of March 2022, the step-by-step introduction of a sustainability check ('Nohaltegkeetscheck') into the legislative procedure. Before any legislative proposal may be discussed by the Council of Government and the Parliament, the Sustainability Check will gather a qualitative assessment (an evaluation with quantitative indicators regarding sustainable development being optional until a first evaluation of its implementation) and flag relevant departments (such as the Development Cooperation and Humanitarian Action department within the Ministry of Foreign Affairs) to analyse and arbitrate issues as they arise. The check sheet will form an important part of the annexes to the bills and will provide relevant information on the sustainability of the proposed standards, allowing for strengthening policy integration in matters of sustainable development. By transparently presenting these additional analytical and contextual elements, the public debate will gain in quality, which will contribute to increasing the acceptability of planned measures among citizens. In a second stage, following the introduction of the sustainability statement in a simplified electronic format, the Central Legislation Service (SCL) will integrate it into the overall concept of the complete dematerialisation of the legislative and regulatory procedure. Overall, these improvements in the transparency of regulatory process will be in line with the principles of the 2012 OECD Recommendation of the Council on Regulatory Policy and Governance (OECD, 2012^[12]). The relevant principles here are related to whether decision regarding regulations, are made publicly available and on stakeholder engagement. From Luxembourg RIA's 2021 review in the OECD Regulatory Policy Outlook (OECD, 2021^[13]) the country scores lower than OECD peers in terms of stakeholder engagement in developing regulations.

Cross-sectoral strategic planning:

Often strategies that relate to a same SDG are split across multiple ministries and have been developed in silos. Luxembourg has been expanding its efforts to capitalise on synergies and benefits across social, economic and environmental policies and experienced cross-sectoral strategic planning taking into account interlinkages across different sustainability dimensions. Below are listed some experiences of cross-sectoral strategic planning aiming at integrating sustainable development objectives.

Luxembourg in transition:

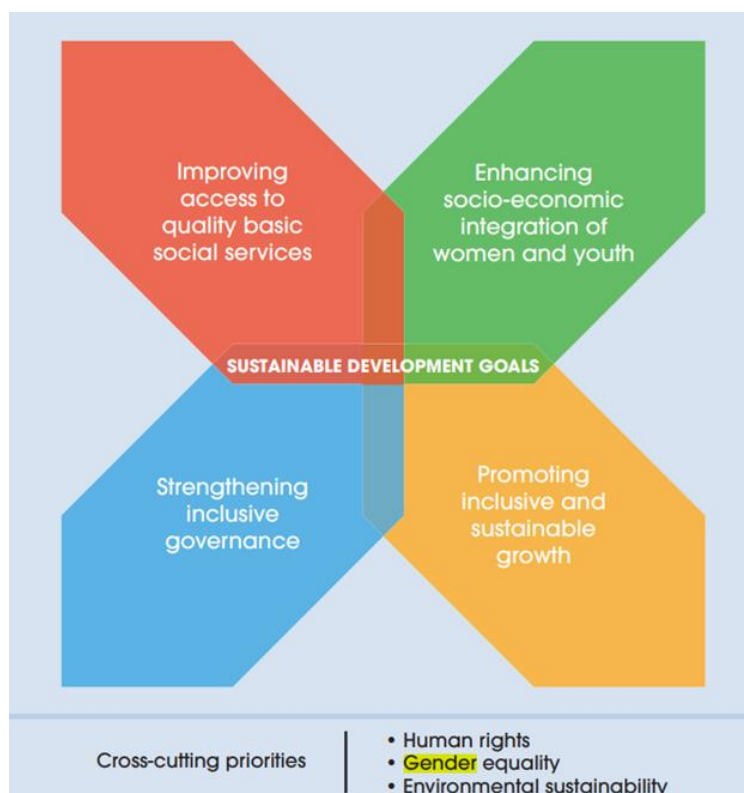
'Luxembourg in Transition' is an example of an initiative in support of policy integration in the fields of spatial planning, urban planning, landscape and architecture, supported by academic and research institutes working on environmental disciplines as well as the humanities and social sciences. The Ministry of Energy and Spatial Planning organised an urban-architectural and landscape consultation entitled 'Luxembourg in Transition (Ministère de l'Énergie et de l'Aménagement du territoire, 2021^[14])– Spatial visions for the low-carbon and sustainable future of the Luxembourg functional region'. The aim was to update the government's orientations for territorial development (Programme Directeur de l'aménagement du territoire PDAT) including proposals that contribute to decarbonisation and resilience while raising broad citizen consensus. Luxembourg in Transition brought together 10 international multidisciplinary teams of

professionals to envision scenarios and proposals for how the territory of Luxembourg and its border regions can achieve carbon neutrality by 2050. In tandem, a Citizens' Committee of 30 participants (the Biergerkomitee Lëtzebuerg 2050) evaluated the projects' results. This is an example of initiatives involving ordinary people, experts and civil society in decision making. It responds to shifting citizens' expectations to work together with governments in designing better standards and laws. In order to facilitate a sustainable and coherent approach, when organising participative planning efforts, Luxembourg could systematically use the PNDD and its indicators as the overarching framework of these initiatives. In addition, the actors involved could use working methods that systematically link new proposals to existent actions conducted by other ministries or non-state actors to avoid duplications and to learn from past results.

Development cooperation cross-cutting thematic approach:

Luxembourg developed a development cooperation approach that expands from a previously sector-based prioritisation towards more thematic priorities (Inclusive Finance Network Luxembourg, n.d.^[15]). Common to all of Luxembourg's development cooperation activities is a focus on three cross-cutting priorities: human rights, gender equality and environmental sustainability. These priorities are common to the four interrelated thematic priorities (Figure 2) outlined in Luxembourg's most recent General Development Cooperation Strategy (Luxembourg Government, 2018^[3]) (The Road to 2030). In 2021 the Ministry of Foreign Affairs involved other sectoral Ministries such as the Ministry of Environment, Climate and Sustainable Development, the Ministry of Energy and planning etc. to develop the strategies for mainstreaming Gender and Environment/Climate Change in development cooperation, both in line with the priorities established in 'The Road to 2030'. Implementing tools are currently being developed to mainstream these cross-cutting strategies when programming cooperation activities.

Figure 2.3. Objective and thematic priorities of Luxembourg's development cooperation



Source: Luxembourg General development cooperation strategy. The road to 2030.

The 2021 Gender Strategy for development cooperation (Stratégie genre de la coopération Luxembourgeoise) (Luxembourg Aid and Development, 2021^[16]), centres on the empowerment of women and action against gender-based violence. The strategy is part of Luxembourg's foreign policy related to gender, and aims to advance both progress on the SDGs and compliance with international agreements on gender.

Similarly, the Strategy on Environment and Climate Change Cooperation (Stratégie environnement et changement climatique de la coopération Luxembourgeoise) (Luxembourg Aid and Development, 2021^[17]) aligns with cooperation priorities to define strategic orientations for environmental protection and action against climate change.

Whole-of-government development cooperation country programmes (integrated country programmes):

Luxembourg also pursues a whole-of-government approach through the joint programming of development cooperation in Luxembourg's partner countries. This is being achieved through a progressive shift from existing sector specific cooperation frameworks and agreements towards "integrated country programmes", which push for greater coherence of engagement in priority partner countries such as Cabo Verde (Box 2.1).

Box 2.1. Whole-of-government programming with Cabo Verde

Indicative Country Programmes (ICPs/PIC)

Since 2016, Luxembourg has maintained privileged relations with seven priority partner countries (Luxembourg Government, 2018^[18]): Laos, Nicaragua, Burkina Faso, Cabo Verde, Mali, Niger, and Senegal.

These strategic partnerships are rooted in general cooperation agreements and multi-annual "Indicative Country Programmes" (ICPs). These ICPs outline the programmatic interventions agreed on with partner countries for the designated period.

"Development – Climate – Energy (ECP)" ICP between Luxembourg and Cabo Verde

In January 2022, the 21st Partnership Commission between Luxembourg and Cabo Verde met to launch the implementation of the main programmes of the ICP "Development – Climate – Energy" (PIC DCE 2020 – 2025), signed in July 2020.

In recognition of the multidimensional nature of sustainable development challenges, the central paradigm of this PIC centres on the development-climate-energy nexus.

The ECD PIC introduces the implementation of a whole-of-government approach to Luxembourg's development cooperation. For the first time, the Ministry of the Environment, Climate and Sustainable Development, and the Ministry of Energy, will join the Ministry of Foreign and European Affairs in the development of this multi-annual programme. This will also be reflected in the joint financing of the programme between the Development Cooperation Fund and the Climate and Energy Fund.

Luxembourg is exploring the possibility of extending this whole-of-government programming to agreements made with other partner countries in future. Countries being considered for this approach are Burkina Faso and Central American countries.

Source: (Government of Luxembourg, 2022^[19]); Cabo Verde et Luxembourg : mise en œuvre de l'approche-pays; [https://cooperation.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniques%2B2022%2B01-janvier%2B13-caboverde-luxembourg.html#:~:text=Le%2012%20janvier%20s'est,de%20coop%C3%A9ration%2C%20privil%C3%A9gi%C3%A9es%20dep](https://cooperation.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniques%2B2022%2B01-janvier%2B13-caboverde-luxembourg.html#:~:text=Le%2012%20janvier%20s'est,de%20coop%C3%A9ration%2C%20privil%C3%A9gi%C3%A9es%20dep;); (Government of Luxembourg, 2021^[20]), Programme Indicatif de Coopération

Integrating sustainability criteria in funding mechanisms:

Luxembourg is identified as a leader in sustainable and inclusive finance (OECD, 2020^[21]). However, there are margins for improving its performance. For instance the VNR (Luxembourg, 2022^[7]) reports that the share of environmental taxes is decreasing while overall fiscal revenues increased. Also the 2021 European Commission report (European commission, 2021^[22]) on EU member states' environmental taxes shows limited transferring of fiscal charges from revenues to environmental-damaging behaviours.

Box 2.2. Luxembourg Sustainable Finance Strategy 2021

In 2021 the Luxembourg government, in partnership with the finance sector, launched a concrete road-map to promote sustainable financing, mobilising private sector funding towards better investing into sustainable opportunities.

Among other initiatives, Luxembourg increased climate and environmental protection investments nationally in 2021 (by approximately 25% over the coming 4 years), through specific climate spending initiatives and tax advantages to sustainable finance assets.

According to some of the stakeholders interviewed by the OECD, the strategy is very focused on green financing and more in-depth cross-government consultation could have been conducted.

Teasers for further research:

- What indicators are considered to assess the sustainability of investment opportunities to be promoted via sustainable financing?
- What has Luxembourg's experience from integrating sustainable production and consumption in development finance, notably blended finance been?
- What has Luxembourg's experience been in taking impact finance and micro finance into account in developing countries: how did these experiences work? Could they be scaled up to other sectors?

Source: (Government of Luxembourg, 2021^[23]), Government of Luxembourg, Sustainable Finance Strategy https://sfi.lu/wp-content/uploads/2021/02/Luxembourg-Sustainable-Finance-Strategy_EN.pdf

In the area of sustainable financing for development cooperation, the DAC Luxembourg Mid-Term Review (OECD, 2020^[21]) encouraged Luxembourg to promote the integration of developing countries in sustainable finance. Investments in its cross-cutting priority – environment, and reflecting on the approach to fragility and risk management were identified as opportunities for further progress.

Part of the response to this recommendation is in the inclusive finance initiative, with the aim of supporting partner countries in creating and enabling environment in developing innovative financing mechanisms. These efforts are oriented through Luxembourg's cross-cutting strategy for innovative an inclusive finance in development cooperation, adopted in 2021 (Luxembourg Aid and Development, 2021^[24]). Box 2.3 outlines the application of the strategy in the programme on inclusive finance in Niger.

Box 2.3. Inclusive Finance in Niger

The fourth Indicative Cooperation Programme (IPC) (2022-2026)

Inclusive finance is increasingly recognised as one of the main levers for socio-economic development and poverty reduction and it is therefore gaining prominence in all areas of intervention of Luxembourg's development cooperation (ADA, 2022^[25]).

The partnership between Luxembourg and Niger was recently strengthened by the signing of the fourth development cooperation framework (indicative cooperation programme, IPC (ADA, 2022^[25]), which will run from 2022 to 2026. The fifth element of the IPC on inclusive finance, with a budget of 15 million euros, has been entrusted to ADA (Appui au développement autonome, Luxembourgish NGO) for technical support, co-managed with the Luxembourg agency for Cooperation and Development (LuxDev) for financial support.

The immediate aim of the programme is to facilitate access to financial services for young people, women, and small enterprises through microfinance institutions. ADA's technical assistance will focus on three areas:

- Supporting the Nigerian government in strengthening viable microfinance institutions (MFIs) and in restructuring deficient institutions with the aim of reorganising and professionalising the inclusive finance sector.
- Designing and implementing procedures and supervisory frameworks as well as establishing partnerships with technical support structures and financial institutions to enable the Nigerian government to put in place a funding facility for MFIs.
- Tailoring financial products to the needs of actors in agricultural value chains, young people and women wishing to become self-employed as well as designing specific loan products for improving access to decent housing and clean water for vulnerable segments of the population. These services will be provided by MFIs which will be jointly selected with LuxDev. In this context, ADA will apply innovative risk management solutions such as micro-insurance via mobile phones, financing based on contracts between value chain actors, linking actors through platforms, etc.

Source: (ADA, 2022^[25]), ADA helps to broaden access to financial services in Niger, <https://www.ada-microfinance.org/en/blog-news-ada/ada-helps-broaden-access-financial-services-niger> ; <https://www.ada-microfinance.org/en/blog-news-ada/visit-niger-delegation-luxembourg>

For the period 2014-2020 Luxembourg represented one of the largest per capita donor of public international finance in the world and has made available 120 million EUR for mitigation, adaptation and land-use action (including Reduced Emissions from Deforestation and forest Degradation, "REDD+") in developing countries. Luxembourg adopted in 2021 its International Climate Finance Strategy (2021-2025) (Ministry of the Environment, Climate and Sustainable Development, 2021^[26]), where the focus lies on funding climate mitigation and adaptation measures internationally, in particular in countries home to some of the world's most vulnerable people. This strategy reflects the principles of the International Climate Finance Strategy (ICF) with a special emphasis on gender issues as well as the mobilisation of private funds.

2.3.2. Challenges in developing policy integration

Despite the wealth of cross-cutting initiatives described, Luxembourg indicated in the PCSD survey 2022 "addressing negative cross-border externalities" as a priority area for enhancing PCSD followed by

“addressing cross-cutting issues, such as wellbeing and inclusive growth, gender and Human Rights” and “ensuring sustainable consumption and production patterns and transitioning towards a circular economy, while achieving the SDGs”, highlighting a need for more integrated policy making.

Some PCSD Tools for strengthening policy integration, could be used more strategically to address the issue of ‘Limited enforceability of PCSD measures’, which is considered by the government as an extremely important obstacle to PCSD implementation (PCSD 2022 survey). For instance, budget process is ‘rarely used’ to integrate sustainable development into sectoral policies (PCSD 2022 survey). During interviews policy officers recognised that, the question of how money is spent and which priorities are being addressed should more systematically be addressed through a sustainability lens. Research on links between budget measures and their sustainability impact as well as capacities are recognised as barriers to further embed sustainability issues in the budget process.

Experts interviewed by the OECD spoke about a piecemeal approach to ex-ante policy assessments and called for a whole-of-government approach to RIA based on the SDGs. Embedding the Sustainability Check into current ex-ante regulatory assessments could greatly help in strengthening PCSD enforceability.

In addition, the Government could further mainstream sustainability when designing the wealth of initiatives currently involving ordinary people, experts and civil society in participative planning efforts, analysed above. The government could get better results in terms of policy integration by applying policy coherence tools, such as coherence matrixes, to align new proposals resulting from participative process with the PNDD priorities and with existent actions contributing to the same priorities, implemented by other ministries, levels of government or non-state actors.

Finally, depending on its promotion across government and whether its use will be voluntary or mandatory the sustainability check could serve as an accelerator to ensure policy integration across the government.

2.3.3. Opportunities and initial actions to strengthen policy integration

The Sustainability Check

The Sustainability Check will be an integral tool for strengthening policy coherence for sustainable development in Luxembourg, and will provide a number of opportunities to further implement the guiding principles of the PCSD Recommendation. However, the impact of this policy integration tool is also determined by the conditions of its use – whether mandatory or voluntary. It is expected that the Sustainability Check’s use will be mandatory; the check will form part of the ‘package’ of documents required to complete the submission of new policies and draft legislation. This systematic implementation will be key to increasing the sustainability check’s impact on policy integration.

For example, to ensure full uptake, the use of the sustainability check might be mandatory for laws in order to be passed (by cabinet), as is the case for the German eNAP tool.

The report that the Ad-hoc working group will produce by 2023 could explore how effectively the group could oversee the implementation of the Sustainability Check and how it was effective in delivering more integrated policies (see section 4.3). This report could compare the results of the Sustainability Check with the results of other reporting tools on governmental cross-cutting policies such as the National Action Plan on Equality, led by the Ministry of Equality between Women and Men. All ministries and social partners are required to submit a written report to the Interministerial committee, on their contributions to the implementation of the Action Plan.

In particular, the Sustainability Check may provide an opportunity to strengthen coherence between domestic and development cooperation policies. For instance, for all draft legislations with an impact on developing countries, the author of a draft bill could ask for the opinion and receive substantive advice

from both the CIDD and the CID on the challenges and opportunities related to the project. These requests could be discussed during the joint meetings of the CID and CIDD. In order to provide its advice, the CID could capitalise on the tools adopted by the Development Cooperation Department when developing integrated country programmes or the cooperation cross-cutting strategies for gender and climate.

Policy integration through SDG Budgeting

Alignment of the budget process with the SDGs would be a further action to increase policy integration for sustainable development, and indeed could become a fundamental element of PCSD in Luxembourg. As of April 2022 the Prime Minister Office was developing with the Ministry of Finance a budgetary assessment to streamline existing budgetary assessments into a single tool accessible through a digital workflow. In addition, the government has put in place significant efforts to align the contribution of private finance to sustainability (see Box 2.4). The Finnish government's sustainability roadmap is the Government Programme and spending limits are allocated accordingly. The government's budget sessions monitor the implementation of the Roadmap and prepare further updates. In this way strategic decision-making is linked to sustainability that the government recognises "helps to avoid major fluctuations in the functioning of society and ensures fair progress" (Finland, 2022^[27]). This approach could be explored and adapted to the Luxembourg context.

Policy integration through Public procurement

Strengthening elements of sustainability in public tendering for construction, goods and services could be achieved by preparing a guidance for contracting entities to ensure that, in the award of contracts, account is taken of aspects and problems relating to the environment and the promotion of sustainable development. Such guidance would give action to the Law on public procurement of 8th of April 2018. A useful example could be offered by the Elements for procuring sustainable infrastructure of the Public Services and Procurement Ministry in Canada (Public Services and Procurement Canada, 2022^[28]). [In particular for public infrastructure the OECD infrastructure toolkit](#) is an online resource to guide policymakers in the planning, financing and delivery of infrastructure, including for sustainable infrastructure, building on the principles of the OECD Recommendation on the Governance of Infrastructure (OECD, 2020^[29]), and includes good practices on strengthening sustainability in infrastructure projects.

Partnerships with the private sector

In line with Objective 3 prioritised in the PNDD (i.e. sustainable consumption and production, eat locally, circular economy, etc), the government could further promote and enable responsible business conduct for Luxembourg-based businesses contributing to key value chains such as food, agriculture and fisheries, extractive and material processing industries, textiles and electronics, etc. For instance, the Government could offer advice to businesses on responsible business conduct for sourcing and producing in line with the OECD Guidelines for Multinational Enterprises². Building on the TIR experience, Luxembourg could develop more join-up strategies to partner with the private sector, across policy silos, to address key challenges to achieve the SDGs at national and global level. Box 2.4 provides some ideas of policies to improve supporting national and transboundary sustainable value chains.

² Declaration on International Investment and Multinational Enterprises, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0144>

Box 2.4. Supporting national and transboundary sustainable value chains

- Exports contributed 74% of total GDP in 2014, significantly above the OECD median.
- The contribution of direct and indirect imports to domestic final demand measured 40% in 2014 (OECD, 2017^[30])

Given the very high relative value of import and exports in terms of GDP, the way products and services are produced both in Luxembourg and in the countries of origin before being imported has a high transboundary impact. According to the Sustainable Development Report (Sustainable Development Report, 2022^[31]): Luxembourg is among the worst countries in the spillover score (33.46/100), meaning that their actions have high negative effects on other countries' ability to achieve the SDGs¹.

One approach the government has been taking to improve business's contribution to achieving the SDGs is by co-ordinating with the private sector concrete sustainability-oriented initiatives. For example, the Ministry of Environment, Climate and Sustainable Development established a public-private partnership with IMS, a leading network of Luxembourg companies committed to corporate social responsibility, to tackle single-use plastic waste through campaigns such as the #IMSPlasticPledge (IMS Luxembourg, 2019^[32]). This campaign pushed over 70 companies in Luxembourg to eliminate single-use plastic and save 160 tons of plastic each year from 2021. Furthermore, their newest REUSE project (IMS Luxembourg, 2019^[32]) aligns with the Directive (EU) of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment. This is an example of a public-private partnership that will help achieving the SDGs 12 and 14).

In order to preserve sustainability in countries of origin of significant imported goods and services the Luxembourg Development Cooperation Department launched an initiative to influence companies' behaviours called the Business Partnership Facility (BPF) (Government of Luxembourg, n/a^[33]). This initiative encourages, via an annual fund of 1 M EUR, the Luxembourg / European private sector to establish partnerships with actors of developing countries to ensure the implementation of sustainable entrepreneurial initiatives. The support granted by the BPF must contribute to the achievement of the SDGs through green and inclusive growth, job creation or technology transfer. Companies must also demonstrate their formal commitment to the respect of human rights.

Teasers for further research:

- Influence producers' behaviour in countries of origin of significant imported goods and services: by setting incentives in trade and investment policies, information on responsible business conduct, support for circular economy in developing countries
- Focus on due diligence and sustainability in public financing (for instance in investments of sovereign wealth funds).

Note: ¹ This is a composite index including SDGs indicators such as: CO2 emissions embodied in imports, corporate tax haven score, financial secrecy score, shifted profits of multinationals, threats to the environment embodied in imports or the fatal work-related accidents associated with imported goods (calculating using extensions to a multiregional input-output table).

Source: (OECD, 2017^[30]), International trade, foreign direct investment and global value chains: LUXEMBOURG TRADE AND INVESTMENT STATISTICAL NOTE, (Sustainable Development Report, 2022^[31]); Sustainable Development Report, <https://dashboards.sdgindex.org/map/spillovers>; (IMS Luxembourg, 2019^[32]), IMS Luxembourg, https://imslux.lu/eng/nos-activites/pole-de-specialites/16_zero-single-use-plastic; (Government of Luxembourg, n/a^[33]), Development cooperation private sector partnerships, <https://cooperation.gouvernement.lu/fr/partenaires/secteur-prive.html>

3 Mechanisms for policy interaction across sectors, actors and government levels

According to the OECD Recommendation on PCSD, 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, processes and capacities used by the administration to manage and coordinate strategies, policies, budgeting and regulatory development at different levels.

3.1. Whole-of-Government Coordination

3.1.1. Mechanisms and initiatives currently in place

As described above, key documents (i.e. The road to 2030, the PNRR, and the VNR 2022) mention Luxembourg's engagement with PCSD. Luxembourg put in place some coherence practices and mechanisms in order to make whole-of-government coordination more effective, which has produced asymmetrical results.

The Inter-Departmental Commission on Sustainable Development (CIDD) is the national SDG coordination mechanism and is explicitly mandated to promote PCSD in the implementation of the SDGs, while, since 2012 the Inter-ministerial Committee for Development Cooperation (CID) is mandated by law to help ministries considering the international and transboundary impacts of policies, taking into account their external dimension (see section 1.2).

On top of these formal bodies in charge of strengthening co-ordination for mainstreaming sustainability across decision-making, stakeholders interviewed mostly agreed that in Luxembourg there is an established practice of cooperation and policy arbitration between ministries. In the views of the interviewees, factors contributing to ongoing cross-government coordination are the small size of the government (several ministries hold more than one portfolio) and the tripartite composition of the coalition - composed of Liberal (DP), Social Democrat (LSAP) and Green (Déi Gréng) party members - which requires permanent coordination to find agreement.

In addition, the mechanism of the "Pre-Conseil meeting", held in preparation of each government ministerial meeting, allows civil servants to solve policy tensions, balancing ministerial views and potential trade-offs before moving the decision to a political level. Although this mechanism does not specifically hold a responsibility for ensuring PCSD, it is where de-facto policy arbitration takes place.

Issue-specific or temporary inter-ministerial coordination mechanisms also exist. Dialogues can be initiated directly when a new policy is being developed or if there are cross-border related issues, with neighbouring countries. Examples of such inter-ministerial arrangements include committees such as the Inter-ministerial working group currently being coordinated by the Ministry for Digitalisation on digital

inclusion. Likewise, working practices include cross sectoral policy implementation initiatives, such as the Circular Economy Strategy and the Charter on Diversity.

These coordination mechanisms will benefit from the results of the Sustainability Check that will expose potential trade-offs and synergies related to new policies.

3.1.2. Challenges

While strategies in every policy sector mention sustainable development and cross-cutting strategies are formulated through whole-of-government consultations, at the same time competences for very broad sustainability strategies are split across multiple ministries with limited co-ordination (i.e. sustainable consumption and production, eat locally, circular economy, etc). As result, there is limited space for designing and implementing joint measures and raising potential conflictual issues to relevant arbitration authorities.

The effectiveness of current inter-ministerial coordination mechanisms in syncing potential upcoming projects and initiatives could be improved. At the moment these committees are more focused on general political orientation rather than identifying synergies and potential trade-offs. For instance stakeholders reported during OECD interviews that the consultation for the Sustainable Financing Strategy could have been more effective.

In addition, it emerged during the second workshop held in collaboration with the OECD (26 March 2021) that the current role of the CID in identifying policies conflicting with development cooperation could be more effective if the relevant ministries would have to follow up on the issues identified and propose mitigation strategies.

These findings resonate with the conclusions of the OECD Environmental Performance Review (OECD, 2020^[34]) stating that “ensuring policy coherence and effective integration of environmental considerations into sectoral policies remains a challenge. Insufficient policy co-ordination is more evident in sectors such as transport, housing, agriculture and fiscal policy”.

3.1.3. Opportunities and initial actions to strengthen whole-of-government coordination

Greater interaction between the CID and the CIDD

Increasing the interaction between the CID and the CIDD is a key opportunity for strengthening institutional coordination to improve PCSD across the government. Increased coordination between the CIDD and the CID has been identified as an action point in the PNDD as well as suggested during the interviews. Whilst the committees typically work in parallel, joint meetings started in 2021.

Maximising this opportunity for coordination between the CID and the CIDD would require focus on several elements:

- **Selecting topics for discussion:** which topics will be brought up and how, is essential to maximising the impact of joint CID and CIDD meetings. The meetings could cover issues with high potential to show how more integrated, win-win solutions can be designed across highly interlinked policy areas (i.e. foreign direct investments and human rights, migration, anti-discrimination policies to reduce socio-economic inequalities, etc). The topics could be selected based on the SDGs targets which, according to scientific analysis of SDGs interlinkages, have multiplier effects on a number of other SDGs targets. For instance Luxembourg is investing on research around sustainability issues that could benefit from the expertise of researchers from the Global South establishing easier migration pathways for post-graduated education. Or the Committees could automatically put in the agenda of their joint meetings the ministerial strategies in the pipeline or the draft

legislative projects undergoing the SC, in particular those flagged by the author of the bill as needing an opinion from both committees. Topics could be suggested from Civil society.

- Expand the participation to the joint CID and CIDD meetings: public officers in charge of formulating new policies and arbitrating among different options would highly benefit from participating to joint CID and CIDD meetings to gain a better understanding of coherent decision-making in highly interlinked policy areas that are relevant for their daily work. In this sense one could consider expanding the participation to joint meetings beyond the CID and CIDD focal points to include the officers in charge of policy development in the leading ministries for the topics being discussed.
- Use the Sustainability Check in a systematic way to consider the findings of the CID on any tension between national policies and the objectives of development co-operation, particularly which are likely to affect developing countries. The follow-up provided by relevant ministries when policy conflicts are identified by the CID could be strengthened thanks to the increased coordination between the two committees.

Concatenate analytical cross-governmental work with the political level

Cross-governmental work currently takes place within inter-ministerial committee. They discuss general political orientation on a cross-cutting issue such as human rights, EU affairs or gender. However the Sustainability Check could offer the opportunity for ministries to jointly prepare a law and solve potential conflicts or identify synergies, early in the process, before the law is sent to Pre conseil. Using this assessment as guide (as in the case of the housing legislation, Pact Logement), ad-hoc pragmatic and temporary inter-ministerial committees could be created to produce an outline of a policy/standard in a certain area, and solve potential conflicts. The Pre-Conseil regularly meets to prepare political decisions to be taken during the upcoming Government Council's discussions. The Pre-Conseil could check the information included in the Sustainability Check, on synergies and trade-offs and on this basis, either ask specific ministries to achieve greater bilateral coordination and improve coherence or submit the proposal to Council decision. The CID and CIDD could jointly provide support to the Pre-Conseil, highlighting complexities and potential arbitrages. Short and long term policies, such as the Coalition Agreement (political priorities, short term approach) and the PNDD (long term considerations), may also be better aligned when trade-offs and synergies are made explicit and promoted in discussions.

Capacity building around concrete cross-cutting priorities

Workshops participants called for opportunities to think in terms of systems (i.e. food system, responsible consumption) and formulate a strategy that involves all stakeholders in that sector/priority. Training on capacities and skills on the 10 areas of actions identified in the PNDD and the interactions across SDGs could be essential to invert policy formulation in silos and find joint solutions taking advantage of the interlinkages underlying these systemic issues. In addition, linking new policy solutions with existing sectoral strategies could be better ensured by building policy officers' capacities to use coherence tools such as the coherence matrixes. Learning opportunities should be organised on how to apply policy coherence in practice. The CID could report on their experience developing the whole-of-government approach to designing development cooperation programmes. Other inter-ministerial mechanisms and initiatives such as the cross-governmental climate adaptation and mitigation measures and the International Climate Finance Strategy 2021-2025 could share their lessons learned during CIDD's meeting, or other relevant events. Finally, peer-learning on similar country projects could be explored. The final workshop run with the OECD included inputs from Germany on their experiences implementing the eNAP tool and was an opportunity for Luxembourg to learn how to maximise the success of the Sustainability Check's implementation. For setting actions and targets that operate outside of traditional policy cycles and mandates, investment is needed into both competencies and time available to focus on these multidimensional issues and is key to facilitating more coherent outcomes.

Body overseeing the implementation of the Sustainability Check

In order to ensure the SC would have a transformative role in the way policies are formulated and adapted to SDGs, a central advisory body either within the Centre of Government (le Ministère d'Etat) or line ministries or the parliament should oversee the quality of the Checks.

The Secrétariat général du Conseil de Gouvernement Coordination and the Ministry for the Environment, Climate and Sustainable Development will ensure the implementation of the Sustainability Check. Working with line ministers, they will help provide evidence to the different decision-makers about upcoming policy decisions. Currently an Ad-hoc Working Group composed of eight voluntary ministries² has been established within the CIDD. It will produce a report by 2023 on the SC implementation which should also draw lessons about its governance model.

This report might assess how this governance structure proved effective in terms of including sustainability concerns at parliamentary level, producing more integrated policies and more effective governmental interaction (examples of the markers to evaluate its effectiveness can be found in Box 8). The report could assess whether the current location of the permanent mechanism for the SC implementation, within the Secrétaire général and the Ministry of the Environment is appropriate to ensuring the Check is systematically performed up to certain standards but also raising potential conflict issues to relevant arbitration authorities, or whether a line ministry or the Parliament would be more natural locus for establishing such permanent governance mechanism. The example of the Parliamentary Advisory Board for Sustainable Development established in Germany could offer an inspiration. Such board is composed by a member from each political party and they evaluate the quality of the sustainability check (eNAP) that the executive submits when a draft legislation is tabled to Parliament. For each eNAP submitted to the Advisory Board a MP from the majority and one from the opposition are tasked with the assessment. The result of their evaluation might take several weeks and is not public. This Board also meets on a monthly basis to discuss sustainability related issues. |

3.2. Subnational Engagement

3.2.1. Mechanisms and initiatives currently in place

The modest size of the territory of Luxembourg allows close involvement and participation throughout different policy levels. Many Parliamentarians also hold a role as mayor. This, in addition to regular consultation processes, guarantees the influence that the local level has on the legislative process.

In Luxembourg, many parliamentarians exchange regularly with the country's mayors. Local concerns can be raised in parliament, and mutual exchange of knowledge between the local and national level is a common occurrence. Furthermore, local communities have an opportunity to influence legislation via regular consultation processes. To foster vertical coherence in the implementation of the SDGs, the Government has involved the local level since the formulation of the PNDD. The draft was not only discussed in Parliament where several mayors seat, but also through a series of multi-stakeholder round-table discussions including representatives of the Association of Municipalities (ESDN, 2021^[35]). The government also took inventory of SDG-related local initiatives to ensure that priorities and policies are well aligned. It has provided a reference guide for local communities based on ISO 37120:2018 on 'Sustainable cities and communities: Indicators for city services and quality of life' and the Reporting Standards of the Global Reporting Initiative.

3.2.2. Challenges

Luxembourg acknowledges in its Report on the Implementation of the 2030 Agenda (Luxembourg, 2022^[7]) that sustainable development objectives cannot be achieved through the action of the government

alone, but must involve diverse actors. This includes communes at the local level. Recognising that communes are key political actors, efforts must continue to strengthen vertical coherence in policy making and the involvement of local levels in SDG implementation.

3.2.3. Opportunities and initial actions to strengthen subnational engagement

The Agenda 2030 and its 17 SDG provide a framework to further develop the partnership between national and local level. As such, the Third National Plan on Sustainable Development (PNDD) has to be implemented at the national as well as local level.

An entry point to facilitate national-local alignment around the PNDD could be to extend the environmental certification-European Energy Award EEA to a broader set of sustainability issues. Municipalities currently undertake this certification in order to receive state funding for key areas such as: land use planning, communal buildings, supply and pollution control, mobility, internal organization of the administration, communication and cooperation, etc with the primary objective of climate action (Pacte Climat). Such certification could assess a broader set of sustainability issues linked to PNDD's objectives, when undertaking new projects in these policy areas at the local level.

In addition, one of the pilots of the Sustainability check is conducted on the pact between state and municipalities on public housing see Box 3.1. The Ministry of the Environment, Climate and Sustainable Development is currently working on a reference framework that municipalities could use to report and evaluate their projects/initiatives/policies contributing to the implementation of the PNDD and as such to Agenda 2030.

Box 3.1. Using the Sustainability check for assessing the new general planning (PAG)

The second pilot of the Sustainability check is on the pact between state and municipalities building public housing (Pacte Logement). The new Planning Commission General Plan (Plan d'aménagement général, PAG) will be evaluated with regards the objectives defined in Article 2 of the modified law of the 19 July 2004 (Legilux, 2004^[36]) concerning municipal planning and urban development, as well as in regards to its contribution to sustainable development as per the requirements of new Sustainability Check. The commission has an advisory role to the Direction de l'aménagement communale et du Développement urbain of the Ministry of the Interior on all matters relating to municipal and urban development. This is a particularly important matter in Luxembourg as the country is lowest performer in EU27 in terms of social housing and housing cost represent 42% of household budget for low income households (SDG Watch Europe, 2019^[37]).

It would be interesting to evaluate how by applying the sustainability check during the formulation of the Planning Commission General Plan, the competent ministries (Ministry of Housing, Spatial Planning, Environment and Interior, etc.) felt they fostered their strategic dialogue across their mandates in the area of urban planning and environment as well as had the opportunity to jointly set, with each main city, the priorities in these areas. It could be worth measuring if the Sustainability Check facilitated the formulation of more integrated policy measures maximizing synergies and reducing potential trade-offs between housing, urban planning and environmental priorities at local level.

It would also be interesting to investigate if data available in the Geoportal of Luxembourg (Government of Luxembourg, 2007^[8]), on geodata and services, were taken into account to fill in the sustainability check or if participants felt such data should be considered in the future. In addition, as this exercise was taking place at the same time as the 'Luxembourg in Transition' project, it would be interesting to understand to which extent the two processes were cross-feeding each other providing the Planning

Commission General Plan with the experts' and civil society' vision and viceversa how PDAT integrated the sustainability approach adopted by the plan on matters related to municipal and urban development.

The lessons learned from the pilot could be reflected in new opportunities for cooperation across levels of government for instance by holding early planning exercise and sketch future scenarios supported by the Sustainability Check.

Source: (Legilux, 2004^[36]), Legilux, <http://legilux.public.lu/eli/etat/leg/loi/2004/07/19/n1/fo>; (SDG Watch Europe, 2019^[37]), SDG Watch Europe, INEQUALITIES IN LUXEMBOURG, (Government of Luxembourg, 2007^[8]), Geoportal of Luxembourg; <https://www.geoportail.lu/en/?msckid=11449900b0ec11ec818f855f511910e0>

3.3. Stakeholder Engagement

3.3.1. Mechanisms and initiatives currently in place

The government opens several avenues for constructive dialogue with stakeholders on policy incoherencies or disagreements when it comes to sustainable development and SDG implementation.

Existing mechanisms include stakeholder consultation and participation. In certain areas (e.g. economic regulation), the law stipulates that some interest groups (e.g. Chamber of Commerce) have to be consulted on draft regulations if they are concerned. For certain topics, stakeholders have the possibility to write complaints about the implementation of a policy to a Minister. This is the case for example in the adoption process of the PAG (Plan d'aménagement general, see Box 3.1).

In addition "Cercle de coopération des ONGs du Luxembourg"³, which represents a network of Luxembourg NGOs operating in development cooperation, also participates in the CID meetings on policy coherence. Regular (bi-monthly, 6 times a year) meetings between the Directorate for Development Cooperation and the Cercle des ONG take place in order to discuss policy coherence in development cooperation, progress on the SDGs and sustainable development.

Another example is the Committee between Professionals Active in the Fight against Violence regarding domestic violence involving the Ministry for Equality and the Ministry of Justice. This committee has the unique mandate to create an observatory publishing statistics on gender and domestic violence. It issued recommendations to the government that are now being implemented.

Co-design is also utilised in policy-making. At the early stages of the co-design of the Sustainable Development strategy (PNDD), the Ministry of the Environment in collaboration with the CID and CIDD organized forums which involved members of civil society, stakeholders from the private sector, NGOs, and academia.

The High Council for Sustainable Development (*Conseil supérieur pour un Développement durable*, CSDD) also facilitates dialogue with national institutions and stakeholders participating in sustainability. The Chair of the CIDD is also acting as the Secretary General of the Council. The council is composed of 15 sustainable development experts from civil society and the private sector acting in their private capacity providing advice on sustainable development. It has also launched an appeal called "#MengAktioun" (UN, 2022^[38]). In collaboration with the University of Luxembourg, the Council together with actors from civil society and the private sector is working on a digital collaboration platform (www.aktioun-nohaltegeet.lu), featuring actions for sustainability in Luxembourg from a wide range of sectors of society. The platform has a double objective; it provides information for 'state-of-the-art' sustainability initiatives and helps actors

³ The Cercle is composed of 90 actors which actively accompanies the implementation of the 2030 Agenda, and includes civil society partners and representatives of the private sector.

show-case their action in an up-to-date, interactive inventory. On this online platform, everyone in Luxembourg can present their projects that contribute to the implementation of the 2030 Agenda.

Stakeholders can consult data on the implementation and evaluation of sustainable development goals through an “open data” portal by the STATEC (Institut national de la statistique et des études économiques du Grand-Duché de Luxembourg), which is updated on a regular basis. Specific communication on SD indicators are transmitted during events or via social media. This portal demonstrates transparency and accountability commitments from the Luxembourg government.

The cooperation with non-governmental stakeholders is regularly framed by legally binding bilateral agreements and contracts that clearly define the objectives and mutual commitments. These may include the financing or subsidizing projects of stakeholders by the concerned ministries. The Ministry of Culture, for example, has around 70 to 80 such bilateral agreements with different stakeholders from the culture sector. Same for the Ministry of the Environment, Climate and Sustainable Development which has concluded agreements with academia and NGOs.

Efforts have been made to implement public-private partnerships for sustainable development (see Box) such as the strategy developed by IMS LUX - Inspiring More Sustainability Luxembourg in collaboration with the Chamber of Commerce and the Ministry of Economy, involving approximately 300 stakeholders to reduce single plastic use.

3.3.2. Challenges

The self-assessment held during Luxembourg’s second collaborative workshop with the OECD returned a low score on perceptions of the level of development of multi-stakeholder dialogue. This result was surprising, given the collaboration facilitated by the relatively small size of Luxembourg’s government, as well as the frequent stakeholder engagement carried out by the CID. This suggests a margin for improvement in the efforts to engage stakeholders, at least according to the perceptions of the workshop’s participants. Challenges remain regarding the governance and the indicators to measure the success of these engagement modalities.

Challenges also exist in maintaining the balance between demands for meaningful stakeholder engagement from civil society and efficiency. For example, the meetings of the CIDD and preparation of national plans for sustainable development.

3.3.3. Opportunities and initial actions to strengthen stakeholder engagement

The Sustainability Check will be a promising tool in supporting transparency and participation as it will be online and presented to the Council, the Parliament and made available to the public.

A guidance could be developed for strengthening civil society’s capacities to apply the PNDD as overarching framework and to use the information available to the public on the results of the Sustainability Check and other coherence tools during citizen panels, public consultations, participatory budgeting, digital platforms etc.

Dissemination of PCSD tools across the public could be accelerated by launching calls for civil society’s contributions for promoting a sustained commitment to PCSD beyond electoral cycles.

As identified in interviews, there is also scope to expand collaboration with universities and academics. There may for instance be opportunities to develop jointly the indicators to measure the success of the engagement modalities. Or it might be considered to conduct studies of PCSD with PhD students in relevant fields. For instance PhD students could provide insights on how municipalities could contribute to SDGs implementation through more integrated local policies funded through national and EU financial instruments. Strengthening this link with academic institutions would open government to wider expertise and increase capacity for effective PCSD initiatives.

4 Tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies.

Taking effective and informed decisions for advancing towards sustainable development and achieving the SDGs in an integrated and balanced manner requires evidence on potential interactions (synergies and trade-offs) between policies as well as on the potential impacts of policies (here and now, elsewhere and tomorrow). This involves using more proactively existing monitoring, evaluation and reporting mechanisms for collecting and analysing evidence about the impacts of different policies on sustainable development at the domestic and international levels.

4.1. Impact Analysis and Assessments

4.1.1. Mechanisms and initiatives currently in place

The OECD Recommendation on PCSD calls on countries to develop a set of responsive and adaptive tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies to advance SDGs. For example, by adopting ex-ante and ex-post impact assessment practices that take into account the economic, social, gender and environmental impacts domestically and on developing countries as well as the promotion and protection of human rights.

It is foreseen that, once obligatory, the Sustainability Check will include the quantitative analysis with 118 indicators selected by the CIDD in 2019 for which data are available, and by a body of national experts to measure the evolution of each of the 124 targets of the Agenda 2030 identified by Luxembourg. The assessment of progress could build on the methodology of measuring distance to SDG targets applied to Luxembourg (OECD, 2022^[39]). Currently officers can undertake a facultative quantitative assessment indicating if the policy measure being assessed will have an impact on the indicators included in the PNDD. For each of the PNDD indicator, the responsible officer will assess if the measure being developed will have a very likely impact or if impact is very unlikely or when the indicator is not applicable to that measure (Government of Luxembourg, 2022^[40]). Such ex-ante assessment would produce information on the draft law's expected impact against comparable indicators. In addition to anticipating upcoming law's contribution to the 10 priorities of the PNDD, this exercise offers clear and comparable elements across ministries, facilitating the development of more cross-cutting policies when overlaps are identified and providing evidence to support arbitration when trade-offs between sectoral policies are identified. Such an approach is aligned to the one used in the Germany's Electronic Sustainability Assessment (eNAP) tool, which integrates the 75 targets of the Germany sustainable development strategy and their indicator system for monitoring progress. Users compare their project to each of these indicators, stating whether the indicators are either relevant or not relevant. Where indicators are deemed relevant, users are asked to write up an explanation of the relevance, commenting on the positive or negative contributions of their project to the indicator. The automatically generated result compiles these statements, producing a

structured and integrated assessment of all elements, without risk of missing out any relevant targets (Government of Luxembourg, 2022^[40]) the tool is designed to be digital and aims at extracting data to support ex-post evidence-based policies' impact studies.

Survey respondents emphasised the importance of such a device for evaluating cross-sectoral effects, proving the utility of a given measure for raising awareness of trade-offs, to readjust measures and maximize synergies between policies.

The government already makes partial use of ex-ante assessment practices but not systematically. Ministry of the Economy, for example, discusses cross-sectoral policy effects ex-ante on an inter-ministerial level. The results thereof are presented at the national or even international level ("Grande Région," European Union).

Some respondents to the OECD survey also point out that the collaboration with academia, think tanks, NGOs or international organisations helps to gather more information about the impact of policies on sustainable development.

4.1.2. Challenges

During the self-assessment workshop, the PCSD Recommendation Block 3 'Policy and financing Impacts', emerged as the weakest area and the most challenging part of advancing policy coherence.

It was recognised that monitoring is absolutely needed and data could be used as the basis of ex-ante impact assessments, for instance greater use of the well-being indicators. It was noted however that skills, monitoring and evaluation were works in progress, and might be strengthened once the "Sustainability Check" is in place. Also ex-post impact assessments seems to be lacking. Workshops' participants used the example of the EU Common Agricultural Policy (CAP/PAC) for which more systemic tracking of its results would be needed and tracking of how it impacts other sectors as well as other countries. Participants highlighted the need for obtaining more precise information about trade-offs and synergies, which could be addressed in the Sustainability Check, and could help inform the Pre Conseil meetings. Finally, one of the challenges reported is that some potential indicators are still difficult to track as they are not necessarily quantitative.

4.1.3. Opportunities and initial actions to strengthen impact analysis and assessment

Data availability can foster a change in the culture and mentalities within ministerial departments so that they are more open to evidence-based coordination and dialogue on the coherence of national policies.

In this sense several areas have been identified which would benefit from further work and development in Luxembourg:

Systematic use of the quantitative indicators included in the Sustainability Check across ex-ante regulatory practice

The 2022 Luxembourg VNR states the Sustainability check will be "a policy coherence tool" to better understand potential national and transboundary effects of draft legislations in terms of sustainable development". To make best use of the information generated through the indicators tracked in the Sustainability Check, current RIA tools could use it for a multi-dimensional ex-ante assessment of policies' proposals. Indeed, current regulatory tools (i.e. environmental and gender impact assessments EIA and GIA; as well as the regulatory impact assessments RIA) are identified by the OECD's survey respondents as the most important tool in assessing performance of public institutions with regards to sustainable development, together with the joint meetings of the CIDC and CID. As the Sustainability Check will be the preeminent mechanism to evaluate existing and new laws and regulations for their alignment with the PNDD, considerations can be made as to how it will align with, and could complement, the current

regulatory tools. For this the existing regulations for drafting policy bills, the actors involved in the policy making process, and also the political culture need to be taken into account to identify how the impacts of a policy on the different sustainability dimensions can feature in existing impact assessment processes without compromising their legitimacy. Clear guidance on how the findings from the Sustainability Check could be systematically included in the design of existing impact assessment processes are still missing and could be subject to further research and analysis. For this closer cooperation with academia may contribute to strengthen the alignment of existing regulatory tools with the indicators included in the Sustainability Check building on previous scientific studies aimed at constructing a sustainability impact assessment (SIA) process tailored to the specific institutional and political contexts in Luxembourg (Guske, n/a^[41]).

Establishing a sustainability dashboard

It is foreseen in the PNDD (Annex C. p. 134) to create an online sustainability dashboard using data from different stakeholders involved in the implementation of key strategies. Such dashboard would be relevant as the Sustainability check is rolled out, and could help improve policy coherence. The quantitative indicators selected among the ones associated to the PNDD that will be assessed in the SC could be complemented by relevant indicators currently monitored by other sectoral policies (i.e. well being indicators) and constitute a core set of indicators against which Luxembourg measure its progresses towards sustainable development. This set of indicators should also account for the interlinkages among SDGs. The 'nexus areas', where results on achieving one SDGs strongly influence the achievement of another, should be quantified in the Sustainability Dashboard to ensure policies are adapted to minimising trade-off and potential synergies. For instances the OECD published recent work on how to measure the socio-environmental nexus (OECD, 2021^[42]). Further, indicators that measure the influence of domestic policies on developing countries should also be included in the Sustainability Dashboard as well as indicators that reflect foresight. This process can contribute to overall streamlining of the monitoring and evaluation frameworks that Luxembourg uses across services and levels of government to monitor its achievements towards the SDGs.

Such Sustainability Dashboard that streamlines measurement related to Sustainable Development across all ministries and levels is currently being set up in Italy and the Netherlands.

Use ex-post policies' evaluation in future policy making

Feedback from workshops suggested that the establishment of an evaluation and control system would be an essential step for the use of data in the development of public policies, but also to improve the different PCSD mechanisms and establish a long term strategic vision.

Evaluation forms a part of the policy cycle, and must feed back into agenda setting to launch the cycle anew. Evidence produced in the CIDD report on the contribution of policies to the implementation of the PNDD is a key example of information that can be utilised into future policy making. The regular exchanges in the CIDD and the CID also provide a good platform for an ex-post exchange on the impact of the measures taken on sustainable development, drawing on data available in the STATEC open data platform. The more precise information about trade-offs and synergies, obtained through the Sustainability Check, and compiled in the Sustainability Dashboard with results generated from other evaluation matrixes, could help informing the policy cycle and in particular the Pre Conseil meetings.

Capacity Building

Civil servants can access training sessions and courses given by a specific institute, for example on drafting bills. For the future, and in relation to the Sustainability Check, an idea brought about during the interviews would be to design a specific course on PCSD: including tracking and using sustainability indicators, understanding policy interactions, tools for effective engagement with non-state actors, using

the Sustainability Check future digital assessment tool. The objective would be that all ministries internalize the PCSD questions and indicators and take them into account when drafting bills and policy making in general. Capacity building undertaken in relation to PCSD could also include how to measure transboundary impacts around the PNDD's 10 areas of action. Training could start from the members of the CIDD and CID and extend to desk officers with key responsibility in policy formulation and budgeting. Interviews suggested that strengthening partnerships with universities for expertise could play a role in helping to expand these capacities. The government is also working on a PCSD training programme for civil servants, which will be a key opportunity to strengthen this area. Enhancing these capacities would broaden the scope and enhance the precision of topics discussed in joint CID and CIDD meetings, and facilitate the use of the sustainability check.

Box 4.1. Example of data sets for assessing policies related to Circular Economy

Set of data that could be considered in this policy area and that show the interlinkages to other SDGs include:

- 181 thousand cross-border inbound commuters (Eurostat, 2022^[43])
- 0.5% EU GDP (Eurostat, 2019^[44]) GDP per capita 120.671 US dollars/capita in 2019 and 117.620 US dollars/capita in 2020 (OECD, 2021^[45]) highest GDP/capita in Europe, in 2020 EU average per capita GDP was 35.800 dollars/capita
- Economic growth: GDP grew by 2.6% in 2018 (OECD, 2022^[46])
- Domestic Material Consumption: 22.3 tonnes per capita, 7th highest in EU27, slightly decreasing from 2015 (OECD, 2020^[47])
- Municipal waste: 614 kilograms per capita, 2nd highest in EU27, stable trend since 2015 (OECD, 2020^[48])
- Energy consumption: 48.4 terawatt hours (TWh) (International Energy Agency, 2020^[49])
- Primary energy supply: 4 million toe, 3rd lowest EU27 (OECD, 2020^[50])
- Renewable energy (% of primary energy supply): 7.4% vs OECD total of 10.9%, increasing trend from 2010 (OECD, 2020^[51])

Sources: (Eurostat, 2022^[43]), (Eurostat, 2019^[44]), (OECD, 2021^[45]), (OECD, 2022^[46]), (OECD, 2020^[47]), (OECD, 2020^[48]), (International Energy Agency, 2020^[49]), (OECD, 2020^[50]), (OECD, 2020^[51])

4.2. Monitoring, Evaluation, and Reporting

4.2.1. Mechanisms and initiatives currently in place

As mentioned above, the law of 25 June 2004 states that the CIDD must establish a national report on SDGs and PCSD every two years. Given the high workload to undertake an analysis of Luxembourg's situation in relation to developments at a global scale, and an evaluation of current sustainable development policies, it was decided to conduct an evaluation of implementation of the sustainable development objectives every 4 years, in 2023 and 2027, which will be available to the public.

This analysis of policies related to sustainable development was based on STATEC indicators and a description of the expected development under unchanged policy and changes in policy has not been undertaken yet.

The last report on implementing Agenda 2030 adopted by the Luxembourg government on May 2017 described the state of sustainable development in Luxembourg and facilitated the discussions during the process of identifying priority fields of action of the next PNDD. It addressed policy coherence and the need for whole-of-government involvement, but also an enhanced coordination and efficiency to ensure the mobilisation and use of all available resources.

4.2.2. Challenges

An actionable obstacle identified in the PCSD 2022 survey is the limited enforceability of PCSD measures and sustained commitment beyond electoral cycles. This is a common challenge that adherents to the OECD PCSD Recommendation often experience. Adherents report greater difficulties implementing monitoring, reporting, and evaluation for PCSD. The aim should be to monitor and report back on policy and financing impacts of implementing PCSD approach, drawing on national, regional and local sources, where available, and publish regular reports outlining PCSD progress made and how they had an impact on addressing sustainable development issues at home and abroad.

4.2.3. Opportunities and initial actions to strengthen PCSD measurement

Measuring PCSD implementation through the use of indicators and connect them to civil servants' Key Performance Indicators (KPIs)

A monitoring and evaluation framework could be established to track the implementation of processes and tools for strengthening policy coherence as well as their impacts in terms of improved sustainability in governmental action. This information can be used to pinpoint priority areas for enhancing PCSD implementation as well as being linked to public officers performance measurement (KPIs). The information produced in this monitoring and evaluation framework could be integrated in the CIDD report on PNDD's implementation⁴ and strengthen its influence further.

Concrete opportunities to measure PCSD implementation in Luxembourg have been identified:

- Measuring the Sustainability Check success in creating more sustainable and integrated policies and that it does not remaining a tick the box exercise, will open opportunities for measuring overall progress on PCSD. Examples of markers to assess its effectiveness are listed in Box 4.2.

⁴ Currently, the only SDG targets that are tracked in the statistical annex of the PNDD related to SDG 17 are the ones measuring ODA (17.2) and public debt, while other targets that report on PCSD dimensions are not included thus are not reported in the report prepared by CIDD (i.e. 17.14 Strengthen PCSD; 17.13 strengthen global financial stability to favour coordination and policy coherence; 17.17 Strengthen multi-stakeholder actions; 17.19: strengthen collection and use of beyond-revenue indicators; 17.10 strengthen multilateral trade agreements).

Box 4.2. Examples of questions for assessing the effectiveness of the Sustainability Check

Examples of markers could include:

- How many times the results of the Sustainability Check sparked discussions in the Parliament about sectoral trade-offs or transboundary impacts over the last year?
- Did Inter-ministerial working groups, in place to design and implement cross-sectoral initiatives, applied the SC to review the sustainability of their initiatives?
- Number of more integrated policy initiatives, reducing potential trade-offs between policy sectors (i.e. between housing, urban planning and environmental priorities) that have been formulated as result of applying the sustainability check
- Has the tool helped relevant actors in streamlining their approaches, maximising synergies and avoiding conflicting timelines in implementing plans and strategies?

Source: Author's elaboration

- One year into adopting joint CID-CIDD meetings, an assessment of this work arrangement could be envisaged. Results in terms of facilitating evidence-based discussions on issues where more coherence could be achieved, or the number of more cross-sectoral policies formulated, or the number of CID's recommendations on potential negative transboundary impacts of domestic policies that had an effect in influencing government's decisions or that have been recalled by Parliament could be assessed. This will illustrate which aspects of this practice could be retained and developed to further strengthen coherence between domestic and international interests.

External and independent audition institutions

According to the evidence emerged so far, external and independent audition institutions have not been widely involved in the assessment of the progress of PCSD. The INTOSAI SDG Audit Model (ISAM) developed by IDI could give Luxembourg's Audit Authority guidance for conducting a SDGs preparedness and implementation audit as several Supreme Audit Institutions (SAIs) undertook (IDI, N/A_[52]).

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Annex A. Project Workshops

1. Kick-Off Workshop – Joint meeting of the CIDD and the CID	26.06.2020
<p>Agenda:</p> <p>Launch of the project through virtual conference.</p> <p>Present:</p> <ul style="list-style-type: none"> • Chair of the Inter-Departmental Commission on Sustainable Development (CIDD) • Chair of the Inter-Ministerial Committee for Development Cooperation (CID) • OECD PCSD Team <p>Outputs:</p> <ul style="list-style-type: none"> • Light-Touch Scan 	
2. Self-Assessment Workshop – Joint meeting of the CIDD and the CID	26.03.2021
<p>Agenda:</p> <p>Self-assessment exercise on PCSD facilitated by OECD, completed by participants from across the government.</p> <p>Present:</p> <ul style="list-style-type: none"> • Chair of the Inter-Departmental Commission on Sustainable Development (CIDD) • Chair of the Inter-Ministerial Committee for Development Cooperation (CID) • OECD PCSD Team <p>Outputs:</p> <ul style="list-style-type: none"> • Report summarising the results of the self-assessment and the following discussion 	
3. Strengthening capacities for enhancing PCSD and delivering on the SDGs	26.04.2022
<p>Agenda:</p> <p>Workshop to offer policy-makers tangible approaches for strengthening capacities to enhance PCSD and deliver on the SDGs, with a focus on the Sustainability Check as a mechanism for introducing a systematic monitoring of the sustainability of planned administrative and legislative acts. Featuring a presentation from Germany on the implementation of their Electronic Sustainability Assessment Tool.</p> <p>Present:</p> <ul style="list-style-type: none"> • Chair of the Inter-Departmental Commission on Sustainable Development (CIDD) • Chair of the Inter-Ministerial Committee for Development Cooperation (CID) • Caroline Kern, Senior Policy Officer in the Division of Sustainable Development, Federal Chancellery, Germany • OECD PCSD Team <p>Outputs:</p> <ul style="list-style-type: none"> • Main Project Findings and Recommendations 	

