



## **Background**

The 2030 Agenda emphasizes the need to embed the SDGs at multiple levels of government to facilitate localised and tailored implementation processes that respond to people's needs. Vertical policy integration refers to mechanisms that contribute to coordinating and integrating sustainable development strategies and policies across different levels of government. Vertical integration efforts aim to create synergies and enhanced consistency across levels of government through mutually reinforcing and supportive actions, with the goal of improving the quality and effectiveness of SDG implementation and the outcomes of the implementation process.

Chapter 3 of the World Public Sector Report 2018 analyses existing efforts to ensure effective vertical policy integration in the planning, implementation and follow-up and review of the SDGs. It examines approaches and tools that countries are adopting to advance vertical integration at different stages of the policy cycle, highlighting some of the innovative solutions and practices emerging from countries' efforts to implement the 2030 agenda.

## **Benefits, costs and challenges of vertical integration**

Vertical integration can promote a shared vision and commitment among national and subnational authorities, increase the effectiveness and impact of policy actions, make resource allocation more efficient, reduce implementation costs and risks (e.g., related to overlap or duplication of functions across levels), and strengthen lines of responsibility and accountability to the public, among other potential benefits. Yet, vertical integration may also bear costs and presents multiple challenges. The performance and effectiveness of vertical integration initiatives requires that sufficient resources (e.g., financial, staff, resources) be assigned to support them.

The review of the literature conducted for the report shows no general answers to the question of whether potential benefits associated with vertical integration and SDG localization efforts are greater than associated costs. In practice, how far vertical integration should be pursued will depend on a country's and specific context and circumstances, as well as on the policy area considered. The potential costs (financial, economic and fiscal) as well as the ultimate goal to be pursued through vertical integration should be considered before adopting vertical integration tools and approaches. Systematic evaluations and assessments as well as external audits (for example, conducted by supreme audit institutions) could provide relevant information on costs involved in vertical integration efforts.

An increasing number of initiatives are being promoted by national and subnational governments to foster vertical integration across levels of government to implement the SDGs. However, there are still few examples of full and effective vertical integration across national, subnational and local levels

for SDG implementation. Vertical integration is affected by the structure and actual functioning of intergovernmental and multi-level governance systems and by the capacities of different levels of government. Decentralization reforms, political economy considerations and organizational factors, which are related to the country context, may create specific opportunities and barriers for vertical integration.

## **The mechanisms of vertical integration in practice**

Vertical integration of SDG implementation is an ambitious goal, and there is a diversity of modalities, mechanisms and degrees of integration. The chapter maps different tools and approaches to advance vertical integration for SDG implementation, and provides examples of how countries are using these tools in practice. Measures to promote vertical integration can be implemented by national governments, by subnational governments, or through multi-level coordination mechanisms.

The report shows that while national governments are recognizing the role of local governments for SDG implementation, this does not necessarily lead to the creation of multi-level spaces for dialogue and joint action. There are many SDG localization initiatives, and local governments are leading SDG innovation in many countries. Networks and associations of local governments are playing an important role in driving these efforts. However, these initiatives face the challenge of going beyond the local level and effectively connecting SDG action across levels of government. Enhanced collaboration with other stakeholders could help establish and sustain these linkages.

The report shows that a broad variety of approaches to promote vertical integration are being implemented by national and subnational governments, covering all stages of the policy cycle (leadership, legislation, planning, implementation, and monitoring, follow-up and review). Many examples identified in the report are at the leadership and planning stages of policy-making, including multiple awareness raising efforts.

In some cases, national coordination mechanisms for SDGs have engaged local governments, but no general pattern has yet emerged regarding the nature of this engagement and its impact on SDG implementation. This will require further analysis, as institutional mechanisms continue to develop and operate over time.

At the initial stage of the policy cycle, leadership for vertical integration has taken many forms, from recognition by the national government of the importance of local governments for SDG implementation and outreach campaigns intended for local governments, to actions by local governments to signal their commitment to the SDGs, to joint events and adoption of agreements across levels of governments for SDG implementation, as observed in Argentina.

Some countries have used legal and regulatory instruments to enshrine the SDGs in the environment of sub-national governments. In Indonesia, a Presidential regulation has been drafted to establish a governance mechanism for the SDGs. The regulation ensures the role of provincial governments in leading the implementation of the SDGs at their level and in the districts under their supervision. In the United Kingdom, Wales has enacted an explicit legal link to the SDGs through its Well-being of Future Generations Act.

Vertical integration at the planning stage is also widespread. In many countries, sub-national governments have been aligning their strategies and plans to the SDGs. In some cases, local governments are mandated to do this, and national governments have issued guidelines or templates to facilitate this, or have conducted activities such as workshops, seminars, forums and dialogues aimed at raising awareness and informing local governments. In some countries, genuine multi-level structures or mechanisms for planning have been put in place, where local and national governments can collaborate. The so-called “SDG localization” effort has been supported by international organizations, including UN-Habitat, the United Nations Development Programme (UNDP), The Global Task Force of local and regional governments, and United Cities and Local Governments (UCLG).

Vertical integration in SDG implementation is less frequently observed. However, some countries have made efforts to align national and local budgets for SDG implementation. The drive for alignment sometimes comes from the national level, sometimes from the sub-national level. In other countries, the central government supports capacity building for local governments. Colombia is an extreme case of alignment, where multi-level processes enable allocation of budget resources across territories and establish common reporting formats.

Vertical integration at the level of monitoring, evaluation, follow-up and review is not common, but there are innovative examples from different regions. In some countries, the national level recognizes sub-national and local SDG indicators, or supports their development. Some countries also ensure that SDG implementation is monitored at the sub-national level, either through central government efforts, through the establishment of sub-national monitoring structures, or through joint, multi-level structures and mechanisms for SDG monitoring and reporting. Such joint mechanisms are observed in several European and Latin American countries, among others.

Government oversight and accountability mechanisms can also play a role in monitoring and evaluation of SDG implementation. In many countries, supreme audit institutions (SAIs) have undertaken to audit the readiness of governments to implement the SDGs. They often try to assess whether mechanisms are in place to foster vertical integration, for example for sharing information across levels of governments. Pioneering work has been done by SAIs of the Latin America region to conduct coordinated audits across levels of governments as well as share and coordinate audit methodologies and tools.

#### **Conclusions**

The report highlights the importance of promoting vertical integration across levels of government for effectively achieving

the SDGs. A broad range of models are being followed by national and subnational governments to promote vertical integration across all stages of the policy cycle, so that no general pattern can be identified. Further research is needed on the effectiveness of the different mechanisms to promote vertical integration and their impact on the achievement of the SDGs.

The most innovative examples include those that rely on legal and regulatory instruments, those that establish structures for multi-level coordination and collaboration across levels of government, and those in which authorities at different levels of government work together to address commonly identified SDG implementation challenges. It remains to be seen, however, how these structures work and whether they are sustained in practice with appropriate resources, capacities and mandates.

The cases presented in the report illustrate some of the challenges to effective vertical integration, particularly in terms of local capacities, and ongoing efforts to address those barriers. The report also illustrates the potential of external audits to enhance vertical integration by providing information on the obstacles and challenges for vertical integration, how well governments perform on this dimension, and making recommendations for strengthening coordination across levels of government in specific contexts.

Further analyzing vertical integration and its effectiveness for advancing SDG action would involve assessing the outcomes of governments’ efforts and activities to enhance vertical integration. Some of the relevant dimensions to consider would include: analyzing the extent to which the interests of all levels of government are balanced and represented; and whether there are clear mandates, roles and responsibilities for different jurisdictions for acting on an issue, as well as simple and consistent administrative processes in place to support and facilitate collaboration. In terms of planning, it would be important to consider if there are joint or consistent planning processes across levels of government. Regarding financing, it would be important to assess whether there are joint or consistent budgeting processes across levels of government and if adequate resources and necessary capacity are available for all levels of government to act. Finally, attention should also be paid to the existence of clear lines of reporting, oversight and accountability across levels of government.

In many places, further collaboration between authorities at different levels and in specific sectors will be required, including the participation of multiple stakeholders, to create awareness, address barriers, strengthen institutional coordination mechanisms, and create capacity for strengthening integration. The active participation of other key stakeholders, such as Parliaments and Supreme Audit Institutions, can also contribute to fostering integration.

#### **More information**

The World Public Sector Report 2018, its executive summary and other materials are available at:

<https://publicadministration.un.org/en/Research/World-Public-Sector-Reports>