

**VERTICAL
INTEGRATION
FOR THE
IMPLEMENTATION
OF THE
SUSTAINABLE
DEVELOPMENT
GOALS**

CHAPTER

3

3.1. Introduction

The 2030 Agenda and the Sustainable Development Goals (SDGs) require coordinated implementation across the different levels of governments. Most SDGs involve a local dimension. Local governments (LGs) have an essential role in policy formulation, implementation, and service delivery. They are also critical to link the implementation of the global Agenda with the needs and concerns of local communities.¹

Hence, to pursue the multidimensional and integrated approach that the 2030 Agenda calls for, countries need to take territory and scale into account and ensure policy integration along the vertical dimension - that is, across multiple levels of authority and power structures. Vertical policy integration is a critical complement to horizontal policy coherence and integration (Chapter 2) and opens opportunities to strengthen stakeholder engagement in SDG implementation (Chapter 4).

This chapter analyses current efforts to ensure effective vertical policy integration in the implementation and follow-up and review of the SDGs. The chapter discusses the potential benefits of vertical integration and some of its challenges and barriers. It also examines approaches and tools that countries have put in place to advance vertical integration at different stages of the policy cycle, highlighting innovative practices.

3.2. Vertical integration for the 2030 Agenda

The realization of the SDGs requires the coordination of actions of different levels of government. The reasons for this are multiple. In most cases, the achievement of specific targets in each national context depends on the aggregation of sub-national, often local, outcomes, making coherent action a necessity. Targets relating to pollution reduction, waste generation, public transport, greenhouse gas emissions, are typical examples that require some coordination across government levels. Multi-level cooperation is also needed to achieve objectives related to inequality and poverty, as they require cross-territorial actions and cannot be achieved by local governments on their own, because of disparities in agendas, capacity and resources and the impact of national policies. In particular, the realization of the 2030 Agenda's imperative to leave no one behind involves a strong spatial and territorial component that makes coordination across all government levels critical.

More generally, coordination is necessary for most of the SDG objectives, as local governments have been assigned responsibilities that directly relate to specific SDGs and targets. Policy reforms in many countries have given local

governments a wide array of powers, competences and autonomy in areas such as health, education, water, sanitation, transport, waste management, urban and territorial planning, infrastructure, environmental and territorial resilience, local economic development and social inclusion. Taking the local dimension of the SDGs into consideration is therefore of great importance to ensure effective their implementation and monitoring. Failing to consider the local institutional and socio-political context has frequently resulted in failed or ineffective processes.

Lastly, because of their closeness to the ground, local governments have a unique perspective on the integrated nature of sustainable development.² Many cities are already advanced in designing policies, plans and implementing projects to enhance urban sustainability. Cities can bring together a multiplicity of stakeholders to address interlinked and cross-cutting issues and pilot innovative solutions that could later be scaled up nationally and internationally.³ The role played by local governments in planning, implementing and monitoring SDG implementation can also contribute to enhancing the accountability of the 2030 Agenda. This perspective is consistent with the view of decentralization reforms as empowering local governments to meet a general mandate to provide for the welfare of their population in an accountable manner (which constitutes an important element of the New Urban Agenda and Habitat III processes).

The importance of vertical integration and full involvement of local governments in sustainable development was acknowledged by Agenda 21, adopted at the 1992 United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil.⁴ Following Agenda 21, the need for localization of sustainable development strategies, policies and goals has been gaining recognition around the world. Local governments' responsibilities regarding sustainable development have increased worldwide following decades of processes of decentralization and devolution. Their role has been further recognised due to increasing urbanisation in most countries. The emergence of decentralized development cooperation and city-to-city cooperation has contributed to this development.⁵

The 2030 Agenda commits to work with local authorities "to renew and plan our cities and human settlements so as to foster community cohesion and personal security and to stimulate innovation and employment." It also indicates that "governments will work closely on implementation with regional and local authorities, subregional institutions, international institutions, academia, philanthropic organizations, volunteer groups and others."⁶

Frequently referred to as "the urban goal," SDG 11 ("Make cities and human settlements inclusive, safe, resilient and sustainable") introduces a comprehensive territorial approach to sustainable development.⁷ SDG 11 is "not only about cities,

but rather a novel place-based approach to development, including a specific attention to urban, rural-urban, and regional linkages.” Also, SDG 16 (“Promote peaceful and inclusive societies for sustainable development”) makes repeated reference to the need to work “at all levels” to promote peace and to “provide access to justice for all and build effective, accountable and inclusive institutions.” Other SDGs targets (such as 6.b, 13.b, 15.c) also highlight the importance of engaging local communities. Several studies have analyzed the ways in which local governments are involved in the attainment of the SDGs. One such study identified 110 targets (out of 169 for the whole Agenda) whose achievement would require the involvement of territorial authorities (see Figure 3.1).⁸

The increased engagement of local governments in SDG implementation requires a reflection on the mandate and capacities that they require for this purpose. It is important to identify the relationships and linkages with the national level of government depending on the country context (different degrees of centralization) in order to assess how local governments can contribute to SDG efforts, including advancing integrated policies. Ensuring alignment and coordination across levels of government can be challenging in certain contexts, as the 2030 Agenda aims to engage a multitude of actors that operate at different levels. Moreover, while the 2030 Agenda provides an overarching framework, there are other frameworks and strategies that also support

local development action and should be aligned at each government level and coordinated across levels to avoid overlaps, duplication and fragmentation. The next section defines vertical integration and explores its relationship to localization and multi-level governance.

3.2.1 Vertical integration, multi-level governance and localization

In this report, vertical policy integration refers to mechanisms that deal with the challenge of coordinating and integrating sustainable development strategies and policies across different levels of governance. It implies linking different scales of governance, from local to international, as well as institutions across different levels of social organization. It is customary to distinguish various levels of vertical integration. Two or more levels of governance are said to *cooperate* when they work together to achieve their own goals; they *coordinate* when they take joint decisions or actions that result in joint outcomes; and they do integrated *policy-making* when they formulate or implement joint policies on cross-cutting objectives prioritised by both. These distinctions notwithstanding, most of the definitions of vertical integration usually remain at the level of coordination.⁹

Successful vertical integration requires coordination of action across different levels of government to jointly formulate and implement sustainable development strategies and

Figure 3.1.
SDG Goals and targets that involve sub-national authorities



Source: Author's elaboration.

Box 3.1. Localizing the SDGs

Localization is “the process of defining, implementing and monitoring strategies at the local level for achieving global, national, and subnational sustainable development goals and targets.” Specifically, it includes the “process of taking into account subnational contexts in the achievement of the 2030 Agenda, from the setting of goals and targets, to determining the means of implementation and using indicators to measure and monitor progress.”

UN-Habitat, UNDP and the Global Taskforce of local and regional governments (GTF) are leading the global initiative “Localizing the SDGs” to support local and regional governments as well as other local stakeholders for an effective landing of the SDGs into practices at the local level and for the recognition of local leadership to drive the change. The initiative promotes a multi-stakeholder approach through partnerships and direct involvement of the beneficiaries in developing policies and solutions together.

In 2014, the partners were mandated by the United Nations Development Group to carry out the Dialogues on implementation: Localizing the Post-2015 Development Agenda. Since then, the guide *The SDGs: What local governments need to know*, developed by United Cities and Local Governments (UCLG) supports sub-national governments to better understand the nature of the global agenda and to increase ownership; while *The Roadmap for localizing the SDGs* provides supporting guidelines to support awareness-raising; advocacy in national processes, implementation and monitoring strategies at the subnational level.

UN-Habitat, UNDP and the GTF are supporting ongoing efforts by municipalities, regions, states and provinces to enhance partnerships at the local level and promote integrated, inclusive and sustainable territorial development. These activities are documented and compiled in an open toolbox, www.localizingthesdgs.com, which comprises of a knowledge platform, case studies and learning activities to encourage a widespread engagement of all in the 2030 Agenda.

Source: Localizing the SDGs Platform, input to the World Public Sector Report 2017.

policies for achieving the SDGs. Multi-level governance involves linkages and exchanges between institutions at the transnational, national, regional and local levels. This is frequently the result of broad processes of institutional creation and decision reallocation that pulled some previously centralized functions of the state. The effectiveness of this type of governance depends on the linkages that connect these levels of government.¹⁰ Calls for multi-level governance have been common in relation to climate change, water resources, oceans and sustainable development objectives. Multi-level governance involves the notion that the dispersion of governance across multiple jurisdictions is more efficient than mere centralized authority, due to its capacity to capture variation in local contexts. It allows involving stakeholders in decision-making and policy implementation, reducing implementation costs and strengthening the ownership and legitimacy of policies. Multi-level governance can also reflect the heterogeneity of preferences among citizens, facilitate credible commitments, and promote innovation and experimentation.¹¹

From the perspective of the implementation of the 2030 Agenda, multi-level governance is expected to contribute to the effective localization of the SDGs. Not only do the perspectives and information provided through the exchange and collaboration of multiple levels of government contribute to better designed strategies, policies and objectives, but ongoing coordination supports consistent and coherent implementation. Ultimately, SDG localization and multi-level

governance are interdependent processes which can take advantage of synergies and opportunities across jurisdictions.

3.2.2 Potential benefits of and challenges to vertical integration

The potential benefits of vertical integration are multiple. Vertical integration may help promote a shared vision and commitment to sustainable development across levels. It can foster synergies and enhanced consistency across levels of government through mutually reinforcing and supportive actions. By embedding the SDGs at multiple levels, local governments can support the achievement of the SDGs through their own actions and budgets, while the SDGs can also provide a framework for local governments to better showcase their sustainable development strategies and policies.¹² Other potential benefits of vertical integration are identified in the literature. Vertical integration is a critical complement to horizontal policy integration.¹³ It may help increase the efficiency of policy actions, promote a more efficient allocation of resources, and enhance the transformative capacity and potential impact of policy actions aimed at achieving the SDGs. Vertical integration can also reduce implementation risks (e.g., overlap or duplication of functions across levels) and strengthen lines of responsibility and accountability to the public. Finally, vertical integration brings an opportunity for political dialogue among the different spheres of government, providing an opportunity to create trust and a more long-term vision across the public sector.

Potential costs to vertical integration include:¹⁴ costs related to coordination and the creation of additional structures, development of systems and processes (e.g., online platforms, multi-level planning processes), outreach and awareness raising efforts, legislation and regulation, training and capacity building, and monitoring and evaluation, among others. Vertical integration also increases the complexity of policy actions, as there are more actors and processes involved in SDG implementation. Importantly, it is often difficult to generate consensus between national and local governments that have different policy priorities and political agendas. In this regard, a potential risk of vertical integration is that policy actions may not be effectively implemented and SDG priorities become diluted across multiple levels of governance.

Despite the potential benefits of vertical integration, evidence of these positive effects is still scarce. In practice, there are few examples of effective vertical integration across local, regional and national levels.¹⁵ This may be due to the potential risks and implementation challenges that vertically integrated approaches face. Vertical integration should consider differences in country contexts, as the prevailing intergovernmental relations (e.g., level of decentralization, allocation of resources and responsibilities across levels of government) may either support or hinder vertical integration. Lack of policy integration and poor coordination can indicate that the institutional arrangements are not well suited to enabling collective action across levels of government.¹⁶

These risks call for having monitoring and other mechanisms in place that help ensure actual implementation.¹⁷ In each case, the most effective degree of vertical integration will depend on the specific context, government structure and goals being pursued.

There are significant challenges to achieving vertical integration of SDG policies and programmes in practice (see box 3.2). One challenge is the difficulty to mobilize support of local governments around the SDGs given the nature of local politics and the fact that in many contexts, local authorities have the autonomy to decide over local priorities. This can be compounded by a lack of awareness of local governments about the SDGs and the gap between the abstract and universal nature of SDGs and the specificity of local initiatives and policies. Existing institutional weaknesses;¹⁸ local resource and capacity constraints; knowledge, data and information gaps; harmonization challenges; and limited incentives of local governments to cooperate with other levels of government are other significant challenges.

Corruption can be another major challenge to vertical integration. It is difficult to align, coordinate and integrate government activities and programmes across different levels of government. When corrupt practices are prevalent at one level of government, challenges to vertical integration for SDG implementation arise as corrupt public officials have an incentive to divert government efforts towards activities, policies and programmes that allow them to maximize corrupt

Box 3.2. Potential challenges to vertical integration

- Gap between the abstract and universal nature of SDGs and the specificity of local initiatives and policies.
- Local governments' lack of awareness of SDGs and/or unclear or lack of mandate and role.
- Differences (e.g., organizational culture, ideology, policy priorities) between national government and local governments.
- Institutional weaknesses/ poor management mechanisms: lack of /poor coordination mechanisms; duplication/fragmentation of jurisdictions, mandates, functions; centralised bureaucratic governance structures; weak mechanisms for reconciling conflicting priorities.
- Weak or perverse incentives for local governments to cooperate with other levels of government (e.g., financial transfers), including at individual level (e.g., public sector pay and appraisal do not recognize intergovernmental contributions)
- Unequal distribution of costs and benefits across levels of governance.
- Local constraints in terms of resources (e.g., budget, access to international and private finance), data and information, and capacity (e.g., lack of skilled staff and technical expertise).

Sources: See footnote.¹⁹

resources and preserve their sources of rent extraction.²⁰ If corruption is widespread, corrupt elites and public officials with strong vested interests may collude across levels of government and be quite effective in neutering and rolling back incremental policy reforms to advance SDG implementation.²¹

More centralized countries will, by design, tend to exhibit more policy coherence across levels of government, as policy making powers are concentrated in the national government, which defines strategies and plans for the subnational units. Conversely, more decentralized and federal countries can show more diversity in the distribution of resources across levels of government as well as differences in policy objectives due, for example, to more differentiated local priorities. This is consistent with evidence found in our analysis of vertical integration in sustainable development at the systemic and SDG nexus level. Taking transport as an example, developing countries, which generally show lower levels of decentralization,²² often lack formal mechanisms to ensure policy coordination and coherence in transportation planning and development across levels of government. In contrast, countries with higher levels of decentralization (e.g., EU countries) show a stronger integration of transportation systems across levels of government.²³ At the country level, federal countries or countries with high levels of decentralization show stronger but also more complex mechanisms of vertical integration.

However, decentralization takes many forms across different contexts, with variations in how functions and mandates, fiscal and financial resources, and administrative and accountability mechanisms are assigned to subnational governments. Decentralization may also be different across sectors within the same country.²⁴ Even within specific countries, decentralization processes are frequently dynamic, and attempts at policy integration need to take this into account. In addition, the actual functioning of intergovernmental relations is quite different from the formal design of intergovernmental systems.²⁵ Another significant factor is national bureaucratic dynamics, and particularly how poor horizontal integration and coherence may hinder the “development, operation and outcomes of the sub-national system.”²⁶ For example, evidence from Peru shows that vertical integration of SDG implementation might be undermined by national ministries with sectoral policy perspectives “that often have greater power than do regional governments over regional level sectoral offices, which are formally under more territorially-oriented regional management units.”²⁷ Weak communication mechanisms, duplication and fragmentation of resources, weak governance structures and institutional capacity constraints are other common barriers.²⁸

Other relevant factors that affect the capacity of the local level to contribute to sustainable development include

political economy factors related to actors’ incentives and the distribution of resources. Political power and incentives, the nature of elections, the characteristics of the party system, and the existence of patronage networks, among other factors, may affect the performance of local governments. Sectoral experience of vertical integration in climate action shows that local governments may lack clear formal mandates or the political incentives to engage with other levels of government due to misalignment between national and sub-national priorities, barriers caused by vested interests, or the potential negative impacts for sub-national stakeholders.²⁹

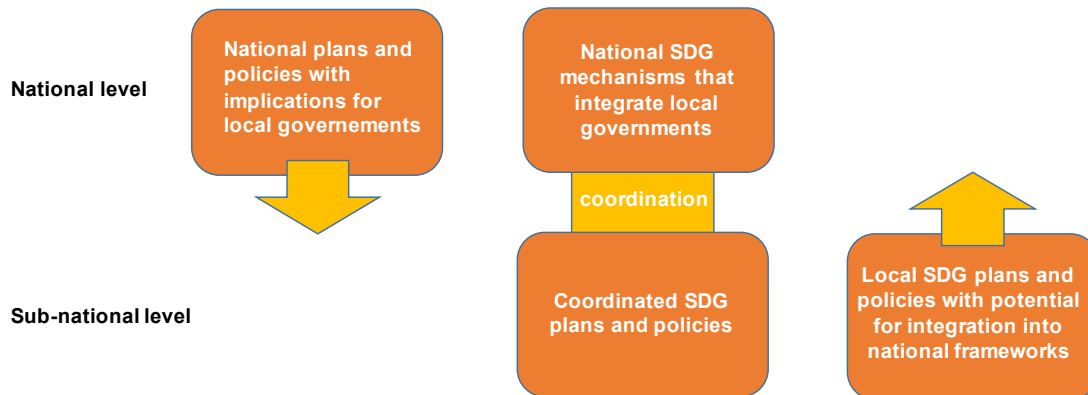
Local capacity and resource constraints are often highlighted as barriers to vertical integration. Issues such as insufficient public budgets, lack of access to financing, lack of technical staff and technical expertise, or limited data and information at the local level have been found to create barriers to effective vertical integration.³⁰ However, another important factor to strengthen relations among different levels of government is the capacity of the national level to provide local governments with strategic coordination, facilitation and support (e.g., financial, technical).³¹ Other factors that may affect vertical integration include information asymmetries, which may prevent effective dialogue and communication between different levels of government, or differences in organizational culture, priorities or political ideology between national and sub-national governments which may block sub-national actions.³²

Going forward, some experts think that there is considerable potential to link the pursuit of the SDGs to the process of development of intergovernmental systems. Local governments’ playing their role in SDG implementation may require changes to the overarching system, not just SDG specific mechanisms. In fact, the SDG agenda can be an opportunity to help strengthen the intergovernmental system (including planning, budgeting, and financial management) to support sustainable development and improved governance.³³

3.2.3. Linkages between national and subnational action on the Sustainable Development Goals

As indicated above, vertically integrated implementation of the SDGs is an ambitious goal. Therefore, there are different forms or degrees of vertical integration. Policy integration can occur for some but not all levels of government (territorial reach or scope), as well as along some but not all dimensions of the policy cycle (coverage). This could include top-down forms of vertical integration without true shared spaces across levels of government, for example, or initiatives of SDG localization that might be potentially scaled across levels of government (see below). Even partial forms of vertical integration can make a difference in terms of SDG implementation, especially if they are able to articulate policy

Figure 3.2.

Linkages between national and sub-national levels for SDG implementation: categories used in the chapter

Source: Author's elaboration.

formulation, implementation and monitoring across scale.³⁴

In practice, there are different modalities for vertical integration, which reflect linkages of a different nature between the national and the sub-national levels of government in the implementation of the SDGs.³⁵ For the purpose of this chapter, we distinguish three broad categories of modalities: (i) national actions or initiatives that recognise, recommend, direct or promote territorial actions on the SDGs; (ii) Local governments' plans and policies aligned with the SDG that can potentially be scaled up or integrated into national frameworks, even if the national level does not initially recognise local action; and (iii) mechanisms that actively involve different levels of government in the definition, coordination or implementation of actions (see Figure 3.2). Existing initiatives and practices can be classified in those three broad categories

The second category includes countries and cases in which sub-national sustainable development action and SDG localization is occurring, but the national level strategies, plans and policies (if they exist) do not acknowledge the importance of such action. Local action can be innovative and effective and have the potential to eventually be taken-up by the national level or scaled up through other mechanisms (including stakeholder engagement), as was the case with climate change policies first adopted by cities like Mexico City or Santiago and then integrated into national legislation in places such as Mexico.³⁶

The third category (multi-level mechanisms) encompasses mechanisms or processes that actively involve national and local governments. These multi-level tools integrate the active participation of authorities across levels of government. In this case, different levels of government work together and combine their mutual strengths to achieve shared objectives (coordination) or to define and implement new joint policies.

These categories are not new. In general, countries show continuity in the nature of the linkages across levels of government, with current patterns similar to those observed in earlier phases of the process of institutionalization of sustainable development (e.g., through national sustainable development strategies).³⁷ However, in some cases, relations across levels of government have intensified after the adoption of the 2030 Agenda. This is reportedly the case for Colombia and Germany, as described later in this chapter. In Finland,³⁸ many local authorities had their own local Agenda 21 before the development of a national sustainable development strategy. Now, in the SDG context, the national government has included representatives from regions, cities and municipalities in the National Commission on Sustainable Development to strengthen coordination across levels of government and alignment of national and subnational processes.

3.3. Vertical integration in the implementation of the Sustainable Development Goals: Approaches and tools

There is a growing catalogue of approaches and tools for advancing vertical integration in SDG implementation at the country level. This section maps and classifies these tools, and provides examples thereof. The country examples provided were identified through a review of the Voluntary National Reviews at the HLPF and relevant literature. While they illustrate practices and innovations taking place at the local level, they are not meant to be exhaustive or representative.³⁹ Nor are they necessarily transferable across countries. Indeed, depending on the country-specific context, practices or processes illustrated here may not be legally feasible or may make little sense from a practical standpoint.

Table 3.1. Tools for vertical integration in SDG implementation

	Leadership	Laws and regulations	Planning	Implementation	Monitoring
National Actions, driven by the national government for assistance or implementation by LGs, including both soft (e.g. learning) and hard (e.g. guidance) approaches	<ul style="list-style-type: none"> Recognition of the importance of LGs and vertical integration Outreach and awareness campaigns intended for LGs on SDGs 	<ul style="list-style-type: none"> National laws or regulations that acknowledge, mandate or enable the participation of LGs in planning and implementation of the 2030 Agenda 	<ul style="list-style-type: none"> Guidelines or templates to support LGs' planning processes Learning activities intended to share and incorporate inputs on SDGs from LGs (workshops, seminars, forums, dialogues, online activities) Assessments of subnational alignment LGs adopt a SDG strategy or align their strategies and plans with the SDGs 	<ul style="list-style-type: none"> Financing/budget support for localization Capacity building for localization National policies (urban, climate, water, transportation, etc.) that mainstream SDGs across levels 	<ul style="list-style-type: none"> Sharing of experiences and good practices Monitoring or reporting SDG implementation at subnational level Building capacity for subnational monitoring. Auditing
Sub-national Bottom-up actions adopted by LGs to advance SDGs with potential of adoption by central government and integration into national policies	<ul style="list-style-type: none"> Declarations and high-level events that signal political commitment to implement SDGs Outreach and awareness raising campaigns and events on SDGs for LGs, communities and their stakeholders 	<ul style="list-style-type: none"> Subnational legislation to facilitate the adoption of SDGs in strategies, plans and policies 		<ul style="list-style-type: none"> Alignment of LGs' financial plans with SDGs or national SDG policies Training/capacity building in LGs Policy tools (action plans, institutional, regulatory, etc.) 	<ul style="list-style-type: none"> Sharing of experiences and good practices Alignment of LGs' indicators to SDGs' frameworks LGs' mechanisms for reporting and data collection Auditing
Multi-level Mechanisms that incorporate the active participation of multiple (national, regional, local) levels of government. Shared spaces or processes across levels of government	<ul style="list-style-type: none"> Involvement of LGs in high-level events to signal commitment Adoption of agreements with LGs for implementation 	<ul style="list-style-type: none"> Elaboration of global and international guidelines and training materials to support local and regional government involvement in SDG delivery 	<ul style="list-style-type: none"> Involvement of LGs in national structures for coordination in formulation of national policies Multi-level mechanisms for communication and/or coordination in national policy formulation Non-institutionalized/ad-hoc multi-level communication and/or coordination processes 2- way learning activities intended to give or receive inputs for/from LGs (workshops, seminars, forums, dialogues, online activities) 	<ul style="list-style-type: none"> Involvement of LGs in structures for coordination in implementation Structures for multi-level coordination in implementation 	<ul style="list-style-type: none"> Workshops to share information and practices Involving LGs in monitoring structures Ensuring consistency of SDG indicators across levels Coordinated auditing across levels of government Multi-level accountability frameworks

Table 3.1 classifies vertical integration approaches and tools according to five essential steps of policy making (leadership, legislation, planning, implementation and monitoring). In addition, tools are organized around the three broad categories introduced above: actions driven by national governments that promote the SDGs at local level or their integration into sub-national strategies, plans and policies; actions initiated by local governments (bottom up) to advance SDG implementation, which could potentially be scaled up or integrated into national SDG frameworks; and actions that create multi-level processes or mechanisms of communication, coordination and collaboration across levels of government, whichever their origin and driving force (national, local, or both).

3.3.1. Leadership for vertical integration

Leadership at all levels of government is a fundamental prerequisite for the success of the 2030 Agenda. Leadership may be defined as signaling commitment and “developing an underlying vision through consensual, effective and iterative process; and going on to set objectives.”⁴⁰ It involves identifying overall goals and building commitment for reform processes. Commitment and direction are vital for vertical integration, as alignment and coordination of policies requires cooperation and collaboration of actors that have their own responsibilities, constituencies, structures and agendas.

Declarations by national governments that acknowledge the role and importance of local governments in the implementation of the 2030 Agenda have a large potential impact in creating the conditions for increased cooperation and collaboration. Some countries (e.g., Japan and Madagascar) specifically refer to the role of territorial governments in official documents, while others have stressed the importance of vertical integration (e.g., Mexico and Nigeria).

In Colombia, after an electoral process, the national government encouraged newly elected authorities to adopt local development plans based on the integration of the SDGs.⁴¹ In Madagascar, the government has recognized the importance of local autonomy in the implementation of the SDGs. A National Strategy for Local Development serves as an overall framework for decentralization, which will be executed through a specific action plan.

Local governments can also exercise leadership in promoting the 2030 Agenda. In countries such as the USA and Spain, local governments and cities have taken the lead in promoting the sustainability agenda. In many cases, including countries such as Finland, Nigeria, and Portugal, regional, state and city governments have signed their own declarations promoting the implementation of the Agenda. German municipalities, for example, signed the 2030 Agenda

for Sustainable Development Declaration. It calls for “the state and state governments to: involve local authorities and their representatives as equals when developing strategies to achieve the SDGs” and to create structures to enable their participation, including funds to compensate for the financial burden faced by local authorities in implementing international obligations.⁴²

At the level of signaling and exercising leadership in promoting vertical integration, national governments can explicitly include subnational authorities in high-level events, organise events specifically aimed at stressing multi-level coordination (for example, in Japan and Mexico), or they can sign agreements or declarations together with local governments to mutually commit to the implementation of the Agenda (e.g., in Argentina). High-level events led by subnational authorities, in countries like Japan, can also help promote the integration of national and local actions to advance sustainable development.

Creating awareness about the importance of the SDGs at the local level and the role of local governments in SDG implementation is the most basic type of action that can be taken by all levels of governments to promote vertical integration. National governments can undertake outreach and communication campaigns directed at local governments to promote local SDG action. In Sierra Leone, for example, the Ministerial Committee on the SDGs has held sensitization meetings and workshops with multiple stakeholders, including local councils.⁴³ At their own level, local governments are promoting SDG awareness through outreach and campaigns aimed at local stakeholders that stress the importance of the SDGs for local development. For example, several departments and city governments (e.g., Shiga and Nagano as well as the cities of Sapporo, Otsu and Omihamichan) have organized workshops and seminars, in collaboration with national agencies (such as the Ministry of the Environment or the Ministry of Foreign Affairs), and established local offices to promote awareness and collaboration among local stakeholders around the SDGs.⁴⁴

3.3.2. Vertical integration through laws and regulations

Enacting legislation or regulations that compel governments to adopt strategies, plans and programs to advance the SDGs is the strongest normative form of commitment to the 2030 Agenda. Governments are starting to adopt laws and regulations that formally tie policy making with the SDGs. This can be done in multiple ways, for example, by mandating, through legal instruments, that authorities at different levels of government issue sustainable development strategies or by making it compulsory that all national and local development plans and strategies should be aligned with the SDGs. Such norms can help to promote vertical

integration of SDG implementation.

From the top-down, national legislation can mandate the inclusion of local governments in the implementation of the SDGs. In Indonesia, a Presidential Regulation has been drafted to establish governance mechanisms for the SDGs and guide mainstreaming of the SDGs into sectoral development plans. The Regulation also ensures the role of provincial governments in leading implementation of the SDGs at their level and in the districts under their supervision. Similarly, the Italian government, through the State and Regions Conference and in accordance with Art. 34 of the Legislative Decree 152 (2006), will encourage local and regional authorities to be active and take part to the implementation process. Conversely, territorial governments can also adopt norms that mandate the alignment of their policy instruments with the SDGs. Wales is reported to be the first place in the world to have enacted an explicit legal link to the SDGs through its Well-being of Future Generations Act.⁴⁵ At the municipal level, Barcarena, in Brazil, issued a municipal decree that establishes that local policy planning has to be aligned with the SDGs.

In some countries, there are examples that precede the SDGs and illustrate the use of legal instruments by different spheres of government to advance sustainable development. For example, in 2008, Japan adopted the Act on Promotion of Global Warming Countermeasures, that requires prefectures and municipalities to formulate and implement local action plans to be integrated with related policies.⁴⁶

In Belgium, since 1997, a national law about the coordination of the federal sustainable development policy includes a federal strategy, and at the subnational level, the Walloon Parliament adopted a decree in 2013, which provides for the adoption of one new sustainable development strategy per parliamentary term. Since 2004, the Brussels urban planning code requires the Government of the Brussels-Capital Region to adopt a regional development plan.⁴⁷

3.3.3. Vertical integration at the planning stage

Coordination and integration across levels of government at the planning stage are fundamental for the attainment of the SDGs. Planning is frequently the stage of the policy-making cycle that is more clearly identified with government functions. It involves identifying the means (institutional mechanisms, programmatic structures, specific policy tools) of achieving the objectives. Strong institutions heading the process, comprehensive and reliable analysis linking national, regional and local levels, coherence between budgets and strategic priorities, building on existing mechanisms and strategies, developing and building on existing capacities, and effective participation are important preconditions for successful planning.⁴⁸ While some countries opt for soft approaches like informing local governments or organizing

learning activities, others more proactively and strongly support the preparation of local plans and development of local capacities.

National governments can issue guidelines or templates that local governments can use to integrate the SDGs and align their own plans, policies and budgets. The Government of Uganda has developed development planning guidelines which provide for integration of SDGs into sector and Local Government Development Plans. Further, the National Development Plan provides national strategic direction and guides planning at decentralized levels, and capacity building workshops on SDGs have been run with local governments.⁴⁹ The Czech Republic is reforming its regional public administration with the aim of improving coordination, and has committed to provide methodological and coordination support to regions and municipalities in order to set minimum standards for public services. Similar practices have been identified in Japan, Philippines, and Sierra Leone. Already during the implementation of the MDGs, Ecuador had been recognized for “its ambitions at the subnational level, with a focus on creating a national decentralized system of participatory planning in order to move towards a plurinational and intercultural state.”⁵⁰

At the sector level, national governments can use policy frameworks to advance policy integration in specific SDG areas. For example, in Australia, a Policy Framework for Integrated Transport Plans sets governmental integrated transportation directions and strategic goals at the national, regional, sub-regional and local levels. The formulation of policies and strategies at all levels needs to be aligned with this national policy framework.⁵¹ Climate change is another sector where this type of policy integration tool is relevant. In countries like Japan, for example, a national action plan for a low-carbon society provides and mid and long-term strategic outline for the transformation of urban and regional structures.

Some governments opt for top-down approaches that direct subnational governments to adopt specific models of sustainable development plans and strategies. In Egypt, for example, the central government, through the General Organization of Physical Planning, draws up General Strategic Plans for governorates and cities to pilot SDG policies and initiatives.

National governments can promote vertical integration by assessing the alignment of subnational strategies, plans and policies with the SDGs. Colombia undertook an assessment of the extent to which local governments consider the SDGs and equivalent goals and targets in their development plans. The study found that all of the Territorial Development Plans (TDV)—including objectives, indicators, and investments—have incorporated the SDGs, though with varying degrees of comprehensiveness.⁵²

Whether initiated by the national or local government, learning activities to jumpstart the implementation of the SDGs at the local level and to promote the exchange of inputs across levels of government can also contribute to vertical integration. In Japan, the Institute of Building Environment and Energy Conservation led discussions on ways to implement the SDGs in local communities. Afterwards, the discussion was released as *SDGs in our town. Guideline to introduce the SDGs*, which suggests ways to interpret each SDG in the local context.⁵³

Alignment of subnational strategies and policies to the Sustainable Development Goals

Aligning local strategies, policies and plans with the SDGs can make an important contribution to strengthening vertical integration. A large number of local governments are aligning or have already aligned their strategies and plans, sometimes unilaterally and sometimes with the support of the national government. Some territorial jurisdictions opt to adopt new sustainability strategies, while others decide to adapt existing strategies to the Agenda or start through specific sectoral plans or local pilots. Frequently this alignment is a continuation of processes initiated under the MDGs or Agenda 21. National associations of municipalities and international networks of local governments are promoting and supporting alignment with the SDGs.⁵⁴ Examples include the Association of Flemish Cities and Municipalities (VWSG), the Mexican association of state governors, and the Brazilian National Confederation of Municipalities (CNM), among others. (See Box 3.3).

Although according to a United Cities and Local Governments (UCLG) 2017 review of the Voluntary National Reviews (VNRs), “the integration of the SDGs in plans and strategies of local and regional governments is, with only a few exceptions, still in a very preliminary phase,”⁵⁵ many incipient practices have been identified. A recent survey of 12 regional governments from countries which submitted VNRs to the 2017 HLPF found that 8 had SDG strategies in place.⁵⁶ For example, the Norwegian municipality of New Asker has adopted the SDGs as a framework for developing its municipal master plan and planning strategy. The municipality expects to fully localize the SDGs by 2020.⁵⁷ Several Indian states have initiated the process of aligning development plans to the SDGs and begun building roadmaps for implementation. For example, the state of Assam has developed a roadmap and initiated pilot projects in several villages.⁵⁸

In countries that have been champions of the 2030 Agenda, like Colombia, the process of alignment is quite advanced. With support from the Colombian national government, 32 departments and 31 capital cities have adopted local development plans that include SDG localized targets.⁵⁹ Around a third from close to a hundred experiences identified researching this report involve SDG alignment at the subnational level. In some countries, the process of subnational alignment has been driven by the central government (e.g., Azerbaijan, Colombia, South Africa); in many instances it is regional, state and municipal governments that have led the process.

Box 3.3. Aligning local strategies and plans with the SDGs

According to the UNDG publication *Roadmap for Localizing the SDGs*, “local and regional plans should provide a comprehensive vision of the territory and define strategies based on an integrated and multi-dimensional approach to inclusive and sustainable development.” These plans should include:

- I. Baseline diagnosis of the socioeconomic and environmental context.
- II. Local or regional priorities.
- III. Shared and consistent targets across levels of government.
- IV. Coherence with SDG-based national (and regional) plans.
- V. Strategic projects.
- VI. Budget and financial strategies.
- VII. Implementation timeline.
- VIII. Cooperative governance mechanisms.
- IX. Monitoring and assessment tools, including a set of local and regional indicators aligned with the indicators established in the 2030 Agenda.

Source: Global Task-Force for Local and Regional Governments, UN-Habitat and UNDP 2016, *Roadmap for Localizing the SDGs: Implementation and Monitoring at Sub-national Level*, p. 28

Box 3.4. Mechanisms for multi-level collaboration and coordination in Germany

The German Council for Sustainable Development was established in 2001 and is an advisory body to the German Government. It organizes numerous campaigns to encourage dialogue within society on the principle of sustainability, and to put sustainability into practice. In 2010, the Council established a Sustainability Network of Lord Mayors, which was complemented with the establishment of Regionale Netzstellen Nachhaltigkeitsstrategien (regional hubs for sustainability strategies), designed to strengthen the nationwide networking of sustainability initiatives launched by federal, state and local governments.

The new National Sustainable Development Strategy was designed to align German sustainability policies with the SDGs. The states (Länder) participated in the development of the new strategy, with a contribution approved at the level of the states' prime ministers, in which they stress the need for cooperation between the federal, state and local governments. By February 2016, four public regional conferences had been held, attended by state-level ministers, state secretaries and other representatives of federal, state and local governments. Further, eleven Länder already have their own sustainability strategies or are currently working on adopting them.

The State Secretaries' Committee for Sustainable Development steers implementation of the Sustainable Development Strategy and oversees the updating of its content. The committee invites external experts from the private sector, the scientific and research community, civil society, and from the federal states and local authorities to attend its meetings. Regular meetings of federal and state governments are held to enable participants to share their experience of sustainability activities.

Source: nd. "Sustainable City' Dialogue.' Mayors for Sustainable Development in Municipalities, German Council for Sustainable Development.

Multi-level mechanisms of coordination and collaboration

Some of the most ambitious and promising tools for vertical integration at the planning stage are multi-level mechanisms of coordination and collaboration. These can be as varied as the national institutional contexts in which they are adopted, and are typically implemented through top-down processes of integrating territorial governments into national structures. According to the UCLG study, from 63 countries that have reported to the HLPF in 2016-17, 27 include local governments in high-level decision making or coordinating mechanisms (see Box 3.4).⁶⁰

Two relevant distinctions affect the potential impact of multi-level planning structures on vertical integration and localization. First, whether the structures themselves have decision-making powers or are merely advisory bodies; and second, whether local government participation is by invitation and for ad-hoc consultation, or involves actual membership in the coordination or collaboration structures.

One model is inviting or integrating representatives of local governments into national structures for coordination and policy formulation. Practices identified in Argentina, Azerbaijan, Belgium, Benin, Brazil, Czech Republic, Ethiopia, Finland, Nigeria, Estonia, Jordan, Montenegro, and Togo fit this model. This model provides opportunities for exchange of information and for local governments to provide inputs into national SDG policies and strategies.

In contrast, other cases of multi-level level cooperation work from the bottom up, by including national institutions or

agencies in subnational processes. For example, in Brazil, the State of Goiás collaborated with the national government in a pilot to develop and support a plan for SDG implementation in the municipality of Alto Paraiso.

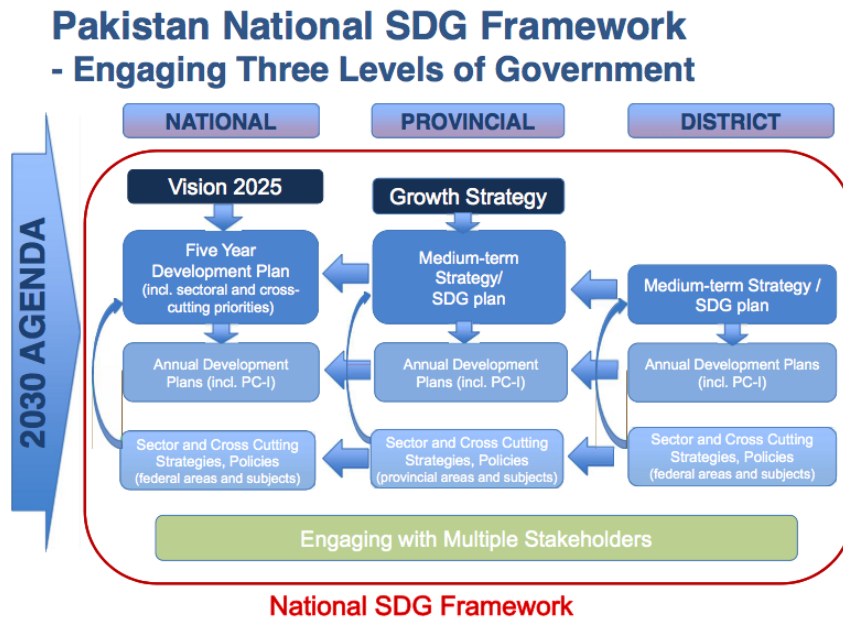
Multi-level mechanisms for communication and coordination in policy formulation are potentially the most effective to promote vertical integration, providing for both multi-level coordination and proper localization of SDG goals. There are several examples of mechanisms that incorporate multiple levels of government into sustainable development planning bodies, as well as mechanisms that reproduce national coordination and collaboration mechanisms at different levels of government. Both strategies can foster strong coherence and collaboration.

Countries that have established such tools include Brazil, Germany, Kenya, Malaysia, Mexico, and Switzerland. Building on institutions that preceded the 2030 Agenda, Germany (Box 3.9.) has developed a dense structure of coordination for the SDGs, which involves local governments at multiple points. Kenya and Mexico have recently established councils or conferences of state governors which are used as transmission chains between the national and local governments and provide a forum for the coordination of SDG policies across levels.

Even before the adoption of the 2030 Agenda, Pakistan's National Vision 2025 promoted vertical and horizontal policy coherence through partnerships and coordination by a National Planning Commission, supported by SDG units, and provincial and thematic SDG units and coordination

Figure 3.3.

Vision 2025. Multi-level planning for SDG implementation in Pakistan



Source: Prokop, M, nd, "Integrating the Agenda 2030 into Planning and Budgeting Processes. Overview of key steps." Presentation. Regional Knowledge Exchange, UNDP.

bodies, national and provincial cabinet committees, national and provincial assemblies and their committees, including a national parliamentary secretariat for SDGs.⁶¹ (See Figure 3.3.)

Following a different strategy, Malaysia is replicating its national-level multi-stakeholder governance structure at state levels in order to enhance vertical and horizontal policy coherence and increase engagement with civil society, businesses and individuals around the SDGs. This would contribute to better adaptation of the SDG indicators, data collection, accountability, monitoring and evaluation, as well as to budget allocations and resource mobilization at sub-national levels. One of Malaysia's adopted national priorities is enhancing coordination between federal and state levels through a single platform.⁶²

Even lacking fully institutionalized structures for collaboration, some governments have established *ad hoc* channels of communication and coordination to promote the alignment of subnational strategies and plans with the SDGs. Sierra Leone used the Ministry of Finance and Economic Development and the Ministry of Local Governments and Rural Development to engage the 19 local councils to integrate the SDGs into their district and municipal development plans.

Multi-level structures are frequent in sectors that require cooperative management due to the existence of multiple, overlapping jurisdictions, such as oceans and water resources. In Canada, since 1998, the Eastern Scotian Shelf Integrated

Management Working Group (ESSIM Working Group) is tasked to integrate federal and provincial policy and coordinate regulation. Similarly, and preceding the SDG Agenda as well, the Australian integrated ocean management working group, formed by the federal government and the states, works to establish appropriate institutional arrangements to address ocean-related issues.⁶³

3.3.4. Vertical integration in the implementation of the Sustainable Development Goals

Effective implementation of sustainable development strategies and policies has been a critical issue in international discussions.⁶⁴ A critical challenge in this regard is to establish clear and coordinated responsibilities. Some country experiences of vertical integration in SDG implementation are analysed below, with focus on budgeting and financing, capacity building and policy instruments or tools.

Approaches and tools to advance vertical integration in the implementation of the SDGs seem less frequent than at the planning stage. However, emerging practices show that countries that have strengthened the linkages across levels of government in the planning process are also advancing more integrated approaches to budget and financing for SDG implementation. Some local governments are advancing action plans and institutional mechanisms for localised SDG implementation. Multi-level structures for implementation, however, are not frequent yet.

As analysed in Chapter 2, countries are setting new institutional coordination frameworks for the implementation of the SDGs with the aim of enhancing an integrated approach to implementation. However, the focus seems to have been more on strengthening horizontal than vertical integration, and participation of local governments in these structures is yet limited (see section 3.2). Only in a few cases, key institutional SDG coordination actors or institutions are engaging institutions responsible for intergovernmental relations (if and when they exist). One of the few examples is Sierra Leone (collaboration between the Ministry of Finance and the Ministry of Decentralization). However, this collaboration is around specific approaches or tools that involve a territorial dimension, rather than more generally on overall implementation of the 2030 Agenda.

Financing and budgeting

Public finance reforms have emphasized that budgets should follow policy and plans.⁶⁵ Therefore, countries that have mainstreamed the SDGs (or previously the MDGs in the applicable contexts) should have a budget that prioritizes the SDGs and budget processes that are linked to the national policies to achieve them. However, the experience of the MDGs and of institutionalizing sustainable development strategies shows that linking sustainable development approaches and strategies to budget allocation processes is often challenging. This challenge is even stronger at the local level, given the complexity of fiscal decentralization processes. Decentralization complicates budget tracking as it increases the number of units with their own budgets and expenditures. Moreover, different levels of government may use different budget formats and classifications.⁶⁶

Another challenge is mobilising financial resources for effective SDG implementation both at national and local levels. Ambitious development plans with too many priorities may exceed the available resources for its implementation and require budget prioritization. This is particularly relevant at the subnational level, since many local governments (particularly in developing countries) are heavily dependent on transfers from the central level and raise limited revenues through taxes, debt or other sources.⁶⁷ Given these limitations, local governments may consider different alternatives, including by engaging with the private sector, such as public-private partnerships (PPPs), equity finance, pooled investment agendas, municipal bonds, and other efforts including crowdsourcing and social impact bonds.⁶⁸ However, some of these alternatives, such as PPPs, may also involve specific challenges for vertical integration, as they may remain outside the regular channels of public monitoring and oversight (for example, external audits). Ensuring the transparency and accountability of these mechanisms is therefore important in order to enable further vertical integration and effective SDG implementation.

Despite these challenges, some countries have started the process of aligning sub-national and local financial plans and budgets to the SDGs. In some cases, the national government drives this alignment process, while in others it strictly happens at the subnational or local level. Overall, these cases correspond to either countries or local governments which have advanced in integrating the SDGs into their national or subnational strategies and plans.

Examples of government-driven alignment processes are Mexico, Uganda, Pakistan and Sierra Leone. In Mexico, the SDGs have been embedded in the budget process and the link between the SDGs and budgetary programs has been formally recognised in the Executive's Budget proposal for 2018.⁶⁹ Local governments have been engaged in the process to align sustainable development plans and budgets to the SDGs. In Uganda, with UN support, the government aligned sub-national development plans with the national plan and SDGs. These plans are already guiding the budgeting process at the sub-national level.⁷⁰ In Sierra Leone, the Ministry of Finance and Economic Development and the Ministry of Local Government and Rural Development engaged the 19 local councils to integrate the SDGs into their district and municipal development plans and ensure that future annual budget proposals of councils are aligned to the SDGs.⁷¹ Other countries like Azerbaijan are also highlighting their commitment to integrate the SDGs into the regional and local plans and budget allocations.⁷²

In Pakistan, national and sub-national financing frameworks are being aligned to the SDGs. New frameworks are being established to track related expenditures, while district-level frameworks are being piloted to highlight priorities, especially those related to health and education.⁷³ District budgets can be disaggregated by gender and poverty level.⁷⁴

At the subnational level, some provinces, cities and municipalities are also seeking to align and integrate the SDGs into their financial plans and budgets. Examples include municipalities in Belgium, Brazil, the Netherlands, Sweden and South Africa, among others. In Benin, *départements* are revising their local plans in order to access national funding for municipal development from the Fonds d'Appui au Développement des Communes.⁷⁵

In Belgium, the Flemish association of municipalities is supporting pilots for integrating the SDGs in the financial and strategic plans of 20 municipalities.⁷⁶ In Brazil, the municipality of Barcarena institutionalized the revision of its Master Plan for Urban Development based on the SDGs (through Municipal Complementary Law No. 49 and Decree No. 436) and developed a corresponding multi-annual investment plan to support its implementation.⁷⁷ In 2017, the Swedish city of Malmö, which had already aligned its local goals to the SDGs, introduced them into the budget. The city also integrated the SDGs in its international cooperation

Box 3.5. Aligning budgets to SDGs in Colombia

Colombia has a high level of functional and fiscal decentralization. Multilevel planning and budgeting processes allowed to establish common formats for reporting on the MDGs for different levels of government and across sectors. Strong multi-year plans and transparent and detailed budgeting formats facilitated tracking and accountability of MDG budgets. Building on these budgeting practices, the strong planning process and institutionalised coordination mechanisms established for SDG implementation, Colombia appears as one of the main innovators on SDG budgeting. The territorial development plans of the newly elected local representatives include budgetary and regulatory policy actions that are aligned to the SDGs. Moreover, multi-level planning and budgeting processes, including the General Participation System (*Sistema General de Participaciones*), redistribute national funds to social sectors across territories and establish common reporting formats.

Source: International Budget Partnership, 2017. "Tracking spending on the SDGs: What have we learned from the MDGs?" Budget brief. IBP. 2017. Input submitted to the WPSR.

frameworks, in special partnership with local governments in Africa and Asia.⁷⁸ In South Africa, the city of eThekweni-Durban has aligned its long-term strategy, its five-year Integrated Development Plan, and budgets to the SDGs.⁷⁹

There are not many examples of countries where truly multi-level budgeting processes and structures to support SDG implementation are being set. Colombia is one of the innovators in this area as well as in the alignment of subnational budgets (see Box 3.5). Finally, in some countries, national governments are providing financing or budget support to local governments in order to support localised implementation of the SDGs. Examples include Nepal and Ghana.

At the local level, some municipalities are also mobilizing their own revenues and investments to support the implementation of policies in specific SDG nexuses or areas. For example, in the Netherlands, a joint investment agenda of the municipalities, provinces and water authorities has committed EUR 28 billion per year in investments to support adopting energy neutral, climate-proof and circular economy solutions, whenever possible.⁸⁰

Capacity constraints are often identified as one of the main challenges for local governments. Initiatives aimed at developing or accessing skills and knowledge are particularly important to enable their effective engagement in SDG implementation. Capacity building of local government is a critical dimension of the enabling environment for SDG localization and thus, a precondition for strengthening vertical integration.⁸¹

Most of the ongoing capacity building efforts focus on strengthening local capacity to address long-term challenges related to SDG planning and implementation in general, rather than creating specific capacities for vertically integrated action. However, some initiatives that more explicitly support vertical integration are starting to emerge.

The role of national governments (e.g., developing training opportunities or facilities, subsidizing recruitment

of specialised staff) may be critical to support capacity development. Tailored approaches should be developed by considering variations in capacity across subnational and local governments. For example, a vertically integrated climate change mitigation initiative in South Africa used a two-window approach involving intensive hand-holding for less experienced local governments and a package of financial incentives for the most capable.⁸²

Building the capacity of local governments to promote sustainable development can involve broader reforms and support than strengthening intergovernmental systems and better governance. These measures can include enhancing local capacities for strategic development and implementation, through improved planning, budgeting and financial management systems. Some national governments have committed to enhancing the capacity of local governments for SDG localization and implementation. For example, the national governments in the Czech Republic, Italy, Philippines, and Uganda have committed to supporting the capacity of local governments to engage with other levels of government in the context of SDG implementation.⁸³ In the case of the Philippines, capacity building efforts to empower local governments to include SDGs in their local development plans take place through the National Economic and Development Authority (NEDA) and its regional offices. In Uganda, training of technical local government officials took place in the process of aligning national and sub national development plans and budgeting with the SDGs and ensuring multi-stakeholder participation.⁸⁴ In general, there is not much detail on the focus of these efforts and the capacity building modalities or tools used.

Local governments are investing in strengthening their capacity for SDG localisation, with strong support from local associations and networks. For example, in Costa Rica, the national association of local governments trains municipal planners in SDG implementation.⁸⁵ In Brazil, the National Confederation of Municipalities (CNM) with UNDP support has set the ART Initiative to support municipalities in localizing the SDGs. They have developed a guide for

helping municipalities integrate the SDGs into their local plans and build monitoring and accountability systems. Other activities include: identification of relevant indicators for municipalities; the elaboration of guidelines and publications on the role of local governments in the new development framework; and capacity building for newly elected mayors on implementation and monitoring of the SDGs.⁸⁶ The initiative takes a bottom-up approach to sustainable development which recognises the importance of integrated action across levels of government (see Box 3.6).⁸⁷

Another interesting example is the *Global Goals Municipal Campaign* in the Netherlands (<https://vng.nl/global-goals-gemeenten>). The campaign, implemented by VNG International (the international cooperation agency of the Association of Netherlands Municipalities), will support municipalities to create an enabling and vibrant environment in which stakeholders can share ideas, innovate and start local partnerships for sustainable development and international cooperation.⁸⁸

In Kenya, the national and subnational levels of government are joining efforts to improve their capacities to work together for SDG implementation. The national government engages the Council of Governors in training to build capacities and ensure mainstreaming of SDGs into the counties' own development plans. At the same time, the Council plans to strengthen local capacities to use national indicators and promote the collection of disaggregated data in counties.⁸⁹

3.3.5. Vertical integration in monitoring, evaluation, follow-up and review

Monitoring and reporting on progress toward the SDGs, taking into account uncertainties and risks, and learning from this information to adapt existing strategies and programmes, are critical for the effective implementation of the 2030 Agenda.⁹¹ The Agenda includes specific principles and provisions for follow-up and review to ensure that the data systems, capacities, methodologies and mechanisms are in place to track and report on progress in order to ensure accountability to citizens.⁹² Moreover, as a complement to the global SDG indicator framework developed at the global level, it is expected that national and local indicators will be developed as well.⁹³

The 2030 Agenda established that systematic, regular and inclusive reviews of progress will take place at sub-national, national, regional and global levels.⁹⁴ For example, local governments can play an important role to gather data to monitor progress in a spatially disaggregated way.

Monitoring, tracking and reporting on progress

Tracking, monitoring and reporting on progress towards the SDGs, and learning from the information gathered in monitoring processes and outcomes, is a fundamental part of managing the implementation of the 2030 Agenda. Monitoring and reporting on progress should be based

Box 3.6. The role of local government networks and associations in advancing vertical integration

Local governments often network or associate with other local governments for efficient and effective delivery of local services. Local government networks can be defined as structures of interdependent relationships among local governments or between them and other actors that help fulfill their functions. They are often sponsored through partnerships between different stakeholders and can exist at different levels: global, regional, national and subnational/local. They have been critical to advance the role of local governments in sustainable development and SDG implementation, and to enhance local capacity and the availability of information needed for SDG implementation. By strengthening local governments and supporting SDG action at the sub-national and local levels, local networks and associations can create opportunities for more effective vertical integration.

Networks and associations have been important actors in promoting alignment of subnational and local strategies, plans and policies with the SDGs. Associations of departments and municipalities can play a multiplier role. Examples include the Flemish and Swedish associations of municipalities, the Mexican association of state governors, and the Brazilian National Confederation of Municipalities (CNM). For example, the Norwegian municipality of New Asker is partnering with the Norwegian Association of Local and Regional Authorities to develop national performance indicators for other municipalities to adopt and localize the SDGs.

Local associations and networks are also leading efforts to strengthen local capacity for SDG implementation. National networks and associations are supporting their members through different initiatives, including online portals, knowledge-sharing resources and the development of solutions to address implementation challenges. Examples include the open online toolbox *Localizing the SDGs* (<http://www.localizingthesdgs.org/>), and United Cities and Local Governments' (UCLG) *Local4Action Hub* (<https://www.learning.uclg.org>). In some cases, knowledge-sharing and capacity building efforts have a cross-regional dimension. For example, a learning dialogue on localizing the SDGs was organised between Latin America and African local government networks in Cabo Verde in October 2017.

Source: see footnote.⁹⁰

on integrated mechanisms for assessment and follow-up, and consider not only the development of sound indicators but also setting structures and strategic processes to track progress and capture lessons learned.⁹⁵ In addition, SDG monitoring requires setting monitoring structures that involve and engage multiple levels of government, from the global to the national and the subnational and local levels.

The development of indicators to track progress towards the SDGs on the ground is a complex process. Local governments face specific challenges such as variation in data availability across regions and municipalities, or the prevalence of local monitoring systems that assess performance within sectoral divisions.⁹⁶ Moreover, vertical integration of SDG data from the local to the national and the global levels requires protocols, guidance and reporting mechanisms that ensure harmonization and prevent double-counting.⁹⁷

At the national level, based on data from the voluntary national reviews held at the UN high-level political forum on sustainable development in 2016 and 2017, a few countries have highlighted the importance of territorial disaggregation of data across levels of government. Countries like Finland, Mexico and Peru emphasize the need of having localised indicators and the importance of engaging sub-national tiers of governance in monitoring to improve availability of disaggregated data.⁹⁸

Consistently, one trend observed is the localization of SDG indicators, i.e. efforts by local governments to integrate or align SDG indicators at the regional and local level and to develop mechanisms to ensure sub-national monitoring and follow-up of sustainable development action. Examples include local governments' efforts in Brazil, Ecuador, Germany, the Netherlands, Sweden, some counties in Kenya, some states in Belgium and some regions in Spain. In Brazil, the Brazilian Confederation of Municipalities (CNM) has developed a performance measurement tool to support municipalities in monitoring their results in implementing the SDGs.⁹⁹ At the subnational level, building on its previous experience in developing annual monitoring reports of the MDGs, Sao Paulo's statistical office (SEADE) is active in SDG monitoring.¹⁰⁰ In Spain, the statistical office of the government of Catalonia (IDESCAT) provides a comprehensive set of data on many topics and areas relevant for the SDGs, and has an online portal to access data by sector, and also by the municipalities of the Catalan territory.¹⁰¹ In Belgium, the Flemish Strategy includes indicators for monitoring SDG progress.¹⁰² Subnational governments with monitoring structures are generally building on pre-existing mechanisms, efforts and institutional structures for sustainability (e.g., Argentina).

As in other areas, cities are taking the lead and innovating in the localization of SDG indicators. Some cities are establishing partnerships with universities (e.g., San Jose and New York in the USA) to develop comprehensive monitoring systems of their sustainable development plans aligned with the SDGs.¹⁰³ Also, cities are innovating in the use of technology and data-based tools for monitoring SDG progress at the local level. In San Jose, an SDG Data Dashboard allows assessing the alignment of the city's strategies with the SDGs with a focus on SDG 13. The tool generates individualised and incentive-based improvement plans and links to municipal resources.¹⁰⁴

Colombia, Kenya, Nigeria and Zimbabwe are innovating by setting mechanisms that may be conducive to effective vertical integration of SDG indicators and data collection, as they involve coordinated actions by different levels of government or multi-level structures. The analysis shows that countries are not following a single model.¹⁰⁵ In Nigeria, for example, the national government and regions share the responsibility for gathering SDG data. Zimbabwe has appointed focal points in local governments to support the national statistic committee in gathering SDG data. Kenya is developing an integrated monitoring and evaluation system to track indicators at the county level (CIMES). Indonesia is a particular case due to the use of a regulatory instrument at the highest level of government. A Presidential Regulation, which establishes governance mechanisms for the SDGs, also provides for regular monitoring and evaluation reporting from ministries and the sub-national level.¹⁰⁶

Some initiatives show advances in local SDG reporting. Some sub-national governments are developing their own reports to assess and monitor SDG implementation at the subnational level. However, with some notable exceptions such as Flanders, Belgium, in many cases there are no mechanisms yet in place to ensure that these reports systematically inform national monitoring processes. For example, according to a review conducted by UCLG in cooperation with the Global Taskforce of Local Governments (GTLG), local governments were involved in the reporting process and preparation of the VNRs in 2016 and 2017 in 37 out of 63 countries, most of which are in Europe and Latin America.¹⁰⁷

Colombia again seems to be unique in terms of engaging subnational governments in monitoring efforts. The assessment of the alignment of local and subnational plans to the SDGs included goals, targets and indicators, also considering the availability of data to measure the indicators at the subnational and local levels. All the Territorial Development Plans have incorporated SDG-related indicators to different extent. The National Planning Department plans to follow-up on SDG indicators at the local level.¹⁰⁸

In Colombia and the Philippines, national governments have also committed to support the strengthening of the capacity of sub-national levels to generate and collect data and use it for policy-making related to the SDGs.¹⁰⁹ Subnational actors are also mobilizing support to strengthen capacities for developing and using SDG indicators. In Kenya, for instance, the Council of Governors plans to build capacities to use national indicators and promote the collection of disaggregated data in counties.¹¹⁰

In other cases, the SDG high-level decision-making or coordinating body will play a role in monitoring the performance of sub-national governments. For example, in the Czech Republic, the Government Council on Sustainable Development, chaired by the Prime Minister, will prepare a bi-annual report on quality of life and sustainability in order to monitor the compliance of sub-national strategic documents, programs and measures of progress with national goals.¹¹¹

Some federal countries are setting up structures for multi-level coordination and collaboration across levels of government for monitoring and oversight purposes. In Brazil, the National Commission for the SDGs, which includes representatives from federal, state, district, municipal governments and civil society, is also tasked with monitoring initiatives for SDG implementation at the state, district and municipal levels.¹¹² In Belgium, a political steering committee helps facilitate the interaction between the federal government and the federated entities for monitoring purposes. The federal government has fully recognized the need to receive the contribution of regional governments in order to get a more comprehensive picture of SDG implementation in the country. The federal and the regional governments jointly decide on the information to be included in the national SDG review.¹¹³

Knowledge sharing and learning

Sharing information and knowledge on SDG implementation at all levels of government and learning from the information gathered through monitoring efforts is important to adapt SDG implementation. Knowledge sharing and learning may help strengthen vertical integration mechanisms, enhance capacities to support vertical integration efforts, and help disseminate and scale up local SDG action. Learning and information sharing can occur through a combination of different tools and approaches.

There is not much information yet on how governments may be using evaluations and progress reports to learn from the SDG implementation process and enhance vertical integration. In Italy, the national association of municipalities (ANCI) has supported and participated in a bottom-up process of SDG monitoring and evaluation, led by the Italian Alliance for Sustainable Development (ASviS).¹¹⁴ Colombia's Department of Planning has conducted an assessment of

the integration of the SDGs at the sub-national level and identified lessons learned and challenges of this process.

National governments can play an important role in facilitating information sharing on local SDG action and implementation practices. This role of the national government has helped support vertical integration in specific sectors such as climate change. For example, as part of Japan's efforts to improve integration of climate change mitigation across levels of government, the national government set a venue for showcasing and nationally promoting city initiatives in order to facilitate their replication across the country and promote the creation of implementation partnerships.¹¹⁵ In the context of SDG implementation, some national governments have committed to support local governments through knowledge sharing. For example, in the Czech Republic, the national government will provide methodological and coordination support to local governments to set minimum standards of services and to ensure exchange of information and good practices.¹¹⁶

In other cases, local knowledge-sharing initiatives seek to involve actors at different levels of government, thus enhancing vertically integrated approaches. For example, in Japan, the City of Kita-Kyushu convened a symposium, co-organized with the Ministry of Foreign Affairs and the Ministry of the Environment, on "Local efforts to achieve the SDGs in Japan" in 2017.¹¹⁷ These initiatives may be particularly valuable in specific SDG sectors.

Networks can also be a powerful tool for learning and adaptation on vertical integration for SDG implementation. Generally, national governments are not setting and/or supporting these networks, but these are mostly driven by local governments and their associations (see Box 3.6).

3.3.6. Vertical integration through oversight and audit

Monitoring SDG implementation and learning from the implementation process can occur through a combination of both formal and informal tools and approaches. Formally, it can be institutionalised through oversight mechanisms and external audit institutions.

Integrated oversight

There are not many examples of countries setting coordinated or integrated structures for oversight and accountability of SDG implementation. Two factors may explain this gap. On the one hand, the independent mandate of external oversight and accountability mechanisms (e.g., Parliament) may create barriers to coordinate their action across levels of government. On the other hand, external oversight mechanisms at sub-national and local levels of government usually only exist in countries with federal systems or with high levels of decentralization. One interesting example is

Pakistan, where the National Assembly has created a special Parliamentary Secretariat for the SDGs which coordinates with the Provincial Assemblies and their committees at the sub-national level.¹¹⁸

External auditing

In many countries, Supreme Audit Institutions (SAIs) are committed to playing a significant role in supporting the 2030 Agenda and SDGs, building on their experience in auditing government performance.¹¹⁹ According to the 2017 IDI Global Survey, 56% of SAIs intend to include themes on preparedness for or implementation of the SDGs in their next audit program.¹²⁰ By auditing and reporting on the performance of national and sectoral sustainable development strategies, programmes and actions with a focus on horizontal integration (see Chapter 2), vertical integration as well as stakeholder engagement (see Chapter 4), SAIs can make important contributions to sustainable development.

Independent auditing also provides a learning tool, as the auditing process looks for weaknesses and suggests remedial measures to address them.¹²¹ Through their audits, SAIs may produce relevant information on the obstacles and challenges for vertical integration, how well governments perform on this dimension, and make recommendations for enhancing vertical integration in specific contexts, taking into account the institutional capacity to adjust to findings from the audits. Moreover, by using standardised oversight tools and methodologies and consolidating the emerging audit findings, SAIs can help identify similar problems that undermine vertical integration and government performance across countries and often have common causes and consequences.¹²²

Many SAIs have accumulated experience in conducting audits that consider issues of vertical integration in the implementation of government policies and programmes. According to a recent OECD review,¹²³ 8 of 10 SAIs surveyed assessed mechanisms for effective information sharing and coordination for implementation between levels of government (in addition to within entities and across entities). These audits provide information on relevant aspects such as the coordination of public agencies across levels of governance, the existence of fragmentation, overlaps, duplications and omissions in competencies, processes and management of public policies across levels of government, and the limits of monitoring and evaluation efforts across different levels, among others (see Box 3.7).

In the SDG context, SAIs are conducting audits of the preparedness of governments for implementing the SDGs. These audits include relevant questions to understand the extent and forms of vertical integration, as well as the main constraints to a vertically integrated implementation of the SDGs. An innovative example is the coordinated audit on government preparedness and Target 2.4 (food security) that is being conducted in 11 Latin American countries and coordinated by SAI Brazil. This audit inquires into the preparation of the Center of Government to articulate the implementation of the SDGs across levels of government, considering the definition of competencies and powers to exercise vertical coordination as well as the definition of institutional structures and mechanisms to ensure effective vertical integration in practice.¹²⁴ Another innovative example has taken place in Guatemala, where the SAI not only plans to audit SDG implementation at the local level, but is supporting the government in raising the municipalities' awareness about the 2030 Agenda and SDGs.¹²⁵

In many countries, audit institutions also exist and operate at the sub-national level. A relevant question for further consideration is the integration and articulation of external auditing across levels of government when there are several audit institutions operating in the same country. The vertical integration and coordination of external auditing could help provide a more complete picture of the strengths and weaknesses of the SDG implementation process across the territory, contributing to identify territorial imbalances and challenges for managing sustainable development. A good practice is illustrated by the audit conducted by the Brazilian SAI on the management of protected areas in the Amazon and then as a coordinated audit in Latin America.

While no specific examples of this kind of articulation have been found for SDG related-audits, some innovative experiences can be mentioned here. In Colombia, both the Comptroller Office of the City of Bogota and the General Comptroller Office are participating in the coordinated audit of preparedness for the implementation of the SDGs in Latin America.¹²⁶ In July 2016, the Brazilian SAI organised a multi-stakeholder dialogue for sustainable development in the Northeast region. The initiative engaged the institutional network of sub-national audit institutions as well as other state and non-state actors from nine Northeastern states in a technical dialogue about regional sustainable development challenges and potential solutions. The dialogue also contributed to align the audit approaches and improve coordination between the federal audit institution and its state counterparts.¹²⁷

Box 3.7. Auditing vertical integration in Latin America

Selected examples from Latin America illustrate the information on vertical integration that external audits may produce.

Costa Rica

The General Comptroller (*Contraloría General de la República de Costa Rica*) has conducted several audits of social programmes that analyse vertical integration and coordination. The SAI has also assessed the effectiveness of social programmes based on the extent to which they address territorial imbalances (e.g., distribution of the target population, demand for social programmes). For example, an audit on public policies and programmes targeting young people who are both unemployed and not in school concluded that the programmes were ineffective because, not considering the existing territorial imbalances, they did not reach their target population and failed to produce the expected outcomes.

In 2016, the SAI conducted a special audit on the interrelations between transfer programmes for the elderly. The audit identified instances of overlap, fragmentation, duplication, complementarity and gaps between public agencies, including municipalities and regional entities, in the implementation of several transfer programmes. Regarding vertical integration, for instance, the audit found fragmentation in public financing across nine institutions, including municipalities and one regional development agency. Moreover, the national coordinating entity did not include representation of the territorial level (municipalities and the regional development agency) and therefore, failed to coordinate and articulate financing, oversight and accountability across levels of government. The entity did not systematically collect and analyse information regarding the territorial distribution of demands and necessities of the target population.

Colombia

In 2015, the General Comptroller (*Contraloría General de la República de Colombia*) conducted an audit of the Peasant Farmer Reserve Area (*Zona de Reserva Campesina*, or ZRC for its Spanish name), a policy instrument created by Law 160 in 1994 to provide productive alternatives to rural populations for reducing illicit crops and as a tool for land use planning.

The SAI mapped all actors involved in the policy at the national (e.g., Ministries), regional (Regional Autonomous Corporations), departmental, local and even community levels. The audit found insufficient vertical integration (according to the constitutional principles of coordination, concurrency and subsidiarity) of the different actors involved in the formulation, implementation and monitoring and evaluation of the policy across different levels of government, which ultimately prevented the achievement of the policy's objectives. While the policy instrument had been incorporated in the National Development Plans between 1994 and 2014, the government had failed to identify specific targets to assess progress. Moreover, the ZRC had not been integrated in practice into Municipal and Departmental Development Plans. Another relevant finding was that limited vertical integration undermined monitoring. The Minister of Agriculture did not coordinate with other national and territorial entities to obtain relevant information for monitoring progress. The audit also looked into imbalances, tensions and trade-offs between the economic (mining and oil extraction), environmental (ZRC are created in strategic ecosystem areas) and social dimensions (health, education) of the ZRC policy.

Sources: see footnote.¹²⁸

3.4. Conclusion

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 integration efforts aim to create synergies and enhanced consistency across levels of government through mutually reinforcing and supportive actions, with the ultimate goal of improving the quality and effectiveness of SDG implementation and the outcomes of the implementation process.

Vertical integration can contribute to sustainable development by promoting a shared vision and commitment among different levels of governments, increasing the effectiveness and impact of policy actions, making resource allocation more efficient,

reducing implementation costs and risks (e.g., related to overlap or duplication of functions across levels), and strengthening lines of responsibility and accountability to the public, among other potential benefits. Yet, vertical integration also bears costs and presents challenges. The performance and effectiveness of vertical integration initiatives requires that sufficient resources (financial, staff, resources, etc.) be assigned to support them.

The review of the literature conducted for this chapter shows that the appropriate level of vertical integration and the role played by local governments in promoting sustainable development have to be contextually determined in accordance to the nature of each government system and the extent to which specific functions are local responsibilities, among other factors. In practice, how far vertical integration

should be pursued depends on a country's and a policy area's specific context and circumstances. In practice, there are few examples of full vertical integration across national and local levels for SDG implementation.

The chapter maps different tools and approaches to advance vertical integration for SDG implementation, and identifies relevant examples of how countries are using these tools in practice. The analysis 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 and increasing 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.

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.

Some countries are relying on legal and regulatory instruments, establishing structures for coordination across levels of government, ensuring consistency of strategies and plans across levels of government, and finding ways for different levels of government to work together in addressing commonly identified SDG implementation challenges. It remains to be seen, however, how these structures work and whether they are sustained with appropriate resources, capacities and mandates. The report illustrates some of the

challenges to effective vertical integration, particularly in terms of local capacities, and ongoing efforts to address those barriers. The chapter also illustrates the potential of external audits to enhance vertical integration.

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, 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. Further, more research is needed to identify the appropriate degree of vertical integration in specific contexts, as well as the contextual conditions that foster the effectiveness of vertical integration mechanisms and the measures and reforms that can be adopted to maximize their likelihood of success. 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.

Going forward, some experts think that there is considerable potential to link the pursuit of the SDGs to the process of development of intergovernmental systems. Local governments' playing their role in SDG implementation may require changes to the overarching system, not just SDG specific mechanisms. In fact, the 2030 Agenda can be an opportunity to help strengthen the intergovernmental system (including planning, budgeting, and financial management) to support sustainable development and improved governance.

Endnotes

- 1 The term “local governments” is used as a shorthand for all sub-national levels of government. This is done with the understanding that the number of government levels—as well as the arrangements that govern the relationships among them—vary according to each country’s context.
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