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"Strengthening and building institutions for policy integration in the post-2015 era"

Report of the Secretary-General

Summary

General Assembly resolution 61/16 requests the Economic and Social Council to hold a thematic discussion during its substantive session to promote global dialogue on a theme from the economic, social and related fields to be decided by the Council and informed by a report of the Secretary-General. Council's decision E/2015/206 decided that the 2015 Thematic Discussion should focus on **"Strengthening and building institutions for policy integration in the post-2015 era".** Institutions are essential enablers of development as they provide and maintain the rules of the game that shape and regulate human action. The role of institutions will be fundamental to the adoption of more integrated approaches to policy-making, necessary to implement the post-2015 development vision. This poses significant analytical, operational and political challenges that require institutions to be able to work across policy domains, data sources and organizational boundaries to find solutions to more complex and interrelated development challenges. It will require institutional coherence and coordination at all levels of policy-making to ensure policy coherence across sectors, governance levels, systems and generations. Governance structures for sustainable development would need to be more flexible, horizontal, inclusive and adaptable to remain relevant. Institutional innovation will be essential. Government ownership, transformational leadership, communication and capacity building will be pivotal.

I. Introduction

1.   Good and effective institutions have been recognized as critical enablers as well as outcomes of development. They are not only essential to translate development objectives into policies and practices, to coordinate activities and to mobilize people and resources for their realization, but are also the very embodiment of society's development vision and values.

2.   Achieving the transformative vision of the post-2015 development agenda will require removing social, political, economic, environmental constraints to allow a more integrated approach to development. This will involve an aggregated and coherent set of actions at all levels of governance and by a full range of stakeholders, from governments to intergovernmental organizations, private sector and civil society organizations. Enabling environments at all levels would be needed to ensure that the necessary transformation takes place to support implementation of the Sustainable Development Goals and attainment of sustainable development.

3.   Institutions will be essential to enable this transformation. Defining the nature and characteristics of appropriate institutions that would act as enablers and outcomes of such a transformation would be an essential step in this process. Their ability to promote policy integration and coherence across sectors, governance levels, and systems would be a useful lens through which to identify competent and capable institutions that can function as enablers of the new development vision.

4.   The present report represents a conceptual discussion of institutions and institutional arrangements that could best support integrated-policy making to address the goals and challenges of the post-2015 context, where policy integration entails inter-sectoral interaction that leads to one joint policy for the sectors involved, and policy coherence aims at adjusting sectoral policies to make them mutually enforcing and consistent[1]. Based on existing experiences and studies, the discussion will explore the institutional requirements and capabilities needed to adapt to the aspirations and challenges of the new agenda and the type of institutional change that would be needed to take place in other to ensure preparedness for the post-2015 development context.

5.   This report should be read in conjunction with the report of the Secretary-General for the 2015 ECOSOC theme on "Managing the transition from the Millennium Development Goals to the sustainable development goals: What it will take"

II. "Institutional Requirements for Sustainable Development"

6.   The post-2015 development agenda will be based on two overarching objectives— poverty eradication and sustainable development—covering a wide range of goals and targets. With such an ambitious agenda, strong institutions will be central to generating the necessary synergies across a broad range of policy areas, and to ensuring coordinated and mutually

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[1] See Evert Maijers and Domenic Stead (2004), *Policy Integration: what does it mean and how can it be achieved? A multi-disciplinary review,* 2004 Berlin Conference on the Human Dimension of Global Environmental Change: Greening of Policies – Interlinkages and Policy Integration

reinforcing policies. Institutional coherence and coordination, at all levels, will help to ensure more integrated policy frameworks. Therefore, a thorough analysis and review of existing institutional structures and the way they work will be essential to ascertain that they are fit-for-purpose.

7.   A wide range of research provides compelling arguments for the critical importance of institutions in supporting countries' development trajectories.[2] Economic, political, social and related institutions, and good governance, were critical to progress on the Millennium Development Goals and will arguably play an even bigger role in the post-2015 development agenda.

8.   The 17 goals and 169 targets proposed by the Open Working Group on the SDGs has increased the number of potential synergies, inter-linkages and trade-offs which will need to be taken into consideration in policy making and implementation. For example, "progress on ending poverty (SDG 1) cannot be achieved without progress on the food security target under SDG 2, macroeconomic policies related to targets on full and productive employment and decent work under SDG 8, the reduction of inequality under SDG 10, and without enhancing resilience to climate change under SDG 13. Success in these and others would lead to better health and wellbeing, thus contributing to the achievement of SDG 3." [3] Understanding this network of interdependencies and their implications for institutional arrangements will be essential to effective policy integration in the post-2015 context.

9.   Policy integration for a successful transition to the post-2015 development agenda will only occur by reducing institutional barriers to integrated policy-making, enhancing its transparency and increasing synergies across sectoral policy objectives. This will strengthen cooperation between institutions, specialists and other stakeholders working across the broad range of sectors and policy areas covered by the post-2015 development agenda. Integration is challenging to put into practice because of factors such as conflicting mandates and priorities between policy makers in different sectors and at different governmental levels. In addition, many institutions—especially public institutions at all levels — were designed in different contexts and have struggled to keep pace with the nature of fast-moving global changes.

10.   Nevertheless, policy integration is an essential precondition for achieving more sustainable development, whether between governance levels—national, regional or local (i.e., vertical integration) - or between units, departments or ministries at any governmental level (i.e., horizontal integration).

11.   A concerted national effort to assess current institutional capacity at the domestic level will be the principal driver of success in the post-2015 context. Based on this, countries will be able to develop explicit frameworks to improve policy coherence for sustainable development across policies. This should be complemented by a similar review of institutional arrangements at the regional and global levels to ensure that national efforts for strengthening institutions for

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[2] Daron Acemoglu and James Robinson (2012) *Why Nations Fail*. Profile Books: London.
Tim Besely and T. Persson (2011) *Pillars of Prosperity*. Princeton University Press: Oxford.
[3] ICSU and ISSC (2015) *Review of Targets for the SDGs: The Science Perspective*. Paris: International Council for Science (ICSU).

policy integration are supported coherently by the international community. This will not be an easy task at any level given that most institutions—even where they do coordinate to varying degrees—focus primarily on sector-specific priorities and objectives set by their often different constituencies and might be resistant to improve horizontal or vertical policy coherence and unwilling to accept certain trade-offs.[4] For the necessary institutional strengthening to take place, strong political leadership, capacity building and mechanisms for broad-based participation, accountability and policy effectiveness will be critical requirements.

Taking an integrated approach to policy formulation

12.   In order to avoid conflicts and contradiction between policies, there is a need to adopt an integrated approach to policymaking for sustainable development, focused on the interlinkages between different policy areas and objectives. For the purpose of this report, integrated approaches to policy formulation, or policy integration, denotes the "management of cross-cutting issues in policy-making that transcend the boundaries of established policy fields, which often do not correspond to the institutional responsibilities of individual departments"[5]. Such an approach will need to be backed and supported by an institutional framework and structures that enable it. Such institutions will need to be able to pursue multiple—but well-articulated and agreed objectives, taking into consideration how efforts to attain one goal can impact efforts towards another.[6]

13.   Institutions will need to work "horizontally"—across Ministries and other policy making and implementation bodies— to avoid fragmentation and capitalize on potential efficiencies and synergies between goals. One of the lessons learned from the MDG experience was that separate goals that were related but not clearly integrated with one another—such as MDGs 4, 5 and 6—encouraged institutions to organize vertically their "planning, financing, procurement, delivery, monitoring and reporting" in relation to the single goal, rather than look more holistically at health systems and policies that could strengthen sustainable health systems and progress across the three goals (and on other critical health challenges not included in the MDG framework).[7]

14.   The Secretary-General has noted that most consultations and inputs for the post-2015 preparations have underscored the need to integrate the three dimensions of sustainable development across the new agenda. To encourage this, several key elements have been suggested, including norm-based policy coherence at all levels, corresponding reform of global governance mechanisms and a renewed effective global partnership for sustainable development. These would ideally be based on shared principles such as solidarity, cooperation, mutual

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[4] Matt Andrews (2013) *The Limits of Institutional Reform in Development*. Cambridge University Press: Cambridge.
[5] See Evert Maijers and Domenic Stead (2004), *Policy Integration: what does it mean and how can it be achieved? A multi-disciplinary review,* 2004 Berlin Conference on the Human Dimension of Global Environmental Change: Greening of Policies – Interlinkages and Policy Integration
[6] Alex Volkery *et al.* (2006) Coordination, Challenges and Innovations in 19 National Development Strategies. *World Development* 34(12): 2047-63.
[7] Jeff Waage *et al* (2010) "The MDGs: A Cross-sectoral Analysis and Principles for Goal Setting after 2015", *Lancet,* 376(9745): 991-1023, citing WHO (2009) "Constraints to Scaling up and Costs". Working Group 1 Report, Taskforce on Innovative International Financing for Health Systems. WHO: Geneva.
[7]"The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet" (A/69/700)

accountability and the participation of Governments and all stakeholders[7].

15.   Most policies, have implications on one or more of the three dimensions of sustainable development (such as sustained, inclusive growth; job creation; social protection). However, such policies will generally have implications for, or linkages with, other dimensions and sectors as well. Taking account of direct and indirect impact of policies will be essential. This will facilitate the formulation of policies to enhance synergies across all dimensions. In some cases, policies can be elaborated as integrated packages that, taken together, promote economic development, social equity and environmental protection.

16.   One of the strengths of the sustainable development approach lies in the importance placed on looking not just at symptoms of development challenges but at their underlying causes, which in turn, can enable a more integrated approach to addressing them. For example, multiplier effects of clean water infrastructure or sustainable energy provision have economic, social and environmental benefits. Policy decisions that are made in one sector can have significant impacts on others and tensions may arise from real and perceived trade-offs between various objectives. This, in turn, would require careful assessment to reconcile competing policy objectives, build policy coherence and strengthen existing coordination mechanisms. A critical challenge will be identifying policy trade-offs and contradictions between policy areas (and levels) – for example, between growth and environmental sustainability, between trade and employment, or between energy, water and food. Appropriate resolutions to these problems will depend on national context and priorities.

17.   The challenge for countries is to revise their national development strategies, including sectoral strategies, macroeconomic policies, social protection and labour market policies, to ensure that they are mutually reinforcing. To this end, it is important to identify interlinkages – or policy nexuses – where converging issues can be addressed together to develop a cohesive and integrated plan, such as addressing the impact of climate change on multiple sectors (agriculture, water, energy, production and the labor market). Discussion of such nexuses can provide some clarification on the type of institutions needed to manage potential trade-offs and promote mutually beneficial policies.

Effective and inclusive service delivery

18.   Leaving no one behind in the post-2015 development framework will require institutions to work more effectively and inclusively in providing services. Consultations on the new development agenda have highlighted the urgent need for addressing the deficit in trust between governments, institutions and people. Inclusiveness and equity will need to be embedded into institutions, particularly at the national level, to deliver commitments to pursuing progress on behalf of all people, with particular attention to traditionally excluded groups.

19.   Given the inclusiveness of the consultation process on the post-2015 development agenda (over seven million people have taken the MyWorld survey)[8], much attention is being given to the capacity of institutions to ensure inclusion and participation. There is need to build capacity

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[8] https://myworld2015.files.wordpress.com/2014/12/wethepeoples-7millions.pdf.

to be inclusive in policy development and in service delivery, as well as in promoting civic engagement. Building the capacity to set in place and manage inclusive processes for policy development and delivery will be critical in this regard.

20.   Capacity to carry out core government functions, such as justice and security, and ensuring that services are delivered in an inclusive manner is especially important in fragile contexts, where building resilience and restoring confidence between authorities and communities is a crucial element of peacebuilding[9]. Successful approaches in these contexts should be rooted in the national context, building on community-based copying mechanisms to harmonize traditional and modern institutions and develop a shared vision and clear mission for public institutions that promotes peace and sustainable development[10]. Building accountability and participation from the bottom up will help build trust and ensure that people can influence decision-making.

21.   Flexibility and innovation should drive the design of inclusive and effective institutional strategies for effective service delivery. Information and communication technologies (ICTs), especially e-government functions, have often played an integral role in overall institutional strengthening and improvement of service delivery capacities.[11] They can indeed facilitate information exchange and feedback processes to improve institutional effectiveness and address gaps in delivery for specific service users. They can also facilitate communication between governments, public institutions, citizens and other stakeholders to increase awareness of the nature and requirements of the SDGs. This will be especially important in managing the transition to the post-2015 development agenda.

Institutional requirements at the national and sub-national levels

22.   Assessing institutional structures at the national level is necessary to understand the processes, and constraints that influence implementation of development objectives. National-level governance systems and institutions generally influence how public policies are designed and implemented. The capacities of these determine the extent to which such policies will be effective.

23.   Several mechanisms to promote horizontal cooperation among domestic institutions can be conducive to integrated policymaking. First, organizational arrangements could be established, such as interdepartmental committees, commissions and working and/or steering groups which convoke various departments and ministries. This can help to overcome barriers resulting from different technical perspectives, and promote cooperation between experts from different sectors. This is sometimes referred to as the "whole of government" approach in which government departments and agencies combine their skills and knowledge to work together on policy implementation, programme management and service delivery. Effectiveness and

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[9] Derick W. Brinkerhoff (ed)(2007) *Governance in Post-Conflict Societies: Rebuilding Fragile States,* Oxon and New York: Routledge.
[10] UNDESA (2010), *World Public Sector Report: Reconstructing Public Administration after Conflict.* Division for Public Administration and Development Management. United Nations, New York.
[11] UN DESA (2010) *World Public Sector Report: Reconstructing Public Administration after Conflict.* Division for Public Administration and Development Management. United Nations: New York.

legitimacy of these mechanisms depend on being supported with sufficient resources, capacities and political mandate.

24.   Second, a central steering role can help coordinate the outcome of such institutional arrangements and can support coordination of policies from different ministries or departments. "Centres of Government" (i.e., Offices of Heads of Government or Prime Ministers) have been highlighted as the key convenors best placed for providing leadership at the highest levels, join together policy interests, raise awareness around synergies and trade-offs and push for consensus. The importance of their role became especially clear during the most recent global economic and financial crisis when Governments were responsible for delivering "joined up" stabilization and recovery plans cutting across national financial, economic and social sectors.[12]

25.   Third, intersectoral strategies, programmes and policies which require cooperation between departments or ministries—both in terms of design and implementation—should embed collaboration into the organizational culture of their respective administrative bodies and procedures. For example, this can be done through designing objectives that cut across sectoral divisions, such as what will be required by the post-2015 development agenda, accompanied by clear incentives to collaborate on inter-sectoral initiatives.

26.   There are also recent examples of new institutional structures created or reconfigured to take into account sustainable development. Many countries have established national sustainable development related commissions, departments, focal institutions or programmes to determine national sustainable development priorities, advise public institutions, monitor progress against objectives and promote public knowledge of and support for the three dimensions of sustainable development. Many countries have been taking an "integrating approach" and ensuring a bottom-up approach to sustainable development through the establishment of Sustainable Development Councils. Members generally include leading figures from government affiliated institutions, science, business and other cultural and social entities. These bodies have generally been said to be effective in promoting the sustainable development concept, but their impact on policy making is varied and dependent on the extent to which governments have embedded concrete decision-making authorities into their structures.

27.   Sub-national and municipal governments also have an important role to play in overcoming silos and taking an integrating approach to policy. Many municipalities provide the services that support economic activities, social integration, and environmental protection, in part because cities tend to concentrate social and environmental problems, as well as economic opportunities and innovation. Because of their smaller size, potential for nimble responsiveness, limited geographic scale and shorter distance between policymaking and constituents, cities have become some of the leading practitioners of policy integration for sustainable development, with many good practices worthy of consideration by national, regional and international institutions. City and local governments also have proven to be good sources of locally-derived and issue-oriented strategies, policies and solutions which take an integrated approach, demonstrating the importance of a best-fit—rather than one-size-fits-all—approach to institutional arrangements for policy integration.

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[12] OECD (n.d.) *OECD and post-2015 Reflections: Policy Coherence for Inclusive and Sustainable Development.* Policy Brief, OECD: Paris.

Institutional requirements at the regional level

28.   Increasing interdependence and economic, financial and environmental interconnectedness between countries highlights the potential risks posed by negative spill-overs between policies and processes from one country to another, especially those linked by regional integration. Similarly, it underlines the opportunities and importance for more regional (and global) approaches to address current and emerging challenges to generate economies of scale within regions that would both promote greater opportunities for countries in the region while minimizing potential policy trade-offs.

29.   Institutional frameworks seeking to strengthen regional ties and collaboration are also crucial in the current context—especially for developing countries—given the state of policy space in the international financial system. For example, regional financial and monetary cooperation can help enlarge the policy headroom in which developing countries can apply pro-growth macroeconomic policies by providing facilities for short-term (balance of payments) and long-term (investment) financing, currency or payment systems to facilitate intraregional trade and services provision. Intraregional collaboration with regard to large-scale or multi-partner infrastructure networks can also make an important contribution.

30.   Regional policy coherence, coordination and partnership are especially important for the expansion of trade opportunities, markets and investments, as well as the promotion and sharing of knowledge and innovation. This can increase national and regional competitiveness and nurture national capacity to promote sustained and inclusive growth, poverty eradication and environmental sustainability. A number of studies have shown how regional integration can be a powerful instrument to foster structural transformation and promote inclusive growth. It can promote infrastructure development and shared transport networks (e.g., transport corridors) which are crucial for many countries and especially countries in special situations, such as the landlocked developing countries (LLDCs) and Small Island Developing States (SIDS), to participate in the global economy and join global value chains. Enhanced regional coordination is also crucial for addressing trans-boundary development concerns, particularly of an environmental or social nature.

31.   Recent initiatives that target countries in special situations in particular—such as the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024 —have institutional implications and requirements which need to be aligned with the post-2015 development framework.

Institutional requirements at the global level

32.   With an increasingly globalized and interconnected economy and society, national efforts will not be sufficient to remove systemic obstacles to the implementation of the SDGs, especially in the poorest countries and in areas that are governed by agreements, rules and institutions at the global level. While regional integration efforts can contribute greatly to many such areas—such as trade, investment and transport—broader achievement of the post-2015 development agenda will only be possible if there is an enabling global environment based on greater policy

coherence and cooperation.

33.   International cooperation can play a critical role in helping to identify a mix of macro-level and sector-specific productive development policies, which are geared towards developing productive capacities, expanding employment and increasing labour productivity, as well as increasing national wealth and raising living standards. In addition, international cooperation can help countries to promote monetary, fiscal and structural factors that reinforce each other domestically, and which are supported by coherent action and regimes at the global level. At the same time, national governments will retain the prerogative in decision-making and policy-making that reflect their individual challenges, needs, circumstances and priorities. While some policy constraints at the national level may help to ensure a better functioning, efficient global economy, the reduction of the policy space of developing countries can undermine their efforts to achieve the twin objectives of poverty eradication and sustainable development.

34.   Greater policy coherence between global and national levels could help to address and resolve broad, systemic challenges – such as debt restructuring, access to market, and sustainable international financial flows – in ways that would benefit all countries and all societal groups, allowing economic transformation to take place.

35.   For countries in special situations, such as the LDCs, this would require breaking the vicious circle of underdevelopment that keep countries from making progress. The LDCs remain vulnerable to systemic risks and continue to be marginalized in the world economy. The "rules of the game" for international development cooperation and global institutions would need to be challenged to address the structural weaknesses typical of these countries. A more supportive international development architecture for the LDCs would involve addressing imbalances, bottlenecks and opportunities in the areas of finance, trade, investment, commodities, technology and climate change. Continued and innovative international support mechanisms and enhanced South-South cooperation would also be essential.

36.   For the middle-income countries (MICs), the challenge is to deepen their industrialization process through a transition to higher value added activities and strengthen systems of social protection. A more supportive global environment should promote inclusion in the formulation of global policies and regimes that boost resilience in all countries and generate conditions for stronger and sustained growth and inclusive development.

Implications for development cooperation in a post-2015 development agenda

37.   The post-2015 development agenda represents a paradigm shift in international development towards a universal, integrated and transformative approach to sustainable development based on a renewed global partnership. This will have institutional, financial and policy implications for all actors, including development cooperation partners. The scope of the policy coherence agenda has expanded and concerns all countries regardless of their development level. Further, the recommendations of the Open Working Group of the General Assembly on the SDGs have stated clearly, in its Goal 17, that policy and institutional coherence should be an integral part of the means of implementation of the post-2015 framework.

38.   Lessons from the MDG experience highlight the need for a holistic approach to ensure the implementation of the goals, especially where efforts can be multiplied by looking across policy silos in pursuit of effective development cooperation.   This will become even more important in the post-2015 context, where the scale—and range—of capacities, knowledge-sharing and resources needed for its implementation will be much greater than what was required for the MDGs. In this context, ODA will remain an important instrument for progress, requiring increased focus on areas and populations where poverty is most prevalent, as well as in sectors that are unlikely to attract other sources of investment or cooperation.

39.   Development cooperation must increasingly be marked by mechanisms and actions to enhance policy coherence for development in all sectors that can have an impact on sustainable development and poverty eradication. Increasingly, development cooperation includes a wide range of activities that are not explicitly under the mandates of traditional development cooperation actors, such as in areas of international trade or climate negotiations. Development cooperation is also drawing on a widening group of actors, which brings new opportunities but also challenges in terms of institutional coordination, as they operate with different modalities, and according to different sets of principles and objectives. Institutional capacity building to manage effectively all sources of development financing and all forms of development cooperation will become more important in the post-2015 context. Sharing of knowledge, and national experiences and expertise in managing the development process will be critical in this regard.

40.   Among development cooperation actors, transfers—whether financial or knowledge-based—are seen as less important compared to the impacts of policy changes at the national and international levels, which could have positive knock-on effects for developing countries. At the national level, this would include, for example, a review of public policies with respect to their effects on various aspects of the post-2015 development agenda. For example, or, as an example, The Center for Global Development has designed such an assessment of rich countries on an independent basis, called the "Commitment to Development Index".[13] The Index is one relatively recent attempt to review the policy efforts of 27 OECD countries, combining scores of different data sources in seven different policy dimensions—including national policies on aid, trade and migration, among others—with the overall goal of giving an overview of the development-friendliness of each country. This is done by adding up all effects of each policy individually.

III.   Institutional coherence at the regional and global levels

41.   In an interconnected world, achieving more sustained progress in job creation, reduction of poverty and inequality, sustainable patterns of consumption and productions, and in climate change, will require rebalancing the relations between markets, States, societies and natural resources. Greater policy consistency between the economic, social and environmental agendas will be necessary to avoid that policy and regulations in one area could hamper progress or negatively affect outcomes in other areas. Greater collective action will be needed to remove systemic obstacles to a more balanced approach that are beyond the reach of individual nations. Global and regional institutions thus have an increasingly bigger role to play in fostering an

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[13]   See http://www.cgdev.org/initiative/commitment-development-index/index

enabling environment that facilitates and supports the fundamental changes necessary to pursue more sustainable paths of economic growth and development.

42.   Global governance systems, however, have not kept pace with global trends – from accelerating economic globalization, trade and capital flows, urbanization, migration, environmental degradation and climate change. Multilateral regimes, institutions, and policies governing the various dimensions of sustainable development are generally not equipped to manage and capitalize on the growing interdependence between and within policy areas and reduce current contradictions, as described earlier. As a result, areas of common interest are sparsely or not at all covered by global governance mechanisms, as in the case of migration and commodity markets, or overregulated by a myriad of arrangements with different rules and provisions, causing fragmentation, increased costs, and reduced efficiency,[14] as in the case of trade and environment.[15]

43.   The new development agenda needs regional and global governance structures that can fill existing institutional gaps and better visualize and explore the linkages across the proposed SDGs. This would include setting targets and timelines that can best fit regional and global priorities and providing mechanisms to foster policy coherence across the various SDG dimensions, rooted in substantive, inclusive dialogues among all stakeholder groups.

Preparedness at the global level

44.   Multilateral institutions such as those in the United Nations system have made some progress in bridging these gaps by integrating some of the dimensions of sustainable development in their frameworks, disseminating information on policy instruments as well as applying them in their programmatic work. The World Bank, for example, has integrated poverty reduction and environmental protection in its assistance to developing countries. It has also become a major advocate for poverty reduction, defining poverty standard and regularly assessing global, regional and national poverty levels and trends. UNEP has been an advocate of environmental impact assessment and other policy instruments for integrating environmental protection into development policy. At the intergovernmental level, ECOSOC and its former Commission on Sustainable Development, together with the various UN global conferences, have promoted the concept of sustainable development and policy integration and provided global fora for exchanging views on the issue.

45.   UNCTAD has taken the lead in bridging the gap between development and trade, by providing a forum and specific mechanisms, such as the Enhanced Integrated Framework, to generate synergies among trade, inclusive growth and environmental sustainability. In the aftermath of the 2008 financial crisis, the G20 has strengthened financial regulation and supervision, improving financial integrity and infrastructure. However, its limited composition and lack of appropriate monitoring and accountability mechanisms have constrained the regulatory capacity of this forum. More recently, the newly established BRICS Development

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[14] "Global Governance and Global Rules for Development in the post-2015 Era" Committee for Development Policy, United Nations, June 2014
[15] United Nations Thematic Think Piece, 2013, "Global governance and governance of the global commons in the global partnership for development beyond 2015", January 2013

Bank and the Asia Infrastructure Investment Bank (AIIIB) intends to fill institutional gaps in development cooperation and financing of South-South development cooperation.

46.   Many multilateral institutions however, often work in silos, in semi-isolation from each other, failing to promote a comprehensive approach to sustainable development. Managing economic, social and environmental regimes in ways that are mutually reinforcing, where trade-offs can be resolved to effectively balance the needs of present and future generations, remains a key challenge. Fragmentation within governments further compounds this challenge.

47.   Institutional gaps and incoherence in existing mechanisms, especially between institutions with a macroeconomic and environmental focus, will need to be bridged to enable them to develop actionable tools and policy advice for sustainable development. Considerations of environmental sustainability, in particular, will need to be mainstreamed more systematically across all institutions.

48.   The new global architecture for sustainable development, which includes the General Assembly, Economic and Social Council and its subsidiary bodies, the High-Level Political Forum, and the United Nations Environmental Assembly is intended to promote greater policy coherence and integration between the three policy dimensions of sustainable development, through dialogue and sharing of experiences, as well as to provide a mechanism to monitor progress and offer policy guidance to support implementation. For this institutional framework to be effective, it will need to fill a regulatory and implementation deficit that has so far characterized sustainable development governance. Innovative approaches to decision-making will need to be considered that explore and expand on the inter-linkages with other international institutions and processes that might affect sustainable development outcomes. This could be supported by a strong monitoring and review framework that builds on existing mechanisms and reporting processes and that is highly participatory, broadly accessible and evidence-based.

49.   Greater coherence among ongoing United Nations processes –particularly on the post-2015 development agenda, the Third International Conference on Financing for Development (FfD), the Third World Conference on Disaster Risk Reduction and the UN Framework Convention on Climate Change - and between these processes and recurrent UN processes related to sustainable development - such as those on oceans, biodiversity, health, food and agriculture, education, tourism, broadband connectivity, and others – will also facilitate institutional preparedness for the post-2015 development context.

Preparedness and the regional level

50.   Regional institutions contribute to connecting national and regional practices and global rules in a flexible and decentralized manner. They can complement multilateral regimes and treaties by providing regional standards and accountability frameworks. They can also help provide a stronger regional voice in intergovernmental negotiations and thus broaden regional and national policy space in managing the post-2015 development agenda.

51.   A plethora of institutions exist to promote regional cooperation in addressing common development challenges and in formulating more effective and comprehensive responses. Such institutions provide a platform for policy dialogue and for sharing knowledge, expertise and

lessons learned in managing different aspects of the development process. In some cases, they have also generated a common vision and model for prosperity in each region.

52.   The African Union (AU), for example, has expanded from being a platform for policy dialogue into a norm-setting institution on matters of governance, development and regional integration. A strong governance structure, consisting of the African Union Commission, the Pan-African Parliament, and the African Peer Review Mechanism (APRM), supports the work of the AU, providing platforms for broad-based participation and accountability. The AU has been able to articulate a new common vision and agenda for Africa in 2063 and a Common African Position for the post-2015 development agenda.

53.   In Latin America and the Caribbean, the Community of Latin American and Caribbean States (CELAC), established in 2010 as a mechanism of political partnership has emerged as a platform for regional integration. The organization has made important strides in promoting successful financial policies, advancing regional economic integration and coordination around foreign policy and conflict resolution. In this regard, CELAC joins a range of other organizations in the region, each with its own niche and scope of coverage. A key challenge for that region would be to maximize the potential synergies of working in harmony across organizations and groups in advancing its sustainable development agenda.

54.   In Europe, the European Union has put in place over the years a number of governance structures to promote policy coherence for development throughout EU institutions and members States. Yet, aligning non-developmental policies with development objectives, both within member States and at the EU level, remains a challenge and the results so far have been limited. A new Policy Coherence for Sustainable Development (PCSD) approach has been proposed by the OECD to support members and partners in the adaptation to and implementation of the post-2015 conceptual framework. This approach builds on lessons from earlier experiences. It is intended as a tool to integrate all three dimensions of sustainable development into policy-making, taking into account long-term effects for future generations, as well as spill-over effects on other countries outside the Union. It focuses on synergies across sectors, shifting from a "donor-centred", siloed and sectorial approach to policy-making. A key challenge for the implementation of this approach would be to set a results-oriented framework for monitoring progress.

55.   In Asia, the Association of Southeast Asian Nations (ASEAN) exists as another successful regional integration effort. ASEAN has evolved into fostering economic, trade and political cooperation. Its vision is based on principles of an open, outward-looking, inclusive and market-driven regional economy, consistent with multilateral rules and adherent to rules-based systems for effective compliance and implementation of commitments. The ASEAN framework for economic integration for the 2011-2020 decade will be based on the integration of the financial sector, for which targets and directions over the period are established and supported by ASEAN-wide regulatory arrangements, including mechanisms for crisis prevention and management. It remains to be seen to what extent current policy coherence efforts would expand beyond the financial sector.

56.   Regional development banks and the United Nations regional commissions have also provided important platforms to promote policy coherence and to address sustainable development imbalances at the regional level. Regional banks have been able to promote and support common approaches and solutions to regional economic and financial imbalances; while United Nations regional commissions have encouraged multi-stakeholder and multi-sectoral collaboration.

57.   In order to collectively fill policy coherence or implementation gaps, most regional institutions and governance structures would have to evolve into concrete policy-making, monitoring and cooperation roles that provide States with models and solutions to address current challenges. This would entail capacity of these institutions to formulate specific policy approaches and standards for each region, backed by strong mechanisms to monitor implementation and promote accountability for results.

58.   Broad-based participation would be essential to this approach in order to build on the collective knowledge of the full range of stakeholders. This would contribute to strengthen regional and global standards in the economic, trade, financial, social and environmental arenas so that global trends can be managed more sustainably at all levels.

59.   The governance challenge would be considerable. It will entail changing institutional structures and operational modalities of current institutions. Sharing of knowledge and experiences, broad-based participation, inclusiveness and communication together with open data from all actors would be key features for effective post-2015 global and regional institutions.

IV   Capacity issues in institutional preparedness

60.   Policy integration has been identified as central to the sustainable development paradigm and presented it as a distinct target.

61.   Formulating integrated and coherent policies to achieve the SDGs is a daunting analytical, political, structural and operational challenge, especially for developing countries. It entails drawing on knowledge, skills and data from multiple domains and sources to conduct cross-sectorial and cross-temporal analyses of complex issues; applying integrated approaches and tools to identify viable, evidence-based policy options that manage short and long-term objectives and reconciling competing demands generated by different goals. It also requires facilitating broad-based political consensus on priorities and action; mobilizing adequate resources; applying innovative, flexible modalities to deliver public services across multiple government agencies and jurisdictions; tracking progress; and defining corrective action.

62.   Institutions at all levels, including governments, the UN and CSOs will need to learn how to remain effective and relevant in this context. Ultimately, their effectiveness, resilience and sustainability will depend on being able to promote and support holistic approaches to complex problems and environments so that sound regulatory and policy frameworks can emerge.

Capacity requirements

63.   Institutional competence for policy integration in the post-2015 context should be measured in terms of institution's capacity to learn, innovate, and adapt to a changing and unpredictable environment, make course corrections, build new capacities when needed to resolve new problems, work collaboratively across organizational boundaries and mobilize resources across sectors and organizations to deliver policies and services.

64.   Capabilities to "think ahead, think again and think across"[16] will be needed, where thinking ahead means being able to perceive early signals of emerging issues and developments in the social, economic, environmental, technological and political environments; understanding how these trends may evolve into scenarios of a plausible future that might affect the mission and effectiveness of an institution; and being able to articulate how and why these scenarios would require different sets of strategies and policies. This capacity would enable organizations to conceive strategies and policies to adapt to a changing environment.

65.   "Think again" is an analytical and problem-solving capability to challenge the performance of existing policies, the appropriateness of existing goals and strategies and reinvent current policies and processes when the environment changes to achieve better results. It means looking beyond the legacy of a particular policy or programme and to question its relevance when circumstances change. It is fact-based, using actual data, measurements and feedback to ask questions about underlying causes of observed results. Building and strengthening this capability might require periodically bringing in new people with backgrounds, skills and views different from existing staff and leaders.

66.   "Think across" is the capability to cross boundaries to learn from the experience of others to garner new ideas and solutions, recognizing that others' ideas, systems, and experiences may hold lessons, that, if adapted and reassembled in other situations can lead to different outcomes. It entails a deeper understanding of why others adopted different approaches to similar issues, and how their history and circumstances influenced the selection of policies and the design of programmes. The capability of thinking across enables institutions to go beyond familiar domains and communities to find and introduce fresh ideas and innovations into an organization, enabling the organization to change and adapt to the environment. It requires leaders to be knowledge brokers so that new ideas are not rejected too early and too easily. It also requires strong knowledge networks and platforms for learning and sharing experiences and knowledge of tried and tested approaches, albeit in different countries, domains or cultures.

67.   These capabilities would need to be embodied in the people, processes, and organizational structures and manifest in institutional strategies and policies. Leaders at all levels, from government to administration, will be key drivers of institutional change that engender new modalities and capabilities, as leaders and people are those who ultimately will work to implement the SDG commitments.

68.   Strong and transformational leadership[17], in particular, will be critical to create a culture of change in organizations, in which people continually ask questions about what the future

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[16] Prof Neo Boon Siong, "Strategic Thinking and Dynamic Governance", University of Singapore

[17] See Bernard Bass's Transformational Leadership Theory.

could hold and what organizations need to do now to be prepared, which is a precondition for institutional innovation. Leaders can also create political coalitions at all levels of governance that last long enough and are strong enough to support and implement the necessary institutional reforms to adapt to a range of plausible futures. While leaders can engineer change, for change to continue, organizational processes have to be designed to spur, sustain and support continuous adaptation and guide the operations and behaviour of leaders.

Institutional innovations for policy integration

69.   Institutional innovation will be essential to make policy integration work in practice. New forms of collaboration and partnerships are required to address more effectively the complexities and challenges of the post-2015 development framework. The depth of institutional change or adaptation will depend on the capabilities and nature of each institution - whether legislative, executive, judicial, or operational. Not all institutions may need to reform. The need to maintain stability within a society should be a key consideration in this decision.

70.   Broadly, there is a need for institutional arrangements that allow more horizontal, collaborative, participatory and democratic decision-making to solve complex problems that span numerous administrative boundaries and institutions. They should facilitate the engagement of the full range of stakeholders in all stages of the policy process; and work across structural boundaries to pool knowledge, skills, and resources from various sources beyond the capacity and purview of individual organizations.

71.   New forms of governance have emerged over the years to address perceived institutional gaps of existing multilateral regimes, particularly in the context of climate governance. Along with intergovernmental treaty-making, the climate policy arena is characterized by civil society-led standard setting, self-regulating transnational corporations and hybrid governance arrangements, such as multi-stakeholder partnerships. Transnational networked governance, in particular, involving multi-sectoral collaboration between civil society, government and market actors, have emerged as a response to the perceived regulatory and implementation deficits permeating multilateral climate regimes to increase their effectiveness and legitimacy between multiple actors.

72.   Partnerships, networks, networked governance in their various combinations,[18] are seen as new, more flexible and horizontal modes of governance building on non-hierarchical steering, where multiple organizations or units of authority and power that are not formally subordinated, operate in an interconnected and interdependent manner, creating horizontal channels of collaboration and knowledge exchange. The institutional glue of such networks might include authority bonds, exchange relations and coalitions based on common interest. Successful networks ultimately depend on successful relationships among members.

73.   Enhanced learning, more efficient use of resources, increased capacity to address complex problems, greater competitiveness, and better delivery of services are among the most cited advantages of network coordination. Critics, on the other hand, have claimed that using the

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[18] Laurence J. O'Toole, Jr. - "Treating Networks Seriously: Practical and researched-based agendas in Public Administration", University of Georgia.

partnership model as an implementation mechanism can lead to a hollowing out of the State, reinforcing neoliberalism and accelerating privatization of environmental governance. It can also increase business influence, power inequalities, skewed representation of stakeholders, fragmentation of global governance, reinforcement of elite multilateralism and the retreat of state responsibility in the production of public goods. [19]

74.   Designing effective governance structures that are more flexible, horizontal, non-hierarchical and multi-stakeholder would have to find a proper balance between horizontal steering and accountability; efficiency and inclusiveness; and flexibility and stability. Government leadership and ownership will be key to providing legitimacy to new forms of governance at any level. Decision-making, however, could be supported by new approaches and processes for policy-formulation, implementation and scrutiny that would allow new thinking to emerge and respond to the rising demands and expectations of a broader range of stakeholders.

75.   Multi-stakeholder engagement at the various stages of the policy-making process– from priority setting, policy formulation, implementation, and evaluation - would be an essential component to create vibrant, dynamic and multidisciplinary processes that can challenge existing assumptions and push the boundaries of knowledge and practice. Open and effective communication, including through the use of social media and other information and communication tools, will be critical to increase understanding on the development vision and challenges underpinning the SDGs among all actors, as well as to clarify roles and responsibilities of various stakeholders in implementation.

76.   Building capacity of government agencies and national stakeholders to engage with the SDG agenda and with each other on the basis of their specific strengths will be essential. Government institutions themselves might need to function differently and more effectively to respond to the demands of the new agenda. They would need to work in a more collaborative, participatory, and transparent fashion to overcome sectorial fragmentation. This might require changing norms, rules and regulations that govern the way government ministries and departments work together and provide incentives for inter-organizational cooperation, including through joint budgeting. In some countries, this might entail strengthening the functioning of all public institutions, including parliaments and public administration.

77.   Effectively engaging other stakeholders on the basis of their unique strengths to add value to problem-solving will be one of the most formidable challenges for most countries. Multi-stakeholder engagement and partnerships can facilitate policy integration, but can be difficult to manage. They require strong government leadership, clear communication, and effective mechanisms to manage collaboration in ways that build trust, responsibility and accountability. New legislation to allow multi-stakeholder engagement in policy-making might also be required in some instances.

78.   Capacity building will be critical to ensuring that all stakeholders - particularly civil society and private sector – are competent, understand the challenges ahead and their value added in the development process and are provided with the right set of incentives and sense of ownership to engage. Ultimately, the implementation of the post-2015 development agenda may

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[19] Karin Backstrand, "Accountability of Networked Climate Governance: The Rise of Transnational Climate Partnerships.

require not just institutional reforms but something akin to an institutional paradigm shift in all sectors. This would be possible only if accompanied by strong communication, advocacy, and investment in institutional and human resources capacity building. Institutional change and adaptation will need to focus on people, their values, shifting interests and cultural underpinning.

V. The Way Forward

79.   On the basis of the preceding analysis, the following conclusions can be drawn.

- Transformation of existing governance mechanisms and structures at all levels will be needed to enable institutions to support policy coherence and integration across all dimensions of sustainable development in the post-2015 context and implement a universal agenda.

- Institutions that would address the complexities of dealing with tof a post-2015 development agenda would need to be multi-disciplinary, participatory, , collaborative, transparent, accountable and willing and agile so as to be adaptable to evolving circumstances.
- Institutional innovation will be critical to make policy integration work in practice. It should go in the direction of more flexible, dynamic, horizontal, and participatory arrangements and processes that can fill existing representational, regulatory, and implementation gaps.

- Government ownership and transformational leadership are critical to initiate institutional change, which should be accompanied by supportive organizational processes and structures to be sustainable.

- New and effective governance structures should facilitate multi-stakeholder engagement in the various stages of policy-making to pool knowledge, skills, and resources to deliver on policies and services.

- Changes in norms, rules and regulations will be needed to make it possible for existing institutions to work within and across organizational limits.
- Institutional and human resource capacities would be needed to ensure that government agencies effectively engage and manage complex, multi-layered partnerships with other stakeholders – from government units to private sector and civil society actors, in ways that build trust and accountability for results.

- Building the capacity of other stakeholders to engage with the post-2015 development agenda and with the government would be essential to ensuring that all partners are competent and understand their responsibilities and value-added in the development process. Strong communication, government leadership, and effective mechanisms to manage collaboration should accompany these efforts.

- Building institutional capacity to strengthen management of the sustainable development process should be a key focus of development cooperation. Sharing

knowledge, experiences and lessons through key global mechanisms, such as the ECOSOC Development Cooperation Forum (DCF), could further support such efforts.

- Global institutions will have to play a greater role in increasing collective action to address regulatory and policy gaps in sustainable development governance and put in place inclusive and balanced systems of governance.

- Regional institutions would need to go beyond information and knowledge exchange and provide support for monitoring and implementation, promoting regional policy coherence for sustainable development.

- Institutional innovation at the national, global and regional levels would be needed to bridge existing institutional gaps across sustainable development dimensions and levels of governance. Global fora, such as ECOSOC and the High-Level Political Forum, could provide a venue for sharing experiences and lessons learned among a cross-section of stakeholders.

- There is need to strengthen institutional research to deepen understanding of how institutions work across all dimensions of sustainable development.

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