POST2015/UNU-IAS Policy Brief #3

Integrating Governance into the Sustainable Development Goals

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Highlights:

1. Governance must be a crucial part of the Sustainable Development Goals (SDGs). However, there are also different ways of integrating key aspects of governance into the SDGs. Much of the discussions for the SDGs has revolved around either having a stand-alone governance goal or integrating governance into other goals on specific issues (e.g. goals on poverty reduction, water, food).
2. Three aspects of governance need to be considered: good governance (the processes of decision-making and their institutional foundations), effective governance (the capacity of countries to pursue sustainable development), and equitable governance (distributive outcomes). While these three different aspects have a number of connections between them, the three aspects will require separate political efforts. To most fully integrate governance into the SDGs, it is important to take account of all three aspects of governance when shaping the goals and targets.
3. If governance was addressed as a stand-alone SDG, then this would offer the best opportunity to comprehensively incorporate all three aspects of governance into a post-2015 development agenda. However, because of existing indicators of governance and actor coalitions organized around specific issues, the risk remains that good governance might be privileged over effective governance or equitable governance.
4. Conversely, if governance is integrated into issue-specific goals, then this would offer opportunities to build from existing policy experience about how different governance arrangements shape relevant outcomes. While this strength is important, pursuing governance in this manner is less likely to be comprehensive. Awareness of this limitation will be important in spurring creative and ambitious governance targets on all issues in the SDGs.

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The Importance of Governance

Governance will play a crucial role in shaping the Sustainable Development Goals (SDGs) and the post-2015 development agenda. The SDGs provide an opportunity to go beyond the Millennium Development Goals, which did not include significant governance aspects. The centrality of governance in sustainable development has been emphasized repeatedly. For example, in a comprehensive Foresight Process organized by the United Nations Environment Programme (UNEP), the authors identified "aligning governance to the challenges of global sustainability" as the most urgent emerging issue related to the global environment (UNEP 2012). Similarly, a 2014 United Nations Development Programme (UNDP) report argued that "the quality of governance plays a defining role in supporting the [economic, social, and environmental] pillars" of the SDGs (UNDP 2014).

Governance is defined here as purposeful and authoritative steering of social processes. It includes activities of governmental and non-governmental actors (including civil societies, action networks, partners, and private-sector entities), which occur at multiple levels. For the SDGs, implementation at national and local levels will be crucial to shaping the success or failure of the development agenda. Although governance is important at all levels including international and regional, this policy brief focuses on implementation of the SDGs at the national and local levels, which will largely dictate the success or failure of the development agenda.

While governance is essential to achieving successful outcomes, it is unclear how it can or should be integrated into the SDGs. The UN High Level Panel of Eminent Persons argued that governance is best positioned as a stand-alone goal that would help accomplish "a fundamental shift—to recognize peace and good governance as core elements of wellbeing, not optional extras" (United Nations 2013; similarly see SDSN 2013). An alternative, though not mutually exclusive approach, is to integrate governance into issue-specific goals for water, food, gender, and so forth (TST 2014). There are other options for including governance being discussed. One example is to link governance considerations to questions of "means of implementation" and financing in the SDGs (Lucas, et al. 2014), possibly in the form of a set of principles or guidelines attached to the articulation of these "means."

In this policy brief, we identify and discuss three different aspects of governance: good governance, effective governance, and equitable governance. While not necessarily in opposition to one another, we contend that the three aspects will require separate political efforts. There are both opportunities and limitations to incorporating each of these aspects within the SDGs in in either a stand-alone goal or within issue-specific goals.

Good Governance

Good governance refers broadly to a set of qualitative characteristics relating to processes of rulemaking and their institutional foundations. It encapsulates values such as enhanced participation, transparency, accountability, and public access to information. It also helps to combat corruption and secure both basic human rights and the rule of law. Such values are often associated with Western liberal democratic political institutions, but are now increasingly sought within existing national institutions in diverse political contexts (Overseas Development Institute 2013).

One challenge will be to ensure that "good governance," which has the backing of important actor coalitions and is supported by a range of available quantitative indicators, does not dominate an SDG governance agenda at the expense of effective or equitable governance.

Good governance has become a controversial term because of its usage in the realm of international development assistance (Best 2014). Developing countries are concerned about the use of good governance targets and indicators as a form of aid conditionality. With the development of the SDGs, there is now an opportunity to creatively construct targets and indicators that take such concerns into account.

Multiple indicators are now available to assess different aspects of good governance. These are compiled by advocacy organizations, think tanks, economic research organizations and various international organizations. While indicators may reflect the biases of these organizations, their indicator development methodologies and experiences are useful for deliberations regarding governance principles to be included in the SDGs. Creative examples such as creating dashboard or menu approaches to governance at the level of targets or indicators could allow countries to self-design robust, multifaceted approaches to good governance (see efforts by the g7+ Alliance of Fragile States and the first POST2015/UNU-IAS policy brief in the series*: Earth System Challenges and a Multi-layered Approach for the SDGs*). If common principles were established, the

selection of targets and indicators could then allow for customization to national and local contexts.

Effective Governance

Effective governance is focused on the capacity of institutions to resolve problems of public policy and implement effective rules. Crucial issues for the 21st century include the ability of institutions to engage in long-term planning for sustainable development and planetary stewardship, and to deal with interconnected problems of earth system governance. These are challenges shared by countries at every point of the development spectrum.

Discussions on this issue have so far been limited to issues of "means of implementation" or rule of law. Integration of effective governance needs to go beyond these discussions. Official development assistance, technology transfer, and well-functioning issue-specific institutions (for example, water boards) are all crucial in effective governance. In addition, greater focus on capacity building, foresight and long-term planning are necessary to deal with interconnected problems faced by all countries.

In contrast to the multiple indicators of good governance, there is still "no universally accepted measure of state administrative and legal capabilities" (Hulme, Savoia, and Sen 2014). Some have proposed using proxies that correlate significantly with governance capacity (for example, the under-5 mortality rate, see Andrews, Hay and Myers 2010). Other approaches used are based on surveys that gauge people's perceptions of the quality of governance and the delivery of public services. Another option is to adapt and extend the use of the central bank stress tests (created by the World Bank and Group of 20 major economies) to a wider set of public institutions. There is also the possibility to use *road marker* indicators as a means to measure progress towards targets, which requires states to initiate certain processes rather than achieve some quantitative improvement. These road markers could encourage governments to conduct open processes for setting agendas on achieving the SDGs, give stress tests of their public policy apparatus, or institute review or auditing mechanisms to ensure transparency about performance. This is similar to the procedure followed by Mongolia for their voluntary MDG-9 efforts on democratic governance (UNDP-Mongolia 2009).

Equitable Governance

In our view, governance discussions are not separate from questions of equity. Equitable governance relates both to the equitable application of the rule of law and to the distribution of wealth and opportunity within society. While it may be possible to craft goals that aim to reduce inequity across society, there is a need to focus on reducing extreme forms of economic inequality (Doyle and Stiglitz 2014). In addition to inequity at the national level, equitable governance is also about pursuing reforms of the multilateral political and economic system, including the United Nations.

Economic inequality is one form of inequity where several measures are currently available. The Gini index, which measures the national-level income and wealth distribution, is one of the most widely used, but is only one possible indicator. For example, assessing inequitable application of public funds within a country to its ethnic groups may require new indicators to be developed. Measures will also be needed to assess equitable progress on other goals (such as water security or good governance).

Governance and the SDGs

Considering the need for including these three aspects of governance in the SDGs, what are then the main issues that need to be considered when pursuing either a stand-alone governance goal or an integrated issue-focused approach?

The challenges and opportunities that actors face should not dissuade them from making ambitious and creative efforts to include governance as a stand-alone goal or in issue-specific targets.

Including governance as a stand-alone goal in the SDGs offers the best opportunity for comprehensive inclusion of these three aspects of governance. A stand-alone goal could include specific targets for different components of governance and also an overall focus on improving governance generally. Furthermore, governance will achieve significant prominence and may become a decisive tool in advancing the positive transformation of existing institutions. One challenge will be to ensure that "good governance," which has the backing of important actor coalitions and is supported by a range of available quantitative indicators, does not dominate an SDG governance agenda at the expense of effective or equitable governance. Equity is an important precondition on key aspects of good governance. Another concern is that a stand-alone goal may be ineffective if states prevent significant targets and indicators from being developed and used.

Integrating governance in all issue-specific SDGs may open space for the creation of well-tailored targets and indicators that advance specific aspects of a broader governance agenda, but such progress will be less comprehensive. Success towards these targets would require building on the experiences and networks that exist in specific issue areas. Over the past decade, for example, within water governance, there has been a significant increase in understanding of best governance strategies for local water boards and international commissions. However, similar experiences and networks do not exist to the same degree across all issues. To bridge this gap among issues, governance targets could be integrated across issues that focus on implementation, monitoring and annual reporting (SDSN 2013). However, the political challenge will be to make sure that copy-and-paste language is not embedded into each goal. Instead, the language should reflect rigorous efforts to improve governance and capacity. Then, correlating targets could appropriately be defined for specific regions or for areas facing similar problems (such as coastal megacities), or as part of the "means of implementation."

The challenges and opportunities that actors face should not dissuade them from making ambitious and creative efforts to include governance as a stand-alone goal or in issue-specific targets. Paying attention to all three different aspects of governance can help to ensure greater success when the SDGs are implemented at the national and local levels.

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