Economic and Social Council

Committee of Experts on Public Administration
Twenty-first session
4–8 April 2022
Item 6 of the provisional agenda*
Application of the principles of effective governance for
sustainable development at the subnational level

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Note by the Secretariat

The Secretariat has the honour to transmit to the Committee of Experts on Public Administration the paper prepared by Committee members Najat Zarrouk and Mauricio Rodas in collaboration with fellow Committee members Yamini Aiyar, Rolf Alter, Linda Bilmes, Paul Jackson, Aigul Kosherbayeva, Louis Meuleman, Juraj Nemec, Katarina Ott, Soonae Park, Sherifa Sherif, Aminata Touré and Lan Xue.

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* E/C.16/2022/1.

22-00791 (E)   280122

Application of the principles of effective governance for sustainable development at the subnational level

Summary

Local and regional governments are at the forefront of dealing with the world's most pressing issues, such as poverty, inequality, urbanization, climate change and pandemics. If they do not have an enabling legal framework, ample and clear competences, adequate capacities and access to sufficient resources, it will be impossible for countries to fulfil such global commitments as those contained in the 2030 Agenda for Sustainable Development, the Paris Agreement and the New Urban Agenda.

Even though the challenges are global, it can be said that solutions are mainly local and specific to the circumstances of each locality. The role of local and regional governments goes far beyond Sustainable Development Goal 11 on sustainable cities and communities, as all the Goals are directly or indirectly related to their work and local governance is essential for achieving them. There is therefore a clear need to ensure decentralization and strengthen local and regional governance as a policy and tool for local and regional governments to achieve social, economic and environmental objectives. From participatory governance to partnerships with different stakeholders, from leadership response to fiscal decentralization, local and regional governments are policymakers and dynamic implementers of the development agenda and the closest form of government to people.

The present paper contains an outline of the importance of the 11 principles of effective governance for sustainable development at the subnational level and an assessment of some of the difficulties and opportunities related to their implementation. The principles are interconnected and reflect the relevance of whole-of-government and whole-of-society approaches to achieving sustainable development that leaves no one behind. The authors find that the principles are well placed to support subnational governments in dealing with the myriad challenges that they face, taking the Sustainable Development Goals forward at the subnational level.

The biggest challenges for many small local, intermediary and regional governments remain a lack of technical capacity, access to resources and data, and limited competences to advance global commitments while also fulfilling routine government functions that contribute to improving the quality of life for all.

I. Introduction

1.   All over the world, decentralization is being observed as an irreversible and dynamic process for many Member States, making public governance no longer the monopoly of States and central administrations. It comprises the transfer of powers, responsibilities and resources from central governments to subnational governments, defined as separated legal entities elected by universal suffrage and having some degree of autonomy. [1] The decision-making legitimacy of such subnational governments is underpinned by representative, elected local democratic structures that determine how power is exercised and make local authorities accountable to citizens in their jurisdiction.

2.   In its fifth *Global Report on Decentralization and Local Democracy*, devoted to the localization of the global agendas, United Cities and Local Governments sees the interconnectedness of the Sustainable Development Goals as a chance for tackling the multidimensional challenges that societies face, but also cautions that this will require a significant step up in policymaking efforts and the adoption of a truly integrated approach that ensures that no one is left behind, including by using the whole-of-government and whole-of-society approach to development and building a truly multilevel and multi-stakeholder governance system that puts people at the centre of development.

3.   Depending on the specific context, history and capacities of each country or State, responsibilities, competences, roles and resources can be distributed and shared between the central level, including external partners and agencies as representatives of the Government, and the subnational level, comprised of local and regional governments. Support for such a process of decentralization is often grounded in national legal instruments, including constitutions, and reflected in various international and regional agreements. [2] It is made possible by strong political will and through diverse, multidimensional reforms and approaches taken at all levels of governance.

4.   Public policies, strategies and action plans are also designed at the national level and implemented at the subnational level using diverse approaches and tools, such as the top-down approach, the promotion of subsidiarity, participatory mechanisms, a territorial approach to local development and multi-stakeholder partnerships.

5.   The 2030 Agenda for Sustainable Development has a truly transformative character and vision. Local and regional governments have played a key role in its adoption and are playing a crucial role in its implementation. The inclusion of Sustainable Development Goal 11, on making cities and communities sustainable, was an important achievement facilitated by local and regional governments. In adopting the 2030 Agenda, Member States committed to working closely with local and regional governments on the implementation of the Goals.

6.   According to some experts, good local governance is not just about providing a range of services but also about enabling democratic participation and civic dialogue, supporting market-led and environmentally sustainable local development and enriching the quality of life of citizens. Local and regional governments are places of opportunities, promises, innovations, participation, inclusiveness and diversity where livelihood is guaranteed. At the same time, they are also tackling the world's most

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[1] See also Organisation for Economic Co-operation and Development (OECD) and United Cities and Local Governments, *2019 Report: World Observatory on Subnational Government Finance and Investment*, (2019); and United Nations Human Settlements Programme (UN-Habitat), *International Guidelines on Decentralisation and Access to Basic Services for All* (2009).

[2] Such as the African Charter on the Values and Principles of Decentralization, Local Governance and Local Development.

pressing challenges, which are hampering their sustainability and resilience. The challenges can be grouped into four dimensions:[3]

(a)   Contextual conditions: the judicial and socioeconomic situation of the country, historical determinants, including those pertaining to colonization and its aftermath, and urbanization trends;

(b)   Structural conditions: the position of the local government vis-à-vis the national government, for example, the degree of decentralization in terms of tasks that the local government is responsible for, but also in terms of its financial autonomy;

(c)   Institutional conditions: the size of local government, its internal organization and budget situation, the availability of robust data on key economic variables, personnel, financial management and the quality of infrastructure;

(d)   Human resource conditions: the quality of leadership, the availability of skills in economic and policy analysis, budgeting, financial management and procurement, well-trained staff for budgeting and personnel management, and skills in monitoring, reporting, auditing, survey design and evaluation.

7.   Local and regional governments are the subject of several studies and reports that demonstrate the existence of serious weaknesses in leadership, governance, management and the quality of public services, leading to a lack of trust in those institutions, mainly in developing countries and in countries where decentralization is a recent policy. Since the onset of the coronavirus disease (COVID-19) pandemic, however, local and regional governments have been on the front lines, demonstrating their capacity to innovate and to manage this unprecedented crisis in recent history, alongside other stakeholders.

8.   Today more than ever, the implementation and the localization of the Sustainable Development Goals and other global objectives require an excellent public administration and effective local and regional governance.

9.   As a contribution to those global and transformative dynamics, the Committee of Experts on Public Administration has proposed 11 principles of effective governance for sustainable development and associated them with 62 strategies that can contribute to their operationalization. Their implementation at the subnational level raises several questions, including their relevance for improving local governance; the exact meaning and scope of each principle at the subnational level; whether a favourable and enabling environment exists that encourages and facilitates their implementation; the kind of approaches to be adopted to ensure ownership and the legitimacy of the implementation of the principles; the manner in which to prepare the subnational level to guarantee such implementation; the roles and responsibilities of central governments and other stakeholders; and which global success stories can inspire wider implementation.

II.   Promoting effectiveness at the subnational level

A.   Competence

10.   Six years after the adoption of the 2030 Agenda, many civil service entities are not yet fit for purpose to achieve the Sustainable Development Goals. Public sector workers need to be equipped with appropriate leadership qualities and competences, complemented by adequate organizational processes. Goal-oriented mindsets in

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[3] Michel S. de Vries, *Understanding Public Administration* (Palgrave Macmillan, 2016), p. 68.

public sector workers are also essential for public administration systems to be fit for purpose.

11.   While the general skill set of a high-performing civil service has been broadly analysed, the specific skills of the public sector required to implement the Sustainable Development Goals have attracted less interest, as has the identification of good practices and recommendations. However, the lack of human and financial capacities related to the implementation of the Goals at the local and regional levels figured prominently among the bottlenecks hampering progress in a survey carried out by the Organisation for Economic Co-operation and Development (OECD) and the European Committee of the Regions in 2019.[4]

12.   In 2016, the United Nations Development Programme identified data management, knowledge-sharing, capacity-building, collaboration and thinking and working politically as crucial for better aligning political priorities in support of the Sustainable Development Goals. In its Recommendation on Public Service Leadership and Capability, OECD encourages countries to adhere to 14 principles for a fit-for-purpose public service under three main pillars, namely: (a) values-driven culture and leadership; (b) skilled and effective public servants; and (c) responsive and adaptive public employment systems. In a recent study,[5] OECD noted four categories of organizational processes and individual capacities required to achieve the Goals:

(a)   Operating transversally in convergence with the nature of the Goals and with the need for coherence across policy areas;

(b)   Engaging with citizens and civil society, allowing and fostering continuous feedback and constructive criticism;

(c)   Integrating evaluation principles in policy design and implementation, and the systematic use of sustainability impact assessments;

(d)   Strengthening statistical literacy in using empirical evidence for policy formulation, beyond contextual description.

13.   In a recent report on changing mindsets, the Department of Economic and Social Affairs introduced key recommendations on how to promote mindsets, competencies and behaviours among public servants that can foster effectiveness, accountability and inclusiveness in the public sector to advance the implementation of the Sustainable Development Goals.[6]

14.   An assessment framework to analyse the public service skills needed to deliver the Sustainable Development Goals could help to identify what exactly is missing in terms of organizational processes and individual capacities in any given region or municipality. Such a framework would require both qualitative and quantitative data, with surveys and interviews as promising methods of data collection. Once the needs have been determined, city governments may be better positioned to attract qualified civil servants, given the larger talent pool of local labour markets compared to smaller municipalities. In both cases, however, governments will have to operate attractive human resources systems.

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[4] European Committee of the Regions and OECD, "Survey results note: the key contribution of regions and cities to sustainable development" (2019).
[5] OECD, "Civil service capacities in the SDG era: an assessment framework", *OECD Working Papers on Public Governance*, No. 47 (November 2021).
[6] United Nations, Department of Economic and Social Affairs, *Changing Mindsets to Realize the 2030 Agenda for Sustainable Development: How to Promote New Mindsets and Behaviours in Public Institutions to Implement the Sustainable Development Goals* (2021).

15.   Keeping in mind that capacity development must be at the centre of efforts to further strengthen public administrations, and that national capacity-building initiatives should generally include public servants from lower levels of governments, five dimensions of action can be explored by local and regional governments:

        (a)   Developing Sustainable Development Goal-related mindsets in local administrations;

        (b)   Encouraging leaders and managers to exercise their leadership capabilities by providing autonomy, tools and means;

        (c)   Focusing on the attraction and development of transversal skills and competencies;

        (d)   Strengthening the effectiveness of human resources management practices and strategic workforce management capabilities;

        (e)   Establishing organizational processes conducive to collaboration and coherence.

16.   At the international level, the voluntary national review could very well serve as platform of exchanges involving all levels of government rather than maintaining silos through separate voluntary local reviews.

Selected examples

17.   The "Roadmap for SDG Implementation in Aruba" provides direction for the implementation of those goals, identifying policy accelerators but also pointing out challenges, such as a lack of interdepartmental cooperation, partnerships with external stakeholders and skills among public servants, especially to the systematic collection, interpretation and use of evidence for policymaking.

18.   The Ministry of Labour and Social Justice of Romania recognized the profession of expert in sustainable development, a new occupational category that is expected to enhance the country's capacity to incorporate the Sustainable Development Goals into its public policy.

19.   The Sustainable Development Goal training initiative of the German Development Institute was developed to strengthen the public sector in implementing the 2030 Agenda, focusing on breaking down silo mentalities and enhancing the involvement of stakeholders and communication.

B.   Sound policymaking

20.   Public policy is the result of a complex process consisting of numerous decisions made by different individuals and entities inside government. Those decisions, however, are also influenced by others operating outside government. A classic model to characterize that process is the so-called policy cycle, which includes agenda-setting, policy formulation, decision-making, policy implementation and policy evaluation.[7]

21.   The prioritization of the Sustainable Development Goals and their associated targets can be a useful starting point. The Goals and targets are diverse, complex and interconnected, making them a policy implementation challenge. It is impossible to tackle all of them at the same time with the same efforts at either the national or subnational level. Prioritizing them becomes necessary, on the basis of sound criteria,

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[7] Michael Howlett, M. Ramesh and Anthony Perl, *Studying Public Policy: Policy Cycles and Policy Subsystems*, 3rd ed. (Oxford University Press, 2009).

such as cost-benefit ratios and trade-offs among targets.[8] Extensive consultation with major stakeholders is important for achieving that process.

22.   The open and evidence-based generation of ideas is an essential feature of sound policymaking. Innovative policy ideas are critical for implementing the Sustainable Development Goals and can sometimes solve well-established and intractable policy dilemmas. They take on a variety of forms, such as smarter procurement and the creation of digital platforms and citizen-centric services.[9] In seeking creative solutions, public administrations may need to look beyond their own internal know-how and search for answers involving other stakeholders, such as front-line staff, affected population groups, academia and think tanks.[10] It is important to have an evidence-based evaluation process in place to ensure the good quality and suitability of ideas.

23.   Evidence-based policy choices should be supported by rigorous policy design. This involves identifying and assessing alternative courses of action that are available for addressing a problem in implementing the Sustainable Development Goals. This needs to be translated into practical steps, weighing up the pros and cons of all available instruments and choosing the most effective options, including the option of non-intervention. Policymakers need to avoid the natural tendency to opt for the most readily available policy tool and go beyond technical analysis by identifying what options are technically feasible but may face political or administrative constraints.

24.   Responsive external engagement is a critical step in sound policymaking. For example, a gender-equality and inclusiveness lens can help decision makers to better understand the needs of important social groups and address them more effectively. Civil society organizations provide a voice to local communities and interest groups, often in specific policy domains. Engaging them promotes transparency, integrity, accountability and stakeholder participation, which is essential for quality policymaking.

25.   Clarity on the role distribution between central and subnational governments and the corresponding accountabilities is important. In implementing the Sustainable Development Goals, policy coordination between the central government and local and regional governments to achieve greater policy coherence has become particularly relevant in many countries, partially as a result of the emergence of cross-cutting policy challenges and the multiplication of administrative structures created to address them. An important step is to clarify the roles and responsibilities of central and local governments and the corresponding accountabilities. At the same time, policymakers in the central government should work creatively with local and regional governments and maintain enough flexibility to adapt central policies to changing local circumstances.

26.   The establishment of effective mechanisms for feedback and evaluation further adds to sound policymaking. Given the complexities of daily life, with complicated choices, tough decisions and unexpected outcomes, a feedback loop is essential to "adopt and adapt" the policy process over time. While assessments of the success or failure of specific policies can be important, the most important role of feedback mechanisms is policy learning, namely, the intentional, progressive and cognitive consequences of education resulting from policy evaluation. Mechanisms for policy

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[8] Finn Kydland and others, "Smart development goals: to get the biggest bang for every buck, paint a bull's eye on 19 specific targets", *The Times of India*, 25 April 2015.

[9] European Commission, *Powering European Public Sector Innovation: Towards a New Architecture – Report of the Expert Group on Public Sector Innovation* (Luxembourg, 2013).

[10] Ibid., "Quality of public administration: a toolbox for practitioners" (2017).

feedback usually involve monitoring and evaluation at the implementation stage but should cover the entire policy process to be useful for policy learning.

C. Collaboration

27. Collaboration is not only recommended for subnational governments but has also proved to be one of the key enablers to address some of the biggest challenges of our time, such as poverty, inequalities and climate change.

28. The collaboration principle is aimed at encouraging all levels of government to work together and coordinate among them, while also collaborating with non-State actors in all sectors, to address problems jointly, including by identifying drivers. Subnational governments, in most cases, do not have the necessary legal competences, bureaucratic structure, technical capacities and financial resources to tackle the various challenges that their citizens experience daily. Fruitful collaboration with key stakeholders, such as the national government, the private sector, academia and civil society, thus represents a crucial element for effective public service delivery. Moreover, policy design also benefits from partnership-building.

29. The COVID-19 pandemic has demonstrated that subnational governments that collaborated with other stakeholders dealt with the virus and its devastating effects in a more effective way. A good example is the Connected Unit for Respiratory Ailments project, a non-profit initiative supported by multiple stakeholders to repurpose shipping containers into rapidly deployable intensive care unit pods.

30. A less discussed element is collaboration among levels of government to leverage comparative advantage and ensure effective coordination, which also enables the pooling or sharing of resources, knowledge and best practices, thus creating enabling conditions for innovation, scaling up and co-creation. It requires building institutional frameworks, such as a council of heads of subnational governments or sector-specific working groups, and institutionalizing practices of dialogue.

31. The benefits of collaboration are evident. However, many subnational governments, in particular those of intermediary and small cities from the developing world, find it difficult to build effective multi-stakeholder collaboration schemes, owing to a low concentration of private companies, academia and civil society organizations. They need to be supported by strengthening capacity to identify and design innovative initiatives, along with adequate incentives to attract key stakeholders and engage them in meaningful collaboration efforts. International cooperation, technical assistance, knowledge-sharing and investments in networking can be pivotal in pursuing such objectives.

III. Promoting accountability at the subnational level

A. Integrity

32. Integrity is essential for effective governance, building strong institutions, fighting corruption and increasing transparency and accountability at all levels, in line with Sustainable Development Goal 16, on peace, justice and strong institutions. It is a key objective of working towards the betterment of service delivery. The violation of public integrity undermines progress towards achieving all of the Goals and can have substantial consequences, such as government ineffectiveness,

corruption, inadequate policy choices and the inequitable allocation of resources.[11] Countries, however, face different hurdles, such as human resources issues, funding constraints, lack of coordination between national and subnational levels, inequality and the absence of accountability.[12]

33. Local and regional governments are at the front line of efforts to achieve the Sustainable Development Goals and are responsible for delivering key public services. They are also accountable for helping local communities at risk and mitigating the socioeconomic consequences of disasters and crises when they occur, while sustaining recovery plans, such as during the COVID-19 pandemic. To boost the local development process, it is important to ensure that local and regional governments can deliver with integrity and thereby strengthen sound public governance while making the best use of scarce available resources.

34. In most countries, an integrity-strengthening legal and policy framework exists, but usually local informal processes and social norms are much stronger than national guidelines, or even in conflict with them, making changing local norms challenging. National integrity policies therefore need to be adapted to the specific challenges and needs of subnational governments as the result of a bottom-up exercise involving all stakeholders.[13]

35. Strengthening integrity requires identifying challenges and gaps in existing arrangements undertaken by local governments. It also requires a strong legal framework, checks and balances for fighting all forms of corruption, along with strengthening the oversight over public institutions at all levels with support from the private sector, civil society and the media. Surveys on the perception by citizens of the role of regulatory institutions can also be beneficial and used for data gathering. Scarce resources for and availability of meaningful data for policymaking, monitoring and investment decisions can delay the implementation of integrity-related reform plans and the implementation of the Sustainable Development Goals.

36. In addition to internal pressures to strengthen public integrity, external ones, such as from international donors, have led to increases in some government investments in integrity-related initiatives and instruments to accelerate the achievement of the Sustainable Development Goals. Many governments have, for example, taken steps to promote effective governance practices and ensure that integrity is being mainstreamed across all levels, establishing clear responsibilities and promoting mechanisms for vertical and horizontal coordination.

37. Encouraging enabling environments and promoting collaboration to foster transparency and integrity at the national and local levels are a necessity. This can be done by close monitoring and reporting mechanisms related to each of the Sustainable Development Goals highlighting progress and showcasing case studies and best practices.

38. Capacity-building activities and awareness campaigns integrating elements of integrity at the national and local levels are essential to improve the understanding of the threats of corruption and to promote effective governance practices. Working on the mindset of civil servants and developing incentives through positive reinforcement support the creation of a culture of integrity within public organizations. Rewarding civil servants' behaviour for fostering integrity, transparency and accountability, supported by a code of conduct and citizen charter, can also be effective.

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[11] See also OECD, *OECD Public Integrity Handbook* (Paris, 20 May 2020).

[12] See also Louis Meuleman, "Public administration and governance for the SDGs: navigating between change and stability", *Sustainability*, vol. 13, No. 11 (2021), pp. 5–7.

[13] Alain Hoekstra and Muel Kaptein, "The institutionalization of integrity in local government", *Public Integrity*, vol. 15, No. 1 (winter 2012/13).

Selected examples

39.   In Colombia, Egypt, Peru and Tunisia, the greatest corruption challenges are at the subnational level, which suffers from a lack of financial and technical capacities. These countries are fully committed to pursuing strong reforms and conducting novel initiatives and enhanced their local support through the establishment of specialized agencies and units. Colombia, for example, established regional moralization commissions, while Peru established an anti-corruption commission. Egypt established regulatory institutions, such as an administrative control authority, an accountability State authority and a consumer protection agency. Using an electronic dashboard, the Government of Egypt monitors and evaluates the implementation of the Sustainable Development Goals across the different ministries and governorates.

B.   Transparency

40.   The principle of transparency is a key driver to anchor local democracy, foster the respect of good democratic governance, prevent and fight against corruption, guarantee the effectiveness of public services and ensure better decision-making and greater public trust in institutions, in line with Sustainable Development Goal 16.

41.   The principle of transparency at the subnational level is therefore of paramount importance. Subnational public institutions hold important competences, missions, roles and responsibilities, using public money and managing public administrations and public finances. They should therefore be held accountable to the public. To guarantee such accountability and create favourable conditions, public action at the subnational level must be transparent.

42.   The principle of transparency is implemented in many countries at the subnational level and several good practices exist.[14] Nevertheless, its implementation faces some obstacles that call for rapid action. As a first step, the spheres of competencies and responsibilities among the diverse levels of governance need to be clearly defined, whether horizontally or vertically, as they can differ considerably and sometimes overlap. In addition, three critical elements of transparency must be ensured: relevance, reliability and regularity.

43.   Transparency can be divided into four different categories: access to information frameworks; mandatory disclosure; proactive, voluntary disclosure, including open government data; and fiscal and budget transparency.[15] Three of those are briefly covered in the present paper.

44.   Access to information is a fundamental principle that represents an integral part of democracy, the rule of law and fundamental human rights and freedoms, while being the cornerstone not only for effective governance but also for citizen engagement and participation and for preventing and combating corruption. Otherwise known as the right to information or freedom of information, it is an integral building block of open government. While more than 132 Member States have adopted constitutional guarantees or enacted access to information laws in a major step forward, more remains to be done to extend that fundamental right to all countries.[16] Apart from having a legal framework to guarantee access to information,

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[14] See, for example, Council of Europe, Centre of Expertise for Local Government Reform, "12 principles of good democratic governance", and the European Label of Governance Excellence.

[15] *World Public Sector report 2019 – Sustainable Development Goal 16: Focus on Public Institutions* (United Nations publication, Sales No. E.19.II.H.1).

[16] United Nations Educational, Scientific and Cultural Organization, "Building back better with access to information", symposium, 28–29 September 2021.

the establishment of an appropriate environment for effective implementation is crucial. International standards and recommendations need to be considered and widely used, including maximum disclosure, the promotion of administrative transparency, the cost of gaining access to information, the opening of meetings and whistle-blower protection.[17]

45. Localizing the Open Government Partnership is encouraged. Since 2011, the Partnership has aimed to promote good governance, better decision-making processes, greater public trust, corruption prevention and mitigation and more effective public services. In 2016, 14 subnational governments signed the Open Government Subnational Declaration and committed to fostering a global culture of open government that empowers and delivers for citizens and advances the ideals of open and participatory twenty-first century government.

46. In addition, subnational levels should be as transparent regarding their budgets as national governments, if not even more, by providing complete, accurate, timely and easily understandable budget information. Only full budget transparency can enable citizens to affect the efficiency of collection and spending of public funds, holding local governments accountable and, consequently, reducing potential acts of corruption. By improving their budget transparency, subnational governments can better track their progress towards achieving the Sustainable Development Goals and attract funding and earn trust from citizen and partners. Participatory budgeting is another important approach used to promote budget transparency, which provides citizens with necessary, accessible, comprehensive and reliable information to understand and scrutinize how budgets are set up, allocated and spent.

47. Lastly, the digital transformation at the subnational level is nowadays among the strategic priorities of many governments. Local and regional governments are increasingly able to use information and communications technology to improve their governance and provide timely, reliable and accessible information to all relevant stakeholders. There is a call for the establishment of a shared vision of local e-government projects, which would involve all relevant stakeholders and be people-driven instead of technology-driven, leaving no one behind.[18]

Selected examples

48. The organization United Cities and Local Governments of Africa, together with partners in Cameroon and Senegal, offers peer learning, training, and capacity-building for locally elected official, territorial managers and facilitators on participatory budgeting, including through e-learning.

49. In Morocco, a strategy on digital transformation at the local and regional levels for the period 2021–2023 is being implemented, calling for the contribution of the collective intelligence of all stakeholders, with a focus on governance, infrastructure, human resources and information technology platforms and applications.

C. Independent oversight

50. Subnational government expenditure may vary depending on the country and the region. For example, subnational government expenditure is $6,450 per capita on average for OECD countries, accounting for 17 per cent of gross domestic product and 40 per cent of total public expenditure. Among those countries, the subnational

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[17] See also E/CN.4/2000/63, para. 43.

[18] See also *E-Government Survey* 2020: *Digital Government in the Decade of Action for Sustainable Development* (United Nations publication, Sales no.: E.20.II.H.1).

share of total public expenditure varies from less than 10 per cent in Greece and Ireland to almost 80 per cent in Canada.

51. Subnational governments have many responsibilities, including in vital sectors, such as education, health care, water, electricity and urban transport, making independent oversight necessary. To retain trust in government, oversight agencies are to act according to strictly professional considerations and apart from and unaffected by any others. Questions remain regarding the forms that such independent oversight should take and how to guarantee its professional and independent character.

52. According to the European Charter of Local Self Government, any administrative supervision of the activities of the local authorities shall normally be aimed only at ensuring compliance with the law and with constitutional principles. The need for the independence of supreme audit institutions and their members is also affirmed in the Lima Declaration of Guidelines on Auditing Precepts of 1977. However, only 52 per cent of supreme audit institutions report having a legal framework in place that fully protects their independence at the national level, which remains a primary concern. While the auditing profession itself may have related quality management standards that support independent oversight, issues pertaining to the legal, operational and financial independence of oversight functions at the subnational level could be further examined by the Committee of Experts on Public Administration.

53. External oversight is also required, at least to assure that legality and efficiency are reflected in subnational government actions. In most countries, such external oversight is guaranteed by competences assigned to designated bodies, for example prosecutors or specialized agencies such as public procurement offices. The external oversight of efficiency is normally undertaken by national audit institutions. In federal or highly decentralized countries, there are subnational audit institutions. In addition, national supreme audit institutions will review subnational issues in their audits when and if relevant.

54. Subnational governments should also manage and use their own "internal" oversight bodies, delivering audit and control functions. Those differ among countries and can face critical implementation problems, such as guaranteeing professional and independent oversight in smaller municipalities or highly fragmented countries. As there is no one-size-fits-all solution, States need to try to find their own solutions, depending on national and local conditions, ideally based on best practices worldwide.

55. Some subnational governments suffer from an inflation of controls, oversight and audits by different bodies, such as courts of accounts, regional courts of accounts and financial inspectorates, with a lack of consistency, coherence, coordination and integration among them. Too much control can kill control, and even the institutions responsible for control, audit and oversight must themselves be held accountable and be subject to control mechanisms by independent structures that are above all suspicion.

56. Lastly, it happens that a lack of preparedness, awareness, information, knowledge, competencies, skills and know-how pushes locally elected officials or territorial managers to commit acts that are against the law, exposing them to controls and audits that may lead to severe sanctions. It is crucial to empower the subnational level to allow locally elected officials and territorial managers, as well as employees, to be aware of their duties and responsibilities.

IV. Promoting inclusiveness at the subnational level

A. Leaving no one behind

57. The principle of leaving no one behind is reflected in the promise of delivering public good to all individuals, regardless of gender, ethnicity, race, religion, social status, age or disability. It means creating spaces that encourage large public participation in policy dialogue and policymaking, as well as setting effective accountability mechanisms to assess the effectiveness of local public institutions in addressing the rights and needs of the most vulnerable groups. To do so, it is important to identify those vulnerable groups clearly by means of consensual and human rights-based data collection tools. Disaggregated quantitative and qualitative data are to be used by local public institutions to mainstream equality when planning their development policies and programmes, including by targeting the poorest to reduce inequality gaps.

58. The budget of local institutions is the main tool to realize sustainable development ambitions, and it also offers leverage to redress exclusion and inequalities. Setting specific budgetary lines to specific target vulnerable groups materializes the commitment of public institutions to leaving no one behind. Those budgetary lines are to be regularly audited to ensure that they not only deliver needed support to vulnerable groups but also support their empowerment, capacity-building and future self-sufficiency. Civil society actors and community organizations must be enabled and encouraged to perform social audits and expenditure tracking to hold local public institutions accountable.

59. The general administrative principle of subsidiarity requires that social and political issues be dealt with at the most immediate (or local) level that is consistent with their resolution. Its implementation requires placing individual social policy actions in the hand of local governments and for them to decide on appropriate actions. The central government has the capacity to deliver some social policy measures, but often does not have sufficient capacity or experience to know and evaluate individual citizens' needs. Local authorities are in direct contact with their residents, including the most vulnerable groups, through social workers and their front-line staff, while also producing data. They should therefore be the primary body to evaluate and understand the specific needs of vulnerable citizens and groups.

60. The achievement of the Sustainable Development Goals requires local action because all of them have a local dimension. As noted by various actors working with local governments, cities and territories are where poverty and inequalities are tackled, where health and education services are provided, where ecosystems are protected and where human rights must be guaranteed.

61. Local governments often, for example, play a key role in:

(a) Providing essential services to children, in urban or rural settings, connecting girls and boys with legal registration, nutritious food, safe water, quality education, sanitation and other services, to reduce poverty and vulnerability;

(b) Guaranteeing access to basic health services for all, independently from health status and individual ability to pay;

(c) Supporting access to affordable housing for those who cannot pay market property prices or rental fees;

(d) Delivering active labour market policies and investing in services for skills development, social inclusion and access to decent employment to improve the employment chances of those in need (e.g. language training);

(e)   Providing essential services to the elderly or persons with disabilities, including a wide range of social care services, delivered preferably within family settings and only if that is not possible in social care establishments;

(f)   Creating favourable conditions for citizens living in informal settlements and minorities, such as migrants, refugees and displaced persons.

62.   Because they understand individual needs, local governments are best placed to pilot and test innovative and experimental social policy approaches. Local and regional governments can benefit from mutual and peer learning with other local self-governments, through decentralized cooperation, for example, or specific partners leading to policy transfer and replication of good practices. They also have the best capacity for gathering local data, knowledge and information that can be used for evidence-based social policymaking.

63.   Local governments have the ability to combine and blend different funding sources. The central government's role is to guarantee effective fiscal decentralization mechanisms to allocate sufficient resources in order to enable local governments to execute individualized social policy measures, ensuring that no one is left behind.

Selected example

64.   The Global Compact on Inclusive and Accessible Cities is an agreement between cities across the world to collaborate towards improving inclusion, accessibility and universal design – commitments comprised in the Sustainable Development Goals, the New Urban Agenda, the Convention on the Rights of Persons with Disabilities and the World Health Organization Age-friendly Cities Framework – in order to affirm the rights of all citizens and vulnerable groups, such as persons with disabilities and the elderly.

B.   Non-discrimination

65.   The principle of non-discrimination is directly linked to the one of leaving no one behind. It refers to equal treatment in rights and access to public services of all individuals and groups, irrespective of gender, ethnicity, race, religion, social status, age or disability, as defined by United Nations treaties and conventions.

66.   Women and girls account for more than half of the global population and represent one of the most discriminated groups, with negative stereotypes, traditions and social constructions prevailing in many countries that fuel discriminatory practices and limit the ability of women and girls to fully realize their rights. Gender-based violence is the most widely spread discrimination against women and girls, regardless of the geographical location or development status of countries. Gender-based discrimination is often exacerbated at subregional levels, owing to higher poverty and lower education rates, less exposure to progress and persistent and deeply rooted patriarchal beliefs and attitudes.

67.   Subregional institutions are responsible for a range of vital services that have an impact on the daily life of women and girls, and the principle of non-discrimination must be one of their core principles, paving the way for designing and implementing policies and programmes that serve women and girls, young people, persons with disabilities and other vulnerable groups fairly. It is important to monitor the implementation of the principle of non-discrimination closely by ensuring that budgetary provisions and regulations and laws are in place to deliver services to all segments of the people while paying special attention to all forms of vulnerability.

Selected example

68.   The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) launched the Shadow Pandemic public awareness campaign, focusing on the global increase in domestic violence amid the COVID-19 health crisis.

C.   Participation

69.   The principle of participation is important at the national level, but probably even more important and complex at the subnational and local levels. All actors, including political parties, civil society, businesses and unions, should be involved in the conduct of public affairs for democracy to flourish. Citizens who are committed to democratic values, mindful of their civic duties and active in public life are the lifeblood of any democratic system.

70.   Participation at the subnational and local levels can take many forms and rely on many tools. At its base, it includes standard approaches for empowering citizens and communities and developing local democracy by using such tools as public meetings and hearings, advisory committees, interactive workshops, interviews, questionnaires, focus groups and participatory diagnosis to identify public concerns and preferences and address them through informed decision-making. Participation also includes promoting expressions of democratic interest by citizens through voting, protests, petitions, campaigns, blogging and several other channels.

71.   Local and regional governments are responsible for a range of vital services for people and businesses in defined areas – effective participation has the capacity to guarantee that subnational and local policies are well formulated and that public services are delivered in an effective and efficient manner. The use of the aforementioned democratic instruments should be supported nationally and internationally, as the guarantee of democratic development.

72.   Two commonly used strategies that are critical for the local level are participatory budgeting and community-driven development. Participatory budgeting is discussed in the paper on transparent and participatory budgeting in support of the Sustainable Development Goals prepared for the present session of the Committee (E/C.16/2022/6).

73.   Community-driven development is linked with co-creation, which, inter alia, covers the initiation and design process of public services.[19] Many, if not most, co-creation activities are initiated by civil society or even private sector organizations. Local governments should be encouraged and fiscally motivated to use that kind of initiatives to improve the quality of local life – through support and incentives from higher levels or donors. Co-creation activities can run smoothly in places where public officials have a positive attitude towards citizen engagement and citizens are willing to engage. A critical obstacle can be the lack of long-term financial support to allow for such co-creation or co-production of services.

74.   A third and critical form of participation is the practice of social audits, which are unique mechanisms of participation, allowing citizens to hold governments and institutions accountable, and involve the tracking and cross-verification by citizens of government expenditure through the creation of a public platform – the public hearing. Social audits are part of a tradition of proactive citizen participation in budget monitoring and have emerged as important platforms for participatory

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[19] OECD, "Knowledge co-creation in the 21st century: a cross-country experience-based policy report", *OECD Science, Technology and Industry Policy Papers*, No. 115 (June 2021).

governance. Their practice can be traced back to the Right to Information Act of India, and they have been adopted to bridge the distance between transparency and accountability. Several empirical studies have documented the power and effectiveness of social audits, especially those led by civil society, in empowering citizens and enabling deeper accountability. They are today a tool used globally.

D. Subsidiarity

75. Subsidiarity is an essential principle for Sustainable Development Goal implementation, as bold decisions required to achieve them can only be carried out properly when those who are governed feel included and understood by those who govern. Goal 16, among others, calls for effective institutions at all levels, and one determinant of such effectiveness is the way that institutions work together across different levels.

76. To promote a government that is responsive to the needs and aspirations of all people, central authorities should only perform tasks that cannot be performed effectively at a more intermediate or local level. Related commonly used strategies include fiscal federalism, strengthening urban governance, strengthening municipal finance and local finance systems, enhancing local capacity for prevention, adapting to and mitigating external shocks, and multilevel governance.

77. In the European Union, for example, subsidiarity is enshrined in the Treaty on European Union and is aimed at ensuring that decisions are taken at the most "appropriate" level, with appropriateness referring to the capacity and relevance of each governing level to make decisions on an issue and implement related policies.

78. National and subnational authorities translate broader global ambitions into concrete tasks and actions, which are transformed into mandates for implementation at the local level. This relationship between the global, national and local levels is called multilevel governance and typically operates in one of two ways: either top-down or bottom-up.

79. Empowering subsidiary levels of government has led many cities to become hotspots of sustainability innovation and motivated them to form specific networks, such as the Global Covenant of Mayors for Climate and Energy. The bottom-up approach can be instrumental in fostering inclusive local governance, promoting local ownership and enhancing the co-production and customization of policies and services. However, that approach can be slow in scaling up good practices compared to economies of scale. It also requires higher administrative levels to alleviate the financial or legal constraints that the lower levels of government face.

80. Subsidiarity can be hampered by a hierarchical mindset regarding government levels. While this can have benefits, such as emphasizing the rule of law, offering a clear structure with defined responsibilities and providing stability, it usually slows down adaptation. This can, however, also be a positive governance quality, as frequent changes in policy and law can create unpredictability for citizens and businesses.

81. Both approaches of distributing remits across government levels result in a slow transfer of ideas: a hierarchical system can be slow in transferring ideas from the national to the local level, while subsidiarity tends to delay the transfer of innovations from the local to the national level, and beyond.

82. One needs not be restricted to those two methods as a third approach, which can be called "real-time collaborative multilevel governance", is developing. It requires government bodies to step out of their comfort zone as it requires them have to establish mechanisms for real-time cooperation among all relevant levels for urgent issues. Working together on urgent challenges simultaneously could involve, inter

alia, the use of digital platforms to receive and collect data on policy and service delivery and to keep track of actions taken to address such challenges in a transparent and accountable manner. This third approach was already highlighted by the Committee at its nineteenth session. Examples can be found in the United Nations database of Sustainable Development Goal good practices, among the United Nations Public Service Awards and in the *World Public Sector Report 2018*.

83. The inter-administrative dossier teams between regional, national and local authorities used in the Netherlands could, for example, be a good example to learn from. The implementation of the Sustainable Development Goal can be monitored at the subnational level through central government efforts, subnational monitoring structures or joint, multilevel structures and mechanisms, as found in several European and Latin American countries.

84. To conclude, effective subsidiarity requires a balance between top-down, bottom-up and real-time approaches to multilevel governance.

E. Intergenerational equity

85. Before being included as one of the principles of effective governance for sustainable development in 2018, intergenerational equity already featured prominently at the United Nations Conference on Environment and Development, in 1992, supported by an important advocacy movement of civil society and experts that called for the promotion of the rights of future generations by guaranteeing sustainable development. Today, stakeholders all over the world, including local and regional governments, are taking intergenerational equity into account to avoid transferring negative consequences of unsustainable (economic, social and environmental) development or poor governance at all levels to future generations.

86. This is a main challenge that concerns to a large extent local and regional governments, as they are the closest to local populations, natural resources and economic activities, all marked by diversity. They are also in charge of localizing the global development agenda and its three dimensions, including by supporting climate action and the protection of biodiversity. Investment in basic services, such as education, health, sanitation and infrastructure, paired with the possible accumulation of debt, is linked to issues of intergenerational equity. Nevertheless, local and regional governments often do not have the vision or capacities to support future generations because, among other reasons, their mandate scope and duration are limited.

87. Informing local and regional governments, in particular locally or regionally elected officials and local and regional public administrations, about the importance of respecting and implementing that principle and empowering them to follow, monitor and evaluate it are the responsibility of State governments and concerned international organizations, supported by the important advocacy work led by civil society. There is also a need to support local and regional governments to better align their planning and service delivery with the long-term Sustainable Development Goals and reconcile short-term local and regional governance and management with their long-term ethical and social responsibility.

88. While there is no single solution that can be applied everywhere, the following selected approaches and tools can allow local and regional governments to consider and integrate that principle in their vision, governance, planning and daily work:

(a) Adopting a solid national spatial planning policy applied to the subnational level, using approaches and tools adapted to each level of governance, including inclusive and participatory approaches. Good examples exist in France, Germany, Morocco and Rwanda, among others;

(b) Promoting medium- and long-term territorial planning, an approach that starts to originate more and more at the subnational level. Good examples exist in local and regional governments in Africa;

(c) Supporting the subnational level to carry out impact studies concerning sustainable development in its various dimensions;

(d) Controlling and regulating borrowing by local and regional governments to avoid high debt that affects future generations;

(e) Supporting local and regional governments in the governance and management of their natural ecosystems and in tackling climate change, especially since their call to benefit more from resource allocation, funding and capacity-building in the context of the Paris Agreement;

(f) Controlling and regulating the exploitation of natural resources to fight existing poverty and avoid poverty of future generations.

V. Policy recommendations

89. A whole-of-government and whole-of-society approach that can support the achievement of sustainable development while leaving no one (and no place) behind should be applied.

90. The 11 principles of effective governance for sustainable development are relevant to the subnational level to allow it to better deal with diverse local challenges, implement the Sustainable Development Goals and build forward better, taking into account the context, needs and priorities of each country. For an effective implementation of those principles, the authors recommend the following:

(a) Promoting the integration of Sustainable Development Goal implementation into national, regional and local policies that reflect local priorities, needs, challenges and opportunities will strengthen overall policy coherence and policy coordination across sectors and multilevel governance arrangements, reinforcing synergies across the Goals;

(b) Advancing the achievement of the Sustainable Development Goals at the regional and local levels through a territorial policy approach that values and builds upon the economic and social capital of local and regional communities and spaces. This approach requires analysing challenges and identifying policy solutions at both an administrative and functional scale.[20] The coordination of policies across administrative boundaries to cover the entire functional area will help to optimize the interlinkages between core cities and their surrounding commuting zones, and between rural and urban areas;

(c) Institutionalizing integrity measures by establishing: an anti-corruption legal framework to boost freedom of information and whistle-blower protection, a merit-based system to remove inequalities and discrimination practices within government while offering integrity-based training, and an audit and control system to enhance oversight and feedback loops while establishing clearer roles and proper coordination mechanisms;

(d) Empowering and engaging young people by mainstreaming integrity, equality and ethical behaviour in education are essential. Education is also crucial to prevent corruption, ensuring a better sustainable future for all;

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[20] OECD, *A Territorial Approach to the Sustainable Development Goals: Synthesis Report*, OECD Urban Policy Reviews (Paris, February 2020).

(e)   Applying a whole-of-society and whole-of-government approach to public policymaking to enhance participation, address violations of integrity and reward ethical behaviour, especially at the local level. Integrity standards should be embedded in the legal and institutional frameworks with tailored plans that best fit the local characteristics of each community;

(f)   Providing more technical and financial support through meaningful regional and international partnerships, including to improve data collection and performance monitoring capacities, while creating enabling environments and strengthening audits by civil society organizations, including by enhancing their ability to hold public entities accountable, and establishing a standard framework for measuring the degree of public satisfaction at local levels;

(g)   Strengthening efforts to promote transparency, access to information, open local governance and digital transformation and to address digital divides;

(h)   Promoting participatory approaches, in particular in budgeting, which can contribute significantly to building and anchoring trust in local public institutions, and engaging citizens and communities at the subnational level;

(i)   Achieving a balance between top-down, bottom-up and real-time approaches to multilevel governance to achieve effective subsidiarity;

(j)   Empowering and building the capacity and skills of local and regional governments as crucial actors that require appropriate and sufficient resources, to engage them in the overall transformational dynamics for sustainable and resilient development.

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