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Department of  
Economic and  
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## National Workshop on EFFECTIVE GOVERNANCE FOR SUSTAINABLE DEVELOPMENT IN MONGOLIA

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08:00 – 17:00 | Mongolia (GMT+ 8)

09:00 – 18:00 | Seoul (GMT+ 9)

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Photo: NAOG

## Governance and Coordination For Financing SDGs

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## Why Mongolia believes an integrated financing strategy is critical for success



- relates to the institutions and processes required for formulating and implementing financing policies
- involves identifying which institutions and processes can best enhance the coherence of financing policy-making, building on what is already in place



## Commitment and Leadership



## Access to Knowledge and Perspectives



## Coordination

Why 1

It is the driver of overall effectiveness, underpinning all stages of financing policy-making.

Why 2

Ensures country ownership and leadership.

Why 3

Strengthens intra-governmental collaboration.

Why 4

Facilitates multi-stakeholder participation. Enhances coordination with development partners.

Why 5

Helps overcome silos in existing approaches to estimating financing needs, identifying financing challenges and opportunities, and designing and implementing financing policies and reforms.



## Why Uzbekistan believes coordination is at the heart of a financing strategy's success





## GOVERNMENTS

### Head of State/Government

Provides high-level political leadership Custodian of overarching national priorities Ensures political buy-in

### Ministry of Planning

Articulates and coordinates the implementation of national development plans based on political priorities.

### Ministry of Finance

Allocates domestic public finance Costs policies and identifies financial needs Implements fiscal policies Sets & implements public revenue & expenditure strategies

### Revenue Authority

Oversees public revenues administration, including tax collection and administration. Enforces revenue laws and regulations. Can present a catalyst for revenue administration reform.

### Central Bank

Oversees monetary policy and financial sector development

### National Public Development Bank(s)

Implements public investments programs. Can help catalyst private investment in specific sectors.

### Ministry of Foreign Affairs

Engage with development partners. Oversees inflows and outflows of development cooperation

### Line Ministries

Provide leadership and expertise on sector-specific outcomes and related resource requirement. Develop regulatory frameworks. Cost sectoral priorities.

### Ministry of Local Development

Supports and coordinate local governments. Can facilitate engagement with local governments including on financing issues and reforms.

### Parliaments

Provide oversight and accountability. Track whether budgets are aligned with national priorities/SDGs

### Supreme Audit Institutions

Inspect the effectiveness of financial policies and related processes

### National Statistics Bureaus

Collect data and evidence that can support financing policy-making, and enhance transparency and accountability

### NEMA

Can ensure the financing framework and related financing policies are risk-informed from a multi-hazard perspective.



# Who are involved?

## NON-GOVERNMENTS

### Development Partners

Provide resources, including technical assistance, capacity building and expertise.

### Development Finance Institutions/Multilateral Development Banks

Provide resources. Can help catalyze private investment in specific sectors.

### Domestic businesses, investors and commercial banks

Contribute to domestic resource mobilization. Create jobs. Provide investment

### Foreign businesses and investors

Contribute to domestic resource mobilization, Create jobs. Contribute to knowledge transfer. Provide investment. Participate in innovative financing mechanisms.

### Philanthropy

Provides resources and other forms of cooperation.

### Civil society

Provides resources. Holds government and other finance providers accountable for spending/investment decisions. Tracks the impact of financing, including at the sub-national/community level and on different population groups. Can elevate views of citizens to the level of governments, including those of underserved and hard-to-reach constituencies.

### Academia

Provides insight, evidence and policy recommendations that can help make decisions in different financing policy areas.



## **Governance arrangements ensure that:**

- different stakeholders are involved where necessary.
- adequate levels of transparency and accountability are in place.
- implementation of an integrated financing framework can actually take place.

## **Governance and coordination drives the overall effectiveness of an Integrated Financing Framework process by**

- ensuring country ownership and leadership
- strengthening intra-governmental collaboration and multi-stakeholder participation
- enhancing coordination with development partners.
- overcoming silos and increasing coherence and integration of existing approaches and processes.

# Three Key Drivers of Coherence



## Key driver 1

### **Commitment and leadership**

provide the overall vision and direction around which increased coherence can be pursued



## Key driver 2

### **Access to knowledge and perspectives**

ensures that policymakers have the information they need to make decisions on the suitability and sustainability of different financing policy options



## Key driver 3

### **Coordination**

maximizes synergies and reduces duplication





# What steps can be taken?



## STEP 1 Establish the baseline

Identify and assess existing governance arrangements relating to the three functions listed above

The main guiding question for this is, **what institutions and processes exist to guide, enable and support coherent financing policy making?**

**You can explore existing arrangements related to all three of the key drivers of coherence**



Commitment and leadership



Access to knowledge and  
perspectives



Coordination among stakeholders

## STEP 2

Enhance coherence of existing governance arrangements, and close gaps if needed



Priority may be given to strengthening the institutions and processes related to:



Domestic public finance first, and on better linking these to existing aid coordination and investment efforts.



The financing of particular thematic priorities or sectors, with the view of encouraging a more comprehensive approach over time.

The main guiding question for this is, **how can existing institutions and processes be further strengthened to better guide, enable, and support financing policymaking?**



Governance for financing is not only about formal bodies, entities, dialogue and coordination structures. **It is also about specific tools, incentives and mechanisms that governments can put in place to enhance buy-in, participation, transparency, accountability, collaboration and alignment of all actors with national sustainable development priorities.**



## Key factors for securing commitment and leadership

Clear Commitment

Sustainability Features

Institutional Catalyst

Capacity Building

**Self-assessment questions to assess to what extent these factors are already in place and where there may be gaps.**

1

Is there a clear commitment and mandate from the highest political level to adopt an integrated approach to finance national sustainable development objectives?

2

What 'sustainability features' ensure continued focus and sustained momentum around financing framework implementation across political cycles?

3

Is there an institutional 'catalyst' (central unit, ministry, committee) responsible for overseeing and guiding the design and ongoing management of the integrated financing? Does it have the required authority and convening power to ensure participation of, and coordination among, all relevant stakeholders?

4

What measures exist to build capacity in the public service to formulate and implement coherent financing policies, and among parliamentarians to effectively oversee relevant processes? Is the Government encouraging capacity building of non-state actors (including the private sector) on sustainable development financing issues?

## Increasing commitment and leadership



Sustaining interest and buy-in by identifying the right level of engagement and finding an institutional home for the integrated financing



Accessing capacity gaps, including the potential role of development partners

## Addressing capacity gaps

The international community can help address capacity and resource limitations.

In addition to ongoing efforts to provide technical assistance and capacity building on integrated financing, you could consider preparedness assessments of key institutions (such as Parliaments and Supreme Audit Institutions) as well as peer exchanges.

## Case study: Nigeria

Nigeria structured the management and working processes of their integrated financing framework to incorporate a variety of stakeholders, both within and outside of the government. This approach has allowed the federal and state governments to interact on key issues of national development.

Nigeria has demonstrated strong political commitment and leadership at a technical level through:

- **Establishing a government-led high-level steering committee and a multi-stakeholder working group** to kick-off the integrated financing framework process, leveraging the existing architecture for national SDG implementation.
- **Securing strong leadership from the Minister of Finance** which ensured buy-in from key actors across government, development partners and the private sector.
- **Complementing political commitment with strong technical leadership** on behalf of strategic agencies, for example, the Central Bank of Nigeria and the National Bureau of Statistics.



## Key factors for securing access to knowledge and perspectives

Clearly articulated commitment and rationale for integrated financing framework

Mechanisms for information exchange

Transparent reporting on financing

Mechanisms to assess and reviewing financing policies

## Access to knowledge and perspectives self-assessment questions

Is the commitment to, and value added of, an integrated financing approach effectively communicated across levels of government?

What mechanisms are in place to foster formal and/or informal exchanges of information on financing issues among different ministries and departments, and between national and local levels of government?

What mechanisms are in place to foster formal and/or informal exchanges of information with development partners and international organizations present in the country, around the design and/or implementation of financing policies?

What mechanisms are in place to involve and promote active participation of civil society, academia, business and industry in the design and implementation of financing policies, and to feed their input into decision-making processes?

Is there transparent reporting to parliament and the public on the implementation of the financing strategy and the contributions of different types of finance? Is reported information accessible to target audiences?

What mechanisms exist to assess and review progress in implementation of financing policies and reforms, to ensure effective feedback between implementation and policy design, and to distil lessons learned around what works and what does not work? Are external and independent audit institutions involved?

What mechanisms exist for ex-ante impact assessments to take into account the potential positive and negative impacts of different financing policies and regulations on sustainable development outcomes, and to inform policy design accordingly?



## Increasing access to knowledge and perspectives

### Dialogue and participation

- Mandated inclusive approaches
- Dedicated agencies/structures
- Consultative committees/fora
- Networks

### Transparency and accountability

- Formal institutions
- Peer review
- Open government initiatives
- Citizen budgets
- Development cooperation result framework
- Law, regulations, standards

### Case study: Nigeria

Returning to the Nigerian example, they have enhanced access to knowledge and perspectives through:

- organizing workshops and presentations with relevant actors at the federal and state levels to communicate the government's commitment to the integrated financing framework, raise awareness and foster a common understanding of the integrated financing framework process
- bringing government officials, development partners, private sector and civil society together, at the same table, to discuss financing challenges in a holistic manner and align existing public and private sector strategies with national development priorities.





## Key factors for securing coordination

Clearly defined roles and responsibilities

Intra-government collaboration and coordination mechanisms

Mechanisms for coordination with development partners

Mechanisms for aligning private finance with national priorities

Use of national processes to encourage an integrated approach to financing

## Coordination self-assessment questions

Are roles and responsibilities within the financing framework clearly defined for all relevant stakeholders?

What mechanisms are in place to encourage intragovernmental collaboration (both between ministries/ departments and between central and local governments)?

What mechanisms are in place to facilitate coordination with, and among, development partners around key financing priorities or issues?

What mechanisms exist to encourage alignment of private finance with national sustainable development priorities and to foster complementarities and minimize contradictions between public and private financing?

What mechanisms are in place to encourage collaboration with, and among, private sector actors?

Is the budget process used to mainstream national priorities across government, reconcile policy objectives and promote policy integration?

Is the public procurement process used to encourage synergies and promote alignment with national priorities?

Are budget, and other financing policy processes (SOEs or NDBs, development cooperation, private sector development, investment promotion) jointly considered as an integrated approach to financing? What mechanisms exist to this end?



## Increasing Coordination

### 1. Defining clear roles and responsibilities

### 2. Encouraging effective collaboration among actors

- Implementing national development plans and strategies
- Sector-specific, thematic or financing policy areas
- Ensuring alignment between central and local government

### 3. Aligning all types of finance with national priorities

- Screening tools
- Annual budget process
- Public procurement processes
- Specific financing instruments
- Specific financing strategies or policies

Tools that can complement these formal mechanisms include



#### Practice guides and Codes of Conduct

These may be particularly helpful in overcoming issues related to blurred lines of accountability, the risk of blame shifting and difficulties in evaluating and either rewarding or sanctioning performance.



#### Performance Management System

These can be designed to incentivize cross-departmental or cross-agency collaboration.



# Thank you!



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