

The DAC Guidelines

# Strategies for Sustainable Development

INTERNATIONAL DEVELOPMENT



	70.55					
	41.88		-68.88	2.70		
	51.86		-79.08	2.53		
	92.55	-6.1	-166.74	2.58	55.1	
	53.52	-6.5	-66.57	2.60	23.62	
Mid	1214.89	-3.95	-49.94	2.94	28.53	
EuroMid Eurobloc	1094.36	-3.99	-45.51	2.60	25.64	
EuroMid Ex-UK	1119.23	-4.09	-47.74	2.45	25.67	12
<b>EUROTOP 300 Industry Sectors</b>						
<b>RESOURCES</b>	1327.49	+1.39	+18.26	2.68	30.61	1491.7
Mining	1456.39	-5.77	-89.16	3.58	44.44	1631.84
Oil & Gas	1268.69	+1.99	+24.77	2.62	28.50	1394.27
<b>BASIC INDUSTRIES</b>	1129.32	-5.13	-61.01	3.19	44.97	1257.11
Chemicals	844.56	-4.63	-41.01	3.28	36.67	938.53
Construction & Bld Mats	1071.10	-5.68	-64.48	2.82	35.32	1157.77
Forestry & Paper	1268.09	-6.45	-67.43	4.01	53.31	1498.81
<b>GENERAL INDUSTRIALS</b>	1023.34	-7.11	-78.37	2.86	27.72	1106.8
Aerospace & Defence	604.16	-5.38	-34.37	2.70	11.49	652.54
Diversified Industrials	905.95	-7.55	-74.00	2.61	23.72	989.9
Electronic & Elect Equip	1064.35	-7.51	-86.47	2.90	27.32	1111.1
Engineering & Machinery	737.47	-6.01	-47.14	3.67	28.62	812.2
<b>FINAL CONSUMPTION GOODS</b>	1023.61	-7.05	-77.64	3.59	31.45	1106.8
Automotive & Parts	680.84	-7.19	-52.75	4.27	25.99	733.6
Food & Textiles	1537.78	-6.70	-110.43	1.92	19.11	1427.35
<b>DISCRETIONARY GOODS</b>	1312.90	-5.58	-77.64	1.84		1235.26
Consumer Services	1013.74	-5.31	-56.85	3.03		956.89
Consumer Goods	300.37	-3.90	-41.34			278.37

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# The DAC Guidelines

## Strategies for Sustainable Development: Guidance for Development Co-operation

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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

## ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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## Preface

This document provides policy guidance on good practice in developing and implementing strategies for sustainable development. The guidance focuses on the experience of developing countries, but many of the issues covered and lessons drawn are of equal relevance to developed countries. While the guidance looks at how development co-operation agencies can best assist developing countries, it should also be of value to policy-makers, planners and development practitioners in all countries, as well as of interest to academics, students and development analysts.

The guidance is the first major output of a project initiated by the OECD DAC Working Party on Development Co-operation and Environment (WP/ENV). A Task Force chaired by the UK Department for International Development (DFID) and the European Commission (EC) has overseen the project.

In developing this guidance, international experience over the past two decades in both developed and developing countries has been drawn on. This experience and the lessons derived from it have been validated and built on through dialogues in selected developing countries. During 1999-2001, members of WP/ENV worked in partnership with teams from eight developing countries to assess their experience of country-level strategies for sustainable development: Bolivia, Burkina Faso, Ghana, Namibia, Nepal, Pakistan, Tanzania and Thailand. In addition, other agencies have contributed their experience: the United Nations Development Programme (UNDP) (Capacity 21), the UN Department for Economic and Social Affairs and the World Bank. The International Institute for Environment and Development (IIED) was responsible for co-ordinating the dialogues and provided technical support for the preparation of this document.

Through dialogues involving stakeholders from government, the private sector and civil society, past and existing strategic planning experiences have been analysed, key issues and challenges identified, and principles for good practice developed. An iterative process involving in-country discussions and three international workshops in Tanzania, Thailand and Bolivia, has led to consensus on this final text.

A second output — a source book (to be prepared during 2001) — will contain a detailed exploration of the challenge of strategies for sustainable development, with lessons, case materials, and methodologies from the dialogue countries and elsewhere. This source book will provide guidance on how to develop and implement strategies for sustainable development, providing examples of processes and mechanisms that have been shown to work.

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# Acronyms

CBO	Community-Based Organisation
CSD	Commission for Sustainable Development
CDF	Comprehensive Development Framework
DAC	Development Assistance Committee (of the OECD)
DEAP	District Environmental Action Plan
HIPC	Highly Indebted Poor Country
IDG	International Development Goal
NCS	National Conservation Strategy
NCSD	National Council for Sustainable Development
NEAP	National Environmental Action Plan
NFP	National Forest Programme
NGO	Non-Governmental Organisation
NSSD	National Strategy for Sustainable Development
PRS(P)	Poverty Reduction Strategy (Paper)
OECD	Organisation for Economic Co-operation and Development
UNCED	United Nations Conference on Environment and Development (1992)
UNDP	United Nations Development Programme

## STRATEGIES FOR SUSTAINABLE DEVELOPMENT STATEMENT

**A Policy Statement by Development Ministers,  
Aid Agency Heads and Other Senior Officials  
responsible for Development Co-operation,  
meeting as the Development Assistance Committee (DAC)  
of the Organisation for Economic Co-operation and  
Development (OECD) on 25-26 April 2001.**

### **Strategies for sustainable development: practical guidance for development co-operation**

The Rio Summit established sustainable development as the guiding vision for the development efforts of all countries. At Rio, and in later commitments, all governments undertook to establish and implement national sustainable development strategies. The strategies for sustainable development called for at Rio are foreseen as highly participatory instruments intended “to ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations”. The Rio Agenda 21 was reaffirmed most recently in the Millennium Summit Declaration. The International Development Goals call specifically for the “establishment of sustainable development strategies by 2005”. In the run up to the World Summit on Sustainable Development (WSSD), in Johannesburg in 2002, it is appropriate that we review progress towards achieving this commitment and to agree how the international community can best assist developing countries in meeting this goal. Thus, it is particularly timely that the High Level Meeting of the DAC on 25-26 April 2001 endorses the DAC Guidelines: “*Strategies for Sustainable Development: Guidance for Development Co-operation*”.

We are committed to provide support for sound nationally-owned sustainable development strategies where conditions for effective partnership are in place. In simple terms, sustainable development means integrating the economic, social and environmental objectives of society, in order to maximise human well-being in the present without compromising the ability of future generations to meet their needs. This requires seeking mutually supportive approaches whenever possible, and making trade-offs where necessary. For developing countries, and for development co-operation, reducing poverty and meeting the International Development Goals are imperatives — within the broad context of sustainable development — for this generation.

## The challenges ahead

Since Rio, there has been progress in developing countries in some key areas, including reducing levels of absolute poverty and increasing attention to environmental issues. In other areas there has been significant deterioration, including water, soil, and bio-diversity. Extreme poverty still ravages the lives of a quarter of the population in developing countries. Such levels of poverty and inequality raise serious issues of sustainability — of peace and security, of equity and solidarity, and of the environment — at the national, regional and global levels.

The sustainable development challenge remains urgent and acute. For each country, the challenge, and the strategy that it chooses to follow in response, will be different. All, however, will require deep structural changes, relating to economy, society and politics.

## Guiding principles for sustainable development strategies

In preparing this guidance, we have worked intensively with a number of developing countries who have been actively formulating national sustainable development strategies. Their input has been essential. Our consultations and wider international experience have led to a consensus on the following principles for effective sustainable development strategies.

### Strategy formulation

- Country ownership and participation, leadership and initiative in developing their strategies.
- Broad consultation, including particularly with the poor and with civil society, to open up debate on new ideas and information, expose issues to be addressed, and build consensus and political support on action.
- Ensuring sustained beneficial impacts on disadvantaged and marginalised groups and on future generations.
- Building on existing strategies and processes, rather than adding additional ones, to enable convergence and coherence.
- A solid analytical basis, taking account also of relevant regional issues, including a comprehensive review of the present situation and forecasts of trends and risks.
- Integration of economic, social and environmental objectives through mutually supportive policies and practices and the management of tradeoffs.
- Realistic targets with clear budgetary priorities.

### Capacity development

- Strengthening and building on existing country capacity — public, civil society, and private — as part of the strategy process.
- Linking national and local levels, including supporting devolution, in all stages of strategy development and implementation.
- Establishing continuous monitoring and evaluation systems based on clear indicators to track and steer progress.

We endorse these principles and commit ourselves to putting them into practice with developing country partners in our support for sustainable development strategies. We believe that any nationally-owned strategy which applies these principles, and which puts in place a co-ordinated set of mechanisms and processes that ensure their implementation, is a sustainable development strategy and will have a good chance of success. We stress that the label on the strategy does not matter. Existing strategic planning processes are good starting points. Nationally-owned poverty reduction strategies offer a major new opportunity.

### Fostering convergence in national development strategies and policy making

The environment is a key determinant of growth and of poverty reduction. Environmental issues, including longer-term and global perspectives, need to be integrated into mainstream planning processes affecting these and other development objectives.

We welcome the international discussions on the synergies between, and potential for convergence in, the underlying principles of country-level planning frameworks – such as the poverty reduction strategy papers (PRSPs); the Comprehensive Development Framework (CDF); the National Visions and the National Action Plans. There is a particular opportunity to promote the better integration of environmental and other issues of sustainability into poverty reduction strategies, and we endorse the move to develop these as long-term sustainable poverty reduction strategies. More broadly, convergence is necessary to avoid duplication, confusion and straining of developing country capacity and resources. We endorse the emerging consensus on convergence and we recognise that putting this consensus into practice effectively is a learning process.

## The challenges for development co-operation agencies

Implementation and adherence to the principles pose challenges for development co-operation agencies. Ensuring genuine country ownership requires development agencies to adapt their assistance programmes to the country's strategic planning frameworks. We will strengthen our co-ordination and harmonise our interventions, which will also help promote country leadership.

Cross-cutting these challenges is the need for agencies to help strengthen the capacity of partner countries to put in place the mechanisms and processes for sustainable development. We agree to provide support for them, recognising that they are multi-year endeavours. We will also examine and implement changes within our own organisations that will improve our capacity to provide effective support to country-led strategic planning for sustainable development.

We recognise that the world is closely interlinked and that a wide range of policies of our countries, in such areas as trade and energy, have a major impact on environmental and other aspects of sustainable development. This applies to impacts both on developing countries and globally. We will deepen our attention to the coherence of our policies affecting development, in the context of a broader OECD effort in this area.

# Executive Summary

## What is the purpose of this policy guidance?

At the 1992 UN Conference on Environment and Development (UNCED), governments made a commitment to adopting national strategies for sustainable development. The strategies for sustainable development called for at Rio are foreseen as highly participatory instruments intended “to ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations”. The OECD’s “Shaping the 21st Century” (1996) calls for the formulation and implementation of such strategies in every country by 2005 — one of the seven International Development Goals (IDGs) — and for development co-operation agencies to support such processes in developing countries. The 1997 Special Session of the UN General Assembly set a target date of 2002 for introducing strategies.

Although it is nearly ten years since UNCED, very little guidance has been available on how to fulfil these commitments. This document aims to fill that gap. Based on international experience and multi-stakeholder reviews in developing countries, it seeks to clarify the purposes and principles underlying effective national and local strategies for sustainable development; describes the various forms they can take in developing countries; and offers guidance on how development co-operation agencies can support them.

Although prepared as guidance for donors, it is hoped that this document will also be able to inform the World Summit for Sustainable Development and provide a basis for broader international discussions and agreement on this issue.

## Why are new approaches to strategic planning needed?

Understanding of the pressing problems of unsustainable development has improved since UNCED. More is now known of environmental degradation, and social and economic marginalisation. But responses have not been concerted. There have been success stories, but they are fragmented. There have been improvements in meeting some environmental, social, or economic needs, but often in ways which cause other problems. Traditional approaches to ‘sustainable development’ are often overlooked by policy-makers.

Moving towards sustainable development presents tremendous challenges. Important structural changes are needed to the ways societies manage their economic, social and environmental affairs. Different countries may settle for different solutions, but all will have to make hard choices. Strategies for sustainable development are about making and implementing such choices, in a realistic, effective and lasting way.

## What has been learned about previous strategic approaches?

Many countries have tried to plan their way out of problems in a technocratic manner, producing comprehensive, one-off national plans with accompanying sets of projects to be implemented. They were very often required (or inspired) by an external agency, and connected to financial conditionalities. Examples include National Conservation Strategies and Environmental Action Plans.

A review of experience shows that successful approaches share certain characteristics. They set priorities and establish a long-term vision; seek to promote convergence between already existing planning frameworks; promote ownership; can demonstrate national commitment; and are built on appropriate participation. Lower levels of success can be attributed to strategies which over-emphasise a product, take the form of one-off, separate initiatives, and are exclusively top-down. Strategies which have been presented as new concepts, have undermined existing processes and wasted scarce resources by starting new processes from scratch. In addition, many strategies have failed to address the deep economic, social and institutional changes needed for sustainable development.

While most countries have a number of strategic planning processes in existence, few, if any, have a system to effectively co-ordinate them. Developing such a co-ordination system will assist in integrating all the components of sustainable development into mainstream planning processes. Enhanced co-ordination and convergence between different planning frameworks can also relieve the burden on capacity and resources.

## What are strategies for sustainable development?

This guidance defines a strategy for sustainable development as comprising: “A co-ordinated set of participatory and continuously improving processes of analysis, debate, capacity-strengthening, planning and investment, which integrates the economic, social and environmental objectives of society, seeking trade offs where this is not possible”.

To substantiate the definition, this guidance also offers a set of principles. These encompass a set of desirable processes and outcomes which, taken together, are likely to help ensure success of strategies for sustainable development. The principles emphasise local ownership of the strategy process, effective participation from all levels, and high-level commitment. They point to the importance of convergence and coherence between different planning frameworks, integrated analysis, and capacity development.

## What does this mean in practice?

An effective strategy for sustainable development brings together the aspirations and capacities of government, civil society and the private sector to create a vision for the future, and to work tactically and progressively towards it. It identifies and builds on ‘what works’, improves integration between approaches, and provides a framework for making choices where integration is not possible.

Focusing on what is realistically achievable, an effective strategy will benefit from comprehensive understanding, but will not be paralysed by planning overly comprehensive actions on many fronts at once. As a process of practical institutional change aimed primarily at mainstreaming sustainability concerns, the strategy is likely to be focused on only a few priority objectives.

A strategy for sustainable development will rarely imply initiating a completely new or stand-alone strategic planning project. Rather, a number of initiatives, taken together, could meet the definition and the principles. Bringing existing initiatives closer to an effective strategy for sustainable development might involve complementing them with a broad ‘umbrella’: a vision and set of co-ordinated mechanisms and processes to improve their complementarity, smooth out inconsistencies, and fill gaps when needed.

In practice, many countries have taken the approach of building on whichever strategy models have been found useful. These include development plans, poverty reduction strategies or action plans, national green plans, decentralised planning and consultation processes – or the national exercises that have proliferated over the last two decades connected to international agreements. In some countries, alternative approaches have been developed by civil society organisations. In recognition of this broad range of starting points, this guidance emphasises that *the label does not matter* – what is important is the consistent application of the underlying principles referred to above.

Depending on circumstances, a sustainable development strategy may be viewed as a system comprising the following components:

- Regular multi-stakeholder fora and means for negotiation at national and decentralised levels, with links between them.
- A shared vision and set of broad strategic objectives.
- A set of mechanisms to pursue those objectives in ways that can adapt to change (notably an information system; communication capabilities; analytical processes; international engagement; and co-ordinated means for policy integration, budgeting, monitoring, and accountability).
- Principles and standards to be adopted by sectors and stakeholders, through legislation, voluntary action, market-based instruments, etc.
- Pilot activities, to generate learning and ownership.
- A secretariat or other facility with authority for co-ordinating these mechanisms.
- A mandate for all the above from a high-level, central authority such as the prime minister’s office and, to the extent possible, from citizens’ and business organisations.

## How can external partners support strategies for sustainable development?

Development co-operation agencies have offered financial and technical support to strategic planning approaches such as National Conservation Strategies and Poverty Reduction Strategies. This support has provided opportunities for country stakeholders to explore sustainable development options. Sometimes, however, bilateral and multi-lateral development agencies have heavily influenced the strategy process, its timing, and its outcomes — and then supplanted one strategy with another.

Agencies can effectively and efficiently support sustainable development strategies by applying the principles outlined in this policy guidance — assisting country-driven, capacity-enhancing participatory processes that reflect the priorities of stakeholders. Particular commitment to such principles is needed for any strategic framework that has its conceptual or institutional origins outside the country in question, so as to

## Busy readers' guide to this document

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improve coherence between international frameworks and to strengthen and improve synergies with existing national strategies. The role of external partners strategies should be catalytic and supplementary, with a strong focus on using and developing local capabilities, and methodological support. This is a challenging approach, which will require changes in the policies, procedures and capacities of development cooperation agencies. This guidance details action that agencies can take to put their commitments into practice and suggests ways of monitoring agency observance of the guidance.

Finally, strategies for sustainable development prepared by individual developing countries can be greatly compromised by external policies and institutions (e.g. those concerning trade and investment) over which developing countries often have little direct control. Development agencies can help by communicating such vulnerabilities to international stakeholders, including the private sector.

### How can sustainable development strategies be monitored?

Monitoring is a core component of strategies. It needs to cover processes (such as the quality and coverage of participation and information systems), outcomes, and the changing baseline. Monitoring is not a separate exercise. On the contrary, process and outcome indicators need to be considered on a regular basis by stakeholders at the same time as vision and objectives.

International reporting and information-sharing (as part of a harmonised international system of monitoring of all IDGs) must be agreed in appropriate international fora. This guidance advises that it should not be based strictly on one model, but should reflect the fact that many different approaches to strategies could meet the definition and the principles outlined in this policy guidance.

# 1 Sustainable Development and the Need for Strategic Responses

## Establishing national strategies for sustainable development: a Rio commitment and one of the seven international development Goals

At the 1992 UN Conference on Environment and Development held in Rio, governments made a commitment in Agenda 21 to “*adopt national strategies for sustainable development [which should] build upon and harmonise the various sectoral, economic, social and environmental policies and plans that are operating in the country.[...] Its goals should be to ensure socially responsible economic development for the benefit of future generations*”.

The OECD’s “*Shaping the 21st Century*” strategy (1996) called for the *formulation and implementation* of a sustainable development strategy in every country by 2005. This is one of the seven International Development Goals (IDGs) agreed by the international community.

In 1997, the Special Session of the UN General Assembly met to review progress since the Rio Summit, and noted that there had been continued deterioration in the state of the global environment under the combined pressures of unsustainable production and consumption patterns and population growth. This assessment led to set a target date of 2002 for *introducing* national sustainable development strategies.

Although it is nearly ten years since the UNCED agreement, very little guidance has been available on how to fulfil these commitments. This document seeks to clarify the purposes and principles underlying effective sustainable development strategies; to describe the various forms they can take in developing countries; and to offer guidance on how development co-operation agencies can support them.

## Challenges to sustainable development

### Trends, major challenges, and responses

Development progress over the past thirty years has been unprecedented. Life expectancy in developing countries has risen by more than 20 years; infant mortality rates have been halved and primary school enrolment rates have doubled. Food production and consumption have increased around 20% faster than population growth. The pace of improvements in income levels, as well as in health and education, has exceeded that in industrialised countries. Notwithstanding this remarkable progress, there remain many complex and urgent challenges for sustainable development (Box 1). These challenges must be faced by local, national and global institutional systems.

In 1992, governments made a commitment to “*adopt national strategies for sustainable development...*”

In 1997, a target date of 2002 for introducing such strategies was set.

But little guidance has been available on how to fulfil these commitments.

Development progress over the past thirty years has been unprecedented, but there remain many complex and urgent challenges for sustainable development.

### Box 1. Key challenges to sustainable development in developing countries

- *Extreme poverty* still ravages the lives of one out of every five persons in the developing world. The social ills associated with poverty, including diseases, family breakdown, crime, and the use of narcotic drugs, are on the rise in many countries.
- *Political instability*, sometimes leading to violent conflict, hinders socio-economic progress in many countries and regions. Growing inequality of income both within and between countries as well as the marginalisation of ethnic and other minorities contribute to this instability.
- *Environmental deterioration* continues to increase. Natural resource depletion (soil erosion; loss of forests, habitats, biodiversity and depletion of fish stocks); and pollution are clearly evident in most countries, placing growing strain on the quality of water, soil and air. Current patterns of production and consumption and global climate change all raise questions about the continued capacity of the Earth's natural resource base to feed and sustain a growing and increasingly urbanised population. Recent studies have revealed that the Earth's ecosystems and renewable natural resources declined by over 30% over the last 30 years while demands on them have increased by 50%. Developing countries, and notably the least developed, are expected to be the most vulnerable to the impacts of global climate change, although their current contribution to the problem is small.
- *Population growth* is expected to exacerbate these pressures, although it is people's consumption levels that matter more than their mere numbers. Over 95% of the estimated increase of 2 billion people over the next twenty years will live in the developing world.
- *HIV-AIDS and malaria* are particularly serious diseases which erode the productive capacity and social fabric of nations. In the worst affected countries, HIV has already had a profound impact on existing rates of infant, child and maternal mortality. Nearly 500 million people suffer from acute malaria a year, of whom 1 million will die.
- *Marginalisation*. Many countries are struggling under the combined weight of slow economic growth, a heavy external debt burden, corruption, violent conflict, and food insecurity. They also suffer from actions taken in the North such as trade protectionism and pollution causing global warming. As a result, they are increasingly marginalised from the global economy.

### Decentralisation and globalisation

Decentralisation and globalisation – two major trends which can reinforce or contradict each other – are relevant in this respect. While it is increasingly recognised that most social and environmental issues are most effectively dealt with at a decentralised level, many are linked to globalisation and require global rules governance systems. Formulating sustainable development strategies requires determining which issues are best addressed at which level, ensuring coherence between policy options pursued at different levels, and finding ways of keeping local people involved even where the policy agenda is best addressed at the national or international level.

#### Decentralisation

Decentralisation can foster development policies and strategies suited to local social, economic and environmental conditions. It can potentially promote good governance structures which are responsive to citizens' demands and that allow the downsizing and streamlining of central government institutions.

However, the underlying principles of decentralisation are weakly understood and capacities for managing the process are inadequate. Successful decentralisation depends on a clear definition of the respective roles of local, regional and national-level authorities and the development of effective local level institutions for planning and decision-making. Unless these requirements can be put in place, the risks include the reinforcement of local elites, socio-political fragmentation along ethnic lines – sometimes leading to conflict –, the marginalisation of less dynamic regions and the weakening of national cohesion.

**Decentralisation can foster development policies suited to local social, economic and environmental conditions...**

**However, capacities for managing the process are often inadequate.**

## Globalisation

The process of globalisation has been driven by factors such as trade liberalisation, increasing foreign investment, rapidly improving and cheaper communications, rapid technological innovation, the spread of economic reform programmes and the proliferation of multilateral institutions and agreements.

Globalisation is fuelling economic growth, creating new income opportunities, accelerating the dissemination of knowledge and technology and making possible new international partnerships. It can have profound implications for sustainable development in developing countries. There are, however, concerns about the external shocks associated with globalisation, and the vulnerability and marginalisation this causes. For example, the Asian economic crisis had serious social and environmental impacts which affected the poor disproportionately. But the impact of globalisation has thus far only been weakly addressed in sustainable development strategies. Sustainable development strategies must address this international dimension and deal with the issue of vulnerability to external shocks.

**Globalisation is fuelling economic growth... but there are concerns about the external shocks associated with globalisation and the vulnerability this causes.**

## Sustainable development – a guiding vision to tackle the challenges

The 1987 Brundtland Report defined sustainable development as “development which meets the needs of the present without compromising the ability of future generations to meet their own needs”. At the heart of this concept is the belief that over the long term, social, economic and environmental objectives should be complementary and interdependent in the development process. In 1992, the Rio Summit established sustainable development as the guiding vision for development in both industrialised and developing countries, and for international development co-operation.

**Sustainable development: development which meets the needs of the present without compromising the ability of future generations to meet their own needs.**

### Integrating and making trade-offs between economic, social and environmental objectives

Sustainable development is not just about the environment. It entails balancing the economic, social and environmental objectives of society — the three dimensions of sustainable development — integrating them wherever possible, through mutually supportive policies and practices, and making trade-offs where it is not possible (Figure 1). This includes, in particular, taking into account the impact of present decisions on the options of future generations. The pursuit of sustainable development thus requires policy changes in many sectors and ensuring coherence between them. However, sustainable development has often been interpreted narrowly as an environmental issue without implications for more than a small group of society. In many countries, the responsibility for sustainable development issues has been given to environmental ministries and departments — often amongst the weakest and least influential in government. This has hindered the necessary process of cross-sectoral policy integration.

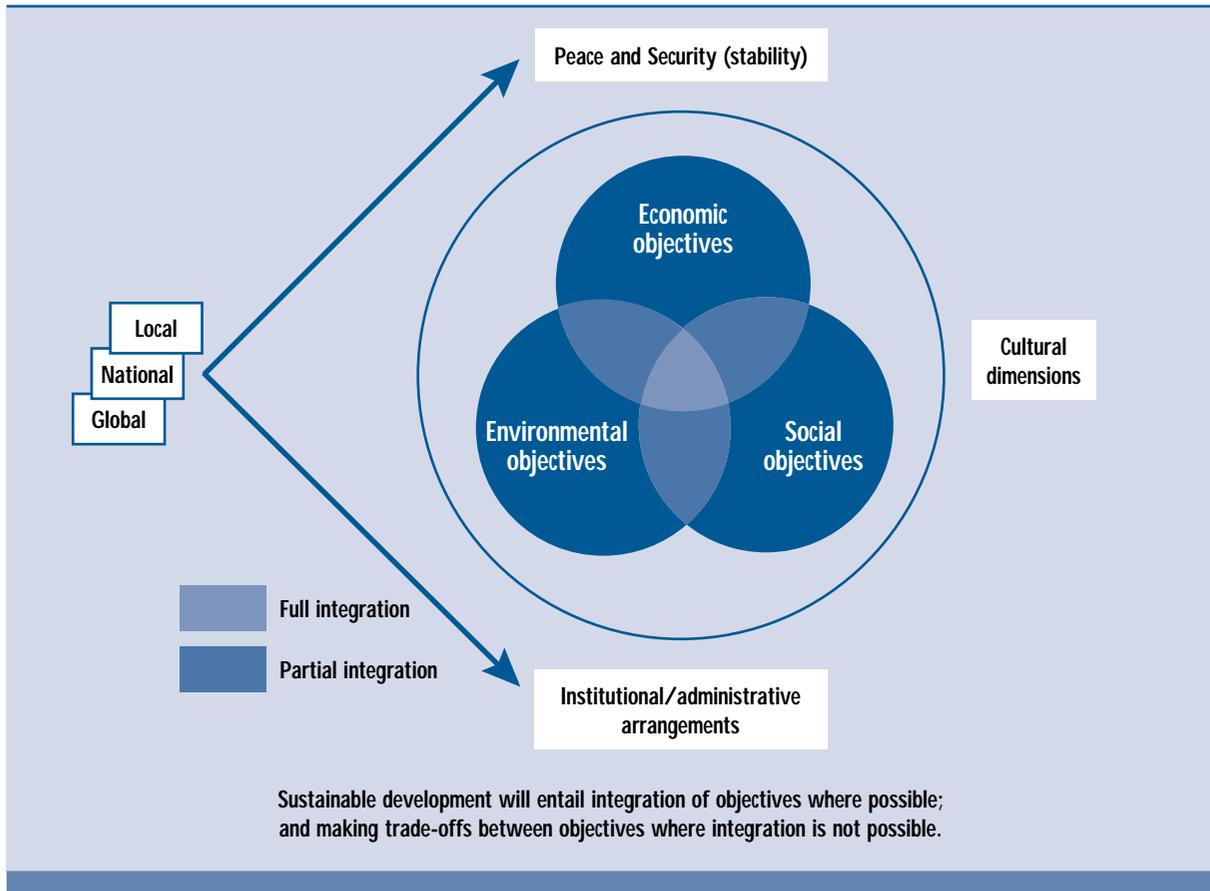
**Sustainable development is not just about the environment.**

### Developing approaches which reflect each country’s unique circumstances

The relative priority given to the three dimensions of sustainable development will vary in individual countries, societies, cultures and situations, and over time. Thus, while sustainable development is a universal challenge, practical responses can only be defined nationally and locally. Approaches to sustainable development reflect the diversity of the social, economic and environmental challenges faced by developing countries. This is why there are many interpretations of sustainable development, deriving from different values and interests in different societies. For example, in

**While sustainable development is a universal challenge, practical responses can only be defined nationally and locally.**

Figure 1. The dimensions of sustainable development



Source: Dalal - Clayton *et al.* (1994)

Thailand, sustainable development is defined as holistic development which involves six dimensions: economic, social, environment, politics, technology and knowledge, and mental and spiritual balance. In Bolivia, there is a particular emphasis on political dimensions (e.g. good governance and participation) and on the cultural and spiritual identity of diverse indigenous peoples.

### Recognising the central importance of governance

Reaching agreement on how to address the challenges that countries face requires a degree of pluralism and room for negotiation. The ability to reach consensus on how the challenge of sustainable development can be met will depend on factors such as peace and security, prevailing economic interests, political systems, institutional arrangements and cultural norms. Achieving sustainable development is therefore essentially a task of transforming governance.

**Achieving sustainable development is essentially a task of transforming governance.**

## Why we need a strategic approach to sustainable development

### The need for structural changes

Achieving sustainable development will require deep structural changes and new ways of working in all areas of economic, social and political life. This will include promoting pro-poor economic growth and reforming fiscal policies which negatively affect the poor or promote environmental damage. In the longer term, countries will have to ensure that their net wealth (including natural, manmade and human capital) remains constant or increases. This will require ensuring that market prices reflect the full social and environmental costs of production and consumption.

Issues of inequity and inequality of access to assets and resources need to be confronted. For example, it may be necessary to reform land tenure policies so as to increase access to disadvantaged and marginalised groups. Equally, it may be important to strengthen social capital and formal safety nets to cope with both external and domestic shocks.

Sustainable development has important political, institutional and capacity implications. At the national and local level, it requires cross-sectoral and participatory institutions and integrating mechanisms which can engage governments, civil society and the private sector in developing shared visions, planning and decision-making. Governments, corporations and development co-operation agencies will also need to be more open and accountable for their actions. Innovation and investment in actions which promote sustainable development should be encouraged. More generally, economic planning and policy-making will have to become more participatory, prudent and transparent, as well as more long-term-oriented, so as to respect the interests of future generations.

### Difficulties in introducing changes

There are many technical and political difficulties in integrating social, economic and environmental objectives and in adequately addressing the intergenerational dimension of sustainable development. In general there is little documented experience in most countries of developing such mechanisms and there are no tried and tested methodologies. Integrating and making trade-offs between sustainable development objectives also requires strong legislative and judicial systems. These are often very weak in developing countries.

As outlined earlier, different challenges need to be addressed at different levels. Some of the challenges to sustainable development need to be addressed at the global level (e.g. climate change and ozone depletion); some need to be addressed at the national level (e.g. economic, fiscal and trade policy or legislative changes); and some can only be addressed at the local level. The impacts of decisions taken at different levels need to be taken into account in an integrated and coherent way. Their consequences and implications across different sectors and for different interest groups must be considered explicitly.

**Sustainable development will require deep structural changes and new ways of working in all areas of economic, social and political life.**

**Integrating and making trade-offs between sustainable development objectives requires a strategic approach.**

There can be conflicts between global, national and local sustainable development priorities, especially in the short-term. But there can also be complementarities. For example, the conservation of global biodiversity requires the preservation of habitats, while the need to feed growing populations may encourage their conversion to agriculture. However, for long-term sustainability, the need to preserve habitats for essential ecosystem services such as crop pollination, flood controls and water purification ultimately benefits agricultural production. Similarly, improved energy efficiency leading to reduced local air pollution, has important health benefits at the local level, in addition to reductions in greenhouse gas emissions.

Often there are costs involved in establishing or harnessing institutions and processes to move towards sustainable development (e.g. regular fora for participation, time and effort to engage in the process, mechanisms for collecting information and monitoring sustainable development indicators). These costs can be high in the short term, particularly for developing countries and poor groups. But the costs of taking no action are likely to be much greater.

All these issues need to be taken into account in steering a track towards sustainable development. They cannot be effectively dealt with on an ad hoc or piecemeal basis. They require a strategic approach.

### What “being strategic” means

Being strategic implies setting goals and identifying means of achieving them. This implies adopting an approach which has an underlying vision, is based on solid evidence, sets priorities, goals and direction and sets out the main tactics for achieving them. In relation to sustainable development, being strategic requires a comprehensive understanding of the concept and its implications, but not necessarily a comprehensive set of actions – at least at any one time.

A strategic approach to sustainable development implies new ways of thinking and working so as to:

- Move from developing and implementing fixed plans, ideas and solutions towards operating an adaptive system that can continuously improve governance to promote coherence between responses to different challenges.
- Move from a view that it is the state alone which is responsible for development towards one that sees responsibility with society as a whole.
- Move from centralised and controlled decision-making towards sharing results and opportunities, transparent negotiation, co-operation and concerted action.
- Move from a focus on outputs (e.g. projects and laws) towards a focus on outcomes (e.g. impacts of projects and legal changes).
- Move from sectoral towards integrated planning.
- Move from a dependence on external assistance towards domestically-driven and financed development.
- Move towards a process which can accommodate monitoring, learning and improvement.

Such an approach will assist countries in participating more effectively in international affairs –providing opportunities to consider the adverse social and environmental effects of globalisation and identifying ways in which they can reap its benefits. It should also enable improved dialogue with foreign governments, corporations and NGOs to negotiate new ways of working towards and supporting sustainable development.

New ways  
of thinking and  
working.

## 2 Strategies for Sustainable Development

### What are strategies for sustainable development?

To meet the challenges of sustainable development outlined in the previous section, strategic planning practices need to become more effective, efficient, credible and lasting. A standardised or blueprint approach is to be avoided, being at best irrelevant and at worst counter-productive. Instead, there is a need to restructure existing processes, institutional arrangements and procedures according to individual countries' own needs, priorities and resources.

Therefore, a strategy for sustainable development should comprise:

**A co-ordinated set of participatory and continuously improving processes of analysis, debate, capacity-strengthening, planning and investment, which seeks to integrate the short and long term economic, social and environmental objectives of society – through mutually supportive approaches wherever possible –and manages trade-offs where this is not possible.<sup>1</sup>**

Sustainable development strategies require systematic approaches (illustrated in figure 2) and iterative processes of learning by doing. They do not have discrete beginnings or ends. They will rarely imply initiating completely new or stand-alone strategic planning projects.

A variety of established strategic planning processes can be used as starting point for a strategy for sustainable development. Their label does not matter. What is important is adhering to basic strategic planning principles and having in place a co-ordinated set of mechanisms and processes to ensure their implementation. A key objective is to improve convergence between existing strategies, avoid duplication, confusion and straining developing country capacity and resources.

The learning from the country dialogues, carried out as part of the development of this guidance confirmed that putting a sustainable development strategy into operation would, in practice, most likely consist of improving existing strategic planning processes and their co-ordination rather than establishing a new process. The latter is not recommended. The country dialogues identified a number of specific actions, mechanisms and processes that could strengthen the effectiveness of countries' development strategies. These are outlined in figure 3 and discussed in chapter 5. The way these mechanisms and processes are implemented needs to be consistent with a set of basic strategic planning principles.

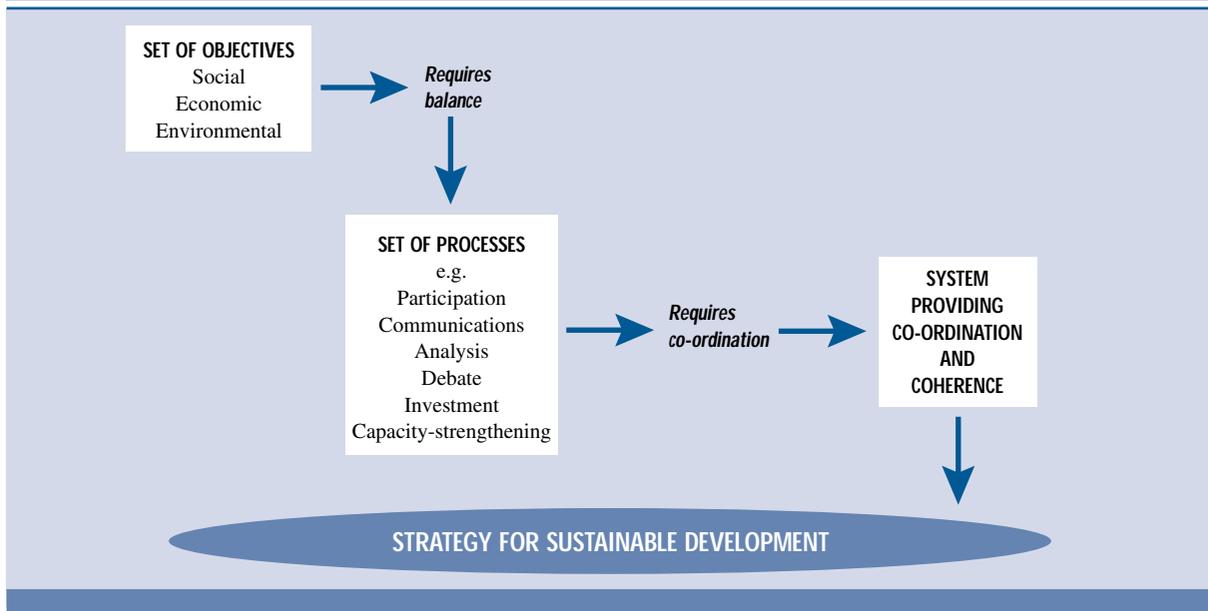
**A standardised approach is to be avoided.**

**A variety of established strategic planning processes can be used as starting point...**

**A key objective is to improve convergence between existing strategies.**

1. This definition reflects the OECD/UN/World Bank indicator for sustainable development strategies agreed in "A Better World For All – Progress Towards the International Development Goals". This indicator focuses on the importance of effective (strategic planning) processes.

**Figure 2. Rationale for a systematic approach to strategies for sustainable development**



## Principles for strategies for sustainable development

Common features of good practice point to a set of principles underpinning effective strategies for sustainable development.

Different national circumstances and priorities call for varied approaches to strategic planning. But consultations with developing countries during the dialogues, and wider international experience including the UN regional consultative workshops on sustainable development, have shown that there are many common features of good practice. These common features point to a set of principles underpinning effective strategies for sustainable development. These principles are listed in Box 2. These principles have universal relevance and may be applied to developed as well as developing countries. Countries in peace, with democratic systems, freedom of speech and the rule of law, will, however be in a better position to translate them into practice.

Many of these principles represent good development practice and are already being implemented at the project level. But putting them into practice in strategic planning and policy processes remains a challenge. Many past strategic planning processes – such as National Environmental Action Plans (NEAP) and National Conservation Strategies (NCS) — did not have a lasting impact in terms of moving a country towards a more sustainable development path because they were not, and sometimes did not aim to be, integrated into a country’s mainstream strategic planning systems.

International commitments to eliminate poverty offer a major new opportunity to achieve progress.

International commitments to eliminate poverty through sustainable development offer a major new opportunity to achieve progress in integrating all the components of sustainable development into countries’ strategic planning processes.

## Box 2. Key principles for strategies for sustainable development

These are principles towards which strategies should aspire. They are all important and no order of priority is implied. They do not represent a checklist of criteria to be met but encompass a set of desirable processes and outcomes which also allow for local differences.

### People-centred.

An effective strategy requires a people-centred approach, ensuring long-term beneficial impacts on disadvantaged and marginalized groups, such as the poor.

### Consensus on long-term vision.

Strategic planning frameworks are more likely to be successful when they are based on a long-term vision with a clear timeframe upon which stakeholders agree. At the same time, they need to include ways of dealing with short- and medium-term necessities and change. A long-term vision needs to have the commitment of all political parties so that an incoming government will not view a particular strategy as representing only the views or policies of its predecessor.

### Comprehensive and integrated.

Strategies should seek to integrate, where possible, economic, social and environmental objectives. But where integration cannot be achieved, trade-offs need to be negotiated. The entitlements and possible needs of future generations must be factored into this process.

### Targeted with clear budgetary priorities.

A sustainable development strategy must be fully integrated in existing budget processes to ensure that plans have the financial resources to achieve their objectives, and do not represent mere “wish lists”. Conversely, the formulation of budgets must be informed by a clear identification of priorities. Capacity constraints and time limitations will have an impact on the extent to which the intended outcomes are achieved. Targets need to be challenging – but realistic in relation to these constraints.

### Based on comprehensive and reliable analysis.

Identification of priorities must be based on a comprehensive analysis of the present situation. Forecasted trends and risks, and the links between local, national and global challenges. External pressures on a country – such as those resulting from globalisation, or the impacts of global climate change – need to be factored in this analysis. Such analysis requires credible and reliable information on changing environmental, social and economic conditions, pressures and responses, and their correlations with strategy objectives and indicators. Local capacities for analysis and existing information should be fully used, and different perceptions amongst stakeholders should be reflected.

### Incorporate monitoring, learning and continuous improvement.

Monitoring and evaluation needs to be based on clear indicators and built into strategies to steer processes, track progress, distil and capture lessons, and signal when a change of direction is necessary.

### Country-led and nationally-owned.

Past strategies have often resulted from external pressure and development agency requirements. It is essential that countries take the lead and initiative in developing their own strategies if they are to be enduring.

### High-level government commitment and influential lead institutions.

Such commitment – on a long-term basis – is essential if policy and institutional changes are to occur, financial resources are to be committed and for there to be clear responsibility for implementation.

### Building on existing processes and strategies.

A strategy for sustainable development should not be thought of as a new planning process but instead build on what already exists in the country, thus enabling convergence, complementarity and coherence between different planning frameworks and policies. This requires good management to ensure co-ordination of mechanisms and processes, and to identify and resolve potential conflicts. The latter may require an independent and neutral third party to act as a facilitator. The roles, responsibilities and relationships between the different key participants in strategy processes must be clarified early on.

### Effective participation.

Broad participation helps to open up debate to new ideas and sources of information; expose issues that need to be addressed; enable problems, needs and preferences to be expressed; identify the capabilities required to address them; and develop a consensus on the need for action that leads to better implementation. Central government must be involved (providing leadership, shaping incentive structures and allocating financial resources), but multi-stakeholder processes are also required. These should involve decentralised authorities, the private sector and civil society, as well as marginalised groups. This requires good communication and information mechanisms with a premium placed on transparency and accountability.

### Link national and local levels.

Strategies should be two-way iterative processes within and between national and decentralised levels. The main strategic principles and directions should be set at the central level (here, economic, fiscal and trade policy, legislative changes, international affairs and external relations, etc., are key responsibilities). But detailed planning, implementation and monitoring would be undertaken at a decentralised level, with appropriate transfer of resources and authority.

### Develop and build on existing capacity.

At the outset of a strategy process, it is important to assess the political, institutional, human, scientific and financial capacity of potential state, market and civil society participants. Where needed, provision should be made to develop the necessary capacity as part of the strategy process. A strategy should optimise local skills and capacity both within and outside government.

### 3 Current Practice: Existing Country Level Frameworks

In most countries, there is a range of strategic planning approaches at national and decentralised levels. Many of these have been externally conceived, motivated and promoted. Few of them have adopted or built on the systems, processes and practices that have operated in the country for some time. Very few countries have developed a specific or overarching strategy for sustainable development, and indeed, this is not necessary. When seeking to strengthen the effectiveness of countries' planning frameworks for sustainable development, it will be important to build on what already exists. The starting point will thus be to identify the existing processes and initiatives in a country. This chapter gives an overview of existing country planning frameworks.

#### National level strategies

There is a strong tradition in most developing countries of preparing periodic *national development plans*, often covering a five-year span. Usually, line ministries prepare sector chapters following guidance issued by a national planning commission or equivalent co-ordinating body. Such plans tend to set out broad goals and include projects and activities to be funded from the annual recurrent and development budgets. Economic, or occasionally social, imperatives have been predominant. These plans tend to be linked into the annual budget or to the medium term expenditure framework (MTEF) — a three-year rolling budget process.

In the past, there has been little civil society or private sector involvement in developing or monitoring such plans. But there is increasing evidence of stakeholder participation in these processes in a number of countries as, for example in Thailand (Box 7). There is also greater use of environmental screening mechanisms (although usually to screen out certain bad impacts, rather than to optimise environmental potential).

Connected to these planning instruments, line ministries prepare *sector-wide plans* and investment strategies. Examples include transport, agricultural, health and education strategies. Many countries also prepare cross-sectoral strategies. Examples include strategies for reducing HIV/AIDS or for improving rights for women. Examples of cross-sectoral environmental strategies include Coastal Zone Management Plans, and the Bangladesh Flood Action Plan in the early 1990s which led to the more participatory development of a National Water Plan. Many environmental strategies respond to the Rio Conventions, such as Biodiversity Action Plans and National Action Plans on Combating Desertification. Responsibility for the preparation of these plans has often been given to environment ministries. Similarly, national forest programmes are in progress to implement proposals for action of the Intergovernmental Panel on Forests.

Some governments have responded to Agenda 21 by giving renewed attention to, or building on, the mainly environment-focused national conservation strategies (NCSs) and national environmental action plans (NEAPs) that were developed in the 1980s and early 1990s. Subsequently, a range of countries have prepared *national Agenda 21s* to set out how they will translate Agenda 21 into action at a country level. These strategies are often developed by National Councils for Sustainable

It is essential to build on strategic planning approaches where these already exist.

National development plans.

Sector-wide plans and cross-sectoral strategies.

National Agenda 21s.

### Box 3. National Councils for Sustainable Development (NCSDs)

Although NCSDs vary widely in form and function, common roles are:

- Facilitating participation and co-operation of civil and economic society and governments for sustainable development.
- Assisting governments in decision-making and policy formulation.
- Integrating economic, social and environmental action and perspectives.
- Looking at the local implications of global agreements such as Agenda 21 and other international conventions related to sustainable development.
- Providing a systematic and informed participation of civil society in UN deliberations.

Since the creation of the first NCSD in the Philippines in September 1992, the Earth Council has facilitated and supported the establishment and strengthening of NCSDs, especially in developing countries. The Council's NCSD Sustainable Development Report is a progress report that documents successful practice and problem areas, and

assesses the effectiveness of NCSDs in influencing policy decisions in several key thematic areas.

With funding from GEF-UNDP, a prototype project is underway to develop methodologies to integrate global environmental priorities into sustainable development plans. Participating in the project are the NCSDs of Burkina Faso, Costa Rica, the Dominican Republic, Mexico, the Philippines, and Uganda. The project is founded on the concept of "multi-stakeholder integrative sustainability planning" (MISP) - an approach to development planning that appears to have much in common with the principles for strategies for sustainable development in that it is:

- Built on people's participation and action.
- Multi-stakeholder, seeking to reconcile divergent interests of stakeholders.
- Flexible and adaptable.
- Focused on promoting co-ordination, vertical and horizontal integration and empowerment.
- Dynamic and iterative.

Development (NCSDs), a multi-stakeholder participatory body, existing in more than 70 countries (Box 3). The status of NCSDs varies from region to region (they are very active in Latin America, moderately so in Asia, limited in Africa) but, where they exist, they have sometimes played an important role in promoting dialogue and participatory decision-making processes. They have the potential to play a similar facilitating role in developing strategies for sustainable development — although they will need to broaden out from their primary environmental focus to cover the social and economic stakeholders more fully.

An increasing number of countries are developing *national visions* for sustainable development often supported by UNDP's Capacity 21 programme. National visions bring together different groups of society, including those of different political parties, to agree common development objectives. Examples include Ghana, Tanzania and Thailand (Box 6).

#### Strategies to reduce poverty.

Many countries have focused on *strategies to reduce poverty*. Examples include Tanzania's Poverty Alleviation Action Plan, developed in 1996, Uganda's Poverty Eradication Action Plan, developed in 1997, and Zambia's poverty alleviation strategy formulated in the late 1990s. These plans were of varying quality. The best were truly cross-sectoral strategies to address poverty with clearly budgeted priorities. Others however tended to be a list of social sector investment projects.

#### Comprehensive Development Framework.

The *Comprehensive Development Framework* (CDF) was introduced by the World Bank in October 1998, and launched in January 1999 as a concept for an holistic approach to development, and proposed in January 1999 to be piloted in a number of countries. The CDF is intended to take a comprehensive approach to development. A key element of CDF is to encourage a long-term strategic horizon of, say, 15-20 years. It seeks a better balance in policy-making by highlighting the interdependence of all

### Box 4. The DEAP process in Zimbabwe

The district environmental action plan (DEAP) process was launched as a pilot exercise in 1995 as a follow-up to the National Conservation Strategy. It is being implemented by the Department of Natural Resources (DNR) in the Ministry of Environment and Tourism.

The objective is to prepare environmental action plans for all rural districts in Zimbabwe. The first phase concentrated on one ward in each of eight pilot districts - each to include budgeted portfolios for the sustainable development of the natural resource base in the district and one immediately-implementable activity to tackle environmental issues identified by villagers in the district.

Following a critical review in 1997, the initiative was extended in 1999 into a second phase to cover more wards in the initial pilot districts and a further eight districts – overall there are now two districts per province. The focus of the DEAPs is on poverty alleviation, socio-economic issues and environmental degradation. Activities in each district include:

- Developing guidelines for the participatory methodologies to be used to engage villagers in identifying environmental problems, setting priorities and initiating action.
- Collecting relevant environmental, economic and institutional data in all wards.
- Reviewing all environment projects/programmes.

- Mobilising technical inputs in developing the plans.
- Documenting relevant institutions and expertise, and defining their roles in plan implementation
- Identifying and designing projects/programmes to constitute the main elements of each plan.
- Documenting requirements for implementing each plan.
- Disseminating each plan among institutions and groups and building consensus on its appropriateness

The overall programme is overseen by a steering committee of senior officials. Provincial strategy teams are responsible for the training of district, ward and community strategy teams. In each district, a district strategy team is responsible for facilitating the process and reports to the relevant sub-committee of the Rural District Development Committee

The entry level for activities is now at the ward rather than community level — the latter was judged to have failed and the training in the use of participatory methods introduced in the first phase has ceased. This initiative is very much on a pilot and experimental basis. It is following good principles and shows promise. But its effectiveness on a wide scale is not established yet. The transaction costs of scaling up such a comprehensive approach are considerable, especially given the weak capacity of local councils.

elements of development — social, structural, human, governance, environmental, economic, and financial. It emphasises partnerships among governments, development co-operation agencies, civil society, the private sector and others involved in development. Of particular importance is the stress on country ownership of the process, directing the development agenda, with bilateral and multilateral development co-operation agencies each defining their support for their respective plans.

Within this framework, the World Bank and the IMF subsequently launched in September 1999, a process of Poverty Reduction Strategies for low income countries. Poverty Reduction Strategy Papers (PRSPs) are country-written documents detailing plans for achieving sustained decreases in poverty. Initially required as a basis for access to debt relief in Highly Indebted Poor Countries (HIPC), PRSPs will be required by all IDA countries as of 1 July 2002. The stated goals of poverty reduction strategies are that they “...should be country-driven, be developed transparently with broad participation of elected institutions, stakeholders including civil society, key development co-operation agencies and regional development banks, and have a clear link with the agreed international development goals – principles that are embedded in the Comprehensive Development Framework”<sup>2</sup>. Guidance for CDF and PRSP explicitly supports building on pre-existing decision-making processes. Governments developing PRSPs and external partners supporting them have taken advantage of this in many cases, although in some it has taken time for the implications of this approach to be understood.

**Poverty  
Reduction  
Strategies.**

2. Development Committee Communiqué, September 1999.

## Box 5. Local Agenda 21

Local Agenda 21s can help address many weaknesses or limitations in local development planning and environmental management — they have increased the willingness of citizens, community organisations and NGOs to “buy in” to planning and environmental management where they are organised, in such a way as to encourage and support their participation. They also have some potential to allow the integration of global environmental concerns into local plans. But there are two major limitations of Local Agenda 21s:

- Their effectiveness depends on accountable, transparent and effective local government – although they can also become a means for promoting these qualities.
- They have so far been weak in ensuring adequate attention to less obvious environmental issues such as the transfer of environmental costs generated in a given area to other people and other ecosystems, both now and in the future.

The development of Local Agenda 21s has led to considerable innovation in urban areas across the world, including

initiatives to encourage city governments to share their experiences. Thousands of urban centres report that they have developed a Local Agenda 21. While many have led to practical results and impacts, some may be little more than documents setting out goals or plans of government agencies developed with little consultation. They may, in other words, simply be conventional plans renamed. Other Local Agenda 21s developed in highly participatory fashion and resulting in well-developed action plans, have however foundered because of the limited capacity of city authorities to work in partnership with other groups.

Several assessments of Local Agenda 21 can be found at [www.iclei.org](http://www.iclei.org). They show that the most important challenge for effectiveness has been harmonising national and local regulations and standards. Unless local actions and regulations are supported within national policy and regulatory frameworks, they cannot be effective. The establishment of a national association of local authorities can help to provide a collective voice and influence.

## Sub-national strategies

In many countries, there are strategic planning frameworks at provincial and district levels such as district environmental action plans (e.g. Box 4) and Local Agenda 21s (Box 5). Under decentralisation, districts and municipalities increasingly are assuming devolved responsibility for sustainable development and are required to prepare and implement their development strategies and plans – increasingly through participatory processes, as in Bolivia. However, the skills and methods to undertake decentralised participatory planning are frequently weak, and the financial means to implement plans are inadequate. Often such plans need to be passed upwards for harmonisation and approval at regional and national levels, as in Ghana and Tanzania.

## Local-level strategies

In developing countries, there is considerable experience of village-level planning. Increasingly, such planning is being undertaken in a strategic, participatory and transparent manner. In Tanzania, the HIMA (*Hifadhi Mazingira*, conserve the environment) and the *Tanzakesho* (Tanzania tomorrow) programmes help wards (3-5 villages) to prepare plans through identifying major problems, solutions and sources of required resources. In Nepal, under the Sustainable Community Development Programme, Community-based Organisations (CBOs) have been trained to develop community plans reflecting shared economic, social and environmental priorities.

A variety of local-level strategies are developed through mechanisms which are largely ignored by central government, but which could provide extremely important local pillars for a sustainable development strategy and its supporting co-ordination system. Some involve *traditional fora* in which communities and local groups are able to express concerns and agree on actions to create culturally-appropriate sustainable societies. Examples include the traditional *khotla* system of village meetings in Botswana, and Maori *hui* meetings in New Zealand.

NGOs often mobilise local energies to combine socio-economic development and environmental conservation at the grassroots level. For example, in Northern Pakistan, the Aga Khan Rural Support Programme is now the leading organisation supporting rural development. In Bangladesh, wetland systems have been successfully managed in recent years by NGOs working with the Department of Fisheries. Resource user groups can also play an important role. For example, in Nepal, over the past 40 years, some 9000 forest user groups have assumed responsibility from government for the sustainable management of parcels of national forests and play an important role in sustainable development in remote villages.

### **Convergence and links between national, sub-national and local strategies**

The CDF, PRS, national visions and local-level planning initiatives encompass a significant number of the principles set out in Box 2. They also demonstrate the potential for convergence of approach with the concept of a sustainable development strategy.

Often there are several such initiatives ongoing simultaneously in a country. It is therefore critical to ensure their convergence around the principles of strategic planning, ensure complementarity and coherence between them, and ensure that the links between national and local level planning are developed effectively.

## 4 Lessons from Applying Existing Country Strategies

### Introduction

This chapter reviews practical experience of strategic planning, and demonstrates that successful approaches share certain characteristics. It confirms that the principles outlined in Box 2 provide a good basis for success when put into practice. Challenges to be faced include the need to move away from a top-down approach and an emphasis on a product, and the need to institutionalise a process approach which includes implementation arrangements and iterative learning.

**Successful approaches share certain characteristics.**

### Establishing long-term vision, setting priorities and achieving integration

#### Vision for the future

Strategic planning frameworks are more likely to be successful when they have a long-term vision of sustainable development with transparent objectives, and when they include clear priorities upon which stakeholders agree. A vision should evolve from national and sub-national aspirations, taking into account those of socially-marginalised groups and it should relate to regional and international realities. Attention must be paid to the fact that borders of modern states may sometimes cut across culturally distinct peoples who have different traditions and who live in special environments (for example, indigenous forest-dwelling communities). Most existing strategies have however been developed as a short-term response to current (and even past) problems or in response to global agreements or development agencies' concerns. Only a few strategies have been prepared as a means of setting a course for the country to achieve a vision of a sustainable future (e.g. Box 6). Nevertheless, any longer term vision needs to embed shorter-term steps. For example, while Poverty Reduction Strategies are operationalised through a series of shorter time periods, they are to be based on a longer-term vision based on the principles of the Comprehensive Development Framework.

**A vision should evolve from national and sub-national aspirations... and relate to regional and international realities.**

#### Integration and making trade-offs

Experience shows that strategies work best when they are developed in line with a comprehensive and integrated consideration of economic, social, environmental and institutional issues. But such integration has been weak in most past strategies. For example, environment has frequently been dealt with as a sector, and poverty has been treated as a social policy issue, rather than both being considered as cross-cutting concerns. The recent CDF and PRSs have sought to address this. The CDF seeks greater integration of social and environmental issues. PRSs likewise aim for a holistic approach, particularly addressing social policy issues. Efforts are also made to ensure that environmental issues are integrated into the process.

**Strategies work best when they are developed in line with a comprehensive and integrated consideration of economic, social, environmental and institutional issues.**

## Box 6. National Visions

**Ghana-Vision 2020** is a policy framework for accelerated growth and sustainable development in Ghana. It provides a strategic direction for national development over a 25 year period from 1996 to the year 2020. Its main goal is to transform the country from a poor, low-income country into a prosperous middle income country within a generation. The goals of Ghana-Vision 2020 are envisaged to be accomplished through a series of medium-term development plans based on a continuous decentralised, participatory planning framework which requires priority-setting at the district level. Ghana Vision 2020 is the product of an extensive consultation and collaborative effort over some four years involving many group representatives and individuals from the universities, the public sector, the private sector and civil society, co-ordinated by the National Development Planning Commission.

**Tanzania's Vision 2025** sets targets to achieve a nation characterised by a high quality of life for all citizens; peace,

stability and unity; good governance; a well-educated and learning society; and a diversified economy capable of producing sustainable growth and shared benefits. Implementation and achieving the goals is to be through short- and medium-term strategies such as the National Poverty Eradication Strategy, Poverty Reduction Strategy and the Medium Term Plan.

**Thailand's national vision** was developed over 18 months as part of a participatory process, involving 50,000 people, to prepare the Ninth Economic and Social Development Plan. A draft vision emerged from a first round of consultations in the People's Forum on development priorities. This was then subjected to research-based analysis of internal strengths and weaknesses and external opportunities and strengths. A revised draft was amended further by the People's Forum, operational elements related to institutional improvements were added, and the vision was finalised.

Past strategies have not effectively dealt with trade-offs because the methods remain poorly-developed and the necessary skills and/or political will have been lacking. At best, this has resulted in 'shopping lists' of ideas and project proposals without due regard to the need to prioritise, given resource limitations. These have often failed to have direct influence on either governmental or private sector investment at any level. One notable exception is Ghana where a proportion of the national budget is assigned to the District Assemblies Common Fund and disbursed to districts to implement district development plans developed in conformity with Ghana's Vision 2020 (see Box 13).

### Ownership of strategies

**To increase country ownership it is crucial to build on strategies that already exist.**

In many countries there is a significant problem of lack of ownership of strategies. Reasons include weak government leadership, time pressures, the need to respond to external requirements, development agencies' tendency to support their own processes and identifiable projects, lack of transparency and accountability, and limited capacity to engage in the process. Most strategic planning frameworks are perceived to be exclusively those of government, or to be a rationalisation for external interventions. There is little sense of commitment by stakeholders in the private sector and civil society. In some cases, discontent with national processes has led stakeholders to develop their own parallel strategies (Box 7).

Many national-level planning frameworks are externally-driven as a consequence of conditionality and time pressure. They are therefore seen as being "owned" by development agencies. This can result in a lack of co-ordination between different frameworks, and a tendency for responsibilities to be assigned to a single government institution. These are often ministries of environment when environment and natural resource issues are the focus, and ministries of finance where budget support is involved. This can result in a lack of policy coherence and the alienation of other ministries or agencies which might also have legitimate interests or could make important contributions. In order to increase country ownership it is crucial to build on strategies that already exist and to ensure the continuous development and improvement of such strategies through monitoring and evaluation.

## Box 7. A competing civil society strategy in Thailand

In Thailand, hundreds of NGOs and CBOs and thousands of people from all walks of life were invited by the National Economic and Social Development Board (NESDB) to engage in formulating the eighth National Economic and Social Development Plan by voicing their concerns and providing inputs. The process was very successful and many NGOs began to feel that they had some ownership of the plan. However, many issues they raised were left out in the synthesis process. The plan mentioned sustainable development but in an unfocused way along with a wide array of other ideas. As a result, some NGOs, notably the national NGO Network, and various peoples' organisations refused subsequently to participate in the development of the Ninth

Plan and instead launched their own alternative National Agenda for the Free Thais. This consisted of issues covering 16 key areas (e.g. politics, agriculture, marine resources and fisheries, AIDS and education). It did not specifically refer to sustainable development but the issues covered, taken together, effectively reflect the concept.

At the same time, another NGO network and many CBOs continued to work with the NESDB on drafting the Ninth Plan, trying to correct the earlier problems by emphasising the need for parallel local/community plans as a complement to the national plan. They raised issues such as decentralisation and community rights.

## Long term commitment

### The importance of high level political commitment

High-level political commitment is a prerequisite for policy and institutional changes and therefore essential for an effective strategy. In some cases, strategy development has been commanded by the Head of State or the Prime Minister. For example, Zambia's National Conservation Strategy and Ghana's Vision 2020 were both the ideas of the respective Presidents. Such commitment also needs to be long-term, and should therefore involve longer-term stakeholders such as parliamentarians, political parties and younger generations of commentators and decision-makers. Otherwise, there is the danger that an incoming government will see a particular strategy as representing the views or policies of its predecessor and so will either ignore it or even initiate a new strategy process more in line with its own thinking (see Box 8).

**High-level political commitment is a prerequisite for...**

### The need for a central co-ordinating body

To ensure commitment across government, it is preferable for the co-ordination of a strategic process to be the responsibility of the office of the Prime Minister or President, or of a ministry with central authority - such as the finance or economic planning ministry. In this way, the strategy has exposure as a serious and mainstream government initiative and links to important policies and procedures are strengthened. This approach helps to overcome institutional rivalries and inertia.

### The need to involve all ministries

In the past, a particular ministry has often initiated discussion on a strategy. There has rarely been effective engagement with other line ministries to build cross-government support. Seldom has the issue been discussed in cabinet so as to gain broader political commitment at an early stage. Experience shows that when lead responsibility for a strategy lies within a single line ministry, this creates a perception that the strategy is a project of that ministry (especially where it controls the process and budget) or a narrowly sectoral matter. This results in limited involvement and co-operation from other ministries.

**...building cross-government support.**

### Box 8. Strategy survival through changes of government

In Pakistan, the National Conservation Strategy was prepared through an elaborate participatory process spanning six years. It gained widespread support in government (at high level), amongst political parties, NGOs and civil society, and received cabinet approval in 1992. Despite political upheavals and changes of government, the NCS retains a high level of recog-

niton and support and is still being implemented. The Ghana Vision 2020 was an initiative of the President and ruling party and has become the country's guiding development policy, recognised across government and amongst stakeholders. A new government was elected in December 2000 and early signs are that it will continue to build on the vision.

In all countries, major development decisions tend to be taken by ministries responsible for finance and for economic planning. Responsibility for sustainable development, on the other hand, is usually assigned to environment ministries which have limited influence in government. Sustainable development strategies have therefore not been seen as relevant to other sectors. At best, this has enabled the formation of a community or network concerned only with environmental policy. At worst, this has undermined progress towards sustainable development through lack of integration in other sectors.

For key finance and economic stakeholders to become major participants in a strategy, there must be high-level commitment and relevant economic and risk analyses available. In some countries, this has been achieved by linking strategies to regular budget processes (see Box 9).

#### Commitment of the private sector and civil society

It is important to secure the commitment of the private sector and civil society. Informal movements (citizens' groups, professional networks, etc.) can be engaged to foster coherence between stakeholders' positions and policies and build broad political support and commitment. Many community-based and civil society organisations are often better aware than line ministries of the social, economic and environmental consequences of decisions taken by central government. In Thailand, for example, many such organisations have become "watchdogs" with a continuous commitment to monitor new and existing projects for compliance with rules and regulations. This has led to better feasibility and impact studies, public hearings and the cancellation of some projects with unacceptable adverse impacts.

In response to the challenge of globalisation, the private sector is addressing its role in fostering sustainable development at the global level, e.g. through the work of the World Business Council for Sustainable Development and initiatives such as the new UN-Private Sector Global Compact on responsible business behaviour. In recent years there has been some engagement of the domestic private sector in strategic planning processes in many developing countries, but the international private sector has been involved only in few cases. Given that the financial resources flowing to developing countries through private investment now dwarf official development assistance, this is a challenge that needs to be addressed in developing and implementing strategies for sustainable development.

## Box 9. Linking strategies to budget processes

New Zealand's annual budget and planning cycle includes a strategic phase for establishing the government's priorities in the short, medium and long term. Chief executives of government departments which affect the environment are required to take into account the relevant goals of the country's Environment 2020 Strategy in their annual planning. Canada's Green Plan (1990-96) was linked to the federal budget process and had built-in targets and schedules as a mechanism for public accountability.

The commitment and involvement of the private sector and civil society is dependent on how well the strategy responds to the motivations of these groups and on what incentives they have to engage in the strategy process. Thus, in designing a strategic process, stakeholder analysis should be employed at an early stage (Box 10). This can provide important information on the motivations and interests of stakeholders; the means they use to secure their interests; the pressures on them to change and the constraints to making changes.

Private sector involvement is more productive when the strategy process is open to voluntary and market-based instruments, balanced with regulatory and fiscal instruments. The private sector operates in a competitive environment, so a key challenge is to create an environment in which competition is not just about the lowest price of goods and services but is also concerned with improving social, economic and environmental conditions. To engage effectively with private sector stakeholders requires dialogue in order to understand the constraints they face and the factors likely to foster innovation and new ways of working. In Pakistan, since 1996, the Federation of Chambers of Commerce and Industry has supported a programme of audits of a wide range of industrial units to examine how compliance with the environmental quality standards could be achieved, and to carry forward recommendations in the National Conservation Strategy. The constraints and opportunities identified enabled industry to negotiate revised and more achievable standards with the Environmental Protection Agency in 1999.

Multi-stakeholder approaches are conducive to formulating sustainability principles and standards for different business sectors — which can then be applied to this range of instruments. Likewise, the involvement of civil society implies an openness to the broad livelihood and ethical concerns of different groups. Strategic processes must be designed to accommodate the diversity of points of view, and associated capacities and constraints, in order to generate genuine commitment. The importance of wide and effective participation for all of this is considered below.

### Ensuring effective participation

Broad participation in strategic planning is necessary for ensuring commitment, and for ensuring that key information is brought to bear in planning processes. Very extensive participation is however not always possible — it would be neither cost-effective nor necessarily desirable. There are many potential sectors, groups and levels for participation that need to be involved. Their willingness to participate will depend on whether they are convinced that their views will be considered. It also depends on their ability to participate since, for example, it takes time and costs money to prepare for and attend meetings. Issues of representativeness, sampling and appropriate degrees of participation are important. A balance needs to be struck between involving as wide a range of participants as possible – to forge a broad-

**The commitment of the private sector and civil society is dependent on how well the strategy responds to the motivations of these groups.**

**A balance needs to be struck between involving as wide a range of participants as possible ...and avoiding overloading the managerial capacities.**

### Box 10. Requirements for effective participation in strategies

Requirements will depend on the scope and goals of the strategy and the likely participants, as well as on political and social circumstances. In general, the needs are:

- Appropriate participatory methods for appraising needs and possibilities, dialogue, ranking solutions, forming partnerships, resolving conflicts and reaching agreement on the way ahead.
- A proper understanding of all those with a legitimate interest in the strategy, and a considered and concrete approach to include the more vulnerable and disenfranchised among them.
- Catalysts for participation, e.g. NGOs and local authorities, to start participation and to link decisions that need to be taken centrally with those appropriate to more local levels.
- Specific activities and events – around which to focus participation.
- A step-by-step approach – i.e. start modestly, building on existing participation systems, and build up; then deepen and focus participation with each iteration of processes.
- Adequate resources, skills and time – effective participation tends to start slowly and requires early investment; it becomes more cost-effective with time.

If there are learning environments (e.g. policies, laws and institutions that encourage, support, manage and reward participation in the planning/development process – including specially-formulated groups where appropriate institutions do not exist – and which allow participants and professionals to test approaches), then these requirements will be more likely to be met.

based and durable consensus – and avoiding overloading the facilitating and managerial capacities of those leading the strategy process. The better developed and representative existing participation mechanisms, the more cost-effective they are likely to be. If managerial capacities are weak and participatory mechanisms are poor, the number of participants can be limited at first – but this should be increased with the development and reiteration of specific strategy tasks.

Where relations between government and civil society are good, the conditions for effective strategies for sustainable development are favourable. The reverse is also true. Central to the pursuit of sustainability is the need to strengthen a country's democratic institutions and the role of elected bodies, particularly parliamentary assemblies. It is vital to strengthen the interaction between government and non-governmental groups.

Participation of stakeholders should take place throughout the strategy process in defining objectives, analysing problems, implementing programmes and learning from experiences. While this is well-established in theory and in rhetoric, experience with existing country-level strategic planning frameworks shows that practice still lags behind. The formulation of most national strategies remains dominantly top-down (Box 11) or suffers from problems with participation. Despite these obstacles, there are signs of progress in many countries, e.g. multi-stakeholder partnerships (Box 17) and special efforts to involve particular groups (Box 12).

#### Community-based and bottom-up approaches

The last 20 years have seen an explosion in community-based, participatory development approaches and supporting tools (e.g. participatory rural appraisal). In order to support such approaches so that local authorities, communities and businesses can play an effective role in strategies for sustainable development, it is important to learn from successful local sustainable development initiatives and promote replication where relevant. Such initiatives have usually been most successful when they have supported local capacity utilisation and development, stakeholder organisation, information and education. The trend towards decentralisation offers an opportunity to link national strategy processes to community-based participatory approaches (Boxes 13 and 14).

**Participation of stakeholders should take place throughout the strategy process.**

**Decentralisation offers an opportunity to link national strategy processes to community-based participatory approaches.**

### Box 11. Why existing strategies continue to be mainly top-down

The term ‘top-down’ implies that a strategy is conceived by some (usually government) authority, and is developed by professional staff, with no or limited involvement of those likely to have a legitimate interest or be affected by the outcomes (stakeholders). It also implies goals and approaches set by that authority - but which are not necessarily those of stakeholders. Implementation is also typically the responsibility of those same authorities. Such top down approaches to strategies are not restricted to national governments but are also found at decentralised levels. ‘Bottom-up’ approaches are characterised by the opposite approach and involve the active participation of stakeholders, and are often initiated by them. Top-down strategies persist for many reasons.

- Many strategies emanate as ideas from development co-operation agencies, who are increasingly being held accountable for sustainability dimensions of their interventions and find it easier to employ their own frameworks rather than to work through and encourage local frameworks.
- Some strategies stem from international accords (e.g. conventions) and focus on global stakeholders’ interests
- There is often weak capacity in governments, the private sector and civil society to articulate interests, build alliances, seek compromises, accept different perspectives,

formulate and implement long-term goals and strategies and manage participatory and pluralistic processes.

- Civil servants and others in positions of authority (often those in the middle ranks) have behaved as if they know best and have seen moves towards more bottom-up approaches as a threat to their status and power.
- Mechanisms and methodologies for organising appropriate participation at different levels and at different stages of the planning cycle exist but are unfamiliar to those usually involved, or the transaction costs and time requirements are excessive.
- It is difficult to achieve effective participation of key stakeholders. For example, poor people are forced to focus on their immediate priorities rather than longer-term issues, and also lack resources, capacity and power to engage in decision-making for the longer term.
- It is difficult to ensure the continued commitment and effective engagement of those outside government when their involvement in earlier participatory processes has been shown to be mainly cosmetic and their opinions not taken into account.

It is important to note that top-down approaches are not always synonymous with failure, nor are bottom-up approaches always successful.

### Balancing top-down and bottom-up approaches

Traditionally, governments have been resistant to opening up policy- and decision-making to enable participation by stakeholders at all levels (Box 11). But the many failed top-down planning decisions testify to the need for a judicious balance between top-down and bottom-up approaches. Strategies need to consider which issues can only be addressed at a national and central level, and which can be addressed more locally. It is often only at the level of a district that a people-centred approach to sustainable development becomes truly evident. It is at that level that decisions are taken daily by individuals and groups of people which affect their livelihoods, health and often their survival. Individuals and communities are best placed to identify local trends, challenges, problems and needs, to agree on their own priorities and preferences and to determine what skills and capacities are lacking. Hence, some strategies are now beginning to concentrate different issues at the most appropriate level (e.g. the approach followed by the Ministry of Planning in Bangladesh in the early 1990s to develop the Participatory Perspective Plan, or the emerging ‘hierarchy’ of strategies in *Pakistan* — Box 14). A combination of top-down and bottom-up approaches is emerging in district planning in some countries. For example, in Tanzania’s Rungwe District, ward planning involves top-down decisions on certain matters (e.g. setting ward bank rates) while decisions on other aspects of development, e.g. education, agricultural production and communication involve stakeholder participation.

**Strategies need to consider which issues can only be addressed at a national and central level, and which can be addressed more locally.**

## Box 12. Multi-stakeholder participation in strategies

Canada's "Projet de société" (1992 - 1995) represents one of the more participatory strategy processes. It involved a multi-stakeholder partnership of government, indigenous people, business and voluntary organisations, which operated through collaboration and consensus-building. Representatives from more than 100 sectors of Canadian society participated in the national stakeholders assemblies. Trade-offs and solutions to problems were achieved through the use of innovative 'choicework' tables around basic human needs such as air, water and food. While consensus on the direction of sustainable development in Canada was not reached between all interest groups, the "Projet" was able to resolve many conflicting positions.

New Zealand's Resource Management Act (RMA), 1991, was a major piece of reforming legislation which aimed to correct

severe inequities in the way environmental management operated across different sectors, to integrate national planning and decision-making, to address the plethora of legislation that dealt with natural resources, and to provide a single objective - namely, the sustainable management of natural and physical resources. In developing the Act, special efforts were made to involve the public through meetings, seminars, free phone-ins and written submissions. All papers submitted to government on the RMA highlighted where stakeholder views supported or differed from the proposals being made. A special stream for Maori consultation was established. This involved traditional-style meetings (*hui*) with Maori organisations throughout the country to explain the RMA process and to seek their views and opinions. Funds were made available to enable NGOs to engage in the process and some NGOs undertook commissioned work

Strategies need to consider which *mechanisms* can achieve this balance between top-down and bottom-up approaches. The new planning systems in a number of countries provide examples of how decentralisation can contribute to this (Boxes 13 and 14). Such balance needs to be accompanied and supported by mechanisms which ensure good dialogue, continuous monitoring, and learning within and between all levels.

### Balance between use of expertise and need for a participatory approach

**Technical expertise alone cannot provide access to all necessary and useful information and most key issues need to be considered by a wide range of stakeholder groups.**

The development of strategies requires technical inputs for many key tasks, e.g. gathering and analysing baseline socio-economic data, statistical assessments, economic projections, etc. But technical expertise alone cannot address all the issues nor provide access to all necessary and useful information. Much valuable knowledge is held by individuals and communities. Furthermore, most key issues will need to be considered and debated by a wide range of stakeholder groups if a vision for development in the future is to be agreed that enjoys the support of society as a whole, and if consensus is to be reached on how to address important challenges.

There is, therefore, a clear role for both technical inputs by individual experts and the broader involvement of many people in participatory exercises. It is very important that a balance be struck between these two approaches.

The necessary skills and capacities are usually in short supply in developing countries and those which exist are often already heavily committed and over-stretched. Therefore, capacity-building and empowerment should be critical components of strategy processes themselves.

## Effective participation and the costs involved

The costs of participation depends on various factors:

- *The types and numbers of participants*, their location, and the opportunity costs of their participation. Many stakeholders will be able to engage through their existing jobs and roles. Others will need to take time from their livelihood activities (e.g. those in civil society and particularly those from local communities where involvement can mean, for example, time lost to harvesting crops). Women may find it particularly difficult to engage in participatory processes due to the multiplicity of tasks they perform. So ways of compensating for this or for providing assistance may need to be found if they are to participate effectively. The example of New Zealand is outlined in Box 12.
- *Time requirements* – it takes time to establish trust, especially at some local levels; and a framework within which people may be encouraged to collaborate with outsiders. It has often taken between 18 months and five years to set up and undertake the more comprehensive participation exercises associated with national strategies.
- *Specialist skill requirements*. Skills in participatory enquiry, communications, education and media activities are all essential in order to establish the right linkages and ensure quality of participation and communications.
- *Communication requirements*. The many institutions and individuals engaging in debate will need to have access to and understand key information important to the issue(s) being discussed. This requires communication through the medium appropriate to the groups in question (telecommunications, mass or traditional media, various fora) which have cost implications.

However, the costs of participation, while initially high, can diminish with each iteration of the strategy as the scope, purpose and methodologies for participation of each group become clearer and better focused.

The costs of participation, while initially high, can diminish with each iteration of the strategy.

## Analysis

Strategies should be built on the analysis of key challenges and their underlying causes, the actual or potential short- and long-term impacts of approaches to deal with them, and corresponding policy and institutional frameworks. A careful analysis of links between local and national levels, and between national and global concerns is of particular importance to identify options for policy and institutional reforms. It should be backed by effective communication with stakeholders.

As an example, integrating environmental and social analysis upstream into strategic planning processes presents opportunities for improving the sustainability and coherence of development plans and policies. This will encourage consideration of the long-term implications (such as the potential environmental and social impacts of macro-economic policy change, and vice versa). Similarly, factoring the costs of environmental damage on the economy into GDP estimates and forecasts, and adjusting policy accordingly, may result in more realistic targets and in improved sustainability of long term development strategies.

### Box 13. Decentralised planning systems

**Bolivia** introduced a decentralised, participatory planning system in 1994 with the adoption of the Law on Popular Participation and Administrative Decentralisation. This transferred significant political and economic power to regional and local levels. 20% of national tax revenue is passed directly to 314 municipalities and is allocated according to their 5-year development plans. These municipal plans are developed under the guidance of the 5-year Global (i.e. national) Plan for Economic and Social Development and on the basis of priorities identified by territorial organisations representing communities in particular areas. In addition, accountability committees – comprising municipal officers and civil society representatives – have been established to monitor the activities of municipal governments and their adherence to development plans. In parallel, regional government departments receive 40% of national revenue allocated according to regional 5-year development plans developed on the basis of the national indicative plan and municipal plans.

This planning system works well in small municipalities but often is less effective in larger ones where accountability is more difficult to ensure. The greatest problems arise at the regional level where officials are appointed by the President and the authorities are often dominated by party political activity. The links between the different planning levels are generally rather weak, and the division of the public administration between several political parties is a major obstacle to strengthening such links.

**Ghana** has introduced a participatory planning system placing the focus on the district. This provides an opportunity for local communities to participate effectively in the conception, planning and implementation of local development programmes and projects. Each of the 110 district assemblies now has full responsibility to develop and implement its own medium-term (5 year) and annual district development plans. Following guidelines prepared by the National Development Planning Commission (NDPC) in 1995, each plan must be subjected to a public hearing. District development plans are harmonised at the regional level by Regional Co-ordinating Councils, and are then consolidated with individual sector plans (prepared by line ministries and also subject to hearings) by the NDPC into a National Development Plan. The latter is reviewed by cross-sectoral planning groups which have representatives

from the public sector, business, university, districts, NGOs, trade unions, farmers and other stakeholder groups. The country is currently implementing the first of these rolling medium term development plans covering the period 1997-2000 – as the first step to implementing Ghana's Vision 2020 – and has started the process of preparing the 2001-2005 plans.

Through new financial arrangements under the constitution, at least 5% of internal government revenue is allocated by parliament to the District Assemblies Common Fund which is distributed to District Councils for capital expenditure in implementing their development plans. For example, five districts are currently implementing a poverty reduction programme under which targeted communities decide on what action is to be taken. The base level for planning lies in settlement unit committees. Community problems are identified here and goals and objectives set out and passed up through higher level town and area councils to the district assembly. Committees of the district assembly consider problems and opportunities, and set priorities. Departments of the district assembly – together with sectoral specialists, NGOs and other agencies – collaborate to distil the ingredients of the district plan. Each District Planning Co-ordinating Unit facilitates and co-ordinates the district planning process and prepares the district plan with an annual budget for consideration by the District Council.

**Nepal.** The 1998 Local Self-Governance Act has transferred power and responsibility to development committees in districts municipalities and villages for participatory planning and the sustainable management of resources in their areas. The district planning committees are now seen as autonomous bodies responsible for bringing stakeholders together and for harmonising/balancing local needs national policies.

**Thailand.** In the past, all projects and budgets for local and provincial authorities were set by central government. Now, most of the information and proposals arising from stakeholders through the participatory planning process are channelled to the Budget Bureau which is responsible for financial allocations to local, municipal and provincial authorities. Under the new law on decentralisation, government authorities at these levels are allocated a fixed percentage of the total government budget to enable them to implement the plans and projects determined by stakeholders.

#### Many existing strategies are based on incomplete or weak analysis.

Technical capacity and methodological skills are required for such analysis, and for long-term planning. In practice, these skills tend to be lacking and many existing strategies are based on incomplete or weak analysis. When successive strategies duplicate or overlap with each other, there is usually little time and demand for analysis – and thus old analysis tends to be recycled, especially as participation exercises are usually organised after analysis and therefore cannot define what issues need to be examined. A further constraint to good analysis is that baseline data is often unreliable or lacking. This may be because the data concerns matters for which accountability has not been sought until recently, and thus monitoring systems do not exist.

## Box 14. Initiating bottom-up strategy approaches in Pakistan: complementing provincial and district strategies

In Pakistan, efforts are now underway to facilitate the design and implementation of sustainable development initiatives by local people. Following the National Conservation Strategy (NCS), provincial strategies adopted many process innovations such as round table workshops, working with contact people in line agencies, and subsequently initiating district strategies. The lower the level, the more clearly are sustainable development and livelihood trade-offs having to be addressed. The challenge recognised in Pakistan is now to develop channels for information and demands to be expressed from district, to provincial, to national levels.

It is therefore proposed that NCS-2 should focus *on national-level concerns and national institutional roles*, rather than prescribing everything right down to the village level. But it will also recognise, encourage and support provincial, district and other demand-driven strategic approaches based on local realities consonant with the devolution plan. This contrasts with the national policy/intellectual push of the original NCS. Thus the scope includes:

### International issues

- Pakistan's position and contribution in relation to global environmental issues and conventions.
- Sustainable development aspects of globalisation.
- Regional issues such as shared river basins and protected areas, and transboundary and marine pollution.

### National issues

- Bringing together the most useful and effective mechanisms required for a strategy (e.g. information systems, participatory mechanisms).
- Continued guidelines for provincial and sectoral policies for mainstreaming sustainable development through policies, principles/criteria, standards, indicators and monitoring.
- Co-ordinating major national programmes aimed at sustainable development.
- Promoting sustainable development within macro-policy concerns, notably structural adjustment loans, poverty reduction, national environment and security issues.
- Assessing and monitoring sustainable development and environmental standards.

### Supporting provincial, urban and district issues

- Supporting provincial sustainable development strategies and initiatives, focussing on allowing local (urban, district and lower) institutions to drive the strategy from the bottom-up.
- Controls and incentives for increased private sector investment in sustainable development, and for responsible business practices.

## Convergence, complementarity, coherence and co-ordination between country frameworks at all levels

Currently, there is insufficient convergence between different planning frameworks at both national and decentralised levels as well as across different sectors. This is not surprising, as these frameworks are often based on fundamental differences in the roles and mandates of institutions, power bases, concepts, ideologies and funding sources. Therefore, they have different intentions, interests and scopes for planning. There is a need to strengthen convergence as multiple strategies risk duplication, competition and the waste of scarce administrative and intellectual resources.

It is not feasible to merge all strategic planning frameworks but it is feasible to work towards complementarity and coherence to make them mutually supportive. Adhering to the principles outlined in Box 2 provides a way of achieving this. Convergence could be enhanced by government developing and maintaining a matrix framework keeping track of all the existing and new strategic planning processes in a country (national, sub-national, local, responses to international commitments, etc.). Developed in partnership with key stakeholders in the private sector and civil society, as well as with development agencies, such a matrix could help highlighting linkages, differences and relationships between different processes, and thus focus attention on what needs to be done to enhance complementarity. Such an instrument would help to ensure that new planning frameworks build on and link what already exists. The Comprehensive Development Framework aims to promote this approach.

**It is not feasible to merge all strategic planning frameworks, but it is feasible to work towards complementarity and coherence to make them mutually supportive.**

### Box 15. Building on what exists: links between Poverty Reduction Strategies and other strategic planning processes

#### Uganda

The Poverty Reduction Strategy Paper was based on a revision of the 1997 Poverty Eradication Action Plan. It also drew on other existing strategic assessment work including a Poverty Status Report, a Participatory Poverty Assessment and a Plan for the Modernisation of Agriculture. This increased country ownership of the strategy.

#### Bolivia

The Biodiversity Strategy and Action Plan was developed through a highly participatory process which ensured an emphasis on poverty alleviation through economic activities related to the sustainable use of biodiversity. Following lobbying from the Minister for Sustainable Development in the Economic Policy Council, this strategy has now been incorporated as part of the Poverty Reduction Strategy.

#### Burkina Faso

When the Poverty Reduction Strategy Paper (PRSP) was developed, efforts were made to incorporate its orientations into existing sectoral policies, plans and reform programmes (e.g. basic education and health). This integration needs to continue, particularly to ensure that sectoral policies and plans specifically address the linkages between poverty and environment, and define indicators to track these linkages.

The process of integration could have been strengthened by drawing on the country's National Action Programme to combat desertification (NAP). The NAP was developed in a participatory manner, with nearly 50,000 people involved in its development, and was based on considerable analysis. But those responsible for the NAP were not involved in the PRS process, and the experience and lessons from undertaking the NAP were not drawn into the PRS process. The updating of the PRSP provides an opportunity to address this.

In developing this guidance, development agencies supported a dialogue process in Burkina Faso which played a catalytic role in fostering this convergence of frameworks. The participatory processes involved ensured that recommendations to government reflected the views of different national stakeholders. These include proposals for the development of a sustainable development strategy for the country to be prepared not as a document with new policy assessments but rather as an umbrella for the main legal instruments, principles for intervention and institutional reforms.

In this way, the strategy would aim to ensure sustained growth that takes into account social, political, cultural and environmental concerns such as:

- Sustainable human development.
- Equity in the distribution of the benefits of growth.
- Transparency in the management of public affairs and the provisions of assistance
- Efficiency and sustainability of development programmes.
- Reinforcement of capacities at the national level.

The dialogue proposed measures for improving the PRS which are being used as a reference framework by the Ministry of Economy and Finance:

- To present the PRS more widely as the only framework which the co-operation programmes of development assistance agencies should follow.
- To make the PRS Paper (PRSP) more widely available and to prepare shorter and more simple versions.
- To further develop the PRS, with a view to integrating all sectoral plans within a single framework. This will involve close collaboration between all the ministries, the private sector and civil society so as to ensure harmonisation and coherence among existing or planned co-ordination mechanisms, indicators, and mechanisms for monitoring and evaluation.
- To generate new financial resources for the national budget to implement the strategy.

#### Ghana

In contrast to the above cases, a domestic poverty eradication strategy had been prepared in Ghana. This was subsequently transformed into an interim PRSP. The preparation of the full PRSP is being undertaken as part of the preparation of the Second Medium-Term Development Plan to implement Ghana's Vision 2020. This plan will also incorporate the core development objectives of Ghana's Comprehensive Development Framework (developed through separate institutional arrangements) and the UN Development Assistance Framework. The convergence of these strategic planning processes attests to the common principles that underpin them.

Where such links have been made and strategies have built on what exists, progress has been good, and vice versa — as evidenced by different experiences of developing poverty reduction strategies (Box 15).

Those responsible for strategy development need to take account of the past and ongoing strategies undertaken by different departments or agencies of government. There is a need to create mechanisms for co-ordination between sectors and coherence between both sectors and strategies. This requires improved institutional procedures and practices supported by appropriate management systems, and systems for effective conflict management and resolution. Great improvement in this area in local authorities has been achieved through Local Agenda 21s (Box 5) which national governments can learn from and seek to emulate.

### Regional issues

Only in a very few cases have past country-level strategies included any analysis of their impacts on neighbouring countries (or vice versa). There is a need for co-ordination between neighbouring countries and for regional approaches to address, for example, the concerns of indigenous peoples where they live across international borders. Regional co-ordination and management is also important when several countries share natural resources and eco-systems (e.g. a river basin or watershed). The Andean Biodiversity Strategy developed by several South American countries provides a shared regional vision and identifies common interests.

### National issues

Some policy issues are clearly a national responsibility of central government (finance, trade, foreign policy, etc.), and also have a strong bearing on shaping a country's sustainable development. Yet such truly national issues are rarely considered in strategies for sustainable development. Where they are discussed, they are seldom articulated in strategy documents. Furthermore, the departments responsible for such policies seldom play central roles in strategy processes as key stakeholders. An exception is the case of Ghana's Vision 2020 where such national issues were explicitly considered and the responsible ministries have all been heavily involved in developing the medium-term policy frameworks to operationalise the vision. As Box 14 shows, national issues will become a central focus for the next phase in Pakistan's National Conservation Strategy.

### The importance of decentralisation

Decentralisation offers an effective mechanism for fostering the convergence of different planning frameworks. Integration can often be more successfully achieved when it is driven by bottom-up demand rather than top-down reorganisation. Strong local institutions, accessible information, fora to allow debate, and consensus/conflict management mechanisms can all help forge integrated approaches. Hence there is an imperative to link top-down and bottom-up approaches.

**There is a need to create mechanisms for co-ordination between sectors and coherence between both sectors and strategies.**

**Regional co-ordination is important when several countries share natural resources and eco-systems.**

**Some policy issues are clearly a responsibility of central government.**

**There is an imperative to link top-down and bottom-up approaches.**

## Box 16. National capacity-building project, Thailand

In recent years, Thailand has introduced decentralisation policies and encourages participatory planning processes (see Box 12). But many communities lack strong citizen's organisations to enable active engagement in such planning. In 2000, in response to pressure from NGOs and CBOs, the government approved the National Capacity-Building Project (budget

US \$2.5m) to train facilitators to promote multi-stakeholder involvement in national planning. The project will target highly committed villagers who are actively involved in community work and the facilitators will provide on-the-job training in project preparation, management, monitoring and evaluation.

Decentralisation offers strong opportunities for more detailed planning to translate strategic visions into practice at local levels. It needs to be accompanied by:

- The transfer of financial resources and empowerment to raise such resources locally.
- Capacity-building<sup>1</sup>.
- Clear delineation of the respective roles of the various levels of government in planning, financial management, etc.
- Comprehensive legislation and administrative actions to bring about integration of the decentralised offices of government agencies into local administrative structures.
- Co-ordination of development agency support at local levels.

## Strategy management systems and capacity

### Supporting management capacity at all levels

An effective strategy for sustainable development requires good management. It must provide co-ordination, leadership, administration and financial control, harnessing skills and capacities and ensuring adherence to timetables. The roles, responsibilities and relationships between the different key participants in strategy processes must be clearly defined and understood. Among the essential ingredients that most successful strategies have in common is leadership. Usually there is a small team – and sometimes even a single individual – that maintains the vision, motivation and momentum through difficult periods, that is tenacious and prepared to face and overcome the challenges and adversities that a strategy process generates.

Strategies should build on and strengthen existing knowledge and expertise. Engagement in a strategy process will require a wide range of technical skills and analytical capacities. Those managing the process will require skills in facilitation and diplomacy, to cite just two examples. Those undertaking strategic analysis will need to understand the linkages between disciplines and sectors, as well as the vertical interactions (e.g. between international, regional, national, district and local levels). Others will need to be concerned with institutional, legislative and administrative aspects of development. In many countries, there are specific initiatives to build capacity to help the development process (Box 16).

**The roles and responsibilities of different key participants must be clearly defined.**

1. This is, for example, a key component of Tanzania's Local Government Reform Programme, 2000-2003).

### Box 17. Some examples of strategy practitioner networks

In the 1990s, IUCN organised several regional networks for strategy practitioners and experts. These served well to share experience and generated many of the basic lessons on best practice that form the principles in this guidance. For example, the RedLat (Red Latinoamericano de Estrategias para el Desarrollo Sostenible) has met five times since 1994. A core group of practitioners involved in some 25 sub-national and local strategies in 14 countries discuss common issues and share lessons learned. The dialogue continues through a web-site and there is a lively electronic network with over 1200 users in Spanish-speaking countries. RedLat has organised thematic workshops on tools for sustainable development are held, and organised south-south visits to exchange field experience.

The Network for Environment and Sustainable Development in Africa (NESDA), was established in 1992 with World Bank

sponsorship to assist African governments, institutions, the private sector, NGOs and local communities in building capacity for strategic planning and implementation.

Based on resolutions of the International Forum for National Councils for Sustainable Development (NCSDs), in April 2000, the global network of NCSDs is preparing to undertake a multi-stakeholder assessment of the Earth Summit commitments. Various regional NCSD groups meet regularly to share experiences. They vary in effectiveness as well as in their adherence to the principles of nssds. Nevertheless, they are useful first point of contact to support and help NCSDs to evolve.

UNDP has also developed extensive networks of people involved in strategies around the world through its work on Capacity 21.

Capacity can be undermined by a number of factors:

- Where there is no or weak evaluation of development programmes arising from strategies and no sanctions against poor performance by technical teams responsible for such implementation.
- When there is insufficient training/retraining of experts in government, the private sector and civil society to enable better understanding and management of the linkages between economic, social and environmental matters.
- When there are weak systems for selecting expertise capable of ensuring the quality and credibility of strategy processes.
- When salaries and fees, working conditions and career opportunities in the civil service are not sufficiently attractive to attract high-calibre individuals.

It is symptomatic of civil services in developing countries that good technical officers tend to leave the civil service, attracted by better salaries and conditions in the private sector and development agencies. In addition, post rotations within the civil service are very frequent, which results in a loss of continuity. Thus, the experience acquired by officials who have gone through a strategy cycle and gained experience in managing such processes is lost. With their departure, there is also a loss of institutional memory and access to networks. It is not surprising, therefore, that so many new strategies are initiated which appear to be overlapping and have failed to build on past experience. The capacity of public administrations and services can often be strengthened.

Often national expertise exists but cannot be drawn upon due to lack of financial resources in the public sector and NGOs. The way in which development agencies often provide expatriate technical assistance rather than funding the engagement of national expertise exacerbates this problem.

## Box 18. Fragmentation of Pakistan's National Conservation Strategy

The mid-term review of **Pakistan's National Conservation Strategy** found that the lack of routine monitoring of project impacts and sustainability indicators, and the lack of policy links between the NCS co-ordinating body and NCS-inspired projects, had meant that the possibilities for learning were far less than they could have been. During eight years of

implementation the (quite coherent) strategic objectives had fragmented into hundreds of unconnected component activities with no feedback mechanism. The NCS review therefore tried to install a simple baseline and framework for correlating sustainability outcomes with strategic processes in the future.

**Developing a strategy requires two-way communication between policy-makers and the public.**

### Public communication

Sustainable development is a complex goal and the formulation of a strategy for sustainable development is therefore a complex process. The effective engagement of stakeholders depends to a great extent on their understanding of the goal and acceptance that involvement in the strategy process implies changes in attitudes, behaviour and institutions. Therefore, developing a strategy requires two-way communication between policy-makers and the public. This is much more than public relations initiatives through information campaigns and the media. It implies commitment to long-term social interaction to achieve a shared understanding of sustainable development and its implications, and promoting capacity building to find ways to tackle the challenges discussed in section 2.

**Mechanisms to identify conflicts and help stakeholders negotiate compromises.**

### Systems for conflict management

Within every society, economic, social, environmental, institutional and political interests and objectives (both long-term and short-term) vary and indeed often compete. This inevitably leads to conflicts between stakeholders. An important element of a strategy process is the development of mechanisms to identify such conflicts and help stakeholders negotiate compromises between current positions and longer-term common interests. The judicial system may not always be an appropriate mechanism to balance legitimate but opposing interests. Alternatives include the many traditional systems of resolving disputes that are culturally important and well recognised by local people (e.g. chiefs and forums of village elders), but these have often been marginalized or ignored by central authorities. In recent times, a series of techniques for conflict resolution, arbitration and mediation have also emerged. Unlike the judicial system, such modern approaches do not impose solutions but facilitate compromise between the parties.

**South-south and south-north learning.**

### Knowledge and information systems

Capacity can be enhanced and interest and motivation promoted by sharing experience with others involved in strategy processes. There is much to gain from south-south and south-north learning and through networks of strategy practitioners to share experience (Box 17). A number of these networks have established web sites to facilitate information-sharing (e.g. <http://www.nssd.net>).

## Box 19. The use of Commissions to hold government to account

In **Ghana**, the 1992 Constitution mandated a Commission on Human Rights and Administrative Justice to act as an ombudsman, national watchdog and redress mechanism. It is a formal monitoring mechanism to ensure accountability, human rights and compliance with proper and fair procedures in the administration of state affairs.

In **Canada**, a Commissioner of the Environment and Sustainable Development holds the government accountable for the ‘greening’ of its policies, operations and programmes. Federal ministers must table departmental sustainable development strategies in parliament. The Commissioner monitors and reports to parliament on the progress of government departments in implementing their action plans and meeting their sustainable development objectives.

### Identifying indicators, establishing monitoring systems and ensuring accountability

There is a need to identify indicators of strategy progress and to establish systems to monitor strategy development and implementation. This is crucial to track progress, capture key lessons and change strategic directions where necessary. It is also important to promote accountability. A good monitoring system requires action at several levels. First, strategic planning and decision-making for sustainable development must be based on credible and reliable information and data on environmental, social and economic trends, pressures and responses. There is a lack of such baseline information and data in many countries. Second, organisational issues must be addressed so that the ‘rules of the game’ are clear. There must be an agreed action plan identifying what should be monitored, by whom, and when. There must be governance and management systems with checks and balances (including formal redress procedures) to ensure transparent ways of working. Not least, there should be regular disclosure of information to stakeholders. It is important to address these matters in an integrated and participatory way in the strategic planning process.

**There must be an agreed action plan identifying what should be monitored, by whom, and when.**

The experience of *Local Agenda 21s* has provided useful guidance on monitoring strategy practices. Local Agenda 21s have enabled local authorities to undertake internal audits of the compatibility of existing internal procedures and practices with the goals and targets of the action plans; to reform these procedures, rules and standards where necessary; and to establish new or improved internal management systems. Problems arising from the lack of monitoring systems are illustrated by Box 18.

#### Independent monitoring and auditing

Independent monitoring and auditing can be used to measure the performance of organisations against their mandates and to assess fulfilment of their assigned roles and responsibilities. But independent auditing of government performance (at any level) in relation to strategy development and implementation is rare. The official procedures for auditing public expenditure that exist in many countries could possibly provide a useful model. Some countries have established official ombudsmen to hold government to account in particular areas (see Box 19).

Very few developing countries have established formal monitoring and auditing procedures, but in some countries informal citizen monitoring has been undertaken. For example, during the last two years in Bangladesh, a leading NGO (Proshika) has facilitated a broad participatory process to monitor the government’s poverty alleviation targets and budgets.

## Box 20. Effective local democratic structures in Zambia

In Zambia's remote Luangwa Valley, chiefs gained strength and exercised power in the absence of an effective district council in the area. In recent years, they have sought to control community revenues from wildlife management for their own purposes, alienating local people. The problem has been solved by establishing and training local democratically

elected village committees to assume responsibility for receiving such revenues directly. These committees have demonstrated their ability to use these revenues transparently and effectively to fund local development and wildlife management initiatives. Their activities are independently audited annually.

**Traditional community fora have often proven important mechanisms for local accountability.**

### Community-based monitoring and traditional community fora

While formal monitoring and auditing is essential, local communities can also play an important role. In Nepal, for example, local communities are increasingly becoming involved in collecting baseline data prior to implementing development programmes, and NGOs and CBOs have developed participatory tools for community use in monitoring their sustainable development activities.

Traditional community fora have been used to air views, discuss problems and influence decisions affecting local people. They have proven important mechanisms for local accountability. But many of them have fallen into disuse or been replaced, as governments have introduced formal administrative structures at local levels and as political parties have established local organisational units. Traditional fora still exist in many countries and local people respect these systems which could again play a useful role. In some countries, traditional chiefs continue to play a key and powerful role in local governance and decision-making. But they often behave in unaccountable ways. The problem can be overcome through establishing democratic structures (e.g. Box 20).

## Box 21. Examples of dependence on external funding in West Africa

In most countries in West Africa, the elaboration of national environmental action plans was highly dependant on external financial support. Countries are now facing difficulties in implementing them as inadequate

provision was made in national budgets. In Senegal, work on the National Plan to Combat Desertification came to a halt when support from one development agency ended.

**Strategy process should be financed from recurrent budgets.**

## Financial resources for strategies

### Financing the strategy process and continuing systems from recurrent expenditure

Critical steps in initiating a strategy are designing the process, preparing a realistic budget and securing the financial resources. An effective strategy process will not be cheap if it is undertaken according to the principles in Box 2. But the investment should yield benefits in terms of more sustainable development options, avoided costs of unsustainable activities, and more efficient deployment of resources and personnel. It is important for a strategy process to be financed by the government from recurrent budget because then it is more likely to become a continuing process that will engage political support and be integrated into the policy- and decision-making process. Without such links, the strategy is likely to be dependent on external funding (Box 21). There are a number of examples of domestically-initiated and funded strategies which, as a result, command national respect and have had strong influence on government thinking and action (for example, Namibia's Green Plan and Ghana Vision 2020).

## Box 22. UNCDF Local Development Funds Programme

The Local Development Fund (LDF) component of UNCDF has developed programmes that provide capital budgets and technical support to local governments and decentralised state authorities in various less developed countries. The LDF aims to promote decentralised planning, financing or rural development and institution-building at the local level.

A key aspect is participatory planning and building capacity at local government level to develop viable development activities.

Important features of LDF projects include:

- The funds are fixed to force local authorities to prioritise actions. Participatory planning is used as a tool to facilitate prioritisation.
- An up-front entitlement is provided to promote the mobilisation of local funds.
- LDF projects focus on local governments because they are assumed to have a comparative advantage over NGOs in delivering a range of infrastructure and economic development that have broader and more sustainable impact.

LDF projects typically face three key challenges:

- Ensuring the transparent allocation of resources.
- Making planning participatory. The planning process is entrusted to a body that must be representative both of local government and civil society. Moreover, some planned activities may be beyond the scope of LDF and local authorities, e.g. private income-generating activities or *common-pool* degraded natural resources.
- Linking activities to natural resource management. Given the focus on local governments, LDF activities tend to be biased towards small-scale and social infrastructure.

### General budgetary assistance for a strategy is better than one-off funding

The usual practice in developing countries is to fund a strategy as a single-task, time-bound project. As such, it will be unlikely to endure or influence government budgets on a long-term basis. (One-off funding is, of course, appropriate for initiating many of the investments proposed through the strategy process and lay the basis for the strategy to establish itself). This has been the situation in the case of most of the strategic planning frameworks which have arisen from international agreements (e.g. Agenda 21, Rio conventions) and those which have been undertaken in response to donor initiatives or requirements. Nevertheless, these initiatives have helped to cover the transaction costs of establishing elements of potential future systems – forming networks, preparing baseline studies, establishing various fora, etc, laying the ground for systems that can now be further developed.

Many developing country governments are likely to require, seek or be offered financial assistance to undertake strategies for sustainable development. This could be provided as a part of general budgetary assistance as project funding, keeping in mind that the strategy should be internalised and integrated within the government's annual expenditure regime and programmes. Further efforts are needed to co-ordinate external assistance, and pool donor funding in support of the development and implementation of strategies. Any commitment to budgetary support needs to be on a progressive basis with guarantees on usage and transparency.

**Financial assistance to undertake strategies for sustainable development could be provided as a part of general budgetary assistance.**

### Financial support to sub-national-level strategies

At the sub-national level, the financial burden of developing and then implementing strategies is particularly acute, as sub-national authorities usually have limited financial resources and means to raise income. Funds to finance local strategy development can come either from above — though higher-level government allocation, or from below — through mobilisation of local resources. Some development co-operation agencies are prepared to provide funding direct to the governmental authorities or NGOs operating at subnational levels. While this may overcome short-term difficulties,

it does not resolve the longer-term problem of financial self-sufficiency. One approach is to match local government support with local private sector support from a group of businesses. Another is exemplified by the pilot programme on Local Development Funds (LDFs) established by the UN Capital Development Fund (UNCDF), which aims to provide financial autonomy to local authorities (Box 22). At an even more local level, funds are often provided directly to communities to support development efforts. In Nepal, for example, the Sustainable Development Facility Fund provides credit to CBOs to undertake income-generating sustainable development activities.

## 5 Illustrative Steps for Establishing, Strengthening and Operating a Sustainable Development Strategy

This section reviews the key steps which can assist a country in strengthening its strategic planning process and move it in the direction of a sustainable development strategy. These include the identification, co-ordination and continuous improvement of mechanisms for balancing the economic, social and environmental concerns of multiple stakeholders. Figure 3 illustrates the types of mechanisms that usually will be needed. The way that these mechanisms are co-ordinated must be consistent with the principles in Box 2.

To achieve a *continuous improvement process*, the mechanisms need to work together as an action-learning system. Experience shows clearly that it is not appropriate to think of the strategy as a linear process, i.e. design, implement, and monitor a new strategy as separate phases. Such approaches in the past have been ineffective, particularly when the phases have been conducted as a one-time sequence. This has usually resulted in outcomes which, at best, have been only partially implemented.

But there are a number of possible entry points. Usually, it is helpful to *take stock of what strategic elements already exist* – in terms of both vision and mechanisms. These elements are likely to be spread amongst a variety of local and national processes as well as one-off initiatives such as NCSs, NEAPs, etc. Taking stock might involve national debate and analysis amongst a wide range of stakeholders on what the different strategic approaches have to offer and whether pre-requisites for effective strategies are in place (see section 2.2).

This would enable a strengthened *system or framework to evolve*, bringing together the best of what currently exists to improve synergies, remove inconsistencies, avoid conflicts, and fill gaps. The result should be a broad vision of the development objectives for the nation, and identification of the institutional and information mechanisms through which policies, plans and supporting legislation, procedures and actions could be developed, reviewed and harmonised. The system would not *plan* everything, but would largely aim to guide change in circumstances of uncertainty, and encourage a culture of experimentation and innovation. This '*framework*' approach is conducive to wide ownership, as it can accommodate many thematic, regional, decentralised and local strategies, some of which may have been around for some time, as well as others which can be further developed.

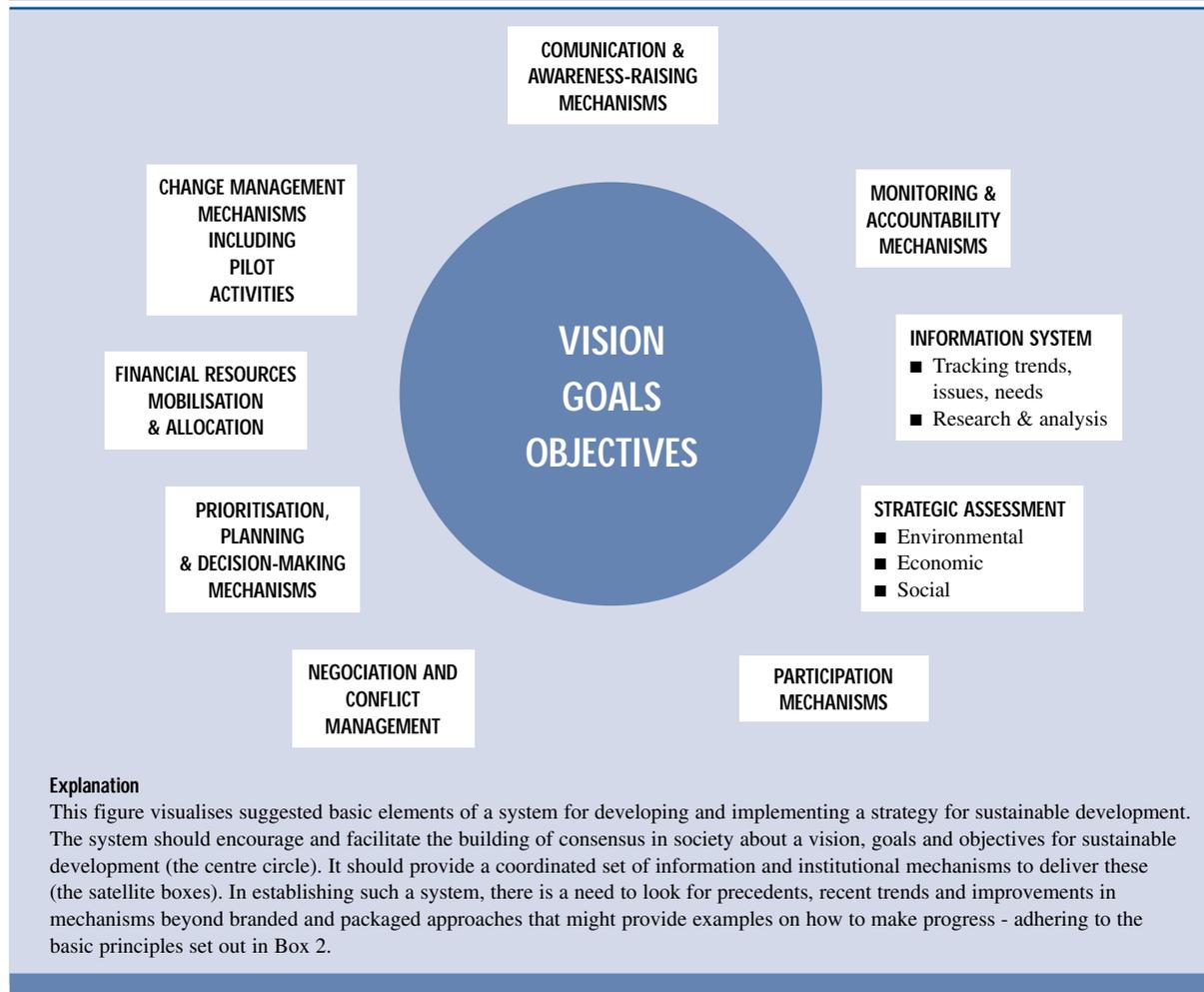
Occasionally, however, it may be desirable to develop a *new comprehensive strategy*. This might be the case when stakeholders agree on a need for a new initiative, either because of problems with past approaches or to signal a fresh vision and major investment in strategy mechanisms. Care must be taken in introducing a new initiative, as it is then all too easy to ignore existing approaches, to compete with them and cause confusion. Even if a new initiative is required, it should be presented and promoted as building on what has been achieved so far.

Mechanisms need to work together as an action-learning system.

It is helpful to take stock of what already exists.

This would enable a framework to evolve.

Figure 3. Mechanisms contributing to a sustainable development strategy



Bearing these points in mind, illustrative steps for co-ordinating and developing strategy mechanisms are offered in Box 23.

### Strengthening capacity.

*Using and strengthening national capacity* is central to a sustainable development strategy. In earlier stages it is important to identify what skills/capacities will be needed for the various mechanisms, what exists already, what can be achieved using them and then identifying training options and seeking support when needed. It has been found best to use and strengthen local capacity, not substitute for it. Such capacity includes technical and human as well as organisational and financial resources – usually adequate national/local resources will be available to keep a strategy process alive if there is enough understanding about its importance. As processes which promote continuous improvement, strategies themselves are an efficient way to build capacity.

The whole framework should operate as a knowledge system, bringing together information, analysis and monitoring and communication.

### Box 23. Illustrative steps for developing, co-ordinating and continuously improving strategy mechanisms

The following steps apply particularly to strategy development tasks, i.e. those needed to establish the mechanisms by identifying elements that work, improving/building on them, and/or initiating new elements if necessary. But the same or similar tasks are then iterative during strategy co-ordination and continuous improvement:

1. Take stock of, and analyse, *current strategies*:
  - Catalogue the range of existing strategies.
  - Analyse the issues covered, vision, goals, responsibilities and outcomes to date.
2. Establish a *mandate* for the strategy (handed down or generated). The more this represents domestic public demand with high level support, rather than external, the better (e.g. a mandate from prime minister or president is better than from international bodies).
3. Identify the *stakeholders* of an integrated sustainable development strategy, and outline their (potential) responsibilities, rights and relations.
4. Establish a *secretariat* (or strengthen an existing one) acceptable to these stakeholders, with powers and resources to co-ordinate the steps outlined in this box and the strategy mechanisms.
5. Establish the *rules* governing the strategy process:
  - Debate how all decisions will be made and agreed.
  - Co-ordinate means for negotiation of trade-offs and conflict management.
6. Establish the *mechanisms* to be used in the strategy:
  - Identify mechanisms used by existing strategies (see Figure 3).
  - Review achievements of these mechanisms in terms of synergies, conflicts and gaps, and their outcomes.
  - Identify what is required to improve synergies and plug gaps.
7. Establish *regular debate and analysis* across sectors and between levels:
  - Regular periodic thematic, national, decentralised and local stakeholder fora (round tables, hearings, workshops, etc) to reach and improve consensus on basic vision, goals, principles, system components, pilot activities, targets and responsibilities, and to review progress.
  - Communication and information systems to ensure regular flows of information concerning sustainable development between stakeholders and between fora. This will include development of key information products such as ‘state of environment and development’ reports, policy briefs and news releases.
  - Analysis of the sustainability of the outcomes of policy, legal, institutional and financial changes.
8. Establish a *schedule of implementation* of the strategy process – determine activities, responsibilities, capabilities and resources needed, and their timing.
9. Establish continuous *monitoring and accountability* mechanisms, notably:
  - Development and review of sustainability indicators and the collection and analysis of baseline information on the environmental, social and economic issues.
  - Participatory development and review of standards/codes of practice that can be used in regulations, incentives and voluntary mechanisms.
  - Encouraging innovative processes to promote the culture of action-learning.
  - Identifying possible roles for independent monitoring or “watchdogs”.
10. Prepare a budget for the strategy process, secure financial resources, and allocate them to agreed uses in a timely and accountable manner.
11. Establish what are *residual trade-offs* at any stage and operate rules for negotiating them and managing conflict.

## 6 The Role of Development Co-operation Agencies

There is well-established commitment amongst development agencies to the principles of strategies for sustainable development (Box 2). Many of these principles are shared by the Poverty Reduction Strategy approach, the Comprehensive Development Framework and the vision outlined in the OECD's *Shaping the 21st Century: The Contribution of Development Co-operation*. Section 4 above outlined a number of examples of good practice in this area, demonstrating development agency commitment to some of these principles. But it also pointed to a number of ways in which agencies have failed to support these principles in practice.

This chapter identifies practical ways in which development agencies can ensure that they support sustainable development strategies. It does not discuss good development practice in general. But as agencies move to more strategic approaches, the distinction between good development practice and good practice in supporting strategies will become increasingly blurred. Agency roles are considered at four different levels:

- a) In the ways in which the *internal* procedures and practices of agencies need to be changed.
- b) At the *international level* in discussions and negotiations on issues of relevance to sustainable development strategies.
- c) At the *national level*, in the policy dialogue with partner country governments.
- d) And at the *operational level* in the projects and programmes which development agencies support.

This guidance does not imply that development agencies should be involved at every stage or in each area of the strategy process of a country. The role of agencies should be supplementary rather than central, with existing national policies and strategies as the starting point. The specific areas where support might be sought are for the individual country to decide, in consultation with its development partners. Once this decision has been made, agencies should follow the principles and guidance set out in this chapter. They need to respect the choices and priorities made by a developing country for its development path, and the pace at which they are pursued. Agencies should share technical knowledge and suggest alternatives, but resist any attempts to impose solutions. So while there are areas in which agencies can make an important contribution, there are also areas in which agencies should limit their role.

### Supporting the development of a vision

A long-term vision with broad goals and objectives is central to a strategy. The development of a country's vision should be underpinned by a broad consensus across a wide range of stakeholders on the values and long-term goals of society. It provides policy- and decision-makers with parameters within which to operate. Agency roles in this area should be limited. It is for the national government, in consultation with in-country stakeholders, to define their long-term vision.

**Commitment to the principles of strategies for sustainable development is well established.**

**Development agencies should not necessarily be involved at every stage or in each area of the strategy process of a country.**

**Agency roles in this area should be limited.**

At the *national level*, agencies can encourage the concept of visioning as a means by which policy- and decision-makers can engage with stakeholders to debate the issues that are important to different groups; the matters on which people are prepared to compromise; the kind of quality of life people want for themselves and their children; and their changing priorities. It is of particular importance that agencies encourage the link between the vision, the setting of priorities and the budget process.

At the *operational level*, agencies can provide support for research, scenario development and participatory processes and forums which develop, communicate and update a country's vision and help strengthen an open and listening government.

## Supporting convergence, complementarity and coherence between different frameworks

A number of internationally agreed commitments for sustainable development need to be taken into account.

In country-level strategic planning processes, there needs to be greater coherence between objectives for poverty reduction, economic growth and investment, and environmental management in pursuit of sustainable development. There are a number of internationally agreed commitments for sustainable development, in areas such as trade, the environment, and the rights of indigenous peoples to their natural resources which need to be taken into account. This guidance suggests how this integration can be achieved and builds on the DAC Guidelines on Poverty Reduction which deal extensively with improving policy coherence and the steps which are required to work towards it.

*Internally*, agencies need to develop and institutionalise multi-disciplinary and collaborative ways of working, considering incentives for staff to change their practices in this respect. They also need to strengthen the policy and analytical capability and strategic thinking of staff, and address the skills mix sought during recruitment.

Bilateral development agencies can also contribute to enhancing coherence within their own countries. This is particularly important where more than one line ministry is engaged in development co-operation activities with developing country partners. Development agencies can take a lead in encouraging agreement between line ministries in their own countries on a common approach; commitment to convergence and the principles of strategic planning for sustainable development; and agreement on common objectives and plans.

At the *national level*, agencies should promote coherence between a country's existing planning frameworks — including those developed as a domestic initiative and those developed in response to international agreements. In particular, agencies should encourage improving the quality of poverty reduction strategies, stressing the need to establish continuous processes for strategic planning; integrate economic, social, environment and governance issues; and to develop closer working relationships between different frameworks.

At the *operational level*, agencies can encourage convergence between frameworks and provide support for policy coherence by building capacity for cross-sectoral and multi-disciplinary working in the partner country. This may include strengthening skills in policy and stakeholder analysis; reinforcing capacity to build alliances across departments (see Box 24) and to manage conflicting interests and objectives — notably to balance short- and long-term considerations; and helping develop management tools for decision-making on complex issues.

## Box 24. Fostering coherence between different frameworks in Mali

In Mali, two strategic planning processes began simultaneously in 1994: the elaboration of a National Environmental Action Plan (NEAP) and of a National Action Programme (NAP) for the Combat of Desertification. While the NEAP process was to provide the overarching framework for various environment-related programmes, specific action programmes for addressing desertification issues were contained in the NAP.

To ensure coherence between these different plans and programmes, a permanent secretariat was set up to guide the process with staff drawn from the planning units of five key ministries and chaired by the Ministry for Rural Development

and Environment. Under the NAP, a Donor Focal Point was established with the following duties: (i) to collect and disseminate information to national institutions and external partners; (ii) to develop consultation mechanisms among external agencies; (iii) to establish financing mechanisms; (iv) to support the implementation of operational plans; and (v) to strengthen and support national structures.

Mali now has a combined NEAP/NAP, containing national and local-level action plans that have been co-ordinated among the national government, civil society and development agencies.

## Co-ordination of development agencies

Co-ordination of development agencies in support of nationally-owned strategies is crucial. Promoting country-leadership is the key tool for the co-ordination and harmonisation of external partners' interventions.

*Internally*, it is important that agencies have the ability to engage meaningfully in country-level co-ordination efforts. This may be enhanced by the redeployment of staff and decentralisation of authority from headquarters to country offices, where possible, based on clear principles of subsidiarity.

The burden placed on national governments by requirements to comply with a multiplicity of differing and complex agency procedures will be eased through improving co-ordination and harmonising those procedures. Major efforts are needed to simplify and harmonise procedures, bearing in mind the need to ensure transparency and accountability. In this regard, the DAC Task Force on Donor Practices is expected to provide further guidance aimed at strengthening ownership and reducing the transaction costs and accountability risks involved in delivering aid for both the development agency and the partner country.

At the *international level*, agencies should work to ensure co-ordination and consistency in their commitment to the principles of strategic planning for sustainable development outlined in this Guidance (see Box 2 above). Working with other development agencies should be considered a precondition for effective development assistance. The combined international efforts in the Heavily Indebted Poor Countries (HIPC) initiative and agreement on key issues amongst the Utstein Group<sup>1</sup> are examples of recent move towards more common ways of working, closer co-ordination and collective consensus on strategies. Annual World Bank/IMF meetings are other useful forums to develop closer working relationships and policy coherence with bilateral and other international agencies in supporting country-level strategy processes.

**Promoting  
country-leadership  
is the key tool.**

1. In July 1999 the Ministers responsible for development co-operation in Germany, the Netherlands, Norway and the UK met at the Utstein Abbey in Norway. They agreed on eleven key issues where they needed to work together to make a difference in development. One of these issues is increased agency co-ordination and the need to adjust agency programmes to achieve this. Co-ordination around a country's strategic planning process, with the country taking the lead, is fundamental to this. Improved agency co-ordination in Bolivia, Tanzania and Uganda are practical examples of where this commitment is being demonstrated.

**Box 25. Improving agency co-ordination around the poverty reduction strategy process**

Ethiopia's Poverty Reduction Strategy process has presented an opportunity for development co-operation agencies and civil society to engage with government in a meaningful dialogue. Ethiopia being one of the most food-insecure countries in the world, government, agencies and civil society see an urgent need for greater co-ordination to pursue a more sustainable approach to poverty reduction. The desire of so many to be involved in the process, and awareness of the need not to overload government, has prompted agencies to improve their co-ordination and seek to work better together. Joint communications to government, reflecting their collective views, for example on the draft interim PRSP, indicate a

growing willingness by development co-operation agencies to co-operate for the common good. Consultative groups, led by the government, are also helping to improve agency co-ordination and communication.

In Bolivia, an informal network of bilateral agency representatives has been set-up. It reviewed the Interim PRSP and provided a collective view to government on minimum expectations for the PRSP and how agency support could flow from this. The network meets regularly to review successive documents, analyse steps in the process, and agree on common positions for liaison and improved co-ordination with multilateral agencies.

At the *national level*, agencies should promote both country-leadership and agency co-ordination (Box 25). There is an emerging practice of holding formal Consultative Group meetings in recipient countries, for example in Bolivia, Ghana, Tanzania and Uganda. This encourages country-ownership and co-ordination with agencies active in-country. The less formal in-country co-ordination meetings between agency representatives and government are also useful forums. The partner country should drive and chair these forums.

### Supporting national ownership and commitment

Countries need to own and lead their strategic planning processes.

It is now widely accepted that countries need to own and lead the development and implementation of their strategic planning processes. Ownership cannot be imposed but must grow out of genuine desire, active engagement and transparency on the part of the national government and other stakeholders.

*Internally*, agency programmes and planning cycles can support country ownership by recognising and strengthening the country's strategy. Agencies must assume a secondary stakeholder role so that their support strategies are based on and subordinated to the country's nationally-owned strategy where one exists. Development co-operation agencies need to ensure that their internal procedures and requirements reflect and respond to country needs and do not drive processes in-country. This is particularly important in countries which are heavily dependent on external support.

At the *international level*, the development community should put into practice the commitment to build on existing in-country strategic planning processes. Otherwise the risk is that new, externally-defined strategies could undermine local processes by implying that an entirely new process is needed. Emphasis should be placed on ensuring that existing country strategies are able to address emerging issues.

There is a tension between country-ownership and agency concerns about strategy content.

There is a recognised tension between country-ownership and agency concerns about strategy content. Financial conditionality, essential for safeguarding scarce resources, needs to be used selectively. Strict timetables are not advisable as they can erode or limit ownership and commitment. They also tend to divert attention away from the long-term substantive issues of sustainable development- and the priorities of the ministries, agencies and other stakeholders concerned — towards short-term financial issues which, while urgent and important, should not assume central importance in this context. Instead, agencies should promote a broadening of ownership and joint agreement with country partners around achievable targets and outcomes. The process needs to be results-oriented.

## Box 26. Lessons from poverty reduction strategies - learning from experience

A new approach to country development of poverty reduction strategies was introduced in 1999 by the World Bank and the International Monetary Fund as a basis for providing financial support. Countries were invited to design their own strategy, and operationalise it through a Poverty Reduction Strategy Paper (PRSP). The PRSP process should build on existing national strategies and policies, be country owned and country driven. Some countries already had what were, in effect, PRSPs.

While no formal review of PRSPs has taken place, the country dialogues undertaken as part of the process for developing this guidance included reviews of the PRS process. The lessons outlined below draw from this experience as well as DAC member's engagement in other countries and in international PRSP-related work. They are also consistent with broader international experience and the PRSP Progress Reports of the World Bank/IMF:

- The role of external partners in promoting and ensuring country ownership must be strengthened.
- Greater attention should be given to building on existing strategies. There is a need to ensure that completely new processes are not introduced and that owners of existing strategies are not marginalised.
- The pressures resulting from the incentives for developing even Interim PRSPs within a short time-frame must be recognised.
- Agencies and countries need to consider consistency of the PRSP with other international agreements for sustainable development (e.g the UN Convention to Combat Desertification) .
- Agency co-ordination at the international and country levels is improving but needs to be strengthened.
- Multi-stakeholder participation in the process has been inconsistent.

International experiences to date has resulted in some changes including:

- Articulation of PRSPs as a means to operationalise the Comprehensive Development Framework.
- Recognition of the need for a longer time horizon.
- Recognition of the need to institutionalise changes in the behaviour and ways of working of both countries and agencies to ensure greater country ownership.

The development community, including the IMF, World Bank and countries themselves, recognise that there remain a number of challenges to be addressed to ensure the success of this approach. As PRSPs increasingly become the basis for agency support, there is a need to improve the analysis, process and content, ensuring the integration of key development issues, such as gender and environment. The tension between country-ownership and bilateral and multilateral agencies' concerns about content need to be informed by guidance and dialogue, and addressed on a country-by-country basis.

There is growing recognition of the need to consider poverty-environment linkages and long term sustainability issues in PRSPs. Consideration of these issues and their integration into the policy analysis process is being taken up by individual countries and the Joint Staff Assessment guidelines of the IMF/World Bank. The need to develop a common framework for more systematic assessment of poverty and the impact of major policy changes, would be strengthened by the inclusion of these issues.

Other challenges include the need to improve development agency collaboration to achieve consistent agency cohesion and compliance with the partnership principles agreed with countries; the need to institutionalise changes in behaviour and ways of working of both agencies and countries, in order to promote country ownership; and staff capacity to accept and adapt to the process approach inherent in poverty reduction strategies.

Early experience with poverty reduction strategies has revealed some important lessons on supporting national ownership and commitment, and on supporting strategies for sustainable development more generally. A number of these lessons are outlined in Box 26.

At the *national level*, agencies should encourage countries to strengthen their leadership of, and commitment to, strategic planning processes. It is particularly important to encourage the full participation of all line ministries, including planning and/or finance ministries. Agencies may encourage and support mechanisms for a shared responsibility across government as well as between government and other stakeholders; and promote new partnership agreements based on transparency, accountability and joint monitoring.

At the *operational level*, agencies should focus on playing a catalytic and supporting role in country-level strategy processes. They should integrate their support into the work programmes of mainstream ministries or the work of other country participants, rather than set-up separate co-operation procedures and mechanisms. Support could, for example, help analyse how existing frameworks can be used as building blocks for developing strategies for sustainable development.

## Working to foster effective participation

Support for participatory approaches is needed on a continuous basis.

Broad-based participation in strategic planning will strengthen local ownership of the process, content and outcomes. Participation depends on the capacity of those responsible for organising and managing participatory processes, but also on the capacity of participants to get engaged in them. Support for participatory approaches is needed on a continuous basis.

*Internally*, agencies should strengthen their expertise in participatory processes. All agency staff need to be aware of the importance and implications of participation and some will need to acquire consultative and participatory skills.

Agencies should ensure that the development and review of their country support strategies includes participation of in-country stakeholders. This needs to be done in a manner that does not, in reality or in appearance, undermine the national approach to participation.

At the *national level*, agencies should promote multi-stakeholder participation in strategy processes. Different forms of participation are appropriate in different cultural contexts, for different requirements, and in different circumstances. Agencies need to be sensitive to this and limit their role to promoting inclusive participatory processes in general, and not advocate specific solutions.

At an *operational level*, agencies should recognise and strengthen existing national capacities in participatory methodologies rather than rely on international expertise. Agency support can, for example, be made available for participatory planning processes to make use of this national capacity. Supporting training, and international exchange of information and experience provides another way of strengthening national capacity.

## Strengthening strategic analysis

Understanding the links between the various dimensions of sustainable development is crucial.

Strategic planning processes need to be based on and informed by sound diagnosis. Understanding the causal links between the various dimensions of sustainable development, particularly poverty, environment and growth, is crucial.

*Internally*, as agencies agree strategic approaches and new partnerships with developing countries, they need to ensure that poverty-environment linkages and issues of long-term sustainability are clearly understood and integrated in strategic planning approaches. Often, existing “safeguard procedures”, such as those relating to environmental assessment can be built on for this purpose.

**Box 27. Supporting strategic analysis: participatory poverty assessment in Pakistan**

From March 2001 to April 2002, a participatory poverty assessment (PPA) exercise will be undertaken in Pakistan, with development co-operation agency support. This will inform the Poverty Reduction Strategy process and will be carried out at national and provincial levels, and in 48 districts.

Development agency support is assisting Pakistan to (a) strengthen the analytical tools and methodologies to ensure that this exercise captures a more comprehensive understanding of the causes and consequences of poverty; (b) use it to strengthen policy analysis skills; (c) inform the policy decisions and priority setting in Pakistan's development planning processes.

Poverty-environment links will be identified within the research scope and methodological framework of the PPA exercise. This will ensure the inclusion of fundamental aspects of sustainable development which would otherwise not have been captured.

The aim is to strengthen the analysis for the PRS paper and process and to provide a natural convergence point for poverty reduction programmes and implementation of recommendations from the mid-term review of Pakistan's National Conservation Strategy.

At the *national level*, agencies can help to strengthen understanding of the long term implications of policy decisions and promote improved integration of the various dimensions of sustainable development into strategic planning processes. Where integration is not possible and conflict remains, such as between long-term environmental objectives and short term measures for poverty reduction, agencies can promote processes to analyse trade-offs; transparency in the decision-making process; and the mobilisation of alternative support (e.g. GEF resources) to reduce the possibility of compromising long-term objectives.

At an *operational level*, agencies can strengthen capacity for policy analysis to improve policy coherence and impact. This includes strengthening appropriate analytical tools and methodologies which help to quantify and integrate external costs and benefits and integrate them into policies and planning. Strengthening capacity in methodologies such as the World Bank's Genuine Savings approach and the World Economic Forum's Environmental Sustainability Index may be useful in this regard.

Support can be provided for capacity development in methodologies for strategic assessment and environmental economics. This can include strengthening existing mechanisms, such as state of environment reporting, poverty-environment studies and participatory poverty assessments (Box 27) so as to include consideration of the links between poverty and environment.

Partner countries can be supported in analysing the economic, social and environmental implications of international agreements which they enter into — in areas such as trade, investment etc. Strengthening the policy capabilities of environment ministries and civil society environmental groups to engage in the strategic planning process is likely to lead to a greater appreciation of environment-poverty-growth linkages by other government ministries, particularly those economic, planning and finance portfolios.

**Support can be provided for capacity development in methodologies for strategic assessment and environmental economics.**

## Strengthening strategy management systems

Strategy processes aim to bring about continuous improvement. This requires mechanisms for information generation, debate, communication, decision-making and monitoring. These need to be co-ordinated in ways which allow stakeholders to play their part and at a pace suitable to all.

### Supporting management capacity at all levels

Effective strategic planning processes require management systems that promote co-ordinated cross-sectoral and multi-disciplinary ways of working. Responsibilities and relationships between the different key participants, need to be clear. This has implications at the national and local levels. Building capacity at the local level is of particular importance in countries where decentralisation is taking place.

At the *national level*, agencies can promote capacity for decentralisation, devolution and reform of local government so that it is accountable, transparent and effective. They can encourage information and ideas from decentralised levels to be considered centrally. Agencies can also draw attention to the importance of policy coherence at decentralised levels and the need for strong local institutions to foster coherence with higher levels policy processes.

At the *operational level*, development agencies can support decentralisation by providing support to strengthen local administrative, planning, analysis and other capacities; by encouraging processes that are inclusive and representative; and by strengthening mechanisms to feed local level policy issues to the national level. Agencies can help to strengthen management and accountability systems at all levels, and processes to determine the appropriate levels at which decisions should be made.

To encourage cross-sectoral working, greater co-operation between line ministries will be required at all levels. Agencies can encourage this by providing support for the establishment of formal and informal co-ordination mechanisms and greater involvement with civil society. Changing the culture of organisations to promote co-operation is key to this. Agencies can support strengthening the management development capacity of staff. This can include developing a range of skills in organisational and institutional management.

### Public communication

Sustainable development and strategies to achieve it are complex issues. They are about improving current circumstances and dealing with change. Good communication is required to ensure broad ownership and participation. National and local media are important vehicles for communicating these issues.

At the *national level*, agencies may engage in promoting governments' awareness of the importance of information, communication and education to enable the effective involvement of citizens in sustainable development. Agencies can promote the development of greater awareness among the population of sustainable development and its links to a nation's vision and strategic planning processes.

At a more *operational level*, agencies can provide support for the development of communication strategies, providing support for training in public communication issues.

Effective strategic planning processes require management systems that promote co-ordinated cross-sectoral and multi-disciplinary ways of working.

National and local media are important vehicles.

## Conflict prevention and management systems

An important element of a country's strategic planning system is the establishment of mechanisms to reconcile the short-term positions and longer-term interests of different stakeholders, in order to prevent differences escalating into violent conflict. The appropriateness of such mechanisms are highly dependent on, and should be sensitive to the cultural context of a country. Agency roles in this area may be limited.

*Internally*, agencies should create more staff awareness of, and skills in, conflict management, through training in and use of mediation and arbitration.

At the *national level*, agencies can help strengthen awareness of, and trust in, alternative dispute systems, both within and outside government, and how they may contribute to and complement traditional systems of dispute management.

At an *operational level*, agencies should limit their role to the provision of support for strengthening national capacity in dispute resolution. Such support can include providing training for mediators, assisting the development of alternative methodologies and practice; and enabling international networking.

## Information systems

Strategic planning and decision-making for sustainable development depends on credible and reliable information on environmental, social and economic conditions, trends, pressures and responses, and their correlation with strategy objectives and indicators. Too often, development interventions to support information systems have not been demand- or purpose-led, leading to a lack of good information to support policy and decision-making.

*Internally*, agencies should promote sharing of lessons in supporting country-level strategies: among different departments within organisations; among different agencies of the international development community; and between agencies and country partners.

At the *national level*, agencies can play a useful, catalytic role in promoting international exchange and learning of strategic approaches to sustainable development, and in supporting efforts to improve the demand by policy-makers for up-to-date information on sustainable development issues.

At the *operational level*, agencies can support the strengthening of capacities in data gathering and analysis, and the development of information management systems. Wherever possible, local institutions should be used for information gathering, analysis and planning. Where external sources are required, twinning and co-operation with local institutions should be arranged.

## In-country monitoring of strategies

Monitoring and evaluation are critical for improving strategic processes. It enables a country to track progress and to distil and learn lessons, and so respond to emerging challenges.

*Internally*, agencies need to ensure that support for the monitoring of progress of country's strategy is not based on accountability requirements, but is primarily for the purpose of helping a country's own learning and improving progress towards its agreed objectives and goals. However, such indications of progress can also be used to assess the contribution and possible impact of agency support. (See page 69 on joint monitoring of an agency's success in supporting strategies for sustainable development).

**Mechanisms to prevent differences escalating into violent conflict should be sensitive to the cultural context of a country.**

**Credible and reliable information on environmental, social and economic conditions.**

**Monitoring and evaluation are critical.**

At the *national level*, agencies can play an important role in supporting and advocating the development of indicators and monitoring instruments for a country's own assessment of progress towards sustainable development. Only if such instruments are nationally-owned are they likely to be successful. It is important to underline the role of both data and indicators, and the organisational aspects relating to monitoring plans. This includes identifying what should be monitored, by whom, and when, redress procedures, provision of information to stakeholders etc.

At the *operational level*, agencies can support capacity-building for statistical and other analysis to monitor strategy processes, indicators and progress towards nationally-defined objectives. This could include capacity to develop and analyse qualitative as well as quantitative data and the development of systems which ensure that national policy and programmes are reviewed and revised to reflect impact at the local level.

## Financial resources for strategies

A strategic planning process needs to be fully integrated into the national budget.

A strategic planning process needs to be fully integrated into the national budget to ensure that plans have the financial resources to achieve their objectives. Conversely, the national budgetary process needs to be informed by meaningful planning. The precise form of such budget processes will vary from country to country. In a number of cases a Medium-Term Expenditure Frameworks (MTEFs) has been adopted as a means by which to relate key country priorities to overall budget allocations.

*Internally*, agencies need to ensure that their financial commitments and programmes flow out of, and are based on, a country's development strategy and national budget and priorities. Agency decision-making systems should not slow down developing country governments' efforts to boost and co-ordinate budget allocation, particularly in countries still dependent on agency financial support. Financial commitments by agencies need to take into account the timing of the country's budget process, making timely financial commitments and allocations. Greater openness by agencies to changes in possible future financial support and a commitment to longer term support would increase transparency and assist countries to plan on the basis of more predictable resources.

At the *national level*, agencies can strengthen capacity for building budgets based on strategic priorities. They may also have a role in encouraging greater accountability in making allocations through strengthening links between the budget process and policy prioritisation.

Agencies can also consider how better integration of agency resources into the government financial management systems can be achieved with greater transparency and accountability: the provision of budgetary support through programme aid and sector-wide approaches may be useful in this regard. As agencies increasingly move towards providing programme and sector support, ensuring effective participation by a wide range of stakeholders in the budget process, and in the setting of priorities, becomes increasingly important.

At an *operational level*, agencies can provide resources to strengthen financial management capacity and to encourage greater transparency of the budget process, allowing for wider stakeholder participation in the budgetary decision-making and prioritisation process. Improving these skills and transparency in this area is essential for developing a trusting partnership between agencies and country partners. This is necessary for increasing opportunities for agencies to provide direct budget support.

### Box 28. Agency adherence to the principles of strategic planning for sustainable development: the example of Uganda

Uganda's National Poverty Eradication Action Plan (PEAP) was developed in 1997. In 1999/2000, when the PRSP approach was introduced, the PEAP was due to be revised to take account of work undertaken since 1997. This included a Plan for the Modernisation of Agriculture (PMA), a Participatory Poverty Assessment, a Poverty Status Report and the establishment of a Poverty Action Fund.

The PEAP was reviewed by a participatory drafting process. It also had strong national ownership and political commitment. This commitment and ownership, together with the collaboration of a number of bilateral agencies, enabled the government to agree with the IMF and World Bank that the PEAP would be accepted as Uganda's Comprehensive Development Framework and its PRSP.

Agency support to this process was critical in ensuring commitment to an existing process; in strengthening the quality of the process; and in supporting additional analysis. The provision of moral (as well as financial) support to key stakeholders, such as the Poverty Monitoring Unit in the Ministry of Finance and Economic Planning, was important in developing trust, open dialogue and the provision of targeted, demand-led support to the process.

This targeted support was helpful in undertaking poverty-environment analysis and integrating these aspects into the PEAP and the Plan for the Modernisation of Agriculture.

It also helped to support the National Environment Management Authority to lobby those leading on the process to strengthen the integration of the environment and long-term sustainability into the PEAP and the PMA. This will improve the achievement and sustainability of the intended outcomes.

The challenges for agencies in this process included the need to resist the temptation to direct the process; to ensure that external requirements did not drive Uganda's agenda; and to improve agency co-ordination and coherence on both the process and content of the PEAP. Agency commitment to addressing these challenges has resulted in more focused and effective Consultative Group meetings which are now being held in Uganda. The less formal in-country co-ordination meetings between agency representatives and government are now much more cohesive with stronger commitment to the government strategy and the partnership principles of the PEAP; there is greater subsidiarity of agency programmes to the government's objectives and procedures.

Internal challenges included improving harmonisation of policies between agency head-quarters and country offices; head-quarter commitment to supporting strategic planning approaches are not always well reflected at country office level. This reflects the need to strengthen agency staff capacity to adapt to the change; the need for changes in agency procedure and practice; and greater flexibility in providing assistance sensitive to the country context

Agency financial support through a project approach can still be viable, but agencies need to work closely with government to ensure that project interventions are compatible with the government's strategic goals and priorities; and that they are sensitive to local conditions and that they fully participate in government efforts to co-ordinate agency support and agency compliance with the principles of the strategic partnership between agencies and government.

## Working together in practice

The preceding sections have set out how development agencies can support strategies for sustainable development. Cutting across the recommendations suggested in this chapter is the need for agencies to systematically support the strengthening of country capacity in all aspects of strategic planning processes and the need for sharing of international knowledge and experience. Many of these recommendations will require changes in the culture, behaviour and procedures of agencies, so that they support – rather than control – in-country strategic processes. Box 28 gives an example of how this is working well in practice.

**Many of these recommendations will require changes in the culture, behaviour and procedures of agencies.**

### Box 29. Key questions for assessing, and learning from, development agency performance in supporting strategy processes

- To what extent is the agency's country assistance strategy based on, and aligned to, the partner country's own sustainable development strategy?
- What specific programmes does the agency finance which support strategic planning for sustainable development? To what extent do they respond to the principles outlined in this policy guidance?
- To what extent does the country assistance strategy contain a specific analysis of the partner's capacity in relation to strategic planning for sustainable development (participation, analysis)?
- To what extent is this analytical work done jointly with other agencies and country partners?
- What actions has the agency taken to promote convergence, complementarity and coherence between planning frameworks in the country?
- When providing support in sectors such as agriculture, transport, health, energy, trade and investment, how does the agency foster relevant cross-sectoral linkages and policy coherence in the country?
- To what extent are the activities supported by the agency in the country co-ordinated with those of other bilateral and multilateral development agencies, under the leadership of the partner country? What support for such country-led co-ordination is the agency providing? Is strategic selectivity or division of tasks emerging? How is in-country co-ordination helping to resolve differences or friction among agencies?
- How has the agency undertaken, where possible, any harmonisation of policies and procedures with other agencies at the country or sector level?
- How is the agency sharing experiences gained in relation to strategic planning for sustainable development with other actors?
- How has the agency distributed, and developed understanding of the content of, this guidance among its staff? How are issues relating to strategies for sustainable development included in the agency's staff training programmes?
- To what extent are the values and principles contained in this guidance known and embraced by agency staff?
- How are agencies learning internally from their assistance to a country's strategic planning process?
- What changes has the agency made as a result of this learning to improve its adherence to the principles outlined in this policy guidance (notably relating to participation, country ownership and cross-sectoral policy integration)? How have staff incentives changed for supporting strategies for sustainable development ?
- What special efforts has the agency made to support and facilitate civil society participation in strategic planning processes?
- How do the agency safeguard policies and the application of strategic assessment methodologies relate to a country's strategic planning framework ?
- To what extent does the agency encourage and support the application of strategic assessment methodologies when supporting sector wide approaches (SWAPs) and policy reform?
- To what extent is the agency able to provide long-term funding for strategic planning processes? If the agency is providing shorter-term funding (e.g. annually) to what extent/how has the agency ensured that this contributes to, and is consistent with, a country's longer term planning process for sustainable development?
- To what extent is the agency funding clearly linked with the national budget of the country?
- In what ways has the agency promoted a broadening of ownership and joint agreement around achievable targets and outcomes?

## Monitoring the response of DAC members to this policy guidance

### Scope

Development co-operation has the potential to either strengthen or weaken a country's strategic planning processes. Its impact is seldom neutral. Agency application of, or support to, the principles outlined in this guidance (Box 2) will make a positive contribution to the capacity of partner countries to strengthen their strategic planning processes for sustainable development. Development co-operation activities undertaken without regard to these principles could easily undermine such processes.

The application of these principles is not only relevant for support to a country's overall strategic framework, but also to the range of initiatives which flow from them, such as sector-wide approaches (SWAPs), policy reform or capacity strengthening. Monitoring the extent to which DAC Members' follow this policy guidance should include reviewing the range of these initiatives with regard to the recommendations outlined in this guidance<sup>2</sup>. Issues relating to convergence and coherence (page 58) and co-ordination (page 59) and ownership (page 60) have particular relevance in this regard.

### Indicators

In collaboration with partners, development co-operation agencies will have to develop indicators for assessing their own performance in supporting strategy processes, at the local, regional or national levels. These will have to be based on countries' own indicators for measuring progress towards achieving the target and adjusted to the roles of external agencies. The questions outlined in Box 29 could be useful in this regard.

### Options for monitoring

Possible options for monitoring the extent to which DAC members follow this guidance, and effectiveness in providing support for the development and operation of strategies for sustainable development include:

- **At the country-level partnerships between developing countries and development agencies:** In line with the partnership principles advocated in this guidance, reviews of agency assistance programmes could be undertaken jointly between the agency and country, with a view to learning together from the successes and failures in supporting national strategies. Partner countries themselves are best placed to evaluate the contribution of agencies' efforts to support their strategic planning processes. Assessing agency performance through a partnership between agencies and developing countries is therefore a necessary approach. It would help identify constraints and actions required by agencies and partner countries alike to improve the partnership, laying the ground for continuous improvement. The assessments could take the form of separate thematic evaluations, or be integrated as one component of other relevant evaluations.
- **At the international level through peer review between DAC members.** It would also be useful to assess progress by peer review undertaken by other development agencies. This would have the benefit of enabling comparisons to be made and learning from how different agencies have provided support. Monitoring the effectiveness of donors in supporting strategy processes and capacities in partner countries could be conducted as part of the regular DAC Peer Review Process.

2. This does not substitute for established processes such as environmental assessment, although adequately applying such methodologies has the potential to contribute to country capacity in-country.

**Development co-operation has the potential to either strengthen or weaken a country's strategic planning processes.**

## 7 Implementing the International Development Goal on Strategies for Sustainable Development: Some Preliminary Options for International Information-sharing

The development and implementation of strategies for sustainable development is a commitment entered into by all countries at the 1992 UN Conference on Environment and Development, and it has become one of the International Development Goals (IDG) adopted by the international community. Acting on this commitment is a national responsibility, but progress will also need to be addressed in appropriate international fora, in particular in the context of preparing for the 2002 World Summit on Sustainable Development.

This section provides some preliminary ideas for monitoring the IDG on strategies for sustainable development. The current proxy, the existence of a National Environmental Action Plan, is not useful for measuring progress towards sustainable development. The OECD/UN/World Bank indicator for sustainable development strategies agreed in “A Better World for All – Progress Towards the International Development Goals” is the existence of “effective (strategic planning) processes for sustainable development”. The questions listed in Box 29 could be adapted to form a useful in reviewing progress towards the achievement of this IDG at a country level. To assist further discussion, this section makes some observations on issues that will need to be considered in devising a system for sharing information on the implementation of the IDG on strategies for sustainable development. The ideas and suggested options are based on the analytical work on strategies for sustainable development carried out during the preparation of this guidance. To be effective, any such system must be designed through international consensus so as to satisfy the needs of both industrialised and developing countries.

Before even addressing issues of potential monitoring, a vital first step is to achieve greater international understanding about and consensus on what is actually implied by the term “national strategy for sustainable development”. It is hoped that the definition of such a strategy offered in this guidance, and the accompanying principles for developing and implementing strategies, will provide a basis for discussion and consensus. On this basis, it is clear that no two strategies will ever be the same. Indeed, individual countries will have different views about what issues and actions are crucial to contributing to sustainable development. Any system for monitoring the implementation of the IDG on strategies must take this into account. In fact, any international monitoring must be grounded by in-country monitoring.

## The purpose of international information-sharing on the implementation of strategies for sustainable development

Notwithstanding the above, there is much to gain from sharing information internationally on the implementation of strategies. The overall objective should be to learn lessons from the experiences of different countries in order assist continuous improvement. This guidance underscores the point that effective strategies require genuine country ownership and, therefore, any form of “policing” or conditionality in relation to following up on the implementation of the goal could be very counter-productive.

### Scope and types of indicators

An international information-sharing framework on the IDG on strategies for sustainable development is likely to be most effective if it focuses on the following elements:

- Key component processes and mechanisms which are considered by the country in question to be part of its strategy for sustainable development – whether under the umbrella of a single strategy or the sum of a number of initiatives and processes.

It is worth emphasising that the starting point for collecting this information must be a country’s own perception of what constitutes its national strategy for sustainable development. Examples of relevant components and processes include efforts in areas such as: communication and awareness; civil society participation in sustainable development debate and action; capacity-building for sustainable development; co-ordination between sectoral ministries; monitoring systems and indicators.

- The quality of these processes and mechanisms in terms of their contribution to effective change towards sustainable development.

This could be measured in terms such as changes in civil society awareness of sustainable development issues; changes in representation in relevant fora; changes in attitudes or skills connected to capacity-building efforts; the extent to which there have been shifts in decisions of key bodies during the strategy period; changes in public and private sector investment plans, allocations and disbursements; etc.

- Progress against key sustainable development indicators, i.e. impact of the strategy processes.

This should build on ongoing international work such as that carried out under the programme of work on indicators of sustainable development approved by the UN Commission on Sustainable Development.

- Suggestions for improvement and strengthening of national planning processes for sustainable development.

For learning purposes, disaggregated data are useful, as they allow the identification of specific areas where policy changes may be recommended. In this form, rather than providing definitive answers to specific questions, monitoring would seek to position progress in each component process or mechanism on a scale from no progress to very good progress.

There may also be a benefit in seeking to establish an aggregate index reflecting progress in strategies for sustainable development in a country. Such an approach should build on on-going work on indices of this type such as the Human Development Index which has the advantage of being easy to communicate and publicise.

## Options for international management of information in relation to implementation of the IDG on strategies

There is a range of options for the international management of information in relation to the implementation of the IDG on strategies for sustainable development:

- **United Nations:** An important role for the UN in the context of monitoring strategy implementation would be the centralisation and dissemination of information provided by individual countries. This could be the task of the Commission for Sustainable Development (UNCSD) and could, for example, be linked to the regular voluntary country reporting to this body. The current use of questionnaires to steer country reporting could be expanded to include specific queries relating to strategy principles and approaches. This could be done so as to ensure approximately comparable reporting, on an annual basis, on a smaller number of processes and approaches agreed by the international community as key to effective strategies.

Another option could be to place, every year, a stronger focus on certain specific aspects of strategies for sustainable development. This would increase the scope for in-depth analysis of those aspects.

A benefit of having this information managed by the CSD is that conclusions relating to constraints or contributions that are embedded in the activities of other international organisations could be immediately channelled to those organisations. This assumes, of course, that there is a continued mandate for such CSD activities.

- *International peer review:* A more active approach to the international gathering of information could be embedded in some form of international peer review system. This would have to be carried out in a mutually trusting relationship by a team drawn from peer group countries. This system may initially be most acceptable within regional agreements which already include some form of co-operation for sustainable development.
- *International panel:* A third option is information-gathering and analysis by a team drawn from an international panel of individuals with recognised experience and expertise in developing, implementing and/or assessing strategies for sustainable development. It may be difficult to gain broad acceptance for such an approach until there is broad acceptance of the principles contributing to effective strategies for sustainable development.

## Time frames

Consideration should be given to the periodicity of any independent domestic or international follow up of the implementation of IDG, and of reporting by countries. The first 'round' could be undertaken in 2002-2006, and then maybe every five years. The reporting of the IDG on strategies for sustainable development should be co-ordinated with that related to other IDG monitoring.

# DAC Guidelines

The OECD Development Assistance Committee adopts policy guidance for Members in the conduct of their development co-operation programmes. These guidelines reflect the views and experience of the Members and benefit from input by multilateral institutions and individual experts, including experts from developing countries.

## ***Shaping the 21st Century: The Contribution of Development Co-operation***

Approved by the DAC High Level Meeting of 1996, *Shaping the 21st Century* sets forth strategic orientations for development co-operation into the 21st century. The report recalls the importance of development for people everywhere and the impressive record of human progress during the past 50 years. It suggests a set of basic goals based on UN Conference outcomes – for economic well-being, social development and environmental sustainability – as a vision for the future, and proposes strategies for attaining that vision through partnership in support of self-help efforts, improved co-ordination and consistent policies. These goals, and the partnership approach, have since been widely adopted in the international development system.

In this context, DAC Members have developed a series of guidelines for attaining the ambitious goals set out in *Shaping the 21st Century*.

### ***The DAC Guidelines (2001):***

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