

ABSTRACTS
OECD/UNCSD EXPERT MEETING ON INSTITUTIONALISING SUSTAINABLE DEVELOPMENT
City Conference Centre, Stockholm, Sweden, 31 August – 1 September 2006

Session 1: Good Practices in Governance Structures for National Sustainable Development Strategies

Although countries now have considerable experience with the governance aspects of national sustainable development strategies (NSDS), there are a variety of views concerning the best approaches for putting governments on the road to sustainable governance. These concern notably whether the NSDS is: 1) top-down or bottom-up, 2) horizontal or embedded in a single Department, 3) underpinned by legislation, 4) linked to budget processes, 5) fully open to stakeholders, and 6) linked to sub-national levels.

NSDS, to be fully effective, should be all-inclusive in involving a range of Ministries, departments and agencies. Preferably, they should be top-down in that government bodies design their SD programmes in accordance with an overarching strategy (e.g. United Kingdom). However, some countries (e.g. Canada) have a bottom-up approach where individual departments formulate their SD programmes in the absence of an overall strategy. In addition, different types of strategies may be needed in federal countries (e.g. Belgium, Canada) than in those where the government is more centralised.

Countries where responsibility for implementing the NSDS is assigned to the Prime Minister's Office or equivalent (e.g. Germany, Finland) show greater results. Most countries, however, have given NSDS responsibility to Environment Ministries, which is generally less effective. Most NSDS have no formal legal basis, with the exception of Canada (through the *Auditor General Act*). The Canadian province of Quebec passed a *Sustainable Development Act* in 2006 which legislates NSDS development, accountability and monitoring by the provincial government.

Placing responsibility for implementing NSDS in the Ministries with the money can be good practice. In Finland and Norway, NSDS are overseen by Finance Ministries. But even in these countries, the integration of NSDS with budget processes is weak. Sustainable governance in practice would require that departmental expenditures are justified through their contributions to the goals and priorities of the NSDS.

Stakeholder involvement is a fundamental test of NSDS. Recognising that transparency is central to sustainable development, most countries have included stakeholders in strategy development and implementation. But approaches differ. Some countries (e.g. Austria, Czech Republic) include stakeholders in the government bodies responsible for NSDS implementation and oversight. Others (e.g. France, Germany, United Kingdom) have separate stakeholder councils which advise the government.

Lastly, links should be established to sub-national governments in order to catalyse action, leverage their involvement, and manage the interdependency between different levels of government. But degrees of co-ordination with local governments in the context of NSDS vary from high (e.g. France, South Korea) to medium (e.g. Sweden, Finland) to low (e.g. Germany, Portugal).

Discussion questions:

- 1) *Which elements of governance structures for sustainable development have worked in your country and why?*
- 2) *What have been the main challenges encountered in implementing sustainable governance and how have you overcome them?*
- 3) *Are there any important elements missing for good NSDS governance?*

Session 2: Good Practices in Monitoring and Reviewing National Sustainable Development Strategies

Monitoring and reviewing are essential to ensure that sustainable development initiatives are being carried out and to provide a feedback process to improve strategies. Countries have adopted different approaches to monitoring NSDS implementation, all of which have certain advantages and disadvantages. These include: 1) indicator-based monitoring, 2) internal reviews, 3) external audits, 4) parliamentary reviews, 5) budgetary reviews, and 6) national peer reviews.

Most countries have developed indicator sets to help measure progress towards sustainable development. When indicators are integral to NSDS, used as the basis for target-setting and sustainability assessments, and include intergenerational measures, they can provide for rigorous monitoring (e.g. Norway, Switzerland). But most countries have not arrived at this point due to difficulties in measuring SD concepts, developing a short list of indicators, and/or conducting sustainability assessments.

Internal reviews are those undertaken by governments to review progress in the achievement of goals included in NSDS. As practiced by the United Kingdom, which based their NSDS Annual Reports on progress achieved on headline indicators, internal reviews can be effective in highlighting sustainable or unsustainable trends. But without full political backing, they may be ineffective in promoting progress.

External audits of NSDS were pioneered by Canada, where a Commissioner audits agencies on the achievement of the goals set out in their SD plans which are revised every three years. The result is an independent assessment of progress in sustainability, but the effectiveness of this approach depends on the relative ambition of the goals being audited and the responsiveness of agencies. The UK Sustainable Development Commission has recently been assigned a similar role. Given the resources needed to implement NSDS auditing on an ongoing basis, there are also questions regarding its cost-effectiveness.

In some countries (e.g. Germany, the Netherlands), parliaments have undertaken responsibility for monitoring NSDS, usually through reviewing an annual report. This approach builds on the checks and balances which should exist between various branches of government and also helps raise political awareness of sustainable development plans and goals. However, these reviews are generally limited to debating a government report with little involvement of stakeholders. Due to limited parliamentary terms and concern with other issues, such reviews can also have short-term perspectives.

Budgetary reviews to monitor NSDS can be effective in requiring departments to account for successes and failures in achieving sustainable development goals in monetary terms. Here, budget allocations would be based on negotiating annual funding allowances in a sustainable development context. Some countries (e.g. Norway, Sweden) have "green budgets" which outline potential sustainability impacts linked to public spending. However, it is very difficult to get political support for this monitoring approach.

The application of peer review approaches to NSDS was initiated in 2005 by France who invited four countries to review and make recommendations on their national strategy. When properly organised and designed to provoke constructive criticism, peer reviews can be a powerful tool for assessing and revising NSDS. Strategies can be enhanced when the results of peer reviews are used to improve design and implementation. However, peer reviews at national level are only effective if objectivity and constructive criticism by the reviewers are encouraged and recommendations are incorporated in NSDS.

Discussion questions:

- 1) *In your experience, when are each of the different approaches discussed above particularly useful and why?*
- 2) *In your view, who is best placed to undertake each type of monitoring and reviewing and why?*
- 3) *How can countries gain the support needed to implement one or a combination of these approaches?*

Session 3: Developing and Implementing National Sustainable Development Strategies in Developing Countries

Governments agreed to prepare NSDS as part of *Agenda 21* in 1992, and the United Nations as well as the OECD Development Assistance Committee (DAC) prepared NSDS guiding principles in 2002 to assist developing countries. According to the DAC principles, effective NSDS are: 1) people-centred, 2) based on long-term visions or timeframes, 3) comprehensive in integrating economic, environmental and social objectives, 4) integrated into budget mechanisms, 5) based on analysis and assessments, 6) incorporate monitoring, learning and improvement, 7) country-led and nationally-owned, 8) receive high-level political commitment, 9) build on existing mechanisms and strategies, 10) transparent and multi-stakeholder processes, 11) link national and local levels, and 12) optimise local skills and capacity.

Poverty Reduction Strategies (PRS) were originally intended to help the least-developed countries secure debt remission and low-cost loans from the World Bank, International Monetary Fund (IMF) and bilateral donors. PRS are spending frameworks agreed with the World Bank and IMF which describe the country's macroeconomic, structural and social policies and external financing needs. Updated every three years, PRS provide the programmatic basis for co-operation between developing country governments and donors. Key principles which guide the preparation of PRS are: 1) country-driven, 2) results-oriented, 3) comprehensive, 4) partnership-oriented, and 5) long-term perspective.

The UN has recommended that developing countries adopt strategies bold enough to meet the Millennium Development Goal (MDG) targets for 2015. The 8 goals, which break down into 18 quantifiable targets measured by 48 indicators, are 1) eradicate extreme poverty and hunger, 2) achieve universal primary education, 3) promote gender equality and empower women, 4) reduce child mortality, 5) improve maternal health, 6) combat HIV/AIDS, malaria and other diseases, 7) ensure environmental sustainability, and 8) develop a global partnership for development.

While these strategies have different origins, focus and timeframes, they are complementary in their goals. The PRS are practical templates for development financing and spending, but tend to be driven by treasuries and donors and highlight financial concerns. Elements of NSDS relating to policy integration (particularly environmental and social concerns), transparency, stakeholder involvement, and links to local levels could usefully be brought to PRS. At the same time, synergies with the MDG could be realised if the 8 goals are used as targets for PRS and NSDS.

The 2002 Johannesburg Plan of Implementation recommended that NSDS could be formulated as poverty reduction strategies that integrate economic, social and environmental aspects of sustainable development, and should be pursued in accordance with national development priorities. At the April 2006 OECD Environment-Development Ministerial, Ministers recommended that instruments be developed for better integrating local and national environmental factors into national development plans, specifically PRS. Some combination of the various strategies could give countries a multi-stakeholder process for agreeing development priorities in economic, environmental and social terms, based on quantifiable targets, and sanctioned by financial donors.

Discussion questions:

- 1) *How have synergies between the various strategies been achieved in your country?*
- 2) *What have been the challenges and limitations in achieving greater coherence across strategies? How have you addressed these challenges?*
- 3) *Which processes would facilitate moving from PRS to NSDS?*

Session 4: The Way Forward

NSDS have benefited from numerous sets of Guiding Principles. The United Nations, which maintains a country-based reporting system on NSDS, developed guidelines in 2002 based on five precepts: 1) integrating economic, social and environmental objectives, and ensuring balance across sectors, territories, and generations; 2) ensuring broad participation and effective partnerships; 3) promoting country ownership and commitment; 4) developing capacity and an enabling environment; and 5) focusing on outcomes and means of implementation. These were followed in 2002 by similar OECD DAC Guiding Principles to assist developing countries.

In 2005, the OECD reviewed good practices in the NSDS of OECD countries and recommended that they feature: 1) attention to and integration of economic, environmental and social concerns, 2) long-term timeframes which enable inclusion of intergenerational principles, 3) use of impact assessment tools in implementation, 4) placement of strategy responsibility in the office of the Prime Minister or equivalent, 5) devolution of certain delivery aspects to sub-national levels, 6) full participation of stakeholders, e.g. business, unions, non-governmental organisations, 7) use of structured indicator systems to help monitor progress and serve as targets, and 8) assignment of monitoring and evaluation to independent watchdogs.

The European Union (EU) also has NSDS recommendations in the form of the 2005 Guiding Principles for Sustainable Development agreed by the European Council. These guided the 2006 revision of the EU sustainable development strategy, first adopted in 2001, which identifies 7 key challenges: climate change and clean energy; sustainable transport; sustainable consumption and production; conservation and management of natural resources; public health; social inclusion, demography and migration; and global poverty and global sustainable development challenges.

The NSDS of the individual European countries are to be reviewed in light of the revised EU strategy to ensure consistency, coherence and mutual supportiveness. Countries are encouraged to make use of the *European Sustainable Development Network* to exchange good practices and experiences on NSDS, and to establish *National Advisory Councils on Sustainable Development* to maximise the involvement of stakeholders. In addition, voluntary peer reviews of NSDS are scheduled to begin in EU countries in 2006.

A large body of guidelines, principles and good practices for NSDS now exists, which countries can adapt to their own circumstances and needs. Country peer reviews based on these principles (as being initiated in the EU) are a step forward, but these may not be feasible for all countries. In order to facilitate shared learning and better strategy implementation, reporting systems for NSDS could likely be improved at international level. In addition, approaches for achieving greater synergies across NSDS, Poverty Reduction Strategies (PRS) and the Millennium Development Goals (MDG) might be piloted in a few country case studies.

Discussion Questions:

- 1) *Are further guidelines or guiding principles needed for NSDS?*
- 2) *How can reporting on NSDS be improved at the international level such as on the occasion of the UN Commission on Sustainable Development?*
- 3) *In which ways can the UN, OECD and EU most effectively support NSDS development and implementation processes in both developing and developed countries?*