Chapter 1

Greening development: a framework for enhancing capacity

This chapter explores new approaches in development co-operation and environ-mental management. It outlines what the aid effectiveness agenda to which most development support providers are committed means for capacity building and greening development. It proposes a five-step framework to assess and respond to the capacity needs for greening national development planning, national budgetary processes and key economic sectors at three levels: i) *individual,* ii) *organisational and* iii) *enabling environment.*

New approaches for both environment and development

There have been two important developments in recent years that make this guidance especially timely:

1. Foreign assistance to developing countries has shifted from a narrow approach whereby support providers pay for and implement their projects in developing countries, using their own staff, management and financial systems, to a broader approach in which development is guided by the needs and capacity of the developing countries themselves. Decades of development experience show that when development support providers bypass developing countries' own systems and set up parallel projects, programmes and institutions for managing them, the sustainability of their efforts are undermined, as is the developing country's ability to manage their own future (Box 1.1).

2. Environmental management has evolved from a primarily sectoral approach, such as for pollution control, to a more comprehensive approach to greening development. This new approach aims to integrate environmental considerations into core political, economic and social decision-making processes, to ensure sustainable management of the natural resource base while maintaining economic growth.

This new approach to environmental management and the application of country systems have led to an increasing demand from developing countries for enhanced capacities to build and strengthen their environmental governance. The implications of these two approaches for capacity development for greening national processes are discussed in this chapter in turn.

Capacity for a broader development approach

In the past, development support providers often set up parallel systems to implement their assistance programmes. However, these increase transaction costs for the developing country government, hamper alignment with country priorities, reduce ownership, and constrain efforts to strengthen national capacity (OECD, 2010).

The Paris Declaration on Aid Effectiveness has changed how development is viewed and implemented. As described in Box 1.1, effective development support calls for:

• greater ownership and leadership by developing countries;

• greater use by development support providers of country systems;

• greater attention to strengthening local capacity as a foundation for sustainable development.

The opportunities offered by the aid effectiveness agenda have created a great deal of interest in developing countries. Numerous collaborations and dialogue platforms have given developing countries the opportunity to share lessons learned on the application of country systems. This exchange of best practices offers important guiding principles for building capacity for greening development.

With the endorsement of the Paris Declaration and the Accra Agenda for Action, development support providers agreed to build stronger, more effective partnerships for development. By channelling development co-operation resources through developing countries' own systems, assistance providers can support their capacity development, enhance domestic accountability, and contribute to better national development planning and public financial management practices. In the long run, this contributes to the capacity development of all relevant actors rather than just the units or programmes receiving the assistance.

Box 1.1. **International commitments on the use of country systems**

The Paris Declaration on Aid Effectiveness outlines five fundamental principles for making aid more effective, born out of decades of experience of what works and does not work for development:

- **Ownership**: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.

- **Alignment**: Development support providers align behind these objectives and use local systems.

- **Harmonisation**: Development support providers co-ordinate, simplify procedures and share information to avoid duplication.

- **Results**: Developing countries and support providers shift focus to development results and results get measured.

- **Mutual accountability**: Support providers and developing countries are accountable for results.

These principles are all guided by the belief that developing countries must have more say over their development processes through wider participation in development policy formulation, stronger leadership on aid co-ordination and more use of their own country systems for delivery of financial support. Allocating financial support through developing countries' own institutions builds capacity to manage development resources and creates more sustainable development. For these reasons, the Paris Declaration and the Accra Agenda for Action commit developing countries to strengthening their country systems to the maximum extent possible; and commit development support providers to using these systems wherever possible.

Sources: OECD (2005), *Paris Declaration on Aid Effectiveness*, OECD, Paris; OECD (2008), Accra Agenda for Action, OECD, Paris.

Using country systems for assistance delivery has three main benefits:

- *Reduced transaction costs.* By using and strengthening existing country systems rather than creating new ones, the costs involved for developing countries in managing external support are expected to decrease, contributing to more sustainable development.

- *Increased domestic accountability.* The use of public financial management systems of developing countries can strengthen the domestic accountability process and promote transparency between the ministry of finance, line ministries, parliament, the national audit office, citizens and civil society groups.

- *More sustainable development.* The use of existing country systems for assistance delivery gives developing countries an overview of what development support providers are financing in their countries and how they are doing so. This also helps developing countries to align development assistance with their national priorities and policies, thus contributing to more sustainable development.

However, the use of country systems can be challenging, especially where developing countries have limited financial management mechanisms. It is therefore important to enhance the capacity of developing countries to construct and strengthen these systems.

Risks of using country systems

A country systems approach can give rise to problems if countries do not have adequate systems in place to manage their development assistance. The main risks can be categorised as: *i)* developmental risks, *ii)* financial (or fiduciary) risks, *iii)* non-financial risks, *iv)* procurement risks and *v)* reputational risks (Table 1.1; Cant *et al.*, 2008).

Table 1.1. **Possible risks of using country systems**

Risks		Risk that...
Developmental risks		Poverty reduction objectives are not achieved
Financial (or fiduciary) risks Funds are not properly accounted for Funds do not achieve value for money		Funds are not used for the intended purposes
		Funds are not properly accounted for
		Funds do not achieve value for money
Non-financial risks	Macroeconomic risks	Poverty reduction objectives and public financial management (PFM) standards are compromised by the macroeconomic framework
	Governance risks	Poverty reduction objectives (and PFM standards) are compromised by governance context
	Partnership (or dialogue) risks	The partnership is threatened by government action
Procurement risks		Proper and effective use of aid is compromised by procurement standards
Reputational risks		The reputation of development support providers is threatened by: *i)* governance issues *ii)* perceived misuse or poor use of funds

Source: Adapted from Cant *et al.* (2008), *Stocktake on donor approaches to managing risk when using country systems*, CIFPA, London and Moroko Ltd., Oxford.

There is also debate on the eligibility criteria and threshold for using country systems. Some support providers argue that the use of country systems is only likely to be beneficial if developing countries comply with certain international standards such as environmental safeguards or procurement standards. Others argue that developing countries not yet in compliance with international standards can still benefit from assistance being channelled through their country systems as long as they are moving in the right direction (Chiche, 2010). Continued support for capacity development can help address many of these challenges.

Capacity for a broader environmental approach

Past decades have seen sustained efforts by developing countries, with assistance from development support providers, to improve their capacity for environmental management. A limiting factor however, has been the emphasis on regulations (sticks) without appropriate provision of incentives (carrots) for country-owned and country-led capacity (Box 1.2). The stick approach, for example, is less likely to encourage innovation in eco-efficiency and green development. It can also cause higher staff turnover and does not encourage feelings of ownership, thus weakening the institutional set-up in developing countries. In addition, the emphasis on environmental protection rather than a broader focus on greening development is often an obstacle to gaining the required capacity and knowledge in developing countries.

Box 1.2. **The nature of environmental capacity in developing countries**

According to the World Bank's 2008 *Global Monitoring Report*, the capacity for environmental management in low-income countries has been relatively stable since the late 1990s. It finds that environmental management in most low-income countries has the following characteristics:

1. Regulations and policies cover a limited set of issues.

2. Limited environmental data exist but their use for priority setting is weak.

3. Environmental assessment systems exist but their quality is low.

4. Policy implementation is weak.

5. Public information is limited.

6. Consideration of environmental issues in sector ministries is minimal.

Source: World Bank (2008), *Global Monitoring Report: MDGs and the Environment – Agenda for Inclusive and Sustainable Development*, World Bank, Washington, DC.

The policy instruments available for environmental management can be categorised into seven groups: *i)* command and control instruments, *ii)* economic instruments, *iii)* liability or damage compensation instruments, *iv)* education or information, *v)* voluntary approaches, *vi)* management and planning and *vii)* assessment instruments (see Table 1.2). They should be used in parallel to achieve the objective of sharing responsibility for and regulating environmental damage.

Table 1.2. **Types of policy instruments**

Types of policy instruments	Examples
Command and control	Licences/permits; air quality standards; emission standards; process standards; product standards; prohibition bans
Economic instruments	Charges; taxes; tradable emission permits; tradable quotas; environmental subsidies; deposit refund systems; performance bonds; non-compliance fees; resource pricing
Liability, damage compensation	Strict liability rules; compensation funds; compulsory pollution insurance; extended producers responsibility
Education and information	Education campaigns for the general public; diffusion of technical information; public information on sanctions for non-compliance; eco-labelling
Voluntary approaches	Unilateral commitments; public voluntary programmes; negotiated agreements
Management and planning	Environmental management systems; zoning; land-use planning
Assessment instruments	Strategic environmental assessments; environmental impact assessments; peer review

Source: OECD (2001), *Sustainable Development: Critical Issues*, OECD, Paris.

In many countries, there are limited incentives for stakeholders to acquire the capacity needed to effectively integrate environmental considerations into all aspects of their work. This might be due to low salaries, non-transparent recruitment and promotion criteria or inadequate facilities and opportunities for support and training (OECD, 2006). Such constraints also result in high staff turnover within many ministries and agencies in developing countries, leading to the erosion of the institutional memory required to build and improve capacities for greening development.

Another limiting factor is the weak and fragile organisational capacity in many developing countries. The fragility of institutions in some countries and their state of "permanent crisis" implies that the role of individuals, especially political leaders and mid-level managers (who conserve the institutional memory), is crucial and will remain so for the foreseeable future.

In this context, capacity development is intended to help developing countries to: *i)* track environmental, resource, social and economic trends, both for priority setting and planning purposes; *ii)* improve regulations and create price signals to encourage the sustainable use of resources; *iii)* reform environmental fiscal systems to encourage resource consumption at the optimal level, raise revenues and free up resources for other priorities; *iv)* effectively implement agreements that often require specialised monitoring and reporting systems; and *v)* integrate the issues agreed upon into planning and decision-making processes at national, sectoral and local levels.

In addition to capacity, the push for environmental integration can come from three levels:

1. *Local drivers*: Successful initiatives for greening development primarily grow out of demands expressed by the local community. Because they have a stake in environmental quality, citizens may seek to influence environmental legislation through lobbying efforts co-ordinated by public interest groups. These groups also play an important role in disseminating information on environmental issues and on emerging trends in both the demand and the availability of ecological resources.

2. *National drivers*: Environmental goals are usually defined at the national level and embedded into a country's development plan. Legislation on, for example, pollution charges and resource efficiency standards, plays an important role in providing guidance to public and private sector stakeholders to minimise their production and consumption impacts on the natural resource base. The ministry of environment, or a related agency, usually takes the lead in overseeing the implementation of such legislation. It co-ordinates with other ministries on the allocation of resources and in monitoring progress on greening development. Other ministries or agencies responsible for areas that affect or will be affected by environment management can also play a leading role.

3. *International drivers*: New capacities are often needed to meet legal requirements established in MEAs (Box 1.3). For example, the UNFCCC requires specialised capacities to identify and monitor the main sources of greenhouse gas (GHG) emissions and to develop GHG inventories. Specialised capacities are also needed to assess climate change mitigation and adaptation options in the context of environmental management strategies.

Box 1.3. **Capacity needs to fulfil international environment commitments**

Under the Cancun Agreements adopted by the parties to the UNFCCC, the industrialised countries pledged to raise USD 30 billion by 2012 and USD 100 billion per year by 2020 for climate change adaptation and mitigation initiatives in developing countries (UNFCCC, 2011). Despite the opportunities such financing brings, the pressure to rapidly disburse the money calls for additional capacities (skills and knowledge) by development support providers, as well as developing countries to effectively manage the funds. While countries providing this support need the capacity to better align their programmes and activities to the priorities identified by developing countries, developing countries must be able to access the diverse multilateral and bilateral funds and to manage those funds effectively.

Across the spectrum of financial and technical support to developing countries related to climate change, a good deal of effort has been directed at capacity development, both at the general level as well as that focused on specific issues or processes. For instance, the recent commitments to climate change adaptation and mitigation under the UNFCCC have resulted in an urgent and substantial need to support developing countries in building their capacities to participate in and benefit from climate change negotiations, financial mechanisms and technical assistance. However, the huge array of development support initiatives can be daunting to developing countries because of their variety. A few examples of these initiatives include:

- United Nations Institute for Training and Research (UNITAR): *Capacity Development for Adaptation to Climate Change & GHG Mitigation in Non-Annex I Countries*;

- United Nations (UN): *One UN Training Service Platform on Climate Change (UN CC: Learn)*;

- UN: *Capacity Development for the Clean Development Mechanism (CD4CDM)*;

- United Nations Development Programme (UNDP): *Capacity Development for Policy Makers to Address Climate Change*;

- UNDP, OECD in partnership with regional partners: *Climate Change Finance and Development Effectiveness*;

- Global Environment Facility (GEF) together with UNDP and United Nations Environment Programme (UNEP): *National Communications Support Programme*;

- The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ): *Tackling Climate Change – Contributions of Capacity Development*;

- UK Department for International Development (DFID): *Climate and Development Knowledge Network (CDKN)*.

A framework for capacity development

Having outlined the background against which capacity needs to be built, this section presents a framework for capacity building that guides the remaining chapters in this guidance. First, definitions for "capacity" and "capacity development" are provided, then a five-step framework for building the capacity needed to green development is outlined.

What is capacity, and how is it developed?

Capacity is defined as "the ability of people, organisations and society as a whole to manage their affairs successfully" (OECD, 2006). Capacity is indispensible for country ownership and leadership of its policies and programmes. It is central to sustainable national development – for creating a regulatory climate conducive to economic and social development and for delivering basic public services. This is widely recognised by development support providers and developing countries alike, and is reflected in the 2005 Paris Declaration on Aid Effectiveness (Box 1.4).

Box 1.4. How does the Paris Declaration define capacity?

The capacity to plan, manage, implement and account for results of policies and programmes is critical for development – from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of developing countries, but with aid providers playing a supporting role. Under the Paris Declaration:

- **Developing countries are committed to** integrating specific capacity-strengthening objectives within national development strategies and pursuing their implementation through country-led capacity development strategies where needed.

- **Development support providers commit to** aligning their analytical and financial support with developing countries' capacity development objectives and strategies.

Source: OECD (2005), *Paris Declaration on Aid Effectiveness*, OECD, Paris.

Within the development community, capacity development is generally considered to be a three-level process that goes beyond technical co-operation and awareness-raising at the individual level (OECD, 2006):

- *Individual capacity* focuses on the competencies of the individual, such as the knowledge, skills and ability to set and achieve objectives. Building individual capacity focuses on "soft" competencies such as building relationships, trust and legitimacy as well as "hard" competencies such as technical, logistical and managerial skills.

- *Organisational capacity* refers to organisational structures, functions and systems that enable the capacities of individuals to come together to effectively fulfil the mandate of the organisation and to achieve set objectives. Organisational capacity is crucial in ensuring continuity and the preservation of institutional memory, given the high level of staff turnover within many agencies and ministries.

- *The enabling environment* refers to the policy, legal, regulatory, economic and social support systems in which individuals and organisations operate. The enabling environment is determined by international regimes, national policies, rule of law, accountability, transparency and information flows.

Capacity development at the organisational and individual level can be achieved by using a variety of management techniques, analytical and regulatory tools, incentives and organisational structures. For example, it may involve helping people or organisations gain access to knowledge, brokering multi-stakeholder agreements, participating in policy dialogue and creating space for "learning-by-doing". Capacity development efforts are most effective when multiple strategies are employed together, for example by targeting the three levels of the enabling environment, the organisation and the individual. A few examples are outlined in Table 1.3.

### *A five-step framework for building capacity for greening development*

This guidance outlines a five-step framework for initiating capacity development activities (Figure 1.1). The process is iterative – successful capacity development is a long-term proposition and regular reviews are necessary to monitor progress and adjust course if necessary. Developing country contexts vary tremendously, calling for flexibility in how the approach is applied.

Table 1.3. **Capacity development at three levels**

	Enabling environment	Organisational level	Individual level
Overall capacity objective	• Develop regulatory frameworks for environmental governance, rule of law and property rights • Improve inter-institutional co-ordination	• Develop organisational performance and environmental management capabilities	• Improve understanding of environment-development linkages • Develop technical skills (*e.g.* economic and environmental assessment) • Support long-term commitment
Examples of specific interventions	• Support legislative, policy and regulatory reforms • Develop guidelines on environmental management • Monitor and review environmental management systems	• Develop internal guidelines on environmental management • Conduct institutional monitoring and evaluation	• Create awareness and provide basic skills development • Provide training on environmental management tools and valuation techniques
Cross-cutting intervention	• Raise awareness about the benefits of good practice • Create platforms for debate and policy dialogue between key stakeholders (*i.e.* professional networks or conferences to review and discuss states of practice) • Improve co-ordination procedures on *e.g.* the inclusion of environmental sustainability in government policies • Support pilot projects that test proposed capacity building initiatives • Award schemes that identify and appreciate best practice		

Source: Adapted from OECD (2006), *The Challenge of Capacity Development: Working Towards Good Practice*, DAC Guidelines Reference Series, OECD, Paris.

Figure 1.1. **Framework for capacity development for greening development**
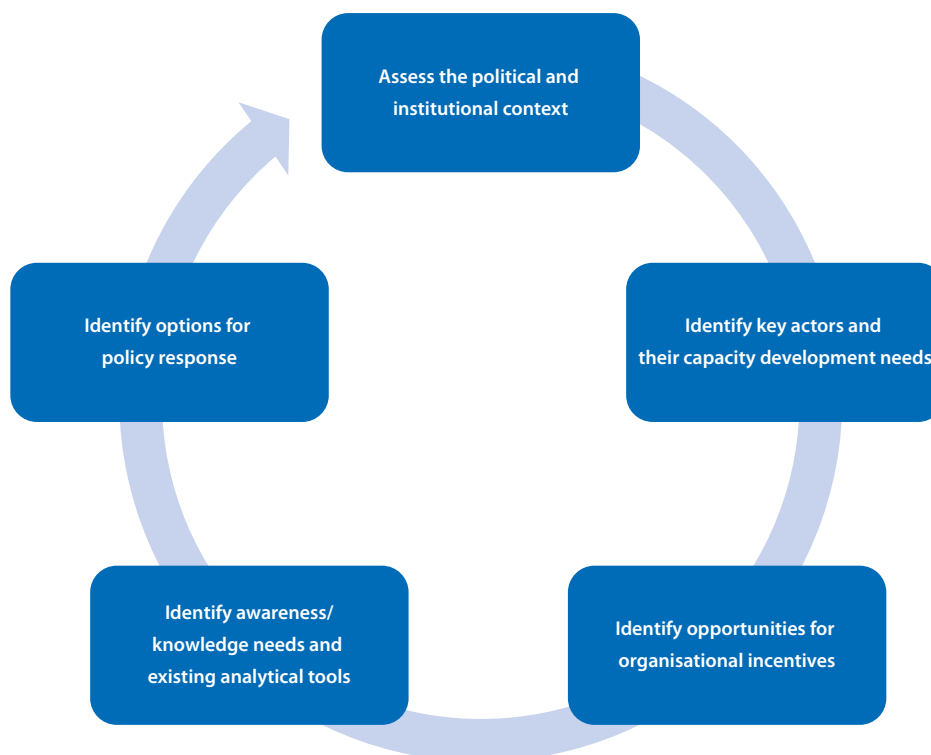
Step 1: Assess the political and institutional context

The first step is to conduct an analysis of the political and institutional context: the country's legal framework, government structures and institutions. This information can be obtained by reading publicly available information and by interacting with relevant government officials and other knowledgeable stakeholders in both the public and private sectors. This step also involves familiarity with country level environmental analysis, which outlines environment and natural resource problems and opportunities. This is frequently conducted by various development support agencies. Information on political and social systems and incentive structures can also be obtained through local or national political-economy studies, variously referred to as institutional analysis, power analysis and drivers-of-change analysis (OECD, 2006).

Step 2: Identify key actors and their capacity development needs

Key actors in greening development must be identified, including government officials, private sector representatives and members of civil society organisations (CSOs). This requires a good understanding of the strengths and weaknesses of potential stakeholders. But it is important to go beyond the institutional level and also consider the political and, in some cases, the economic dimensions that influence the commitment and performance of stakeholders in greening development. Once relevant stakeholders have been identified, their respective roles in greening sectoral or national level planning and budgetary processes are mapped out with their corresponding capacity needs. In some cases, it can be helpful to establish special working groups to identify the needs and opportunities for capacity development.

Step 3: Identify opportunities to shape organisational incentives

Next, it is important to identify possible entry points for building capacity for greening development, set priorities and outline the appropriate timescale, targets and resources needed to tackle the identified capacity needs. It is essential to identify and work with "champions" who are committed to reform. Once relevant actors and priorities have been identified, organisational incentives must be addressed. These may need to be reformed to bring about effective capacity building for greening development. Also included in this step is the role of environment agencies in the overall development planning process and their capacities to work with finance and planning ministries.

Step 4: Identify awareness/knowledge needs and existing analytical tools

The actors involved may need to be made aware of the important role the environment plays in achieving economic development. Familiarity with relevant knowledge products already in place is also important. Once they are aware of existing knowledge products (know-how, good practices and intellectual property), the actors need the capacity to effectively apply these tools. This must however, be supplemented by the the capacities of the organisations to adopt and use these tools.

Step 5: Identify options for policy response

The final step addresses the capacity needs of environment and planning officials to translate the available information on the links between environment and development into specific policy responses for greening development. This may range from revised priorities and implementation strategies to specific environmental management measures

and investments. At this point, the major challenge is for environmental actors to learn to use the language of decision makers to secure support for their initiatives.

These five steps broadly outline the core issues that need to be considered when initiating capacity development activities. However, they are not necessarily sequential. Depending on the context, only one or two of the steps might be applicable, while in other cases, all five steps should be considered, but possibly in a different order. It is important to build such initiatives around a realistic timescale linked to the policy-making or planning cycle. Monitoring and evaluation are also important. Capacity development is usually a long process and regular reviews are necessary to monitor progress. This need is in part dictated by the fact that capacity may abruptly dissipate in parts of the system due to staff turnover. Monitoring and evaluation also serve as a basis for learning from experience, improving capacity development outcomes, planning and allocating resources to meet priorities and demonstrating results.

The entry points for capacity development

The use of country systems as entry points for greening development requires environmental considerations to be included in core decision-making processes. Innovative approaches are needed to engage all stakeholders who shape policy development and investment decisions. For example, it is important to ensure that officials at the ministry of finance or economic planning are aware of the environmental implications when setting economic priorities. Initiatives to develop capacity therefore need to be tailored to the various actors involved. They should extend beyond the organisational setting of environment agencies to include ministries of planning and finance and sector ministries. The entry points for greening development can therefore be differentiated between the *national* and the *sectoral* level. Table 1.4 summarises some of the activities usually undertaken by the public sector.

At the *national level*, legislative bodies play an important role in determining the design of environmental institutions. These bodies establish the legal requirements and adopt supplementary policy documents that define environmental goals, the authority in charge and the allocation of funds (OECD, 2009a). Within the executive branch, environment ministries and agencies are usually the primary actors responsible for environment and natural resource management. With the growing emphasis on greening development, environment ministries and agencies increasingly need to collaborate with other government bodies. The nature of such collaboration depends on the national context. In most countries, however, additional actors include the ministry of planning and development (to greening national development plans); the ministry of finance (to allocate resources for green initiatives in national budgets); the ministry of education (to integrate the environment into educational material); and the ministry of security (to address environmental and natural resource security risks). Other crucial partners are bodies within the central government that are responsible for cross-governmental co-ordination, such as the office of the president or the prime minister.

At the *sectoral level*, many line ministries, particularly those managing natural resources, have established environment units. In response, several countries have created inter-ministerial working groups, committees or task forces to examine the interface between the economy and the environment. Informal networks of government officials have also been established to support the exchange of information and co-operation on issues of shared concern (OECD, 2009a). In some cases this is carried out with assistance from development support providers. Despite the importance of greening sectoral strategies, possible conflicts of interest may arise when environmental oversight and resource management are combined within the same agency. In such cases, checks and balances should be incorporated into decision-making processes to resolve possible conflicts (OECD, 2009a).

Table 1.4. **Core environmental functions of the public sector**

I. Policy and law formulation, and provision of finance	• Formulate environmental policies • Design regulatory frameworks • Create the evidence base for decision-making and monitoring implementation • Conduct economic analysis • Analyse and address the social effects of environmental policies • Apply strategic financial planning • Manage public environmental expenditure • Integrate MEA obligations in national and sectoral level planning and programmes
II. Environmental policy integration	• Apply strategic environmental assessment (SEA) • Green territorial development policies • Integrate environmental and security policies • Promote environmentally sound product policies • Co-ordinate between sectors and across governmental units • Ensure preparedness and response to disasters and accidents
III. Policy implementation	• Establish environmental standards • Conduct environmental assessments at the project level • Set company-specific requirements • Correct market failures through economic instruments • Create markets to achieve environmental goals • Promote behavioural change through information regulation • Facilitate corporate initiatives to improve environmental performance • Manage assets and enable the provision of environmental services
IV. Compliance assurance	• Conduct the identification and profiling of the regulated community • Facilitate compliance with applicable environmental impact assessment (EIA) regulations • Detect non-compliance • Ensure a response to non-compliance
V. Activity support	• Define organisational structures and providing leadership • Ensure intra-agency activity and budget planning • Organise effective interaction, both internally and externally • Manage human resources and performance

Source: Adapted from OECD (2009a), "Assessing Environmental Management Capacity: Towards a Common Reference Framework", *OECD Working Papers*, No. 8, OECD, Paris.

Depending on the circumstances, entry points for capacity development should be differentiated. The national level provides the overall policy framework within which national development plans and budgets are prepared and sectoral strategies are developed. From the perspective of development support providers, the national level is also their principal interface with developing countries. However, it is important to note that the national level can be politically volatile and decisions made at this level may not always be based on a sound assessment of the situation, but rather serve individual or party interests. In some cases, sub-national, regional or international perspectives should also be considered when identifying the capacity development needs of developing countries.

The next three chapters of this guidance focus on three levels where capacity building for greening development is particularly important: national development planning processes, national budgetary processes and key economic sectors.
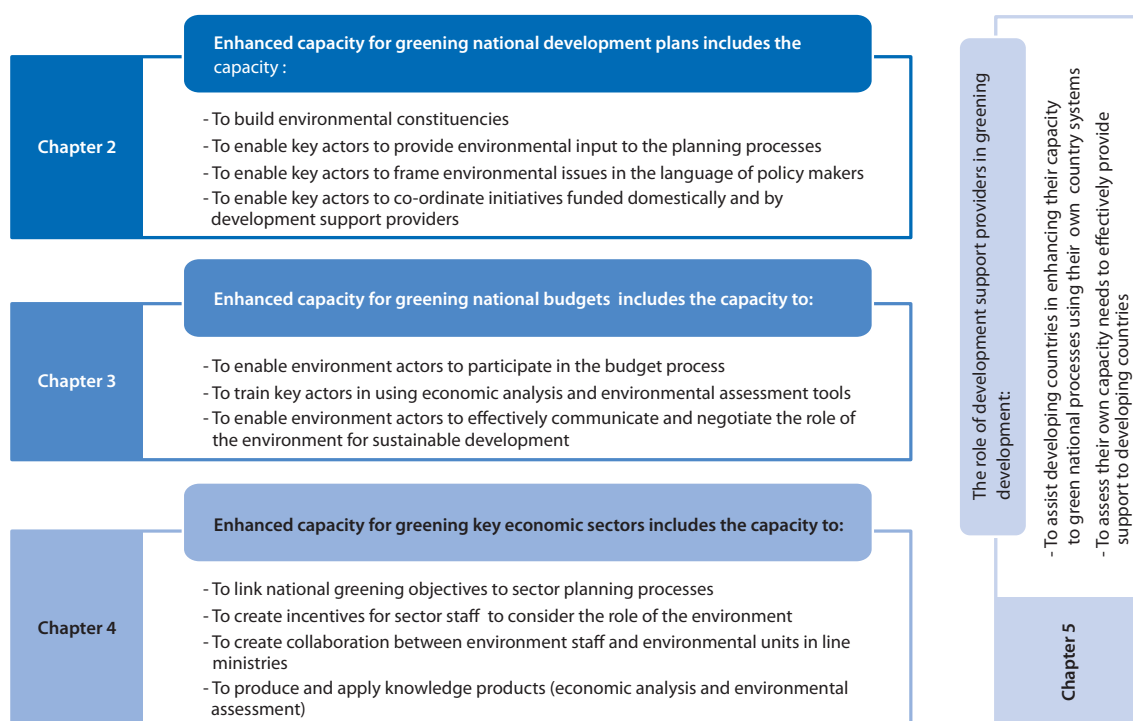
- *National development planning*: Most governments regularly develop broad (multi-sectoral) development plans that outline long-term objectives and priorities based on national and global trends, pressures and opportunities. They also provide a guiding policy framework within which lower level (sectoral and local) governmental bodies operate. National development planning processes usually result in a document that describes the plan or strategy. Common terms for such documents include national economic development plans, five- or ten-year development plans, national

sustainable development strategies and PRSPs. In this guidance, the term "national development plan" (NDP) will be used to refer to all of these documents.

- *National budgetary planning*: Successful development depends in part on the efficiency, integrity and effectiveness with which public authorities raise, manage and expend public resources (OECD, 2009b). The budget is an important instrument for translating national policies into actions and for ensuring domestic accountability, as its implementation is subject to scrutiny by the legislature and external audits (Third International Roundtable – Managing for Development Results, 2007). Budget processes include both a revenue side (bringing in financial resources via tax policy and administration) and an expenditure side (allocating financial resources to expenditure programmes, executing expenditure programmes and controlling expenditures).

- *Key economic sectors*: Government bureaucracies, ministerial portfolios and associated planning and budgeting frameworks are typically structured around sectors. National development objectives are often also defined in sectoral terms. It is in fact at the sector level that national plans and budget allocations are translated into specific policies, programmes and investments. It is also at the sector level that the political and economic interests of government bodies and private sector actors become concrete and certain trade-offs have to be made between different strategies. Line ministries have the formal responsibility of setting and implementing sector policies. Other government actors, the private sector, research institutions and NGOs often focus their activities on the implementation of sector-related activities.

The next three chapters apply the five-step framework to each of these entry points in turn. The final chapter then discusses the capacity needs of development support providers themselves if they are to provide the right kind of capacity support for greening development processes (Figure 1.2).

Figure 1.2. **Entry points for greening national processes examined in this guidance**

Chapter 2

Enhanced capacity for greening national development plans includes the capacity :

- To build environmental constituencies
- To enable key actors to provide environmental input to the planning processes
- To enable key actors to frame environmental issues in the language of policy makers
- To enable key actors to co-ordinate initiatives funded domestically and by development support providers

Chapter 3

Enhanced capacity for greening national budgets includes the capacity to:

- To enable environment actors to participate in the budget process
- To train key actors in using economic analysis and environmental assessment tools
- To enable environment actors to effectively communicate and negotiate the role of the environment for sustainable development

Chapter 4

Enhanced capacity for greening key economic sectors includes the capacity to:

- To link national greening objectives to sector planning processes
- To create incentives for sector staff to consider the role of the environment
- To create collaboration between environment staff and environmental units in line ministries
- To produce and apply knowledge products (economic analysis and environmental assessment)

Chapter 5

The role of development support providers in greening development:
- To assist developing countries in enhancing their capacity to green national processes using their own country systems
- To assess their own capacity needs to effectively provide support to developing countries

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